‘Micro, small and medium-sized enterprises (SMEs) are the engine of the European economy. They are an essential source of jobs, create entrepreneurial spirit and innovation in the EU and are thus crucial for fostering competitiveness and employment. The new SME definition, which entered into force on 1 January 2005, represents a major step towards an improved business environment for SMEs and aims at promoting entrepreneurship, investments and growth. This definition has been elaborated after broad consultations with the stakeholders involved which proves that listening to SMEs is a key towards the successful implementation of the Lisbon goals’.

Günter Verheugen,
Member of the European Commission
Responsible for Enterprise and Industry
Introduction

Importance of a European SME definition

Objectives of this guide

1. Why a new definition?

To update thresholds
To promote micro enterprises
To improve access to capital
To promote innovation and improve access to R&D
To take account of different relationships between enterprises

2. Applying the new SME definition

2.1 Am I an enterprise?
2.2 What are the new thresholds?
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   2.3.1 Am I an autonomous enterprise?
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Conclusion

Annexes

I. Illustrative examples
II. Text of the Recommendation
III. Model Declaration
IV. Measures to prevent abuse of the definition
Micro, small and medium-sized enterprises (SMEs) play a central role in the European economy. They are a major source of entrepreneurial skills, innovation and employment. In the enlarged European Union of 25 countries, some 23 million SMEs provide around 75 million jobs and represent 99% of all enterprises.

However, they are often confronted with market imperfections. SMEs frequently have difficulties in obtaining capital or credit, particularly in the early start-up phase. Their restricted resources may also reduce access to new technologies or innovation.

Therefore, support for SMEs is one of the European Commission’s priorities for economic growth, job creation and economic and social cohesion.
Introduction

Importance of a European SME definition

In a single market with no internal frontiers, it is essential that measures in favour of SMEs are based on a common definition to improve their consistency and effectiveness, and to limit distortions of competition. This is all the more necessary given the extensive interaction between national and EU measures to help SMEs in areas such as regional development and research funding.

In 1996, a recommendation establishing a first common SME definition was adopted by the Commission. This definition has been widely applied throughout the European Union. On 6 May 2003, the Commission adopted a new recommendation in order to take account of economic developments since 1996 (for the complete text, see annex II, p. 32 of this guide). It entered into force on 1 January 2005 and will apply to all the policies, programmes and measures that the Commission operates for SMEs.

For Member States, use of the definition is voluntary, but the Commission is inviting them, together with the European Investment Bank (EIB) and the European Investment Fund (EIF) to apply it as widely as possible.

Objectives of this guide

This guide presents the changes being made by the new definition and the reasons for them (see chapter 1, p. 8). It then explains how to determine if an enterprise can qualify as an SME by following a step-by-step approach (see chapter 2, p. 11).

What EU support exists for SMEs?

For an overview of the main funding opportunities available to European SMEs, consult the following internet page:

europa.eu.int/comm/enterprise/entrepreneurship/sme_envoy/index.htm

Since the average European enterprise employs no more than six people, most can be considered as SMEs. However, the new definition takes into account possible relationships with other enterprises. In certain cases, those relationships, particularly if they create significant financial links with other enterprises, may imply that an enterprise is not an SME.

This guide is primarily designed for two audiences.

The first are entrepreneurs running micro, small or medium-sized enterprises who are interested in applying for grants or loans aimed at SMEs. These entrepreneurs may also want to know if they satisfy the criteria to benefit from specific legislative provisions for SMEs.

The second audience are the European, national, regional and local officials who draw up and run the various schemes, process the applications and ensure that companies satisfy the eligibility criteria for support.

Efforts are also being made to facilitate the handling of SME applications for financial help or participation in specific programmes. This is achieved through a model self-assessment declaration which enterprises themselves can complete (a copy is included in annex III, p. 40). This can then be sent to the relevant administrative department to establish the company’s SME status when submitting an application. Use of the declaration is voluntary for both enterprises and Member State administrations and its contents can be adapted to suit customary national usage.

1. Why a new definition?

The new definition is the result of wide-ranging discussions between the Commission, Member States, business organisations and experts as well as two open consultations on the internet.

The changes reflect general economic developments since 1996, and a growing awareness of the specific hurdles confronting SMEs. The new definition is more suited to the different categories of SMEs and takes better account of the various types of relationships between enterprises. It helps to promote innovation and foster partnerships, while ensuring that only those enterprises which genuinely require support are targeted by public schemes.

**To update thresholds**

Developments in prices and productivity made it necessary to adjust the financial thresholds\(^4\). Their significant increase will allow an important number of enterprises to maintain their SME status and ensure their eligibility for support measures. The staff headcount thresholds remain at their previous levels, since to have raised them would have diluted the measures tailored for SMEs.

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\(^4\) Staff and financial thresholds introduced by the new definition are maximum figures. Member States, the EIB and the EIF may fix lower ceilings if they wish to direct measures towards a specific category of SME.
To promote micro enterprises

Throughout the Union, more and more micro enterprises are being created. The new definition takes this development into account by setting financial thresholds for them. This refinement aims to encourage the adoption of measures addressing the specific problems micro enterprises face, especially during the start-up phase.

