FICSIMM
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Omnibus legislative packages.
Single Market.

Reducing administrative burdens: the Omnibus packages are a step forward, but gaps remain

The **Omnibus legislative packages** introduce several **critical improvements** for SMEs by reducing regulatory complexity and lowering administrative burdens. The EU's commitment to cutting red tape by **25% across the board, with a specific reduction of 35% for SMEs**, is a **positive step** that will enable businesses to focus more on growth and innovation rather than excessive compliance paperwork.

Some of the most **notable improvements include**:

- **Exempting 80% of companies from Corporate Sustainability Reporting Directive (CSRD) obligations**, ensuring that only the largest enterprises bear the most complex reporting requirements.
- **Delaying the CSRD reporting deadlines for medium-sized companies until 2028**, allowing them **more time to prepare for compliance and adapt to sustainability disclosure obligations**.
- **Reducing the complexity of EU Taxonomy reporting**, which will significantly **ease compliance costs and administrative burdens for SMEs**.

While these changes are **highly beneficial**, we caution that there is still a risk that **SMEs will face indirect compliance burdens** from larger companies requiring **additional sustainability data from smaller businesses in their supply chains**. Many SMEs act as suppliers or subcontractors for large enterprises, and while they may be exempt from **direct CSRD obligations**, they may still be pressured into reporting complex sustainability metrics due to corporate procurement policies. This **hidden burden** must be **explicitly addressed** in the final implementation phases.

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A. Omnibus:

1. Having in mind voices of business communities in Member States and, in particular, burdens placed on SMEs, which other areas in the EU acquis than those already covered by announced omnibuses require urgent simplification measures in order to strengthen our competitiveness?

Other areas in the EU acquis that require urgent simplification measures for SMEs:

Key areas for urgent simplification:

- **EU taxation & VAT compliance**: SMEs face high administrative costs in cross-border transactions due to complex VAT rules. Expanding the **One-Stop-Shop (OSS) mechanism** for all intra-EU trade, not just e-commerce, would help SMEs operate more efficiently across borders.
- **State aid rules**: Many SMEs struggle to access state aid due to complex notification and compliance procedures. A **simplified approval process** for SME-targeted aid under the **Clean Industrial Deal State Aid Framework** should be implemented.
- **Harmonization of national regulations**: Diverging national interpretations of EU regulations create obstacles for SMEs in industries such as manufacturing, retail and digital services. **Greater harmonization and mutual recognition of national laws** would enhance competitiveness.
- **Public procurement**: Simplifying **public procurement rules** to make it easier for SMEs to participate in government contracts, including reduced administrative burdens and more SME-friendly award criteria.
- **Access to EU funds**: EU funding applications remain overly complex. The **ERDF and Horizon Europe funding** mechanisms should be streamlined with **faster evaluation cycles** and **lower co-financing rates** for SMEs.
- **Sustainability reporting & ESG compliance**: While the **Omnibus proposal** has reduced **CSRD** obligations for many companies, indirect reporting burdens persist due to large firms requiring ESG data from SME suppliers. **A clear exemption mechanism for SMEs** should be introduced to limit excessive indirect compliance costs.

- **Workforce mobility & digital recognition of skills**: Current regulations around the **posting of workers** and the **recognition of professional qualifications** are fragmented and bureaucratic. A **single EU-wide digital certification system** would help SMEs recruit and retain skilled workers more easily.

2. How can we ensure that the 'Omnibus method' delivers, leading to swift agreement and simplification on the ground? What further measures can be taken by the Council, Member States and the Commission to ensure that simplification measures are prioritised?

