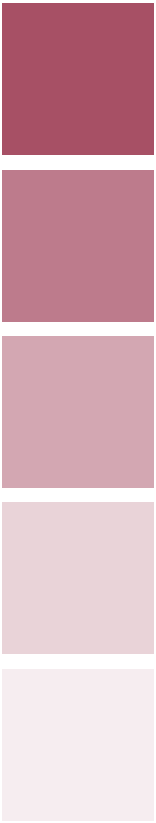
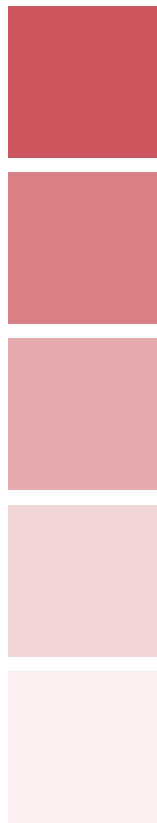


NEWS



DECOUVRIR



A LA MAISON



LEGAL/FINANCE



Going it alone

Finding a job as an expat in France is fraught with difficulties, so many Brits are choosing to set up their own businesses once they've made the move. But how easy is it and where do you start? We explore the ins and outs of self-employment

WORDS: VANESSA COUCHMAN



More people below retirement age are moving to France to live permanently, but need a regular income. However, finding a job in France is difficult without accepted qualifications and fluent French. The alternative is to become self-employed.

The most common types of expat business are hospitality (holiday lettings, B&Bs, bars and restaurants); building and restoration work; and property sales and/or management. Internet-related services, such as website development and computer support are becoming increasingly popular.

However, setting up a business

in France is very different from doing it in the UK. The language hurdle is just one of many, including the legal aspects of business structures, taxation regimes and cultural attitudes to business. The start-up process is longer and more complex, and a bewildering number of organisations regulate businesses of all sizes in France.

Historically, the French system has not favoured small businesses. They have had to pay high levels of taxation and social charges (contributions covering health, pension and benefits entitlements). However, the French government has recently simplified the rules and provided fiscal incentives to

encourage people to start their own business and be self employed.

Do your homework

Valérie Lemière is a French business adviser in Normandy with *Boutiques de Gestion*, a national network of advisers supporting small business start-ups. She also runs an English-language website, (www.startbusinessinfrance.com). She emphasises the importance of thorough preparation: "Researching your local market and the competition is indispensable. You should talk to an expert, such as an accountant, who knows the local business scene. A common mistake British people make is not talking through their idea before starting up. You should also work out how much money you need to launch the business and keep it going for at least a year."

Sally Stone, who runs a property management franchising business from Brittany, agrees. She says: "Fail to prepare and prepare to fail. Don't rely on internet forum hearsay as hard fact; always get proper advice. People with experience of running local businesses – French as well as English – are well worth talking to. They can also recommend the best expert advisers."

A vital first step is to find out if the proposed business is acceptable in France. Many trades and professions are heavily regulated. People proposing to practise them must have approved qualifications or accreditation. For example, estate agents in France are legally required to hold the *Carte Professionnelle*. Some UK qualifications are not sufficient and a conversion course is necessary. In addition, *artisans* (skilled tradesmen) normally have to pay for a four-day introductory course on business administration.

Businesses are classified into one of four categories: *artisan* (skilled tradesmen such as plumbers, bakers and hairdressers); *profession libérale* (solicitors, accountants, doctors, nurses and artistic professions); commercial and industrial (selling goods or services or manufacturing); and agricultural. The category determines which *régime* the business comes under and what taxes and social charges are payable. It is important to be in



the right business category, since early mistakes can be costly and difficult to rectify.

An accountant (*expert-comptable*), the local *Chambre de Commerce* (Chamber of Commerce) or *Chambre de Métiers* (Chamber of Trades) will provide more information on business categories. The *Agence pour la Création des Entreprises* also has a useful website (see factfile). The *Chambres* – some of which employ English-speaking staff – can advise on eligibility for free courses, assistance or tax breaks available for small business start-ups. They also operate business networks, which Valérie Lemièrè considers are a useful way of finding French customers and reducing dependence on expat customers.

All businesses in France must be registered under one of a number of business statuses or legal structures and the rules are complex. One of the trickiest decisions is which status or structure to choose. Factors to take into account include: the level of turnover and expenses anticipated; whether the business

will have a sole owner or multiple owners; the role of the spouse or partner in the business; and the level of risk involved and the extent of liabilities the business might incur should it prove unsuccessful.

