

Invest Europe's response to the Targeted survey on simplifying GBER rules

This document addresses only the consultation questions for which answers have been provided.

1. [A. Simplified Cost Options \(SCOs\)](#)

**1. How would you rate the expected reduction in administrative burden resulting from this change?
Please select a score from 1 to 5:**

	Answer
1 - No reduction	
2 - Limited reduction	
3 - Moderate reduction	
4 - Significant reduction	X
5 - Very significant reduction	

Comments

Answer:

As the association representing Europe's private equity (PE) and venture capital (VC), and infrastructure investment firms, as well as their investors, Invest Europe supports any measures aimed at reducing the administrative burden of the businesses our industry invests in. The proposed extension of the use of simplified cost options (SCOs) to a broader range of aid measures constitutes a welcome step towards simplification of the GBER framework, and the streamlining of application procedures. More flexible and operationally efficient mechanisms can help ensure that public support is deployed more effectively and reaches companies more quickly.

2. [Simplified Funding Gap](#)

**4. How would you rate the expected reduction in administrative burden resulting from this change?
Please select a score from 1 to 5:**

	Answer
1 - No reduction	
2 - Limited reduction	
3 - Moderate reduction	
4 - Significant reduction	X
5 - Very significant reduction	

Comments

Answer:

We support the reduction of complex assessment approaches, such as detailed counterfactual analysis or competitive bidding processes, as this can simplify implementation and reduce administrative burden, especially as Net Present Value (NPV) and cash-flow projections are standard in PE/VC practice.

3. [Undertakings in difficulty \(UiD\)](#)

7. How would you rate the expected reduction in administrative burden resulting from this change?

Please select a score from 1 to 5:

	Answer
1 - No reduction	
2 - Limited reduction	X
3 - Moderate reduction	
4 - Significant reduction	
5 - Very significant reduction	

Comments

Answer:

While the proposal represents a welcome step towards improving legal certainty and usability in specific cases, its impact remains limited by the scope of the “innovative startup” definition – which, even though not explicitly mentioned in the current draft of the GBER revision, we expect to be aligned with the European Commission’s March 2026 Commission Recommendation on the definitions of innovative enterprises, startups and scaleups, as these definitions should be reflected consistently across all relevant legislative and policy files, including the GBER – and by the persistence of structural issues in the undertaking in difficulty (UID) framework.

By making existing exemptions more explicit, targeted and predictable, the proposal will reduce administrative burden for the companies in scope of the exemption. In particular, it will limit the need for complex financial assessments and legal interpretation where they formally meet the UID criteria due to their accounting position, despite having viable long-term business models. This clarification better reflects the realities of early-stage and innovation-driven companies, which often operate with high upfront costs, limited tangible assets and extended pre-profitability periods, but remain economically viable and strongly supported by private capital.

Importantly, however, the broader effectiveness of this simplification will remain constrained by the relatively narrow conditions of the definition itself (i.e., number of employees and age). While these criteria provide legal clarity, in practice they risk excluding a significant share of companies that EU policy aims to support, those that are already creating jobs, scaling innovative solutions and demonstrating market traction may fall outside this definition due to their size or simply because they have progressed beyond an arbitrary age threshold. Growth trajectories, particularly for PE/VC-backed companies, are inherently non-linear. Many companies, especially in certain sectors, require extended periods to develop technologies, validate markets and scale operations, often over multiple investment cycles. As a result, viable and strategically relevant firms may still fall outside the definition of “innovative startup” and within the UID definition without benefiting from the newly introduced exemptions.

Limiting the exemption to “innovative startups” does not fully resolve the underlying issue, even if helpful. **We suggest extending similar treatment also to “innovative scaleups”, as per the European Commission recommendation. We also suggest amending Annex I to reflect the derogations for PE/VC funds and Alternative Investment Funds (AIFs) as set out in Annex IV of the draft GBER (on both “partner enterprise” and “linked enterprise” status), thus extending the exemptions to a broader and more realistic set of SMEs.** This would better reflect the continuum between early-stage innovation and growth, and avoid creating a new boundary effect whereby companies lose access to simplified treatment as soon as they move beyond the startup phase or

because they were successful in accessing finance from private capital, despite continuing to face comparable financing challenges and risk profiles.

At the same time, these improvements primarily address the application of the UID exclusion through targeted exemptions, rather than the underlying design of the UID definition itself. As highlighted in [our position paper on the proposed GBER draft revision](#), the definition continues to rely on static balance sheet indicators, notably the relationship between accumulated losses and equity, which do not capture the financial structure of innovation-driven and investment-led companies.

