

## **EU Commission Business Transfers Workshop – Wednesday 23<sup>rd</sup> April 2025**

Luxembourg and Belgium's SME Envoys attended the meeting in person.

Marie-Hélène PRADINES

It was both a request and a reminder that we must discuss the topic. The framework of the single market strategy will include business transfers.

- 1994 Recommendation – follow up of the SME Envoy's assessment made in 2024 – the EU COM wants to know where member states are today and whether they have adopted new measures since 2024 and whether the 1994 Recommendation should be reviewed and to what extent.

David A.2 DG GROW.

The topic has gained importance due in part to the demographic change – more baby boomers are retiring.

### **Timeline of commission actions:**

- 1994 Recommendation (it emphasises that it is not necessarily market failures that lead to failed business transfers other element like training, preparation etc are needed).
- 1998 Communication ( assessed the progress of 1994 Recommendation).
- 2006 Communication on Business Transfers (stocktaking of earlier efforts).
- 2008 Small Business Act lay out foundation for horizontal SME policy and contained a review of fiscal policies and the call for Member States to avoid tax barriers to business transfers.
- 2011 SBA Review: Study “business dynamics start-ups, business transfers and bankruptcy”
- 2013 Entrepreneurship Action Plan called on Member states to make business transfer process easier.
- 2017 Business Transfers Conference
- 2020 SME Strategy
- 2023 SME Relief Strategy
- 2024 SME Envoy report to assess framework conditions for business transfers.

EU Technical Support Instrument (TSI) provides tailor made technical expertise to EU Member States on designing and implementing different types of reforms. This year, member states can use the TSI to work on business transfers, however member states have not yet made use of this tool.

### **What have member states done since last year's report from the SME Envoys?**

**Belgium** - Since 2011, they organise a business transfer week (all regions of Belgium) to raise awareness on business transfers and provide advice. The whole country focuses on the topic in this week.

**Portugal** - started experimenting with different community practices which they are now trying to mainstream into a peer-to-peer learning academy. They are also working with the family business association and trying to understand the needs for family business succession. Portugal will also

work with academia to assess what can be done with very small businesses that are not attractive to be taken on by other family members.

**Austria** - has developed two initiatives, the Grace Period Act – in order to be able to carry out company succession this act provides support from the tax office to identify problems at an early stage and the entrepreneur can keep asking for support on tax related issues. The Act also includes simplifications. In addition, there is an increase to the tax relief for business transfers plans from 7,300 – 45,000€ beginning in 2027.

**Véronique Willems - SME United** – Since 1st November 2024, there are banks that offer specific loans for business transfers with government backing. In spring this year, in Finland, they will start collecting data on employee transfer. DG GROW and DG AGRI should cooperate in the Generational Renewal Strategy.

Denmark and Slovenia are working on a legislative framework for business transfer to employees.

**Germany** financial support for business creation is also for business succession. The new beneficial loans that were put into practise in November are also meant for business transfers. Another instrument that has been successful in Germany is [Nexxt Change](#), an online platform that matches people who want to sell their company with young entrepreneurs looking to take over a company.

**SME Envoy Belgium** noted that they promoted the new Federal government to include the 7 recommendations of the 2024 report on assessing the framework conditions, but its too soon to tell if this has been taken on board. It includes business transfers.

**Luxembourg**, they have a voucher system, they should have a specific tool for business transfers which will be launched at the end of the year. It is a support measure to be on the side of the company to do the business transfer. It includes a financial measure to hire a financial expert to help them with the business transfer. There is also an awareness element.

**ESBA** – areas for action – asset stripping by a new owner (maybe there could be a protection in place for this to ensure those taking on a new business will not sell it for parts). A measure to ensure protection against account manipulation.

**Hungary** – several Hungarian equity funds have been developed to ensure that there is a business succession.

Overall – financial support, platforms to help guide business owners throughout the business transfer process and data collection have occurred. This could be used as best practises.

**What can be added to the 1994 Recommendation? What is missing? What needs to be updated?**

**Jesús Casado – EFB** - presented, the 10 Suggestions to support business transfers in the EU. He thanked EU Commission for organising this business transfer workshop. The topic wasn't mentioned in the Omnibus package. Three phases in the life of a company – creation, growth and transfer. In the last 10 years a lot of effort has been placed on creation focusing on start-ups which is needed, but also we have forgotten growth in terms of transfers. This is a working document and create a debate to develop in the coming months. If you support existing companies, you support jobs, provide regional stability, innovation etc. You also support the digital and green transitions by supporting business transfers as new owners will now focus on this. Scaling-up - growing through transfers is an essential way of scaling up.

Growth, existing companies and business transfers into the agenda.

We need to recognise that all types of business transfers are important. We need more data on this. We would like Eurostat to gather more data on business transfers.

Propose an EU wide business transfer barometer that can through surveys gather information on the plans of business transfers.

Education is vital. We need to educate future entrepreneurs. Push educational programmes.

Financial measures should be enhanced. Creating more EU funded projects to support entrepreneurs in close cooperation with business organisations. Push guarantee programmes.

We would like to see the business transfer integrated into the MFF for 2028-2034.

EU Commission should enhance best practices. Raise awareness and simplification of regulatory, fiscal and administrative burden. In the sense of best practise we could also create an EU business transfer forum to identify and promote exchange of best practises.