The business plan

An accountant will help to advise on the best structure for the proposed business. The first meeting is normally free of charge, but limited companies are required to hire an accountant. Valérie Lemièrè says: "British people usually prefer to finance the business themselves, but it is often a good idea to take out a loan initially. French banks will expect to see a business plan to establish how secure the loan repayments will be." An accountant will help to draw one up in French.

In France, businesses are broadly divided into *entreprises individuelles* (independent, self-employed traders)

Fact file

The internet is a great place to start your research into self employment in France. Try these sites for more information:

www.apce.com - *Agence pour la Création des Entreprises* (navigable in English).

www.startbusinessinfrance.com (English language advice)

www.boutiques-de-gestion.com (French language website of national business advisers' network)

and limited liability companies. An *entreprise individuelle* is registered in the name of the sole proprietor, who is liable on his or her personal assets for any liabilities the business incurs. Turnover is currently limited to a ceiling of €80,300/£68,299 (commercial sales) or €32,100/£27,302 (services).

Limited companies, as in the UK, enable liability to be restricted to the capital invested. A new structure introduced in January 2011, *Entreprise Individuelle à*

Businesses in France must be registered under one of a number of business statuses or legal structures – the rules are complex

Responsabilité Limitée (EIRL), is a kind of halfway house. It allows existing owners of *entreprises individuelles* to protect some of their personal assets by creating a professional 'asset' to which their liability is limited.

For sole traders wanting to run a small business with a relatively modest turnover, the *auto-entrepreneur* status, introduced in January 2009, has proved popular. More than 400,000 such businesses have started up. The novelty is that *auto-entrepreneurs* pay a flat rate of tax and social charges quarterly in arrears, based on income earned, rather than paying in advance based on estimates. If there is no turnover in any given quarter, no declaration is necessary and no tax is payable. As with all types of business, however, the implications of *auto-entrepreneur* status need to be carefully assessed.

James Sweeting lives near Saint-Antonin-Noble-Val in Tarn-et-Garonne. He provides web creation services and computer support and chose *auto-entrepreneur* status. "I have a phobia about bureaucracy and this seemed a reasonably

"The local *Site de Proximité* helped me choose the right business category and complete all the many online forms that were required"

simple way to set up a business," says James. "However, when I downloaded the forms, I found them hard to understand, even though my French is reasonably good. The local *Site de Proximité* (which promotes business activity in rural areas) helped me choose the right business category and complete all the forms that were required."

What would he do differently if starting again? "I would have looked into the health situation a bit more," he says. "My wife and I are now registered in different health schemes and it is taking a lot of sorting out. Apart from that, I would have done exactly the same. Anything the French government can do to help people run businesses legally can only be a good thing."

Registering your business

It is illegal to start trading before

We had to persevere



In 2002, Sally Stone and her former husband set up *Les Bons Voisins* (the

Good Neighbours), providing property management and maintenance services to absentee homeowners. The authorities had difficulty understanding the nature of the business and Sally had to persevere to register it. *Les Bons Voisins* started small. Sally then began franchising the idea across France and now has a head office in Brittany (a French limited company) and a network of franchisees running their own businesses. She has overseen around 50 *Les Bons Voisins* start-ups.
www.lbvfrance.com

formally registering a business, except for *auto-entrepreneurs*, who can trade for three months beforehand. New businesses must register with a local *Centre de*

Formalités des Entreprises (CFE or business formalities centre). This acts as a clearing-house for transmitting all the necessary documents to the relevant organisations. The organisation acting as the CFE varies according to which specific category the business belongs to.

People starting an *entreprise individuelle* may register either in person at the CFE or on the Internet. *Auto-entrepreneurs* complete a single declaration form. Setting up a limited company is more complex since it is a legal entity, requiring articles of incorporation. Taking professional advice from an accountant or legal adviser (*avocat*) is therefore essential. Following registration, the business is permitted to trade and receives various official documents, including a registration document and a unique company registration number. These are vital for your business before it earns an income.

Sally Stone gives a final word of advice: "Wipe off the rose-tinted spectacles. If you are a couple, ensure that both of you are determined to make it work. If only one partner is working, the other can quickly feel lonely and isolated. Don't underestimate the stress levels involved in moving to France and starting a business at the same time. It's rewarding, but hard work." LF

