

# **Report of the Expert Group:**

## **Think Small First –**

### **Considering SME interests in policy-making**

#### **EXECUTIVE SUMMARY**

In line with the “Think Small First” principle enshrined in the “Small Business Act” for Europe, the report of the expert group is an attempt to provide guidance to policy makers on how to better treat their SMEs or simply on how to “Think small first”. The report is a tool designed to help Member States with the implementation of the SBA for Europe.

The definition of the “Think Small First” principle implies that policy makers give full consideration to SMEs at the early policy development stage. Ideally rules impacting on business should be created from the SMEs point of view or in other words, SMEs should be considered by public authorities as being their “prime customers” as far as business regulation is concerned. The principle relies on the fact that “one size does not fit all” but a lighter touch approach can also be beneficial to larger businesses. Conversely, rules and procedures designed for large companies create disproportionate, if not unbearable burdens for SMEs as they lack the economies of scale.

The application of the “Think Small First” principle aims at ensuring that SMEs voices are heard, that their interests are taken on board by policy makers and that the business environment is favourable to the development of SMEs.

There is no exhaustive list of SME favourable practices since the “Think Small First” principle is not a rigid concept. On the contrary, innovative solutions to compensate the lack of resources of SMEs to participate in the design of the business environment, but also in fully and rightly exploiting it are needed. SMEs are competitive and innovative provided that they are allowed to do what they do best – their business.

The report presents concrete solutions underpinned by good practices from the Member States and the European Commission and is organised in four chapters as follows:

#### **1. Listening to SMEs**

Ideas about how to streamline the consultation process are presented. These include:

- The 3 months mandatory consultation period on proposed major legislation in Sweden;
- The work of the Division for Better Business Regulation in Denmark;
- The work of the CNSAE “Comité National pour la Simplification Administrative en faveur des Entreprises” in Luxemburg;
- The consultation of business associations in Slovenia ;
- The Small Firms Consultation Database in the UK;
- The public consultation website “Teeme koos” in Estonia;
- The consultation process in Hungary.

## 2. The SME Test

Regulatory Impact Assessments should include a specific evaluation of the impacts on SMEs. Good practices are considered to be:

- The Small Firms Impact Test (SFIT) in the UK;
- The regulatory impact assessments in Sweden.

## 3. Improving the relationship between SMEs and the administration through the application of the « only once » principle and one stop shops

Optimising the information flow from the business to the administration is a key element to simplify the life of SMEs. A variety of examples have been identified:

- The combination of “one stop shop” system in the Czech republic;
- The application of “only once” principle in Hungary;
- The ELENA – (Elektronischer Entgeltnachweis) in Germany;
- The Inter-Institutional Taxation Data Storage (TDS) in Lithuania;
- The “Osmotherly Guarantee” in the UK;
- The *Rescrit* and the *chèque emploi* in France;
- The Contribution Payment Centers (CPCs) in Bulgaria.

## 4. Providing legislative certainty for business through Common Commencement dates (CCDs)

Ensuring the start of legislation on a number of limited fixed dates and providing easy to digest early information about upcoming new rules is an innovative concept. A couple of Member States have been applying it:

- Common Commencement dates in the UK;
- Common Commencement dates in the Netherlands.

In each of the four areas the European Commission good practices have been described. These include:

- The various consultation mechanisms;
- The European Commission SME Envoy;
- The SME Test;
- Common commencement dates.

*This project was conducted with national experts nominated by the national authorities of the EU Member States and EFTA/EEA countries within the framework of the Competitiveness and Innovation Programme. The report is a continuation of the work performed in the framework of the expert group “Models to Reduce Disproportionate Regulatory Burden on SMEs”<sup>1</sup>, as well as the study “Application of the ‘Think Small First’ principle in EU legislation and programmes.”<sup>2</sup> The report is based on oral and written contributions by the experts and was compiled by the Commission.*

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<sup>1</sup> [http://ec.europa.eu/enterprise/entrepreneurship/support\\_measures/regmod/index.htm](http://ec.europa.eu/enterprise/entrepreneurship/support_measures/regmod/index.htm)

<sup>2</sup> [http://ec.europa.eu/enterprise/entrepreneurship/think\\_small\\_first.htm](http://ec.europa.eu/enterprise/entrepreneurship/think_small_first.htm)