Council of the European Union
General Secretariat

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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Company Law
Subject:	Commission presentation at the Company Law Working party of 23 March 2026

Delegations may find attached the presentation made by the Commission at the Company Law Working Party of 23 March 2026.

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Choose EU Inc.

Council Working Party / Company Law
23/03/2026



EU Inc.

28th regime corporate legal framework

European Commission

Policy Context

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- Both Draghi and Letta reports called for '28th regime'
- Structural fragmentation of corporate law undermines Single Market potential
- Political mandate from Council and Parliament to act
- COM Political Guidelines, Strategies on Single Market, Start-ups and Scale-ups
- The EU Inc. proposal provides the corporate legal framework of the 28th regime
- Chapeau Communication outlines additional measures contributing to the 28th regime
- Sense of urgency: aim to adopt by end 2026

Consultation and preparation

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- Extensive consultations carried out in 2025
  - Open public consultation ~1,500 replies, including cca. 21,000 free text submissions, 80% from entrepreneurs and investors; call for evidence ~900 contributions
  - In-depth discussions with start-up community, workshops with companies, investors
  - High-level Forum on Justice for Growth: structured dialogue with Member States, Parliament, startups and broader business community, legal professionals, trade unions
  - Input from academic company law experts and practitioners

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EU Inc.
Impact assessment

Council Working Party / Company Law
23/03/2026

European Commission

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STARTUP LIFECYCLE

EARLY STAGE STARTUP

- have an idea, develop product and prove that there is a market
- market entry
- pre-seed and seed funding, accelerators (family, friends and angel investors)

VENTURE BACK OR GROWTH PHASE

- acquire customers, scale operations, and generate revenue
- attract talent
- secure series of A, B, C... funding from VCs

LATE-STAGE /EXIT

- established market presence and sustainable revenue streams
- focus on optimising operations and exploring new opportunities.
- an exit strategy (e.g. acquisition or going public or continue to operate independently)

CLOSING BUSINESS

- not enough funding to secure financial obligation
- lack of market demand
- operational challenges

ROLE OF CORPORATE RULES

- to decide the type of company legal form to adopt,
- ensure the funds needed to set-up a company (incorporation/ registration costs, lawyers, notaries costs, minimum capital)
- common legal instruments: SAFE, convertible notes

