

SME Guide to EU Compliance Volume I: **Getting Started**

Spark Legal and Policy Solutions

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Foreword

Small and medium enterprises (SMEs) form the foundation of most economies, making up about 90% of all businesses and providing more than half of global employment¹. In Europe, 99% of European businesses are SMEs.² We are the lifeblood of the EU economy; we create over 85 million jobs, empower our communities, and fuel innovation.³ It is essential for Europe that SMEs are enabled to grow and thrive with minimal roadblocks.

In 2025, the Spark team met with SME owners, society chairpersons, and entrepreneurial thought leaders. Their stories varied greatly, but there was one consistent talking point across our conversations: navigating compliance obligations as a major challenge to unlocking the EU market. With limited resources to expend on ensuring compliance, that challenge is exacerbated for SMEs.

Deciding to dig deeper into the problem, we investigated the compliance resources available for small businesses online. And we did not find a single comprehensive resource on the basics of EU compliance for SMEs.

It was clear that Spark had a job to do.

After lots of research, analysis, and legislative deep dives, we are proud to present “The SME Guide to EU Compliance.” This is a totally free resource, catered towards small and medium companies that need a jumping-off point for understanding their basic EU compliance obligations. Through a series of six Volumes, the Guide will cover the most fundamental and widespread rules that companies across all sectors of industry must follow: setup and operational requirements, data protection and privacy, employment rules, health and safety obligations, consumer protection, and product safety.

Spark’s goal for this Guide is to provide a reliable, permanently accessible resource for SMEs. It breaks down the law for entrepreneurs without legal expertise, highlights the key action points needed to be taken to ensure compliance, and alerts readers to upcoming legislative changes

¹ World Bank (2025), *Small and Medium Enterprises (SMEs) Finance*. Available at: <https://www.worldbank.org/en/topic/smefinance> (Accessed: 3rd February 2026).

² European Commission (2026), *Entrepreneurship and small and medium enterprises (SMEs)*. Available at: https://single-market-economy.ec.europa.eu/smes_en (Accessed: 21 January 2026).

³ European Commission (2026), *Entrepreneurship and small and medium enterprises (SMEs)*. Available at: https://single-market-economy.ec.europa.eu/smes_en (Accessed: 21 January 2026).

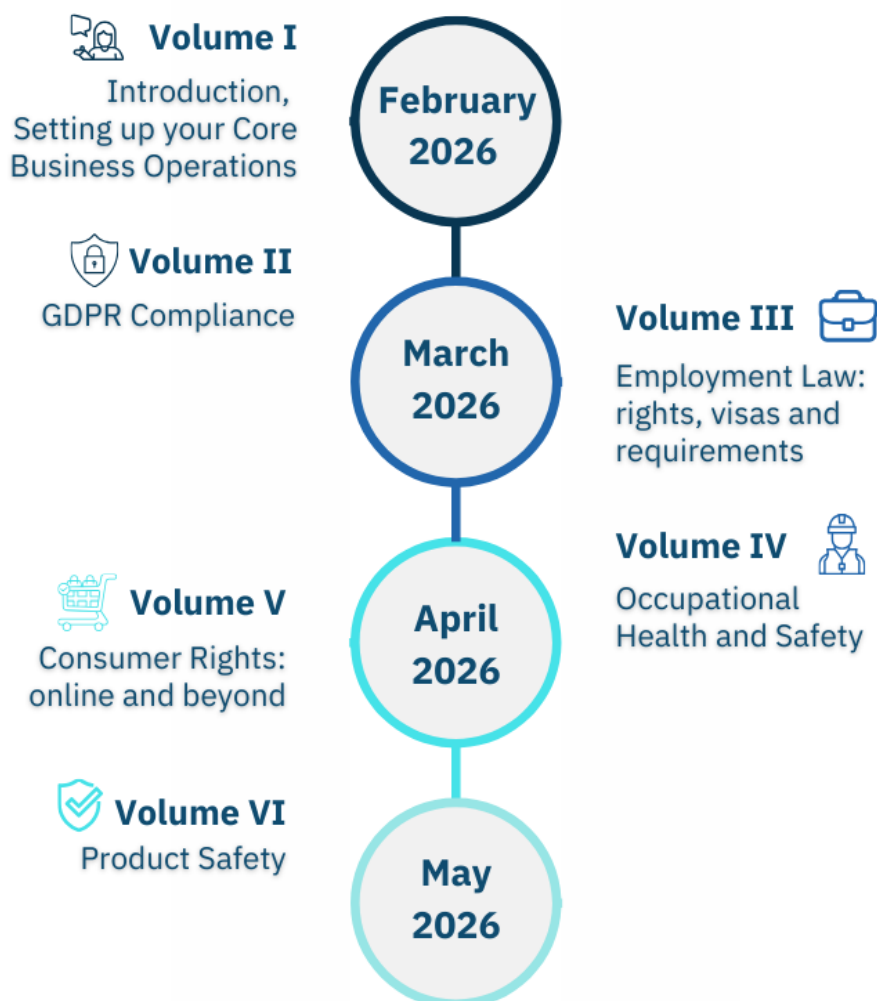
to be aware of. The entire Guide, from inception to first publication to the latest update, has been created by our in-house team of legal experts.

