The property near St Tropez which Martin Coles, a British entrepreneur, pictured right with his girlfriend Palmyra Kownack, sold this year. France has introduced a 'social charge' tax on second homes owned by non-residents, including 200,000 from the UK

Franc talk
How to claim

Non-residents who have paid 15.5 per cent social charges on rental income or from the sale of their house since 2012 could be eligible for a refund if France loses its case against the European Court.

The easiest option is to contact a lawyer in the UK with knowledge of the French system or one in France.

Individuals could also write a letter to their local "centre d'impôts" (tax collection centre) claiming a refund due to forthcoming EU legislation. If they receive no reply within six months, they should make a second claim with the nearest "tribunal administratif" (administrative court).

Le crunch for France over 'illegal' tax on Britons

By Henry Samuel in Paris

FRANCE could be about to lose its war on British second home owners after the European Union's senior legal adviser said that its tax on non-resident property sales is almost certainly "illegal".

Her conclusion could force France to reimburse more than €500 million (£396 million) to British and other non-resident property owners who have let out or sold their properties in the past three years.

However, Britons are being advised that there is a catch – the French quietly passed a law meaning that those who sold their properties last year must apply for a refund by Dec 31. The same fate awaits Britons who rented their French properties out in 2012 if they fail to apply for a rebate before the end of the year, legal advisers have warned.

About 200,000 non-resident British property owners in France were affected when in 2012 the Socialist government of President François Hollande imposed a 15.5 per cent "social charge" on rental income and capital gains from the sale of second homes – a measure which it said would bring in €250 million a year. Tax on rental income rose overnight from 20 per cent to 35.5 per cent, while capital gains tax on property sales rose from 19 per cent to 34.5 per cent.

The French finance ministry said it would "remove an unjustified tax advantage" for non-resident owners.

As a result, a British couple who bought a French property for €200,000 20 years ago and were selling it for €750,000 would have to pay almost €60,000 in social charges on top of the existing capital gains tax. They will receive no credit against their UK tax bill for this amount.

Pampelonne beach, near Mr Coles's home

Eleanor Sharpston, the European Court of Justice's Advocate General, has concluded that the tax violates EU law because "a person exercising an activity in one member state is only subject to social security regulation of that member state". David Anderson, a UK-based cross-border tax specialist, said: "It seems very likely the European Court when it makes its final decision [before the end of this year] will take this view."

Martin Coles, 50, an entrepreneur from London, sold his six-bedroom villa in Ramatuelle, near St Tropez, this year for €2.4 million. "Part of the reason we sold was that the French are increasing the taxes left, right and centre," he said. "You don't feel welcome as somebody who invests there." He added: "The problem with France is you feel they could change the tax on a whim, and it seems arbitrary and that they will find any way to grab more money."

Jane Elliott-Sturdee, from Devon, who lets out a one bedroom flat in Ouistreham, Normandy, to supplement her pension, said she was "very pleased" about France's likely defeat as the 15.5 per cent charge had "almost doubled my tax bill".

"What really annoys me about the whole thing is that these are social charges that give us no rights whatsoever in France," she said.

While on the face of it France's likely defeat is welcome news, experts warned of "an unwelcome sting in the tail".

France changed its tax procedural law in 2013 to make reclaims harder.

Under the new French rules, the time for claiming back the social charge runs for one calendar year from the end of the year the social charge was paid.

So, if a property was sold in 2013, the time to claim a refund expires on Dec 31. After this date, the right to claim a refund is time barred.

Britons who rented out properties in 2012 have until the end of the year to make a refund claim.