

1/2 January BI-WEEKLY UPDATE (16/01/2023)

1. Open calls for feedback and calls for evidence by the EU Commission

The following are the upcoming open feedback calls by the EU Commission with links.

[BEFIT -Business in Europe: Framework for Income Taxation](#) – **deadline for feedback is 26th January 2023**

The EU Commission's call for feedback on, corporate insolvency and company listing has been prolonged.

[Insolvency laws: increasing convergence of national laws to encourage cross-border investment](#) - **deadline for feedback is 13th of March 2023**. Although EFB will not comment on this initiative, we invite you to explore whether your members may be interested in it.

[Listing Act – making public capital markets more attractive for EU companies and facilitating access to capital for SMEs](#) – **deadline for feedback is 13th of March 2023**.

[Late payments – update of EU rules](#) - **deadline for evidence is 9th of February 2023**.

Also attached to this email is the impact assessment update review on the late payment directive.

EFB will continue reviewing these initiatives and will present ideas on a contribution to the Listing Act consultation in the near future for approval of the management committee and the board.

2. Single Market Economy Instrument

On the 13th of January 2023, the Working Party on Competitiveness and Growth (Internal Market) held a meeting to **exchange views on the SMEI proposal**. Since this **meeting was part of a closed discussion**, we do not yet have any details on what was spoken of. But **EFB will continue to follow this**.

3. New Presidency of the Council of the EU

Every six months the presidency of the Council of the EU changes. As of the 1st of January 2023, the **Swedish Presidency of the Council of the EU took over from the Czech Presidency**. Sweden is set to keep hold of the Presidency until the **30th June 2023**. The Swedish Presidency will now follow on from the work of its predecessor with a particular focus on the following: **security, competitiveness, green and energy transitions, democratic values and the rule of law**.

Should you like to keep up to date with the Swedish Presidency of the Council please visit: [Swedish Presidency of the Council of the European Union \(europa.eu\)](https://europa.eu/swedish-presidency)

To find out more about the upcoming events and meetings from the Swedish Presidency of the Council of the EU visit the 'Events' section of their website [Events \(europa.eu\)](https://europa.eu/events)

4. AMLD6 is in the works!

Background of Anti Money Laundering Directive 6 (AMLD6):

- **20 July 2021 EU Commission adopted AML and countering the financing of terrorism (AML/CFT) package.**
- The **6th proposed directive** was in this package.
- **AMLD6 will replace the existing Directive 2015/849/EU (AMLD 4) which was amended by Directive 2018/843 or AMLD 5.**
- AMLD 6 is said to contain provisions regarding rules concerning national supervisors and Financial Intelligence Units in Member States.
- AMLD6 is **assigned to ECON and LIBE committees** and the **rapporteurs are Ludek Niedermayer of EPP for ECON and Paul Tang of S&D.**

Timeline:

On the 7th of December 2022, the Council agreed on its position on AMLD6. Hence, trilogue negotiations with the Parliament will commence to agree on the final version of the directive.

At the moment, I have found the changes in the current AMLD directive reflecting the judgement of the European Court of Justice's ruling on UBOs. But I will keep researching this. I have contacted DG JUST to ask if there will be any changes to the existing directive or information coming from the EU Commission on the matter in the near future.

For more information AMLD 6 visit: [the Legislative Track of the European Parliament](https://www.europarl.europa.eu/legislative-tracker/)

5. Upcoming discussion of Multiple vote share structures

On the 17th of January the Working Party on Company Law will meet to discuss the Multiple vote share structures in companies that seek the admission to trading of their shares on an SME growth market.

Within this meeting they seek to:

- **Present the Proposal for a Directive by the Commission**
- **Present the impact assessment by the Commission**

EFB will follow this should it provide more clarity on the on-going listing act initiative.

For the meeting document visit: <https://data.consilium.europa.eu/doc/document/CM-5896-2022-INIT/en/pdf>

2/2 January BI-WEEKLY UPDATE (30/01/2023)

1. Ongoing calls for feedback and calls for evidence by the EU Commission

The EU Commission's call for feedback on, corporate insolvency and company listing has been prolonged.

[Insolvency laws: increasing convergence of national laws to encourage cross-border investment - deadline for feedback is 17th of March 2023.](#) Although EFB will not comment on this initiative, we invite you to explore whether your members may be interested in it.

