28th Regime

Submission by Chambers Ireland

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About Chambers Ireland

Chambers Ireland is an all-island business organisation with a unique geographical reach. Our members are the Chambers of Commerce in the cities and towns throughout the country – active in every constituency. Each of our member Chambers is central to their local business community and all seek to promote thriving local economies that can support sustainable cities and communities.

Our perspective

Chambers Ireland welcomes the opportunity to contribute to the European Commission's consultation on the proposed 28th regime. We recognise the potential of a harmonised company law framework to support cross-border activity. That said, it is important to recognise the challenges this poses for Ireland, particularly given our distinct legal system and the central role that SMEs play in our economy.

While we support efforts to modernise and streamline company law, we believe any new regime must be flexible enough to reflect the diversity of legal systems across the EU. This will not be a straightforward task and requires careful consideration. Ireland's common law tradition, for example, differs significantly from the civil law systems in many other Member States. There is also the risk that certain reliefs would only benefit specific corporate forms, which could create disparities. A one-size-fits-all approach risks creating more confusion than clarity, especially for smaller businesses that may not have the resources to navigate overlapping legal frameworks.

The 28th regime offers an opportunity to streamline company law across the EU. The Regime has clear appeal, especially for Irish businesses looking to expand or operate across borders. A more streamlined legal framework could help reduce red tape and make it easier for firms to navigate cross-border operations.

That said, simplification must be approached carefully. There is a real risk that introducing a parallel regime could complicate matters rather than clarify them, particularly if it overlaps with existing national laws. For Ireland, where our legal system is based on common law, it is essential that any new framework respects national legal traditions and does not undermine the clarity that already exists.

In addition the proposed 28th regime represents a significant shift in the European Union's approach to company and tax law by aiming to offer an optional, harmonised legal framework for businesses operating across the Single Market. While its potential to streamline compliance, reduce costs and encourage cross-border investment should be acknowledged, the implications for existing national legal systems remain complex and largely undefined. In particular, the interaction between this regime and domestic Company law and Tax law raises critical questions around jurisdiction, enforcement and is not grounded in legal certainty. As such, the development and implementation of the 28th regime must be approached with meticulous care and with engagement with each Competent Authority in each Member State. It should ensure that its scope, applicability and legal coherence are clearly articulated to avoid unintended consequences and regulatory fragmentation.

Careful consideration has to be given to the potential for regulatory arbitrage. Ireland's open economy and strong foreign direct investment base mean that the State is especially exposed to shifts in corporate governance standards. Any new regime must include safeguards to ensure fair competition and prevent companies from exploiting differences between national and EU-level rules.

Structure and core elements of 28th regime companies

An optional EU form modelled on a simplified, fully digital private limited company, emerges as a sensible approach offering flexible governance, limited liability, no public-offering rules and easier cross-border use and recognition to all companies. Widespread availability would mitigate cliff-edges, reduce the need for costly re-incorporations, and limit legal uncertainty that may arise during the course of a company's expansion.

Terminology should avoid conflating "innovative companies" with "start-ups/scale-ups" and rely on objective criteria that is verifiable. It should also support the full lifecycle (incorporation, operation and closure) with interoperable online procedures. While questions of certain unresolved issues will inevitably arise, these challenges could be addressed within the established legal principles and traditions of Member States.

Making the 28th Regime Work for SMEs

A key concern, and one of the most important considerations for any new EU company law framework is how it will affect SMEs. Larger firms typically have the legal and administrative resources to adapt to new regimes, however smaller businesses especially those operating locally often lack capacity.

To be truly effective, the regime must be designed with proportionality in mind. This means minimising compliance burdens, offering clear guidance, and ensuring that the regime is optional and flexible. For Irish SMEs, the ability to opt into a regime that is genuinely simpler and more efficient could be a significant advantage but only provided it does not introduce new complexities or costs.

In addition, accessibility should be supported through bilingual portals, clear FAQs, and practical examples. Transparency could be strengthened with public performance indicators and targeted assistance for less digitally experienced users.

Avoiding Fragmentation

The success of the 28th regime will also depend on how it is implemented and one of the key concerns we have with the proposed 28th regime is the risk of legal fragmentation. If the regime is not clearly separated from existing national laws, it could lead to confusion around jurisdiction and inconsistent application across Member States.

Ireland's legal system is based on common law and judicial precedent, which means clarity and consistency are especially important. Any new framework introduced at EU level must come with clear rules around how it interacts with national law or how disputes will be resolved.

We strongly recommend that the Commission work closely with legal experts in each Member State, including here in Ireland to ensure the regime is compatible with national systems and does not inadvertently undermine them. A collaborative approach will be essential to avoid unintended consequences and ensure the regime is workable in practice.

We also urge the Commission to consider the digital readiness of the regime. Ireland has made significant strides in digital company registration and governance and any new framework should build on these advances rather than duplicate or undermine them in order for it to be effective. National registers should remain the foundation of the regime and to deliver real benefits, service levels and data quality will need to be carefully monitored.

Understanding the Broader Impact

The introduction of a new legal regime could have unintended consequences for competition and market dynamics. In Ireland, where the corporate landscape includes a mix of domestic SMEs and multinational corporations, any shift in legal structures could affect competitive balance.

We believe it is essential that the Commission carries out a detailed impact assessment before moving forward. This should look at how the regime might affect different sectors and regions and take into account the potential for regulatory arbitrage. In Ireland, where corporate tax policy is a particularly sensitive issue, changes to legal structures could have wider implications that go beyond company law. These need to be fully understood and addressed prior to the implementation of the new system.

Interaction between the 28th Regime and Employment and Tax Law

Any evolution of a 28th regime would need to clearly address the interaction between the regime and Employment Laws and Tax Laws (Corporation Tax, Income Tax and VAT) with relevant authorities in each country. This is essential to ensure clarity and simplicity for employers and to eliminate the risk of arbitrage opportunities.

Investment

The 28th regime could have a role to play in enabling access to finance for companies. Simplifying procedures that focus on maximising companies' liquidity can reduce legal and administrative barriers, attract new investors, and enable a more competitive environment for equity investment in startups and SMEs.

Lengthy administrative or legal costs to increase capital, as well as the need to involve intermediaries and follow in-person procedures when the general meetings give approval to capital increase are seen as the biggest barriers for all parties involved in the process of attracting private investments.

Consideration should hence be given to how private investment – for example by institutional investors in venture capital - could be facilitated and specifically promoted through regulation in order to make a new company form attractive.

Insolvency Framework

Chambers Ireland supports a streamlined EU insolvency framework that must work for SMEs. Measures like fast-track pre-insolvency plans, digital filing and automatic cross-border recognition could make a real difference especially for smaller firms facing financial pressure. Protecting intangible assets like IP and cloud data is also crucial in today's business environment and any new approach must be cost-effective, accessible, and aligned with the State's legal reforms, while ensuring fair treatment for creditors and debtors alike.

We remain open to the idea of the 28th regime, provided it is designed with flexibility, proportionality, and legal clarity at its core. The regime must offer tangible benefits for businesses without introducing new risks or burdens.

We encourage the Commission to adopt an iterative approach and engage closely with national stakeholders and legal experts. Only through genuine dialogue and careful design can the 28th regime become a tool for integration that works to complete the Single Market, rather than a source of fragmentation.