In addition, the currently proposed treatment does not adequately account for the widespread use of quasi-equity instruments in PE/VC financing, which may be economically risk-bearing but not recognised as equity in accounting terms.

Consequently, while the proposed exemptions will simplify the assessment process in certain narrow cases, a significant level of administrative complexity will remain, as many companies will still be misclassified as distressed, despite being well-capitalised and supported by private investors. Member States and beneficiaries will still need to conduct detailed financial analysis and legal interpretation to determine whether companies fall within the UID definition.

A more substantial and durable reduction in administrative burden would therefore require targeted amendments to the UID definition itself, notably by adopting a more economically grounded approach that takes into account both equity and quasi-equity instruments and better reflects the financing models of innovative and scaling companies. By addressing these structural issues, the framework would reduce reliance on case-by-case interpretation and avoid the need to continuously expand the list of exemptions.

8. Please estimate (include, as relevant to your role, activities such as: review or preparation of financial information, assessment of capital loss or insolvency criteria, interpretation of applicable exceptions, internal coordination or legal validation):

	Estimate
Number of applications per year where UiD status needs to be assessed:	Difficult to quantify precisely for us. However, UID assessments would remain in place for a significant share of applications, in terms of value – see below.
What percentage of your total annual GBER applications does this represent?:	Difficult to quantify precisely for us. However, UID assessments would remain in place for a significant share of applications, in terms of value – see below.
Average staff time currently spent per application on UiD-related checks (in working days):	NA – see below
Estimated staff time per application on UiD-related checks under the new rules (in working days):	NA – see below

9. Please briefly describe where you expect the main time savings (e.g. fewer financial checks, clearer rules, less need for legal interpretation):

Answer:

As the association representing Europe’s PE/VC, and infrastructure investment firms, as well as their investors, rather than direct beneficiaries, it is challenging to provide precise quantitative estimates

on time savings. However, based on market experience and feedback from PE/VC fund managers and investors, UID status assessments are a frequent and resource-intensive process for the companies they back. Under the proposed changes, a reduction in administrative burden can be expected in the clearly defined case of companies qualifying as “innovative startups”, reducing the time required to the assessments.

Nevertheless, as mentioned here above, UID-related assessments will remain necessary in a large share of cases and continue to require legal and financial interpretation. In practice, these criteria do not capture the full population of innovative and scaling companies that European policy seeks to support. Invest Europe’s investment data shows that across all PE investments, in 2024, while the vast majority of companies (70.8%) have fewer than 100 employees (although 92.6% in VC, 53% in growth, 34.2% in buyout), the companies exceeding this threshold (representing only 29.2% of firms overall) account for 83% of total invested capital. The same pattern holds across segments: in buyout, 65.8% of companies have more than 100 employees, representing 91.7% of investment, in growth, 47% of companies exceed this threshold, representing 76.5% of investment, even in VC, 7.3% of companies have more than 100 employees, but already represent 36.6% of investment.

This demonstrates that a substantial share of economically relevant companies falls outside the scope of the “innovative startup” definition, and, therefore, the introduced exemption. As a result, case-by-case analysis and interpretation will continue to be required for many companies, limiting the overall time savings to less than one third of total PE investment amounts.

Please see our answer here above for more information.

4. [Incentive effect- Simplification related to the “start of works”](#)

10. How would you rate the expected reduction in administrative burden resulting from this change? Please select a score from 1 to 5:

	Answer
1 - No reduction	
2 - Limited reduction	
3 - Moderate reduction	
4 - Significant reduction	X
5 - Very significant reduction	

Comments

Answer:

For Risk Finance Aid, the GBER already provided an important derogation aligned with private market practices, highlighting that aid for access to finance for SMEs is deemed to have an incentive effect automatically if the specific compatibility conditions of the article are met, regardless of whether works have started. Similarly, aid involved in financial products supported by the InvestEU Fund is also deemed to have an incentive effect without needing to prove the application was submitted before the “start of works”.

However, the removal of the “irreversibility” test remains a welcome development for other block-exempted aid, reducing complex, case-specific economic analyses, and increasing market speed.

