

Invest Europe’s response to the Open Public Consultation on the 28th regime – an EU corporate legal framework

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

I. Barriers related to corporate law issues

2. Please indicate which of the issues below you consider as main barriers for setting up, operating or closing down a company or attracting finance in the EU, and to what extent:

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know / no opinion
Different national company law rules and company forms in Member States, such as e.g. GmbH in Germany, SARL in France or BV in Belgium	X					
Lack of available information about company legal forms and/or the procedure to set up companies in other Member States		X				
Legal advice needed due to complexity related to different company legal forms and/or the procedure to set up companies in other Member States		X				
Difficulties related to cross-border groups i.e. to the expansion of the company in other Member States through subsidiaries	X					
Lack of an “EU brand” for private companies	X					
Insufficient availability of digital tools and procedures related to setting up of companies		X				
Insufficient availability of digital tools and procedures related to operation of companies e.g. digital general meetings, online filing		X				
Insufficient availability of digital tools and procedures related to the closure of companies		X				
Lack of implementation of the “once-only” principle (whereby	X					

company needs to submit the information only once and information is automatically shared between the authorities)						
Divergent company law frameworks in Member States	X					
Lack of available information about company legal frameworks and/or the procedure to invest in companies in other Member States		X				
Legal advice needed due to complexity related to different company legal forms and/or the procedure to invest in companies in other Member States		X				
Complex and non-flexible rules e.g. governing capital increases, shareholder rights, etc.	X					
Insufficient availability of digital tools and procedures to invest in companies		X				
Language issues			X			
Other issues						X

3. Given the existing barriers, how do you assess the costs for companies, including innovative companies, start-ups and scale-ups, to set up, operate or close down in the EU?

	Very low cost	Low cost	Moderate cost	High cost	Very high cost	Don't know / no opinion
Administrative burden related to setting up				X		
Administrative burden related to operating				X		
Administrative burden related to closing down					X	
Hassle costs (such as unnecessary waiting time, delays, redundant legal provisions) of setting up				X		
Hassle costs of operating				X		
Hassle costs of closing down					X	

Examples of costs or other comments:

Answer:

While still manageable (with legal support), setting-up, operating and closing down a company still involve significant burdens, creating real costs for scaling businesses and private investors. Closure is particularly problematic, as complex and slow liquidation processes undermine efficient exits and discourage cross-border investment.

4. Would establishing an EU-brand - including a distinct name and an abbreviation - for 28th regime companies bring benefits?

	Answer
Yes	X
No	
Don't know	

To what extent would it bring the following benefits:

Benefit	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know / no opinion
More start-ups would be created in Europe		X				
Investors would be attracted to invest in the 28th regime companies	X					
Other companies (suppliers, contractors etc.) from other Member States would be attracted to do business with the 28th regime companies		X				
Consumers would recognise the 28th regime company as an EU company and would buy more products and services from such companies			X			
Other benefits						X

II. Structure and the core elements of the 28th regime companies

5. In your view, what would be an appropriate company type for the 28th regime companies?

Question	Answer
Private limited liability company (a company legal form traditionally designed for smaller companies, usually not able to offer shares to the public)	
Public limited liability company (a company legal form traditionally designed for larger companies, companies listed on regulated markets are normally public companies)	
Other	X

Please elaborate:

Answer:

The regime should focus on all companies with a growth potential and allow them to stay in it as they grow. Restricting the scope too narrowly risks discouraging uptake or penalizing success if growing companies are forced to exit the regime later.

6. Who can set up a 28th regime company?

	Answer
Entrepreneurs who want to set up a company (natural persons)	
Groups of companies: a parent company sets up a subsidiary (legal persons)	
Both entrepreneurs and groups of companies (both natural and legal persons)	X

7. How many shareholders should a 28th regime company have?

	Answer
Only one shareholder (single member company)	
Minimum one shareholder	X
Minimum two shareholders	
Other option	

8. How can 28th regime companies be set up?

	Answer
By creating a new 28th regime company "from scratch" (new companies)	X
By converting an existing company into a 28th regime company	X
Other methods	

Existing companies could become 28th regime companies through:

	Answer
a domestic conversion	X
a cross-border conversion according to existing EU rules	X

If such conversion is permitted, please specify which types of companies should be eligible:

	Answer
Private LLC (e.g. the German GmbH, the French SARL, the Belgian BV)	X
Public LLC (e.g. the German AG, the French SA, the Belgian NV)	X
Partnerships (e.g. the German OHG, the French and the Belgian SNC)	X
Other company type	

