



HEADLINES

EU/ Financing: ESBA calls on EU governments to reduce taxation of SMEs for profits retained in the business

Financial crises have a negative impact on Small and Medium Enterprises as well as larger companies, however - due to their structure - SMEs often suffer the adverse effects to a much greater degree. The magnitude of the current financial crisis may lead to bankruptcy amongst thousands of European SMEs.

The positive impact of the European Investment Bank's decision to support SMEs' borrowing (€30 billion by 2011) will take time to trickle down to the individual companies, due to the lengthy procedure of processing these funds through financial institutions.

As has recently been demonstrated by an official large scale survey of the European Commission on "retention of profits" of SMEs, published this month, the retention of profits (when not distributed) could dramatically improve the equity base of millions of SMEs, helping them survive the crisis and boosting their ability to reinvest as soon as possible.

ESBA OPINION

ESBA calls on EU finance ministers to take concrete steps in their respective member states to reduce the taxation on retained profits in SMEs. If implemented rapidly, this measure would show the ability of European Member States to take powerful concerted actions.

To read more about the Commission study on Effects of Tax Systems on the Retention of Earnings and the Increase of Own Equity, please click [here](#)

EU / Consumer Rights: Brussels to harmonize rights for consumers

On 8 October, the Meglena Kuneva, European Consumer Commissioner, announced a set of new proposals to strengthen consumer protection across the EU, with a single set of consumer rights. The objective of the new proposal, designed for Europe's 500 million consumers, is to guarantee equal protection for consumers to shop online and in the main street. At the same time, a harmonization of contract terms across the EU aims to reduce the cost to businesses of selling outside the domestic market. The new set of standardized rights will provide clear information about the goods, tough new rules in the event of delivery or non-delivery, cooling-off periods, returns, refunds, repair terms and guarantees.

ESBA OPINION

ESBA generally supports the Commission's proposal for a single set of consumer rights, which will clearly strengthen consumer protection across the block and at the same time upgrade existing consumer protection regulation. However, the new contractual terms should not undermine already existing consumer protection measures at national level. Also, a harmonized set of consumer contract terms will not automatically boost cross-border trade. Small businesses in particular perceive language barriers as major obstacle to sell cross-border. ESBA encourages the Commission and Member States to invest heavily in education programs at the European level

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(languages, culture) in order to help Europe achieve the goal of becoming the most competitive and dynamic knowledge-based economy in the world.

To read more about the Commission proposal to strengthen EU consumer rights, please click [here](#)

IN BRIEF

EU/ Social Affairs: Commission aims to improve work-life balance

On 3 October, the European Commission announced a new set of measures to strengthen women's legal entitlement to family-related leave and to ensure equal treatment of the self-employed and assisting spouses. The new EC initiative aims to improve the work-life balance of European citizens, which is a key element in coping with demographic ageing and which marks an important step in achieving Europe's strategy for growth and jobs. The new proposal foresees the extension of the minimum period of maternity leave from 14 to 18 weeks across the EU and aims to ensure equal treatment of the self-employed and their assisting spouses.

To read more about workers' rights in the European Union, please click [here](#)

EU/ Small Business Act: Public Hearing on the Small Business Act in the European Parliament

On 14 November, Edit Herczog, rapporteur on the Small Business Act for Europe, chaired a roundtable discussion on the SBA in the European Parliament. The meeting provided an opportunity for interested stakeholders to put forward their views on the SBA proposal. Fred Soudain, ESBA Senior Representative, made several key arguments which were noted by the rapporteur. In particular, ESBA asked the rapporteur to pay special attention to a large scale survey conducted by the European Commission on the "retention of profits" of SMEs published earlier this month. The retention of profits could dramatically improve the equity base of millions of SMEs, helping them survive the current financial crisis and put them in a much better position to reinvest as soon as possible.

To download a citizens' summary on the Small Business Act for Europe, please click [here](#)

PUBLICATIONS

World Bank Report "Doing Business 2009"

This report assesses the ease of doing business in a wide range of countries based on a set of specified indicators affecting 10 areas of everyday business: starting a business, enforcing contracts, employing workers, getting credit, closing a business, registering property, protecting investors, dealing with construction permits, paying taxes and trading cross borders. The 10 indicators are updated, and the countries ranked according to the analysis of economic outcomes.

To read more about the World Bank publication "Doing Business 2009", please click [here](#)

OECD: "Entrepreneurship and Higher Education"

The book examines the role that higher education institutions are currently playing through teaching entrepreneurship and transferring knowledge and innovation to enterprises and discusses how they should develop this role in the future. Amongst other, the book provides an analytical framework for policy development, focuses on higher education's role in entrepreneurship and economic development, offers insights into entrepreneurship education in the United States, Europe, Central and Eastern Europe, discusses the university knowledge transfer and the role of academic spin-offs and offers future policy directions in the field of entrepreneurial education.

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To download this publication, please click [here](#)

European Commission evaluation of the application of the “Think Small First” principle in EU legislation and programmes

The Commission report offers a tool kit for the application of the “Think Small First” principle and discusses the usefulness of the concept for European SMEs. The publication discusses the anticipated costs and benefits for SMEs resulting from the application of the “Think Small First” principle by EU institutions.

To download the Commission final report on the evaluation of the application of the Think Small First Principle in EU legislation and programmes, please click [here](#)

CONSULTATIONS

ONGOING:

Online consultation on Administrative Burdens Reduction

Ongoing

The European Commission has launched an online consultation on the reduction of administrative burdens. Inspired by examples of Best Practice in Belgium and the Netherlands, the consultation invites entrepreneurs to identify unnecessary red tape in order to help the EU improve the quality of its legislation. The consultation is part of the Action Programme to reduce admin burdens on businesses in the EU by 25% in 2012.

To access the online consultation, please click [here](#)

COMING UP

EU Institutions: Important dates

04 November	ECOFIN Council
1 December	EU-China Summit
11-12 December	European Council

Other SME related events

22-24 October	European Innova Conference: Accelerating Innovation in the European Union, organised by the French Presidency; taking place in Lyon. The conference will determine the actions required to accelerate innovation in the EU; for more information, please go to: http://www.ue2008.fr/PFUE/lang/en/accueil/PFUE-10_2008/PFUE-22.10.2008/conference_europe_innova_accelerer_l_innovation_au_sein_de_l_union_europeenne
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