PRESS PACK

PROMOTING FRANCE AS A BUSINESS DESTINATION FOR INTERNATIONAL TALENTS, ENTREPRENEURS AND INVESTORS

Launching the "Welcome to France – Helping you to settle in" service at the Business France offices

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MINISTÈRE DES AFFAIRES ÉTRANGÈRES ET DU DÉVELOPPEMENT INTERNATIONAL

MINISTÈRE DE L'ÉCONOMIE ET DES FINANCES

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Editorial by France's Minister for the Economy and Finance



In recent years, the government has taken clear and committed steps to promoting France as a business destination for both expatriate French and international talents.

The "Welcome to France" site, launched by Business France, is aimed at those who wish to set up business in France or move back to the country for their professional career. It is a clear reflection of the pledge made in July 2016 to offer a single service point for international talents, providing all the necessary information and details on administrative formalities to make for a smooth and successful move to France. This service provides customised assistance for all candidates seeking expatriation to the country and it is key that we have a comprehensive welcome programme if we are to make France an appealing business destination for the various talents who wish to work, set up their business and invest here.

Cutting red tape is a vital part of our policy to promote France's business appeal, and other steps have also been taken in recent months to further roll out this policy. The tax regime for talents who have recently moved to France has been changed, and the 2017 budget act extends the "impatriation tax regime" to eight years. These various steps make France one of the best suited European countries to welcoming international talents. The government has also pledged to open as many international sections as necessary in French middle and high schools for these talents' children.

Meanwhile, we have also taken measures to promote France with international companies, highlighting the various advantages that our country has to offer: a more robust Competitiveness and Employment Tax Credit, gradual reduction in the corporation tax rate to 28%, in line

with the European average, creation of the SME innovation account, and more. Lastly, new legislation to modernise French labour law will help France become more competitive, and help us attract new companies to France.

Overall, this comprehensive approach to promoting France's appeal with international talents and companies is paying off. We are pleased and proud to welcome some twenty new investments in France every week, a trend that is set to continue as the French economy and its global influence expands.

Michel Sapin, Minister for the Economy and Finance

"Welcome to France", a service to assist international talents in their move to France

Why set up a single resources centre?

Business France is setting up an information service for international talents and their families, who have moved for professional reasons. The Welcome to France site is designed to guide you through the various steps required for your expatriation to France. "Welcome to France" is a useful source of information for international talents and their families when dealing with the following administrative formalities:

- Visa, residence permit and work permit requirements
- Taxation
- Social protection
- Practical aspects of daily life: schools, finding accommodation, etc.

A TEAM OF INTERNATIONAL MOBILITY SPECIALISTS ON HAND TO HELP

Potential expatriation candidates to France can contact the Welcome Office with any questions at any time via an online request form. They will receive an initial reply within three working days. Visit: www.welcometofrance.fr / contact us

"France needs to open its arms to talented individuals from abroad, whether they are business owners, investors, researchers, students, intellectuals or artists. This is a long-standing French tradition and one of our country's great strengths. The **Welcome to France** resource centre will help us deliver on our promises to all those who come to France."

Jean-Marc Ayrault Minister of Foreign Affairs and International Development "The launch of the **Welcome to France** platform sends out a strong signal that we wish to welcome international talents and their families. UPS has a number of international talents in France: our CEO is American, our Marketing Director is Spanish, the head of our Engineering Department is Turkish and our Director of Security is Italian!

Edouard Barreiro, Public Affairs Director West Europe - UPS

Who is the service designed for?

This site and its online service, which is staffed by managed by international mobility specialists who can respond to questions from future international managers in France, are designed to help a range of different groups:

- Company directors
- Staff who have taken up international mobility opportunities
- Investors
- Human Resources departments
- Start-ups
- Lawyers, relocation companies, etc.

What services are on offer?

"Welcome to France" enables site visitors to see the various formalities required before moving to France and during the year they set up home here, via a customised online "walk-through".

