

Your forest investment

An investment in the forest is an excellent means of diversifying and transferring your assets. The forest is a distinctive feature of the French landscape, conveying some strong values that are important for investors.

In addition, wood is currently much sought after as a building and decorative material, heating fuel and a renewable energy. Wood is an investment for the future in France, ranked the third most-forested country in Europe.

THE FOREST, AN INVESTMENT WITH A FUTURE

With a specifically adapted tax regime, since it is based on two tangible assets “timber and land”, this is an investment to be considered over the long term, not one where you can expect an immediate return. A forest investment is a way of diversifying your assets for the very long term. The average length of ownership of a private forest is two generations, with returns of 2%. If the forest is properly managed and the species present are sought after, that figure can reach 3.5%.

The forest investment benefits from a number of tax breaks, whether we consider income, holdings or the transfer of your assets. A tax system that can prove to be highly advantageous for high incomes.

Like all individuals subject to wealth tax, a forest or woodland owner will be taxed on their wealth if their assets exceed €1.3 million. However, if the woodland and forest are deemed to be professional assets, they can benefit from full exemption from wealth tax.



This exemption is partial for inheritance (gift) tax.

Generally speaking, woodlands and forests are exempt from wealth tax for up to three-quarters of their value. Only one-quarter is taken into account in the tax base, subject to certain conditions.

The owner must provide a specific certificate issued by the authorities, a representative of which will have previously visited the plots concerned. This certificate is valid for ten years, after which a report on the implementation of the sustainable management document will be produced.

For 30 years, the owner is required to apply a normal operating regime or implement a *PSG*[™] management plan approved in their name.

Tax breaks for forestry groups under the TEPA law

Owners of shares in forestry groups can benefit from a **reduction in wealth tax** equal to 50% of the subscription to the forestry group shares, 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.

A 75% exemption of the wealth tax base for shares in a forestry group is also possible, on condition that the shares in the group have been held for more than two years. The forestry group itself undertakes to apply a *PSG*[™] forest management plan for 30 years.

Likewise, 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 single people and €11,400 for a couple, meaning a maximum income tax reduction of €1,026 for a single person and €2,052 for a couple, is possible if the forestry group shares are retained for eight years, except in the event of early release due to redundancy, invalidity or death.



In this case, the forestry group undertakes to apply a *PSG*[™] forest management plan for 15 years.

The forest investment opens up some tax breaks that make economic sense since they encourage optimum management of the assets. Encouraged by the public authorities who see forestry investment as a solution to environmental issues, the acquisition of a forest is beneficial for many stakeholders, including private owners and businesses. With support from Forêt Investissement, your investment becomes more meaningful.