

The entrepreneur is
the one who takes
the risks



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Introduction

We frequently define the enterpriser as the 1 who takes the hazards. The fiscal hazard is likely the chief hazard that assumes the enterpriser, because his personal luck can be engaged and there are many costs during the stage of installing and surcease of the activity. It is many more hard to understand when the created company is a little construction. The life of the enterpriser would mostly be facilitated if there was a position which allowed to prove the market with a limited fiscal hazard, a simple system of infliction and VAT which would non punish the cockamamie periods of the twelvemonth in footings of gross revenues, a government opened to all and which allows to establish its activity after a long period of unemployment, a government of fast and simple creative activity and surcease of the company. This system exists, and to my cognition, it is a Gallic specificity, it is called the “ auto-entrepreneur ” .

It seemed interesting for me to handle it as a addendum to the class, because it is really popular in my state, and because it is frequently a one or two twelvemonth ‘ s preliminary stage before the creative activity of a limited company for illustration. Launched the January 1st, 2009, the position of auto-entrepreneur, planed by the jurisprudence of the modernisation of the economic system n°2008-776 (presented in Council of Ministers on April 28th, 2008 and adopted on August 4th, 2008) appears to hold been a strong success since its launch on January 1st, 2009.

Indeed, during the first 15 yearss of January, 2008 20 000 auto-entrepreneurs had already dashed into the escapade, more than 40 000 for the whole January month and 120 000 creative activities at the terminal of first one-fourth, coercing the Herve Novelli ' s ministry to increase its prognosiss of new enterprisers from 200 000 to 300 000 for the terminal of 2009.

Therefore, We will inquire if this position will be successful in footings of length of service and to better the life of the enterpriser, every bit good as the Gallic economic state of affairs, or if in one twelvemonth or two the appraisal of these monolithic creative activities will demo the position as a craze.

The Economic and societal Gallic context

The auto-entrepreneur ' s position arose from a promise of run of Nicolas Sarkozy (Gallic president since 2007) , to stop the Gallic aberrancy to subject the enterpriser to disbursals at the really minute they had still made no incomes.

But the execution of this position was widely accelerated in March, 2008, by the combined consequence of the crisis of “ subprimes ” ramping since August, 2007 but going more and more distressing, and of the dissatisfaction of the Gallic people about their buying power.

The fiscal crisis

It is precisely on September 15th, 2008, the twenty-four hours of the bankruptcy of the 4th American investing bank Lehman Brothers, that the

fiscal universe prostration and that a existent menace on the universe economic system begins to look.

The national stock exchanges fell, the capital of companies collapsed, these one restructured, dismissed ; the fiscal crisis makes the first victims.

After that, appears a diminution of the morale and of the assurance of the families, the ingestion has stopped, the investings are frozen, the dismissals continue and so the crisis settles down. Companies are badly touched because the positions of growing on the Gallic and international district are really bad. The undertakings of new concern start-up are postponed in a more favourable period.

The unemployment

It is in January, 2008 that the employment shows its first marks of failing, -0,7 % , with 13 200 extra appliers in France.

Then, the unemployment will stagnate with light fluctuations from February boulder clay August, to lift extremely from September, 2008, which is besides the day of the month of the bankruptcy of the Lehman Brothers bank. This correlativity is of import because from this day of the month, the Gallic unemployment will non halt mounting until today.

Number of job-seekers (cat A, B and C)

February 2008

2009

October

jul

April

April 2008

March 2009

It is therefore in a context on unprecedented growing of the unemployment, with about 60 000 occupations destroyed per month, that the authorities decided to set-up the auto-entrepreneur ' s position.

In this context, how the auto-entrepreneur ' s position will move as a support to the action of the authorities in the declaration of the crisis? What are the bets in this position?

The auto-entrepreneur ' s position bets

The chief interest in the auto-entrepreneur ' s position was to do it attractive, apprehensible and simple to implement for an activity, to do that all those who had been discouraged by the creative activity of a commercial construction turning into the entrepreneurship escapade merely and without excessively many tonss so that the company would non decease one twelvemonth after its creative activity. Thus it was a inquiry of regenerating the Gallic new concern start-up in times of crisis to restrict every bit much as possible its effects.

Therefore, there are many economic bets:

To restrict the effects of the unemployment and of the fiscal crisis,

To provide an income addendum to the employees and the retired people to prefer the buying power,

To promote the histrions of the black economic system to regulate their state of affairs,

To mostly simplify the procedure of puting a new concern start-up, considered as really heavy and really long, utilizing cyberspace to simplify all the administrative formalities (creative activity of the construction, the statement of generated income, and payment of the diverse revenue enhancements) .

