

EUROPEAN UNION GRANTS ADVISOR

French Government Offers Tax Cuts to IT Research and Development Projects



“If you are a SME with an R&D project we encourage you to apply for this tax break scheme. The consultants at EUGA France are familiar with the CIR application process and offer unmatched business know-how and advice.”

Yanne Courcoux, Local Technical Consultant European Union Grants Advisor (EUGA), France

FAST FACTS >>

Situation

France-based independent software vendor GesWay specialises in the development of Microsoft® Dynamics™ NAV solutions tailored for the building and civil engineering industry. GesWay wanted to continue to research and develop products that would increase its competitiveness, but human resources are quite expensive in France therefore it was financially restricted from realising its full potential.

Solution

The French government has developed a tax break for small and medium-sized enterprises (SMEs) to encourage more companies to invest in R&D projects. The CIR tax break is calculated according to a company's expenditure on R&D. The application process involves a tax declaration showing the level of R&D expenditures and companies need to provide a technical report proving their R&D expenditure. This report is often overlooked by applicants although it is required in case of tax inspection. An expenditure validation is performed by an expert from the Regional Direction to Research and Technology and then the French government finances the credit to the State. In 2004, independent software vendor GesWay applied for a CIR tax break. The company asked EUGA France to help it prepare its documents for the tax investigation. The application was successful, with GesWay receiving an increase in tax break from €87,000 (U.S.\$110,000) to €115,000 (U.S.\$145,000).

Benefits

- R&D project helps improve competitiveness of French market economy.
- GesWay receives a tax break of €115,000 (U.S. \$145,000), enabling it to spend the money on other areas such as recruitment and training and development of a new solution's for project management.
- Building and civil engineering industry improve its business processes by using GesWay solution based on Microsoft Dynamics NAV.

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