

Once again, Michael Taylor joins us from the French estate agency, Properties in France. Michael is a regular contributor. Hello Michael. So what is on the cards for today?

Hi everyone. Today, I thought I would touch on the cost of living in France. I have chosen the theme following a question from one of our prospective clients who was worried that, as they were retired, they might not be able to afford to live in France.

Of course, I disabused them of the idea, as I believe it is substantially cheaper to live in France than in the UK.

I suppose the biggest gripe that most UK residents have is the Council Tax – do you have similar taxes in France.

Yes we do, except they are substantially lower.

We do in fact have two taxes payable on a property. The tax d'habitation and the taxe foncière. These pay for the local services. Things like refuse collection, schools, community services as well as contributing to departmental and regional expenses for road construction and so on.

The tax d'habitation, which is the residence tax, is payable by whoever is living in the property on the 1st January of each year. The tax is paid in arrears, generally in the autumn – I have just had mine for this year!

This tax can vary considerably depending upon location. You will inevitably pay more if you live in a town or city than if you live in a hamlet or the countryside.

Let me use my own circumstances as an example. I live in a large farmhouse, built two hundred years ago, that is fully restored. We have a large lounge, large country style kitchen, two bedrooms, both en-suite. We also have a swimming pool, a separate barn and ½ acre of garden. I pay 168 euros per annum that is about £115. When I left the UK eight years ago, I was paying roughly that amount per month!

The second tax is the *taxe foncière*, which is the property tax. This is payable by the owner, irrespective of whether the property is occupied or not, providing it is habitable. It is calculated on the house and the land, again, irrespective of whether the land is built upon.

There is no real rule of thumb as to what the rate is, as it varies by region, and by location. You will pay more in a village or town than you will in a hamlet or rural location.

You do not pay the tax on buildings or land that is used for agricultural or religious purposes.

Now people who are over the age of 75, or in receipt of a disability allowance or below 65 and on very low income may be eligible for a discount.

People who own a home in France and use it as a holiday home are classed the same as those who reside in France on a permanent basis. In other words, there is no discount on either this tax or the *taxe d'habitation*.

So, to use my own example again, on my two-bedroom farmhouse, I pay 220 euros a year, which is about £150 per year. So combining this with my *taxe d'habitation*, my total taxes on the property and land amount to about £265 per year.

So, using your example, there appears to be the chance of making big savings by comparison with the UK?

Yes, by far the majority of people will see a marked saving in making a permanent move to France.

But as we all know, there is more to running a house than just paying the taxes. So let us have a look at some of the other critical services.

Insurance is high on the list.

Most French household policies are multi risk and include third party liability, building and contents. The building element is based upon rebuilding the property and increases each year in line with inflation.

Again, my own personal experiences are that this is cheaper than the UK. On my property, I pay 220 euros a year that is about £150 – which is significantly cheaper than what I was paying eight years ago for a similar sized property in the UK.

Now it is important to understand that not all policies are the same and therefore it is equally important to ensure that you thoroughly understand what it is you are buying. Premiums are usually based on the size of the house rather than its value.

If you plan for your home to be vacant for long periods of time or if you plan to let it out as a gîte, then you must advise your insurance broker or provider as this will affect your premium.

Most policies require that there are suitable locks on all windows and shutters and that these are shut, when the property is not occupied.

Okay, so we are doing well on tax and insurance. What about utility charges?

Electricity and gas are supplied by the state owned EDF/GDF (Electricité de France).

I think that electricity charges are cheaper than the UK and are certainly amongst the cheapest in Europe. The majority of our power is generated via nuclear power stations dotted throughout France.

The way your power usage is calculated over here is different to the UK. Depending upon the number of electrical appliances you have in the property, determines which tariff is the most appropriate for you.

There are three domestic tariffs:

- **Option base** – for those who only use a little electricity
- **Heures creuses** (which delivers savings on off peak, for water heaters and night storage radiators)
- **L'option Tempo**, which is most suitable for people who have holiday homes in France, where you will pay varying rates throughout the year depending on overall consumer consumption – For example, we do have red days, when consumption across France is high and therefore the rate is higher.

