

1 October 2012

ENTREPRENEURSHIP 2020 ACTION PLAN

EUROPEAN COMMISSION QUESTIONNAIRE (JULY 2012)

BUSINESSEUROPE RESPONSE

1. BACKGROUND INFORMATION

The context of the consultation and the linked questionnaire are presented on the following web page:

http://ec.europa.eu/enterprise/policies/sme/public-consultation/index_fr.htm

2. QUESTIONNAIRE

The Commission is looking for views on a series of initiatives which could contribute to improving conditions for European entrepreneurs, framework conditions and support for success. These measures could be taken at European, national, or regional level. Stakeholders were asked to comment on how impactful and important each measure could be using the ranking scale, where:

0= no opinion, **1**= not very impactful/important, **2**= moderately impactful/important, **3**= very impactful/important

2.1. FRAMEWORK CONDITIONS

	0	1	2	3
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Please put a cross in the box under the score number considered appropriate for a policy line:

2.1.1. Cutting red tape (reducing the number of administrative procedures, simplifying them, and avoiding duplication of tasks).				X
2.1.2. Abolish legalization and other administrative formalities when using public documents cross-border within the EU.				X

2.1.3. One stop shop and relationship managers in business support organisations for businesses that are starting out.			X	
2.1.4. One stop shop for taxation and financial reporting (including advice and guidance).			X	

2.1.5. Speed up and simplification of licensing and other permit procedures.				X
2.1.6. Tax and social contributions related to effective cash flow of business.				X

2.1.7. Same social security protections available to entrepreneurs as to employees	X			
2.1.8. Raising awareness of government administrations and their staff about entrepreneurial and SME challenges.				X

2.1.9. Improve the quality and variety of business support advice for start-ups			X	
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2.2. If you have comments on any of the above measures, please tell us here:

Framework conditions must be consistently encourage entrepreneurship and remain stable.

The reduction of red tape is crucial for SME development in the EU. As a way to promote entrepreneurship across the board (for start-ups and for more established companies) a new target of a 25% reduction in administrative burdens by 2020 should be defined (burdens linked to EU legislation).

The European Commission should invite member states to start systematic actions to simplify licensing procedures and reduce the time to obtain some technical operational licences to a maximum of 3 months before the end of 2013 and to a maximum of 1 month before the end of 2015.

With regard to tax and social contributions, member states could be invited to:

(a) Introduce a grace period of 2 years on social contributions for new entrepreneurs.

(b) Introduce a 3 year grace period for all “on account” taxes on profits so that companies only pay on effective profits for the first 3 years.

(c) The issue of thresholds based on profitability and /or time should be approached with

appropriate care, so that new systems do not end up in introducing unintended negative incentives to growth as well as introducing strong incentives to get around these thresholds for example by re-establishing the business and thereby getting 2 or 3 more years of exemptions or grace period. It is also important that any system is fully transparent from the outset.

(d) Consider adapting the payments of social contribution for employees in relation to cash flow for new enterprises.

(e) Fully implement the option of allowing VAT to be accounted using a cash accounting scheme. In general, the experience of countries having such a system is positive. It is to be noted that there are a number of variants for the system (cash accounting implemented on the out-going side; cash accounting implemented on the input side, which can introduce a high degree of complexity). Member States opting for introducing this system should do it in close consultation with their business associations.

2.3. If there are other types of measures not mentioned above which you would consider moderately or very important/impactful, please briefly describe here:

The Commission could invite member states to start systematic actions to simplify all procedures of public procurement. In addition, public procurement could gradually be linked with innovative practices, products, services and companies.

2.4. FACILITATING TRANSFERS OF BUSINESS

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2.4.1. Improve legal, administrative and tax provisions for business transfers.				X
2.4.2. Improve information and advice provision for business transfers.			X	

2.4.3. Develop, publicise, and improve platforms and marketplaces for successful business transfers.			X	
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2.5. If you have comments on any of the above measures, please tell us here:

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2.6. If there are other types of measures not mentioned above which you would consider moderately or very important/impactful, please briefly describe here:

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2.7. EFFICIENT BANKRUPTCY PROCEDURES/SECOND CHANCES FOR HONEST BANKRUPTCIES

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2.7.1. Develop and expand programmes to mentor, train, advice, and support second starters.			X	
2.7.2. Put in place faster and more affordable procedures for winding up businesses and discharging bankruptcies.				X

2.7.3. Awareness raising in business and finance community to remove stigma of failure.				X
2.7.4. Specific financial instruments available for second starters.			X	

2.8. If you have comments on any of the above measures, please tell us here:

<p>(a) Member States could be invited to put in place faster and more affordable procedures for winding up business and for discharge from bankruptcy, aiming for 1 year to wind down a failed company and 3 years for complete and automatic discharge of honest bankrupts.</p> <p>(b) Regarding specific financial instruments available for second starters, it goes without saying that any new scheme should first of all verify that projects submitted are of sound quality.</p>

2.9. If there are other types of measures not mentioned above which you would consider moderately or very important/impactful, please briefly describe here:

Remove any remaining legal obstacles for second starters.

