



The French Finance Bill for 2024 creates a Tax Credit for Investments in Green Industries

The French Finance Bill for 2024, released on September 27, 2023, includes a tax credit for investments in green industries (the *Crédit d'impôt "Investissement Industries Vertes"* or C3IV) aimed to restore France's industrial base and reduce the carbon footprint of French industries.

The tax credit would be available to companies established in France making tangible and intangible investments in the production of specific and limited green products:

- Eligible products are new-generation batteries and key battery components, solar panels, wind turbines and heat pumps;
- Tangible investments include land, buildings, facilities, equipment and machinery;
- Intangible investments include patent rights, licenses, knowledge or other intellectual property rights.

The tax credit would range from 20% to 60% of the investments made by French entities in the above tangible and intangible elements, depending on their localization and the size of the investing entity. The tax credit could not exceed a specified amount, from €150 million to €350 million, depending on the location of the investment.

The tax credit would be chargeable against the corporate income tax due by the company for the fiscal year during which the investments are made. Any excess would be reimbursed.

Subject to the forthcoming debates in Parliament and the authorization of the European Commission, companies would be eligible for the tax credit for expenditures on:

- The production of equipment dedicated to the above-mentioned sectors;
- The production of essential components designed and used mainly for the production of the equipment above: the project sponsor will have to prove that at least 50% of its turnover will be generated with companies carrying out activities downstream of the production chain for the four sectors mentioned above;
- The production or recovery of critical raw materials necessary to produce the equipment and components above: the project sponsor must prove that at least 50% of its turnover will be generated with companies involved in the production of essential components or downstream of the production chain of the four above-mentioned sectors.

The tax credit would apply to projects approved by the Ministry of Finance and upon prior approval of the Agency for Ecological Transition (ADEME) up to December 31, 2025, and for which the application for approval is submitted on or after September 27, 2023.

According to the French government, this tax credit could generate around EUR 23 billion in investment and 40,000 jobs in France by 2030.

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