

Pinel 2023 : All the Changes from A to Z



Pictures credits : Freepik

Since its inception in 2015, the Pinel law has allowed rental investors to benefit from tax advantages. Starting from January 1, 2023, the scheme introduces different conditions. Both the classic Pinel and Pinel+ will coexist in 2023 and 2024. Let's take a look at the new eligibility criteria.

Pinel Law : Definition

The Pinel law was introduced in the 2015 Finance Act and named after the former Minister of Housing, Sylvia Pinel. Following in the footsteps of its predecessors (Scellier and Duflot laws), its aim is to encourage private rental investment in certain areas of France by offering tax reductions to buyers under certain conditions. For example, the property must be new, and the owner must commit to a mandatory rental period before selling it.

Here are all the criteria to benefit from the Pinel scheme:

The property must be new or built within the last two years, or it can be a VEFA (vente en l'état futur d'achèvement) project and, since 2021, it can be in a collective building. It can also concern a renovated old apartment, but the renovation costs must represent 25% of the total purchase price.

The owner must commit to a minimum rental period of 6, 9, or 12 years. The longer the commitment, the more attractive the tax reduction.

The property must be located in a "tense" area, where the demand exceeds supply, creating an imbalance.

The tenant's income must not exceed a certain level, which varies according to the housing zone, and rents are also capped.

The property must meet minimum energy performance requirements.

Good to know: There is a maximum amount of 300,000 euros for tax reduction on the acquisition cost, which corresponds to 5,500 euros per square meter. You can purchase a property above this amount, but the Pinel law tax advantages stop at 300,000 euros.

The year 2022 was the last year for investors to benefit from the full rate. Since 2023, the tax reduction under the Pinel scheme is declining:

Rental Commitment Duration	Tax Reduction		
	Properties Bought Before 2023	Properties Bought in 2023	Properties Bought in 2024
6 years	12%	10,5%	9%
9 years	18%	15%	12%
12 years	21%	17,5%	14%

This reduction does not apply to properties that meet the new Pinel+ conditions.

The new measures for Pinel+ in 2023 and 2024 are:

In 2023 and 2024, you can still maintain full tax benefits by purchasing properties located in a priority neighborhood designated by the municipality and with high energy performance.

1) Implementation of RE2020

The RE2020 regulation came into effect on January 1, 2022. It targets new constructions, including those under the Pinel law. The goal is to reduce their environmental impact, achieve energy efficiency, and carbon neutrality by 2050. As a result, the requirements are stringent. The property must meet high energy performance standards, including:

Reduced energy consumption.

Lower carbon impact throughout the building's life cycle using biobased materials, i.e., materials derived from renewable organic sources, whether plant or animal-based.

Maintaining coolness without air conditioning during heatwaves.

To achieve this, builders will have to choose decarbonized materials to have a low environmental impact. Moreover, innovative equipment should be used to reduce energy consumption, whether in heating, hot water, lighting, or electronic appliances. For example, gas heating will no longer be allowed in future buildings. Alternative solutions such as heat pumps or wood pellet stoves must be implemented. With the increasing heatwaves due to climate change, new constructions must have efficient insulation to maintain interior temperatures within the defined limits, without relying on air conditioning. These limits are set at 26°C at night and between 26° and 28°C during the day.

2) New Surface Criteria and Comfort Recommendations

Construction must prioritize environmental factors as well as the occupants' well-being. To comply with decency standards, minimum surface areas are now required. Additionally, the COVID-19 pandemic has shown that people need access to outdoor spaces. Therefore, new buildings will inevitably offer

a garden, terrace, balcony, or loggia. By improving housing comfort, people are more likely to reside there for an extended period.

Based on the apartment type, the minimum surface areas to be respected, both inside and outside, are as follows:

Apartment Type	Habitable Area	Private Exterior Area
Studio	28 sqm	3 sqm
2 rooms	45 sqm	3 sqm
3 rooms	62 sqm	5 sqm
4 rooms	79 sqm	7 sqm
5 rooms	96 sqm	9 sqm

To further enhance comfort, Pinel+ must take into account the housing quality standard from September 2021, created by Laurent Girometti and François Leclercq. The report emphasizes the occupants' new needs and ways to improve the real estate sector in France. For instance, natural light is essential to increase comfort, enhance the property's value, and reduce heating usage during the winter. Therefore, a three-room apartment must offer a dual exposure, which is not a requirement for a studio or a two-room apartment.

In summary, the Pinel scheme remains accessible in two forms in 2023 and 2024. Pinel+ encourages investment in properties that are much more environmentally and human-friendly.