

This guide has been prepared by an independent third-party firm

November 2024

FRENCH POLYNESIA – PRIOR ADMINISTRATIVE DECLARATIONS AND TOURIST TAX

You have decided to rent out one of your properties or a part of it, occasionally or in a usual manner via the Airbnb platform. You are now considered by the French Polynesian law as practicing the activity of furnished accommodation rental.

You now have a few administrative and legal obligations regarding this activity.

Under the furnished accommodation rental rules, you have to declare this activity to the Tourism Service. You may find the form on [this website \(https://www.service-public.pf/sdt/exploiter-un-etablissement-hebergement-2/meuble-de-tourisme/\)](https://www.service-public.pf/sdt/exploiter-un-etablissement-hebergement-2/meuble-de-tourisme/).

You also need to create a set of internal rules for rental for guests and declare your activity at the city hall where your property is located.

Tourism tax will be due per night and per person. The amount of the tax depends on the location of your property and may vary between 20F.CFP/night/pers and 200 F.CFP.

Finally, you will have to declare your activity at the Chamber of Commerce ("*Chambre du Commerce et de l'Industrie, des Services et des Métiers*" - CCISM"). All useful information can be found on this website: <https://www.ccism.pf/la-ccism/vos-formalites>.

For more information on taxes applicable in French Polynesia, you can consult the Tax Code ("*Code des Impôts*") on [the following website: https://www.impot-polynesie.gov.pf](https://www.impot-polynesie.gov.pf).

FRENCH POLYNESIA – TAX CONSIDERATIONS ON TOURIST FURNISHED RENTALS

There is currently no specific tax regulation for short-term property rental. However, reforms are in preparation on that matter. As at the time this guide was published, the applicable laws are that relating to furnished rentals.

The following information can help you to get started learning about some of the tax requirements that might apply to you when providing furnished rentals in French Polynesia via the Airbnb website.

Tax can be tricky and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are supplying furnished accommodation rental in French Polynesia, you should make sure that you understand each of the following types of taxes and contributions, and pay the ones that apply to you;

- Transactions Tax;
- Territorial solidarity Contribution on self-employed professions and activities;
- “*Patente*” Contribution (business licence tax);
- Social Security Contributions;
- Value added tax (VAT)

These different contributions and taxes are due depending on the income generated by the rental of your property, the diversity of your activities and the duration of your activity. Thus, there are three different regimes that could be applied to you, regardless of whether you are a Polynesian tax resident or not:

- 1. First, a total tax exoneration the year in which you start the rental as well as the following two years;**

After the first three years of rental activity, the following will be applied to you:

- 2. Either the application of a simplified tax regime if it is not your only activity and it does not exceed an annual turnover of 10.000.000 F.CFP ;**

or

- 3. The application of the normal tax regime if it is your only activity or if you exceed an annual turnover of 10.000.000 F.CFP.**

Moreover, you would have to collect VAT if your turnover is above 10.000.000 F.CFP.

Please note that if you are not a tax resident in French Polynesia, you will have to appoint a tax representative.

Please understand that the information contained herein is provided for information purposes only, is not exhaustive and is not intended to be legal advice. If you are unsure about your local tax obligations in French Polynesia, we encourage you to check this with official local authorities, or to seek advice from qualified professionals.

Please note that we don't update this information in real time, so you should confirm that the laws or procedures described herein have not changed recently.

1. TOTAL TAX EXEMPTION

Whatever the amount of your turnover, you benefit from a total tax exemption the year in which you start the rental as well as the following two years.

However, this tax exemption does not exempt you from administrative obligations and filing tax returns (see 2/, 3/ and 4/).

The total tax exemption does not exempt you from paying the social security contributions which are due from the first year.

Social contribution:

- If you are not a resident in French Polynesia, you are not liable for social contributions.
- If you are a resident in French Polynesia, and you are not an employee, you are liable for social security contributions for self-employed workers at the rate of 9.84% of the monthly gross income. The minimum gross income to be considered as the basis for the calculation of the social contribution is 79.511 F.CFP, and the maximum gross income to be considered is 10.000.000 F.CFP. In other words, if your gross income is below 79.511 F.CFP, your social contribution will be calculated on the basis of 79.511 F.CFP; on the other hand, if your gross income is above 10.000.000 F.CFP, your social contribution will be calculated on the basis of 10.000.000 F.CFP.

