

28th Regime EU Inc.



Context

In March 2026, the European Commission published its proposal for a Regulation establishing the **28th Regime Corporate Legal Framework, formally designated 'EU Inc.'**¹ The proposal introduces an optional, harmonised company legal form available across all 27 Member States, designed to reduce the fragmentation of corporate rules that currently impedes cross-border growth, investment, and talent attraction within the EU single market.

The proposal responds directly to the Letta Report², which called for a 'Simplified European Company' and the Draghi Report³, which called for an 'Innovative European Company'. The Commission's Competitiveness Compass and the European Council's 2025 conclusions both formally announced the 28th regime as a priority. The proposal was also backed by over 22,000 founders, investors, and CEOs who petitioned for a pan-EU corporate structure.

The Malta Business Bureau presents this policy brief to summarise the proposal, clarify its scope, address misconceptions circulating in public commentary, and outline the strategic implications for the Maltese economy.

Addressing the ChallengeThe EU single market currently contains **27 national legal systems and more than 60 company legal forms**. For a company incorporated in Malta that wishes to operate in France or Germany, this fragmentation imposes tangible costs: separate legal advice in each jurisdiction, notarised documentation in local languages, independent investor contracts, different share option frameworks, and distinct insolvency regimes. According to an International Monetary Fund estimate cited in the legislative context, these barriers are equivalent to a **110% tariff on services** within the single market.⁴

US startups created in the last 50 years are estimated to be 70 times more valuable than their EU counterparts. 25% to 30% of European unicorns have relocated their headquarters or holding company to the United States. The Commission notes that this outcome is not the result of inferior European talent or innovation, but of an enabling environment that has not kept pace with the scale at which companies need to operate.

The Societas Europaea (SE), the previous attempt at a pan-EU company form that entered into force in 2004, is widely considered to have failed on this measure. Its complexity meant that, in practice, only large corporations could make use of it. The 28th regime is designed with startups, scaleups, and SMEs in mind.

What is EU Inc. All About?

EU Inc. is an optional additional corporate form. It does not replace any national company law regime. A Maltese company registered under the Companies Act (Cap. 386) remains entirely unaffected. EU Inc. is a 28th option, sitting alongside the 27 national regimes, available to any founder who considers it suitable for their purposes.

The key operational features of the framework, as set out in the proposal, are as follows:

¹European Commission (2026), Proposal for a Regulation of the European Parliament and of the Council on the 28th Regime Corporate Legal Framework — 'EU Inc.', COM(2026) 321 final, 18 March 2026.

²Letta Report, 'Much More Than a Market', April 2024.

³Draghi Report, 'The Future of European Competitiveness', September 2024.

⁴International Monetary Fund estimate cited in the EU Inc. legislative context: barriers in the EU single market are equivalent to a 110% tariff on services.

Feature	Detail as per COM(2026) 321 final
Registration deadline	48 hours when using standardised templates (Article 16—17)
Cost ceiling	Maximum €100 (Article 16—17)
Minimum share capital	None required (Article 62)
Share structure	Flexible shares with no nominal value permitted (Article 61)
Procedure	Fully digital, via EU central interface built on the Business Register Interconnection System (BRIS)
Language	Articles of association in at least one official language of the Member State of registration and in a language customary in international business (Article 7) — in practice, English
Once-only principle	Company information submitted once; tax identification and VAT numbers issued without resubmission of paperwork
Scope	Available to natural and legal persons; open to all company types, not restricted to startups or innovative companies
Subsidiaries	EU Inc. companies may establish EU Inc. subsidiaries, making the form available for groups of companies (Article 19)
Conversion	Existing companies may convert into EU Inc. companies
Form of instrument	Regulation (directly applicable, no national transposition required)

What the Proposal Does Not Do

1. On Taxation:

Taxation is addressed **once** in the substantive provisions of the proposal. The Explanatory Memorandum explicitly states: "*The proposal also touches upon certain issues of taxation (concerning, in particular, EU-ESOs) and employee participation. Those provisions are not intended to harmonise the fields of taxation or employee rights, but are merely a means to achieve the main objective of the act.*"⁵ The single reference to taxation (Art. 79), concerns the harmonisation of employee share option plan (EU-ESO) frameworks to make it easier for companies to offer equity to talent across borders. It does not alter corporate tax rates, tax base calculations, or any Member State's fiscal sovereignty. Malta's 6/7ths tax refund regime and its participation exemption framework are entirely outside the scope of this proposal.

The legislative text is based on Article 114 TFEU, which concerns the functioning of the internal market. It does not and cannot be used to harmonise tax law, which requires unanimity in the Council under Article 115 TFEU. During stakeholder consultations recorded in the proposal, "*several participants, in particular representing Member States and some business associations, were sceptical about addressing issues beyond corporate law, such as tax, labour or insolvency.*"⁶ The Commission responded by limiting the proposal to corporate law precisely to ensure it could be adopted. Any future measure touching tax or labour law would require a separate proposal under different Treaty provisions and would face a veto from any Member State in the

⁵COM(2026) 321 final, pg. 7: 'The proposal also touches upon certain issues of taxation (concerning, in particular, EU ESOPs) and employee participation. Those provisions are not intended to harmonise the fields of taxation or employee rights, but are merely a means to achieve the main objective of the act.'