9. Should the 28th regime companies:

	Answer
be allowed to have the registered office and the central administration (head office) in different Member States?	X

be required to have the registered office and the central administration (head office) in the same Member State?	
Other solution	

Please explain your choice:

<p>Answer: In 2024, 32.3% of all PE investments within Europe were cross-border – up from 28.6% in 2023 – reflecting rising cross-border activity. For VC, the share was 30.7%. Allowing the registered office and central administration to be in different Member States would support this growing trend and facilitate cross-border group structures, scaling, and exits. However, we recognize that its feasibility may be challenging given the divergence between Member States that follow the incorporation doctrine and those that apply the real seat doctrine.</p>
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10. In your view, which requirements for minimum share capital should apply to the 28th regime companies?

	Answer
No minimum capital	X
A symbolic amount (e.g. €1)	
€1000 - €5000	
€5000 - €10,000	
€10,000 - €25,000	
Other	

11. Please indicate to what extent you agree or disagree with the following statements about minimum capital requirement:

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know / no opinion
Minimum capital requirement creates an administrative burden for companies due to the formal process related to contributions		X				
Minimum capital is considered by creditors as a necessary protection			X			
Minimum capital contribution demonstrates shareholders' commitment to their business project				X		
As the amount of the minimum capital is not related to companies' size		X				

and activity, it is not suited to their real needs						
Other						X

12. If minimum capital is set at a low amount or not required for the 28th regime companies, should other safeguards be provided for creditors?

	Answer
Yes	X
No	
Don't know / no opinion	

Please indicate to what extent you agree or disagree that the following safeguards should be provided for creditors of the 28th regime companies:

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know / no opinion
Mandatory minimum capital increase in case of a significant annual loss				X		
Distribution of dividends allowed only if company can pay its planned expenses over a defined period of time		X				
Allocation of a specific percentage of profits to company's legal reserve up to a predefined amount			X			
Other safeguards						X

13. In your opinion, should the 28th regime company be subject to existing national rules (where those exist) on employee participation in the same way as other companies registered in the same Member States?

	Answer
Yes	
No	X
Don't know / no opinion	

Please explain your answer:

Answer:

A core objective of the 28th regime is to offer a simple, non-fragmented legal form suitable for innovative companies operating and scaling across borders. Allowing national employee participation rules to apply would undermine this aim – especially during expansion or restructuring – particularly if companies can convert into the 28th regime, separate their registered office and head office across Member States, and operate in multiple jurisdictions.

14. Do you consider that the 28th regime companies should be able to carry out cross-border conversions, divisions or mergers in accordance with existing rules on companies' cross-border mobility (Directive (EU) 2019/2121)?

	Answer
Yes	
No	X
Don't know / no opinion	

Please explain your answer:

Answer:

While the Directive offers a useful baseline for cross-border conversions, mergers, and divisions, its nature as a Directive means national implementation varies. For 28th regime companies, this creates legal uncertainty.

III. Simple, flexible and fast procedures and rules for 28th regime companies

15. Do you consider that all tools and processes for the 28th regime companies should be fully digital, without paper-based alternatives?

	Answer
Yes - all procedures should be only online.	X
No - all procedures should be online, but a paper-based / offline option should be available in parallel.	
Partially - Procedures should be primarily digital but with some exceptions.	

Please explain your answer:

Answer:

Paper-based procedures increase the risk of errors, delays, and administrative burdens and costs, which affect investment timing and investors' confidence. Paper-based processes also require additional resources and reduce accessibility for international teams and cross-border investors. The 28th regime must be fully digital to deliver speed, scale, and EU-wide usability.

16. In your opinion, what are the main barriers that make it difficult to set up private limited liability companies fully online, including related formalities, in the EU?

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know / no opinion
The EU rules on fully online setting up of companies are not implemented fully / correctly		X				
Companies are not aware of the existing rules and possibilities to set up a private limited liability company fully online		X				

Technical solutions are not user-friendly and do not function properly		X				
It is not possible to carry out all the steps for the formation of a company fully online	X					
It is not possible to carry out all the steps for the formation of a company without the involvement of intermediaries	X					
It is not possible to carry out all the steps for the formation of a company in English		X				
The process to form a company takes too long		X				
It is burdensome/time-consuming to have to submit company information separately to other authorities than the business registers (e.g. for tax purposes)	X					
Other barriers						X

Please explain which steps cannot be carried out fully online:

Answer:

In many Member States, notarisation, wet ink signatures, and apostilles are still required, often combined with in-person visits, regardless of company complexity. These vary significantly across jurisdictions and create friction, and are not needed in a digital world. While they are not necessarily per se the reason why entrepreneurs do not set up companies, they can constitute real and significant barriers, especially for start-ups which do not have significant means at the start of their life.