Harmonizing to Alexander Von Schirmeister and Pierre Kosciusko-Morizet it is besides an effectual manner to regenerate the Gallic e-commerce and the sale of merchandise or service by cyberspace. Ebay and PriceMinister back up the auto-entrepreneurship. Indeed, regulating the peculiar salesmen allows Ebay and PriceMinister to offer them a better commercial followup and therefore to dope their gross revenues.

It is besides good for the purchasers who benefit from better warrants in footings of refund) and of deadlines bringing.

Furthermore, the potency of creative activity of the auto-entrepreneur position for the on-line sale would be tremendous, harmonizing to Pierre Kosciusko-Morizet: “ on the 9 million members of PriceMinister, 3 1000000s are salesmen among whom 15 000 are active professional salesmen. The potency of peculiar salesmen concerned by this new government of the auto-entrepreneur sums to several 10s of thousands. “

There is besides a less seeable, but non undistinguished, societal interest in times of crisis: it is to offer a societal position to those who wish to establish an activity. To go through from the unemployed or from pupil to enterpriser is a mark of societal success, which in times of crisis will prefer the addition of the morale of the Gallic people and therefore the ingestion. Of class this interest has to be put in position because everybody does non make an auto-company ; nevertheless in the position of the success of this system, the opportunities are high that on the in-between term position, these new auto-entrepreneurs will hold a non undistinguished weight in the computation of the morale of the Gallic people.

III. Definition of the auto-entrepreneur ‘ s position

We will now seek to understand the reply of the Gallic authorities to the jobs and to the bets which were briefly expressed in the old chapter by detailing this new position.

Presentation

The auto-entrepreneur is a natural individual who wants to exert in chief or complementary rubric, a commercial, small-scale or broad activity (the agricultural activities and the gross revenues agent have no entree to this position) . It is exempted from enrollment in the Register of companies (RCS in French) or from the Trade directory (RM in French) .

The auto-entrepreneur benefits in peculiar from a simplified revenue enhancement system in which he pays a monthly or quarterly paid program that include the societal security parts and the revenue enhancements on

the income, in per centum of its turnover by a alone payment from the twenty-four hours when he realizes this turnover.

This position besides exempts from the subjugation in the VAT, the auto-entrepreneur will therefore pay nil more that his societal and financial fixed monetary value to the State and can non accordingly deduct the VAT of its providers.

Can go an auto-entrepreneur every individual being: pupil, employee of private, province employee, broad profession, retired adult male, job-seeker, or the same enterpriser wishing to exert a secondary activity.

Finally, the accounting of the auto-entrepreneur is highly simplified: an exercising book with two columns “ grosss ” and “ disbursals ” will be plenty. The of import portion will be merely to maintain all the bills and to sort them chronologically by day of the month.

Creation and discontinuation of concern

The launch of an auto-entrepreneur ‘ s activity is highly simple and fast, it is adequate to make full a simple statement declaration (organize P0-Auto-entrepreneur) in the CFE (centre of formality of companies) or on Internet: hypertext transfer protocol: //www. cfenet. cci. fr/ .

The creative activity is immediate and therefore allows the auto-entrepreneur to get down straight its activity.

The surcease or the alteration of the activity is besides easy, it is adequate to make full the signifier P2 / P4 – Auto-entrepreneur and to direct it to the CFE.

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The micro-social and micro-fiscal government

The auto-entrepreneur can pay off his societal security parts and his revenue enhancements merely on his additions footing, monthly or quarterly.

However, he is limited in footings of turnover, what clearly underlines that the auto-entrepreneur remains a position for establishing an activity andor to prove of the targeted market. The activities of sale of goods are limited to 80 000a,¬ of turnover a twelvemonth, and the activities of sale of services and broad activities are limited to 32 000a,¬ .

The auto-entrepreneur has to choose for the micro-social government with the Social security of the Independents (RSI in French) at the latest the last twenty-four hours of the month which follows the launch of its activity.

This will let the auto-entrepreneur to pay his societal security parts harmonizing to his activity as follows:

12 % for the commercial activities of sale of goods, objects, letter paper and groceries to eat in, or of letter paper of lodging which recover from the revenue enhancement government of the micro-BIC (Industrial and commercial net incomes) every bit far as the one-year turnover does non transcend 80 000 a,¬ ,

21, 3 % : for other commercial activities of services, every bit good as home-made activities. The bound of application of the one-year turnover of the government of micro-companies is 32 000 a,¬ ;

18, 3 % : for the broad activities which recover from the government simplified of revenue enhancement of the non commercial net incomes, in

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the one-year bound of 32 000 a, → of grosss and which exercise a profession retrieving from the CIPAV (Interprofessional cashdesk of Foresight and Old-age insurance) .