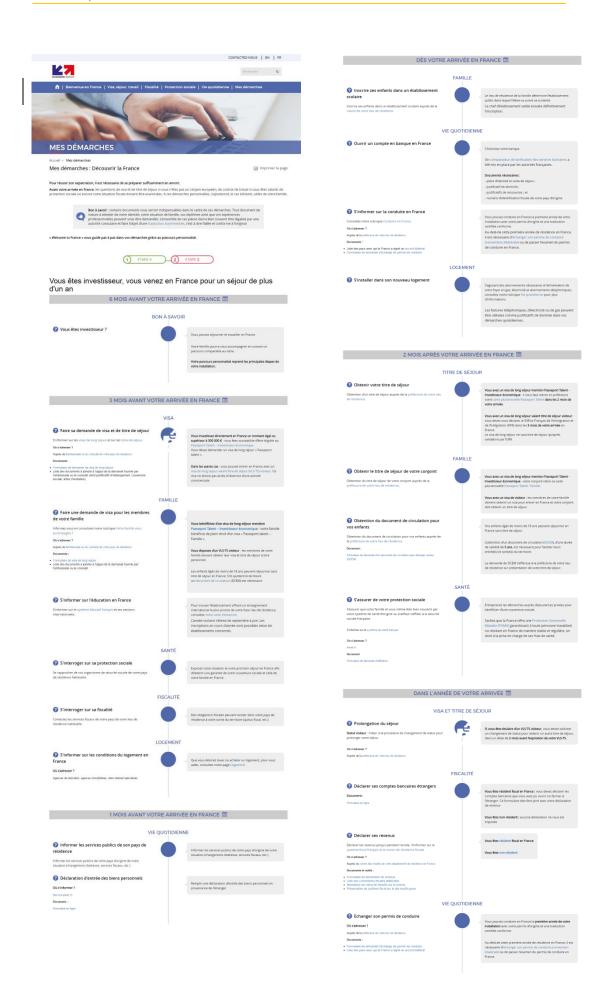
"Providing hospitality for international talents is a key part of France's appeal. **Welcome to France** is a simple, welcoming and effective system."

Erminio Eschena, Director of Institutional Affairs and Corporate Relations for MSC group



The "Welcome to France" page (opposite) provides an overview of the main information on France: geographical aspects, international dialling code, climate, etc.

The "Getting started" section (page 10) provides an overview of the various administrative formalities required before, during and after a stay in France, in a timeline format. To access a customised "walk-through", users enter their nationality, reasons for moving and estimated length of stay.



France's key strengths for international talents

Comprehensive programmes for welcoming talents

A new residence permit set up in 2016: the Talent Passport

The "Talent Passport" is a renewable four-year residency permit aimed at **simplifying** rights of residence for the international talents France wishes to attract.

This permit, which also applies to the passport holder's family, can be issued in a number of cases, particularly for skilled international workers who wish to set up a company or invest in France.

"We must provide a better welcome for business innovators and creators: this is the idea behind the **Talent Passport**, which will offer **new graduates**, **business founders**, **investors**, **corporate officers and highly-skilled workers residency in France for four years**. We need these types of profiles in France and they must not be hindered by red tape."

President François Hollande Strategic Attractiveness Council, 17 February 2014

The French Tech Visa for business founders and investors

Against a backdrop of international competition to attract talents, access to French visas and residence permits for international Tech talents is a key issue for the French Tech ecosystem. This is particularly **true for French and international scale-ups** which by definition grow very sharply, have hefty recruitment requirements and create a number of jobs in France.

The French Tech Visa will therefore be set up in the Spring of 2017. This program is based on the new Talent Passport scheme introduced in late 2016 (see above) and further bolsters the impact of the French Tech scheme to attract international Tech talents and facilitate their move to France, whether they are business founders, employees or investors. No limit will be set on the number of visas; candidates must simply meet the eligibility criteria.

The French Tech Visa is a simplified fast-track procedure to obtain a residence permit and firstly a Talent passport for eligible international talents. The programme will be launched in Spring 2017.

The programme targets international Tech industry talents: foreign start-up and scale-up founders and employees, foreign talents joining a French start-up or scale-up, foreign investors and business angels. It will be offered by a number of well-known players in the French Tech ecosystem (start-up and scale-up incubators and accelerators, as well as venture capital funds) to foreign talents that they have assisted or recruited in France.

The French Tech Ticket initiative

Today, talented workers are extremely mobile and competition between international capitals is fierce. The goal of the French Tech Ticket is to attract international business founders with ambitious plans to set up a new business (or who have already done so).

The programme is for international entrepreneurs, even those who already present in France, for example as part of their studies. The start-up must have between 1 and 3 founders, with only one French citizen per team.

If our ecosystem is to be innovative and flourish, it is key that we have a diverse range of participants. With this in mind, the City of Paris and the French government joined forces in May 2015 to launch the first edition of Paris French Tech Ticket, in order to help make Paris a world capital for start-ups, and to welcome international entrepreneurs who wanted to set up or expand their business. The second round of French Tech Ticket expands the scope to include other major French cities.