Please explain which steps cannot be carried out without the involvement of intermediaries:

Answer:

Please see previous answer.

Please explain which steps would be most important to have in English:

Answer:

Having the possibility to carry out any step in the same language across Member States would provide greater coherence.

How long does it take to set up a company?

	Answer
Less than 2 working days	

Between 2 and 5 working days	
Between 5 and 10 working days	
Between 10 and 20 working days	X
More than 20 working days	

Why does the process to form a company take too long?

	Answer
Due to the time needed by business registers to complete registration	X
Due to the involvement of intermediaries	X
For other reasons	

To which authorities and for what purposes?

Authorities and Purposes	Answer
Tax authority – in the context of obtaining a Tax Identification Number (TIN)	X
Tax authority – for other tax purposes	
Social security funds or other competent authority – due to requirements related to social security obligations	X
Relevant authority related to anti-money laundering issues	X
Other authorities	

17. In your opinion, would the following digital tools and solutions contribute to a fast and efficient setting up of 28th regime companies and to what extent?

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know / no opinion
Providing a single access point/single interface/one-stop-shop to register the 28th regime companies in the EU	X					
Introducing a single, harmonised registration form for the 28th regime companies	X					
Ensuring that the information submitted by the 28th regime companies for registration is shared with other authorities relevant for the registration (once-only principle)	X					
Other digital tools and solutions						X

18. Based on your experience, are there still issues regarding electronic identification of persons when setting up a company online or carrying out other online procedures by companies in another Member State?

	Answer
Problems related to the recognition and/or acceptance of the electronic identification	X
Lack of clarity and guidance on the use of electronic identification in company registration and filing procedures	X
Technical problems when using electronic identification	X
Limited availability of electronic identification solutions	X
Other issues	
None of the above	

19. Based on your experience, what are the remaining problems regarding the use of electronic signatures when setting up a company or carrying out other online procedures by companies in another Member State?

	Answer
Problems related to the recognition and/or acceptance of the electronic signatures	X
Costs associated with obtaining and using electronic signatures	X
Lack of clarity and guidance on the use of electronic signatures in company registration and filing procedures	X
Technical problems when using electronic signatures	X
Limited availability of electronic signature solutions	X
Concerns about the security and integrity of electronic signatures, such as the risk of fraud or tampering	X
Other problems	
None of the above	

20. In your opinion, how could the 28th regime companies benefit from the future European Business Wallet to ensure seamless and quick digital procedures for these companies?

Answer:

The European Business Wallet could enable 28th regime companies to seamlessly authenticate, share credentials, and receive official communications across borders, reducing reliance on fragmented national portals, providing greater scalability for companies operating cross-border.

21. In your view, what would be the most appropriate approach for 28th regime companies?

	Answer
A standardised template of the Instrument of Constitution / Articles of Association should be mandatory for 28th regime companies: founders would need to adopt a standardised template of Articles of Association when they register 28th regime companies.	
A standardised template of the Instrument of Constitution / Articles of Association should be mandatory for 28th regime companies but with some flexibility: founders would need to use a standardised template when they register 28th regime companies but could choose from a list of pre-determined optional clauses (e.g. voting rights, profit distribution, board rules) to adapt it to their needs.	X
A standardised template of the Instrument of Constitution / Articles of Association should be optional for 28th regime companies: founders could choose between a	

standardised template of Articles of Association or tailor-made Articles of Association when they register 28th regime companies based on their specific needs.	
Other approach	

22. Given that there is a trade-off between the use of a standardised template of Instrument of Constitution / Articles of Association, which can ensure faster set-up, and flexibility, which one do you consider more important?

	Answer
Prioritise faster company registration through a fully standardised template, even if this limits the founders' ability to customise governance structures.	
Allow founders flexibility to tailor their Instrument of Constitution / Articles of Association to their specific needs, even if this can result in longer registration times and lack of uniform Instrument of Constitution / Articles of Association across the EU.	
Other	X

Please explain:

The 28th regime should deliver both speed and flexibility. This is not a trade-off, it is a design challenge. An ambitious regime must offer fast company creation via a digital template, while enabling founders and investors to customize key governance features.

