



We hope your year has been off to a great start! As we embrace the opportunities and challenges that come with a new year, we want to express our appreciation for the trust you've placed in us for your tax return preparation. Another tax season is upon us, and we are excited to continue supporting you in your tax compliance needs.

Thank you for choosing us as your tax partner, and we eagerly anticipate working together to make this tax year as smooth and rewarding as possible.

Our Tax Season Kickoff memo below contains pertinent information with respect to changes in the tax law, how they will impact you and key dates to ensure your 2023 tax returns are timely filed. We request that you read each section. Should you have any questions after reading the memo please do not hesitate to contact us.

Included in this memo is information concerning:

- Important changes to our practice concerning SmartVault
- Key dates to note for the 2023 tax year
- Tax Law Changes for 2023 and going forward
- Useful Facts and Figures

### **Office Location**

As a reminder our office location and phone number changed during 2020. They are now as follows:

**Woods Huston  
29 rue Marius AUFAN  
92300 Levallois-Perret  
Phone Number: 01 86 47 60 87**

Our new location has a dedicated secure mailbox in which you can drop your information. If you would like to drop off physical documents I would ask that you either let myself or Gandhi ([dgandhi@woodshuston.com](mailto:dgandhi@woodshuston.com)) know and we will provide you with the door code and location of our mailbox. We will return the originals to you upon completion of the tax return(s).

### **SmartVault**

SmartVault has been the secure portal that we used in previous years to share information with clients. As of February 2024 we will be switching to a more integrated system called **Tax Dome**.

All of your information from SmartVault will automatically be transferred over to Tax Dome in a folder called *Files Transferred from SmartVault*. Your SmartVault account will continue to be active until the end of the month and we ask that you do not upload any further files to SmartVault.

## Tax Dome

As a part of improving our services we are moving to a new Client Portal website called Tax Dome. You will automatically receive an invitation to create your account with Tax Dome.

We have upgraded our tools and integrated an online organizer into the Tax Dome account. Once you sign your engagement letter you will automatically be prompted to complete your organizer and upload your documents. If you require the use of templates we have created please visit <https://www.woodshuston.com/tax-toolbox.html> to download blank templates that we have developed for your convenience.

If you are experiencing issues with Tax Dome and would prefer to send us your documents via Dropbox please let us know and we will set up an account on Dropbox for you. If you do wish to use Dropbox, please ensure that any folder you share with us uses a naming convention as “Your name – Woods Huston”.

## Engagement Letters

You should have received our engagement letter covering off tax return preparation services for the 2023 tax year. The purpose of the engagement letter is to clearly lay out the scope of services to be provided by our firm and fees for such.

We are asking clients to sign the engagement letters electronically and you should have received a link through Adobe to do so. If you would prefer to sign and return physically to our office that is fine as well.

## Fee Structure

Fees are based on the time it takes to prepare your file multiplied by our hourly rates. For tax return engagements, I provide my clients with a maximum fee cap so that you know *at most* what you will be paying for any incurred services. Transparency is my goal and so I always try to detail fees in advance of starting new projects with clients. The fee cap for your 2023 returns has been communicated in the Engagement Letter and was based on prior years returns.

In the case additional forms are required that were not required in the previous year we have included a fee matrix on annex that clients may find useful.

## Information Required

**Please refer to the bolded dates in the *Important Dates and Deadlines* section as to when to send us your information.**

If you wish to schedule a meeting, please contact our admin team member Gandhi at [dgandhi@woodshuston.com](mailto:dgandhi@woodshuston.com).

I understand that all the information may not be available as of the due dates listed below but would ask that you provide any information you have and supplementary information as soon as it becomes available. If you need a comprehensive list of information required, please contact our office and we will provide you with one. If this is the first year we are working together we will need a copy of your prior year tax return to provide you with a detailed list.

