

INCENTIVES FOR INNOVATION AND R&D

»» YOUNG INNOVATIVE COMPANIES STATUS (JEI - JEUNE ENTREPRISE INNOVANTE)

Status given to Small and Medium-sized Enterprises less than 8 years old, so long as they meet five conditions: they must be an SME as defined by the EU, young, independent, and genuinely new, with research and development costs representing at least 15% of its expenses.

»» WHAT ARE THE ADVANTAGES?

This status entitles you to:

• **Tax relief:** (de minimis aid)*

- Full tax exemption for the first 3 profitable fiscal years, then 50% relief for the following 2 profitable years,
- Full exemption from the Annual Minimum Tax,
- 7 years' exemption from local business tax and/or property tax (1)

JEI partners are entitled, under certain conditions, to an exemption from capital gains on the sale of shares in the JEI.

• **Exemption from employers' contributions**

- Up to 8 years, for employees involved in research activities

»» WHAT EXPENSES ARE ELIGIBLE?

Pure or applied research activities and experimental development operations carried out in France. Refers to work aimed at increasing knowledge assets as well as capitalizing on them with new applications.

Examples of expenses that qualify for this status:

- The cost of defending patents up to a limit of €120 000
- Expenditure on research staff,
- Operating expenses evaluated at 75% of staff expenditure (200% for employees with a doctorate during the first 12 months on the job),

- Patent submission and maintenance costs,
- Depreciation expenses for assets directly related to research.

(1) The majority of the local authorities in the Alpes-Maritimes have voted to grant companies this exemption.

»» HOW CAN I OBTAIN JEI STATUS?

In order to be granted JEI status, a company must voluntarily approach the relevant tax department. To confirm its eligibility, the company can seek advice from the tax authorities which are required by law to reply within 4 months. A request template is available on the website of the Deputy Minister for Research and New Technologies.

For more information on JEI :

Official Tax Bulletin (Bulletin Officiel des Impôts) No. 67 dated 14 April 2006



* refer to the presentation of "de minimis aid" on the introduction page.