⁶ COM(2026) 321 final, pg. 10

Council. **Any concern that EU Inc. threatens national tax competence is not supported by the text of the proposal.**

2. On Employment Law:

Employment law is explicitly preserved at the national level. Article 12 of the proposal provides that EU Inc. cannot circumvent national worker participation rules.⁷ The Commission's accompanying Communication separately announces a forthcoming Fair Labour Mobility Package that will explore possibilities for cross-border telework for startups, but this is a distinct legislative initiative and is not part of the EU Inc. regulation. Employment contracts, social security contributions, and workers' rights remain governed by the law of the Member State in which employees are based.

3. On Insolvency:

The proposal harmonises certain procedural aspects of insolvency for EU Inc. companies, including a simplified winding-up procedure and standardised forms, whilst explicitly stating it in the Explanatory Memorandum; *"does not affect the rules on determination of international jurisdiction, applicable law and recognition of judgements in insolvency matters, laid down in Regulation (EU) 2015/848."*⁸ The applicable insolvency law continues to be determined by the location of the company's centre of main interests (COMI), as is the case today.

The Malta Case

1. Opportunity

The framing of EU Inc. as a risk to Malta inverts the actual strategic opportunity. **Malta is precisely the type of jurisdiction that stands to benefit most from this framework.** A company that incorporates as an EU Inc. in Malta retains its Maltese tax residence, pays its taxes under Maltese law, employs staff under Maltese employment law, and benefits from Malta's existing bilateral tax treaty network and full EU membership. It simultaneously gains the ability to operate seamlessly across all 27 Member States without establishing separate legal entities, obtaining local notarial certifications, or navigating 26 additional company law regimes.

This is the proposition Malta should be actively marketing to international founders. A company wishing to operate in Germany, France, and Spain does not need to incorporate in Frankfurt, Paris or Madrid. It can register as an EU Inc. in Malta, benefit from Malta's **35% headline corporate tax rate with a 6/7ths refund mechanism** yielding an effective rate of 5%, access English-language legal services, and operate within a well-established common law-influenced corporate tradition, whilst retaining the legal ability to transact, employ, and contract across the entire single market under a single recognised corporate form.

This is the competitive proposition that Malta should be constructing. The question is not whether EU Inc. threatens Malta's corporate legal system; it is whether Malta is ready to attract the companies that EU Inc. will enable. The following areas of preparedness warrant attention:

⁷Article 12, COM(2026) 321 final: EU Inc. "shall be subject to the employee participation rules applicable in the Member State in which it has its registered office."

⁸Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast). The EU Inc. proposal does not affect the rules on determination of international jurisdiction, applicable law, and recognition of judgements in insolvency matters as laid down therein.

- **Registry capacity.** The 48-hour incorporation target and €100 cost ceiling set a benchmark. Malta's business registry infrastructure should be proactively adapted to handle additional demand.
- **Targeting.** Malta Enterprise and the Malta Financial Services Authority should begin to plan how to integrate EU Inc. into their international promotion, targeting founders in other countries with higher incorporation costs and regulatory complexity.
- **Judicial.** The Commission's Communication calls on Member States to consider establishing specialised judicial chambers for EU Inc. disputes. The government should assess whether the proposed commercial court can develop this capability.

2. MBB Position

MBB broadly welcomes the 28th Regime as proposed. The framework addresses a structural deficiency in the single market that has, for decades, disadvantaged European companies relative to their international counterparts. BusinessEurope, representing 42 national business federations, has similarly welcomed the proposal as a measure that *"could make it easier for entrepreneurs and companies to incorporate, scale-up and operate across all Member States."*⁹

MBB's specific positions are as follows:

- The proposal must remain optional and the 27 national regimes must continue to function undisturbed;
- There should be no ambiguity as to which Member State's taxation regime applies;
- The COMI principle remains the governing rule, and no overlapping insolvency regime;
- The success of the once-only principle depends on seamless technical interconnection between national registers and the EU central interface.

The published text is broadly consistent with these requirements, but MBB will monitor the trilogue process to ensure amendments do not allow room for ambiguity.

Way Forward

The legislative timeline is tight. The EC has set an ambition of reaching agreement by the end of 2026, in line with its 'One Europe, One Market' objective targeting completion by 2028. The European Council discussed competitiveness and the single market on 19 March 2026, immediately following the publication, signalling the political priority attached to this file.

For Malta, the window to shape both the legislation and its own positioning is now. MBB will continue to engage with the Commission, the European Parliament, and Maltese Government stakeholders throughout the legislative process and as the text develops through trilogue to ensure that amendments do not allow room for ambiguity.

The full 28th Regime Proposal can be found [here](#).

⁹BusinessEurope Press Release, '28th Regime proposal: A positive development for competitiveness across the Single Market', 18 March 2026.

Disclaimer: This is a policy brief to create awareness about the legislative proposal and for information purposes. It is not an official position of the Malta Business Bureau.

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*The Malta **Business** Bureau is the EU advisory organisation of;*



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