We hope that our Guide helps you along your business journey, whatever that may be. If you have further questions or specific compliance requirements that you need help navigating, EU-level or otherwise, be sure to get in touch with Spark Solutions at solutions@sparklegalpolicy.eu to see how we can help.

Let's embark on this journey to making compliance more accessible for the world's biggest single market.

- Patricia Ypma, Founder and CEO of Spark Legal and Policy Solutions.

Publication Roadmap



Background to the SME Guide

The Benefits and Challenges of EU Compliance for SMEs

The EU single market is home to 450 million people and 29 million businesses, responsible for a GDP of €18 trillion.⁴ Access to this market presents massive opportunity for growth, but regulatory compliance is a prerequisite.



Indeed, proper compliance with EU legislation offers several benefits in addition to market access.

BENEFITS OF EU COMPLIANCE:

- Facilitation of cross-border expansion
- Enhanced customer trust and reputation
- The highest standards of data protection and cyber resilience
- Increased appeal for investors
- Eligibility for EU funding and support schemes
- Strong due diligence positioning
- Competitive advantage over non-compliant rivals.

⁴ European Commission (2026), *The single market strategy*. Available at: https://single-market-economy.ec.europa.eu/single-market/strategy_en (Accessed: 21 January 2026).

However, achieving full compliance is not easy. The extensive nature of EU regulation has awarded the Union with the title of “global regulator, “and such a high standard of regulation presents challenges.⁵

CHALLENGES OF EU COMPLIANCE:

- Understanding the full scope of laws applicable to your businesses, between EU Regulations, Directives, and national legislation
- Interpreting how the law translates into actionable compliance obligations
- High administrative burden of keeping documents and regular reports
- Staying up to date with frequent regulatory changes
- Meeting deadlines of transition periods to remain compliant
- Financial burden of investing in compliance.

Larger companies typically navigate these challenges by establishing dedicated in-house legal teams. SMEs, on the other hand, tend to lack the resources needed to invest in dedicated compliance staff. Owners and CEOs/COOs, many of which do not have specialised legal expertise, are expected to manage compliance on top of their business responsibilities, thereby exacerbating the challenges of EU compliance for smaller companies.

But there is hope! At Spark we believe that given the right resources, SMEs can be empowered to understand their compliance obligations and take action to implement them, all without spending more than necessary. That is the inspiration behind this Guide – an accessible starting point for SMEs and entrepreneurs to begin mapping out their compliance requirements under EU law.

⁵ Young, A.R. (2015) ‘The European Union as a global regulator? Context and comparison’, *Journal of European Public Policy*, 22(9). Available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2015.1046902> (Accessed: 21 January 2026).

How to use this Guide

The SME Guide to EU Compliance is designed to help businesses and entrepreneurs understand the basics of EU compliance. Released in six Volumes, it contains the following:

- An overview of the **key legal areas** affecting SMEs based in the EU, across industries
- A description of the **key legislative instruments** within those areas, and what they mean for businesses
- Checklists of the **key action points** businesses must take to ensure compliance
- A description of **key upcoming changes** in the law for businesses to look out for
- **Notes and thoughts** from Spark's in-house legal experts
- Accessible **explanations** of specialised concepts and terminology
- **Summaries** of each Volume so you can capture the basics at a glance.

This Guide is intended to act as a broad starting point for understanding compliance, rather than a comprehensive toolkit for navigating the full scope of EU law. It does not cover sector-specific regulations, such as medical regulations or transport regulations. It also does not address country-specific regulations.

If you or your business needs legal assistance beyond this Guide, get in touch with Spark Solutions at solutions@sparklegalpolicy.eu to see how we can help. Our in-house expertise combined with our network of over 3,000+ national legal experts can ensure that your compliance needs are met at EU and national level, with a plan, budget, and schedule that works for you.



Go beyond the Guide: get in touch with **Spark Solutions** at

solutions@sparklegalpolicy.eu today!

This Guide is intended for general informational purposes only and does not constitute legal or professional advice. Please note that the law may have changed since publication. Spark is not a law firm and is therefore not regulated by the Barreau de Bruxelles, or by equivalent authorities in other jurisdictions. Our services are designed to provide clients with high-quality legal research, drafting, and analysis, alongside any work of regulated legal professionals. We work with partner law firms across the EU and beyond where specific legal advice is required (e.g. contracting, litigation).