[Listing Act – making public capital markets more attractive for EU companies and facilitating access to capital for SMEs – deadline for feedback is 27th of March 2023.](#)

[Late payments – update of EU rules - deadline for evidence is 17th of March 2023.](#)

EFB will continue reviewing these initiatives and will present ideas on a contribution to the Listing Act consultation in the near future for approval of the management committee and the board.

2. Single Market Economy Instrument

On the 26th of January 2023, the Working Party on Competitiveness and Growth (Internal Market) held a meeting to further **exchange views on the SMEI proposal**. Their last meeting, in which they discussed the SMEI regulation proposal, was on the 13th of January 2023.

These discussions are still closed but we will follow any updates as they emerge on the topic.

3. Debt- Equity Bias Reduction Allowance (DEBRA) Update!

The DEBRA proposal is currently under discussion and going through amendments by the different European Parliamentary Committees.

The latest draft amendments were given by the ECON Committee who concluded that:

The unequal treatment between debt and equity leads to a tax-led bias toward debt, while this choice can make firms more vulnerable in bad times. It also leads to a bias towards an increase in indebtedness in the EU Single Market and undermines the development of the equity market.

Some Member States have already a tax allowance on equity in place at the national level, but differences in their design increases compliance costs for businesses active in several Member States. The option to roll out the rules gradually provides a good response. The rapporteur introduced minor changes to the Commission's text, which aim to assist SMEs.

Namely, since SME's are more exposed to longer periods of losses, increased allowance on equity as well as a longer period for tax deductibility should be considered. In addition, the rapporteur proposes higher equity allowance to better reflect the higher costs of capital for SMEs.

The proposal does not put an end to debt bias, but partly increases the attractiveness of equity financing.

The rapporteur is of a view that the proposal should not be rejected by the Council, but rather, be fine-tuned and gradually implemented.

If you would like to read the full amendments they suggested please visit:
https://www.europarl.europa.eu/doceo/document/ECON-PR-738463_EN.pdf

The proposed timeline:

Consideration of amendments – March

Vote in ECON – March 21, 2023

Vote in plenary – April 2023

Should you require any further information on the current legislative procedure of the DEBRA file visit the [Legislative observatory](#).

4. Update on prohibiting products made with forced labour

There has been an update pertaining to prohibiting products made with forced labour from entering the union market regulation.

The Internal Market and Consumer Protection (IMCO) committee is responsible for this file.

The following committees are expected to provide opinions on the regulation:

AFET

INTA

EMPL

For further information on the file's procedure visit the [Legislative observatory](#)

5. Concerns on current CSDDD as discussions continue

Various Stakeholders of the business community issued a joint statement calling for more harmonisation and realism in the CSDDD proposal for companies under the scope but also SMEs that will be impacted.

Full harmonisation **is necessary to avoid fragmentation of the EU single market and ensure a level playing field.**

Focusing the whole value chain is neither manageable nor realistic.

Regulating directors' duties is unnecessary to reach the objectives **of the proposal and does not belong in a due diligence framework.**

Legal liability provisions need to be balanced.

They added that companies cannot be made liable for damages they have not caused or directly contributed to (intentionally or negligently).

Clear guidance needs to be adopted - **sectoral guidance would be helpful for specific industries.**

The legislation should acknowledge the possibility of organising due diligence at group level, including groups of companies that do not have a classic corporate structure consisting of parent companies and subsidiaries.

For the business communities statement visit the link [here](#)

6. Revision of the Late Payment Directive

As previously mentioned the EU Commission has launched a open [public consultation](#) to collect information on late or unfair payment practices and payment behaviour in commercial transactions. At the same time they have also launched a [Call for Evidence](#) where interested parties can express their views on the understanding of the problem, the need for EU intervention and the preliminary range of possible options and their expected impacts.

This revision is part of the SME Relief Package.

The planned revision will take a more holistic approach, centred on: embedding prompt payment behaviour into law; fostering the use of modern digital payment tools to facilitate prompt payments; and strengthening prevention and enforcement of these rules across all industrial ecosystems.

The Commission plans to publish the revision the revision of the Directive by the summer of 2023.