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From: General Secretariat of the Council
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Subject: *Preparation of the Council (Competitiveness (Internal Market, Industry, Research and Space)) on 28-29 May 2026*
Regulation on the 28th Regime Corporate Legal Framework - EU Inc.
- Policy debate

Delegations will find attached a note from the Presidency with a view to the Policy debate at the Competitiveness Council (Internal Market, Industry) on 28 May 2026.

POLICY DEBATE – The 28th regime corporate legal framework - 'EU Inc.'

On 18 March 2026, the Commission submitted to the Council a Proposal for a Regulation of the European Parliament and of the Council on the 28th regime corporate legal framework - 'EU Inc.'. On the same day, the Commission also tabled a Communication outlining the ongoing and future initiatives to complete the 28th regime in other policy areas, as well as a Commission Recommendation on the definition of innovative enterprises, innovative startups and innovative scaleups.

In its Conclusions on 19 March 2026, the European Council reaffirmed this Proposal as a high priority, calling for: *“a 28th regime for company law, to help European companies, in particular innovative companies, SMEs and start-ups, to operate and scale up across the Single Market, on a simple and digital-by-default basis. This optional harmonised regime for companies should be agreed by the co-legislators by the end of 2026, on the basis of the Commission Proposal of 18 March 2026”*.

The above timeline was also included in the 'One Europe, One Market' Roadmap, aiming at preventing and removing barriers to the four freedoms of the single market. It was signed by the President of the Republic of Cyprus as the rotating Presidency of the Council of the European Union, and the Presidents of the European Parliament and the European Commission on the sidelines of the Informal meeting of Heads of State or Government that was held in Cyprus on 24 April 2026.

The Commission Proposal introduces an optional harmonised corporate legal framework, including a company legal form, ‘EU Inc.’, to be integrated within the national legal order of each Member State. Key elements of the Proposal include a digital-by-default framework, incorporation within 48 hours, with costs lower than 100 Euros, digital procedures throughout the company’s life-cycle and once-only transmission of corporate information among authorities. It provides faster and digital insolvency procedures for EU Inc. companies, and an EU employee stock options scheme with harmonised features, and harmonised timing of taxation. The Proposal as a whole is expected to lead to less administrative burden and lower costs both for founders and companies, as well as for investors.

The Cyprus Presidency, immediately after the publication of the Proposal, set off its examination. The Working Party on Company Law has already held six meetings on this file, setting a quick pace of the negotiations. During these meetings, and after a discussion on its Impact Assessment, the Working Party has already completed a first examination of more than half of the Proposal. While delegations still maintain general scrutiny reservations on the text, they have expressed their strong support to the initiative and to the rationale behind the Proposal and have endorsed the aim of facilitating the operation of innovative companies across the EU. From the discussions, further clarifications may be needed on issues, including the legal basis, insolvency and taxation aspects, forum shopping, co-determination and the need for more safeguards.

Against this background, while negotiations in the Council are still at an early stage, political guidance is required from Ministers in order to move jointly and as quickly as possible towards a Council mandate on this file. The Cyprus Presidency invites Ministers to reflect on the following questions:

- How can the proposed 28th regime - 'EU Inc.' strengthen Europe's internal market and enhance its global competitiveness, and how do we best overcome the challenges to provide a balanced EU Inc. framework?
 - Which key elements of the Proposal do you consider to be the most essential for ensuring its overall accomplishment and which safeguards would constitute key enabling factors for its long-term effectiveness and success?
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