2018 Finance Bill

Creating trust for savers and businesses

The 2018 Finance Bill increases the purchasing power of the French population and redirects their savings towards productive investments, says Laurent Saint-Martin, MP (LREM) for Val-de-Marne and Vice-President of the Finance Committee of the French National Assembly.

Laurent Saint-Martin

MP (LREM) for Val-de-Marne and Vice-President of the Finance Committee of the National Assembly, Laurent Saint-Martin is a specialist in business financing. After earning a Master's in Finance at EDHEC Business School, he worked as an associate then innovation delegate at Bpifrance from 2010 to 2016. He went on to work at Euronext, the leading pan-European stock market, which he left in June 2017 following his election to the National Assembly.

What is the general philosophy behind the government's new budget?
A budget is merely the consequence of public policy choices, but it is true that the first budget of a five-year term is a key founding act. The 2018 budget sends out a major message as to the government's intentions. It is a budget of transformation – in economic, social, ecological, housing and employment terms – and one that increases purchasing power and redirects savings towards the financing of the economy. The objective is to better reward work and initiate necessary structural reform.

What are the main measures for businesses?
The budget is part of a continuum of measures, notably the ordinances voted this summer to facilitate recruitment and enhance job market visibility. With the elimination of a large part of wealth tax and the creation of a flat tax at 30%, it will free up the investment capacity of the French population so as to strengthen the equity of businesses. It also creates the conditions for a business-friendly tax and regulatory environment, with a reduction on company tax to 25% by the end of the five-year term, the reduction of lasting and direct charges replacing the CICE tax credit, and the elimination of the 3% tax on dividends. So it is a strong appeal for savings and productive investment. It is also a stepping stone towards the *Company Law* to be presented by Bruno Le Maire in spring 2018.

What about support for innovation?
Innovation is central to the €57 billion investment plan (*Grand Plan d'Investissement*) recently announced by the prime minister. In addition, a €10 billion ad hoc fund will be set up to finance disruptive innovation based on state disposals/holdings. The state does not intend to replace the private sector; rather it stands as a resource for helping companies to take on the risks inherent to innovation. In parallel, private equity funds must continue to play their role and will perhaps need to seek a broader investor base so that each individual can contribute to the development of small and mid cap companies.

How does the budget create the conditions for economic recovery?
The 2018 budget is consistent with the government's determination to create a virtuous circle for building a society of trust, stimulating investment and growth, and curbing unemployment. We have to do away with today's timid, bond-based investment approach. Industrial small and mid cap companies have too much debt and find it difficult to seek out the equity they need to shift up a gear. We will also be asking all the country's financial players to think about creating products that are more favourable to equity investments. Halfway through the term, we should have established the conditions necessary for the return of trust and a recovery in investment.