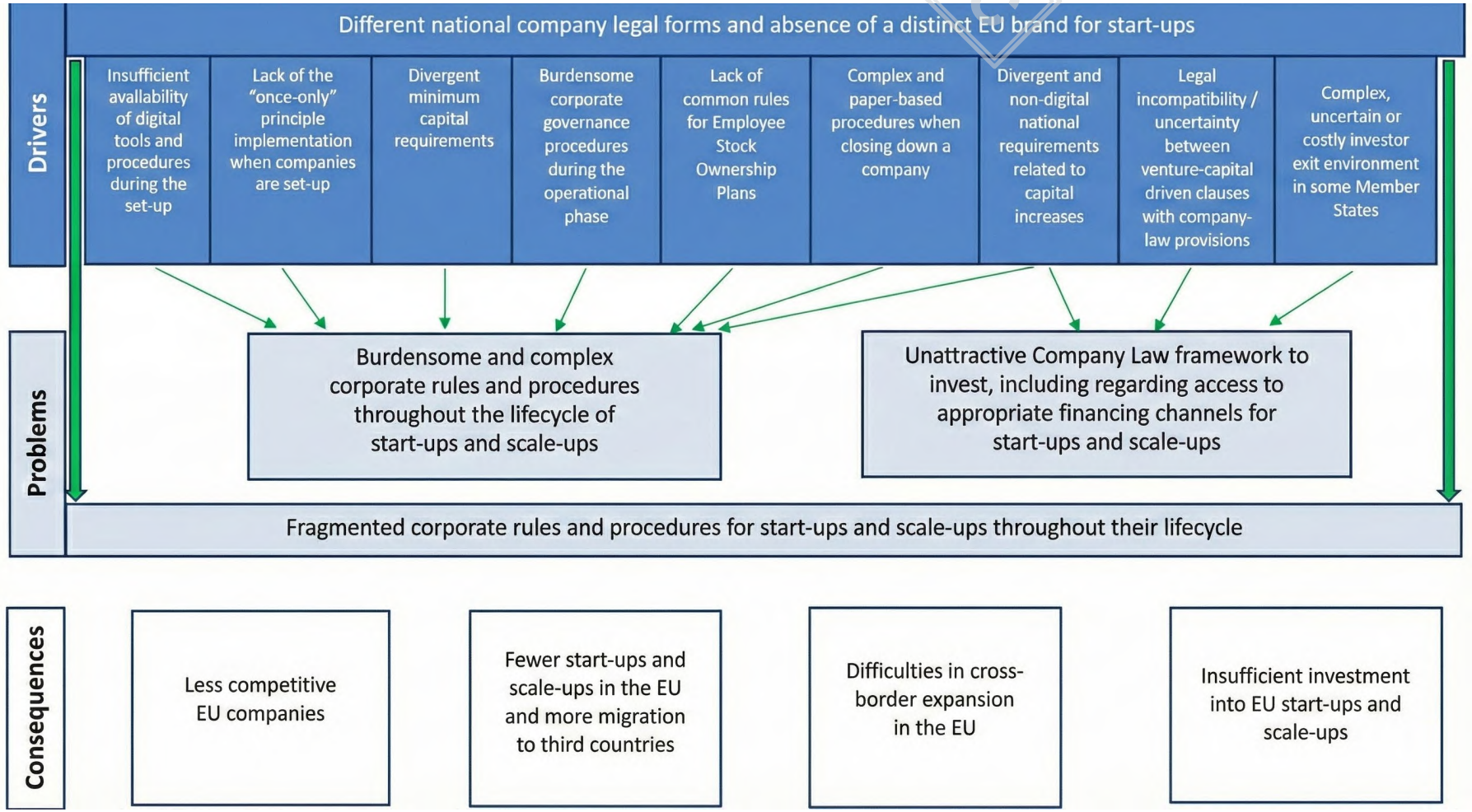
- multiple classes of shares
- Series A preferred shares (governance and economic rights to investors)
- employee stock options
- capital increase procedure
- transfer of shares
- setting up subsidiary /branch

- exit strategies (growth markets, IPO)
- cross-border mergers, divisions or conversions
- setting up subsidiary /branch

- insolvency procedures
- liquidation procedures (without insolvency)
- fast track liquidation (no assets/liabilities)

Problem TREE

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Objectives

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Specific Objectives	General Objectives
• Provide a common corporate legal framework for start-ups and scale-ups in the EU. • Provide simple and efficient corporate rules and procedures throughout the lifecycle of start-ups and scale-ups. • Ensure that corporate rules provide an enabling framework to invest.	• Contribute to strengthening the competitiveness of EU companies and the EU economy and to better functioning of the single market (overarching). • Provide better conditions for starting a business and better opportunities for growth and scaling up for start-ups and scale-ups in the EU. • Encourage more investment into EU start-ups and scale-ups

(blocks of) Policy Options

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- 1 Provide a harmonised company legal form for entrepreneurs
- 2 Make registration of start-ups quicker and simpler
- 3 Ensure once-only submission of information in the context of registration
- 4 Facilitate closure (liquidation) of the company
- 5 Attracting talent
- 6 Flexible governance and capital regime for founders and investors
- 7 Facilitate exit options

All assessed against specific objectives for retained impacts in terms of ***effectiveness, efficiency, coherence***

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A harmonised legal form			
Baseline (status quo)	**Policy Option 1a**	**Policy Option 1b**	**Policy Option 1c**
Member States maintain and may introduce new national legal forms. Directive 2017/1132 regulates the fully-online setting up of companies without harmonising the incorporation requirements. The European Company (SE) EU legal form is available for large public limited liability companies.	Introduce a new harmonised legal form for a 28th regime company with a recognisable EU brand, to be set up by natural persons as founders.	Option 1a + to be set up also by legal persons (28th regime subsidiaries), with a possibility for existing companies to convert through domestic conversions, and with harmonised rules for setting up of branches of 28th regime companies.	Option 1b + a possibility for existing companies to create a 28th regime company through a cross-border conversion, division or merger in accordance with Directive 2019/2121.

