



## **NOTE**

10. april 2018  
Dokumentnummer  
Initialer-ERST

### **The Danish government's response to the public consultation on the review of the SME definition**

The Danish government supports the objective of the European Commission of ensuring that the SME definition remains fit for purpose and meets its objectives in the current economic environment.

To the Danish government it is important that the revised SME definition is not unnecessarily expanded compared to the definition from 2003 (Recommendation 2003/361/EC). As most enterprises in the EU already can be classified as SMEs, a definition that allows more enterprises into this classification will make it more difficult to help the genuine SMEs whom the definition was created to help.

With regard to the three criteria in the definition, the Danish government agrees that staff head count is the most important one and thus should be taken into account. It is important that the current headcount criterion (< 250 in annual full-time equivalents) is not changed due to larger companies not necessarily having the same challenges as smaller companies, and are thus not easily characterized as SME's.

When it comes to the financial parameters, the Danish government believes that it should still be possible to exceed one of the two financial ceilings. The ceilings can be adjusted for inflation, but it is important that they are not significantly raised any further, as this would again include companies in the definition who does not have the need for relaxed rules, such as smaller companies.

The court rulings from September 2016 make it clear that the question of independence/ownership in Article 6 must be addressed. It is important that the future SME definition does not entail further complexity in determining whether a company is an SME or not. At the same time, the definition must not be unnecessarily expanded or open up for large enterprises to get access to support intended for genuine SMEs, as the definition should make sure that administrative burdens and the likes are not a competitive disadvantage for SME's, and this balance would be upset with the inclusion of larger companies.

The Danish government takes into account the developments since the definition was made in 2003, but finds it crucial that the revised SME

definition is without significant changes, so that it is in place to support actual SME's. Furthermore, the definition must foster an innovative environment through both business angels and venture capital.

Lastly, we note that more than one definition of SMEs at the moment exists in legal acts from the EU. E.g. the so-called accounting directive (Directive 2013/34/EU) uses a different definition. This can be confusing to enterprises and thus the Danish government finds that the Commission should work towards using the revised SME definition as a basis in future legal acts, unless reasonable arguments such as sector specific conditions prevent this.