



## **The income from assets of French residents who work in another Member State cannot be made subject to French social contributions**

In two judgments delivered in 2000,<sup>1</sup> the Court of Justice examined whether it was permissible to deduct two French social security contributions (namely the Contribution Sociale Généralisée, or General Social Contribution 'the CSG' and the Contribution pour le Remboursement de la Dette Sociale, or Social Debt Repayment Contribution 'the CRDS') from the employment income and substitute income<sup>2</sup> of employed and self-employed persons who, though resident in France, were subject to the social security legislation of another Member State (generally because they were pursuing a professional activity in that Member State). The Court held that the two contributions at issue had a direct and sufficiently relevant link with social security by virtue of their specific and direct purpose of financing French social security schemes or discharging the debts of the French general social security scheme. It concluded that, as regards the employed and self-employed persons concerned, the deduction of those contributions was incompatible both with the prohibition against overlapping social security legislation (Regulation No 1408/71)<sup>3</sup> and with the free movement of workers and the freedom of establishment.

In the present case, the Conseil d'État (Council of State) asks the Court whether that reasoning also applies when the contributions at issue are levied not on employment income and substitute income, but on income from assets. The dispute stems from the fact that Mr Gérard de Ruyter, a Netherlands national who works in the Netherlands but who is resident in France, objects to the CSG, the CRDS and other social contributions being levied on his income from assets (life annuities purchased in the Netherlands).

In today's judgment, the Court holds that **the prohibition on overlapping laid down by Regulation No 1408/71 is not conditional on the pursuit of a professional activity and therefore applies irrespective of the source of the income received by the person concerned.** Given that Mr de Ruyter, as a migrant worker, is subject to the social security scheme of the Member State of employment (the Netherlands), his income, whether from an employment relationship or from his assets, cannot be subject in the Member State of residence (France) to levies which have a direct and sufficiently relevant link to the branches of social security. Otherwise, Mr de Ruyter would be subject to unequal treatment as compared with other persons residing in France, since those persons are required to contribute only to the French social security scheme.

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**NOTE:** A reference for a preliminary ruling allows the courts and tribunals of the Member States, in disputes which have been brought before them, to refer questions to the Court of Justice about the interpretation of

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<sup>1</sup> Cases [C-34/98](#) and [C-169/98](#), *Commission v France* see Press Release [No 9/00](#).

<sup>2</sup> 'Employment income and substitute income' covers salaries, pensions and unemployment benefits.

<sup>3</sup> Regulation (EEC) No 1408/71 of the Council of 14 June 1971 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community (OJ English Special Edition 1971 (II), p. 416), as amended and updated by Council Regulation (EC) No 118/97 of 2 December 1996 (OJ 1997 L 28, p. 1), and as further amended by Regulation No 1992/2006 of the European Parliament and of the Council of 18 December 2006 (OJ 2006 L 392, p. 1).

European Union law or the validity of a European Union act. The Court of Justice does not decide the dispute itself. It is for the national court or tribunal to dispose of the case in accordance with the Court's decision, which is similarly binding on other national courts or tribunals before which a similar issue is raised.

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The [full text](#) of the judgment is published on the CURIA website on the day of delivery.

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