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*Plenary sitting*

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**B9-0346/2023**

10.7.2023

## MOTION FOR A RESOLUTION

to wind up the debate on the statement by the Commission

pursuant to Rule 132(2) of the Rules of Procedure

on the state of the SME Union  
(2023/2750(RSP))

**Christian Ehler, Markus Ferber, Jens Gieseke, Markus Pieper, Ivan  
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on behalf of the PPE Group

**European Parliament resolution on the state of the SME Union  
(2023/2750(RSP))**

*The European Parliament,*

- having regard to Article 3(3) of the Treaty on European Union,
- having regard to Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises<sup>1</sup>
- having regard to Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions<sup>2</sup> (Late Payment Directive),
- having regard to Regulation (EU) 2021/690 of the European Parliament and of the Council of 28 April 2021 establishing a programme for the internal market, competitiveness of enterprises, including small and medium-sized enterprises, the area of plants, animals, food and feed, and European statistics (Single Market Programme) and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014 and (EU) No 652/2014<sup>3</sup>,
- having regard to its resolution of 23 October 2012 entitled ‘Small and Medium Size Enterprises (SMEs): competitiveness and business opportunities’<sup>4</sup>,
- having regard to its resolution of 8 September 2015 on family businesses in Europe<sup>5</sup>,
- having regard to its resolution of 16 December 2020 on a new strategy for European SMEs<sup>6</sup>,
- having regard to the Commission communication of 23 February 2011 entitled ‘Review of the “Small Business Act” for Europe’ (COM(2011)0078), and to Parliament’s resolution of 12 May 2011 thereon<sup>7</sup>,
- having regard to the Commission communication of 7 December 2011 entitled ‘An action plan to improve access to finance for SMEs’ (COM(2011)0870),
- having regard to the Commission communication of 7 March 2013 entitled ‘Smart regulation – Responding to the needs of small and medium-sized enterprises’ (COM(2013)0122),
- having regard to the Commission communication of 22 November 2016 entitled

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<sup>1</sup> OJ L 124, 20.5.2003, p. 36.

<sup>2</sup> OJ L 48, 23.2.2011, p. 1.

<sup>3</sup> OJ L 153, 3.5.2021, p. 1.

<sup>4</sup> OJ C 68 E, 7.3.2014, p. 40.

<sup>5</sup> OJ C 316, 22.9.2017, p. 57.

<sup>6</sup> OJ C 445, 29.10.2021, p. 2.

<sup>7</sup> OJ C 377 E, 7.12.2012, p. 102.

- ‘Europe’s next leaders: the Start-up and Scale-up Initiative’ (COM(2016)0733),
- having regard to the Commission report of 27 June 2023 entitled ‘Annual Report on European SMEs 2022/2023 – SME Performance Review 2022/2023’,
  - having regard to the Commission communication of 10 March 2020 entitled ‘An SME Strategy for a sustainable and digital Europe’ (COM(2020)0103),
  - having regard to the Commission communication of 10 March 2020 entitled ‘A New Industrial Strategy for Europe’ (COM(2020)0102),
  - having regard to the Commission communication of 5 May 2021 entitled ‘Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe’s recovery’ (COM(2021)0350),
  - having regard to its resolution of 15 September 2022 entitled ‘Implementation of the Updated New Industrial Strategy for Europe: aligning spending to policy’<sup>8</sup>,
  - having regard to its resolution of 15 February 2022 on the impact of national tax reforms on the EU economy<sup>9</sup>,
  - having regard to Rule 132(2) of its Rules of Procedure,
- A. whereas small and medium-sized enterprises (SMEs) are the backbone of our economy, as they make up 99 % of all businesses in the EU, employ around 100 million people and account for more than half of Europe’s GDP;
- B. whereas Article 3(3) of the Treaty on European Union refers to the single market, sustainable development and the social market economy ;
- C. whereas in the October 2022 joint survey by the European Central Bank and the Commission, SMEs were the most pessimistic about the overall economic outlook ever recorded; whereas as regards the access to finance of enterprises , SMEs also highlighted banks’ decreasing willingness to lend and the shrinking availability of credit lines;
- D. whereas industrial operational expenditure in Europe is high compared to global competitors;
- E. whereas this expenditure is largely driven by high energy prices, a high regulatory burden and high costs, including taxes;
- F. whereas only 17 % of SMEs have successfully integrated digital technology into their businesses; whereas digitalisation is crucial for strong economic growth and job creation in the single market;
- G. whereas European competitiveness is lagging behind other developed economies,

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<sup>8</sup> OJ C 125, 5.4.2023, p. 124.