## US Taxes

### *Important Dates and Deadlines*

<b>March 15, 2024</b>	<ul style="list-style-type: none"> <li>• <b>Initial due date to provide information to Woods Huston</b></li> </ul>
April 15, 2024	<ul style="list-style-type: none"> <li>• Initial due date for 2023 US tax filing if residing in the US</li> <li>• Due date for 1<sup>st</sup> quarter 2024 estimated tax payment</li> </ul>
June 17, 2024	<ul style="list-style-type: none"> <li>• Initial due date for 2023 US tax filing if residing outside of the US</li> <li>• Due date for 2<sup>nd</sup> quarter 2024 estimated tax payment</li> </ul>
September 16, 2024	<ul style="list-style-type: none"> <li>• US partnership tax returns due under extension</li> <li>• US corporate tax returns due under extension</li> <li>• Due date for 3<sup>rd</sup> quarter 2024 estimated tax payment</li> </ul>
October 15, 2024	<ul style="list-style-type: none"> <li>• Due date for 2023 US tax filing if extension (Form 4868 filed). Final deadline if resident of the US.</li> <li>• Due date for FinCen Form 114 Foreign Bank Account Reporting Form</li> </ul>
Middle of November, 2024	<ul style="list-style-type: none"> <li>• Annual efile shutdown period. Exact date announced closer to November 2024</li> </ul>
December 16, 2024	<ul style="list-style-type: none"> <li>• Due date for 2023 US tax filing if additional extension filed</li> </ul>
January 15, 2025	<ul style="list-style-type: none"> <li>• Due date for 4<sup>th</sup> quarter 2024 estimated tax payment</li> </ul>

**Even though your tax return will be extended it does not extend the time to pay. To avoid any late payment penalties or interest on balances due any tax owed should be paid by April 15<sup>th</sup>, 2024. For us to prepare the estimated tax balance due we must have sufficient information by March 15<sup>th</sup>, to prepare the calculation.**

### *Extensions*

Extensions for all US taxpayers will be filed electronically in the first week of April unless your return is already confirmed filed with the Internal Revenue Service. If you would like a copy or confirmation that this has been completed, please let us know and we will provide.

To file an extension, we need your name, Social Security Number and address. If we filed your return in the prior year, then we will have this information on file.

### *Foreign Exchange Rate*

The yearly average exchange rate to use when converting EUR to USD on your US tax return is 1.0823. The year end foreign exchange rate for purposes of FACTA reporting and the Foreign Bank Account Reporting form for EUR to USD is 1.105.

### US Retirement Plans

The Secure Act of 2019 increased the *Required Minimum Distribution (RMD)* age from 70.5 to 72. Under current proposals the RMD will increase to age 73 starting in 2023, 75 starting in 2029 and 75 by 2032. Note these are not yet signed into law but are possible given by partisan support.

Individuals can contribute up to \$6,000 (\$7,000 if you are over the age of 50) to US based retirement accounts called an *Individual Retirement Account (IRA)*. Note if you exclude all of your compensation by virtue of the Foreign Earned Income exclusion or do not have any taxable compensation then you are unable to contribute to an IRA.

IRA contributions are broken down into two types i. Traditional IRAs and ii. ROTH IRAs

- i. Traditional IRAs are further broken down into two types
  - a. Deductible  
Deductible IRA contributions count as a deduction on your tax return and are fully taxable when you withdraw the funds.
  - b. Non-Deductible  
Non-Deductible Traditional IRA contributions are not counted as a deduction and when you withdraw the funds in the future only the earnings
- ii. ROTH IRAs
  - a. ROTH IRA contributions are not deductible, and any earnings are tax free if taken out as a qualified distribution. Qualified distributions are typically withdrawn after you are 59.5 years old and the contribution has to have been made at least 5 years prior to the withdrawal.

If you withdraw from your Traditional IRA before the age of 59.5 you will be subject to a 10% penalty and can only avoid this penalty in certain cases.

## Child Tax Credit

Starting with the 2019 tax year the Child Tax Credit has both a refundable and non-refundable element. If you qualify for the refundable portion of the Child Tax Credit this means that if you have no US tax due you could be eligible for a refund of up to \$2,000 per qualifying dependent (\$3,000 if the dependent is between 7 – 17 years old). Note for individuals who maintain a residence outside of the US the refundable portion is limited to \$1,500.

Any individuals claiming the Foreign Earned Income exclusion are not eligible for the refundable portion of the Child Tax Credit. This has led to individuals revoking the Foreign Earned Income exclusion.

If you revoke the Foreign Earned Income exclusion you are ineligible to claim it for the following 5 tax years. Given that CSG/CRDS can now be claimed as a foreign tax credit there is typically not additional taxes owing for an individual who rescinds the FEI and claims just the Foreign Tax Credit. If you are planning on relocating to a low tax jurisdiction (i.e. Singapore, UAE) within the next 5 years then it may not make sense to revoke the FEI. This analysis is completed as part of the tax preparation process and if there is a benefit to revoking we will contact you prior to finalizing the return to discuss further.

