



THE EURO START ENTREPRISES GUIDE ON HOW TO OPEN A BUSINESS IN *FRANCE*



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Opening a company is a big leap forward for many would-be entrepreneurs but the jump doesn't need to be so daunting if you're armed with the right information.

For those that want to start a business in France, we've compiled a helpful list of steps you'll need to take to put you on the French business map.

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CHOOSING YOUR LOCATION

Do your research about which cities or regions you want to invest in (more information on location can be found on pages 8-12) It's all very well dreaming of having the glamorous words 'Paris – New York – London' under your business name but if Paris doesn't hold a solid client base for your product then you might need to look around at other locations in France that might yield better profits.

Find out all about the cultures of the regions you're interested in and the people who live there. If you have some idea of the trending products or popular pastimes of the residents, then you'll be on track to be able to cater to their tastes.

NAMING YOUR COMPANY

Choose the name of your company wisely– it may mean something in your home country, but does it say the same thing in France? Double check with a native speaker that your brand name and advertising slogans won't offend or turn off potential clients.

WHY DO YOU NEED A BUSINESS PLAN?

A business plan is essential, not only to get it clear in your head about your mission and vision for your business, but also so you can show investors – and more importantly the French business bank account manager - exactly how your business will run. You will need to consider who your market and customers will be, how much money you or your partners will be investing, what business experience you have and how much money you are likely to make and spend during the next few years.

You also need to include your added value – for example, what makes your business unique, what skills you bring to the table, what your experience is. You will also need to specify suppliers, employees, offices, and other important business assets.

It is important for you to outline your business plan first as it will show you the strengths and weaknesses of your business and what you need to correct, change and develop. It's so much easier to tackle any difficulties at this stage than leaving it until later when you may have spent precious funds and gone down the wrong path.

It's also a good idea to check out your rivals - you might be the only person in your country who is offering your particular product or services but in France you might find that your business idea is not as unique as you thought. Make sure you check up on your potential rivals first and see how you can tweak your business to stay one step ahead of your competitors. You will also need to translate your business plan into French so that everyone can read it!



COMPANY STRUCTURE

France loves its licenses and laws and has a well-developed regulatory system. There are hardly any restrictions on setting up companies except in certain areas such as banking and insurance, and there is no restriction on imports or capital from abroad. And thanks to strict regulation by banking administrators, France still clings on to a strong position in the world's economy so the system for opening companies in France is like a well-oiled and smooth running machine.

There are three main kinds of business entity in France:



1

SARL COMPANY

A SARL is a limited company that's ideal for small businesses. The minimum share capital was recently reduced to €1 but banks require more than this figure to set up an account.

The traditional share capital was 7,500 euros, but a minimum amount could be deposited of around 4,000 euros. Please bear in mind that this is "working capital" and can be taken out of the account for use at any time.

- The minimum number of directors is one. In this case, the company is a EURL. Bear in mind that if a director holds more than 50% of the shares, he will have to pay mandatory social contributions.

- Bank accounts can be opened remotely most of the time with an online bank.

2

SAS COMPANY

An SAS company is a simplified stock option for joint ventures between a French company and a foreign partner (very popular with US business people who want to set up subsidiaries in France).

- The minimum share capital was recently reduced to €1 but banks require more than this figure to set up an account. The traditional share capital was 35,000 euros but a minimum amount could be deposited of around 4,000 euros.

Please bear in mind that this is "working capital" and can be taken out of the account for use at any time.

- A president and one shareholder is required. They can be the same person in which case the company will be incorporated as a SASU.

- The president can be a legal entity.

- An auditor must be appointed if the turnover of the company is above 8,000,000 euros, or if the company employs 50 or more employees.