The micro-fiscal government is available merely for the auto-entrepreneurs who have opted for the micro-social government.

It is about a new manner of computation of income revenue enhancement ; the payments of this revenue enhancement are liquidated by application, applied on the sum of the turnover or on the grosss before revenue enhancement of the considered period, with one of the undermentioned rates:

1 % : for the commercial activities of sale of goods, objects, letter paper and groceries to eat in, or of letter paper of lodging, or of letter paper of lodging ;

1, 7 % : for other commercial activities in specific of services, every bit good as the home-made activities ;

2, 2 % : for the broad activities.

It is necessary to cognize that the micro-fiscal option is wholly independent from the micro-social option. In other words, the tax-free individuals should non at all opt for the micro-fiscal.

If the status of maximal income of the household income is non performed, the auto-entrepreneur will be subjected to the basic strategy of the micro-company that is to state with a progressive tabular array after a standard tax write-off.

Furthermore, the auto-entrepreneur is not subjected to the VAT and is besides tax-free of concern rate during three old ages as from the creative activity of his company.

This position is therefore really peculiar, and alterations wholly the criterions dictated by the old positions. However, if this position is different, it is advisable to inquire if people who are traveling to utilize it truly have a different profile or if it is the enterpriser of yesterday who will choose for this new position.

IV. The innovators of the auto-entrepreneurship

In a context of crisis of the unemployment and of the buying power carried by the universe fiscal crisis, who were the innovators of auto-entrepreneur ' s position?

Who does this position benefit? To the authoritative enterprisers avid for a bigger flexibleness and for an underestimated revenue enhancement? Or did this position was successful to aim a new type of enterpriser non holding dared to make of company antecedently?

THE ACOSS (the Central Agency of the Organization of Social Security) published a survey on the profile of these 120 000 new auto-entrepreneurs.

It would look that for the minute, the stake of the authorities is winning, so, 8 % of the auto-entrepreneurs are retired people, 31, 20 % are job-seekers, and 36, 70 % are employees.

Twice more retired people dash into the auto-entrepreneurship alternatively of a authoritative position, and 44 040 employees used it to better their buying power by an income addendum.

There are besides less 37 440 unemployed individuals, among whom 21 % of them are immature alumnuss.

The chief activities of these first auto-entrepreneurs are:

The advice for the concern personal businesss and the other advice for direction ;

Other personal services ;

Other retail trades ;

The IT scheduling ;

The sale at bay on specialised catalog.

The survey reveals in peculiar that the activities of advice and IT programming are more delineated in the auto-entrepreneur ' s population than within the model of a authoritative new concern start-up. A« It is in peculiar, for one portion, about executives or about technicians who can, next to an employment, complete their income. It is besides, for another portion, approximately retired people, who continue to exert their old activity (...) “ , indicates the survey of the site LesEchos. fr.

V. Advantages and critics

For more lucidity, this chapter will show a list of all the advantages of this position among which those enumerated antecedently in their several parts, to show so the bounds and the critics that has been far been formulated against the auto-entrepreneur position.

Advantages

- 1) Simplicity of creative activity and surcease – Simple declaration of one page to make full.
- 2) Possibility of accretion of the auto-entrepreneur and another employment.
- 3) Imposition of the societal security parts and the income revenue enhancements, simplified by the micro-social and the micro-fiscal government.
- 4) No charges every bit long as the activity is non launched and every bit long as that the turnover was non realized.
- 5) Possibility to halt his activity during 12 months without paying any charges – turning the auto-entrepreneur position interesting for the seasonal workers.
- 6) Accounting simplified by the simple retention of an exercising book.
- 7) No VAT – simpleness of direction.
- 8) Possibility to exert the activity at place while protecting its ain goods by notarial act.

9) Contribution for the pension taken into history by one-fourth, harmonizing to the one-year realized turnover.

B. Critics

In malice of the fact that many people qualify this position as a revolutionist ' s position, it is besides the object of critics by certain professions.

The shopkeepers assert that it is about unjust competition, because of the fixed revenue enhancement (micro-social + micro-fiscal) considered to be excessively light, and the thresholds of turnover excessively much of import to counterbalance for this harm. Furthermore, auto-entrepreneur ' s position by its simpleness can be created by whoever, irrespective of accomplishments nor even of simple impressions of the occupation. Because even if the competition of an auto-entrepreneur is unimportant for a shopkeeper who has make a existent construction for its company, the addition of the creative activities of auto-entrepreneur can be a existent menace.

The hazard taken by the retired auto-entrepreneurs or the unemployed individuals is excessively low financially and the activity is excessively easy to pattern in comparing with craftsmen who pay revenue enhancements, train learners or trainees, are certified, and by this fact take part more in the economic patterned advance of the state.

