

THE U.S.-FRANCE TAX TREATY IN PLAIN ENGLISH

Friendly explanations, trusted sources,
and links to the official documents.



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INTRODUCTION

Retirement isn't just about stopping work. It's about starting the life you really want.

For a growing number of Americans, that life starts in France—where lower costs, walkable towns, world-class healthcare, and generous tax rules make retiring abroad more doable than most people think.

In the following pages you'll see how the U.S.-France Tax Treaty is an incredible benefit to American retirees.

I'm a CERTIFIED FINANCIAL PLANNER™ professional and lifelong francophile, planning my own retirement to France—and sharing everything I learn with others who are dreaming just as big.

Now let's see why retiring in France might be the smartest financial move you'll ever make...



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DISCLAIMER

This guide is for educational purposes only and is not intended as legal, tax, or financial advice. Always consult a qualified professional before making decisions about your retirement income, international taxes, or residency status.



1 FRANCE DOESN'T TAX U.S. SOCIAL SECURITY

According to Article 18 of the tax treaty, your Social Security benefits are not taxed by the French government.

You'll only pay U.S. tax (if applicable), which means more money stays in your pocket.

Compare that to Italy, Spain, and Portugal, which all tax Social Security like regular income.

A huge plus for retirement in France.



2

FRANCE DOESN'T TAX RETIREMENT ACCOUNTS

Article 18 to the rescue again!

U.S retirement accounts are considered “pensions” in France, and are therefore only taxed in the U.S., not in France.

This includes:

- 401(k), 403(b), and traditional IRA withdrawals
- Qualified Roth IRA and Roth 401(k) withdrawals (remain tax-free)
- Actual pensions (government or company)



3

INCOME FROM REAL PROPERTY IS NOT TAXED

According to Article 6 of the U.S.-France tax treaty, **rental income or capital gains from U.S. real estate is only taxable in the U.S.**, even if you live full-time in France.

You retired in Provence but are still renting out your condo in Florida? You report that income on your French return, but only pay tax on it in the U.S.

But there's more...

(next page)



SELLING YOUR U.S. HOME AFTER MOVING TO FRANCE?

The capital gains are still only taxed in the U.S.

And here's where it gets even better:

Under U.S. tax law, **you may qualify for the \$500,000 capital gains exclusion** (if married filing jointly) on the sale of your primary residence – even if you've already moved abroad:

- You must have owned and lived in the home for at least 2 of the last 5 years prior
- You don't need to be living in the house at the time of sale – just meet the 2 out of 5 year test



4

NO TAX ON U.S. DIVIDENDS, INTEREST, AND CAPITAL GAINS

France may technically have the right to tax U.S. dividends, interest, and capital gains – but you get a full tax credit for any French tax due on that income. (Article 24)

In practice, most Americans retiring in France **only pay U.S. tax** on their investment income.

But they must still declare it in France correctly to apply the treaty.



5

EXEMPT FROM PAYING SOCIAL CHARGES (PUMA)

France normally charges social contributions (6.5% above a threshold) on passive income for access to national healthcare.

But as a “pensioner” receiving U.S. retirement income, you are currently exempt from these charges under French law.

This exemption is one of the most overlooked benefits of being a U.S. retiree in France.

It means you can access one of the top healthcare systems in the world without paying into it.

[AmericanToFrance.com](https://www.AmericanToFrance.com)



READY TO LEARN MORE?

Every week, I'll send you the *American to France*™ newsletter with:

- Hidden gem retirement destinations
- Affordable property picks
- Live webinars and expert Q&As

Retiring in France isn't about escape—it's about intention.

You've worked hard. You've saved smart.

Now it's time to align your retirement with what really matters—your health, your time, and your quality of life.

If you're serious about making France your next chapter, I'd love to help you build the plan that gets you there.

À bientôt,

Tommy Sikes, CFP®

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TAX TREATY LINKS AND SOURCES

Official Government & Treaty Documents

- U.S.–France Income Tax Convention (1994 PDF) <https://www.irs.gov/pub/irs-trty/france.pdf>
- Technical Explanation of the U.S.–France Convention <https://www.irs.gov/pub/irs-trty/francetech.pdf>
- Protocol (2009) Technical Explanation <https://home.treasury.gov/system/files/131/Treaty-France-Pr2-TE-1-13-2009.pdf>

Expert Expat & Legal Guidance

- Sanderling Expat Advisors: "French Taxes and U.S. Capital Gains Income" <https://www.sanderlingexpat.com/blog/french-taxes-and-us-capital-gains-income>
- My French House: "Tax Reporting Obligations for Americans Living in France" <https://www.my-french-house.com/blog/article/75528/tax-reporting-obligations-for-americans-living-in-france>



- BrightTax: "Taxes in France: A Complete Guide for U.S. Expats" <https://brighttax.com/blog/us-expat-taxes-in-france/>
- Also see Q&A on U.S. rental property income: <https://brighttax.com/blog/taxes-in-france-for-us-expats-guide/>
- The Good Life France: Essential Tax & Finance Guide for U.S. Expats <https://thegoodlifeinfrance.com/essential-tax-and-finance-guide-for-u-s-expats-in-france/>
- Robert Hall Taxes: Expat Taxes in France – A Guide for Americans <https://www.roberthalltaxes.com/news/expat-taxes-in-france-a-guide-for-americans-living-abroad/>

Rental Property Specifics

- France in the U.S.: Taxation of French Rental Income by U.S. Residents (PDF) <https://franceintheus.org/IMG/pdf/tax/French%20rental%20income.pdf>
- Cabinet Roche: American Expat Property Taxes in France <https://www.cabinet-roche.com/en/american-expat-in-france-property-taxes-in-france/>



PUMa Related Articles

- Association of Americans Resident Overseas (AARO) – PUMa Update for AARO Members in France: 2025.
<https://aaro.org/health-insurance/special-note-for-residents-in-france>
- ESCEC International – Understanding the Tax PUMa: Who Pays, How It's Calculated, and When to Pay.
<https://escec-international.com/understanding-the-tax-puma-who-pays-how-its-calculated-and-when-to-pay/>
- The Local France – Cotisations: Why you might get an unexpected French health bill. URL:
<https://www.thelocal.fr/20240206/cotisations-why-you-might-get-an-unexpected-french-health-bill>
- The Local France – What American retirees in France need to know about CSM healthcare charges.
<https://www.thelocal.fr/20240222/what-american-retirees-in-france-need-to-know-about-csm-healthcare-charges>
- The Connexion – Who has to pay the Puma healthcare tax in France?
<https://www.connexionfrance.com/practical/who-has-to-pay-the-puma-healthcare-tax-in-france/111634>



- FrenchEntrée – PUMA, Social Protection, and Social Charges in France. URL: <https://www.frenchentree.com/living-in-france/healthcare/puma-social-protection-and-social-charges-in-france/>
- Service-Public.fr (French government) – Assurance maladie d'un étranger qui s'installe en France. URL: <https://www.service-public.fr/particuliers/vosdroits/F12859>