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Delegations will find attached document SWD(2026) 322 final.

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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the document

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

on THE 28TH REGIME CORPORATE LEGAL FRAMEWORK - 'EU INC'

{COM(2026) 321 final} - {SEC(2026) 321 final} - {SWD(2026) 321 final}

Executive Summary Sheet

Impact assessment report for the initiative on the 28th regime corporate legal framework

A. Need for action

What is the problem and why is it a problem at EU level?

The overarching problem that companies and in particular start-ups and scale-ups face in the EU is the **fragmentation of corporate rules** accentuated by the absence of a harmonised legal form with an EU brand suitable for smaller companies such as startups. Companies also face **burdensome, complex and often non-digital corporate rules and procedures** throughout their lifecycle. The insufficient availability of digital tools, processes that don't reflect the "once-only principle", and divergent minimum capital requirements result in delays and burdens when setting up a company. Similarly, non-digital and complex corporate rules such as procedures related to amendments of the articles of associations or liquidation render the operation and closure of companies burdensome and slow. In addition, EU founders and companies face **difficulties in attracting early-stage and growth-stage investment** due to fragmented, non-digital and costly requirements concerning the entry and exit of investors, e.g. for capital increases, share transfers and terms expected by venture capitalists. Divergent national rules also undermine the ability of European companies to offer competitive employee stock ownership plans to compete for top talent. All these problems lead to **legal uncertainty, administrative burden and costs**.

What should be achieved?

The **overall objectives** are to strengthen the competitiveness of EU companies and the EU economy, to improve the functioning of the single market, to provide better conditions for starting a business and better opportunities for company growth, and to encourage more investment into EU companies and in particular, startups and scaleups.

More **specifically**, the initiative aims to provide a common corporate legal framework in the EU, with simple and efficient corporate rules and procedures throughout the company lifecycle and an enabling framework to invest, responding to the needs of startups and scaleups but legally open to all founders and companies.

What is the value added of action at the EU level (subsidiarity)?

There is a strong value added because the identified problems are mainly caused by divergent national rules and a lack of appropriate rules at EU level. A coherent legal corporate framework with a harmonised company form and an EU brand to address such issues can only be achieved by EU-level action to provide common rules across the single market.

Without EU-level action, national legislative developments to improve business environment for companies, including start-ups and scale-ups, would continue but would likely maintain a patchwork of laws rather than result in a unified solution throughout the single market. EU founders would continue to face challenges when setting up and running companies, and some startups would continue to move to third countries with more attractive conditions to scale up.

B. Solutions

What are the various options to achieve the objectives? Is there a preferred option or not? If not, why?

The impact assessment analyses the policy options under **7 main issues relevant for the planned initiative**, i.e.: providing a harmonised company legal form; making registration of companies and in particular startups quicker and simpler; ensuring once-only submission of information in the context of registration; facilitating

closure (liquidation); attracting talent; providing a flexible governance and capital regime; and facilitating exit options.

All the assessed policy options would entail legislative measures, given that the problem drivers are legal. A legislative initiative was also announced in the Competitiveness Compass, the Single Market and Startup and scaleup Strategies and the 2026 Commission Work Programme. The **preferred option** consists of a **package** of preferred measures under each of the main issues:

1. Introduce a new harmonised legal form for a 28th regime company with an EU brand, to be set up by natural and legal persons, or through domestic conversions and cross-border conversions, divisions and mergers, and with harmonised rules for branches of 28th regime companies;
2. Create an EU single interface, based on the Business Registers Interconnection System, BRIS, for registration of 28th regime companies with harmonised bilingual templates, with a deadline (48 hours) and a cost ceiling of EUR 100 for registration including the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons;
3. In the context of registration, ensure that the company information is transferred from the business register to the authority in charge of the TIN and VAT identification numbers, social security authority and beneficial ownership register without the 28th regime company needing to submit it again (“once-only principle”), and that the company obtains the TIN and the VAT identification numbers;
4. Ensure that filings by the liquidator for closure (outside insolvency) are transferred from business register to other authorities (“once-only principle”); provide for online filing of claims from creditors; a simplified liquidation procedure for solvent companies without assets and debts; and simplified insolvency procedures thanks to their full digitalisation;
5. Allow 28th regime companies to set up employee stock ownership plans (ESOPs) and issue classes of shares with distinct voting rights and introduce an optional common EU-ESO scheme for 28th regime companies, with harmonised timing for the taxation of employee stock options under the EU-ESO.
6. Create a flexible governance system; provide simple and fully digital procedures to increase capital and issue shares; enable the use of modern early-stage financing instruments like SAFEs; and introduce EUR 0 or 1 minimum capital but no paid-in share capital for incorporation with harmonised creditor safeguards.
7. Ensure that transfers of shares of 28th regime companies can be carried out fully digitally, without involvement of intermediaries, and with a possibility for Member States to allow access to public equity markets to 28th regime companies.

What are different stakeholders' views? Who supports which option?

Overall, **stakeholders across the consultation activities** (public consultation, call for evidence, targeted meetings with stakeholders, High Level Forum on justice for growth, expert advice from company law professors) confirmed the identified problems and broadly supported action at EU level.