23. To what extent do the following issues cause practical difficulties when companies want to amend their Instrument of Constitution / Articles of Association?

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know / No opinion
Lack of fully digital procedures		X				
Lack of online general meetings		X				
Challenges with the identification of shareholders from other Member States or third countries in online general meetings		X				
Limited acceptance of electronic signatures across jurisdictions (either from Member States or third countries)		X				
The adoption of amendments takes too long due to the involvement of intermediaries to process those	X					
The adoption of amendments takes too long due to other formalities				X		
Lack of clarity about the applicable legal framework governing the procedure to amend the Instrument of	X					

Constitution / Articles of Association (e.g. about required steps, authorities or intermediaries involved, and the timeline for approval and registration)						
No English language version of a template for the Instrument of Constitution / Articles of Association			X			
Other issues						X

24. In your opinion, do companies currently face problems to hold meetings online?

	Answer
Yes	X
No	
Don't know / no opinion	

Please explain:

<p>Answer: Although online and hybrid meetings are increasingly allowed in theory, in practice companies face legal, technical, and administrative barriers: board members and shareholders are based in different Member States and need reliable virtual governance, there is no uniform standard for digital ID, proxy validation, or e-voting, and local law requires physical presence or notarial certification for certain decisions.</p>

25. In your opinion, how should the shareholders and directors be able to participate and vote in the company meetings:

Participation Type	Only online	Only in person	Hybrid mode (participation possible both online and physically)	Other	Don't know / no opinion
Shareholder participation and voting in general meetings			X		
Directors' participation and voting in the board of directors' meetings			X		

26. How should the rules about the format of the general meetings or meetings of the board of directors of the 28th regime companies (i.e. whether they are virtual, in-person, or in hybrid mode) be defined?

	Answer
The 28th regime companies should be able to decide on the format of the general meetings and meetings of the board of directors in their Articles of Association	X
The format of the general meetings and meetings of the board of directors of the 28th regime companies should be regulated by law	

Other	
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27. Do you believe that technologies like Distributed Ledger Technology (such as blockchain) could support 28th regime companies in improving key corporate functions, such as share issuance, transfer and trading of shares or decision-making processes?

	Answer
Yes	
No	
Don't know / no opinion	X

28. To what extent do you consider the following issues to be barriers to the efficient closure of a company in the EU?

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know / no opinion
The absence of a simplified / harmonised procedure for winding-up a company	X					
Impossibility to carry out all the steps for the closure of a company as regards the business register fully online		X				
Impossibility to carry out all the steps for the closure of a company without the involvement of intermediaries	X					
Impossibility to carry out all the steps for the closure of a company in English			X			
Technical problems – lack of user-friendliness or functional problems with technical solutions			X			
The process to close a company takes too long	X					
The need to notify several authorities separately		X				
Other issues						X

Please explain which steps cannot be carried out fully online:

<p>Answer: In some jurisdictions, liquidation filings, creditors' notifications, and registry updates still require physical presence, notarized signatures or manual steps, slowing down and complicating closures.</p>
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Please explain which steps cannot be carried out without the involvement of intermediaries:

Answer:

Notaries or legal professionals, while sometimes helpful, are still at times overused in many Member States to validate closure documents, notify creditors, or file registry updates, even for microenterprises, increasing cost and delays.

Please explain which steps would be most important to have in English:

Answer:

Registry procedures, notifications to creditors, and tax/social security filings are key steps that should be available in English to support cross-border founders and investors in pan-European portfolios.

Please specify how long it takes and why:

Answer:

Depending on the Member State, closure may take several months or longer due to judicial bottlenecks, and overly formal or manual procedures, which is a deterrent for investors.

To which authorities and for what purposes?

Authorities and Purposes	Answer
Tax authority	X
Social security funds or other competent authority – due to requirements related to social security obligations	X
Other	

IV. Attracting investment to 28th regime companies

29. In your experience, what are the main barriers to attracting private investments – e.g. through a capital increase – particularly when the investor is based in another Member State or in a non-EU country?