<sup>9</sup> OJ C 342, 6.9.2022, p. 14.

threatening Europe's potential to generate wealth and prosperity;

- H. whereas regulatory burdens should be significantly reduced, including the financial and 'hassle' costs of compliance created by over-regulation and overly complex administrative procedures and reporting obligations;
  - I. whereas most innovations that have trouble entering the market because of undue regulatory restrictions and regulatory divergence between Member States come from SMEs;
  - J. whereas the estimated costs of tax compliance for large multinational enterprises amount to about 2 % of taxes paid, while the estimate for SMEs is about 30 % of taxes paid;
  - K. whereas between 65 and 80 % of all European companies are family businesses, accounting for 60 % of all jobs in the private sector;
  - L. whereas the Commission's use of the innovation principle when preparing new legislative proposals would significantly improve the market conditions for innovative SMEs in Europe, as it would foster healthy competition in the single market and speed up Europe's twin transitions;
  - M. whereas EU legislation must be properly balanced between fostering growth, entrepreneurship, climate adaptation and business productivity;
1. Calls on the Commission to carry out an overall assessment of the cumulative effect of EU legislation on SMEs in the EU, with a view to proposing simplifications where needed, as well as an enabling framework to ensure that the EU is the best place to establish SMEs in terms of competitiveness and growth;

### ***SME relief package***

2. Looks forward to the announced SME relief package and urges the Commission to be as ambitious as possible when drafting it;
3. Notes that late payments remain a major threat to the survival of SMEs, particularly in the current climate of high inflation and increased energy costs; highlights that an estimated one out of four bankruptcies in the EU are due to invoices not being paid on time;
4. Considers that the Late Payments Directive, which has been in place for over a decade, has not been effective enough at addressing the issue of SMEs being paid in a timely manner;
5. Welcomes the announcement that the Late Payments Directive will be revised and urges the Commission to ensure that the updated directive takes account of the immense challenges that SMEs face; stresses, in particular, that stronger enforcement measures should be included in the revised directive and that SMEs should be provided with effective dispute resolution and mediation tools; calls furthermore on the Member States to appoint a responsible authority to monitor compliance and intervene at the request of

SMEs when needed;

6. Welcomes the President of the Commission's announcement in her 2022 State of the Union address that a proposal for a single set of tax rules for doing business in Europe, the Business in Europe: Framework for Income Taxation (BEFIT), would be included as part of the SME relief package;
7. Underlines that the tax burden faced by European companies, especially SMEs, is a significant obstacle for their competitiveness and investment strategies and impacts their ability to generate growth and create jobs;
8. Reiterates that the BEFIT initiative should be supported by the necessary political processes to build political support for change and that the initiative should be accompanied by a thorough impact assessment; stresses that the BEFIT initiative represents an opportunity to tackle the costs associated with tax compliance and to reduce the administrative burden, while guaranteeing fair and transparent tax competition;
9. Takes note of the Commission's intention to present the BEFIT proposal on 12 September 2023 to kick-start the process of designing a new and single EU corporate tax rulebook, based on a fair, comprehensive and effective formulary apportionment and a common corporate tax base, which will provide clarity and predictability for companies; highlights the idea of a one-stop shop allowing for the filing of one consolidated tax return;
10. Observes that companies are coping with a volatile business environment and an increasing number of EU tax directives; calls, therefore, on the Commission to guarantee simpler tax rules for SMEs, as well as administrative support, to ease the tax compliance burden; calls on the Commission to give companies breathing space and enough time to prepare for the new proposed BEFIT rules; regrets that the Commission has not yet followed up on its 2020 announcement on EU taxpayers' rights and on simplified procedures for better tax compliance;
11. Calls on the Commission to make sure that the specific demands of SMEs are met, by only making BEFIT mandatory for large companies and keeping it optional for SMEs, especially those not doing cross-border business;
12. Takes note of the Commission's intention, under the proposed BEFIT rules, to allow SMEs that have cross-border operations in other Member States to operate under the tax administration they know best;
13. Underlines the need to prevent excessive bureaucracy and gold-plating and to reduce the regulatory burden for SMEs to the absolute minimum, while maintaining the highest standards for consumers, workers, health and environmental protection;

#### ***Improved access of SMEs to finance***

14. Notes that current economic challenges and increasing interest rates have led to tighter conditions for SMEs trying to access financing; calls on the Commission to increase its efforts on the capital markets union and to unlock funding for Europe's growth;