2. APPLICATION OF A SIMPLIFIED TAX REGIME FOR SMALL BUSINESSES

After the period of 3 years mentioned in 1/, you may benefit from a simplified tax regime for very small businesses consisting in the application of a flat tax.

This flat tax encompasses: Transaction Tax, Territorial solidarity Contribution on self-employed professions and activities, "Patente" Contribution (business licence tax) and Apprenticeship Tax. The application of this regime exempts you from filing tax returns regarding these taxes and

contributions.

This regime is open to everyone except to the physical person whose only activity is the rental of land or buildings (bare or furnished). In this case, the normal tax regime will be applied to you.

The flat tax will be applied to you depending on the amount of your turnover in the previous year:

- If the turnover in the previous year is under or equal to 2.000.000 F.CFP the amount of the flat tax is 25.000 F.CFP for the current calendar year.
- If the turnover in the previous year is above 2.000.000 F.CFP and under 5.000.000 F.CFP the amount of the flat tax is 45.000 F.CFP for the current calendar year.
- If the turnover in the previous year is above 5.000.000 F.CFP and under 7.000.000 F.CFP the amount of the flat tax is 110.000 F.CFP for the current calendar year.
- If the turnover in the previous year is above 7.000.000 F.CFP and under 10.000.000 F.CFP the amount of the flat tax is 200.000 F.CFP for the current calendar year.

Threshold overrun:

When you exceed one of the thresholds listed above: you have to declare it to the tax administration (DICP) within 30 days of the overrun. The change in the flat rate will only be applied to you the following year.

When you exceed 10.000.000 F.CFP: you have to declare it to the tax administration (DICP) within 30 days of the overrun. In this case, you won't benefit from the simplified tax regime for very small businesses for the current year.

Decrease in turnover:

Decrease in total turnover of one of the thresholds listed above: you have to declare this decrease to the Tax administration before 31st March of the year following that in which the decrease occurs. If you fail to make this declaration within the deadline, the rate applicable for the year of the decrease would be the same as the one applied to you the year before.

Social contribution:

- If you are not a resident in French Polynesia, you are not subject to social contributions.
- If you are a resident in French Polynesia, and you are not an employee, you are subject to social security contributions for self-employed workers. The rate is 9.84%.

3. APPLICATION OF THE NORMAL TAX REGIME

The normal tax regime is applicable to you if you have a usual or occasional activity of renting furnished tourist accommodation as a lucrative activity and:

- Your turnover is above 10.000.000 F.CFP.
- Or if you are a physical person whose only activity is rental of furnished accommodation.

Transactions Tax

If the rental of furnished accommodation is your only activity, this tax is applied to gross income after a 50% allowance in order to take into account the expenses incurred in the activity (regardless of the actual amount of expenses actually incurred). For instance, if your rental income is 10.000.000 F.CFP, you are allowed to deduct 5.000.000 F.CFP when calculating your taxable income.

Then, the Transactions tax rates are the following:

Taxable base fraction	Rates
Under or equal to 5.500.000 F.CFP	1. 5%
5.500.001 F.CFP to 11.000.000 F.CFP	4%
11.000.001 F.CFP to 22.000.000 F.CFP	5%
22.000.001 F.CFP to 55.000.000 F.CFP	6%
55.000.001 F.CFP to 82.500.000 F.CFP	8%
Above 82.500.000 F.CFP	11%

The Transactions tax return filing deadline is 31st March of the year following the year in which the income is received. You may find the declaration form on the Tax administration website: <https://www.impot-polynesie.gov.pf/>.

If you have another activity subject to Transactions tax than rental, you may have further tax obligations such as producing a balance sheet. Moreover, you might not be able to benefit from the 50% allowance if the actual annual charges are lower than the amount of the allowance.

As the taxation laws applicable to you are a complex matter that depends on the specific facts of your personal situation, we encourage you to consult a tax advisor to determine your reporting and tax obligations regarding Transactions Tax.

