

DOING BUSINESS IN FRANCE 2017  
BOOKLET 3

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# GOVERNMENT SUPPORT AND FINANCE

# AIRFRANCE

FRANCE IS IN THE AIR



## PUTTING YOU AT THE CENTER OF OUR WORLD

Welcome to our Business class, where your comfort is our priority.

There are more than 25,000 foreign companies operating in France, where they employ nearly two million people: what better advert could there be than this for the business environment in our country? Its steadfast attractiveness as a business location can be seen in that France was ranked third in Europe in 2015 for the number of job-creating foreign investment projects received, and was also the leading destination for foreign investment in industry.

With its global outlook and warm welcome for talent in all its forms, France is committed to doing all it can to attract and help investors expand their businesses on French soil. This “Doing Business” guide is designed in the same spirit of hospitality, as it seeks to provide key information to investors on a full range of regulatory, tax and employment law matters that may arise when setting up and running a foreign subsidiary in France.

Written by Business France experts in association with specialists from leading law firms, auditors, accountants and human resources consultants, it provides clear, authoritative and detailed advice in line with the needs of entrepreneurs.

Updated every year, it takes into account all recent reforms to the business environment in France, most of which are designed to improve the attractiveness of the French economy. This 2016 edition consequently examines two major reforms, the first affecting the labor market – the Labor, Social Dialogue Modernization and Career Security Act of August 8, 2016 – and the second to attract key talent – the Right of Foreign Nationals Act of March 7, 2016.

Everyone at Business France is ready to respond to any queries you may have about how the regulations overviewed in this publication may apply specifically to your business.

**Caroline Leboucher**

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# GOVERNMENT SUPPORT FOR BUSINESS AND FINANCE FOR INVESTMENT PROJECTS

A broad and varied framework of support has been set up in France in response to the needs of investors. This support depends on the type of investment project (physical investment, research and development, innovation, training, etc.), its location (priority development areas or non-priority areas) and the type of company conducting the project (large enterprise, mid-size company or SME).

The creation of Bpifrance, France's public investment bank, in 2013 consolidated this array of state aid and financing to help companies, particularly those with fewer than 5,000 employees, to expand in France and increase their exports.

Support from the French authorities comes in various forms:

- Subsidized or interest-free loans
- Grants for physical investment projects and R&D
- Reduced real estate costs
- Tax exemptions
- Exemptions from employer social security contributions
- Tax credits
- Covering certain expenses (e.g. training costs for new employees, etc.)
- Government guarantees
- Equity investments

## IN DETAIL

Business France helps foreign investors to ascertain which forms of government support their projects may be eligible to receive and to prepare their applications. Business France can also act as an intermediary between foreign businesses and any French government body (ministries, local authorities, government agencies, etc.) that can facilitate their investments in France.

## IN DETAIL

### ASSESSING THE SIZE OF A COMPANY (EXCLUDING THE AGRI-FOOD SECTOR)

#### EU REGULATORY DEFINITION OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

- Medium-sized enterprises satisfy all of the following criteria: fewer than 250 employees, annual turnover under €50 million or total balance sheet assets of under €43 million and free of any controlling interest (25% of equity or voting rights) by a large enterprise.
- Small enterprises have fewer than 50 employees and annual turnover or total balance sheet assets of under €10 million. They are also independent of any large enterprise.

Calculation of employee numbers, turnover and total balance sheet assets must factor in all the businesses in which the company has a direct or indirect interest exceeding 25%. Employee and finance thresholds must be exceeded in two consecutive financial years for the company to gain or lose SME status.

#### MID-SIZE COMPANIES (*ENTREPRISES DE TAILLE INTERMÉDIAIRE – ETIs*) ARE COMPANIES THAT HAVE:

- Between 250 and 5,000 employees.
- Total balance sheet assets of under €2 billion.
- Turnover that remains below €1.5 billion.

Under EU regulations on state aid, mid-size companies are subject to the same rules as large enterprises (except in the agri-food sector), but remain eligible for the measures designed for them under French law.

#### EU REGULATORY DEFINITION OF A LARGE ENTERPRISE

EU regulations on state aid stipulate that a large enterprise is any enterprise that does not meet the aforementioned criteria for SMEs. The definition thus includes mid-size companies.

## I. RECEIVING SUPPORT FOR INVESTMENT AND JOB CREATION

A variety of financial incentives for business investment and job creation are administered by central government, local authorities and government agencies.

The amount of state aid that can be allocated for an investment project depends on investment outlays (buildings, land and

equipment) over three years, or the cost of job creation arising from the investment (estimated salaries and social security contributions over two years).

State aid is available in many different forms, and each of them is subject to specific eligibility conditions. Investment projects and jobs receiving aid are required to remain in the same region for five years (large enterprises) or three years (SMEs).

