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Deutsche Sozialversicherung
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Feedback from German Social Insurance issued 16 June 2026

On the Proposal for a Regulation on The 28th Regime
Corporate Legal Framework – 'EU Inc.' COM(2026) 321 final

I. Preliminary remark

With its proposal for a Regulation establishing a corporate legal framework for the 28th Regime (“EU Inc.”), the European Commission not only contributes to strengthening innovation and competitiveness within the Single Market. The proposed Regulation also constitutes a further building block in advancing digital integration across the European Union (EU). The introduction of the EU Inc. will likewise have implications for social security systems, particularly in key areas such as the coordination of social security, the collection of social security contributions and auditing, and the cross-border enforcement of social security rights and obligations.

II. Feedback

The collection of social security contributions will remain the responsibility of the competent national collection bodies, including in the case of EU Inc. entities. In Germany, these functions are carried out by the statutory health insurance funds and the employers’ liability insurance associations (Berufsgenossenschaften). However, the EU Inc. introduces a distinct operating environment for employers. Easier establishment procedures, extensive digitalisation and enhanced mobility within the EU may result in existing social security enforcement, recovery and inspection mechanisms becoming less effective in practice. This concern is further amplified by the fact that the new legal form is not limited to start-ups and scale-ups but is, in principle, available to all corporations.

Clarification regarding the company’s seat

The draft Regulation establishing a company law framework for the 28th Regime (“EU Inc.”) provides that, as a general rule, the law of the Member State in which the EU Inc. has its seat shall apply. Under the current proposal, this corresponds to the Member State in which the company is registered. Under the rules governing the coordination of social security systems, however, the notion of a company’s seat is defined differently. Pursuant to Article 14(5a) of Implementing Regulation (EC) No 987/2009, the seat refers to “the registered office or place of business where the essential decisions of the undertaking are adopted and where the functions of its central administration are carried out”. The differing definitions of the registered seat give rise, in certain situations involving persons pursuing activities in two or more Member States, to significant shifts in the applicable social security coordination

rules, thereby creating risks for the consistent application of EU law, social security institutions and insured persons. Under the narrow definition of the seat contained in the draft Regulation establishing the 28th Regime, the registered office as recorded in the commercial register (Member State A) would determine the applicable social security legislation, even where the company's head office and the centre of its economic activities are located in another Member State (Member State B). It is therefore necessary to clarify — if appropriate in the recitals — that, for the purposes of social security coordination, the definition of the undertaking's registered office set out in Article 14(5a) of Implementing Regulation (EC) No 987/2009 shall apply in all cases.

Risks relating to competence and control

The EU Inc. facilitates cross-border business models, the use of online workforces and short establishment and relocation cycles. Consequently, the registered seat, the place of effective management, the location of economic activity and the place of employment may increasingly diverge.

Practical experience already demonstrates that even minor uncertainties regarding employer status, the existence of an establishment, or the actual place of employment can lead to significant delays in the assessment and collection of social security contributions. The introduction of the new company form is likely to increase the number of cases in which it is unclear which Member State is competent for social security purposes, whether with regard to the collection of contributions or reporting obligations.

For collection bodies, this will entail increased clarification and coordination efforts, accompanied by growing legal uncertainty and an elevated risk of contentious administrative and judicial proceedings.

Risks relating to enforcement and recovery

The extension of the “once-only” principle envisaged in the draft Regulation to the social security obligations of EU Inc. entities may significantly complicate the enforcement of social security rights and obligations. The effectiveness of inspections and the recovery of outstanding contributions will become increasingly dependent on the interoperability of national systems, the accuracy and timeliness of information exchanged, and the smooth functioning of cross-border administrative cooperation. At present, these conditions are not yet fully in place.

Even today, the freedom to choose a registered seat within the EU occasionally creates difficulties during social security inspections, for example where undertakings are required to provide payroll records and employment documentation. Experience

with recovery requests transmitted through EESSI demonstrates that cross-border procedures are often lengthy, resource-intensive and of limited effectiveness. Where such procedures are further complicated by frequent changes in registration, seat or corporate structure, the risk of uncollected contributions increases significantly. To address the risks associated with the introduction of EU Inc., effective accompanying measures should therefore be developed and legally embedded alongside the Regulation. These should include robust provisions on the cross-border enforcement of social security claims and effective safeguards against fraud.

