European services e-card and related administrative facilities

2016/0403(COD) - 10/01/2017 - Legislative proposal

PURPOSE: to introduce a European services e-card and related administrative facilities in order to reduce administrative complexity for service providers that want to expand their activities to other Member States.

PROPOSED ACT: Regulation 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.

The proposal for a European services e-card – presented jointly with a Directive - is complementary to other policy initiatives in the context of services announced in the Single Market Strategy to prevent the introduction of barriers to cross-border service provision at national level.

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 Regulation seeks to introduce the **European services e-card and related administrative facilities** which can be used by providers to provide services across the border. Through the e-card they will be able to avoid administrative obstacles such as uncertainty as to which requirements apply, filling-in disparate forms in foreign languages, translating, certifying or authenticating documents and non-electronic procedural steps.

The proposal provides for the following:

- **where a service provider plans to provide a service temporarily cross-border**, the e-card would be issued by the home Member State. The host Member States would be able to object to issuance of the e-card where the Services Directive already allows them to do so under one of the overriding reasons of public interest. Once issued, the e-card would allow the service provider to provide services on a temporary cross-border basis in the host Member State;
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where a service provider plans to provide services through a branch, agency or office in another Member State, the e-card is issued by the host Member State. In this case the service provider would still request the e-card with his home country authorities, who would check that the service provider is established on its territory in line with its applicable rules. But in a second step, the home Member States authorities would initiate a process with the relevant host country administration to allow the latter to verify if the requesting service provider meets its host country regulatory requirements in compliance with the Services Directive.

The European services e-card would also:

- offer technical facilities to facilitate compliance with administrative formalities related to **posting of staff** into the territory of those Member States that have communicated to the Commission that they wish to **make use of IMI** for this purpose;
- include rules to facilitate obtaining **insurance coverage** for services provided across borders.

The European services e-card would apply – in a first stage – to **business services and construction services** – to the extent the related activities fall already under the Services Directive.

This proposal also includes **review clauses** for future consideration of the effectiveness of the European service e-card, including as regards compliance with the formalities necessary for the posting of workers.

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.