Getting started:
**Setting up your
Core Business
Operations**

1. Introduction and Chapter Checklist

This First Chapter of our Guide provides a practical overview of the fundamental steps required to establish your company’s operations in line with EU requirements. Here you will find simple and clear explanations of key aspects to consider in the fields of company formation, tax registration, protection of intellectual property, and company reporting. Each topic is designed to help identify core obligations and take informed action, ensuring your company lays strong foundations.

See here our checklist of practical action points a company should take in order to be compliant with the rules laid out in this Chapter:

Company formation and registration	<ul style="list-style-type: none"> ✓ Register your company. ✓ Make sure your company meets disclosure obligations. ✓ Update your registered company information as soon as there is a change. ✓ Consider specific procedures and rules for cross-border mergers of EU companies, if appropriate.
Taxation	<ul style="list-style-type: none"> ✓ Register for a VAT number in each country where your company operates or check the thresholds for SME VAT exemptions in those countries. ✓ Start preparing for mandatory-invoicing and reporting on B2B transactions to comply with upcoming legislative changes.
Intellectual Property	<ul style="list-style-type: none"> ✓ Protect your patents for invention, trademarks and designs, at national or EU level, as appropriate. ✓ Seek assistance in managing, disseminating and valorising Intellectual Property.
Company reporting and auditing	<ul style="list-style-type: none"> ✓ Follow the European Commission’s recommendations on voluntary sustainability reporting for SMEs.

All companies need to start somewhere. Before you can fully take off, you need to lay your foundations as a business. The rules that apply to your core operations depend heavily on your business model, so it is important to be strategic about what path your company should take when setting out.

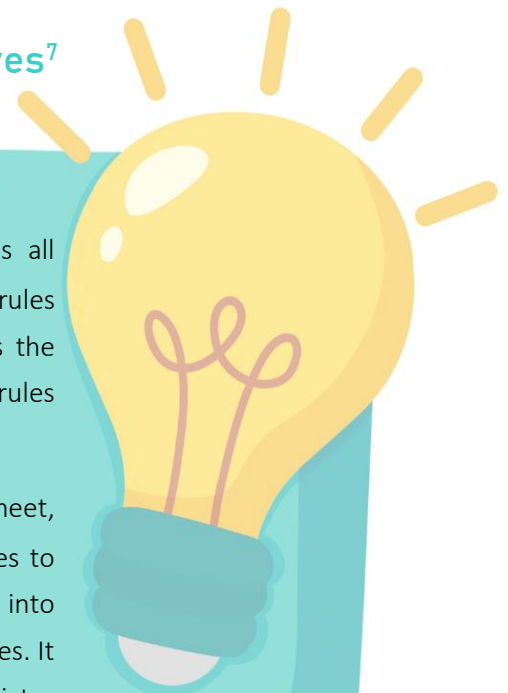
The field of core business operations is largely governed at national level.⁶ However, there are several key EU legislative rules that SMEs should be aware of across the board. To this end, our First Volume provides a set of brief notes and action points on the foundations of setting up a business in the EU. It focuses on how EU legislation and guidelines impact the following from an SME's standpoint: Company formation and registration (Section 2), Taxation (Section 3), Intellectual property (Section 4), and Company reporting and auditing (Section 5).

It is important to note that in these areas, the vast majority of EU law takes the form of Directives, so SMEs should be aware that the exact rules may vary according to their countries of residence.

Key concept: EU Regulations vs. EU Directives⁷

EU Regulations are fully and immediately binding across all Member States once they enter into force. They set specific rules that are directly applicable to all people and entities across the Union. There is no room for variation across countries – the rules apply uniformly.

EU Directives set binding standards for Member States to meet, but how those standards are met is up to the Member States to decide. The rules set out in Directives must be transposed into national law before they have legal effect on people and entities. It is possible for Member States to set higher standards and stricter rules than those required by a Directive in their national legislation.



⁶ Want to know more about your national level obligations? Get in touch at solutions@sparklegalpolicy.eu.

⁷ Craig, P. and de Búrca, G. (2011) *EU Law: Text, Cases, and Materials*. Fifth edition. Oxford University Press, pp. 105-106.

2. Company Formation and Registration

For a deeper look into registration licenses and permits, shareholder and director regulations, and minimum capital requirements, get in touch with us at solutions@sparklegalpolicy.eu.

The most relevant EU-level law for company formation and registration that is currently in force is set out in **the Codified Company Law Directive (EU) 2017/1132**.⁸ This Directive outlines minimum rules for establishing a company. For example, articles 3, 4, 14, and 16 set out a number of **disclosure obligations** that every company, including foreign branches, must comply with.

