



## TONTINE

The "*tontine*", or "*accroissement*", is a mechanism which ensures that where a property has been bought by two or more people, upon the death of any of the purchasers, the property passes to the surviving others.

### The civil law aspect:

Although at the time of purchase, the property appears on the title deed to be acquired in joint names, the "*tontine*" clause operates retroactively so that upon the death of the first of the joint owners, it is as if the survivor(s) had always been the sole owner(s).

The main advantage of this mechanism is that it does not fall within the scope of the French inheritance law rules (and in particular, the forced heirship rules) applicable to the rest of the deceased's estate.

However, should the joint owners disagree in respect of the property (for example, on divorce), neither party can be forced, judicially or otherwise, to dispose of or deal with (for example, rent) the property.

### The tax law aspect:

Upon the purchase of the property, property transfer tax is paid in the usual manner. However, on the death of the first of the owners, the transfer of his/her "share" to the survivor is subject to inheritance tax.

The sole exception to this rule is where the property is the shared principal residence of the purchasers and the property is worth less than EUROS 75,000.00 (at the time of the first death). In this case the transfer to the survivor is subject to property transfer tax as though the transfer were a sale.

The rate of inheritance tax applicable is determined by the relationship between the deceased and the beneficiary ( see V. TAXATION- Synopsis of French Inheritance law)

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