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The Handyman France Idiots' Guide to TVA in your home

Taxe sur la Valeur Ajoutée (TVA) works in much the same way as VAT in UK. TVA registered companies collect the tax for the Government, a task for which those companies are not paid. This guide will help you to minimise your exposure to TVA whilst staying within the rules.

There are several rates of TVA in existence, but here we will look at just two of them. The standard rate that is charged on almost everything is, at the time of writing, 20%; the lower rate of 10% applies to some, but not all, works in and around the structure of your home. The rules are complex, and you should always listen to the company that you're dealing with for detailed guidance of specific works.

To qualify for the lower rate you will probably need to sign an *Attestation de TVA Simplifiée*. This form merely establishes that the property is – more than two years old; is a residential property (i.e. not commercial); and not part of a business that is TVA registered. Residential properties include private homes; second homes; and properties that are rented both long-term and short-term, including to holiday makers, and makes no distinction between furnished and unfurnished. The form is a single A4 sheet, plus explanatory notes. It is not onerous to fill it in, and it can save you a considerable amount of money.

So what type of work qualifies for the lower rate? In a nutshell, anything that is fixed to the house interior or exterior and to a much lesser extent some works in the grounds.

A few examples of interior works -

1. Electrical (rewiring; fuse-boards; light fittings; etc.)
2. Plumbing (new bathroom; refitting the kitchen; replacement taps; boiler servicing; etc.)
3. Painting/decorating
4. Replacement windows, including repairs to broken glass
5. Flooring, laminate/wood-plank/tiles etc.
6. The annual *certificat de ramonage*
7. Management fees where the property/project manager sub-contracts or supervises the works



Most exterior works on the house also qualify -

1. Rendering of walls
2. Roof repairs
3. Painting
4. Repairs/renovation/replacement of shutters (despite the fact that the shutter is not physically attached to the house)
5. TV satellite dish installation - but not the digibox
6. Front door repair/replacement and locks
7. Management fees if the property/project manager sub-contracts or supervises the works



Limited works in and around the garden also qualify -

1. Removal of trees, provided that they represent a danger to life or the main house structure)
2. The boundary wall/fence, but not hedges
3. Management fees if the property/project manager sub-contracts or supervises the works

The above lists are not exhaustive.

Generally, outbuildings such as garages and barns do not qualify, regardless of the type of works.

You may have already spotted one or two anomalies. It gets even more ridiculous when you look more closely. For instance -

- You employ a business to supply and fit new curtains and curtain poles. The curtains are 20%; the poles are 10% because they are fixed to the house
- A free-standing cooker is 20%. You have a new fitted oven and hob installed - 10%
- You have a chandelier installed in the house. The chandelier is 10%, but the bulbs are 20%



Where the lower rate can be applied, it applies to both materials and labour. But only if the supplier also does the work. If you supply the materials, then the labour alone qualifies. *But be aware that you cannot have materials only supplied at the lower rate.*

With such complicated rules, why bother? Why not just get the little man in the village to rewire the house and pay him cash? Several reasons -

1. When you pay cash, you pay 20% TVA on the materials
2. Paying cash is illegal, and if caught you face a harsher penalty than the person doing the job
3. You have no guarantee whatsoever, and therefore your house insurance is at risk in the event of a major claim
4. Quite simply, it can be more expensive in the first instance, as well as in the long run because of consequential tax implications

Consider item 4 in some detail. As an example, let's say you're having works done that involve 1000€ materials + 1000€ labour, both figures excluding TVA. Doing it properly the total bill will be 2200€. Buying the materials yourself from the local brico you will pay 20% TVA (1200€) + 1000€ labour = 2200€. So by trying to avoid paying tax, you have no saving and no guarantee either.

Let's up the anti a little, and look at a project that involves 2000€ materials + 1000€ labour. Doing it properly the total bill will be 3300€. Buying the materials yourself from the local brico you will pay 20% TVA (2400€) + 1000€ labour = 3400€. You've just spent 100€ more than necessary and still have no guarantee.

It is of course quite true that if the material content of the job is lower than the labour you could save money. Until you're fined for illegally employing someone.

In the long term, by paying cash you're exposing yourself to more CGT (Capital Gains Tax) than necessary. Virtually every invoice you acquire showing the lower rate of TVA can be used to offset CGT when you sell. Given that the exemption period is 30 years, the probability is that you will face a heavy CGT bill at some point.

Remember there is no advantage to the company for overcharging TVA or applying the wrong rate. We are simply unpaid tax collectors.

As Benjamin Franklin famously said, "*Only two things in life are certain - death and tax*". You will nearly always pay TVA regardless of the steps to take to avoid it. And having succeeded on the odd occasion, you will probably pay it back anyway when CGT kicks in.

Use a properly registered business and you have some assurance of commitment to doing a proper job; where appropriate the works will be insured; for technical works, especially electrical or plumbing for instance, the individual will have the necessary qualifications and 10 year insurance; and your house insurance will not be compromised because the 'cheap' option was chosen.