We need to think about cross-border business transfers.

Include these 10 measures in the Single Market Strategy and in the EU Scale-up and Start-up strategy. Eventually also a new recommendation. Article 6(a) on fiscal measures regarding inheritance taxes.

**Diana Dovgan - CECOP** – a new recommendation would be needed. Business transfers for employees – across Europe, most take the form of a cooperative for this type of transfer. The 1994 recommendation promotes business transfers to employees. The target is made only to the business owner, but we need instruments and measures targeting the workers. The time anticipation (time to prepare) is a crucial element of the '94 recommendation.

Financial support, however, needs to be enhanced and complementary instruments between the EU and national member states. Technical assistance is missing in the recommendation. The importance of regional authorities, regional business associations are the closest to businesses. cooperation with regional authorities is therefore key.

**Marie Depelssemaker - Transeo** – the report from the SME Envoys showed that member states are a bit lost regarding the topic. There is a lot to take into account. There is a disinterest on business transfers and we need to place it back on the political agenda. The EU Commission needs to do more and can do this together with business organisations. But, if we don't act, then there will be a new crisis. There is an untapped growth potential for SMEs by buying other companies. Cross-border acquisitions within the EU. Why not focus on this.

**Véronique Willems - SME United** – a huge amount of companies will need to be transferred in the next 5-10 years. They see already that companies that don't have someone to take over the company are often bought by third country companies. This needs to be considered in a time where we need to

The urgency is not being grasped by member states. There is a place for the topic in both the Single Market Strategy and EU Scale-up and Start-up strategy. You do not have to create a new business to take on a start-up or to scale up a company. It is a competence that is with the finance minister for inheritance tax, employment minister for social matters, the minister for company law etc. it is not just for SME Envoys. Member states need to have a view from different sectors of their government.

In **Czechia**, it is the first time that their companies are going to transfer to the next generation and therefore, they would benefit from business transfers.

**COOPERATIVES EUROPE** – technical assistance and have greater partnership between public authorities and regional organisations in particular for data. A true partnership needs to be done at all levels to enhance business transfers. Supported all previous comments.

**ESN** – EU Start-up network. A transfer is often a success story for start-ups. Supported all the previous comments especially regarding cross-border transfers. In the tech firms and private equity are combining in the ecosystem to use AI to increase efficiencies in businesses. Encourage DG GROW to reach out to DG JUST who is working on the 28th regime as the latter will be important for business transfers.

**Patrick – Wallonia region** - Financial instruments should not just be to help a buyer buy the company, but also for advice and training. On raising awareness on preparation of business transfers is very important. We should think about having a European Transfer week where all member states combine efforts to raise awareness.

**Leena Whittaker - EuroCommerce**– Their members note that the 1994 recommendation was very general. On entrepreneurship there are a lot of on going projects. Skills for retail project showed that there is a need to educate on entrepreneurship. The idea of generational renewal is interesting. Business transfers needs to spread to employees. A platform for exchange.

Which data is needed ? – data of forecast for transfers.

**Jesús Casado - EFB**– Business transfers is a process and with family business it sometimes takes 10-15 years. Selling the company does not happen in one day. JC welcomed the idea of ESN on the 28th regime. Maybe business transfers could be something included in the 28th regime to facilitate this process.

**Véronique Willems- SME United** – there are already many business associations doing a regular survey every two-three years in Sweden. There are already several data collections happening. We need to first look at what is out there. Also public authorities already have a lot of data. We need to know what they have in place already. Age driven business transfers and also new business dynamics where entrepreneurs at 30 or 40 want to transfer the business. Digitalising certain elements to ensure that data collection can flow with greater ease.

**Belgium SME Envoy** – there is no contradiction between what business associations propose and the SME envoy network report. We have 17 suggestions (10 from the business community and 7 from the report of the SME Envoy) to take into account for a new recommendation. A new push from the Commission will be important.

**Portugal** – is there a good forecast on companies that will need to transfer the business in the short term?

**Marie-Hélène PRADINES recommended** perhaps having a section or session on business transfers as part of the SME week. Do we need to put the suggestions in the recommendation? Enlarging scope of business transfers, fiscal measures and promoting more balance between employee and owner transfer.

**André Meyer** – on data; in theory the data is there. The issue is that is in the business registers. This is a GDPR issue and also many business registers are run as company. In taxation, having a tax on business transfers is very important for finance ministers as the economy is hard hit. **We**

**need to remind member states that there is a short term gain, and long term loss if they raise taxation.**

**Jesús Casado – EFB** – Before 1994 very few countries had an exemption on the business assets on inheritance tax. The 1994 recommendation brought member states to think about exemptions by exempting business assets from taxes or lower taxes for business assets which means businesses can continue to exist and employ people while also contributing to the public purse.

**Marie-Hélène PRADINES – moving forward**

- push for the mention of business transfers in the Single Market Strategy.
- Update the recommendation of 1994 although, the main basis is there. It will put the topic higher in the agenda.
- They will make the link to the EU Start-up and Scale-up regime.
- They will take the points on board. Enlarge the scope, take into account employees and a lot of actions are likely outside of the recommendation (raising awareness, educational training, financial support) they will liaise with DG EMPL, DG JUST, DG AGRI.

**Giving the topic attention at the EU level is our first priority.**

**Creating a platform amongst people to exchange best practices either via webinars or two yearly events etc.**