



A NEW BLUEPRINT FOR AN EU 28th REGIME

Introduction

A study for the European Economic and Social Committee on the ‘28th regime’ - a pan-European corporate legal framework for companies - was presented on 1 October 2025. The 28th regime is an optional EU-level legal framework which is envisaged to coexist with, but not replace, national laws. The regime, if implemented, will allow companies to opt into a common EU rulebook in specific domains, facilitating cross-border activity without requiring harmonization across all member states.

The rationale is that divergences in legal, tax and institutional frameworks create unnecessary barriers, particularly for SMEs. While the internal market is formally open, in practice companies still face significant national legal and administrative obstacles. The objective of the 28th regime is to reduce this fragmentation.

Two New EU Company Forms

The corporate law layer in the 28th regime is the proposed starting point. The study proposes two standardized entities, a European private limited company and a European public limited company, available both for new incorporations and for companies migrating into the regime. The private form proposes minimum capital as low as one euro. The public form sets thresholds between EUR 25,000–40,000 to make it more usable than today's Societas Europaea (SE) for many businesses. Governance is intended to work across legal traditions, including a choice between one tier and two-tier boards and a uniform set of fiduciary duties and core shareholder protections.

Streamlining M&A Processes

If the 28th regime is successful, due diligence could focus less on mapping 27 different national rulebooks and more on commercial fundamentals relevant for potential investment. The report recognizes that labor law is the most politically sensitive layer, and previous EU attempts at optional company forms show how quickly fears of arbitrage can derail momentum. Expect heavy emphasis on safeguards, clear conflict rules, and phased implementation.

Lower Costs and a Boost to Venture Funding

A key commercial point is not only the legal form, but the operational plumbing. The report builds on the “once only” principle and points to the Business Registers Interconnection System (BRIS) and the newly adopted Directive (EU) 2025/25 (which enhances certain aspects of the BRIS) as foundations for reducing duplicative filings across EU member states. It also recommends a Business Single Entry Point, with automatic multilingual translation and a digital first approach.

Legal fragmentation partly explains why Europe’s venture capital ecosystem lags the U.S. in depth and scale. A harmonized regime promises greater cross-border investor participation, lower screening costs and deeper pools of capital - benefits that EU startups could tap into for Series B+/scale-up rounds.

Tax is Where Adoption Will Be Won or Lost

From a Danish VC, corporate and tax perspective, the decisive question is whether the regime materially reduces tax friction and downside uncertainty. On tax, the study proposes practical interoperability rather than full harmonization. It suggests an EU certificate of residence that is mandatorily recognized for treaty purposes to reduce withholding tax friction, plus simplified VAT registration and filings through a single interface for qualifying firms.

Challenges ahead – Can the 28th Regime Succeed?

Voluntariness does not eliminate political resistance, particularly in sensitive areas such as labor law. Previous optional regimes, such as the SE, failed due to complexity, employee participation rules, high costs, lack of tax alignment and legal uncertainty.

Broad stakeholder alignment will be critical, as past initiatives failed due to lack of consensus between business, labor and national authorities.

It is still too early to assess feasibility and potential success. Poorly designed implementation risks creating another layer of complexity or weakening worker protection. The study notes that implementation could take seven to 10 years and that the proposal remains underdeveloped.

Moalem Weitemeyer advises on cross-border M&A and venture capital transactions, including the associated tax aspects, and will continue to monitor how the 28th regime develops.

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