### 1.1 - INVESTMENT SUPPORT

Support	Terms and conditions	Further information
<b>GRANTS FOR INDUSTRY AND SERVICES</b> ( <i>Prime d'aménagement du territoire – PAT</i> )  Ministry responsible for regional development	<b>Grants for companies of all sizes</b> <b>Only in EU regional aid areas (zones AFR)</b> Amount: Up to €15,000 per permanent job created, maintained or preserved. <b>For site creations:</b> - Net creation of at least 20 permanent jobs and investment of at least €3 million.  <b>For expansions of existing operations (SMEs) or diversification (large enterprises or SMEs):</b> - Net creation of 20 permanent jobs and a 50% increase in employment at the site. - Net creation of at least 40 jobs and €3 million in investment. - Investment of at least €10 million. <b>For takeovers of ailing companies:</b> preservation of at least 50 permanent jobs and investment of at least €3 million (excluding takeover costs).	For further information, and to download the PAT application forms, please visit the Commission for Regional Equality (CGET) website: <a href="http://www.cget.gouv.fr">www.cget.gouv.fr</a>
<b>INTEREST-FREE LOANS FOR INDUSTRY</b> ( <i>aide à la réindustrialisation</i> ) “National Investment Program”	<b>Interest-free repayable advance</b>  For SMEs or mid-size companies (ETIs). Available nationwide. Growth and development: Micro-enterprises and SMEs Investment of at least €2 million and the net creation of at least 10 jobs over 24 months. Fixed amount: €500,000. Industrial excellence: Micro-enterprises, SMEs and mid-size companies (ETIs) Investments of at least €5 million and the net creation of at least 25 jobs over 36 months. Aid ceiling of €2 million.	<a href="http://www.entreprises.gouv.fr/politique-et-enjeux/aide-a-la-reindustrialisation-pme">www.entreprises.gouv.fr/politique-et-enjeux/aide-a-la-reindustrialisation-pme</a>
<b>CORPORATE TAX EXEMPTIONS</b>	<b>Corporate tax exemptions over a period of five to seven years</b> For investments in certain areas (employment priority areas (BERs) or military restructuring areas (ZRDs)).	<a href="http://www.impots.gouv.fr">www.impots.gouv.fr</a>
<b>SUPPORT FROM LOCAL AUTHORITIES</b>	<b>Support for acquisitions of tangible fixed assets</b> Grants and interest-free loans. Terms and conditions determined by local authorities.  <b>Support for real estate investments</b> Grants, interest-free loans, reduced purchase prices for real estate (land and/or buildings). Terms and conditions determined by local authorities. - SMEs: 10% of the market value of the property, or 20% of the market value up to €200,000 over three years. - Large enterprises: 10% of market value up to €200,000 over three years.  <b>Real estate rent support</b> Reduced rental costs for land or buildings. Up to €200,000 over three years.	<a href="http://www.aides-entreprises.fr">www.aides-entreprises.fr</a>
<b>EXEMPTION FROM THE LOCAL ECONOMIC CONTRIBUTION (CET)</b>	<b>Only in EU regional aid areas (zones AFR) – Partial and total exemption</b> The duration (from two to five years) and amount of the exemptions are at the discretion of the local authorities ( <i>communes, départements and régions</i> )	<a href="http://www.aides-entreprises.fr">www.aides-entreprises.fr</a>

## 1.2 - EU REGIONAL AID AREAS

EU regional aid areas determine the cumulative limits on state aid for investment projects.

Area type	French regions	Aid limit (% of eligible expenditure)		
		Large enterprises	Medium-sized enterprises	Small enterprises
A' areas *	Mayotte	70	80	80
	French Guiana	55	65	65
	Guadeloupe/Saint-Martin	45	55	55
	Martinique	45	55	55
	Réunion	45	55	55
'C' areas	Mainland France	10	20	30

\* All investments eligible

## 1.3 - ELIGIBLE INVESTMENTS BY COMPANY SIZE

Investments	SMEs	Large enterprises
New establishment	Yes	Yes
Expanding capacity of an existing establishment	Yes	No
Diversifying operations	Yes	Yes (for activities that are neither identical or similar)*
Fundamental change in production process	Yes	No
Acquisition of assets (takeover)	Yes (for activities that are neither identical or similar)	Yes (for activities that are neither identical or similar)

\* An activity is considered to be neither identical or similar to existing on-site operations if it does not fall under the same four-digit NAF code (statistical classification of economic activities in France).

To find out whether your investment project is located in an EU regional aid area eligible for financial support, you can consult an online interactive map of all France's municipalities (cf. Useful Contacts section, "Commissariat général à l'égalité des territoires (CGET)").

If an investment project exceeds €50 million of eligible expenditure, government intervention must be reduced to 50% up to €100 million.