3

SOCIÉTÉ ANONYME (SA)

A Société Anonyme is best suited for larger businesses where:

- The minimum share capital is €37,000, of which at least half must be paid up

- The company must have at least seven shareholders

- Shareholders are liable up to the limit of their capital contribution

- Accounts must be audited in line with statutory requirements

- With regard to tax and social security, senior management are considered as employees

There is also the option of setting up a branch, say if you want to extend your existing business in your home-country with a branch in France.

Many clothing and accessory lines choose this option if they want to project a French image as part of their marketing strategy so they can put the word 'Paris' on their fashion labels.

THE IMPORTANCE OF BY-LAWS

Once you've chosen your structure you have to register your by-laws, either with a registered company formation agent or with a lawyer. (A word of advice – company formation agents are always much less expensive than lawyers!)

When registering your by-laws you need to be very specific about your business – what products you will sell or what services you want to provide and what your business hopes to become in the future.

For example, say you choose 'Clothing manufacturer and retail' as your activity. That's fine for now but if later on down the line you want to branch out into accessories,

for example with jewellery and shoes or bags, then you will be unable to do that unless you draft another set of by-laws that states specifically *jewellery, bags and shoes*.

This is where a lot of people get caught out. You need to think a bit further in the future – think about what your business could become and then draft that in the by-laws.

The other problems associated with not being specific in your activity is that you could end up with the wrong employer code which will result in troubles with your employees as they will not be classed under the right work category.

Also, if you're doing an activity that is not in your by-laws, and those sales represent more than 20% of your turnover, you might have to pay a fine. But it's not just the fine that you have to deal with when it comes to the French tax office, it will be all the investigation beforehand and all the paper-work that comes with it that is the real headache.

So take your time when you are doing your by-laws – think about your future and how you see your business expanding.



REGISTERING A BUSINESS ADDRESS

When opening a company in France, you will need to establish a registered address. This can mean opening an office, warehouse, shop or premises if you intend to trade in the country.

If you're going to be trading online or doing most of your business from a distance then you can just obtain a registered address to signify a physical presence in the country. Most company formation agents can do this at a reasonable price which can include a mail forwarding service and a personalised phone number that can be redirected to your phone wherever you are in the world.





OPENING A BUSINESS ACCOUNT

French banks are in a league of their own. Unlike the banks in Britain where the big banking companies compete for your money with interest rate incentives or insurance discounts, the French banks have a slightly different attitude. It's up to you to impress them.

Banks like to know exactly what your business is about. You need to come armed with your water-tight business plan but you also have to be up-front about your capital and assets and you have to name every person who has a vested interest in your business.

Banks have become increasingly more strict about cash comings and goings in order to stop the funding of terrorism. So if you want a French bank to hold your money, they need to know where it's coming from and who it's going to.

They don't want to see your money being siphoned off to a list of holding or offshore companies.

You also need a good understanding of French – or have a partner or contact that does. Although many banking staff speak English, you'll need to be language savvy to deal with the paperwork and the occasional phone-calls.

If this may be a problem, then you can hire a company formations expert who can set up introductions and also arrange meetings with their own banking contacts and do all the paperwork for you.

The French have a world-class banking network and there's a wide range of financial institutions with expertise in arranging international financial transactions and transfers. There are also options for online banking so you can open a business bank account remotely without having to travel to France.

SHARE CAPITAL

The previous share capital for opening a business bank account used to be €7,500 for a SARL but luckily that's now been reduced. (The law states there is only a €1 minimum, but no bank will actually set you up with an account with such a low amount). They prefer you to make a "working capital" deposit of around €4,000 but it's not mandatory and can be negotiated. This is to cover essentials such as bank fees and government taxes.

As your share capital has to be made public (French law insists it must be displayed on logos, letterheads and websites) it's best to try and put as much share capital as you can as it puts your company in a better light in the public eye.

LEGAL PUBLICITY

Next you must publish an announcement in an authorized newspaper such as Le Figaro or Le Monde or a business publication.

Doing business is meant to be public in France and as such everyone is made aware of each new business that opens in France. If you're thinking of quietly opening a business so you can do a bit of money laundering on the side – forget it! Everyone will see the advert that has your business and your name attached to it.

