

YIC STATUS

Young Innovative Company (YIC) status, devised and offered by the Strategic Innovation Council (SIC) and France Biotech to President Jacques Chirac, has been operating since January 2004.

In 2007, 1789 high-tech companies received YIC status (of which 20% are biotechnology companies) and benefitted from €87.4 million in exemptions from employer's social-security contributions. Such exemptions made it feasible to hire researchers, encouraged private investors to take stakes in innovative companies and promoted the founding of innovative new companies in France. Furthermore, the YIC label has become a benchmark among entrepreneurs, researchers and investors, and enables our companies to increase their competitive edge.

- 1789 YICs since 01/01/04 (20% biotech)
- *Savings achieved in biotech:*
 - 74% of companies qualify for this status
 - 20.7% savings on total wage-bill
 - €10 k per employee / year
- *Immediately reinvested in R&D*
 - 76% recruited researchers
 - 72% started new R&D projects
 - 74% bought new R&D equipment.

Definition of an IYE

Any existing or new SMB, established less than 8 years

- which dedicates at least 15% of its annual spending to R&D work;

- which employs fewer than 250 people and achieves a turnover below 40 million euros or a balance-sheet total below 27 million euros.

Advantages

- Full and unrestricted exemption from employer's social-security charges (URSSAF) for research staff or research-and-development project managers

- Full and unrestricted exemption from land tax on properties built and from professional tax, following consideration by local authorities

- Total exemption from company tax on profits for the first three profit-making financial years and a 50% exemption for the next two financial years (with a ceiling of 100,000 euros, in line with the ceiling set by the European Commission under the 'de minimis' rule).

- Full and unrestricted exemption from added-value tax, providing that shares are held for at least for at least three years, for YIC investors and companies.

Following the French example, Belgium became the second country to adopt exemptions from charges for YIC researchers; Spain has also taken up the concept by granting up to 650,000 euros in subsidies to YICs, and other member states such as Norway and Sweden are looking at tax incentives or targeted assistance for YICs. The European Commission has incorporated the concept of the Young Innovative Company into its rules governing state assistance for R&D and, in the light of proposals put forward by France Biotech to president José-Manuel Barroso, the Commission is currently considering widening its definition of the status, also a convergence of the instruments of European policy in favour of research and innovation towards YICs, which are engines of innovation and growth.

Expert: Philippe Pouletty, Chairman of France Biotech (biography and contact details are available).

References: France Biotech (www.france-biotech.org); Europabio (www.europabio.org)