Directive (EU) 2017/1132 also establishes the framework for **the interconnection of central, commercial and company registers** and harmonises the safeguards required across the EU for the protection of shareholder and third-party interests. This guarantees protection for shareholders, creditors and employees in the event of a merger or a division between private and public companies.



Setting up a single member company? **Directive 2009/102** allows you to operate with limited liability across the European Union. Single member company owners must register with the relevant company registration authority and keep a written record of company decisions taken.⁹

SMEs should also consider other relevant aspects of European company law:

Directive (EU) 2019/1151 ensures that entrepreneurs across Europe can form a limited liability company entirely online, without having to appear in person before any relevant authorities or

⁸ Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law, OJ L 169, 30.6.2017, pp. 46-127. Available at: <https://eur-lex.europa.eu/eli/dir/2017/1132/oj/eng> (Accessed: 27 January 2026).

⁹ Directive 2009/102/EC of the European Parliament and of the Council of 16 September 2009 in the area of company law on single-member private limited liability companies, OJ L 258, 1.10.2009, pp. 20-25. Available at: <https://eur-lex.europa.eu/eli/dir/2009/102/oj/eng> (Accessed: 27 January 2026).

notaries. Any further changes to the company, such as registering a branch, changing company address, or amending shareholdings, can also be carried out fully online.¹⁰

The Mobility Directive (EU) 2019/2121 grants businesses more certainty when they carry out cross-border conversions, mergers and divisions. It sets out standard required procedures for these kinds of cross-border operations, including publishing draft terms, receiving independent expert reports, and obtaining a certificate of compliance from a competent authority. The Directive also introduces stronger protections for shareholders, such as the right to challenge the share exchange ratio in court, and allows authorities to block a cross-border operation if there is evidence of fraud.¹¹

Upcoming legislative changes

In addition to the EU rules currently in place, there are a number of important legislative changes in this area forecast to come into effect in the coming years:

Directive (EU) 2025/25 on further expanding and upgrading the use of digital tools and processes in company law aims to improve transparency and trust among businesses.¹²

- More stringent controls on company registers will be implemented, requiring that public information is verified, accurate, and up to date. Companies with outdated or incorrect register data will be subject to higher penalties than before. In order to avoid such penalties, **ensure to update your registered company information as soon as there is a relevant change!**
- Building on the digitalisation of company registration in Directive 2019/1151, fully online company formation, registration and filing will be mandated across all Member States.

¹⁰ Directive (EU) 2019/1151 of the European Parliament and of the Council of 20 June 2019 amending Directive (EU) 2017/1132 as regards the use of digital tools and processes in company law, OJ L 186, 11.7.2019, pp. 80-104. Available at: <https://eur-lex.europa.eu/eli/dir/2019/1151/oj/eng> (Accessed: 27 January 2026).

¹¹ Directive (EU) 2019/2121 of the European Parliament and of the Council of 27 November 2019 amending Directive (EU) 2017/1132 as regards cross-border conversions, mergers and divisions, OJ L 321, 12.12.2019, pp. 1-44. Available at: <https://eur-lex.europa.eu/eli/dir/2019/2121/oj/eng> (Accessed: 3 February 2026).

¹² Directive (EU) 2025/25 of the European Parliament and of the Council of 19 December 2024 amending Directives 2009/102/EC and (EU) 2017/1132 as regards further expanding and upgrading the use of digital tools and processes in company law, OJ L, 2025/25, 10.1.2025. Available at: <https://eur-lex.europa.eu/eli/dir/2025/25/oj/eng> (Accessed: 27 January 2026).

- The introduction of the “once-only” principle will allow companies to set up subsidiaries or branches in other Member States without having to resubmit documentation to different company registration authorities.
- This Directive introduces the **EU Company Certificate**, which will act as proof of incorporation across all Member States. Companies will no longer have to produce multiple certified documents when expanding their operations across EU borders, speeding up cross-border setup significantly.
- **Timeline for implementation:** Member States have until July 2027 to transpose Directive (EU) 2025/25 into national law, with some provisions extended to August 2029. Consequently, companies can expect to **fully benefit from this Directive before 2030**.



Spark Legal and Policy Consulting is currently working on a Study to support the preparation of an implementing act on taxonomy for structured and machine-readable company data. Contact us at solutions@sparklegalpolicy.eu if you are interested in the outcome of this work!