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Registration of a 28th regime company			
Baseline (status quo)	**Policy Option 2a**	**Policy Option 2b**	**Policy Option 2c**
Registration is purely at national level. Deadlines for fully online setting-up a company according to Directive 2019/1151. Member States are obliged to provide national model instrument of constitution template in English as a reference document. Mandatory preventive administrative, judicial or notarial control.	Create a central EU interface based on BRIS for the registration of 28th regime companies with harmonised bilingual templates (EN/national language) and preventive administrative, judicial or notarial control	Option 2a + introduce a deadline (48 hours) and cost ceiling of EUR 100 to complete the registration including the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons.	As policy option 2b with preventive control by judicial or administrative authorities (but excluding notaries) when the standardized template is used by founders as natural persons.

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Once-only submission of information in the context of registration			
Baseline (status quo)	**Policy Option 3a**	**Policy Option 3b**	**Policy Option 3c**
In the context of registration, companies need to deal with the authority in charge of issuing the tax identification number (TIN) and VAT identification number and submit information to social security authorities in accordance with national law. As to the beneficial ownership information, the beneficial ownership register can retrieve the company information available in the national business register from the register in accordance with Implementing Act	In the context of the company registration, ensure that the information about the company is transferred from the business register to the authority in charge of issuing the TIN, to social security authority and to the beneficial ownership register, with any beneficial ownership information as part of the template, without the 28th regime company needing to submit it again ("once-only principle").	Option 3a + the 28th regime company would obtain the TIN from the relevant authority[79] as part of the registration process, with any additional information needed to obtain TIN as part of the template.	Option 3b + the 28th regime company would obtain the VAT identification number from the relevant authority as part of the registration process (unless more information needs to be checked).

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Closure (liquidation) of the company			
Baseline (status quo)	**Policy Option 4a**	**Policy Option 4b**	**Policy Option 4c**
Company liquidation both inside and outside insolvency, remains governed by divergent national rules, resulting in varied timelines, high costs and complex formalities.	Ensure that all relevant filings by the liquidator for closure outside of insolvency are transferred from business register to other authorities ("once-only principle") and allow online filing of claims from creditors	Option 4a +simplified liquidation procedure (outside of insolvency) for no assets/no debts to be concluded within a specific short deadline.	Option 4b + Simplification of insolvency procedures thanks to their full digitalisation

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Attracting talent			
Baseline (status quo)	**Policy Option 5a**	**Policy Option 5b**	**Policy Option 5c**
Fragmentation in terms of general conditions and taxation of employee financial participation, leading to different approaches and varying degrees of uptake in Member States	Possibility for 28th regime companies to set up ESOPs and issue classes of shares with distinct voting rights	Option 5a + introduce an optional common employee stock ownership scheme for 28th regime companies, based on employee stock options and with common criteria ('EU-ESOP')	Option 5b + provide harmonised timing for the taxation of employee stock options granted in the context of the EU-ESOP

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A flexible governance and capital regime for founders and investors			
Baseline (status quo)	**Policy Option 6a**	**Policy Option 6b**	**Policy Option 6c**
Member States maintain divergent governance and capital regimes and procedural formalities, including non-harmonised minimum capital requirements, burdensome steps for capital increases and additional requirements, e.g. that foreign investors need to obtain a tax identification number (TIN) often involving a physical presence requirement.	Create a flexible governance system, provide simple and fully digital procedures for increasing capital and issuing shares and enable the use of modern early-stage financing instruments like SAFEs.	Option 6a + 0/EUR 1 minimum capital but no paid-in share capital for incorporation of 28th regime companies and harmonised creditor protection safeguards in addition to capital maintenance rules.	Option 6a + common minimum share capital of EUR 5 000 for incorporation of 28th regime companies with harmonised creditor protection safeguards based primarily on capital maintenance.