Have a look in the business section classifieds. It's like the births and deaths announcements but for companies. Your advert will announce that your company is almost ready to be 'born' or to trade.

And remember, after your company is set up, you can take your share capital out of the account for use at any time so that should take any sting out of the tail for any initial deposit with the bank.

This share capital will be unblocked as soon as the banker receives the Kbis – the certificate of your new company which normally takes about 2 weeks. If you end up not going through with the company formation, then your capital will be returned to you immediately.



THE INCORPORATION PROCESS

So now you have:

- ✓ Your by-laws
- ✓ Your bank letter
- ✓ Your legal publicity

Amongst a few other forms and ID (such as your passport) it is now time to incorporate your company.

This is the section where things can get a little complicated – especially if you don't speak French. It's the part where your application has to go through the Guichet Unique in order to be dispatched to different administrations. This is another time when it's wise to employ a company formation expert.



NB: The French are cautious by nature, so they like to know exactly who they're doing business with outside the European Union before they let you get your foot in the door. However, no authorisation is needed for a non-EU director or shareholder to set up a company in France.

REGISTERED NUMBER & VAT (SALES TAX)

When you receive the 'extrait Kbis' (the certificate of incorporation) you will be provided with a registered number which is your company ID number that must be written on all official documents and invoices.

When the Kbis arrives, your bank manager can activate your business bank account and your share capital will be unblocked. You will also receive a welcome letter from the tax office with a VAT (sales tax) number and tax officer contact details.

TAX & ACCOUNTS

One way to make sure you have all the relevant tax information is to find yourself an accountant or lawyer who is fully versed in the finance and law of the country. It's much wiser to pay for the services of a professional at the start, than run the risk of complications later on down the line which may cost you an even bigger chunk of your company cash and also your precious time (that could be better spent on your business). All the best pioneering international entrepreneurs have at least a small support system of professionals to smooth the way, so follow their lead and build a team of trusted people you can rely on for facts and advice.

If you're starting out in business in France, it's very important to appoint a professional French accountant called an 'expert comptable'. They will be a regulated professional who is legally obliged to keep you up to date with all the tax laws, and is held responsible for the good standing of your accounts.

Even if you are a small business this is important. In some countries you can deal with your bookkeeping and accounts yourself. In England you can fill in a tax return online, no problem. In France, we strongly advise you to appoint a professional. If you get into a fix with your accounts, the French system is not very forgiving.

A chartered accountant can also help you with:

- Tax advice
- Bookkeeping
- VAT (sales tax) return
- Payroll
- Annual Accounts
- Social regulations





THE BEST CITIES IN FRANCE FOR ENTREPRENEURS

France is the world’s sixth largest economy and the most popular tourist destination in the world. While most have understandably heard of Paris, each city has its own unique appeal, particularly when it comes to doing business. To help guide you through some of the major cities and what each has to offer new businesses, we’ve put together our very own Tour de France.



LYON

Lyon is the third largest city in France and is regularly ranked as one of the best places to live in Europe. Famed for its beauty and part of a UNESCO World Heritage site, Lyon is renowned for its cuisine and is commonly referred to as the culinary capital of France.

Its entrepreneurial beginnings can be traced back to the silk trade in the 19th Century that laid the early foundations for the cities vibrant economy. To this day Lyon continues to attract businesses and in a report carried out by the magazine L’Expansion-L’Entreprise, it found Lyon as the number one “Business Friendly” city in France outside of Paris.

There’s an exciting startup community in Lyon with a number of award-winning incubators that have helped support the growth of these new ventures. The Novacité innovation business centre supports approximately 150 business projects a year and has over a 90% success rate.

One of the most interesting areas for startups in Lyon, isn’t actually in Lyon. The city of Grenoble is about an hour away and was viewed as a pioneering cluster for urban hipsters and entrepreneurs long before Silicon Valley.