Potential legislative amendments related to the 28th Regime would aim to enable the smooth operations of SMEs and innovative companies across all Member States without friction.¹³

- With legislative proposals scheduled to be introduced in early 2026 (and reaffirmed as a priority by Commission President Ursula von der Leyen at the 2026 World Economic Forum), the 28th regime would consider the creation of a standardised legal framework that businesses could opt into.¹⁴
- Introduced by the Letta and Draghi Reports in 2024, the 28th Regime has the aim of promoting legal certainty, reducing administrative and compliance burdens, and enhancing the scalability of firms, including SMEs.¹⁵

¹³ European Commission (2025) *How “Once-Only” is at the heart of a ‘28th Regime’ in the EU*. Available at: <https://ec.europa.eu/digital-building-blocks/sites/spaces/OOTS/pages/920064190/How+%E2%80%9COnce-Only%E2%80%9D-is-at-the-heart-of-a+%E2%80%9828th+Regime%E2%80%99-in-the-EU%E2%80%99> (Accessed: 27 January 2026).

¹⁴ Von der Leyen, U. (2026) *Special Address by President von der Leyen at the World Economic Forum*. [Speech] Davos, 20 January. Available at: https://ec.europa.eu/commission/presscorner/detail/en/speech_26_150 (Accessed: 27 January 2026).

¹⁵ Thomadakis, A. and Marcus, J.S. (2025) *Identification of hurdles that companies, especially innovative start-ups, face in the EU justifying the need for a 28th Regime*. European Parliament JURI Committee, Centre for European Policy Studies. Available at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2025/775947/IUST_STU\(2025\)775947_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2025/775947/IUST_STU(2025)775947_EN.pdf) (Accessed: 27 January 2026).

- The European Parliament’s Report analysing the hurdles faced by companies justifying the need for a 28th Regime has suggested that this Regime should support fast digital incorporation, cross-border mobility and unified reporting obligations and VAT treatment, which would benefit SMEs activities.
- Although the 28th Regime is a priority matter for the Commission, it may take years to implement, and its adoption is not yet guaranteed.

Note: Aside from limited liability companies, partnerships, sole proprietorships and the other most common company forms for SMEs, businesses setting up in the EU can choose other forms of companies, such as the Societas Europaea (European Public Limited Liability Company), a European Cooperative Society (SCE), or a European Economic Interest Grouping (EEIG).

Section Summary:

- Directive 2017/1132 sets out the **minimum rules for establishing a company** in the EU.
- Directive 2019/1151 ensures that entrepreneurs can form a limited liability company **entirely online**.
- The Mobility Directive sets out the **EU-wide procedure for cross-border mergers**, divisions and conversions, and strengthens protections for shareholders during such processes.
- To comply with Directive 2025/25, companies should ensure to **update their registered company information anytime there is a change**.
- Companies can also expect to benefit from the “once-only” principle for cross-border expansion and the EU company certificate under this Directive in the coming years.
- Though still under development, the 28th regime aims to introduce widespread improvements to ease administrative burdens and support cross-border expansions for SMEs. Companies should stay up to date with how this regime progresses through the EU legislative process.

3. Taxation

All SMEs intending to sell goods and/or services in the EU need to be compliant with tax law. As taxation is an area of law governed by EU Member States, tax requirements vary significantly from one State to the other, posing considerable challenges for SMEs to adapt to every jurisdiction without external assistance. However, EU legislation has harmonised minimum standards on taxation that SMEs operating in the EU should consider:

- ✓ **Obtaining a VAT number:** in the EU, most businesses buying and selling goods and services need a VAT number.¹⁶ For SMEs, the EU has implemented an **optional SME VAT exemption**, which allows companies with a turnover of less than €100,000 to alleviate their VAT compliance obligations.¹⁷ However, not all EU countries have correctly updated their laws to allow for this – in Bulgaria, for example, the threshold to register for VAT is a turnover of €51,120 (BGN 100,000) within one calendar year.¹⁸

Only national tax authorities can issue VAT numbers, meaning that if you operate in multiple EU countries, you will have to register for VAT with each national authority (this does not apply if you operate a business-to-consumer (B2C) e-commerce business – see the VAT One Stop Shop below). If your business operates from outside of the EU but trades within the EU market, VAT requirements vary according to the nature of the business.¹⁹

To understand the particular VAT rules and implications for your business, get in touch at solutions@sparklegalpolicy.eu.



Note: In the UK, the threshold for mandatory VAT registration is an annual turnover of £90,000, or where you expect your business' turnover to exceed £90,000 in the next 30 days. Additionally, any company based outside the UK but supplying goods and services to the UK must register for VAT.²⁰

¹⁶ European Commission (2026) *VAT identification numbers*. Available at: https://taxation-customs.ec.europa.eu/taxation/vat/vat-directive/vat-identification-numbers_en#who-needs-a-vat-number (Accessed: 3 February 2026).

¹⁷ European Commission (2026) *VAT rules for small businesses*. Available at: https://sme-vat-rules.ec.europa.eu/index_en (Accessed: 5 February 2026).

