

What is the Small Business Act for Europe?

If your business is one of the 23 million SMEs operating in the EU today, you need to know about the Small Business Act for Europe and how your business could benefit as a result.



The Small Business Act for Europe sets out an ambitious set of measures to allow EU-based SMEs to maximise the opportunities provided through the Single Market and expand into international markets by committing more practical resources to small companies' access to finance, Research & Development and innovation, together with a more common-sense approach to red-tape and legislation faced by SMEs.

Unveiled earlier this year by the European Commission, the Small Business Act for Europe (SBA) is based on a number of guiding principles and proposes policy actions to be taken by both the Commission and Member States and also proposes a series of legislative changes to be introduced in the near future.

The European Commission are proposing a genuine partnership between the EU and its Member States to best reflect the general willingness to recognise the important role of SME businesses in the EU economy.

The main objective behind the Small Business Act for Europe is to build the best possible trading environment and regulatory conditions for SME businesses, including Entrepreneurs, crafts, micro-enterprises and family owned businesses and to make starting and running your own business a more attractive proposition.

The Small Business Act for Europe is a non-binding package, incorporating a variety of measures, legal and non-legal designed to make legislation more SME-friendly.

The measures, when implemented, will make it simpler for SMEs to participate in the standard-setting process, compete for public procurement contracts and turn environmental challenges into business opportunities.

The Small Business Act for Europe is fully embedded in the European Commission's Growth and Jobs strategy. Member States are invited to take advantage of the update of the Lisbon cycle 2008/09 to reflect the SBA in their National Reform Programmes.

What are the 10 guiding principles of the Small Business Act for Europe?

The following 10 principles are those considered essential by the European Commission to bring added value at EU level, create a level playing field for SMEs and improve the legal and administrative environment throughout the EU. They form the backbone of the Small Business Act for Europe:

- **Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded**
- **Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance**
- **Design rules according to the “Think Small First” principle**
- **Make public administrations responsive to SMEs’ needs**
- **Adapt public policy tools to SME needs: facilitate SMEs’ participation in public procurement and better use State Aid possibilities for SMEs**
- **Facilitate SMEs’ access to finance and develop a legal and business environment supportive to timely payments in commercial transactions**
- **Help SMEs to benefit more from the opportunities offered by the Single Market**
- **Promote the upgrading of skills in SMEs and all forms of innovation**
- **Enable SMEs to turn environmental challenges into opportunities**
- **Encourage and support SMEs to benefit from the growth of markets**

These principles can be categorised under two specific objectives:

- **Assist in the implementation of the European Commission’s “Think Small First” principle.**
- **Address the existing regulatory and market gaps that SMEs operating within the EU face on a daily basis.**

In order to turn these 10 key principles into actual policy, the Commission outlined (June 2008) a number of actions and recommendations to EU Member States. Full details of these can be seen in the document *Think Small First – A “Small Business Act” for Europe*, available electronically at http://ec.europa.eu/enterprise/entrepreneurship/sba_en.htm - aa

What are the new legislative proposals in the Small Business Act for Europe?

The European Commission has identified the following key legislative areas believed to have the most impact on EU-based SMEs. Through consultation with businesses and their representatives, the Commission have proposed the following changes:

- **General Block Exemption Regulation on State Aids (GBER)**

This Regulation, to be adopted shortly, will exempt, from prior notification, categories of State Aid already covered by existing regulations in the field of aid to SMEs, for training, employment, R&D and regional aid and possibly also for new categories of aid.

The new Regulation will simplify and harmonise existing rules for SMEs and increase the level of investment aid for SMEs.

- **New statute for the formation of a European Private Company (SPE)**

This Regulation provides for a Statute for an SPE “Societas Privata Europaea” that could be created and operate according to the same uniform principles in all EU Member States.

The Commission will also come forward with the necessary amending proposals to ensure that this new form of company can benefit from the existing corporate tax directives.

- **Directive on reduced VAT rates**

This directive, which will be proposed shortly, will offer Member States the option of applying reduced VAT rates principally for locally supplied services, which are mainly provided by SMEs.

- **Directive on late payments**

It is foreseen that in 2009 there will be a series of proposed amendments and revisions to Directive 2000/35/EC – Late Payments with a view to ensuring that SMEs are paid within 30 days for any commercial transaction.

Further developments and implementation of SBA elements into EU Member State policy are expected in December 2008.

If you'd like more detailed information regarding the *Small Business Act for Europe* please contact Enterprise Europe Network (West Midlands) on 0121 455 0268 or een@birminghamchamber.org.uk

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The Enterprise Europe Network is run throughout the Midlands Region as part of a Consortium made up of Coventry University Enterprises, Birmingham Chamber of Commerce and Derbyshire and Nottinghamshire Chamber of Commerce.