## Controlled Foreign Corporation (CFC)

Significant tax law changes were introduced for individuals who have an ownership stake in a Controlled Foreign Corporation (broadly defined as a corporation that is organized outside of the US which has more than 50% owned or controlled by US persons). Please contact us if you would like a detailed explanation as to what these tax law changes were and how they may affect you.

The *Inflation Reduction Act* of 2022 implemented a minimum corporate tax rate of 15%. However, this only affects certain large corporations and should not affect any of our clients.

## Beneficiary Reporting Requirement

Certain privately held corporations and other entities created or registered to do business in the U.S. are required to disclose information to the Financial Enforcement and Crimes Network (FinCen) starting January 1, 2024.

As a result of the Corporate Transparency Act enacted on January 1, 2021 “reporting companies” will be required to identify two categories of individuals in the beneficial ownership report:

1. Beneficial Owners

A beneficial owner is any individual who directly or indirectly exercised substantial control over the reporting company or owns or controls not less than 25% of the ownership interests of the reporting company.

2. Applicants

Applicants are individual(s) who directly file documents that create or register the entity.

A Reporting Company includes US corporations, LLC and other entities. Non-US entities are required to comply with the requirements to the extent that they are registered to do business in any state. Highly regulated entities and large operating companies with a physical presence in the U.S. are exempt from reporting.

Each beneficial owner is required to disclose the following information:

- Full legal name
- Date of birth
- Identification number from certain identification documents (i.e. valid driver's license or passport)
- An image of the ID document showing the number and photograph

Although reporting obligations will take effect as of January 1, 2024 any entities created prior to January 1, 2024 must comply by January 1, 2025. Any entities created in 2024 have 90 days once the registration of their entity has become effective. Any entities created after 2025 have 30 days to comply with the requirements.

The information reported will not be made publicly available.

If you would like our assistance with reporting this please contact us and we will provide you with a quote.

## French Tax Legislation

### *Important Dates and Deadlines*

<b>April 16, 2024</b>	<b>Initial due date to provide information to Woods Huston</b>
Mid May 2024	Due date for paper filing of French tax return
First Week of June 2024	Due date for electronic filing of French tax return

The due dates for the French tax returns have yet to be finalized and once they are known we will communicate these.

### *Changes Effective for 2023 and in the Future*

There have been no significant changes from 2022 tax season

The foreign exchange rate to be used for converting USD to EUR on your French tax return is 1.0813.

### Impôt sur la Fortune Immobilière

The French wealth tax is called the *Impôts sur la Fortune Immobilière* (IFI). An individual is required to include real property that they own (including real property owned through an SCI). A 30% abatement is provided for your principal residence if owned directly in your name. If you believe you are subject to the IFI or are close, please contact our office and we can assist you with the analysis.

### Prélèvement à la Source

For salaried individuals, the income tax will be withheld directly by the employer. The rate in which your employer withholds tax on is based on your previous years earnings. If your earnings for French tax purposes have changed significantly (i.e., you moved to France in 2019 and thus only reported a portion of your annual earnings) your withholding rate may not be reflective of your actual rate.

In the case of self-employed individuals the Trésor Publique will automatically withdraw the withholdings from their bank account on the 15<sup>th</sup> of each month. Alternatively, you can also elect to have the payments come out each quarter (February 15, May 15, August 15 and November 15). You will still file a tax return the following year to compare the amount of tax that was actually withheld from you versus what you should pay based on your marginal tax rates. If you have left France and these payments are still being made you can log onto your [www.impots.gouv.fr](http://www.impots.gouv.fr) site and stop these. Please contact us if you need assistance doing so.

### Prélèvement Forfaitaire Unique (PFU)

As of January 1, 2018, France has introduced a flat tax rate of 30% on passive income (interest, dividends and capital gains). Taxpayers can still elect to have this passive income subject to their marginal tax rate and pay the CSG/CRDS if this is more advantageous than the previous method.

## CSG/CRDS

On passive income CSG/CRDS remains at 17.2%, 9.7% on compensation and 9.3% on foreign pensions not exonerated via an income tax treaty under certain circumstances.