¹⁸ European Commission (2026), *Taxes in Europe Database v5*. Available at:

https://ec.europa.eu/taxation_customs/tedb/#/sme-search/sme-search-result?ms=BG (Accessed: 5 February 2026).

¹⁹ Get in touch at solutions@sparklegalpolicy.eu if you have further questions about VAT for your business.

²⁰ UK Government (2026), *Register for VAT*. Available at: <https://www.gov.uk/register-for-vat> (Accessed: 5 February 2026).

- ✓ **VAT One Stop Shop for e-commerce:** online B2C businesses, including both online sellers and online selling platforms, only need to register for VAT declaration and payment in one Member State to sell to consumers across the EU.²¹
- ✓ **E-voicing:** the recent adoption of the ViDA Package²² in March 2025 enables Member States to **introduce mandatory e-voicing** under specific conditions, which will impose VAT reporting requirements on cross-border business-to-business (B2B) transactions from July 2030.

More about the ViDA Package

Besides the e-voicing requirements, the ViDA Package introduces other changes that will facilitate SMEs' operations as of July 2028:

- ✓ Based on the 'VAT One Stop Shop' (OSS) model used for e-commerce, ViDA will enable more companies outside of the e-commerce sector and operating in different Member States to **register for a single VAT number** through an online portal in an EU country.
- ✓ **For companies operating through digital platforms**, ViDA puts the responsibility on platforms facilitating suppliers in the passenger transport and short-term accommodation sectors for collecting and remitting VAT to tax authorities when their users do not.

The ViDA Package will be progressively rolled out until January 2035.

²¹ European Commission (2026) *VAT for businesses*. Available at: https://taxation-customs.ec.europa.eu/taxation/vat/vat-businesses_en (Accessed: 3 February 2026).

²² European Commission (2025) *Adoption of the VAT in the Digital Age package*. Available at: https://taxation-customs.ec.europa.eu/news/adoption-vat-digital-age-package-2025-03-11_en (Accessed: 27 January 2026).



ANTI-MONEY LAUNDERING OBLIGATIONS

Some businesses, including SMEs, considered as ‘obliged entities’ have extensive **anti-money laundering obligations**, such as notifying their national financial authorities they wish to carry-out activities in another Member State, or including procedures and controls in their internal policies to ensure compliance with the Anti-Money Laundering Regulation (AMLR).²³

Are you a real estate agent, an accountant advising on tax matters, or a crowdfunding service provider? The AMLR applies to your company.²⁴

To find your national financial authority, see [the European Banking Authority’s list of competent authorities](#).

Section Summary:

- SMEs selling goods or services in the EU must **comply with tax rules**, which differ by Member State.
- Most businesses established and carrying out economic activity in the EU need a **VAT number** from the national tax authorities, and **exemptions for SMEs vary by country**.
- For online B2C sales, the **VAT One Stop Shop** lets businesses register and pay VAT in just one Member State for Sales across the EU.
- The **ViDA Package** will gradually (until 2035) introduce new VAT options and requirements, such as e-invoicing and increased single VAT registration for multinational operations.
- Some SMEs must also comply with **anti-money-laundering rules**, such as real estate agents, tax advisories, and crowdfunding platforms.

²³ Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, OJ L, 2024/1624, 19.6.2024. Available at: <https://eur-lex.europa.eu/eli/reg/2024/1624/oj/eng> (Accessed: 27 January 2026).

²⁴ For the full list of obliged entities, see Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, OJ L, 2024/1624, 19.6.2024, Article 3. Available at: <https://eur-lex.europa.eu/eli/reg/2024/1624/oj/eng> (Accessed: 27 January 2026).

4. Intellectual Property

Intellectual Property can be a vital tool for small businesses: it allows a company to create and differentiate itself as a secure brand, generate income through licencing and partnerships, boost its valuation, and protect crucial digital assets such as website domains and databases. Several rights protecting Intellectual Property (IP) are enshrined in EU law and form the basis for registration processes, especially for patents and trademarks. The EU also provides [six IP helpdesks](#) which offer free, expert assistance to SMEs to help them navigate IP protection.

Registration Process for IP Protection

There are several registration options available for businesses operating in the EU who need to protect their IP. The responsible authority for registration will vary depending on the geographical scope of the business operation (*national or EU level*) and the tool chosen by the company to ensure IP protection.

- **Patent for inventions:**
 - *For patent protection in a single Member State:* companies are required to file a patent with the **National Patent Office**.
 - *For patent protection in multiple Member States:* companies are required to file a European patent application with the [European Patent Office \(EPO\)](#).²⁵ If granted, this patent needs to be validated with the national patent office in each Member State where the companies seek protection.
- **Trademark:**
 - *For businesses trading in a single EU Member State:* registration for trademark must be carried out at national level.
 - *For businesses requiring protection in all EU countries:* [European Union Intellectual Property Office \(EUIPO\)](#) is responsible for the registration of trademarks.²⁶

²⁵ European Patent Office (2026), *Homepage*. Available at: <https://www.epo.org/en> (Accessed: 26 January 2026).