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Facilitating exit options			
Baseline (status quo)	**Policy Option 7a**	**Policy Option 7b**	**Policy Option 7c**
Different procedures in Member States as regards share transfers, often requiring in-person steps and/or the mandatory involvement of intermediaries, depending on the legal company form. Access to public equity markets restricted to public limited liability forms in most Member States.	Ensure that transfers of shares of 28th regime companies can be carried out fully digitally.	Option 7a + no requirement to involve intermediaries in share transfers of 28th regime companies.	Option 7b + a possibility for Member States to allow access to public equity markets to 28th regime companies.

Estimated uptake of EU Inc legal form

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Year	Take-up rate EU Inc, legal form (out of 663,000 private LLCs created each year)	New 28th regime companies
1	0.25%	1,669
2	1.00%	6,678
3	2.00%	13,355
4	3.00%	20,033
5	4.00%	26,711
6	5.00%	33,388
7	6.00%	40,066
8	7.00%	46,744
9	8.00%	53,421
10	10.00%	66,777
Cumulative total		**308,843**

Preferred Option

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Policy options 1 **Harmonised company legal form for entrepreneurs**	**Policy option 1c**: Introduce a new harmonised legal form for a 28th regime company with a recognisable EU brand, to be set up by natural persons as founders and by legal persons (28th regime subsidiaries), with a possibility for existing companies to convert through domestic conversions, and through a cross-border conversion, division or merger in accordance with Directive 2019/2121), and harmonised rules for branches of 28th regime companies.
Policy options 2 **Registration of start-ups quicker and simpler**	**Policy Option 2b**: Create an EU single interface based on BRIS for the registration of 28th regime companies with harmonised bilingual templates (EN/national language) and preventive control, and introduce a deadline (48 hours) and cost ceiling of 100 EUR to complete the registration including the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons.
Policy options 3 **Once-only submission of information in the context of registration**	**Policy option 3c**: In the context of the registration, ensure that the information about the company is transferred from the business register to the authority in charge of issuing the TIN, to social security authority and to the beneficial ownership register (with any beneficial ownership information as part of the template), without the 28th regime company needing to submit it again (“once-only principle”), and ensure that the 28th regime company would obtain the TIN and the VAT identification number (unless more information is needed) from the relevant authority as part of the registration process.

Preferred Option

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Policy options 4 **Facilitate closure (liquidation) of the company**	**Policy option 4c:** Ensure that all relevant filings by the liquidator for closure outside of insolvency are transferred from business register to other authorities ("once-only principle"), provide for online filing of claims from creditors, a simplified liquidation procedure (outside of insolvency) for no assets/no debts, and provide a simplified insolvency procedure
Policy options 5 **Attracting talent**	**Policy option 5c:** Possibility for 28th regime companies to set up employee stock ownership plans (ESOPs) and issue classes of shares with distinct voting rights, and an optional common employee stock ownership scheme for 28th regime companies, based on employee stock options and with common criteria (EU-ESOP), and with harmonised timing for the taxation of employee stock options granted in the context of the EU-ESOP.
Policy options 6 **Flexible governance and capital regime for founders and investors**	**Policy option 6b:** Create a flexible governance system, provide simple and fully digital procedures for increasing capital and issuing shares and enable the use of modern early-stage financing instruments like SAFEs, and 0 or €1 minimum capital but no paid-in share capital for incorporation of 28th regime companies and harmonised creditor protection safeguards in addition to capital maintenance rules.
Policy options 7 **Facilitate exit options**	**Policy option 7c:** Ensure that transfers of shares of 28th regime companies can be carried out fully digitally, without requirement to involve intermediaries, and with a possibility for Member States to grant access to public equity markets to 28th regime companies.

