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EDUARDO SERRA JORGE & MARIA

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Nice, le 14 février 2019

OBJET : INCOME TAX

The tranche of scale are overvalued by 1.6%

INCOME TAX SCHEDULE

The limits of the brackets of the scale of the income tax are revaluated by 1.6%. This rate corresponds to the projected price increase in 2018 excluding tobacco products. The scale applicable to income tax in 2018 is as follows:

Taxation of revenues 2018

Fraction of taxable income (one part)	Tax rate
Up to 9.964 EUR	0 %
From 9.965 EUR to 27.519 EUR	14 %
From 27.520 EUR to 73.799 EUR	30 %
From 73.780 EUR to 156.244 EUR	41 %
Over 156.244 EUR	45 %

It should be noted that the tax applied to current income (salary, property income ..) collected in 2018 will be compensated by the application of "modernization tax credit recovery". Thus, with the goal of avoiding double taxation, in 2019 a tax credit will be applied after deduction of withholding tax.

LIMITATION OF THE EFFECTS OF FAMILY QUOTIENT

The family quotient is a system that corrects the progressivity of the income tax schedule for taxpayers entitled to more than one share, including taxpayers with one or more children.

However, the tax benefit resulting from the application of the family rate is limited for each half or quarter of the share, which is added to the two shares of taxpayers who are married or are in PACS and are jointly taxed, or to the share of single, divorced or married taxpayer taxed separately.

The general ceiling on the effects of the family quotient is raised, for the taxation of the 2018 income, from 1.527 EUR to 1.551 EUR for each half-share granted for family expenses, i.e. 775,50 EUR (against 763,50 EUR previously) by an additional quarter of a share.

In addition, specific marginal rates are applied to certain categories of taxpayers. As such, it should be noted that single, divorced or separated persons living alone and having at least one dependent child receive an entire share instead of a half-share. The tax benefit resulting from this share can not exceed 3.660 EUR for the taxation of 2018 incomes (compared to 3.602 EUR for the 2017 income).

INTEREST DISCOUNT

When the amount of the gross income tax resulting from the progressive scale is lower than a certain limit, an interest discount is applied to the amount of this tax, after application, if it is a case, of the of the family quotient.

For taxes on income in 2018, the limit of this discount has been increased to 1.196 EUR (compared to 1.177 EUR last year) for single, divorced or separated and to 1.970 EUR (against 1.939 EUR) for married persons or persons in the PACS subject to common taxation.

Remember that the amount of the discount is equal to the difference between its application limit and three quarters of the amount of the taxpayer's gross tax contribution.

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