We look forward to working with you in the coming year and should you have questions please do not hesitate to contact us.



**Paul Woods, CPA**

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**Facts & Figures**

**US Key Figures – 2023 US Tax Returns**

Standard Deduction – Single and Married Filing Separate (MFS)	\$13,850
Standard Deduction – Married Filing Joint (MFJ)	\$27,700
Standard Deduction – Head of Household	\$20,800
Foreign Earned Income Exclusion	\$120,000
Paris Housing Limit for Foreign Housing Deduction	\$66,400
Gift Tax Exemption	\$17,000
Non-Resident Spouse Gift Tax Exemption	\$175,000
Lifetime Gift Tax Exclusion	\$12,920,000

**US Individual Tax Rates**

2023 Tax Year

Rate	MFJ	MFS	Single	HoH
10%	\$ 0 to \$ 22,000	\$ 0 to \$ 11,000	\$ 0 to \$11,000	\$ 0 to \$ 15,700
12%	\$ 22,001 to \$ 89,450	\$ 11,001 to \$ 44,725	\$ 11,001 to \$ 44,725	\$ 15,701 to \$ 59,850
22%	\$ 89,451 to \$ 190,750	\$ 44,726 to \$ 95,375	\$ 44,726 to \$ 95,375	\$ 59,851 to \$ 95,350
24%	\$ 190,751 to \$ 364,200	\$ 95,376 to \$ 182,100	\$ 95,376 to \$ 182,100	\$ 95,351 to \$ 182,100
32%	\$ 364,201 to \$ 462,500	\$ 182,101 to \$ 231,250	\$ 182,101 to \$ 231,250	\$ 182,101 to \$ 231,250
35%	\$ 462,501 to \$ 693,750	\$ 231,251 to \$ 346,875	\$ 231,251 to \$ 578,125	\$ 231,251 to \$ 578,100
37%	\$ 693,751 or more	\$ 346,876 or more	\$ 578,126 or more	\$ 578,101 or more



## French Key Figures – 2023 Tax Returns

Flat Tax Rate of Passive Income	30%
Non-Flat Tax Election	
Dividend Abatement Rate for non-Flat Tax	40%
Capital Gain Abatement Rate for Securities Owned Less than 2 years	0%
Capital Gain Abatement Rate for Securities Owned Between 2 and 8 Years	50%
Capital Gain Abatement Rate for Securities Owned Longer Than 9 Years	65% and in limited circumstances 85%
Prélèvement Sociaux (CSG/CRDS) on Passive Income Starting Jan 1, 2018	17.2%

## French Resident Individual Tax Rates

Number of Parts	Single 1	Married 2	Married with one dependent 2.5	Married with two dependents 3
0%	€ 0 to € 11 924	€ 0 to € 23 848	€ 0 to € 29 810	€ 0 to € 35 772
11%	€ 11 295 to €28 797	€ 22 590 to €57 594	€ 28 237 to € 71 992	€ 33 885 to €86 391
30%	€ 28 798 to € 82 341	€ 57 596 to € 164 682	€ 71 995 to €205 852	€ 86 394 to €247 023
41%	€ 82 342 to € 177 106	€ 164 684 to € 354 212	€ 205 855 to € 442 765	€ 247 026 to € 531 318
45%	€ 177 106 or more	€ 354 212 or more	€ 442 765 or more	€ 531 318 or more

*The above table does not take into consideration the limit on the tax benefit given to dependents called the Quotient Familial*

## Impôt sur la Fortune Immobilière

0%	€800 000
0.50%	€800 000 to €1 300 000
*0.70%	€1 300 000 to €2 570 000
1%	€2 570 000 to €5 000 000
1.25%	€5 000 000 to €10 000 000
1.50%	€10 000 000 or more

*\*Between €1.3M and €1.4M there is a small abatement taken into consideration*

**Fee Matrix**

Return or Form	Minimum Fee € HT
Form 1040	€ 750 HT
French Individual Tax Return	€ 600 HT
Individual State Tax Return	€ 150 HT
Form 5471	€ 500 HT
Form 8865	€ 400 HT
Form 8938	€ 150 HT
US Partnership or Corporate Tax Return	€ 750 HT
Response to Tax Notice	€ 250 HT
Form 3520	€ 750 HT
Beneficiary Reporting Form	€250 HT