Expected Impacts

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- Reduced fragmentation through single corporate legal framework across Member States
- Predictable set of rules for founders and investors
- Easily recognisable EU brand to increase transparency and trust in EU Inc. companies.
- Faster company creation and scaling across borders
- Improved access to venture and growth capital
- Reduced legal and administrative costs for companies
  - Each founder setting up a EU Inc company would save EUR 850 – 1 300
  - Each founder to benefit from additional savings of EUR 80 – 341, thanks ‘once-only principle’
  - Each EU Inc company setting up an ESO scheme with deferred taxation, could save EUR 420
  - Investors and companies would save EUR 1 780 – 2 850 for a growth-stage secondary share transfer transaction of EUR 500 000, and around EUR 1 100 per financing round
- Macro-economic impact (RHOMOLO modelling by JRC, not included in IA – paper forthcoming)
  - Multiplier effect: by year 10, every Euro of investment generated by the policy produces 1.6 EUR of GDP; by year 20, this grows to 4.8 EUR
  - GDP impact: EU GDP increases by €712 million cumulatively over 10 years, rising to €2.1 billion by year 20. These estimates are considered conservative as they exclude wider benefits like improved access to finance, improved firm performance, or increased market entry.

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EU Inc.
Legislative proposal

Council Working Party / Company Law
23/03/2026

European Commission

Package adopted on 18/03/2026

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- Proposal for a **Regulation on the 28th regime corporate legal framework – 'EU Inc.'**
  - Regulation under Art.114 TFEU
- Commission **Recommendation on the definition of innovative enterprises, innovative startups and innovative scaleups**
- 'Chapeau' **Communication "Towards a 28th regime for EU companies"**
  - Outlines the broader policy context of the 28th regime
  - Places EU Inc. proposal and the Recommendation in this framework
  - Outlines complementary measures towards the 28th regime: digitalisation, access to finance, attracting and retaining talent, taxation, dispute resolution

Main features of EU Inc. proposal

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A corporate legal framework:

- **Simple, flexible and fully digital** environment to set-up and scale-up.
- **Registration** within 48 hours (including preventive checks), for maximum EUR 100, and fully digital, using bilingual (including EN) standardised templates and a single interface at EU level (to be developed towards EU digital register), with no minimum share capital.
  - 'once-only' transmission of company information from business registers to tax and social security authorities and beneficial ownership registers
  - obtention of the TIN and the VAT identification numbers in the context of the registration process
- **Digital company law procedures** throughout the company's lifecycle, including for closure, + digitalised and simplified insolvency procedure for 'innovative startups'
- **Improved investment environment**, including through digital share transfers without intermediaries and digital procedures for capital increases, share issuance.
- Harmonised optional scheme for **employee stock options** ('EU-ESO') with deferred taxation.
- **Blacklist** of prohibited practices (MS discrimination against EU Inc companies registered in another MS)

Overview of the proposal

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Chapter I: General provisions

- Subject matter of the proposal, the main features of the harmonised LLC (EU Inc.), and lists the main definitions.
- EU Inc. companies are LLCs that can be formed by one or more natural or legal persons, from scratch or through domestic or cross-border conversions, mergers or divisions.
- EU Inc. is governed by this Regulation, by its articles of association and for other matters, by national law (including provisions implementing EU law) which applies to relevant national legal forms in the MS where the EU Inc. has its registered office.
- Name of EU Inc. companies / branches.
- Articles of association (digital, machine-readable, at least bilingual) + use of EU templates
- An EU Inc. shall have registered office and central administration / principal place of business in the EU
- Principle of digital-only procedures
- Payments (incl. cross-border)
- Employee participation.