Details of the program:

- Fast-track residence permit procedure
- Prize of €25,000 for a year for each member of the team
- Free accommodation provided by a programme partner
- Dedicated programme of events
- A Help Desk to assist winners with their administrative formalities
- Personal moving assistance from the Paris Landing Pack

Special tax system for staff returning to France

Staff returning from international expatriation to take a job in a company in France, as well as those directly recruited from abroad by a company in France, benefit from a special tax system, including tax exemption for their "impatriation" bonus until December 31 of the eighth year following the start of their new job in France. This applies to staff who took up their post in France after 6 July 2016.

Extension of benefits of "impatriate tax regime" to eight years

France is at the centre of Europe and the euro area; it needs to be able to provide international talent with more appealing system. In line with commitments made by the Prime Minister, the special so-called "impatriate tax regime" has been extended to 31 December of the eighth year following the return to France, thus bringing it into line with practices in the Netherlands.

Tax exemption on impatriation bonuses

Any remuneration that is part of the impatriation regime will now be exempt from payroll tax. This tax measure rounds out the tax regime for impatriate employees with a tax incentive for employers.

Tax breaks on share distribution programmes

Start-ups often use share distribution programmes as employee rewards in order to attract the most attractive profiles. Since the 2014 Growth and Economic Activity Act, this type of scheme has enjoyed attractive tax breaks and this is a major advantage in assisting young companies expand. However, it is not designed to reduce income tax for corporate directors.

In order to avoid any misuse of this scheme while also continuing to promote growth for starts-up, gains of less than €300,000 on free shares will be subject to capital gains tax. Any amounts beyond this threshold will be taxed in line with the usual income scale tax, like all other salaries and wages.

This measure applies to free shares distributed after 1 January 2017.

Promoting France as an attractive business destination for international companies

20,000 subsidiaries of international groups have set up operations in France, reflecting the country's appeal for foreign investors. On average, 19 foreign companies invest in France each week and the country is the leading destination in Europe for job-creating FDI in the industrial sector.

France opens its doors to international talents: it has 278,000 international students in higher education, making it the fourth country worldwide in terms of the number of students from abroad. The country is at the cutting edge of research and development, and ranks sixth worldwide for international patents. France is also the top European country in the list of the 100 most innovative companies worldwide.

Highly competitive set-up and operation costs

Very clear steps were taken to bolster competitiveness in France, with a focus on simplifying administrative formalities, eliminating unnecessary burdens, modernising regulations on goods and services, supporting innovation and research, and reforming the labour market. The gradual implementation of French flexicurity provides greater leeway for adaptability and flexibility for companies and greater protection for staff during changes in their professional careers.

Highly qualified staff

The average overall labour costs in France (wages and compulsory charges) per employee are lower than in Japan, the US, the UK and Germany. Setup and operating costs are also lower in France than in Italy, Japan, the US and Germany.

Not only does France offer competitive set-up and operation costs, the country **also** boasts a highly qualified and productive workforce. France invests more in its education system than Germany, Italy or Spain (more than 6% of GDP). Contrary to common belief, the Greater Paris region has the most productive workforce in Europe – more than 90 euros per hour worked.

Greater work flexibility since 2013

Work flexibility within companies has increased as a result of:

- More robust and streamlined labour/management dialogue (simpler information and consultation procedures with employee representatives, merger of employee representative bodies, company-wide social negotiation, etc.),
- Modernisation of procedures for terminating employment contracts (contractual termination, which enables the employer and employee to terminate a permanent contract by common agreement; clarification of grounds for redundancies on economic grounds, sharp drop in number of labour disputes as a result of the introduction of an approval procedure for job preservation plans, etc.)
- Creation of a labour law information service for companies with fewer than 300 staff.

Attractive tax legislation, and among the most competitive countries worldwide in supporting innovation and employment

Over recent years, the French economy has become more attractive as a result of an ambitious programme of reforms.

The Competitiveness and Employment Tax Credit and the Responsibility Pact have enabled companies to regain margins close to levels seen before the financial crisis, step up investment considerably (+3.8% estimated this year) and create jobs, with 130,000 net new jobs expected in 2017. According to KPMG (Competitive Alternatives, 2015), business set-up and operating costs are lower in France than in Italy, Japan, the US and Germany.

