

That holiday home in France just got costlier

Proposed higher taxes on second homes in France won't keep the average Briton away



La belle vie: most Britons buy a place in France to escape their countrymen Photo: Alamy

By Anthony Daniels

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Here in my French fastness, where the wild boar are even more destructive to the garden than the drunks who scream and shout on Friday nights outside my English home, I received the news of François Hollande's proposed taxes on foreign-owned second houses with what the French call *flegme*. I don't rent it out, didn't buy it as a speculation, and don't intend to sell it, so taxes on rental income and capital gains will not affect me. Besides, a reduction in the size of an anticipated profit is not quite the same thing as a loss. But I am more fortunately placed than many who are not in a position to keep their sangfroid in the face of Mr Hollande's announcement.

My house is as we all imagine one in rural France to be: isolated and peaceful, a clear stream babbling through its large garden, the cicadas singing and the bees busy with the lavender. Alas, the peaches are now finished, as are the cherries and wild strawberries, but the apricots and apples are still ripening.

Mr Hollande's proposals regarding such properties are entirely consistent with his programme, which is to decrease the French budget deficit without reducing the number of his core constituents, the public sector workers. His political calculation is sound, since 75 per cent of French students would like to be civil servants. And on his own admission he does not like the rich, presumably as defined in the normal way by haters of the rich; that is to say, those with more money than they.

The President is no believer in the Laffer curve, according to which, after a certain level, revenues decline as taxes increase. He takes a more citrus fruit view of the matter: you squeeze the lemon until the pips squeak. This is good politics: demagogic taxes on the rich are always popular in countries where most people hope to get more out of the state than they put into it. It is like running a lottery with compulsory contributions in which 55 or 60 per cent of the ticket holders are winners. Such a lottery will always be popular.

Most British people come to France, however, not to avoid taxes, but to avoid their fellow countrymen, especially the younger ones. In France, even the most uncouth people address you as "monsieur", not "mate". The burglar who broke into my mother-in-law's flat in Paris, not expecting her to be there, withdrew with a courteous "Excusez-moi, madame". An English burglar would have bound and gagged her.

So while we may think that the French political economy is rather primitive, with its constant appeal to envy and other low emotions, French society somehow manages to be more civilised than our own. This is an interesting paradox. It helps, of course, that the social problems in France are relegated to the suburbs and cités, where they may safely be ignored until the next riots. In Britain, by contrast, you can't escape social problems, even when you just pop out for a pint of milk.

So I doubt that there will be a mass exodus of British from France. If it's low taxes you're after, France is not your destination; and, after all, there is more to life than only 19 per cent capital gains tax, however outrageous you consider any such tax.

It must also be said that the attitude of the British government, which may now be expected to huff and puff a little on behalf of its oppressed citizens in France, to the question of taxation has not been consistent. Indeed, it might be taken as a perfect illustration of that American Indian insight, "White man, he speak with forked tongue". For while Mr Osborne was excoriating rich Britons for devising schemes by which to avoid their taxes, Mr Cameron was laying out the red carpet for rich Frenchmen who wanted to avoid Mr Hollande's taxes. Thus Mr Osborne thinks he has found the level of taxation that it is morally obligatory to pay, while Mr Cameron thinks he has found the level of taxation that it is morally permissible to avoid, between them having solved one of the greatest questions of political

philosophy.

How hard will Mr Hollande squeeze us poor foreign owners of second homes in his country? It depends, I suppose, on whether revenue or demagoguery is the more needful for him: now the former, now the latter. But I am glad to say that I have an escape other than selling my house or stumping up: I can become tax-resident in France. As a journalist I would be entitled to a special, highly favourable tax regime, which is by far the best – perhaps the only – way of keeping journalists in order in a free country.

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