Size of investment	Adjusted aid ceiling	Ceiling in EU regional aid areas (Zones AFR)
Less than €50 million	100% of ceiling	10%
€50 to €100 million	50% of ceiling	5%
Over €100 million	-	-



## II. FINANCING YOUR INVESTMENT PROJECT

### France's public investment bank (Bpifrance)

Bpifrance assists companies from the start-up phase through to stock market flotation, offering support ranging from loans to equity capital and export finance. With offices in each region of France, Bpifrance offers companies financing solutions for every step of their development:

- Providing support for companies' initial investment requirements: seed funding, guarantees and innovation.
- Providing support for SME growth throughout France: venture capital and growth capital, leveraged build-ups, co-financing and guarantees.
- Boosting the development and international expansion of mid-size companies (ETIs): growth capital and business transfers, co-financing, export credits and assistance.
- Helping large companies expand their reach and stabilize their capital: business transfers, co-funding, export credits and assistance.

### Banks

All foreign companies can access banking services in France (and thus open bank accounts and obtain financing) either directly or through an establishment or subsidiary in France, provided that they have sufficient collateral.

Companies can also reach out to investors to obtain seed funding, growth capital and financing during a downturn.

### European Investment Bank (EIB)

The EIB can finance innovative projects, major strategic infrastructure, projects led by SMEs, climate change prevention initiatives, as well as investments in particular regions to support economic and social cohesion.

## III. RECEIVING FUNDING FOR TRAINING AND RECRUITMENT

The French government has developed a variety of instruments to provide financial incentives for businesses to create jobs and train employees.

### Funding for job creation

Recruitment Support	Description
Competitiveness and employment tax credit (CICE)	Corporate tax credit equal to 7% of the gross annual payroll for all salaries up to 2.5 times the statutory national minimum wage (SMIC), rising to 9% in the overseas territories of Guadeloupe, French Guiana, Réunion, Martinique and Mayotte.
Reduced employer social security contributions	<ul style="list-style-type: none"> <li>• No employer social security contributions payable to URSSAF for employees earning the statutory national minimum wage (SMIC).</li> <li>• "Fillon" reduction: reduced employer social security contributions for salaries up to 1.6 times the statutory national minimum wage (SMIC).</li> <li>• Reduced rate family benefit contributions on salaries up to 3.5 times the statutory national minimum wage (SMIC).</li> <li>• Exemption from employer social security contributions, for five or seven years, for investments in employment priority areas (BERs), military restructuring areas (ZRDs), urban enterprise areas (ZFEUs) and overseas territories.</li> <li>• Subsidized employment contracts: integration contracts, apprenticeship contracts and professional training contracts.</li> </ul>
Subsidies, tax credits, social security contribution exemptions, repayable advances	<ul style="list-style-type: none"> <li>• Subsidized employment contracts (integration contracts, apprenticeship contracts, professional training contracts and work-study contracts).</li> <li>• Minimum wage integration contracts (<i>contrats d'avenir</i>).</li> <li>• Employment funding granted by local authorities.</li> </ul>

### Funding for employee training

Enhancing workforce skills is a key priority in France and this is reflected in a variety of programs to support business training initiatives.

These programs can partly cover costs including payments to training leaders, travel expenses for training leaders and employees being trained, other overheads, depreciation of training equipment, related consultancy fees and the time taken off work by employees being trained.

The level of funding available depends on the status of the training recipients:

	Large enterprises	SMEs
Training provided to any recipient	50 %	60% (medium-sized enterprises) or 70% (small enterprises)
Training provided to disadvantaged or disabled employees	+ 10% pts	

To benefit from maximum allowable levels of support for their training programs, companies of all sizes may take advantage of the various forms of aid described below.

- Aid from local authorities.
- The National Employment Fund (*Fonds national pour l'emploi* – FNE) intended for companies experiencing financial hardship whose employees have urgent training needs. The local employment authorities (*Unité territoriale* at the DIRECCTE) may provide support for a variety of initiatives:
  - Training initiatives providing between 50 and 1,200 hours of theoretical and practical training.
  - Initiatives helping employees adapt to a new position requiring the equivalent of at least 120 hours in lost work time.
- European funding channeled through regions: The European Social Fund and European Regional Development Fund may cover a portion of operating expenses relating to training, salary expenses for employees participating, and ancillary expenses. The initiatives can be co-funded by government support of up to 50%.
- Tax credit for spending on management training in SMEs: This applies to individual entrepreneurs, company directors and board members. The tax credit is limited to 40 hours of training per year. In certain circumstances, it may be offset against personal income or corporate tax.

- EDEC professional development contracts: Businesses can also call on their professional and inter-professional organizations to receive technical and financial support covering 25% to 80% of training expenses.
- Companies can also receive training support for future employees through the *Pôle emploi* (National Employment Office) and the professional development joint collection agency (*organisme paritaire collecteur agréé* – OPCA). The pre-hiring training initiative (*action de formation préalable à l'embauche* – AFPE) and operational hiring program (*programme opérationnel d'embauche* – POE) are training subsidies employers receive once the employee they choose to hire has been fully trained (subject to certain conditions):
  - Support of up to €5 net/hour for internal training, up to €2,000 per employee.
  - Support of up to €8 net/hour for external training, up to €3,200 per employee..

The professional development joint collection agency (*organisme paritaire collecteur agréé* – OPCA) to which the company contributes can add to this funding to cover all or part of training costs.

