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# Denormandie Law: tax reduction for rental investment in the former

Verified 09 avril 2021 - Legal and Administrative Information Directorate (Prime Minister)

Additional cases ? [Pinel/Duflot Law: income tax reduction for rental investment](https://www.service-public.fr/particuliers/vosdroits/F31151) (<https://www.service-public.fr/particuliers/vosdroits/F31151>)

The Denormandie facility allows you to benefit from a tax reduction if you make a rental investment in a degraded old neighbourhood. This accommodation must be located in certain communes.

## Conditions relating to real estate investment

### Types of acquisitions

The tax credit applies to the following units:

- Old housing being upgraded
- Local converted into residential use

The work must represent at least 25% the total cost of the operation.

### Investment period

The tax reduction applies to transactions between March 28, 2019 and December 31, 2022.

### Location

The accommodation must be located in [the](#)

(<https://www.legifrance.gouv.fr/loda/id/JORFTEXT000038273001/#LEGISCTA000038281074>) following:

- Communities where the need for habitat rehabilitation is important
- Communes in labelled area *City Heart*
- Communes that have passed [territory revitalisation operation agreement \(TORT\)](#) (<https://www.cohesion-territoires.gouv.fr/operation-de-revitalisation-de-territoire-ort>)

To find out if a city falls under this device, you can use this simulator:



Check if your city falls under the "Denormandie" device

Directorate of Legal and Administrative Information (Dila) - Prime Minister

Go to  
simulator

(<https://www.service-public.fr/simulateur/calcul/Zone-Denormandie>)

### Nature of work

You must do one of the following work in the accommodation:

- Work to improve energy performance of the housing (20% at least 30% at least for individual accommodation)
- At least 2 types of work among the change of boiler, the insulation of the attic, the insulation of the walls, the change of production of hot water, the insulation of the windows
- Creation of new living space (e.g. balcony, terrace or garage)

**Warning :** the work must be carried out by a certified professional *Recognised as a guarantor for the environment (GR)*.



Find an RGE professional or an architect

Ecological Transition Agency (Ademe)

Go to  
online service [↗](https://www.faire.fr/trouvez-un-professionnel)  
(<https://www.faire.fr/trouvez-un-professionnel>)

The work must be completed by 31 December of the 2<sup>e</sup> year after acquisition.

## Tenant Conditions

The tenant should not belong to your tax centre.

Sound reference tax income (<https://www.service-public.fr/particuliers/vosdroits/F13216?lang=en>) shall not exceed the regulatory ceilings.

### Metropole

Maximum Annual Resources (2019 Tax Reference Income) by Geographic Area - Lease entered into in 2021 - Metropolitan

Composition of the tax centre	Area A	Area A	Area B1	Area B2	Area C
Single	€38,377	€38,377	€31,280	€28,152	€28,152
Couple	€57,357	€57,357	€41,772	€37,594	€37,594
+ 1 dependant	€75,188	€68,946	€50,233	€45,210	€45,210
+ 2 dependants	€89,769	€82,586	€60,643	€54,579	€54,579
+ 3 dependants	€106,807	€97,766	€71,340	€64,206	€64,206
+ 4 dependants	€120,186	€110,017	€80,399	€72,359	€72,359
Increase per additional dependant	+ €13,390	+ €12,258	+ €8,969	+ €8,070	+ €8,070

### Overseas

Maximum Annual Resources (2019 Tax Reference Income) by Geographic Area - Lease Completed in 2021 - Overseas

Composition of the tax centre	Department of Overseas (Dom)	Saint Martin Saint Pierre and Miquelon		French Polynesia New Caledonia Wallis and Futuna	
Single	€28,606		€28,606		€31,099
Couple	€38,202		€38,202		€41,528
+ 1 dependant	€45,941		€45,941		€49,941
+ 2 dependants	€55,461		€55,461		€60,290
+ 3 dependants	€65,241		€65,241		€70,923
+ 4 dependants	€73,527		€73,527		€79,928
Increase per additional dependant	+ €8,206		+ €8,206		+ €8,920

## Lease Terms

The accommodation must be rented as main dwelling (<https://www.service-public.fr/particuliers/vosdroits/F752?lang=en>).