5. [Small amounts of aid presumably earmarked for SMEs](#)

14. How would you rate the expected reduction in administrative burden resulting from this change? Please select a score from 1 to 5:

	Answer
1 - No reduction	
2 - Limited reduction	X
3 - Moderate reduction	
4 - Significant reduction	
5 - Very significant reduction	

Comments

Answer:

Facilitating access to the much-needed aid should be the goal of GBER, as such the proposed introduction of an alternative top-up mechanism based on an absolute aid amount threshold, rather than on the verification of SME status, is a welcome simplification.

By allowing a top-up independent of SME status, the proposed mechanism usefully circumvents these shortcomings in a targeted way, enabling a broader set of companies to benefit from State aid. In that sense, it improves openness and reduces distortive effects linked to the current definition.

However, the measure also highlights a more fundamental problem: the current SME definition itself acts as a constraint on access to public support for a significant number of companies, particularly those backed by PE/VC. The top-up approach addresses the issue only indirectly and in a limited set of cases, rather than creating consistency and accessibility of State aid across the board, rather than only in limited cases.

As outlined in [Invest Europe’s position on the SME definition](#), the existing SME framework relies on ownership-based criteria which can lead companies to lose SME status solely because of their financing structure, despite remaining SMEs in economic and operational terms. The underlying problem remains that the SME definition continues to treat PE/VC-backed companies as if they were part of integrated corporate groups, despite the fact that they operate as independent entities with separate accounts and management structures. This continues to create unequal treatment between companies with similar characteristics, and limits access to regulatory relief, incentives and public support schemes – as well as potentially discouraging investment – including State aid.

The revised GBER text needs a broader structural reform. **On top of the top-up, the SME definition itself should be revised to reflect the independence of private capital-backed companies, in line with recent policy developments, including the European Commission’s May 2025 Recommendation on Small-mid-Cap (SMC) enterprises, and the European Commission’s March 2026 Commission Recommendation on the definitions of innovative enterprises, startups and scaleups.**

15. Please indicate for which categories of aid where the option to grant higher aid intensities for small aid amounts would be used most:

	Answer
R&D	X
Environmental and climate protection	X
Energy efficiency	X
Unsure	

16. Please estimate (in your assessment, consider the number of SME status verification spared, how many working days you would save):

	Estimate
The number of SME-status checks this new option would spare.	Difficult to quantify precisely. However, SMEs represent a large share of companies in the PE/VC investment universe (more than 80% in 2024), although they account for a significantly smaller share of total investment amounts (29%). The impact would be greater in VC, both in numbers of companies, as well as investments, but also in growth (more than 70% of investments) and buyout (half of investments). Thus, this could impact a substantial share of economically relevant applications, particularly those linked to larger projects or scaling companies.
What percentage of your total annual GBER applications does this represent?	Please see the answer above-mentioned
Average staff time currently spent per application (in working days):	NA – see above
Estimated time per application under the new rules (in working days):	NA – see above

6. [Regional aid- simplifications on the eligibility of investment costs](#)

17. How would you rate the expected reduction in administrative burden resulting from the simplification of Article 15(6) and the removal of Article 15(7) requirements? Please select a score from 1 to 5:

	Answer
1 - No reduction	
2 - Limited reduction	
3 - Moderate reduction	
4 - Significant reduction	X
5 - Very significant reduction	

Comments

Answer:

By moving toward objective triggers (like market conditions) and removing arbitrary accounting hurdles, the revised GBER will provide greater legal certainty and predictability at the project design

stage. This ensures that viable, strategic projects, especially for scaleups, are not disqualified simply because they fail a rigid, non-standard accounting test.

7. [Aid for R&D and Innovation](#)

20. How would you rate the expected reduction in administrative burden resulting from this change? Please select a score from 1 to 5:

	Answer
1 - No reduction	
2 - Limited reduction	
3 - Moderate reduction	
4 - Significant reduction	X
5 - Very significant reduction	

21. Drivers of simplification: if possible, please indicate which elements contribute most to the expected time savings:

	Answer
Optional category of research 'applied research'	X
Simplified conditions for receiving/granting top-ups for R&D-projects that involve effective collaboration	X
Prolonged permitted duration of operating aid for innovation clusters	X

Comments

Answer:

The relief from accounting for and reporting costs separately, the removal of rigid thresholds, the introduced flexibility needed to structure efficient transactions between diverse partners of the same ecosystem (startups, large firms, and universities), and the extension of support for innovative clusters, all ensure that State aid can act as a more effective catalyst for private investment across a company's full lifecycle, acknowledging the realities of building an innovation ecosystem.