2.10. SUPPORTING NEW ENTREPRENEURS

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2.10.1. Increase and improve targeted business support services.			X	
2.10.2. Offer dedicated support for SMEs to benefit from digital entrepreneurship opportunities.			X	
2.10.3. Offer dedicated support for SMEs to 'go green'.			X	
2.10.4. Improve implementation of the Digital Single Market.				X

2.10.5. Offer tailor-made assistance and advice for 'micro-multi-nationals' collaborating across distance, borders and markets.			X	
2.10.6. Offer dedicated support for SMEs to benefit from European trainees (from vocational, technical to bachelor, master or doctoral level).			X	

2.10.7. Targeted training, finance, internationalisation support programmes for high growth potential SMEs.				X
2.10.8. Offer support for new businesses to innovate.			X	

2.11. If you have comments on any of the above measures, please tell us here:

(a) Dedicated support for SMEs to 'go green' should not compensate for the absence of a demand for green products or services, but deal with obstacles to the launch of innovative green companies

due to varying national legislative approaches, etc.

(b) Regarding EEN tailor-made assistance and advice (for micro-multi-nationals, etc.) and regarding EEN internationalisation support, BUSINESSEUROPE has presented its views on the conditions for an efficient development of the EEN in separate papers, which will be updated at the beginning of October 2012.

2.12. If there are other types of measures not mentioned above which you would consider moderately or very important/impactful, please briefly describe here:

Member States could be invited to:

(a) Recognise that there are different profiles of entrepreneurs, corresponding to different types and different levels of ambition, up to the ambition to realise opportunities for substantial changes in society, through technological and non-technological innovation (see report on “Ambitious entrepreneurship” from AWT, the Dutch Advisory Council for Science and Technology, 2012). This calls for development not only of a generic entrepreneurship policy but also what some (AWT) have dubbed an « ambitious entrepreneurship policy ».

(b) Support SMEs access to quality Alternative Dispute Resolution (ADR) schemes to simplify and accelerate the resolution of disputes with other businesses. It has to be noted that the business-to-consumer and business-to-business markets are different and that the needs of businesses and consumers require a different and specific treatment. The growing presence of SMEs in cross-border commerce, thanks partly to electronic commerce, has created a need for ADR to adapt in terms of flexibility and costs.

More generally, there is a need to support Member States in their efforts to make civil justice more efficient with the aim of shortening the time needed for dispute resolution.

(c) Offer support for new businesses to develop partnerships with businesses in other countries and promote their exports.

(d) Support clusters of SMEs and other networks of SMEs as parts of a supply chain of specific products so that they can benefit from cost sharing regarding mainly research and infrastructure.

(e) Offer incentives for mergers in order to reach a critical mass for efficient businesses.

f) Tailored entrepreneurial training for new entrepreneurs.

(g) Create/foster networking among new entrepreneurs with the aim of favouring the exchange of information, best practices and experiences.

(h) Favour a process of SME “managerialisation” encouraging the placement of managers in SMEs for limited time missions.

2.13. IMPROVING ACCESS TO FINANCE

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2.13.1. Reinforce loan guarantee and venture capital facilities.				X
2.13.2. Improve financial advisory capacity of Enterprise Europe Network (EEN).			X	
2.13.3. Single multilingual online portal on EU finance for SMEs		X		
2.13.4. Single national portals on national sources of SME finance.			X	

2.13.5. Make tax environment more favourable to early stage financing.			X	
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2.14. If you have comments on any of the above measures, please tell us here:

It is important that all measures be consistent and integrated with each other. Member States should implement all necessary actions in order to fully utilize all available European mechanisms for targeted financing (e.g. for exporting or innovative enterprises).

Also, Member States could be invited to:

(a) Make by the end of 2013 the national tax environment more favourable to early stage financing based on good practice and in line with the EU state aid regulation. As an example, the “Young Innovative Company” status that France adopted in 2004 confers tax exemptions on SMEs (fewer than 250 employees) that spend at least 15% of their total annual expenditures on R&D. These companies are exempt from all corporation tax and all capital gains tax for 8 years after their creation. These fiscal measures provide incentives for both companies and investors. A pan-European initiative inspired by this example and aiming to give special recognition, under EU state aid rules and national fiscal policies, to young and innovative companies could boost EU innovation capacity.

Furthermore, there is a need to support entrepreneurship all along the life of a company. Innovative incentives should not be limited only to early stage financing but cover innovative companies investing in R&D more generally.

(b) Ensure that inconsistencies in tax treatment do not lead to double taxation which would hamper cross-border venture capital investments.