On your electricity bill there is a tax called the 'contribution au service public', which is at the rate of 33 centimes per kilowatt-hour.

Your electricity bill (or facture) will normally arrive every three months unless your consumption is exceptionally high, in which case expect it through the letterbox every two months. Included in the bill is a standing charge and the bill is also subject to VAT (known as TVA here in France). The good news is that the standing charge element is at the reduced rate of 5.5%, and the consumption at the normal rate of 19.6%.

Like the UK, you can pay your utility bills by direct debit through a French bank. This is known as a *prélèvement*. This is a much better way of doing it than having the bills sent to your home in the UK, as you do not want these arriving late or getting lost, because if you do pay late or not at all you will be charged interest and regular occurrence will result in you being cut-off.

Gas is available in France as either town gas, LPG or bottled gas. Many areas in France do not have access to town gas (*gaz de ville*) and therefore rely on LPG, known as GPL in France, or bottle gas to power an oven.

Bottled gas is easily bought in supermarkets throughout France. If these are stored outside then you use propane gas. If they are stored inside then you use butane gas.

If you choose to use LPG, you will hire the tank (*citerne*) from one of the big contractors. You will pay a one-off deposit charge of about 1100 euros, which when the property is sold, will be returned to you as the new owner, who will then pay their own hire deposit for the tank.

Like central heating oil, LPG can vary in price depending upon what is happening around the world – not a lot that any of us can do about it.

Of course, much of France is very rural and forests abound. Many of our clients have wood burning stoves installed to provide heating, and sometimes cooking. I don't recommend that you try and heat the whole house via wood burning stoves, but it can provide a very pleasing heat on a winter's evening and the good news is that wood is relatively cheap because there is such a large amount of it about. I pay 140 euros for 240 eighteen-inch logs, mostly oak. This lasts me two winters – but then again our winters are short and relatively mild here in the Loire valley.

So, living in France appears to be considerably cheaper when you take everything into account – what are you hiding from us?

Ah, the conspiratory theory eh?

What I have not yet mentioned is mains water, which is supplied by private companies. Most houses are on a metered supply and therefore you only pay for what you use.

Normally, you will have a contract for a certain amount of cubic meterage of water. The downside is that if you use more than your contract stipulates then you will pay a higher rate for everything used beyond your contract rate. It is fair to say that water is expensive in France, in fact, according to the magazine French Property News, who wrote about this a few months back, it is some of the most expensive in Europe. I cannot say that I have found it particularly high here in the Loire Valley. I pay about 250 euros a year, which I do not consider excessive especially as I use it to keep my swimming pool topped up.

Many of the properties that we represent and sell to UK buyers have their own wells. So, use this water to feed your garden, and save on the metered water charge. Some of the houses even have the capability to switch between mains water and well water, so you can also use it when you are doing the laundry and even taking a shower.

And before you ask, can you drink it - the answer as always would be that depends.

You will need to have it tested regularly. I do have a number of properties where well water is used throughout the house.

While we are talking about water, we also need to take into sewerage costs. Most town and village properties are on mains drainage and the charges are normally included for this in the taxe foncière.

Rural properties, like mine, use fosse septiques, which are self - maintaining and do not usually require emptying unless there is a blockage.

An important point to note here is that there has been a change in the rules regarding septic tanks. Over the next ten years, all properties with a fosse septique or fosse etanche will be inspected to ensure they meet the new European Union regulations. If they do not, and I believe most will not, then they will have to be changed. This will be at a cost that could be as much as 7000 euros or £5000. My advice to our clients is put 7000 euros away in a deposit account and wait for the knock on the door, as it may not come for another ten years. Unless you have a problem with your fosse there is no need to change it at this stage.

So, based upon everything you have said, can you estimate what the overall saving would be on say your property in France and what you would pay if you had a comparable property in the UK.

Well, I have never done the comparison, but gut feel tells me I am better off by about 35%. Couple that with lower food bills and eating-out costs and overall, I would say, I benefit by up to 40%. That excludes the wine bill, of course!

As always Michael, very informative and very appropriate. We look forward to talking with you again next week.