Where the amount of support granted to a company exceeds €2 million, the European Commission must be notified.

R&D PROJECT AID RATES				
		Companies with 250 or more employees	Medium-sized enterprises	Small enterprises - SMEs with max. 50 employees
Funding for R&D projects	Basic research	100%	100%	100%
	Applied research	50%	60%	70%
	Applied research involving cross-border cooperation between companies with the participation of at least one SME or research body	65%	75%	80%
	Experimental development	25%	35%	45%
	Experimental development involving cross-border cooperation between businesses with the participation of at least one SME or research body	40%	50%	60%
Funding for technical feasibility studies	Preparatory studies for applied research	65%	75%	
	Preparatory studies for experimental development	40%	50%	

## IV. RECEIVING SUPPORT FOR INNOVATION, RESEARCH AND DEVELOPMENT

France has a very favorable environment to incite companies to conduct R&D operations and increase their innovation capacity.

Government support for innovation, research and development in the private sector is chiefly provided by France's research tax credit. This is calculated at 30% of annual research expenditure on R&D operations carried out in France (50% in the overseas territories of Guadeloupe, French Guiana, Martinique, Réunion and Mayotte, up to €100 million, and 5% above this threshold). Since 2013, this research tax credit has been extended to encompass innovation spending by SMEs of up to €400,000.

Furthermore, the "innovative new company" (JEI) status enables eligible companies to receive special benefits to encourage their development in France (tax relief, social security contribution exemptions, and exemptions on capital gains from equity transfers).

In addition to this very attractive tax environment, the French authorities have created state funding tools for R&D projects within the EU framework which are administered by various ministries (notably the ministries for the economy, industry, research and ecology) and public-sector organizations, including Bpifrance, France's public investment bank, and the National Research Agency (*Agence nationale de la recherche*). Regional and local authorities can also provide additional support in this area. Partnerships between research institutes and companies are also encouraged, particularly through France's 71 innovation clusters.

The array of available support finances corporate R&D programs throughout France.

### Aid for R&D available throughout France

Subsidies may cover a portion of R&D expenditure, including related payroll expenses, equipment procurement, expenses for contracted research, intellectual property and patent rights, as well as overheads.

The level of support depends on the stage of R&D underway, which may concern basic research, applied research or experimental development. Government contributions to large enterprises conducting shared experimental R&D projects may cover up to 40% of the total cost.

### Existing government support for R&D projects

To benefit from maximum permitted levels of aid for their research and development programs, businesses may take advantage of the various forms of support described below:

- Grants from the Ministry responsible for industry.
- Bpifrance support for SMEs and mid-size companies is in the form of grants, repayable advances or assistance towards the recruitment of R&D personnel.
- National Research Agency (*Agence nationale de la recherche*) assistance supports basic and applied research, public-private partnerships and dissemination of public research results to business. It operates on the basis of calls for proposals.
- Local-authority support for R&D projects may be in the form of grants, interest-free loans and advances, or loans and advances at rates below the bond-market average, and interest subsidies setting rates at between zero and the bond-market average.
- Support from the ADEME (French Environment and Energy Management Agency) for R&D projects, in particular for R&D project feasibility studies.
- Support for innovation in service-sector processes and organization may be available from local authorities. Limits are 10% of related spending for large enterprises, which can only benefit if they are working with an SME, 20% for medium-sized enterprises and 30% for small enterprises.

Funding is also available from the French government's €35 billion "National Investment Program", which focuses largely on research and development. These funds are administered by various bodies (Bpifrance, ADEME, etc.) and may be awarded through calls for proposals in support of programs of excellence in the form of grants, repayable advances and equity or quasi-equity investments. Current calls for projects can be consulted at [www.gouvernement.fr/investissements-d-avenir-cgi](http://www.gouvernement.fr/investissements-d-avenir-cgi).

### IN DETAIL

#### SUBSIDIZED R&D EMPLOYMENT CONTRACTS

CIFRE (*Conventions industrielles de formation par la recherche*) contracts offer post-graduate students an opportunity to prepare their doctorate in the workplace, which receives an annual fixed grant of €14,000. These contracts are administered by the National Association for Technical Research (*Association nationale de la recherche technique*).

## CROWE HORWATH RSA

### MEASURES TO ENCOURAGE BUSINESS CREATION AND TAKEOVERS IN FRANCE

A range of tax exemptions and deductions exist to encourage the creation and takeover of businesses in France.

Newly founded firms, as well as ailing companies that are taken over, are exempted from corporate tax (*impôt sur les sociétés* – IS) during the first 23 months of operation.

Businesses which qualify as innovative new companies (*jeunes entreprises innovantes* – JEIs) receive even more support, with no tax at all to pay on earnings in their first profit-making year, and a 50% exemption in their second profit-making year.

In addition, companies with a turnover of less than €7,630,000 a year and which satisfy certain equity ownership rules are taxed at a reduced rate of 15% on all profits up to €38,120, with any earnings in excess of this figure taxed at the normal rate (33.33%).