	For companies	For EU Investors	For Non-EU Investors	Don't know / no opinion
The need to involve intermediaries and follow in-person procedures when the general meetings give approval to capital increases	X	X	X	
Time-consuming procedures to increase capital	X	X	X	
Difficulties in verifying investor/shareholder identity remotely, including in the context of the participation in the general meeting				
Language and translation requirements				
Time-consuming procedures for foreign investors in the context of obtaining the tax identification numbers (TIN)				

High administrative or legal costs associated with the capital increase procedure	X	X	X	
Lack of (available) information about shareholders' rights, in particular in case of foreign investors				
Legal uncertainty or lack of clarity regarding required steps of a capital increase procedure	X	X	X	
Lack of cross-border platforms used for issuance and transfer of SME and start-up securities	X	X	X	
Other barriers				X

30. To what extent would the following measures help reduce or eliminate the practical barriers to attract and enable capital increase and other investments?

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know / No opinion
Enabling capital increases of 28th regime companies to be carried out fully online, including online participation in general meetings and voting.	X					
Introducing harmonised procedures across the EU for capital increases of the 28th regime companies	X					
Providing standardised templates, for example for a general meeting resolution related to capital increase decisions.		X				
Simplifying the procedure to issue a tax identification number (TIN) for foreign investors.	X					
Other measures						X

31. Should directors of the 28th regime companies be authorised - either by the general meeting of shareholders or through the articles of association - to negotiate and implement private equity investment agreements such as the US SAFEs or the French BSA AIR?

	Answer
Yes	X
No	
Under certain circumstances	
Don't know / No opinion	

Please explain your answer:

Answer:

Directors should be empowered to negotiate and implement similar instruments, which are designed for speed, flexibility, and cost-effectiveness – core priorities for the 28th regime. Requiring full shareholder approval each time would slow down access to capital and contradict the regime’s purpose.

32. Should an optional standardised model/template for such private equity investment agreements be developed for the 28th regime companies to facilitate their early-stage financing across the single market?

	Answer
Yes	
No	
To some extent / under certain circumstances	X
Don't know / No opinion	

Please explain your answer:

Answer:

A standardised optional model could serve as a helpful starting point. However, flexibility remains key for early-stage financing, and such a template should not restrict negotiation or override market-driven customisation, which is often essential in venture capital deals.

33. Should the 28th regime companies be able to issue multiple classes of shares?

	Answer
Yes	X
No	
To some extent / under certain circumstances	
Don't know / No opinion	

What types of share classes do you consider most relevant or beneficial for the 28th regime companies? Please describe the features (e.g., limited voting rights, dividend preferences, governance privileges, etc.) that you believe would be particularly suited to the needs and objectives of such companies:

Answer:

Share classes with different voting rights, economic benefits, or governance privileges allow flexibility to attract investors, and align with startup growth needs.

34. Do you think that the use of multiple classes of shares could bring the following benefits for the 28th regime companies?

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know / no opinion

Make the 28th regime companies attractive to investors	X					
Make the 28th regime companies attractive for entrepreneurs/start-ups	X					
Facilitate the use of tailored shareholders' agreements	X					
Attract highly skilled employees and provide motivation for a long-term engagement	X					
Other benefits						X

35. In your opinion, should the 28th regime companies be able to freely transfer shares without any restrictions?

	Answer
Yes	
No	X
Don't know / no opinion	

Please explain your answer:

Answer:

The ability to restrict share transfers should remain available to 28th regime companies, especially in early stages. Such restrictions allow to manage ownership stability, protect minority rights, and preserve alignment among shareholders.

36. In case restrictions would be necessary, which type would be preferable?

	Answer
Pre-emption rights	X
Right of shareholders to approve a new shareholder	
Temporary transfer prohibition (lock-up period)	

Should those be mandatory or left to the 28th regime companies to define in their Articles of Association?

	Answer
Mandatory	
For companies to define in their Articles of Association	X
Don't know / No opinion	

37. What would be, in your view, the preferred financing channels for 28th regime companies?

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know / No opinion
Capital contributions from new shareholders or private investors, including, but not limited to, business angels, venture and growth capital funds, corporate venture capital, and other private equity actors who may contribute funds in exchange for ownership or profit-sharing rights	X					
Equity-based crowdfunding			X			
Access to SME Growth Markets			X			
Admission to other Multilateral Trading Facilities (private platforms that allow for the trading of equity instruments under flexible but regulated conditions)			X			
Admission to regulated Stock Markets: full public listing on a regulated exchange (e.g. the main markets of national stock exchanges), subject to compliance with the more stringent requirements of transparency, governance structures and reporting.				X		
Debt funding (e.g. loans, bonds, etc. including access to debt exchange markets for the issuance and trading of debt securities)			X			
Other financing channels						X

38. Do you consider that the proposal should include provisions to facilitate the eventual access of a 28th regime company to regulated markets as the company grows?

