Legal and operational framework of the European services e-card

2016/0402(COD) - 10/01/2017 - Legislative proposal

PURPOSE: to set the legal and operational framework of the European services e-card.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: with services accounting for around **70% of EU GDP and employment**, promoting the competitiveness of EU services markets is central for the creation of jobs and growth in the EU. The Services Directive, adopted in 2006, set general provisions facilitating the establishment of service providers and their ability to offer services cross-border in the single market.

Service providers trying to establish a permanent presence in another Member State or to provide cross-border services on a temporary basis often find it difficult to understand which rules to apply and how. **Administrative formalities** in different Member States are often complicated and costly for service providers to complete. As a consequence, service providers face multiple and disproportionate compliance costs when going cross-border.

Following on from the Single Market Strategy, the Commission presented a proposal for a Regulation introducing a **European services e-card** (ESC) which can be used by service providers to carry out activities in other Member States. This proposal for a Directive concerns the operational framework applicable to ESC introduced by the proposed Regulation.

According to the Commission, cost savings related to the formalities covered by the e-card procedure would be significant compared to the existing situation, potentially going up to 50% or even more.

IMPACT ASSESSMENT: the combination of options withheld would allow the service provider to make use of an **EU-level procedure** to facilitate access to the market of another Member State, including an advanced electronic mechanism connected to the Internal Market Information System (IMI) to facilitate compliance with formalities for posted staff which the host Member State can choose to make use of. In addition, it would address practical obstacles related to insurance in cross-border situations.

CONTENT: the proposed Directive lays down a legal and operational framework for the European services e-card, introduced by the ESC Regulation, setting out the rules governing access and exercise of service activities by holders of an e-card.

The proposal:

- sets the scope of this Directive as including the business and construction services listed in its Annex;
- clarifies the evidentiary value, throughout the Union, of a European services e-card in relation to establishment in the home Member States of the provider, from where it expands operations by making use of the e-card;

- details the effects of the European services e-card as proof of the ability of the e-card holder to provide services in the territory of the host Member State, either temporarily or through a branch, agency or office located therein;
- determines the validity of the European services e-card to be indefinite in time, unless suspended, revoked or cancelled, and encompassing all of the territory of the host Member State;
- determines that the application for an e-card should be submitted to the coordinating authority of the home Member State;
- safeguards the right of Member States to invoke those overriding reasons of public interest;
- describes procedural steps for issuing a European services e-card for providing services through establishment in the form of branches, agencies or offices. The coordinating authority of the host Member State informs of requirements applicable on its territory in order for access to be granted. The applicant needs to prove the necessary compliance. If no decision is taken by the coordinating authority of the host Member State after a proper due process with the applicant and despite of an alert to react, the e-card is issued;
- provides the right of redress against decisions by coordinating authorities of the home or host Member States;
- introduces a once-only principle at domestic level, under which information and documents in the possession of home Member State authorities need not be supplied again by the applicant for a European services e-card;
- lists events occurring in the host Member State which must trigger suspension or revocation of a European services e-card.

BUDGETARY IMPLICATIONS: the proposal is expected to have implications for the EU budget to the extent that the future European services e-card will use the Internal Market Information System (IMI) as its operational backbone. Member States already have the experience with the system, as more than 5 000 competent authorities are already registered with IMI since 2011 and with the European Professional Card (EPC) since January 2016.

It is now necessary to adapt the IMI system to support the European services e-card procedure and storage requirements and supplemented with some additional functions. Any necessary allocations will be met through **redeployment**; no budgetary impact is expected on EU budget over and beyond the appropriations already foreseen in the official financial programming of the Commission.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.