²⁶ European Union Intellectual Property Office (2026), *Homepage*. Available at: <https://www.euipo.europa.eu/en> (Accessed: 26 January 2026).

- **Design protection:**
 - For businesses seeking to protect their design within a single EU Member State: the [National Intellectual Property's Office](#) is responsible for registration.²⁷
 - For businesses seeking to protect their design across multiple Member States: the **EUIPO** is responsible for registration.

	Single Member State	EU level
Patent	National Patent Office	EPO
Trademark	Registration at the national level	EUIPO
Design Protection	National Intellectual Property's Office	EUIPO



Spark Legal and Policy Consulting carried out a legal review on industrial design protection in Europe for the European Commission in 2016. Read it here: <https://op.europa.eu/en/publication-detail/-/publication/43fd4a5c-6c26-4639-ac9a-281ab57687de/language-en>.

Relevant Copyright Legislation for SMEs

EU law harmonises the essential rights of authors, performers, producers and broadcasters to ensure copyright protection. Among them, SMEs should especially consider:

- **The (EU) 2001/29 InfoSoc Directive** sets out an EU-wide framework for digital copyright. **Companies must ensure that any digital content they use is properly licensed.** For example, a photo found online cannot be used for your own business' marketing campaign without explicit permission. There are some exceptions to licensing rules listed in Article 5, but very few of these apply to business use.²⁸
- **The (EU) 2019/790 EU Copyrights Directive** creates new responsibilities for companies that produce digital content. Creators and performers contributing to digital content

²⁷ European Patent Office (2026), *Patent offices of member states*. Available at: <https://www.epo.org/en/service-support/useful-links/national-offices> (Accessed: 26 January 2026).

²⁸ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167, 22.6.2001, pp. 10-19. Available at: <https://eur-lex.europa.eu/eli/dir/2001/29/oj> (Accessed: 4 February 2026).

for a company must be paid fairly by that company for their work, and companies must also be transparent about how that digital content is being used (i.e., how it is distributed, the amount of revenue it generates). Where stock images/video or other third-party content is used by a company, that company must still obtain the appropriate license to include it in their own digital content.²⁹

- **The (EU) 2011/77 Term Directive** sets the copyright term at 70 years after the author's death. After a copyright term has ended, people and businesses are free to copy, modify, and commercialise a piece of work or content without a license. However, companies should be aware that trademarks may still apply – for example, you can use Mary Shelley's *Frankenstein* freely, but you cannot use Universal Studios' iconic green, bolt-neck character without permission.³⁰

EU support for SMEs' IP Protection

As the European Commission understands the challenges that IP protection poses for SMEs, the [European IP Helpdesk](#) has been established to provide support for SMEs involved in cross-border activities. The Helpdesk features a helpline which is run by a group of legal experts and promises a response to your question within 3 working days. Should you need more hands-on assistance, get in touch with solutions@sparklegalpolicy.eu to see how we can help.

²⁹ Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC, OJ L 130, 17.5.2019, pp. 92-125. Available at: <https://eur-lex.europa.eu/eli/dir/2019/790/oj/eng> (Accessed: 4 February 2026).

³⁰ Directive 2011/77/EU of the European Parliament and of the Council of 27 September 2011 amending Directive 2006/116/EC on the term of protection of copyright and certain related rights, J L 265, 11.10.2011, pp. 1-5. Available at: <https://eur-lex.europa.eu/eli/dir/2011/77/oj/eng> (Accessed: 4 February 2026).



Looking for funding to protect your IP? Check out [the Ideas Powered for Businesses SME Fund!](#) This grant scheme is dedicated to helping EU-based SMEs protect their IP rights. It covers various assets, including TM, designs, patent and plant varieties, and can enable you to save as much as 75% on IP right applications and 90% on an IP scan. Funding depends on where your company is based.

To benefit from the SME Fund, you need to create an SME Fund account, decide which IP vouchers best suit your needs, and submit an application. If approved, you will receive your grant award and vouchers within 15 days. Contact us at solutions@sparklegalpolicy.eu if you need further assistance on your application!

Section Summary:

- **IP rights are strongly protected** in the EU, with free expert support for navigating your IP protection through EU IP helpdesks.
- The best way to **protect** your patents, trademarks and designs depends on whether you want protection in one state, or in multiple states.
- The InfoSoc Directive requires companies to **properly license digital content**.
- The Copyright Directive requires companies to **fairly compensate and inform creators** of their digital content as to its use.
- The Term Directive sets the copyright term at **70 years after the author's death**, but trademarks may still restrict the use of well-known characters or symbols.
- SMEs can access **funding for IP protection** through the Ideas Powered for Businesses SME Fund.