Low incorporation costs, highly digitalised registration procedures and enhanced mobility also create a risk that EU Inc. entities may evade national enforcement measures before outstanding social security contributions can be effectively secured. This risk arises less from the legal framework itself than from its practical impact on the behaviour of market actors. The European legislator should therefore be fully aware of this concern. In particular, existing cross-border enforcement instruments may prove insufficient in situations involving rapid corporate restructuring or swift transfers of seat.

Administrative and communication burden

The company law simplifications introduced by the EU Inc., combined with its high degree of flexibility, will create significant challenges for social security institutions. New questions of interpretation and legal uncertainty are likely to arise at the interfaces between business registers, reporting obligations, posting rules and the national concept of an establishment as an indicator of operational economic activity. Such issues will require case-by-case assessment. The result will be increased case complexity, longer processing times and a growing need for internal coordination and legal analysis.

Integration of social security institutions into data flows

In Germany, social security institutions currently do not have direct access to, or interoperability with, commercial or business registers. In the context of the EU Inc., however, it is essential that social security institutions have access to the information necessary for the performance of their statutory tasks and are appropriately integrated into relevant data flows through existing reporting channels. The central EU Inc. register and/or national business registers should therefore maintain and make available up-to-date information required for the verification and enforcement of social security obligations. Within the framework of the implementing act envisaged under Article 35 (provisions relating to BRIS), it should be ensured that the relevant information also includes structural company data of the type commonly available under national business registration systems. In this respect, the German Social Insurance Association (DSV) identifies a number of gaps in the current proposal. For



example, Article 25 does not require information on the number of employees to be provided when an EU Inc. is registered. Similarly, Article 40 does not require such information when a branch is notified to the authorities of another Member State. These gaps should be addressed.

Data exchanges with public authorities are based on the European Unique Identifier (EUID), which is assigned by the national business register upon registration of the EU Inc. Since additional identifiers are relevant for certain areas of social security administration - such as the establishment number used by the pension insurance audit service to verify the correct payment of social security contributions - it is proposed that the European Business Wallet also be recorded upon registration of an EU Inc., alongside the EUID. Articles 20(1) and 39(1) should therefore be amended accordingly. This would require the acquisition of a European Business Wallet to become mandatory for all EU Inc. entities.

Data transmission and the role of insolvency practitioners in accelerated insolvency proceedings

The new accelerated insolvency procedure provided for in Article 93 in conjunction with Article 90(2) of the draft Regulation allows, under certain circumstances, for insolvency proceedings to be conducted without the appointment of an insolvency practitioner. The DSV does not consider this approach appropriate. Insolvency practitioners play a crucial role in safeguarding the debtor's assets, assessing restructuring prospects and providing reliable expert assessments to support the orderly winding-up of undertakings. Given the significant implications and consequences of insolvency proceedings for all stakeholders, including creditors, the involvement of an insolvency practitioner should remain mandatory, particularly within the context of accelerated procedures. The time limits established for consenting to or objecting against the accelerated procedure under Article 85(1), as well as for lodging claims under Article 95, are also problematic. In both cases, creditors are granted only 30 days. Such deadlines do not provide social security institutions with sufficient time to identify, quantify and lodge outstanding claims. In the view of the DSV, the simplification of winding-up procedures must not result in losses of social security contributions at the expense of social protection systems. Against this background, consideration should at least be given to substantially extending the applicable deadlines. Alternatively, the provisions on accelerated insolvency proceedings and simplified winding-up procedures should be reconsidered altogether.

Article 82 concerns the digital transmission of data in liquidation proceedings. Whereas Articles 20 and 39 explicitly provide for the transmission of data to social security authorities within the framework of the once-only principle, no equivalent

provision is included in Article 82. Where appropriate, Article 82 should therefore be amended accordingly.

About us

The German Federal Pension Insurance (DRV Bund), the German Social Accident Insurance (DGUV), the National Association of Statutory Health Insurance Funds (GKV-Spitzenverband), the national associations for statutory health and long-term care insurance funds at the federal level and the Social Insurance for Agriculture, Forestry and Horticulture (SVLFG) have joined forces to form the "German Social Insurance - Working Group Europe" (Deutsche Sozialversicherung Arbeitsgemeinschaft Europa e. V.) with a view to their common European policy interests. The association represents the interests of its members vis-à-vis the bodies of the European Union (EU) as well as other European institutions and advises the relevant stakeholders in the context of current legislative projects and initiatives. As part of the statutory insurance system in Germany, health and long-term care insurance with 75 million insured persons, pension insurance with 57 million insured persons and accident insurance with more than 70 million insured persons in 5.2 million member companies offer effective protection against the consequences of major risks of life.