Several tax credits are also available to help companies grow their business, including:

- France's research tax credit, which amounts to 30% of research spending up to €100 million and 5% of any spending above this threshold: a deduction can be made against corporate tax for the current financial year and the three subsequent years, and any remaining amount can be received as a rebate after three years (or immediately for new businesses).
- The competitiveness and employment tax credit, which amounts to 6% of payroll for all employees earning up to 2.5 times the statutory national minimum wage (directors are excluded): a deduction can be made against corporate tax for the current financial year and the three subsequent years, and any remaining amount can be received as a rebate after three years (or immediately for new businesses).

- The apprenticeship tax credit, worth €1,600 per apprenticeship contract, is awarded to companies that use apprentices in their first year of study for a qualification entailing up to two years of higher education.

These measures are supplemented by temporary exemptions from local taxes:

- Corporate property contribution (*contribution foncière des entreprises* – CFE) and business value-added contribution (*contribution sur la valeur ajoutée des entreprises* – CVAE): taxes payable by companies liable for corporate tax which are operating establishments on January 1 of the tax year. Depending on the company's location, the exemption lasts between two and five years. For innovative new companies, the exemption lasts seven years.
- Property tax on developed land owned by new or taken-over companies (two to five years) or innovative new companies (seven years).

A number of tax exemptions (tax deductions, corporate tax exemptions, etc.) are liable to be capped in accordance with European Union rules (*de minimis* aid capped at €200,000 over a rolling period of three tax years; or 10% of eligible investment in a regional aid area).

Lastly, France offers favorable treatment of tax losses, with the possibility of carrying annual losses of up to €1 million (plus 50% of subsequent profits exceeding this figure) forward indefinitely (unless the company changes its line of business).

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## BPIFRANCE

### BPIFRANCE FINANCING SOLUTIONS TO SUPPORT INVESTMENT PROJECTS IN FRANCE

**B**pifrance, France's public investment bank, supports businesses by providing loans, guarantees and equity capital from the start-up phase through to stock market flotation and transfer of ownership. It also provides enhanced support services to aid innovation, export development and external growth.

Bpifrance is owned in equal measure by the French government and Caisse des Dépôts (French Government Investment

Fund) and underpins policies implemented by central and regional government. With 42 regional offices (where 90% of decision are taken) and 2,200 employees, it enhances competitiveness by focusing on the needs of entrepreneurs. In Bpifrance, companies have a powerful local ally, which seeks to meet all their requirements for financial, innovation and investment support.  
[www.bpifrance.fr](http://www.bpifrance.fr)

Your needs	Our solutions	
Making it easier to secure bank finance	Bank loan guarantee	Sharing credit risk with partner financial institutions by taking on between 40% and 70% of the total, depending on the project to be financed.
Obtaining cash	Receivables financing	Cash advances to offset payment times for orders and contracts secured with major public- and private-sector customers.
	Competitiveness and employment tax credit pre-financing 	Cash advances pending receipt of the competitiveness and employment tax credit (CICE), which reduces a company's corporate tax bill by 6% of gross payroll, excluding salaries more than 2.5 times the statutory national minimum wage. This facility is granted for a renewable one-year term and is capped at 85% of the estimated CICE.
Buying or building business premises	Real-estate lease financing or long-term loans	With a minimum amount of €300,000 excluding VAT, the term varies depending on the type and quality of the real estate financed (usually between eight and 15 years). Financed in conjunction with banks or lease financing institutions, with bank loans eligible for a Bpifrance guarantee, subject to the business meeting SME criteria.
Financing production facilities	Equipment leasing or medium/long-term loans	Equipment financing (minimum of €40,000) for between three and seven years in conjunction with banks or lease financing institutions. Bank loans are eligible for a Bpifrance guarantee, subject to the business meeting SME criteria.
Financing a growth program	Unsecured loans	A loan of up to €5 million, but not exceeding the business' total equity, over a six- to eight-year term, with a one- to three-year principal repayment grace period and either a fixed or floating rate. Financed in conjunction with banks or equity investors.
Planning and undertaking research, development and innovation projects	Innovation support	A subsidy during the project feasibility phase, and either a repayable advance if the project is successful or an interest-free loan to help finance the development of technologically innovative products, processes or services offering real prospects of commercial success.
	Support for collaborative projects	Financial support for partnerships (between companies and/or research laboratories and/or academic institutions) set up to deliver strategic innovation projects. This takes the form of a subsidy for industrial research or a repayable advance for experimental development. Both are granted either through the Interministerial Fund in conjunction with innovation clusters, or through the call for key competitiveness-boosting projects (PSPC), a component of the French government's "National Investment Program".
Financing the industrial and commercial launch of innovations	Innovation loan (PI FEI)	A loan of between €50,000 and €3 million, but not exceeding the business' total equity, over a seven-year term, with a two-year capital repayment grace period to finance intangible expenditure arising from the industrial and commercial launch of innovative products, processes or services: recruitment, investment, product sourcing, marketing, distribution, travel, trade fairs, working capital, etc. Businesses must be able to prove that they have either filed a patent or designed new software in the last two years, or have received innovation development funding in the last three years, or are spending more than 10% on R&D and innovation.
Boosting equity	Venture capital and growth capital investment	Acquisition of stakes in companies with high development potential, from the start-up phase to transfer of ownership, either directly through funds managed by Bpifrance, or via regional or sector-specific partner funds. Investments of between €300,000 and €50 million. Bpifrance and its partners usually acquire minority interests with a view to maintaining them for seven years. This support may also take the form of near-equity investments (e.g. convertible bonds).