It must be leased no later than 1 year after the completion of the building or after its acquisition.

The lease term must be 6, 9 or 12 years.

The monthly rent shall not exceed, excluding charges, the following ceilings:

#### Metropole

Monthly rent ceilings, per m<sup>2</sup>, charges not included, for leases concluded in mainland France

Location	Monthly rent ceilings per m <sup>2</sup>	
	2020	2021
Area A	€17.43	€17.55
Area A	€12.95	€13.04
Area B1	€10.44	€10.44
Area B2 (on approval)	€9.07	€9.13

#### Overseas

Monthly rent ceilings, per m<sup>2</sup>, charges not included, for leases concluded in mainland France

Location	Monthly rent ceilings per m <sup>2</sup>	
	2020	2021
Guadeloupe	€10.48 €	€10.55
Meeting	€10.48 €	€10.55 €
Mayotte	€10.48 €	€10.55 €
Guyana	€10.48 €	€10.55 €
Martinique	€10.48 €	€10.55 €
Saint Martin	€10.48 €	€10.55 €
Saint-Pierre and Miquelon	€10.48 €	€10.55 €
French Polynesia	€12.81 €	€12.83 €
New Caledonia	€12.81 €	€12.83 €
Wallis and Futuna Islands	€12.81	€12.83 €

The rent ceilings vary according to the surface of the dwelling by application of multiplier [\(https://www.anil.org/votre-projet/vous-achetez-vous-construisez/investissement-locatif/reduction-dimpot-duflot/\)](https://www.anil.org/votre-projet/vous-achetez-vous-construisez/investissement-locatif/reduction-dimpot-duflot/).

The ceilings may be reduced to reflect the particularities of local rental markets.

#### Amount of tax reduction

##### Ceiling

The tax reduction shall be calculated taking into account the following:

- Cost of acquisition of housing capped at €300 000
- Ceiling €5,500 per m<sup>2</sup> of living space.

You must also consider the overall cap on tax benefits (<https://www.service-public.fr/particuliers/vosdroits/F31179?lang=en>).

#### Tax Reduction Rate

The rate varies depending on the duration of the lease.

Rate of tax reduction based on lease term

Lease commitment time	Tax reduction
6 years	12% the price of the property
9 years	18% the price of the property
12 years	21% the price of the property

➔ **FYI** : the rules are different overseas.

#### Statute and miscellaneous references

- General tax code: article 199z [↗](https://www.legifrance.gouv.fr/codes/id/LEGIARTI000042159380/) (<https://www.legifrance.gouv.fr/codes/id/LEGIARTI000042159380/>)  
*Tax Reduction Scheme*
- General Tax Code, Annexe 3: Article 2k to 2v [↗](https://www.legifrance.gouv.fr/codes/id/LEGISCTA000006191324/) (<https://www.legifrance.gouv.fr/codes/id/LEGISCTA000006191324/>)  
*Rent ceilings and resource ceilings*
- General Tax Code, Annexe 3: Article 46 AZA g to 46 AZA m [↗](https://www.legifrance.gouv.fr/codes/id/LEGISCTA000023024720/) (<https://www.legifrance.gouv.fr/codes/id/LEGISCTA000023024720/>)  
*Rental investment tax reduction*
- Decree No. 2013-517 of 19 June 2013 on the reduction of rent ceilings and the approval of municipalities for tax aid for rental investment [↗](https://www.legifrance.gouv.fr/loda/id/JORFTEXT000027587178/) (<https://www.legifrance.gouv.fr/loda/id/JORFTEXT000027587178/>)
- Decree No. 2020-426 of 10 April 2020 on the conditions for the application of the income tax reduction for rental investment [↗](https://www.legifrance.gouv.fr/loda/id/JORFTEXT000041798408/) (<https://www.legifrance.gouv.fr/loda/id/JORFTEXT000041798408/>)
- Bofip-Taxes n°BOI-IR-RICI on tax credits and reductions [↗](http://bofip.impots.gouv.fr/bofip/5955-PGP) (<http://bofip.impots.gouv.fr/bofip/5955-PGP>)
- Bofip-Taxes n°BOI-BAREME-000017 relating to rent and resource ceilings 2021 for rental real estate investment [↗](https://bofip.impots.gouv.fr/bofip/10130-PGP.html) (<https://bofip.impots.gouv.fr/bofip/10130-PGP.html>)
- Bofip-Taxes BOI-IR-RICI-365-20-20 relating to the former Denormandie device [↗](http://bofip.impots.gouv.fr/bofip/11939-PGP.html) (<http://bofip.impots.gouv.fr/bofip/11939-PGP.html>)
- Order of 26 March 2019 concerning the list of municipalities entitled to the tax reduction Denormandie [↗](https://www.legifrance.gouv.fr/loda/id/JORFTEXT000038273001/) (<https://www.legifrance.gouv.fr/loda/id/JORFTEXT000038273001/>)