The ailments of the most qualified enterprisers concern the fact that the non-subjection in the VAT makes more hard the doorsill merchandising of the companies which look unfavourably non to be able to subtract the VAT of their bills.

Another formulated unfavorable judgment is the precariousness that this position can convey by the usage of certain employers. Indeed, in certain sectors, a force per unit area can be exercised on the employees so that they become auto-entrepreneurs paid as subcontractors to cut down the societal security parts which are heavier within a authoritative company. The authorities would therefore be making a financial niche which would let a decrease of public assistance costs from 45 % to 23 % by outsourcing occupations and therefore by cut down the salaried work.

VI. Uses et developments of the position

For the State

The State utilizations above all this position to allure the Gallic people to make and therefore to regenerate the entrepreneurial spirit. The thought is to excite the new concern start-up to do of France the state holding the best faced the fiscal crisis, while perpetuating a province of head which will be favourable to the new classics concern start-ups.

The auto-entrepreneur position besides has to be used as a springboard for the creative activity of a micro-company, single Company, and that is why the thresholds of 32 000a,¬ turnover and 80 000a,¬ were fixed.

If we try to gauge the political relations effects, I think that the auto-entrepreneur is an chance for the party of the right: giving the position of enterpriser entree to the most disadvantaged individuals and therefore to federalize the hapless work forces and the rich around an economic dynamism which subsequently would be given to be greeted by all those holding used it. Would it be an effort to widen the capitalist skyline for

populations which had rejected it by letdown or bad experiments by giving them all the net incomes onto the short term? That is to state an employment, an income, a hereafter.

The opportunities are high that if some of these auto-entrepreneurs would explicate unfavorable judgments towards the authorities and toward the solutions proposed by the right, their political beliefs would be influenced by a step which will hold likely changed their lives.

This it will be really interesting to analyze the impacts which have had this step on the Gallic ballot during the following presidential elections, because if the beat of acceptance of the position continues, in 2012, there would be potentially 1 million individuals who will hold used this position. Will the auto-entrepreneur be a political instrument?

B. For the Auto-Entrepreneurs

For the auto-entrepreneurs, the utilizations remain limited and comparatively confined, in the aims of market trial and viability of the company, every bit good as in the income addendum.

However, by looking closer at this position, there is a usage which could demo itself interesting to let the auto-entrepreneurs to maximise their on the job clip and their income. Indeed, federate auto-entrepreneurs exerting the same maps allow them an easy acquiring in touch with clients and therefore restrict the investings in communicating and the doorsill merchandising.

For illustration, an e-commerce service: if a web site is held by an auto-entrepreneur, the turnover will be limited to 32 000a,→ .

However, the web site held by this auto-entrepreneur does not belong to him professionally, because it is not planned in the declaration of the beginning of activity P0-Auto-entrepreneur.

To fulfill better his clients, but besides to offer to his activity a better visibility, he can acquire closer to the other auto-entrepreneurs providing the same service as him to portion his web site and do a platform of acquiring in touch between the demand and the offer.

The income generated by this web site can so be multiplied by the figure of auto-entrepreneurs whom it federates, doing subsequently easier for the auto-entrepreneurs to happen clients and therefore to make the maximal income allowed by the position. Furthermore, if this platform wins in celebrity, its members can take to fall in to make a company without any turnover bound and therefore take part in a more moneymaking activity.

Decision

In a context of fiscal and buying power crisis, of an unprecedented increasing of the unemployment, the Gallic authorities launched a new position that allows a simplified launch of an economic activity.

With a creative activity in 30 proceedings, societal and financial charges lesser and with an easy computation, the possibility of accretion with another employment while formalizing quarters of part for the pension, the auto-entrepreneur ' s position is a large success.

While it arouses a strong fad and participates wholly to contend the effects of the crisis, certain unfavorable judgments suggest a decomposition of the

market and an unjust competition that could set in the average term in danger certain professions and push employments to the precariousness. However its major aim to regenerate the new concern start-up is reached. For holding myself worked in a bank, I can state that I have seen legion instances of successful auto-entrepreneurs which were traveling to transform their position to be able to engage, and exceed ceilings. But this position is non a Panacea, because Bankss are really loath to allow a bank loan (and therefore compel the self-financing) , the costs for the enterpriser are more elevated because the VAT is non deductible, and because it slows down the enlargement of the company in its first phases, but it is a good illustration of apprehension of the jobs that meet the enterprisers in their enterprises.

The clip will be surely the best justice to measure if this position will hold had the capacity to offer durable economic positive effects, and to alter the attitudes of the enterprisers, or if it will merely hold undergone a craze carried by the fright of crisis.