



## French elite are fleeing Paris, to live in Brussels 'tax haven'

by Justin Stares

02 May 2012



**Faced with increasing hostility at home, France's moneyed classes are taking flight to Belgium because they do not like either Hollande or Sarkozy - Brussels, on the other hand, seems to cater for all of the needs of the rich**

France's wealthy do not feel the need to wait for the outcome of their country's presidential election; they are already voting with their feet. Convinced the rich will no longer be welcome under the next government, many are moving to neighbouring Belgium. Calls from France to tax lawyers and estate agents in Brussels are increasing in frequency by the week. When Socialist candidate François Hollande, the pollsters' favourite, broke clear of incumbent Nicolas Sarkozy after the first round of voting - Brussels estate agents reported receiving up to 20 calls a day from French house-hunters. Most were looking to rent four and five-bedroom properties in the capital's most desirable districts with an average budget of €3,500 a month.

Hollande - who famously said he "doesn't like the rich" - wants to put up the country's wealth tax; in French, *impôt sur la fortune*. Belgium, on the other hand "loves entrepreneurs," says Brussels-based tax lawyer **Manoel Dekeyser**. Belgium's salaried employees might suffer under some of the highest taxes in the European Union, but the fiscal system is quite forgiving for the cash-rich. "Half of all those who move to Belgium want to sell their company," **Dekeyser** tells *PublicServiceEurope.com*. "They are usually aged between 40 and 50." There is no capital gains tax in Belgium, meaning that those who sell a firm - provided they can prove residency - walk away with the entire profit. To preserve this money from France's wealth tax, they often stay permanently in Belgium.

"The law on donations is also less severe in Belgium than it is in France," says **Dekeyser**, who is now receiving five or six calls a week from potential clients. In France, parents looking to pass their fortune on to their children are taxed at a rate of 45 per cent. In Belgium, the rate is 30 per cent. **Dekeyser** estimates that around 20 French families a week are concerned enough about developments at home to make an appointment with a legal firm such as his. 'Rich' is, of course, a relative term. **Dekeyser** says his average client is worth around €20m, though escaping France can be fiscally attractive for those worth a mere €4m. Some of those now on the move reportedly have fortunes of up to €600m.

Hollande's hostility and his plan to increase France's wealth tax from 0.5 per cent to a dizzying 1.8 per cent a year are pushing the loaded to flee. But this does not mean Sarkozy is considered trustworthy. "Many of our clients want to leave irrespective of who wins," says **Dekeyser**. "For them, the election campaign has been really revealing. They have come to realise that Sarkozy promised a lot, but has done nothing in the last five years. The French left, meanwhile, is living in the past; with their extremism they are frightening those who want to live in the future."

Once settled in Brussels, the French community is said to be more than happy. "Very few go back," says **Dekeyser**. "They find that there is a real cultural life in Brussels. It is a multi-cultural, cosmopolitan town and it's very agreeable to live in. It is just like Paris was back in the 1950s, without the stress of the big city." The French are said to be big fans of the Brussels opera. "They can drive their beautiful cars without fear of being called 'dirty rich'." Among the better-known French émigrés in Brussels is Eric-Emmanuel Schmitt, the writer.

New arrivals have a penchant for the chic Ixelles neighbourhood. The southern district of Uccle is also popular due to its proximity to the French school Lycee Francais. "Ixelles looks like Paris while Uccle is a bit like the Paris suburb of Neuilly with its wide, tree-lined boulevards," says **Dekeyser**. Paris to Brussels on the high-speed train takes little more than an hour, a fact that the departing finds "psychologically comforting".

There are other countries where the wealthy French can seek refuge. Low-tax Luxembourg is one of them, though **Dekeyser** says the country is "deadly" in that it is much too boring for most. The same applies to Switzerland. Apart from, perhaps, Geneva. Britain, too, is a potential tax haven. But according to **Dekeyser**, it is "too risky" for many. "There is a lot of inequality in Britain; next to the rich there are a lot of really poor people. And the public services are really awful". Among France's wealthy, the motto therefore in these uncertain times is "vive la Belgique".