“Patente” (business licence tax) Contribution

You are not subject to the “Patente” contribution if the amount of gross annual rental income is below 2.000.000 F.CFP. If your gross annual income is above 2.000.000 F.CFP, you will have to pay the “Patente” contribution.

The “patente” contribution is made up of:

- A fixed fee which may vary between 15.000 F.CFP and 30.000 F.CFP depending the geographical area where the accommodation is located for the activity of tourist furnished rental;
- A proportional fee that is equal to 6% of the annual rental value. A tax reduction is possible in the event of low occupancy of the accommodation according to the conditions determined by the Tax Code of French Polynesia.

You have to submit the declaration form for the “Patente” Contribution when you start your activity. You can find this form on [this website \(https://www.ccism.pf/sites/default/files/docs/cfe_telechargez_limprime_p1.pdf\)](https://www.ccism.pf/sites/default/files/docs/cfe_telechargez_limprime_p1.pdf). For all your start-up formalities you need to contact the nearest Chamber of Commerce (CCISM). You may find more information on the following website: <https://www.ccism.pf/la-ccism/vos-formalites>.

Territorial solidarity Contribution on self-employed professions and activities

This tax is applied to gross income after a 50% allowance in order to take into account the incurred expenses. Then, the Territorial solidarity Contribution on self-employed professions and activities tax rates are the following:

Taxable base fraction	Rates
Under or equal to 5.000.000 F.CFP	0,75%
5.000.001 F.CFP to 10.000.000 F.CFP	2,75%
10.000.001 F.CFP to 20.000.000 F.CFP	3,25%
20.000.001 F.CFP to 50.000.000 F.CFP	3,75%
50.000.001 F.CFP to 75.000.000 F.CFP	4,50%
Above 75.000.000 F.CFP	5%

Social security contributions:

- If you are not a resident in French Polynesia, you are not subject to social security contributions.
- If you are a resident in French Polynesia, and you are not employed, you are subject to social security contributions for self-employed workers . The social security contribution rate is 9.84% of the monthly gross income. The minimum gross income to be considered as the basis for the calculation of the social security contribution is 79,511 F.CFP, and the maximum gross income to be considered is 10 ,0 00,000 F.CFP. In other words, if your gross income is below 79,511 F.CFP, your social security contribution will be calculated on the basis of 79,511 F.CFP; on the other hand, if your gross income is above 10 ,0 00,000 F.CFP, your social contribution will be calculated on the basis of 10 ,0 00,000 F.CFP.

Maeva owns a house in Papeete which is her primary residence. She rents out a spare room 4 months a year for 4 years. Moreover, she is employed at a local firm. Maeva received total gross rent in 2023 of 1, 200, 000 F.CFP.	
	F.CFP
Gross rental income	1, 200, 000
Taxation	
Simplified tax regime	(25, 000)
Social contribution	0
Net rental income after taxation	1, 175, 000

Teva owns a house in Moorea. He rents out the entire house 9 months a year for 6 years. Renting is his only activity. Teva received total gross rent in 2023 of 8.000.000 F.CFP.	
	F.CFP
Gross rental income	8, 000, 000

Taxation	
Transactions tax	(60, 000)
“Patente” contribution	(663, 889)
Territorial solidarity Contribution on self-employed professions and activities	(30, 000)
Social security contributions	(787, 200)
Net rental income after taxation	6, 458, 911

4. VALUE ADDED TAX (VAT or TVA)

You may be subject to VAT if your turnover is equal or above 10.000.000 F.CFP.

In this case, you would have to apply a 13% rate of VAT.

You will find all the forms needed on this website: <https://www.impot-polynesie.gov.pf/regime-reel-ndeg1010>

You may also choose to formulate a VAT option if your turnover is under 10.000.000 F.CFP. Please find all the forms needed on [this website \(https://www.impot-polynesie.gov.pf/declaration-doption-ou-de-denonciation-doption\)](https://www.impot-polynesie.gov.pf/declaration-doption-ou-de-denonciation-doption).

As the VAT regime is a complex matter that depends on the specific facts of your rental business, we encourage you to consult a tax advisor if you need assistance in determining your obligations regarding VAT.