The government has funded a number of schemes to bring academia, research and industry together resulting in world-renowned expertise in Micro and Nano-Technology. Grenoble is a community that’s committed to the long-term success of technological innovation and rather than creating the next Facebook, the area is most likely to produce the next IBM or Microsoft.

FACTS ABOUT LYON

THE AREA OF LYON HAS THE SECOND LARGEST DIGITAL HUB IN THE COUNTRY WITH OVER 4,000 DIGITAL COMPANIES.

— — — — —

900 FOREIGN-OWNED COMPANIES

— — — — —

82 HEADQUARTERS AND ADMINISTRATIVE OFFICES FOR COMPANIES THAT HAVE OVER 1,000 EMPLOYEES.

TRANSPORT

Regular high-speed train links put it just two hours from Paris and its international airport makes Lyon a European air transport hub.



- ### INDUSTRIES
- BANKING
 - VIROLOGY
 - CHEMICAL
 - ENVIRONMENTAL (CLEAN & ECO-TECHNOLOGIES)
 - URBAN TRANSPORT
 - DIGITAL ENTERTAINMENT: VIDEO GAMES, CINEMA, AUDIO-VISUAL, ANIMATION
 - INTERACTIVE MULTIMEDIA
 - TECHNICAL TEXTILES & FLEXIBLE MATERIALS



MARSEILLES

Marseilles is the second largest city in France and one of the major centres for trade and industry. The port offers a natural location for anyone interested in exporting goods throughout Europe and to North Africa. The city has undergone a steady evolution over recent years away from light manufacturing to the high-tech service industry.

Situated on the French Riviera, Marseilles is a culturally diverse city with many of its residents originally arriving from Italy, Spain, North Africa and Turkey. The cities willingness to accept change makes it an extremely friendly option for American expats, welcoming overseas visitors both professionally and socially.

- INDUSTRIES**
- TOURISM
 - ELECTRONICS
 - DATA PROCESSING
 - TELECOMMUNICATIONS
 - BIOMEDICINE



Every year the city hosts the Startup Weekend, a 54-hour event designed to provide networking and educational opportunities for both technical and non-technical entrepreneurs.

A popular tourist destination, a large proportion of local businesses (90% of all businesses are SME's) cater for tourism, providing a number of opportunities in women's clothing, local services, health, fitness, beauty, wellness and restaurants.

However if you are looking to start a business in Marseille, you may also want to consider catering for the local market that can help during the quieter, winter months.

TRANSPORT
The high speed train (TGV) can reach Marseilles in an hour and Paris in three.



NANTES

Nantes is internationally recognised for its quality of life. Neither too big nor too small, the city has a rich cultural life and is popular amongst the artistic and creative communities. Its proximity to the ocean and the hundreds of urban parks scattered throughout the city makes Nantes a beautiful place to both live and work.

In 2013 Nantes was awarded the title of "European Green Capital" by the European Commission. Its efforts to reduce CO2 emissions, encourage biodiversity and the high quality of its public transport system has provided a natural home for eco-friendly businesses.

It's also quickly becoming one of the most active place in France for emerging startups. Many of the largest brands in the world host their branded "startup incubator" events in Nantes each year, providing a networking environment for a wealth of talented individuals.



- Some of the reasons why Nantes has become popular with the startup community include:
- Popular in the press with a number of dedicated startup magazines talking about the latest innovations and news.
 - A number of cost effective work environments for emerging startups including Cantine, Company Campus, EupToYou, Hub Creativ, Le 43, Karting, Quartier de la Création and the Cantine v2 project.
 - The great university, design schools and development courses provides a steady pipeline of creative talent.
 - A history of success with 10 successful digital companies in the past 10 years (4Mod, iAdvize, Lengow, MyScript, Ateliers Rosemood, Materiel.net, Mstream, Intuiti, Obéo, Clever Cloud, DoYouBuzz & Bringr)

TRANSPORT
Nantes has excellent local transport and the "greenest" city in France encourages the use of cycling. It's just over 2 hours on the train to Paris.



