

The research tax credit

For 40 years, the research tax credit (Crédit Impôt Recherche, CIR) has made it possible to support research activities carried out by companies of all sizes established in France. This original system, favorable to research in its different dimensions (fundamental, applied or experimental), is a decisive factor in promoting technological innovation and facilitating the longer-term development of companies.

- An industrial or commercial company established in France can benefit from the CIR as soon as it meets one of these two conditions:

- It is subject to the real regime (normal or simplified) of corporate tax or income tax; or
- It is exempt from tax, being in one of these situations: young [innovative or university](#) company, company created to take over a company in difficulty, or company established in a particular area¹.

- Expenditures eligible for the CIR are fundamental or applied research activities, but also experimental development, carried out in the European Economic Area², which includes in particular:

- The depreciation of property or buildings created or acquired new and used for these research activities, as well as, in the event of loss or damage to this property or building, the difference between compensation by insurance and the cost of reconstruction or replacement;
- HR expenses, in particular for researchers exclusively assigned to research activities and people holding a doctorate or equivalent (for whom expenses are taken into account for double their amount for two years in the case of a long-term contract indefinite duration): salaries, social charges, filing and defense costs (for models or patents);

¹ Regional aid zone, urban free zone, employment area to be revitalized, defense restructuring zone, free activity zone of overseas departments, rural revitalization zone, urban area to be revitalized, priority development zone.

² Germany, Austria, Belgium, Bulgaria, Cyprus, Croatia, Denmark, Spain, Estonia, Finland, France, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, Netherlands, Poland, Portugal, Czech Republic, Romania, Slovakia, Slovenia, Sweden.

- Expenditure on technological monitoring or carried out through authorized organizations³³.

- The CIR rate is 30% up to 100 million euros of expenses for companies located in mainland France (but 50% for those established overseas), then 5% beyond. These expenses are calculated per calendar year -even if the company does not close its financial year on December 31st- and after deduction of any public subsidies received for these research activities.

- The CIR, deducted from the amount of tax due, can be used for the 3 years following the year in which the CIR was obtained. If the CIR is not fully used after these three years, the company can request, on its professional space on the [impot.gouv.fr website](https://impot.gouv.fr), to have the remainder reimbursed.

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More information:

<https://entreprendre.service-public.fr/vosdroits/F23533?lang=en>

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³³ Public research organizations, higher education establishments awarding a master's level diploma, approved scientific cooperation foundations, public scientific cooperation establishments, recognized public utility foundations in the approved research sector, associations majority owned by one previous entity, private research organizations (or scientific or technical experts) approved by the minister responsible for research