



New Tax on Property Transfers in Monaco

August 2011

Just as in France and, indeed, in most countries, the buyer of real estate in Monaco has to pay duties calculated as a percentage of the purchase price or value of the real estate. However, until law 1,381 came into effect, on 2nd July 2011, there was no effective way of charging registration duties on the purchase of shares of companies or other such entities that own Monaco real estate. This has now changed.

1. What companies and other entities are affected?

The new law spreads the net very wide. All companies, trusts, foundations, investment funds and other entities that own an interest in Monaco real estate are caught, the only exceptions being companies listed on an approved stock exchange and a certain type of transparent company (known as an 'SCI') established in Monaco.

2. What do these companies have to do?

They have to file an annual declaration with the Monaco tax authorities. For this purpose they have to appoint an approved representative in Monaco. An "arrêté ministériel" no. 2011-444 of 4th August 2011 sets out who may seek approval from the Monaco authorities to act as such, the list covering tax and legal advisers, notaries, accountants, "avocats", banks, estate agents and company formation agents.

A specific declaration must be lodged by the authorised representative annually, stating whether there has been any change in the beneficial ownership of the

company. Any change (subject to very limited exceptions) will give rise to a duty of 4.5% of the value of the real estate.

If there is no change of beneficial ownership, a duty of only 10 Euros is payable when the declaration is filed.

3. What if they do not do what they have to do?


Failure to appoint an approved representative gives rise to a penalty of 1.5% of the value of the real estate. This penalty can be repeated for each year of failure. Filing a false declaration is a criminal offence. Late filing of a declaration gives rise to penalties.

4. When do they have to take action?

The first declaration must be filed between 1st July 2012 and 30th September 2012. A beneficial owner (as at 2nd July 2011) of a company that owns real estate in Monaco can, before 2nd July 2012, arrange for the company to transfer the real estate to him or to a Monaco SCI owned by him, at a cost in registration duty of only 1% of the property value.

5. General points

Another new measure designed to encourage purchase of Monaco real estate by individuals in their own name or through a Monaco SCI is a reduction in the rates of registration duties from 7.5% to 4.5%. From now on, however, a company or other affected entity would on purchase continue to pay duties at the old rate of 7.5%.



Given the complexities of the new law, a note dated 28th July 2011 invites those potentially concerned by the new measures to make contact with the Monaco tax authorities setting out their case, in order that their situation may be examined and an opinion given on the duties due.

How can we help?

We would be happy to discuss with you what your obligations under the new law are and what to do in order to fulfil them.

For further information please contact:

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