- INDUSTRIES**
- FASHION
 - CREATIVE SERVICES
 - (DESIGN)
 - THEATRE
 - VISUAL ARTS)
 - ARCHITECTURE
 - PUBLISHING
 - MULTI-MEDIA



PARIS

Where would any list be without mentioning Paris! The home of haute couture, Paris has been at the forefront of the fashion industry for decades. The words “made in Paris” have become synonymous with some of the most luxurious brands in the world.

But it's not the only booming industry in the capital. After years of negative press condemning the excessive bureaucracy and red tape associated with starting a business, there are signs that things are starting to change.

Facing a public revolt of sorts in 2012, Paris lawmakers made a number of changes to legislation and company formation requirements that were designed to make Paris a more attractive proposition for startups.

Following these changes and using Silicon Valley as an example, in 2016 Paris became home to the world's largest digital business hub. Located in the Halle Freyssinet building in the heart of the city, the 33,000 square meters of space provides the ideal location, state of the art facilities, major international businesses, and a space that encourages collaboration for the next generation of ambitious entrepreneurs.

TRANSPORT

The Eurostar from Paris to London takes 2 hours 20 minutes. It is not currently running to Ebbsfleet or Ashford International due to operating costs, but this will resume in the future.



Paris has plans to be one of the best places in the world for entrepreneurs and is growing in confidence thanks to its impressive track record.

**NEOLANE HAVE SOLD
THEIR
BUSINESS TO ADOBE
FOR €600 MILLION.**

**PARIS IS RANKED IN
THE WORLD'S TOP 8
INNOVATION
CLUSTERS**

(MIT TECHNOLOGY REVIEW).

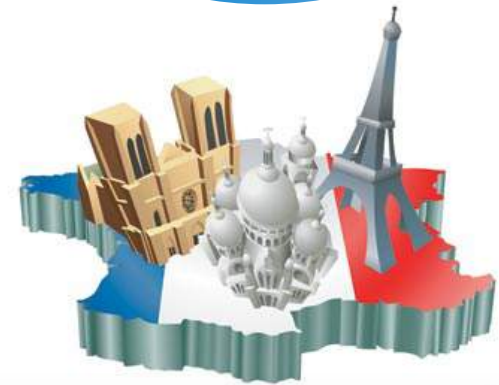
**ADVERTISING
PLATFORM CRITEO IS
CURRENTLY VALUED
AT \$1.5bn
ON THE US NASDAQ.**

**MOBILE PHONE
NETWORK ILIAD IS
VALUED AT
€9.1 BILLION.**

INDUSTRIES

Similar to all major cities, most industries can be found Paris, but key sectors include:

**MACHINERY
CHEMICALS
AUTOMOBILES
AIRCRAFT
ELECTRONICS
TEXTILES
FOOD PROCESSING
TOURISM**



LAST WORD OF ADVICE...

If all of this seems a bit overwhelming – don't worry. There is an easy way to do all of this – hire a company formations expert. We can help you every step of the way – starting from your business plan, advising you on your structure and by-laws, setting you up with a bank account, negotiating your share capital, doing the legal publicity, visiting the tax offices, doing all the paperwork, registering your address or finding you an office (serviced or virtual) and setting you up with an accountant or lawyer.

At Euro Start Entreprises, we have successfully been helping entrepreneurs open their companies in France since 2007. We offer tailor-made services from an all-inclusive package where we do everything for you to single-service options – however many services you require, we can give you a personalised price specifically for you.

So call our friendly bi-lingual team on
0033 (0) 1 53 57 49 10 (France) or 0044 (0) 203 445 0916 5 (UK)
or email us on info@eurostartentreprises.com
or consult our website at www.eurostartentreprises.com
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