	Answer
Yes	X
No	
Don't know / no opinion	

Please explain your answer:

Answer:

Facilitating access to regulated markets as companies scale would contribute to the success of the 28th regime and to Europe's ability to retain and grow its most innovative firms. While not all companies will go public, provisions that enable a smoother transition to public listing would increase the regime's attractiveness to both investors and founders. While public offerings remain a less common exit route – 7% of total divestments (at cost) – compared to trade sales or sales to other PE firms, they play a relevant role in scaling high-value firms and enabling long-term capital access. Invest Europe's 2024 activity data shows that although the number of IPOs has declined, average deal size has increased significantly, indicating a shift toward fewer but more substantial listings, and therefore, a higher threshold for IPO access. The 28th regime should not wait until a company is IPO-ready; it should help get them there by removing barriers and building capacity. Importantly, listing on a regulated market should not trigger a mandatory exit from the regime. Doing so would discourage public growth planning or even joining the regime in the first place. The 28th regime must support the full company lifecycle, from early-stage innovation to growth, while preserving continuity and flexibility.

V. Other issues

39. Beyond the existing Restructuring and Insolvency Directive and the proposal for Insolvency Directive currently in the negotiations, what are the main obstacles related to insolvency for companies, especially when they do business in more than one EU country? Please explain, including how those issues could be addressed and whether possible measures in the area of insolvency or in its vicinity could apply to specific types of companies (such as innovative companies or start-ups):

Answer:

As per Invest Europe's 2024 activity data, in 2024, 83% of the companies backed by private equity were SMEs, including 98% when looking at VC, yet failed investments often face slow, fragmented, and costly wind-downs across EU Member States. However, traditional insolvency procedures are often too complex, too costly, and too lengthy for smaller and innovative businesses. These structural barriers delay capital recovery, discourage second-time entrepreneurship, and ultimately deter private investment in risk-taking ventures. The introduction of a dedicated, simplified insolvency liquidation system within the 28th regime that facilitates cost-effective and timely winding-up of insolvent innovative businesses – particularly those with no or minimal assets – would help encourage follow-on investments and increase capital flows into these early-stage, high-risk companies. Faster and cleaner fund exits, lower capital drag, legal costs, and complexity would support founder re-investability.

40. What are the main obstacles related to taxation for companies, especially when they do business in more than one EU country? Please explain:

Answer:

Startups and scaleups face significant tax-related barriers when operating across borders in the EU. On the investor side, national incentive regimes vary widely, making it harder to raise capital in multiple countries. R&D tax incentives are similarly inconsistent, creating uncertainty and complexity for innovative firms. These obstacles collectively discourage cross-border scaleup and limit the EU's potential as a market for innovation.

41. Are there any potential tax measures, including tax incentives, that you would consider helpful to support the future 28th regime’s goal of allowing start-ups and scale-ups to develop in the EU? Please explain:

Answer:

Measures that enable growth for startups and scaleups would include: the creation of an EU-wide tax incentive scheme for private investors in innovative companies, and a common R&D incentive framework to simplify and encourage innovation investment across borders. In addition, from a VAT perspective, the following proposals could be useful:

- (i) the possibility, for startups and scaleups, to request accelerated VAT credit refunds and
- (ii) the possibility, for startups and scaleups, to apply the reverse charge mechanism on purchase transactions.

Instead, for direct taxes purposes, the following proposals could be useful:

- (i) investment tax credits for investors in startups and scaleups;
- (ii) an income deduction for capital contributions in startups and scaleups, in line with the proposed Directive n. COM (2022) 216 final (Debt Equity Bias Reduction Allowance, so called “DEBRA”;
- (iii) an exemption from dividend distribution to investors;
- (iv) a fully interests deduction for startups and scaleups, as derogation of provisions set forth by ATAD Directive;
- (v) an exemption from capital gain for investors in case of sale of shareholdings into startups and scaleups.

Broader EU-wide availability of such incentives, however, and not exclusivity to companies using the 28th regime, should be the end-goal.