Overview of the proposal (2)

PUBLIC

Chapter II: EU central interface, formation and filing

- Harmonised company application form
- Preventive control
- EU central interface, fast-track and non-fast-track company formation
- Company formation fully online with national business registers
- Formation of EU Inc subsidiaries (domestically and cross-border)
- Once-only submission with tax authorities (also obtaining TIN, VAT numbers), social security authorities, beneficial ownership register
- Creation of EU Inc through domestic or cross-border conversion / merger / division
- Disqualified directors
- Electronic filing and signature

Overview of the proposal (3)

PUBLIC

Chapter III: Accessibility and cross-border use of EU Inc. information

- Documents and information to be made available through the business register and in BRIS
- Keeping documents and information in register up to date
- Once-only principle throughout the company lifecycle
- Disclosure of identity of companies and branches
- EU Company certificate and digital Power of attorney – including compatibility with EUDI wallet and upcoming business wallet
- Exemption from legalisation and from translations (incl. AI use for certified translations)
- EU central digital register
- Provisions related to BRIS (future implementing acts)

Overview of the proposal (4)

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Chapter IV: Cross-border branches

- Branch registration, application form, once-only submission, availability of documents and information in business register

Cross-border mobility of EU Inc companies

Overview of the proposal (5)

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Chapter V: Organisation

- Company bodies: board of directors, general meeting
- Company representation
- Directors' duties, conflict of interest
- Related party transactions
- Meetings and electronic voting
- Written resolutions (without a general meeting, if provided for in articles of association)
- Quorum and majorities
- Amendment of the articles of association
- Protection of class rights
- Shareholder withdrawal

Overview of the proposal (6)

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Chapter VI: Digital register, shares and share transfers

- Digital shares recorded in digital register (no bearer shares)
- Information included in digital register of shares, digital share certificate
- Equality of shares and share classes
- Exercise of shareholder rights (incl. e.g. examining financial books, requesting investigation by independent expert)
- Voting rights (default rule: one share one vote, but different rules can be provided in AoA)
- Transfer of shares (default rule: freely transferale, but different rules can be provided in AoA)
- Transfer of shares – digitally, without mandatory involvement of intermediaries (e.g. notaries)
- Access to multilateral trading facilities and regulated markets

Overview of the proposal (7)

PUBLIC

Chapter VII: Financing

- Non-par value of shares as default rule
- Capital regime (no minimum capital) and capital maintenance
- Payment for shares, in-kind consideration
- Issuance of shares (first shares and new shares)
- Instruments entitling to new shares (convertible instruments, warrants…)
- Pre-emptive rights of shareholders when new shares are issued
- Capital increase
- Distributions (incl. safeguards for creditors)
- Own shares: subscription, acquisition, treatment
- Redeemable shares
- Capital reduction

Overview of the proposal (8)

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Chapter VIII: EU employee stock option plan

- EU-ESO harmonised scheme
- Deferred taxation (until the shares are sold)

Overview of the proposal (9)

PUBLIC

Chapter IX: Closure of solvent EU Inc. companies

- Dissolution of EU Inc company
- Nullity (by court decision on specific grounds)
- Once-only submission and digital communication during liquidation
- Fast-track liquidation under certain conditions (no economic activity, no assets, no liabilities, no pending administrative or judicial procedures)
- Fast-track liquidation procedure, opposition of creditors, deadline for closing the procedure (30 days for tax clearance)
- Removal from business register

Overview of the proposal (10)

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Chapter X: Winding-up of insolvent companies

- Scope: EU Inc companies that are *innovative startups*
- Insolvency practitioner (not obligatory under certain conditions)
- Digital communications
- Request on opening simplified winding-up proceedings, and decision on it
- Lodgement and admission of claims
- Electronic auction of assets, interconnection of electronic auction systems
- Decision on closure of simplified winding-up proceedings (within 6 months, extendable once)

Overview of the proposal (11)

PUBLIC

Chapter XI: List of prohibited requirements

- Unless objectively justified and proportionate, MS shall treat EU Inc. companies no less favourably than other LLCs formed under national law in any aspect of their activities and operations:
  - public support (without prejudice to State aid rules)
  - authorisation or other requirements based on place of registered office
  - requirement for local representative / physical presence to complete a procedure or obtain an authorisation
  - Denying the use of payment account in another MS for completing a procedure or obtaining an authorisation

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Final provisions

- Data protection
- Accounting
- Penalties
- Comitology committees (BRIS committee, insolvency committee)
- Evaluation, reporting, review (of cost ceiling for fast-track formation)
- Application 12 months from entry into force