



Services passport

Meeting with stakeholders

Brussels, 5th July 2016

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1. What is the services passport ?

The **services passport** is:

- One single common EU-level **electronic procedure, with clear timelines**, building on the **Internal Market Information system (IMI)**
- **One single interlocutor in the home Member State** for the service provider
- Easing cross-border expansion of service providers **legally established** in home Member State to markets of other Member States
- For situations of **temporary cross-border service provision** and **secondary establishment** (setting up of a branch/agency)
- **Voluntary for service providers** (current access route to host Member States markets remains an alternative)

2. Impact on administrative simplification

Situation today

Service provider faces different host Member State authorities

Procedures often complicated, lengthy and not electronic

Service provider needs to re-submit same information and documents several times

(Certified) translation of documents

No or limited communication between home and host Member States



Situation with a services passport

Service provider would deal with its familiar home Member State

Electronic procedure with clear timelines to process applications

Formalities should not have to be repeated when information and documents are still valid

Multilingual forms translated automatically

Increased trust through facilitating interaction between home and host Member States

2. Impact on administrative simplification

An electronic application for a services passport would contain:

- Identification of the service provider (e.g. name, company type, registered office, VAT-MOSS registration number, etc);
- Legal establishment of the service provider (e.g. licences granted and membership of chambers);
- The corporate structure of the service provider (e.g. legal form, shareholding structure, etc.);
- The track record of the service provider (e.g. criminal/administrative/civil law sanctions, insolvency, etc);
- Professional indemnity insurance coverage;
- **Any other?**

2. Impact on administrative simplification

In order to fully address the business perspective, going beyond the Services Directive, an electronic application for a Services Passport **could also:**

- **contain other information/data** to be used in Host country formalities outside the Passport procedure, such as:
 - **Tax and social security** registration in the host Member State;
 - Any other?
- be coupled with **declarations for posting workers** (incl. A1 form), to be constantly updated

2. Impact on administrative simplification

Filling in an electronic application for a Services Passport **could also make use of information already available to public authorities:**

- European Single Procurement Document (ESPD);
- Business Registers Interconnection System (BRIS);
- Any other?

2. Impact on administrative simplification

In this context, the following questions of the public consultation are particularly relevant:

- Question 18/19: What are the main challenges/issues for business service providers to offer their services in other Member States?
- Question 36: Should there be action at EU level to reduce administrative burden for service providers who wish to provide services in other Member States?
- Question 38: Specifically regarding administrative obstacles, what should be the objectives of the actions to be taken (if any)?
- Question 109: Which business services sectors should be covered by potential action to facilitate cross-border activities through a services passport?

3. Regulatory impact

The Services Passport initiative could also address **regulatory obstacles**:

- Allow for temporary cross-border services and setting up of branches/agencies, in the face of restrictions on shareholding structures, legal forms, management and multidisciplinary activities;
- In particular for companies and partnerships offering accounting, architectural or engineering services.

Such solution **would not impact existing rules on how to perform the services** (e.g. quality standards, etc.)

3. Regulatory impact – secondary establishment

A mechanism of safeguards addressing regulatory barriers could be introduced by EU regulation:

- Included in a pre-defined list;
 - Or national (coordinating) authorities should find the adequate safeguards on a case by case basis;
 - Or a combination of both solutions (i.e., an open list which leaves some room for mediation between authorities)
- + possible supporting harmonisation

3. Regulatory impact

In this context, the following questions of the public consultation are particularly relevant:

- Questions 20 to 33: Asking for views and experiences with regulatory obstacles in business services
- Question 37: Should there be action at EU level to make the regulatory framework easier for service providers who wish to expand their activities to other Member States?
- Question 40: Which actions should be taken in order to ensure that service providers that want to expand to other Member States face fewer obstacles?
- Question 42: Is there a need to reduce the regulatory burden for domestic service providers as well?

