

Forestry groups in France

What is a forestry group?

In France, the forestry groups (GF) have civil partnership status and were introduced to encourage reforestation, and the improvement and conservation of forested areas, and to drive a healthy forest economy.

For a maximum duration of 99 years, the group must retain an entirely civil purpose (development, improvement, equipment, conservation or management of a forested area; acquisition of forests or land for afforestation), excluding all other operations such as the processing of forestry products.

Acquisition of shares in a forestry group: how the investor becomes a partner!

The capital of forestry groups is not made up of negotiable securities but of ownership interests which can only be transferred to third parties outside the group after authorization, compliant with the terms set out in the group's articles of association.

In forest economy terms, the majority of its earnings come from the sale of felled timber and rental income from hunting and fishing, which can often be significant.

Forest groups are an avenue worth exploring if you are thinking about investing your wealth for the long term. They offer various forms of tax relief, as confirmed in the 2012 finance act (TEPA law, wealth tax reduction, income tax rebate, etc.).

Wealth tax rebate

Owners of shares in forestry groups can benefit from a 50% reduction in wealth tax, up to a maximum subscription of €90,000 (i.e. a maximum wealth tax reduction of €45,000) in return for a retention period of five and half years, except in the event of an early release for reasons such as invalidity or death.

Income tax rebate:

An income tax reduction of 18% of the subscription or acquisition of shares in a forestry group, up to a limit of €5,700 for a single person and €11,400 for a couple, is possible if the forestry group shares are retained for eight years. **This means a income tax reduction of €1,026 and €2,052 respectively.**

The forestry group undertakes to apply a *PSG*™ forest management plan for 10-20 years.

EXEMPTION FROM TRANSFER TAX:

Holders of shares in forestry groups are exempt from 75% of the applicable transfer tax in the event of a donation or inheritance, with no upper limit, on condition that the shares in the forestry group were acquired by the donor or deceased more than two years previously.

The forestry group undertakes to apply a *PSG*™ forest management plan for 30 years.

WEALTH TAX EXEMPTION

A 75% exemption of the wealth tax base for shares in a forestry group is possible, on condition that the shares in the group have been held for more than two years.

The forestry group undertakes to apply a *PSG*™ forest management plan for 30 years.

All these benefits contribute to the forest economy in France, encouraging investment while promoting careful management of an asset worthy of sustainable development.

Forêt Investissement is an agency specialized in the valuation, sale and purchase of forest estates and hunting grounds, and in the sale and purchase of forestry groups.