**Definitions:** SME: (a) fewer than 250 employees, and (b) annual turnover of less than €50 million or total balance sheet assets of less than €43 million. Mid-size company: (a) fewer than 5,000 employees, and (b) annual turnover of less than €1.5 billion or total balance sheet assets of less than €2 billion. For a group of companies (where companies own at least 25% of or are at least 25% owned by the company in question), these thresholds apply to the consolidated financial statements.



## V. SUPPORT FOR ENVIRONMENTAL PROTECTION

France offers a range of schemes to support companies that invest in environmental protection initiatives. Aid can be offered by various public-sector bodies, including in particular the following:

- The French Environment and Energy Management Agency (ADEME). This government agency, whose purpose is to support the energy and ecological transition, offers schemes in the areas of energy, waste, transport and air quality. Most of the aid available from ADEME is provided through its regional offices. Before any application is made, contact must first be established with the regional office under which the project falls so that it can give guidance to the project owner, specify the eligibility criteria and provide technical clarification.
- Water agencies. France has six water agencies, one for each drainage basin. These agencies are government bodies whose role is to help reduce pollution and protect water resources and aquatic environments. They award subsidies and repayable advances for investments intended to prevent and reduce water pollution and to handle water-endangering waste.
- Local authorities. Regional Councils may offer a range of support mechanisms promoting a reduction in the environmental impact of businesses, the development of renewable energies and better energy management. These various forms of support are frequently offered in partnership with ADEME.
- Bpifrance. France's Public Investment Bank supports SMEs through the energy and environmental transition via financing (in the form of the eco-energy loans) and investment (in equity and near equity).

### IN DETAIL

#### THE FRENCH GOVERNMENT'S "NATIONAL INVESTMENT PROGRAM"

As the agency responsible for innovation in the ecological and energy transition, ADEME oversees the National Investment Program's funding activities for industrial innovation projects in the fields of carbon-free energy and green chemicals, smart grids, the circular economy and vehicles for the future.

ADEME uses dedicated innovation finance schemes to facilitate the sharing of risk and gains, in two forms:

- Support in the form of state aid, available via calls for expressions of interest published on the ADEME website. Support may comprise:
  - Repayable advances (loans with a government incentive in the project's success).
  - Subsidies (only available to SMEs and research bodies).
- Equity investment as a "prudent investor":
  - SMEs in the venture capital or growth capital phase: Eco-Technology Fund overseen by Bpifrance Investissement. Amounts of between €1 million and €10 million.
  - High-risk industrial projects by mid-size and large companies: ADEME invests directly in project companies. Investment may potentially exceed €10 million.

Calls for expressions of interest can be consulted at:

[www.ademe.fr](http://www.ademe.fr)

The maximum rate of aid for which a project is eligible is governed by EU regulations on investment aid in favor of environmental protection.