15. Welcomes the Commission's work on the listing act package, which aims to improve access to stock markets, particularly for SMEs, by alleviating the administrative burden associated with listing an enterprise on stock exchanges; welcomes, in this regard, the Commission's proposal of 7 December 2022 for a directive amending Directive 2014/65/EU to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises and repealing Directive 2001/34/EC<sup>10</sup>;
16. Notes the Commission's proposal for a retail investment strategy that places consumers' interests at the centre of retail investing; calls for the co-legislators to ensure that SMEs see improved funding options as a result of retail investors' higher participation in the capital markets, which should be an outcome of this strategy;
17. Acknowledges that the climate crisis requires the net-zero transition of millions of SMEs in the EU; calls on the Commission and the Member States to increase their efforts to make sustainable finance a better fit for SMEs;
18. Recalls that the European Innovation Council (EIC) is a new and unique European funding programme designed to provide deep-tech start-ups with a one-stop-shop for finance to enable them to develop their innovation from an early idea to a marketable product, as well as to scale up the company; welcomes the EIC's increased budget allocation, as well as the expanded scope of its equity activities, under the proposal for a strategic technologies for Europe platform;

#### ***Policy tools suited for SMEs***

19. Strongly supports the Commission's introduction of a competitiveness check as part of its preparation for new legislation; believes that this check should be firmly embedded in the institutional framework of the Commission;
20. Calls for the innovation principle to be applied to all new and revised legal acts proposed by the Commission; recalls that the innovation principle entails the Commission analysing the potential negative impact of new proposed legal acts on developing and bringing innovations to the market; highlights that, if a negative impact is identified, an exemption clause addressing the negative impact and ensuring that innovation is unhindered by undue regulatory restrictions should be included in the relevant legislative proposal;
21. Calls for the 'one in, one out' principle to be applied to stabilise the EU's regulatory burden at the current, albeit high, level; calls on the Commission to develop a better regulation agenda that aims to reduce the regulatory burden affecting SMEs by at least 30 % in order to decrease cost pressures and promote competitiveness;
22. Calls for the EU and its Member States to work to improve access to skilled labour;
23. Reiterates its call on the Commission to put forward a legislative proposal for a European social security pass to facilitate labour mobility and improve digital enforcement of social security rights, with a view to providing national authorities and

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<sup>10</sup> COM(2022)0760.

social partners with a real-time instrument to effectively enforce national and EU law, including verification of A1 portable documents;

24. Welcomes, as a first step, the Commission's announced push to rationalise and simplify reporting requirements for companies and administrations by reducing reporting obligations by 25 %; recalls, however, that reporting obligations only account for a small portion of the regulatory burden and that therefore more drastic measures are needed; believes that the planned reduction in reporting obligations should apply to both existing and upcoming legislation;
25. Believes that the EU should promote simple and user-friendly digital tools to enable SMEs to navigate the EU regulatory environment;
26. Calls on the Commission to encourage the dissemination of best practices and access to accurate data to support safe transfers and continuity, in particular for family businesses, where continuity between generations is of the utmost importance;
27. Believes that the EU needs to reinforce its principle of 'big on big things, small on small things' to better ensure proportionality and subsidiarity and to create a thriving business environment for our SMEs;

#### ***Impact assessments fit for SMEs***

28. Calls for improved comprehensive impact assessments with a special focus on SMEs, including a binding SME test within the impact assessment phase to fully assess the economic impact, including compliance costs, of legislative proposals on SMEs; draws attention to the importance of solid impact assessments taking the competitiveness of European businesses into account;

#### ***Improved organisation of the structure and procedures in EU institutions***

29. Calls for the creation of a single reporting instrument that combines information gathering (e.g. on funding programmes) and information provision (reporting obligations and data collection) for companies, in particular SMEs; demands that the once-only principle be considered to ensure that companies provide data once and then update it as necessary;
30. Calls for the creation of a one-stop shop where companies, in particular SMEs, can obtain information (e.g. on funding programmes);
31. Urges the Commission to appoint the promised SME envoy without delay; believes that the SME envoy should be a central position under the President of the Commission to allow oversight over SME issues in all directorates-general; believes that one of the SME envoy's main tasks should be to create a level playing field for cross-border business and address gold-plating;
32. Believes that the Regulatory Scrutiny Board must be expanded and staffed by mostly independent experts;

#### ***Technical challenges***

- 33. Calls for the twin transitions of decarbonisation and digitalisation to be supported, as SMEs are the backbone of our economy and therefore a cornerstone of European long-term competitiveness;
- 34. Recalls the necessity of a level digital playing field that ensures interoperability and non-discriminatory access to data, which would allow SMEs to thrive in a fair European data economy;
- 35. Calls for the uptake of artificial intelligence (AI) to be facilitated by promoting the creation of SME alliances for AI in strategic value chains;
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- 36. Instructs its President to forward this resolution to the Council and the Commission.