#### Online services and forms

- Check if your city falls under the "Denormandie" device (<https://www.service-public.fr/particuliers/vosdroits/R54443?lang=en>)  
Simulator
- Pinel/Duflot device calculator (<https://www.service-public.fr/particuliers/vosdroits/R31791?lang=en>)  
Simulator
- Calculator for 2021: 2020 income tax (<https://www.service-public.fr/particuliers/vosdroits/R2740?lang=en>)  
Simulator
- Taxes: access your Home (<https://www.service-public.fr/particuliers/vosdroits/R3120?lang=en>)  
Online service
- 2021 Online 2020 Income Statement (<https://www.service-public.fr/particuliers/vosdroits/R1280?lang=en>)  
Online service
- Income tax return (paper) (<https://www.service-public.fr/particuliers/vosdroits/R1281?lang=en>)  
Form
- 2021 Income Tax Return 2020: tax reductions and tax credits (<https://www.service-public.fr/particuliers/vosdroits/R32008?lang=en>)  
Form

#### For more information, please contact

- Territory Revitalisation Operation [↗](https://www.cohesion-territoires.gouv.fr/operation-de-revitalisation-de-territoire-ort) (<https://www.cohesion-territoires.gouv.fr/operation-de-revitalisation-de-territoire-ort>)  
*National Agency for Territorial Cohesion (ANCT)*
- Tax Site [↗](https://www.impots.gouv.fr/portail/) (<https://www.impots.gouv.fr/portail/>)  
*Ministry of Finance*
- Duflot Rental Investment Tax Reduction [↗](https://www.anil.org/votre-projet/vous-achetez-vous-construisez/investissement-locatif/reduction-dimpot-duflot/) (<https://www.anil.org/votre-projet/vous-achetez-vous-construisez/investissement-locatif/reduction-dimpot-duflot/>)  
*National Housing Information Agency (Anil)*
- Tax reduction for rental investment "Pinel" [↗](https://www.anil.org/votre-projet/vous-achetez-vous-construisez/investissement-locatif/reduction-dimpot-pinel/) (<https://www.anil.org/votre-projet/vous-achetez-vous-construisez/investissement-locatif/reduction-dimpot-pinel/>)

*National Housing Information Agency (Anil)*

- **2021 Practice Brochure - 2020 Income Tax Return** [↗](https://www.impots.gouv.fr/portail/www2/fichiers/documentation/brochure/ir_2021/accueil.htm) (https://www.impots.gouv.fr/portail/www2/fichiers/documentation/brochure/ir\_2021/accueil.htm)  
*Ministry of Finance*
  - **Building your home with thermal regulation (RT 2012) (PDF - 2.6 MB)** [↗](https://www.ademe.fr/sites/default/files/assets/documents/fiche-rt2012-construire-maison-exigences-reglementaires-et-contractuelles.pdf) (https://www.ademe.fr/sites/default/files/assets/documents/fiche-rt2012-construire-maison-exigences-reglementaires-et-contractuelles.pdf)  
*Ecological Transition Agency (Ademe)*
  - **Communes entitled to the tax reduction Denormandie** [↗](https://www.legifrance.gouv.fr/loda/id/JORFTEXT000038273001/#LEGISCTA000038281074) (https://www.legifrance.gouv.fr/loda/id/JORFTEXT000038273001/#LEGISCTA000038281074)  
*Legifrance*
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