

Company law: further expanding and upgrading the use of digital tools and processes

2023/0089(COD) - 29/03/2023 - Legislative proposal

PURPOSE: to further expand the use of digital tools and processes in EU company law.

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: companies are at the heart of the single market. Thanks to their business activities and investments, including on a cross-border basis, they play a leading role in contributing to the EU's economic prosperity, competitiveness and in carrying through the EU's twin transition to a sustainable and digital economy. To this end, companies need a **predictable legal framework** that is conducive to growth and adapted to face the new economic and social challenges in an increasingly digital world. The proposed measures will apply to around 16 million limited liability companies and 2 million partnerships in the EU.

The proposal is expected to bring a strong positive recurrent administrative costs saving for companies, of around EUR 437 million per year.

This proposal upgrades EU digital company law further through the use of digital tools and processes. While the proposal focuses primarily on online procedures and electronic copies and extracts of company documents or information, its provisions take into account both the physical and digital environment and also address physical procedures, e.g. any other forms of formation of companies than fully online, and paper copies and extracts.

The proposal is updating the existing EU rules for companies (Directive (EU) 2017/1132) to adapt them further to the digital developments and new challenges, and to stimulate growth and competitiveness in the single market.

CONTENT: the proposal's overall objectives are to enhance transparency and trust in the business environment, achieve more digitalised and connected cross-border public services for companies, and easier cross-border expansion for SMEs leading, in turn, to a more integrated and digitalised single market.

In particular, the proposal aims to:

- make more information about companies (e.g. about partnerships and groups of companies) publicly available in particular at EU level through the Business Registers Interconnection System (BRIS);
- ensure that company data in business registers is accurate, reliable and **up-to-date**, for example by providing for checks of company information before it is entered in business registers in all Member States;
- **cut red tape** when companies use company information from business registers in cross-border situations, e.g. by removing formalities such as the need for an **apostille** for company documents, applying the "once-only principle" when companies set up subsidiaries and branches in another Member State, and introducing a **multilingual EU Company Certificate** to be used in cross-border situations.

Companies will benefit from reduction in administrative burden estimated at around EUR 437 million per year.

The new proposal, among other things, uses and expands the scope of the existing Business Registers Interconnection System (BRIS), which financing by the EU budget is mandatory under EU law, and that is already being funded by the Digital Europe Programme and managed by the Commission. In addition, the proposal does not introduce any new IT systems, but builds on the use of the existing and operational system of interconnection of registers as well as on the eIDAS Regulation.