Regarding the improvement of the financial advisory capacity of Enterprise Europe Network (EEN), more details on possible Commission initiatives should be given. This issue has to be seen in the broader context of the future development of the EEN, on which BUSINESSEUROPE has commented in separate papers. Ways should be found so that such advisory capacity is introduced with respect for private companies providing these services. Merely building public advice systems competing with public money against private agents on the same market would be a questionable approach, needing to be reviewed with stakeholders.

2.15. If there are other types of measures not mentioned above which you would consider moderately or very important/impactful, please briefly describe here:

(a) Speed up the process of transposition of the late payment directive in order to increase companies' cash flow.

(b) It is vital to ensure that the implementation of Basel III rules will not penalize SMEs. Regulations as Basel III, Solvency II, MiFID, ... have in particular made early stage financing less attractive and as a result it becomes harder for young growth companies to attract risk capital. It is therefore all the more important to make the tax environment more favourable to early stage financing.

(c) As a more general remark, it should be kept in mind is that ensuring a more favourable investment environment in the EU can be reached through simplifications and reductions of company, capital and personal income taxes across the board .

2.16. ENTREPRENEURIAL EDUCATION AND TRAINING FOR YOUTH

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2.16.1. Create a European platform or hub for entrepreneurial learning to share best practice and develop common models for policy, implementation and measurement.		X		
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2.16.2. Entrepreneurial behaviour, skills and mindsets to be embedded in national/regional curricula at all levels - primary, secondary, vocational, higher				X
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education and non-formal education and training, alongside integration of work-based teaching and learning in all disciplines and curricula.				
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2.16.3. All young people to have one entrepreneurial experience before leaving secondary school (either as a formal part of the curricula or as an extra-curricular activity that is overseen by the school or a non-formal education body).				X
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2.16.4. Develop a guiding framework to encourage and support the development of entrepreneurial education institutions (vocational and higher education).		X		
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2.16.5. Increase entrepreneurship education supported via EU education funding programmes.		X		
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2.16.6. Increase entrepreneurial training in line with national job plans.		X		
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2.17. If you have comments on any of the above measures, please tell us here:

Striking the right balance between the role of educators and the role of entrepreneurs in entrepreneurial education is a key for its acceptance by the education community.

2.18. If there are other types of measures not mentioned above which you would consider moderately or very important/impactful, please briefly describe here:

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2.19. UNTAPPED ENTREPRENEURIAL POTENTIAL OF WOMEN

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2.19.1. Continue/expand networks of women entrepreneurship ambassadors and mentors networks.			X	
2.19.2. Tailored entrepreneurial training for women.			X	

2.19.3. Create/foster female investors and networking among women entrepreneurs.			X	
2.19.4. Investment readiness training for women entrepreneurs.	X			

2.19.5. Same maternity rights for women entrepreneurs as for employees	X			
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2.19.6. Adequate child/dependent care facilities available.			X	
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2.20. If you have comments on any of the above measures, please tell us here:

Special emphasis could be given to digital entrepreneurship. Supporting the entrepreneurship of working parents would also include a large digital component. (2.19.2.)

On the issue of same maternity rights for women entrepreneurs as for employees, more information would be appreciated regarding the regulatory approaches contemplated, to allow for

an informed statement of opinion.

2.21. If there are other types of measures not mentioned above which you would consider moderately or very important/impactful, please briefly describe here:

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2.22. SENIORS-SECOND CAREERS AND BUSINESS EXPERIENCE

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2.22.1. Establish networks of volunteer seniors to counsel young inexperienced entrepreneurs.			X	
2.22.2. Tailored entrepreneurial training for seniors without previous business experience.			X	

2.22.3. Offer grants for unemployed seniors to become entrepreneurs.		X		
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2.23. If you have comments on any of the above measures, please tell us here:

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2.24. If there are other types of measures not mentioned above which you would consider moderately or very important/impactful, please briefly describe here:

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2.25. SPECIFIC SUPPORT FOR MIGRANT, MINORITY OR OTHER SPECIFIC GROUPS OF POTENTIAL ENTREPRENEURS

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2.25.1. Tailored support for other specif. groups of potential entrepreneurs.			X	
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2.26. If you have comments on any of the above measures, please tell us here:

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2.27. If there are other types of measures not mentioned above which you would consider moderately or very important/impactful, please briefly describe here:

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2.28. If you have any further comments on aspects of encouraging greater entrepreneurship which are not elsewhere addressed in this consultation, please use this space:

<p>(a) It would be too limited to emphasize the startup and growth phase as being limited to the first five years. A broader is approach is needed for designing the European Entrepreneurship Action Plan.</p> <p>(b) Furthermore, current challenges in the area of entrepreneurship call for a targeted effort at European level and in some member countries to strengthen spending on promoting the entrepreneurship agenda.</p>