Ensuring the "Omnibus method" delivers real simplification on the ground:

Key recommendations:

- **Mandatory SME impact assessments**: Before adopting new regulations, the EU should implement **mandatory SME-focused regulatory impact assessments** to measure **bureaucratic burden reductions**.
- **Fast-track implementation of simplifications**: **A binding timeline** for Omnibus simplifications must be established, ensuring that Member States **implement simplifications within 12 months**, preventing delays due to national-level bureaucratic processes.
- **"Zero bureaucracy" test for SMEs**: A **"Zero Bureaucracy" test** should be introduced for new and existing regulations, ensuring that any regulatory requirement does not **disproportionately burden SMEs** compared to larger companies.
- **Digitalization of administrative processes**: More use of **automated reporting, AI-driven compliance tools and EU-wide digital registries** to simplify application and reporting processes for SMEs.
- **National-level accountability mechanisms**: Member States should **report annually on the effectiveness of Omnibus simplifications**, detailing how they have reduced administrative burdens and improved SME competitiveness.
- **More SME representation in EU decision-making**: Creating **dedicated SME advisory councils within the Commission and national governments** to ensure real-world SME perspectives are considered **before** new regulatory measures are introduced.

- **Removing overlapping requirements**: Many EU-level reporting and compliance measures duplicate national requirements. A **systematic review of overlapping rules** should be conducted to eliminate redundant reporting obligations.

B. Towards a horizontal strategy for a modernized Single Market:

1. What actions should be included in the roadmap for services in the first place in order to achieve a tangible and measurable change in intra-EU trade in services, for example an increase by 30 % in one decade?

Roadmap actions to achieve a tangible and measurable increase in intra-EU trade in services:

Priority actions for the roadmap:

- **Fully implement the Services Directive**: Many EU countries still impose **national restrictions** on service providers, limiting cross-border operations. **Full and uniform enforcement** of the **Services Directive (2006/123/EC)** is essential.
- **Introduce a Single EU Digital Business License**: A **one-stop-shop licensing system** for service providers, allowing businesses to operate across the EU without requiring **separate national approvals**.
- **Mutual recognition of professional services**: The **automatic recognition of professional qualifications** across all EU Member States should be **mandatory**, covering regulated professions such as engineers, architects, and healthcare professionals.
- **Simplified cross-border VAT for services**: Extending the **One-Stop-Shop VAT mechanism** to **all service sectors**, removing administrative burdens for companies providing digital, consulting or financial services across borders.
- **EU-wide standardized digital contracts**: Developing **harmonized digital contract templates** for service providers to facilitate easier cross-border transactions.
- **Better access to public procurement for SMEs in services**: Creating **more SME-friendly procedures** in **EU public procurement**, ensuring that service-based SMEs can access cross-border tenders with simplified conditions.

- **Data-driven regulatory oversight**: Using **AI and Big Data** to monitor regulatory barriers in services and identify areas where **national-level restrictions create bottlenecks**.

2. Which barriers in the services sector should be primarily removed to help EU companies scale-up? What actions related to barriers regarding posting of workers, recognition of professional qualifications and permitting should be undertaken in the roadmap?

Removing barriers in the services sector to help EU companies scale up:

Key barriers to address & solutions:

- **Posting of workers simplifications**:
  - Reduce **reporting and notification requirements** for short-term postings.
  - Create a **single EU-wide digital platform** for registering posted workers, eliminating redundant national declarations.
- **Recognition of professional qualifications**:
  - Expand the **EU Professional Qualifications Directive** to **cover more professions** and accelerate the **automatic recognition process**.
  - Introduce **AI-powered automatic verification** of qualifications through an **EU Digital Credentials Wallet**.
- **Permitting & licensing**:
  - Introduce **maximum timeframes for service licenses -** authorities should approve or deny licenses within **30 days**.
  - Develop a **mutual recognition framework** for permits in industries like construction, legal, consulting, financial services, etc.
- **Sector-specific reforms**:
  - **Financial & insurance services**: Simplify cross-border operations through **harmonized consumer protection standards**.
  - **Digital & tech services**: Reduce **data localization requirements** that **fragment** the digital services market.
  - **Healthcare services**: Enable **fast-track recognition** of cross-border medical certifications.