4. Insurance

The Services Passport could also **facilitate insurance coverage across borders**, with the following elements:

- Providing information about insurance coverage purchased in the Home country and about its territorial scope;
- Standardisation of professional indemnity insurance certificates on the basis of:
 - Rules on compulsory certificates under Article 179(4) of Solvency II Directive;
 - Rules on insurance product information document under Article 20 of the Insurance Distribution Directive.

4. Insurance

The following **additional elements** could be considered under the principle of proportionality, in order to facilitate access to insurance for cross-border activities:

- Information on the track-record of service providers in the home MS, to be taken into account by insurers in the host market;
- the Service Passport could require that insurance products be adapted to cross-border service activities, e.g. as regards duration of such activities.

4. Insurance

In this context, the following questions of the public consultation are particularly relevant:

- Question 93: concerning the need for action as regards information on coverage and standardisation of insurance certificates;
- Question 94: concerning compliance with the principle of proportionality and possible harmonisation measures;
- Questions 83/100: concerning adaptation of insurance products to the temporary nature of cross-border services;
- Questions 87/97/99: concerning the issuance and proper consideration of the track-record of service providers in the home MS for access to insurance coverage in the host MS.

5. How would the Services Passport work in practice?

- A Service Provider would apply for a Services Passport online, using an IMI interface making use of information already available (e.g. ESPD).
- The application would be managed and examined by a single coordinating authority in Home country, liaising directly with a coordinating authority in Host Member State
- End result of the procedure would be an **electronic certificate** facilitating access to the market in the Host country

Service Provider – Registration & application

Service Provider who wants to apply for a Services Passport has to:

1. Complete a company profile with reusable data (one-off action)
2. Fill in the application form with mandatory data (including services provided, type of procedure, host country)
3. Upload required documents
4. Submit the application to the Home country authority

Services Passport for temporary provision of services

Home country authority:

- Verifies overall **correctness** of the application
- Verifies **truthfulness** of provided information and documents
- **Alerts** Host country authority of incoming service provider
- Confirms **legal establishment** of the service provider
- Issues the Services Passport

Services Passport for temporary provision of services

Home country authority can also:

- **Suspend** validity or **revoke** the issued Passport under pre-defined conditions, also on request of the Host country
- **Update** data, also on request of the service provider
- Register **sanctions (track-record of the service provider)**

Services Passport for temporary provision of services

Host country authority:

- Is **notified** about issued services passport for temporary provision
- **Registers sanctions (track-record of the service provider)**
- Can **request suspension or revocation** of the issued Services Passport, under pre-defined conditions

Services Passport for secondary establishment

Submitted applications are dealt by the **Home Country Authority first:**

- Verifies overall **correctness** of the application
- Verifies **truthfulness** of provided information and documents
- Confirms **legal establishment** of the service provider
- **Transmits** application to Host Country Authority

Services Passport for secondary establishment

Host Country Authority:

- **Verifies compliance** with applicable national requirements
- Can **impose safeguards** compliant with EU Law
- Issues the Services Passport

Services Passport for secondary establishment

Host Country Authority can also:

- **Suspend** validity or **revoke** the issued Passport under pre-defined conditions, also on request of the Home country
- **Register sanctions (track-record of service provider)**

Services Passport for secondary establishment

Home Country Authority:

- Is notified about issued Passport for secondary establishment
- **Registers sanctions (track-record of service provider)**
- Can **request suspension or revocation** of the issued Passport under pre-defined conditions
- **Helps service provider to comply** with additional requirements

Services Passport Certificate

If the request for a Passport is approved by the relevant authority, the Service Provider can download the **Services Passport certificate** from its online account

The Services Passport is a **PDF document**, if possible **signed electronically** to ensure **authenticity** and **integrity** of the electronic document

6. Next steps

- **Closure of public consultation – 26 July 2016**
Available here: http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8796
- **Stakeholder conference – 6 September 2016**
(agenda in preparation)
- **Legislative proposal by end 2016**