

## Digital tools and processes in company law

The possibility for companies to operate in a favourable legal and administrative environment is crucial for economic growth. Companies already use digital tools in their interaction with administrations; however, they do so to differing degrees depending on the Member State. At the April II plenary session, Parliament is due to vote on the compromise text agreed following trilogue negotiations. The aim is to harmonise and foster the use of digital tools at the various stages in a company's lifecycle.

### Background

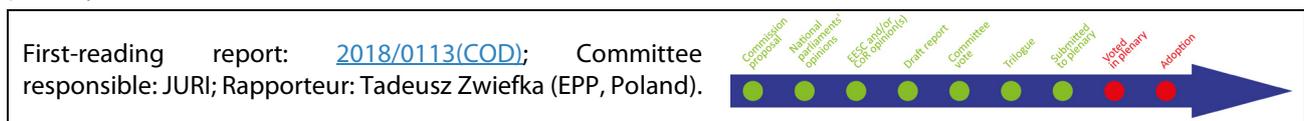
Digitalisation is an EU priority; witness the [digital single market strategy](#) and, more specifically, the [2016 e-government action plan](#). The latter stressed the role of public administrations in making it easier to set up a business, operate online and ultimately expand across borders. In its [resolution](#) on the e-government plan, the European Parliament called on the European Commission to promote ways to foster the use of digital technology to complete administrative formalities, underlining the importance of interconnected business registers. On the one hand, current [EU company law](#) is unclear regarding digitalisation requirements (e.g. online information on limited liability companies) and, on the other, it does not do enough to address certain fundamental issues relating to the company lifecycle (e.g. online registration).

### European Commission proposal

The Commission proposal amending [Directive \(EU\) 2017/1132 \(COM\(2018\) 239\)](#) ensures the mandatory recognition of EU citizens' e-IDAS-compliant means of electronic identification issued in another Member State while also allowing Member States to recognise other means of identification. It establishes transparency and the principle of non-discrimination for registration and filing fees, and affirms the possibility for an applicant or their representative to register a company without the need to appear in person before competent authorities (Member States can opt out here). The proposal also establishes a five-day time limit for the online registration of companies, a legal framework for requesting information on disqualified directors, and the obligation to provide complete online procedures for the submission of documents to the register. The 'once only principle' avoids duplication of requests for companies to submit or file documents, or register online.

### European Parliament position

On 4 December 2018, the Committee on Legal Affairs (JURI) adopted a [report](#) that recommended strengthening the proposal by providing a more detailed definition of registration (identification of the applicant, the drawing up or filing of the instrument of constitution, and the entry of the company on a business register as a legal entity, as provided for in national law). Other recommendations included: making it possible to submit documents and information online throughout the company's lifecycle; ensuring compliance of documents submitted with national law and [Regulation 910/2014](#) in terms of authenticity, accuracy and due legal form; and making it necessary to appear in person to file documents or register a business only in cases of overriding public interest, decided a case-by-case basis. The JURI committee also decided to open interinstitutional negotiations. Those trilogues [concluded](#) with an agreement on a [text](#), which was confirmed by JURI on 4 March 2019, and now needs to be adopted in plenary.



EPRS | European Parliamentary Research Service

Author: Silvia Kotanidis, Members' Research Service  
PE 637.903 – April 2019



This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. © European Union, 2019.

[eprs@ep.europa.eu](mailto:eprs@ep.europa.eu) (contact) <http://www.eprs.ep.parl.union.eu> (intranet) <http://www.europarl.europa.eu/thinktank> (internet) <http://epthinktank.eu> (blog)