



Questions and answers on EU Inc.

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Why is the Commission proposing EU Inc.?

Today, for too many entrepreneurs and innovative companies, expanding across EU borders means navigating a fragmented corporate legal landscape. European companies looking to grow and scale are faced with navigating 27 national legal systems and over 60 company forms. On top of that, many processes still require manual paperwork, in-person appointments, and unnecessary documentation.

This can delay the setting-up of a company for weeks or even months, **slowing growth, raising costs and discouraging scale**. During the Commission's public consultation activities, over 80% of respondents said that different national rules and forms were a significant obstacle to starting, running, or closing a business in the EU.

EU Inc. will provide a single, optional and harmonised set of corporate rules that companies can choose instead of navigating multiple national regimes, with the aim of unlocking the true potential of the Single Market.

What is the difference between the 28th regime and EU Inc.?

As part of the [Competitiveness Compass](#), the European Commission committed to presenting a 28th regime with a single and simple set of EU-wide rules for innovative companies to reap the full benefits of the Single Market. **EU Inc.** is the cornerstone of the 28th regime. It provides a comprehensive set of corporate rules covering the entire lifecycle of a company. It makes it easier to start and grow a business in Europe, attract investment and reduce the costs of failure.

Entrepreneurs will now have the option of opting into the new EU Inc. Company form, or the 27 national company legal forms which sit alongside the EU Inc. proposal.

The 28th regime represents Europe's broader offer to its businesses to help them seize the benefits of the Single Market. It includes EU Inc., but also sets out other measures for innovative companies to get access to funding, and operate seamlessly across borders, in all matters concerning their business. This includes measures on digitalisation, access to finance, measures to attract and retain talent, taxation, and to ensure a clear, predictable and swift legal framework.

Is this proposal ambitious enough?

Yes. The benefits and the ambition are clear. EU Inc. responds to the call of founders and industry to address the fragmentation of national rules with an ambitious, optional, simple and harmonised set of rules. By proposing a Regulation, we ensure that the most appropriate instrument for a harmonised legal framework is used, effectively ending the fragmentation of the Single Market.

EU Inc. will be available to all founders who deem it suitable for their business model. It offers registration in 48 hours, simpler procedures, and lower risk for investors. Registration will be available through a single EU-level register. By providing for simpler and digital company procedures - such as online shareholder and board meetings—and removing in-person formalities, it makes it easier for EU companies to attract investment from within and outside the EU.

Who can use the EU Inc.? Will it be optional or will it replace national company laws?

The EU Inc. will be a new optional corporate legal regime. Anyone who wishes to set up a new company in the EU will have the choice to either use the new EU Inc. company form or an existing national company form, which will not be affected by the proposal. The new EU Inc. form will be the same in all Member States. In addition, EU entrepreneurs will be free to choose the Member State in

which they would like to incorporate.

What will be the central EU-level register for EU Inc. companies?

The Commission will set up an EU interface for EU Inc. companies to register their company and submit their information. They will only need to submit their relevant information once. This will allow EU Inc. companies to focus on their innovation and business operations. Upon entry into application of the proposal, companies will immediately be able to register and submit their information via an EU-level interface connecting national business registers. The Commission will then establish a new central EU register for all EU companies to register their company information, no matter where they are established in the EU.

Will there be specialised courts for EU Inc.?

In the Communication, the Commission encourages Member States to designate specialised courts for EU Inc. companies. By centralising expertise, this approach would help improve consistency in rulings, minimise procedural bottlenecks, and deepen judicial understanding of EU Inc.'s unique aspect. This would, in turn, bolster investor confidence and facilitate cross-border trust. The Commission will use a set of tools to support such initiatives, for example in the context of the [European Judicial Training Strategy 2025-2030](#).

How will insolvency procedures be simplified for innovative startups?

The proposal includes targeted changes of insolvency procedures to reduce the complexity, the costs and time involved for such procedures. The Commission proposes a single criterion to launch winding-up proceedings for EU Inc. companies that are innovative startups: the inability to pay debts. In addition, the Commission proposes to simplify the proceedings using a standard form while making the representation by a lawyer optional. The proposal also speeds up the lodging of claims by considering that the list of claims provided by the insolvency practitioner or the debtor is admitted, unless the creditor specifically objects.

How will insolvency procedures be simplified for all companies?

Digital communication will be obligatory for all communications between the competent authority, insolvency practitioner, and the parties to the proceedings. This will enable the competent authority to conclude the proceedings faster and to deliver a decision on the closure of the simplified proceedings six months after the submission of the request for the opening of proceedings. Member States are also required to establish and operate one or more digital auction platforms to convert company assets into liquidity at least for EU Inc. companies that are innovative startups.

How will the rights of employees be protected?

EU Inc. fully maintains workers' rights. It is a proposal to streamline company law, and it does not affect labour, taxation or other laws. EU Inc. focuses on how companies are set up and managed - from registration to corporate governance, share structures, and digital company procedures.

Rules protecting workers continue to fully apply in the Member State where the work is habitually performed. This includes wages, working time, health and safety, equal opportunities for women and men, protection against discrimination, and dismissal protection.

Businesses have the same obligations towards workers, whether they are incorporated under national company law or under EU Inc.

The proposal clearly specifies that EU Inc. cannot be used to circumvent rights. This includes employees' rights to participation in company boards (co-determination). In a Member State where these rules exist, they continue to apply to any EU Inc. company registered there.

Does EU Inc. protect businesses from 'killer acquisitions'?

EU Inc. provides founders with several tools to stay in control of their vision and prevent hostile takeovers. For example, EU Inc. companies will be able to issue shares with multiple voting rights, which allow founders to take new investors on board while staying in charge. EU Inc. companies may also choose to make the transfer of shares subject to conditions, such as the company's consent.

Why is the Commission adopting a recommendation on definitions of innovative enterprises, innovative startups and innovative scale ups?

Currently there are no single and widely accepted definitions based on objective and user-friendly criteria for innovative enterprises, innovative startups and innovative scale ups. Therefore, individual supporting measures use different definitions on a case-by-case basis. This has led to some fragmentation in innovation support in the EU and to a lack of transparency for enterprises. By establishing ready-to-use definitions based on selected objective criteria the Commission is proposing a new standard for future initiatives. Since the role of start-ups in disruptive innovation is well documented, proper definitions are increasingly needed for effective innovation policy making. Under the EU Inc. proposal, the definition of innovative start-ups set out in the Recommendation is used to identify the companies that are eligible to simplified insolvency procedures.

How are innovative enterprises, innovative startups and innovative scaleups defined?

Under the Recommendation, an **innovative enterprise** is a company whose research and development costs represented in the last three years at least 10% of its operating costs or at least 5% of its total sales. A company can also be considered an innovative enterprise if it has or will soon develop a major innovation, which holds risks of market or technological failure.

An innovative **startup** is an innovative enterprise with less than 100 employees and with an annual turnover or balance sheet of less than €10 million. It must have also been operating for less than 10 years.

Innovative scaleups are innovative enterprises with an annual turnover or balance sheet of more than €10 million, and which must have increased the number of its employees or revenues by 20% in the last two years, and either employs fewer than 750 persons or is not publicly listed.

For more information

[Press release](#)

[Factsheet: Proposal for an EU Inc. corporate legal framework](#)

[EU Inc.: A new harmonised corporate legal regime](#)

[Communication: towards a EU Inc. for EU companies](#)

[Impact assessment for EU Inc. corporate legal framework](#)

[Recommendation to harmonise the definition of innovative companies, startups and high-growth scaleups](#)

[EU Startup and Scaleup Strategy - Research and innovation](#)

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