



European  
Commission



# SME RELIEF PACKAGE

#SOTEU2023

The EU's long-term prosperity depends on small and medium-sized enterprises (SMEs). The European Commission has taken bold action in support of SMEs, recognising the role they play in achieving the transition towards a green, digital and resilient economy. Relief to boost SME competitiveness after years of high uncertainty currently tops the policy agenda.

## Importance of SMEs in the EU

- 24 million European SMEs represent **99% of all businesses** in the EU
- Create **2 out of 3 jobs**
- Generate **more than half of value added** in the non-financial business sector
- Contribute to local economies with **42% of SMEs** located in a small town or village

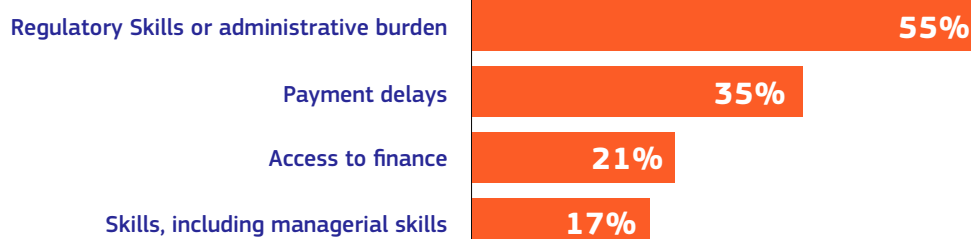
### SMES ARE AT THE HEART OF THE EU'S INNOVATION ECONOMY

- **34%** of all start-ups have introduced social innovations
- **89%** of SMEs are taking action to be more resource efficient

## SMEs face challenging times

Since 2020, SMEs have been affected by a succession of crises and challenges: the coronavirus pandemic in 2020, the increasing cost of raw materials and higher energy costs caused by Russia's war in Ukraine and the rapid rise in inflation reducing their access to finance.

### MAIN ISSUES FACING SMES TODAY



## The Commission supports SMEs across policies

- More than €200 billion foreseen for SMEs under different EU funding programmes until 2027.
- SME support is mainstreamed across key EU policy areas. Thus, it is central to EU programmes like Next Generation EU providing up to 45 billion euro to SMEs under the Recovery and Resilience Facility, the EU Chips Act, the Digital Services Act and the Digital Markets Act, and Cohesion policy funds, among others.
- The latest review of the General Block Exemption Regulation (GBER) eases SMEs access' to national public funding.

SMEs were the primary beneficiaries of nearly €100 billion designed to protect jobs and incomes affected by the coronavirus pandemic under the EU SURE instrument.

SMEs benefit from the launch of transition pathways for Europe's industrial ecosystems, while the proposed review of the electricity market design includes targeted measures to control SMEs' electricity bills.

The Commission has put in place a network of 150 European Digital Innovation Hubs, developed across the continent and expected to reach 100.000 SMEs by 2025. These are working in close collaboration with the Enterprise Europe Network and European Clusters Network to deliver support to SMEs in their digital transition.



## What is the Commission doing to further support SMEs?



**Strengthening SMEs liquidity by preventing late payments:** A new Regulation on late payments, revising existing rules, will help to ensure business are paid on time, limiting the critical effect delays in getting paid have on SMEs. New binding rules will ensure businesses are paid within a maximum of 30 days for B2B transactions, activate automatic compensatory fees and interest in case of delays, and ensure stronger enforcement of the rules.



**Simplifying taxes:** The new directive on tax simplification for SMEs will simplify the tax environment for SMEs, mostly for those at a very early stage of expansion abroad.



**Facilitating SMEs access to finance:** The Commission will promote the full potential of EU programmes for SMEs, for example by working with Member States to increase the financing guarantee capacity of InvestEU's SME window.



**Creating an enabling regulatory framework:** The Commission will continue to strengthen checks and improve its better regulation processes to ensure that policies work for SMEs. These include the rigorous application of the 'one in one out' principle (€7,3 billion net savings in 2022), the competitiveness check and the reinforced SME test; as well as the systematic consideration of the use of SME-friendly provisions in its legislative proposals for example longer transition periods for SMEs and SME-targeted guidance. The Commission will also appoint an EU SME Envoy, who will monitor SME interests and participate in meetings of the Commission's Regulatory Scrutiny Board. Moreover, the Commission will promote with the European Parliament and the Council the implementation of an 'on the spot' assessment of the impact on SMEs and competitiveness of proposed substantial amendments to Commission's proposals during the co-legislative process. In addition, the Commission will present, in October 2023 the next set of proposals to rationalise reporting requirements alongside the work programme, as part of a systematic and recurring cycle to meet the 25% reporting reduction target.



**Supporting SMEs across the lifecycle:** The Commission will continue to work with Member States on reducing the start-up time for new companies, promoting the exchange of best practices on business transfer and reporting on the impact of the Commission's insolvency policy to ensure that entrepreneurs can quickly get a second chance. Furthermore, the Commission will review, by the end of 2023, the current SME definition thresholds and develop a harmonised definition and consider adapting certain obligations for small mid-cap companies.



**Ensuring SMEs have access to relevant skills:** To complement the significant EU funding and technical support already available for up- and reskilling, the Commission proposes a series of new actions to ensure the availability of skills relevant to the green and digital transitions. In addition, the Commission will work with groups whose untapped entrepreneurial potential remains high, such as women, young people and persons with disabilities, through awareness, mentoring and coaching campaigns, building on the work carried out in this field under the SME strategy.