



# Covid-19: France to support start-ups with €4bn aid package

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While French start-ups have raised €5 bn in 2019 representing an absolute record in the history of the French Tech with 736 fundraising completed over the past year, for several weeks, many start-ups have to face an unprecedented drop in the investment from venture capital funds resulting from the covid-19 pandemic. Some French start-ups are going to face revenue issues as well as funding issues in the coming months.

In response to this economic crisis, the Government has launched a €4bn emergency plan to support the French start-up ecosystem. Overview of the main measures.

This aid package is structured around 4 measures intended to support the cash flow of start-ups. The measures taken are in addition to those already available to all companies and include:

## A €80 million package

This package is intended for start-ups that were in a fundraising process or about to start one in the coming weeks or months. It will allow start-ups to finance cash bridges between two fundraising rounds. This financing will take the form of bonds giving possible access to capital and will be intended to be co-financed by private investors and the government's Future Investment Program (PIA).

## State-guaranteed treasury loans

The Minister of the Economy, Bruno Le Maire, had announced on March 16, a new device allowing the State to guarantee for €300bn of loans in order to relieve the treasury of the companies and the professionals who are currently undergoing the shock linked to health emergency. The support plan creates specific loans, backed by a State

guarantee of €300bn, that will be distributed to start-ups by private banks and Bpifrance.

The amount of this loan may range, for start-ups, up to twice France 2019 wage bill or, if higher, 25% of annual revenue. The guarantee may cover up to 90% of the loan amount and will be priced at low cost according to the secretary, depending on the maturity of the loan.

## Early repayment by the State of corporate tax credits

Start-ups will be able to request the early reimbursement of refundable corporate tax credit in 2020 as well as an accelerated processing of their request for reimbursement of VAT credits by the General Directorate of Public Finance (DGFIP).

The support plan of €4bn also allows Start-ups, as SMEs or young innovative companies (JEI), to request the immediate reimbursement of their research tax credit (CIR) for 2019, without even having to wait for the filing of the 2019 tax report.

## Accelerated payment of innovation support grants

Already awarded under the Future Investment Program (PIA) but not yet received by their beneficiaries, PIA innovation aids, like those granted in innovation contests, have their payment accelerated automatically. Operators (Bpifrance and Ademe) will therefore be able to pay in advance the tranches not yet distributed for files already validated, up to 80% of the total aid.

For start-ups that receive aid in the form of a repayable loan or accompanied by royalties, the emergency plan postpones the next repayment deadlines for up to 6 months.

In addition, the State, via Bpifrance, is continuing to support start-ups by providing nearly €1.3bn in innovation aid for this year. Aid which will take the form of grants, repayable advances or loans for example.

Finally, Bpifrance will continue its direct investments in funds alongside private investors.

## More information

If you wish to receive more information about the Coronavirus emergency measures and how these measures can help your company, please contact us.



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