42. What are the main obstacles related to employment for companies, especially when they do business in more than one EU country and employ people in various Member States? Please explain:

Answer:

Companies operating across borders face employment-related challenges due to the fragmentation of labor laws. Hiring costs, social security obligations, employment protection rules, and collective bargaining frameworks vary widely across the EU, and require deep legal expertise or costly reliance on local consultants, even for small teams. This increases compliance risk and introduces friction in cross-border operations, because, as a result, complex workforce planning and the likelihood of administrative errors represent a common occurrence. These burdens fall disproportionately on high-growth companies and create structural barriers to labor mobility. For the PE/VC industry, this complexity reduces operational efficiency, slows expansion, and impairs value creation. Without a predictable, streamlined employment framework, even well-funded startups struggle to build pan-European teams, even though their ability to attract and retain talent across Member States remains a key condition for scaling competitive businesses and attracting capital.

43. Are there any potential employment related measures that you would consider helpful to support the future 28th regime’s goal of allowing start-ups and scale-ups to develop in the EU? Please explain:

Answer:

A 28th regime should support growth by enabling startups and scaleups to hire and operate across borders with less legal friction through a simplified EU-wide employment framework. Businesses within the scope would benefit from tools such as standardised employment contracts,

harmonised onboarding procedures, and aligned rules on leave, benefits, and working conditions. This would support talent mobility and workforce flexibility. Additionally, a fast-track EU visa for the employees of 28th regime businesses would help attract skilled workers from abroad. To remain competitive, a 28th regime must empower individuals and companies not just to start here – but to hire and succeed here at scale.

44. What are the main problems related to cost of failure for companies in the Single Market?

Please explain:

Answer:

The main problem related to cost of failure is financial. Failure is largely accepted within the PE/VC ecosystem, as part of the high-risk, high-reward strategies involved. This is because in innovation-driven sectors like PE/VC, this is an inherent part of the business model, given that startups face high failure rates, especially in the first years of operation. However, the financial and procedural burden of managing business failure remains. For PE/VC investors, restructuring or winding down portfolio companies involves significant costs and legal complexity. Financially, restructuring is often expensive due to fragmented legal frameworks, and inconsistent insolvency procedures across Member States. Restructuring plans are typically bespoke and require navigating complex legal and regulatory environments, often under tight time constraints and with high information sensitivity. The requirement for deep legal and financial expertise drives up costs, increases the perceived risk of early-stage investment, and thus creates uncertainty for investors.

45. Are there any potential measures that you would consider helpful to reduce the financial and non-financial cost of failure? Please explain:

Answer:

Please see our answer to question 39.

46. In your view, which companies would most need rules to facilitate the use of employee stock options or similar equity-based instruments for their development across the EU?

	Answer
Startup companies	X
Scaleup companies	X
Innovative companies	X
Other	X
Don't know / no opinion	

Please explain why:

Answer:

As with other tax incentives, broader EU-wide availability of such incentives and not exclusivity to companies using the 28th regime, should be the end-goal. Specifically for ESOs, potential measures include: a common tax framework for employee equity regardless of the jurisdiction of residence, ensuring consistent treatment on grant, vesting, and sale of shares/options, and an EU-wide approach to share valuations, with mutual recognition or standardised valuation principles. In addition, a potential measure could include a tax exemption regime for stock options offered to startups and scaleups' employees, in order to avoid direct taxes (including withholding taxes) at employee level and avoid financial outlays for the relevant company.

47. What are the main barriers that companies face when trying to use employee stock options (ESOs) or similar equity-based instruments to attract and retain talent? Please explain:

Answer:

One key obstacle is the fragmented tax treatment of employee equity: share and option plans are taxed differently across Member States (e.g., capital gains vs. employment income), creating legal uncertainty and administrative burden. Additionally, the lack of mutual recognition of share valuations exposes companies to retroactive tax reassessments and increases compliance costs.

48. In the context of EU initiatives to support innovative startups and scale-ups, do you believe that solutions such as steward ownership models and asset lock mechanism are needed?

	Answer
Yes	
No	X
Don't know / no opinion	

Please elaborate:

Answer:

PE/VC funds play a crucial role in supporting innovative startups and scaleups by taking on risk in exchange for the potential of a future return. A permanent asset lock, which restricts profit distribution and prevents exit opportunities, would undermine this model and limit access to critical growth capital.

49. In your opinion, would the development of a European Business Code be beneficial for companies operating in the Single Market?

	Answer
Yes	
No	
Don't know / no opinion	X