## MAIN SCHEMES OPEN TO BUSINESSES

Investment support	Terms and conditions	Further information
HEAT FUND ("FONDS CHALEUR") (ADEME)	<p>An investment subsidy for projects intended to produce heat from renewable energy (biomass, thermal solar energy and geothermal energy) and to recover energy (e.g. biomass boilers).</p> <ul style="list-style-type: none"> <li>Large-scale corporate biomass facilities (with annual biomass heat output in excess of 1,000 tonnes of oil equivalent (toe): details of an annual nationwide call for proposals, "Heat Biomass – Industry, Commerce &amp; Agriculture" ("Biomasse Chaleur Industrie Agriculture Tertiaire" – BCIAT), are available on the ADEME website.</li> </ul> <p>The level of support is based on an economic analysis of the project (on average, €15-25 per toe for 20 years).</p> <ul style="list-style-type: none"> <li>Other facilities (biomass &lt; 1,000 toe/year, thermal solar energy, geothermal energy): regional calls for proposals overseen by ADEME's regional offices in cooperation with France's Regional Councils.</li> </ul> <p>Flat-rate support intended to make facilities competitive relative to conventional facilities. The amount of aid may vary from region to region. For further information, please contact the relevant ADEME regional office.</p> <p>Support from the Heat Fund is granted to projects considered to be the most effective and efficient from a technical, economic and environmental perspective, subject to the extent of available funding.</p>	<p><a href="http://www.ademe.fr">www.ademe.fr</a> under "Publicité des marchés" &amp; "Appels à projets" ("Procurement announcements" &amp; "Calls for proposals")</p> <p><a href="http://www.ademe.fr/regions">www.ademe.fr/regions</a></p>
WASTE FUND ("FONDS DÉCHETS") (ADEME)	<p>A subsidy for projects involving waste prevention, collection and recycling, and organic, material and energy recovery.</p> <ul style="list-style-type: none"> <li>Indicative maximum rate of aid: 30%. Calculation base capped at €10 million.</li> <li>The availability and amount of aid may vary from region to region. For further information, please contact the relevant ADEME regional office.</li> </ul>	<p><a href="http://www.ademe.fr/regions">www.ademe.fr/regions</a></p>
VARIOUS SCHEMES (Water agencies)	<p>Subsidies and repayable advances for investments intended to prevent and reduce water pollution and to handle water-endangering waste.</p> <ul style="list-style-type: none"> <li>Projects designed to exceed European Union environmental protection standards: maximum rate of aid of 40-60% depending on company size (large enterprise/small enterprise/medium-sized enterprise).</li> <li>Projects designed to adapt to future EU standards early: 10-20% depending on company size.</li> <li>Waste recycling and reuse: 35-55% depending on company size.</li> <li>The availability and amount of aid may vary from one water agency to another. For further information, please contact the relevant water agency.</li> </ul>	<p><a href="http://www.lesagencesdeleau.fr">www.lesagencesdeleau.fr</a></p>
Decision-making support	Terms and conditions	Further information
DESIGN SUPPORT Pre-diagnosis, diagnosis and project design. (ADEME)	<p>Support for design work undertaken by external engineering and consultancy firms in all areas covered by ADEME: energy efficiency, renewable energies, the circular economy, waste, transport, etc.</p> <ul style="list-style-type: none"> <li>Maximum rate of aid: 50-70% depending on company size (large enterprise/small enterprise/medium-sized enterprise)</li> <li>Maximum eligible expenditure: <ul style="list-style-type: none"> <li>- €50,000 for diagnosis.</li> <li>- €100,000 for project support studies.</li> </ul> </li> <li>Excludes mandatory energy audits for companies with more than 250 employees (cf. Article L.233-1 of the French Energy Code).</li> <li>The availability and amount of aid may vary from region to region. For further information, please contact the relevant ADEME regional office.</li> </ul>	<p><a href="http://www.diagademe.fr/diagademe/">www.diagademe.fr/diagademe/</a></p>
DESIGN SUPPORT (Water agencies)	<p>Support for environmental studies intended to prevent and reduce water pollution.</p> <ul style="list-style-type: none"> <li>Maximum rate of aid: 50-70% depending on company size (large enterprise/small enterprise/medium-sized enterprise)</li> <li>The availability and amount of aid may vary from one water agency to another. For further information, please contact the relevant water agency.</li> </ul>	<p><a href="http://www.lesagencesdeleau.fr">www.lesagencesdeleau.fr</a></p>
Investment finance	Terms and conditions	Further information
ECO-ENERGY LOAN (Bpifrance)	<p>A loan to finance the purchase of equipment intended to improve SMEs' energy efficiency (lighting, refrigeration, heating/air conditioning, electric motors).</p> <ul style="list-style-type: none"> <li>Eligible companies: SMEs established for more than three years.</li> <li>Amount: €10,000-100,000.</li> <li>A subsidized, unsecured fixed-rate loan.</li> </ul>	<p><a href="http://www.bpifrance.fr">www.bpifrance.fr</a></p>
ECO-TECHNOLOGY FUND ("FONDS ÉCOTECHNOLOGIES") (Bpifrance)	<p>Acquisition of minority interests in innovative SMEs (in equity and near equity) in the fields of renewable energies and green chemicals, waste sorting and recycling, remediation, product eco-design, smart grids and vehicles of the future.</p> <ul style="list-style-type: none"> <li>Eligible companies: innovative SMEs established for more than three years, mainly in France and unlisted.</li> <li>Investments from €1 million to €10 million, in the form of co-investment with private sector stakeholders.</li> <li>A call for expressions of interest in the Eco-Technology Fund can be accessed via the ADEME website.</li> </ul>	<p><a href="http://www.bpifrance.fr">www.bpifrance.fr</a></p>





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# USEFUL CONTACTS

**Agence de l'environnement et de la maîtrise de l'énergie**

French Environment and Energy Management Agency.

Government agency responsible for supporting ecological and energy transition. The ADEME helps finance research and projects in various fields, including waste management, land preservation, energy conservation/renewable energy sources, air pollution, and noise pollution.

[www.ademe.fr](http://www.ademe.fr)

**Autorité de la concurrence**

French Competition Authority – rules on anti-competitive practices and must be notified of large concentrations between undertakings.

[www.autoritedelaconcurrence.fr](http://www.autoritedelaconcurrence.fr)

**Bpifrance**

France's public investment bank, responsible for providing tailored financial support (loans, equity capital etc.) to companies at each stage of their development, from the start-up phase through to stock market flotation.