5. Company Reporting and Auditing

Company reporting and auditing can represent a complex task for SMEs that lack internal accounting, auditing or legal resources and are uncertain of the legal and ethical standards they must operate under. Yet all limited liability companies operating in the EU must fulfil reporting requirements. All EU-based businesses must prepare **financial statements** to monitor the health of their business and provide a true and fair view of their financial performance and position. To this end, the EU has introduced rules to promote the convergence of accounting standards at global level, and to ensure consistent and comparable financial reporting across the EU.

The European legislation on company reporting and auditing lays down minimum rules which companies should follow when preparing their financial statements. **The Accounting Directive 2013/34/EU** requires companies' accounts to give a true and fair view of the company's assets, financial position and profit or loss. It also establishes the minimum requirements for the statutory audit of annual and consolidated accounts. Unlike all listed companies,³¹ which must follow the International Financial Reporting Standards (IFRS Standards) to prepare their financial statements, the Accounting Directive 2013/43/EU allows a simplified reporting regime for SMEs:

- **Micro-undertakings** (*companies having an average of 10 employees*) are exempted from the obligation of presenting prepayments and accrued income as well as publishing an annual financial statement, as long as their financial statement includes, as a minimum, the balance sheet, a Profit and Loss Statement (P&L), as well as notes to the financial statement, covering accounting policies, assets revaluation and financial commitments of the company for example.³²

³¹ Listed companies are companies whose securities are traded on an EU regulated market.

³² Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, OJ L 182, 29.6.2013, pp. 19-76, Articles 16 and 36. Available at: <https://eur-lex.europa.eu/eli/dir/2013/34/oj/eng> (Accessed: 27 January 2026).

- **Small groups** (*companies having an average of 50 employees*) are exempted from the obligation of preparing consolidated financial statements and a consolidated management report.³³

The EU has also legislated accounting standards through **Regulation (EC) 1606/2002 on the application of international accounting standards**. This Regulation harmonises the financial information presented by publicly traded companies to guarantee protection for investors. It all EU listed companies to use IFRS Accounting Standards for their consolidated financial statements.³⁴ Importantly, the Regulation also allows countries to require IFRS Accounting Standards for non-listed companies, which is the case in **Belgium, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Spain, the United Kingdom**. SMEs in these countries should consult their national plans for accounting standards but may also find guidance in the [IFRS for SMEs Accounting Standard](#).

Corporate Sustainability Reporting

SMEs are not directly affected by the **Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD)** as it mainly imposes obligations on large companies which meet two of the three following criteria:

- Turnover exceeding €50 million per year
- A balance sheet total of more than €25 million
- More than 250 employees.

However, SMEs might need to provide sustainability information to large companies and financial institutions when seeking financing, when entering into contracts, or in their role as a supplier to large companies. Furthermore, the adoption of the CSRD is not uniform, and some EU countries have reporting requirements for companies beyond the criteria listed above. For example, in Finland cooperatives must also report under the CSRD, and in France the threshold for reporting is €20M in assets and €40M in turnover.³⁵

³³ Directive 2013/34/EU, pp. 19-76, Article 23.

³⁴ Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, OJ L 23, 11.9.2002, pp. 1-4, Article 4. Available at: <https://eur-lex.europa.eu/eli/reg/2002/1606/oj/eng> (Accessed: 27 January 2026).

³⁵ Workiva (2024), *Sustainability Reporting in Europe: A Country-by-Country Guide*. Available at: <https://www.workiva.com/uk/resources/guide-corporate-sustainability-reporting-europe> (Accessed: 4 February 2026).

Therefore, SMEs may want to consult the European Commission's Recommendation on [voluntary sustainability reporting for SMEs](#), which provides clear guidelines to ease the administrative burden that providing such information might represent otherwise. For further assistance with reporting requirements, get in touch at solutions@sparklegalpolicy.eu.

Section Summary:

- All EU companies must **prepare financial statements** that give a true and fair view of their finances.
- **SMEs get simplified rules** under the Accounting Directive:
 - Micro companies (up to 10 employees) only need a balance sheet, P&L, and basic notes.
 - Small groups (up to 50 employees) do not need to provide consolidated financial and management reports.
- Listed companies must follow **IFRS**, and some countries require IFRS for non-listed companies.
 - SMEs should check national accounting rules and consider following the IFRS for SMEs Accounting Standard.
- Though SMEs are not directly targeted by the **CSRD**, they may still need to provide sustainability data to banks, customers, or large clients. CSRD thresholds also differ by country.
 - SMEs should check national reporting rules and consider following the EU's Guidelines on voluntary sustainability reporting for SMEs.

Get In Touch

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