Corporate tax rate gradually lowered to meet the European average

The corporate tax rate is being cut as of 2017. The 2017 budget act outlines a gradual cut in the corporate tax rate from 33.3% to 28% by 2020 on all profits for all companies, and phased in gradually in four stages:

- On all small and medium-sized companies (SMEs), on profits of up to €75,000, as of 2017
- On all companies on profits of up to €500,000 as of 2018
- On companies with sales of less than one million euros across all their profits as of 2019
- On all companies as of 2020
- The reduced corporate tax rate for SMEs will also be extended to all companies with revenues of less than €50m as of 2019.

Competitiveness and Employment Tax Credit (CICE) system ramped up

The Competitiveness and Employment Tax Credit (CICE) reduced the cost of labour by €18bn in 2016.

The positive effects are clear: between mid-2015 and mid-2016, 120,000 net new jobs were created in the retail sector. The unemployment rate as defined by the ILO dropped considerably to 9.6% and has returned to levels seen at end-2012. Setting aside the usual fluctuations witnessed from one month to another, the registered jobless number has been on a downtrend for several months. Corporate margins are also revisiting levels seen before the financial crisis, with 31.7% at the end of the second quarter 2016.

Against this backdrop, the Competitiveness and Employment Tax Credit has been increased from 6% to 7%, equating to a €3bn reduction in costs for companies in 2017.



Scheme for continuing "Young Innovative Enterprises" programme

The "Young Innovative Enterprises" programme enables young SMEs created before 31 December 2016, which are less than 8 years old and that spend at least 15% of total expenditure on research spending, to benefit from tax breaks: corporate tax breaks and exemptions on direct local taxes with the agreement of local authorities. The programme also includes a social dimension, with exemptions for employers' social contributions.

This scheme is widely hailed as a success. The European Commission carried out a comparison of R&D tax incentive schemes within the 26 Member States in 2014 and this report ranks the French Young Innovative Enterprise programme in the leading position Europe-wide. The programme remains unchanged since 2012, in line with pledges by the President Hollande.

To give innovative business founders greater visibility, the tax programme will be extended at constant scope until 31 December 2019.

Promoting Research via the Research Tax Credit programme

France also offers some of the most attractive innovation tax incentive programmes in Europe, while also boasting high quality engineering and research staff. As a result of the Research Tax Credit, which provides a 30% tax deduction on R&D spending up to a threshold of €100m, the cost of a researcher post in France is much lower than in Germany or the US.

Attracting business angels with the SME innovation account

The "SME innovation account" enables business founders who have successfully developed business to reinvest the proceeds of their sale in young SMEs or innovative companies.

This system provides tax incentives on capital gains when business founders get involved in the virtuous cycle of financing the start-up ecosystem, providing capital but also sharing their business experience and their network.

This programme does not have an upper limit, it enables beneficiaries to carry forward tax on capital gains to the end of the cycle of sale-reemployment in eligible SMEs.

Business France informs and assists investors in setting up and developing their activities in France and internationally from France

Business France was set up on 1 January 2015 as a result of the merger of Ubifrance and the AFII (*Agence Française pour les investissements internationaux*, Invest in France agency).

Business France is the national agency supporting the international development of the French economy and is responsible for supporting companies with their international development and exports, and facilitating foreign investment in France. It promotes the attractiveness of France, its companies and regions to business.

To assist international investors, Business France provides them with:

- Detailed knowledge on hosting offers suited to the company's operations;
- In-depth understanding of the regulatory, tax, social employment and economic immigration environments, as well as state aid and government support programmes;
- Better information to underpin business plans, with up-to-date figures and data;
- More facts on France's advantages and key strengths, broken down by sector, as well as the power of its ecosystems and talent pools;
- Further guidance for initial fact-finding missions in France, by setting up B2B meetings where necessary with public- and private-sector partners (excluding commercial projects);
- Better knowledge about investment opportunities in France.

Every year, Business France monitors 1,500 new investment projects and accompanies businesses on over 800 visits.

Services provided to foreign companies are complimentary and completely confidential.

To provide these services, Business France has been building a lasting partnership with all of France's regions to offer ongoing service to investors all the way from their source country to the location they choose in France. In the greater Paris region and following Brexit, a special service has been set up to assist investors and staff in local administrative formalities. This service will in particular help staff and their families seek accommodation.

Business France partners:

http://www.businessfrance.fr/investir/nos-partenaires-en-region-a-votre-service-jusqu-audernier-kilometre

http://www.chooseparisregion.fr/

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