

Appendix

Deutscher Notarverein (German Association of Notaries) comments as follows on the Public Consultation on the Small Business Act of the European Commission:

Executive Summary

1. The mission of a policy to support SMEs with taxpayers' money should be the significant reduction of unemployment, especially among young people. We support the idea that the formation of new SMEs is an effective way to create new jobs.
2. Vocational training is a key factor to reduce the individual risk of unemployment. Unemployment figures in the financial crisis have shown that Germany's and Austria's "dual system" (on-the-job training backed up by theoretical training in vocational schools) has proven positive effects. However, this success story is also dependent on the institutional prerequisites in both countries.
3. Above all, the European Commission should make an effort to increase willingness in the member states to create the necessary environment for vocational training, especially for young people.
4. Usually founders of high-tech start-ups belong to a highly qualified social and academic elite. Due to their easier access to financing and consulting networks they are not as dependent on public funding as other groups of founders. Considering that taxpayers' money is involved, the European Commission should broaden its approach by addressing all kinds of SMEs, rather than focusing mainly on high-tech start-ups representing only a fraction of the total number of enterprises.
5. Debt financing of enterprises is a key factor to realise growth and selling strategies. The focus should be on conventional borrowing involving long-term funds, esp. loans. A programme to top up bank financing by additional public funding (e.g. using long-term loans provided by the European Investment Bank) could be an efficient solution. Existing obstacles for founders just to get

a bank account should be addressed as well. Alternative forms of financing that provide an exit scenario for the investor should be left to the market as they are mostly suitable for start-ups with a scalable business model.

6. Notwithstanding the importance of high-tech start-ups, the European Commission should shift its focus on all SMEs with a feasible business model as they have a positive impact on the economy.
7. The European Commission should refrain from granting founders a discharge of residual debt within three years after filing for insolvency (debt adjustment). Otherwise we expect substantially negative effects on interest rates, access to finance and transaction costs for financing which would be detrimental for the economies of the Member States.
8. The European Commission's plans to facilitate the access of SMEs to IP are not seen as measures to be taken first and foremost as the average SME will not need this access to operate successfully.
9. Considering the amount of effort and time that goes into founding a SME, it would be short-sighted to solely focus on a binding timeframe of three days to register a company with the authorities. This interpretation of the 'cutting red tape campaign' seems shortsighted and does not meet the individual needs of SMEs.
10. Also, we recommend dropping the plans for simplified tax regimes for start-ups. Such privileges are not compatible with the principles of equality and progressiveness. Tax incentives for founders could be considered, provided they do not qualify as unlawful state aid under European law.
11. Instead of using a questionnaire that employs mostly leading questions, the European Commission would be better advised to engage the services of qualified social researchers to draw up questionnaires that provide reliable results.