

# SERVICES DIRECTIVE

## DOING BUSINESS MADE EASIER



**Less red tape**  
**Faster procedures**  
**Easier market access**



## WHAT IS THE SERVICES DIRECTIVE ?

The Services Directive is a European law that aims **to make life easier for businesses providing or using services in the European Union. It requires all EU countries to lift legal and administrative barriers.** It will facilitate:

- ▶ **the establishment of businesses in the services sector**, i.e. cases where an individual entrepreneur or business wants to set up a permanent establishment (such as a company or a branch) in its own country or in another EU country.

Examples: a carpenter from Hungary who wants to establish a business in Sweden, or a Spanish company that wants to set up a new retail store in its own country.

- ▶ **the cross-border provision of services**, i.e. cases where a business already established in an EU country wants to supply services in another EU country, without setting up a permanent establishment there.

Examples: an architect established in France is commissioned to design a house in Germany, or an event organiser from Finland wants to run an open air festival in Estonia.

The Services Directive was adopted on 12 December 2006. It has to be fully implemented by all EU countries **by 28 December 2009.**

## WHAT SERVICES ARE COVERED BY THE SERVICES DIRECTIVE ?

The Directive covers a wide range of service activities, for example:

- distributive trades (including retail and wholesale of goods and services)
- construction services
- craft services
- most professional services (such as the services of legal and fiscal advisers, architects, veterinaries)
- business-related services (such as advertising, recruitment services, patent agents)
- tourism (such as travel agencies, tourist guides)
- accommodation and food services (such as hotels, restaurants, catering services)
- training and educational services (such as private universities, language schools)
- real estate services
- household support services (such as cleaning services, private nannies or gardening services)

## WHY IS THE SERVICES DIRECTIVE IMPORTANT FOR YOU ?

Small and medium-sized enterprises (SMEs) are the backbone of the European economy. They represent around 98 % of all companies in Europe and are the main source of growth and job creation.

The **vast majority of SMEs operate only in their own local or national markets**. There are instances where this is a business choice, but there are also instances where this is because of **multiple legal and administrative barriers** in EU countries making expansion beyond national markets **costly and time-consuming**.

These barriers include:

- ▶ difficulties in obtaining information about formalities,
- ▶ need to contact a large number of authorities for various authorisations,
- ▶ long and complicated procedures.

Not only SMEs that plan to operate abroad are affected by the barriers. Long and complicated procedures, non-transparent requirements and other similar barriers are equally burdensome for those SMEs operating just in a national (or regional or local) market.

**The Services Directive was adopted to remove many of these barriers.**



## WHAT IS FORESEEN BY THE SERVICES DIRECTIVE ?

The Services Directive is more than just a piece of legislation to be implemented in national law. It sets out a comprehensive modernisation programme for the countries of the EU. This modernisation programme will benefit all SMEs, whether they want to stay within their national market or expand abroad.

Each EU country must:

**Remove burdensome legal and administrative barriers** that hinder businesses from setting up or offering their services at home or in another EU country.

**Set up 'Points of Single Contact'** through which businesses can obtain information and complete the necessary administrative procedures.

**Cooperate with administrations in other EU countries** to avoid duplication of controls on businesses and significantly reduce the administrative burden on business.

## WHAT ARE THE CONCRETE BENEFITS FOR YOU ?

You can:

**Set up a new business or branch under simpler and faster procedures, in your own country or abroad.**

**Easily offer services in other EU countries without having to set up a business there.**

**Obtain information and complete administrative procedures through one place in each country ('Point of single contact').**

**Gain easy access to a larger range of services for your own business.**

## HOW IS SETTING UP AND RUNNING A BUSINESS MADE EASIER ?

Whether you intend to start or expand a business in a different EU country or at home, you can now take advantage of:

### Simpler procedures and less paperwork for SMEs

- ▶ EU countries must abolish unjustified or too burdensome authorisation procedures (e.g. procedures for the issue of a permit, licence, etc.) or replace them by less restrictive means, such as simple declarations.
- ▶ Permits, licences, etc. have in principle to be granted for an indefinite period of time and be valid throughout the national territory.
- ▶ In principle, if an application has not received any response within the set deadline, the permit, licence, etc. will be deemed to have been granted to the business (**principle of 'tacit agreement'**).
- ▶ Discriminatory or particularly restrictive requirements have to be abolished — including, for example:
  - nationality or residence requirements,
  - 'economic needs' tests (e.g. requiring businesses to carry out market assessments to 'prove' to the authorities that there is a demand for their services),
  - obligations to obtain financial guarantees or insurance from operators established in the same country.
- ▶ Authorities must accept documents issued in another EU country; they can only require original documents or certified translations in limited cases.

## **'Points of Single Contact' in every EU country — a single place where you can obtain information and complete procedures from the comfort of your office or home**

When starting or expanding a business you are no longer required to deal with a multitude of authorities (commercial registers, ministries, local authorities, professional bodies, etc.) at various levels (national, regional and local) — you can complete procedures required to do business through 'Points of Single Contact':

- ▶ e-government portals accessible via the internet,
- ▶ providing clear and exhaustive information on the procedures and specific requirements,
- ▶ allowing you to complete the required procedures online (such as registration in commercial and professional registers, obtaining permits or licences, submitting notifications, etc.)<sup>1</sup>,
- ▶ you can file requested information and documents,
- ▶ you will receive decisions, permits, etc. electronically.

### **Example**

A construction company from Poland wants to establish a business in Sweden. Managers can go to the website of the Swedish Point of Single Contact and obtain information on the requirements in Sweden for opening a branch. The Polish company can then file all the required documents, applications etc. electronically via the Point of Single Contact and will receive all decisions, permits etc. by the same route.

Similarly, a Swedish company wanting to open a branch in its own country will be able to file all the required documents, applications etc. electronically via the Swedish Point of Single Contact and receive all decisions, permits etc. in the same way.

**YOU CAN ACCESS THE PORTAL DIRECTING YOU TO THE POINTS OF SINGLE CONTACT IN ALL EU COUNTRIES AT**

**[www.eu-go.eu](http://www.eu-go.eu)**

<sup>1</sup> EU countries are not required to provide for tax and social security procedures to be completed via the 'Points of Single Contact'. However, they are encouraged to offer this possibility via the 'Points of Single Contact'.

## **HOW IS PROVIDING SERVICES ACROSS BORDERS MADE EASIER ?**

**If you intend to provide your services across borders to other EU countries without setting up a company or a branch there, you can take advantage of:**

### **Free access to and free exercise of service activities in other EU countries**

- ▶ Businesses do not need to set up an establishment in other EU countries in order to provide services — services can be provided from your home country across borders. In this way you may test new markets without too much investment.
- ▶ **When you cross the border to provide services in another EU country, you will in general not need to complete administrative procedures and comply with the rules of that country — for instance you should not have to obtain prior authorisations. The country where you provide the service can only impose its requirements if it has valid reasons for doing so and under very limited circumstances.**
- ▶ For those requirements that EU countries are still allowed to impose on incoming service providers, you can obtain all relevant information and complete all procedures through the 'Points of Single Contact' (see above), via the internet and by electronic means.

### **Example**

The following are cross-border-services: a veterinarian established in France travels across the border to Germany to make home consultations, an architect established in the UK designs a holiday house in Cyprus, a tourist guide established in Latvia accompanies a group of tourists visiting Hungary.

**Visit the Services Directive website**

[http://ec.europa.eu/internal\\_market/  
services/services-dir/index\\_en.htm](http://ec.europa.eu/internal_market/services/services-dir/index_en.htm)

**Visit the Points of Single Contact Portal**

[www.eu-go.eu](http://www.eu-go.eu)