Companies, founders and investors (accounting for a large majority of consultation respondents) strongly supported a common corporate legal framework which would include digital and more efficient procedures to set up and invest in companies, and measures to make it easier to attract and retain employees through employee stock options. There was also agreement across stakeholders in favour of a broad scope for the framework, in particular for not limiting it to a sub-set of companies such as startups or innovative companies.

Legal practitioners stressed the need for legal advice when establishing a company and emphasised the importance of preventive checks in company formation procedures, whereas **trade unions** strongly stressed the importance of respecting workers' rights.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise of main ones)?

Founders and companies choosing the legal form of a 28th regime company will strongly benefit from the initiative at each step of their lifecycle: from more efficient registration with the “once only principle” exchange

of information between authorities and EUR 0 or 1 minimum share capital, from a common EU-ESO scheme for employee stock options with a harmonised timing of taxation, and from simpler or digitalised closure procedures. The package is expected to strongly reduce **administrative burdens with savings** between EUR 328 million and 440 million for the estimated 308 000 28th regime companies over a period of 10 years. 28th regime companies would also benefit from simpler and digital procedures for capital operations (e.g. capital increases, share issuance) and other corporate law procedures (e.g., online shareholder meetings).

The package is expected to also **significantly improve the investment environment** with both **investors and companies** benefiting from administrative burden reduction due to the removal of in-person formalities and mandatory involvement of intermediaries for share transfers, with the estimated average savings of EUR 1 780 – EUR 2 850 for a growth-stage transaction of EUR 500 000, and fully digital procedures to increase capital and issue shares, with savings of around EUR 1 100 per financing round. Investors would also profit from improved exit options in Member States allowing 28th regime companies to access public equity markets without a legal conversion.

Public authorities, including business registers, are expected to benefit from efficiency gains stemming from digital procedures and the “once-only” transmission of company information. Common rules and a recognisable EU brand should also result in increased legal certainty for public authorities, intermediaries involved in corporate procedures, such as notaries, and private legal professionals.

What are the costs of the preferred option (if any, otherwise of main ones)?

The package is expected to result in only **limited one-off adjustment costs** for existing companies that choose to become 28th companies through domestic conversions or cross-border mergers, divisions or conversions, including legal and organisational changes.

What are the impacts on SMEs and competitiveness?

As most 28th regime companies are expected to be set up by natural persons and be **SMEs**, the estimated overall administrative burden reduction of EUR 328 million to EUR 440 million over a period of 10 years **would mostly benefit this group of enterprises**. Some existing SMEs could also choose to become 28th companies and some others would benefit indirectly, e.g. as business partners or subcontractors. The initiative will also in particular benefit **start-ups and scale-ups** as it responds in many of its features to their needs.

By harmonising and strengthening the regulatory framework for companies in the single market, the initiative would make the EU a more attractive location for innovative and growth-oriented companies and therefore, contribute to the EU’s long-term competitiveness. The possibility of an affordable and fast incorporation of 28th regime companies should encourage European founders to set up companies in the EU. Simplified and/or digitalised procedures throughout the company lifecycle, including to attract investment, as well as the EU-ESO should also enhance the **EU’s attractiveness as a place to scale and to attract and retain employees**, offering strong advantages as compared to other jurisdictions.

Will there be significant impacts on national budgets and administrations?

This package is expected to result in one-off costs, estimated at EUR 2.7 million for all Member States, to **adapt national IT systems** to the EU single interface for registration of 28th regime companies. Member States will be able to build on the technology already developed to interconnect national business registers to BRIS. There are likely to be extra costs for some Member States to connect authorities in charge of preventive control to business registers, estimated at around EUR 50 000 per each of those Member States. The automatic transmission of company information between business registers and other authorities would also entail limited **one-off IT costs**, given the digital developments already ongoing in national administrations. In the context of insolvency proceedings, some costs could be expected for **development and maintenance of platforms for electronic auctions systems** estimated to amount to between EUR 500 000 to EUR 700 000 for all Member States.

The cost ceiling of EUR 100 to complete the registration (with a standardised template) would entail **reduced revenue for business registers and other authorities** involved in the registration including preventive control.

This should be at least partially offset by increased economic activity and tax contributions from the new 28th regime companies.

The harmonised timing of taxation of employee stock options under the EU-ESO would derive **negative liquidity effects** for Member States where income from employee stock options is currently taxed at an earlier stage, but the effect is expected to be moderate and of a temporary nature, until taxes become due.

Will there be other significant impacts?

The initiative would strongly contribute to the **functioning of the single market**, including by reducing fragmentation of corporate rules and introducing digital by default procedures.

Proportionality?

The package of preferred measures will not go beyond what is necessary to achieve the objectives. The initiative is targeted as it addresses the areas which stakeholders, in particular companies and founders, raised as problematic in the consultation activities and focuses on providing a common corporate legal framework across the EU, which needs to be addressed at EU level. The estimated costs of the package are proportionate to the objectives and overall, a strong benefit is expected for companies, in particular startups and scaleups.

D. Follow up

When will the policy be reviewed?

The legislative proposal will include an obligation to carry out an evaluation after a specific time after the implementation of the relevant measures.