[www.bpifrance.fr](http://www.bpifrance.fr)

**Chambre de commerce et de l'industrie**

Chambers of Commerce and Industry.

Information on setting up a business (examples of articles of incorporation) plus general advice concerning legal and tax issues.

[www.cci.fr](http://www.cci.fr)

**Commissariat général à l'égalité des territoires (CGET)**

French Commission for Regional Equality.

Department of the Prime Minister's office which works with the Minister responsible for regional development. The CGET is jointly responsible, along with the Ministry for industry, for France's innovation clusters. The CGET is also responsible for PAT grants, which encourage businesses and job creation.

[www.cget.gouv.fr](http://www.cget.gouv.fr)

Map of EU regional aid areas in France:  
[http://carto.observatoire-des-territoires.gouv.fr/#v=map1;i=typo\\_afr.zonage\\_afr;l=fr](http://carto.observatoire-des-territoires.gouv.fr/#v=map1;i=typo_afr.zonage_afr;l=fr)

**Directions régionales des entreprises, de la concurrence, de la consommation du travail et de l'emploi (DIRECCTEs)**

Regional Directorates for Enterprise, Competition, Consumption and Employment.

The foreign labor department of the local employment authorities (unités territoriales) within each DIRECCTE issues work permits, among other responsibilities.

[www.direccte.gouv.fr](http://www.direccte.gouv.fr)

**Direction générale des entreprises (DGE)**

Businesses Directorate

[www.entreprises.gouv.fr](http://www.entreprises.gouv.fr)

**Direction générale du Trésor (DG Trésor)**

Treasury Directorate.

Receives declarations of foreign investment; authorizes investment in sensitive sectors.

[www.tresor.economie.gouv.fr](http://www.tresor.economie.gouv.fr)



<b>Direction générale des Finances publiques (DGFiP)</b> Public Finances Directorate. <i>Tax authorities. Single gateway for foreign investors.</i>	<a href="http://www.impots.gouv.fr">www.impots.gouv.fr</a> <a href="mailto:tax4business@dgfip.finances.gouv.fr">tax4business@dgfip.finances.gouv.fr</a>
<b>Ministère de l'Économie et des Finances</b> Ministry for the Economy and Finance	<a href="http://www.economie.gouv.fr">www.economie.gouv.fr</a>
<b>Ministère de l'Éducation nationale, de l'Enseignement supérieur et de la Recherche</b> Ministry for Primary, Secondary and Higher Education and Research.	<a href="http://www.education.gouv.fr">www.education.gouv.fr</a> <a href="http://www.recherche.gouv.fr">www.recherche.gouv.fr</a>  <a href="http://www.developpement-durable.gouv.fr">www.developpement-durable.gouv.fr</a>  ICPE Inspectorate website: <a href="http://www.installationsclassees.developpementdurable.gouv.fr">www.installationsclassees.developpementdurable.gouv.fr</a> (in French, English and German). The ICPE nomenclature can be consulted in the section "Classified installations: principles".
<b>Ministère de l'Environnement, de l'Énergie et de la Mer</b> Ministry for Environment, Energy, and Oceans.	
<b>Ministère du Travail, de l'Emploi et du Dialogue social</b> Ministry for Labour, Employment and Industrial Relations. <i>Procedures for hiring foreign salaried employees, addresses of regional employment offices, practical information on French employment law.</i>	<a href="http://www.travail-emploi.gouv.fr">www.travail-emploi.gouv.fr</a>
<b>Observatoire des aides aux entreprises</b> National State Aid Register.	<a href="http://www.aides-entreprises.fr">www.aides-entreprises.fr</a>
<b>Pôle emploi</b> National Employment Office – <i>places the unemployed into work and administers benefits.</i>	<a href="http://www.pole-emploi.org">www.pole-emploi.org</a>
<b>Portail de l'administration française</b> French government portal.	<a href="http://www.service-public.fr">www.service-public.fr</a>
<b>Union de recouvrement des cotisations de sécurité sociale et d'allocations familiales (URSSAF)</b> Agency responsible for collecting social security contributions.	<a href="http://www.urssaf.fr">www.urssaf.fr</a>
<b>Union européenne</b> European Union.	<a href="http://www.europa.eu.int">www.europa.eu.int</a>



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**Disclaimer:** This document presents the basic rules that apply to international companies locating their business in France. For practical purposes, this document presents a general overview and basic information about legal, tax and labor issues to facilitate company decision-making. The information herein is not comprehensive and Business France cannot be held liable for any omissions or errors. Investors are advised to use the services of professional consultants for guidance on individual cases.

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**Business France is the national agency supporting the international development of the French economy.**

Responsible for fostering export growth by French businesses, as well as promoting and facilitating international investment in France.

It promotes France's companies, business image and nationwide attractiveness as an investment location, and also runs the VIE international internship program.

Founded on January 1, 2015 through a merger between UBIFRANCE and the Invest in France Agency, Business France has 1,500 personnel, both in France and in 70 countries throughout the world, who work with a network of public- and private-sector partners.

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