To improve access to capital

Access to capital is a perennial problem SMEs encounter, largely because they are often unable to give the guarantees traditional lenders require. To help tackle this, the new definition facilitates equity financing for SMEs by granting favourable treatment to certain investors, such as regional funds, venture capital companies and business angels without the enterprise losing its SME status (see p. 18-19 for more details).

The same applies to small local autonomous authorities with an annual budget of less than 10 million euro and fewer than 5,000 inhabitants. They can invest in an SME up to a certain percentage without the enterprise concerned being at a disadvantage when applying for grants.

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5. Business angels can be defined as individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses (see Article 3.2 (a) of the annex of recommendation 2003/361/EC concerning the definition of micro, small and medium-sized enterprises, included at the end of this guide).
Chapter 1
Why a new definition?

To promote innovation and improve access to Research & Development (R&D)

Specific provisions now apply to universities and non-profit research centres enabling them to have a financial stake in an SME.

This cooperation will benefit both parties. It strengthens an enterprise by giving it a worthwhile financial partner and access to R&D. It also offers universities and research centres a route for the practical application of their innovative work.

To take account of different relationships between enterprises

One of the main objectives of the new definition is to ensure that support measures are granted only to those enterprises which genuinely need them. For this reason, it introduces methods to calculate the staff and financial thresholds to gain a more realistic picture of the economic situation of an enterprise. To this end, a distinction has been introduced between different types of enterprises: autonomous, partner and linked (see chapter 2 on next page).

The new definition also contains safeguards to prevent abuses of SME status (see annex IV, p. 50).

Clear instructions are given on how to treat particular relationships between an SME and other enterprises or investors when calculating the enterprise’s financial and staff figures. In essence, the new definition takes into account an SME’s ability to call on outside finance. For example, enterprises which are linked to others with large financial resources could come above the ceilings and would not qualify for SME status.

What about SME support agreed before 1/1/2005?

As a transitional measure, Community programmes which currently use the 1996 SME definition will continue to be implemented for the benefit of enterprises which were considered SMEs when those programmes were adopted. Legally binding commitments entered into by the Commission on the basis of such programmes will remain unaffected (see Article 8.2 of the definition, p. 37).
2. Applying the new SME definition

The new definition introduces three different categories of enterprises. Each corresponds to a type of relationship which an enterprise might have with another. This distinction is necessary in order to establish a clear picture of an enterprise’s economic situation and to exclude those that are not genuine SMEs.

In general, most SMEs are **autonomous** since they are either completely independent or have one or more minority partnerships (each less than 25%) with other enterprises (see 2.3.1, p. 16). If that holding rises to no more than 50%, the relationship is deemed to be between **partner** enterprises (see 2.3.2, p. 20). Above that ceiling, the enterprises are **linked** (see 2.3.3, p. 23).

Depending on the category in which your enterprise fits, you may have to include data from one or more other enterprises when calculating your own data. The result of the calculation will allow you to check whether you comply with the staff headcount and financial thresholds set by the definition (see 2.3, p. 16). Enterprises coming above these lose their SME status.
Chapter 2
Applying the new SME definition

2.1. Am I an enterprise? (Art. 1)*

The first step to qualify as an SME is to be considered as an enterprise.

According to the new definition, an enterprise is ‘any entity engaged in an economic activity, irrespective of its legal form’.

The wording is not new. It reflects the terminology used by the European Court of Justice in its decisions. By being formally included in the recommendation, the scope of the new SME definition is now clearly marked out. Thus, the self-employed, family firms, partnerships and associations regularly engaged in an economic activity may be considered as enterprises.

It is the economic activity that is the determining factor, not the legal form.

2.2. What are the new thresholds? (Art. 2)

Once you have verified that you are an enterprise, you have to establish the data of your enterprise according to the following three criteria:

- staff headcount,
- annual turnover,
- annual balance sheet.

Comparing your data with the thresholds for the three criteria will allow you to determine whether you are a micro, small or medium-sized enterprise.

* The article numbers refer to the annex of the European Commission’s Recommendation of 6 May 2003 (see Annex II, p. 32).
It is necessary to note that while it is compulsory to respect the staff headcount thresholds, an SME may choose to meet either the turnover or balance sheet ceiling. It does not need to satisfy both and may exceed one of them without losing its status.

The new definition offers this choice since, by their nature, enterprises in the trade and distribution sectors, have higher turnover figures than those in manufacturing. Providing an option between this criterion and the balance sheet total, which reflects the overall wealth of an enterprise, ensures that SMEs engaged in different types of economic activity are treated fairly.

As the table on page 14 shows, the category of micro, small and medium-sized enterprises consists of enterprises which employ fewer than 250 persons and which have either an annual turnover not exceeding 50 million euro, or an annual balance sheet total not exceeding 43 million euro.

**What data do I use?**

*When making the staff and financial calculations, you should use the data contained in your last approved annual accounts. For newly established enterprises which do not yet have approved annual accounts, you should make a realistic bona fide estimate of the relevant data during the course of the financial year (see Art. 4, p. 36).*
Within this category:
Small enterprises are defined as enterprises which employ fewer than 50 persons and whose annual turnover or annual balance sheet total does not exceed 10 million euro.

Micro enterprises are defined as enterprises which employ fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed 2 million euro.

THE NEW THRESHOLDS (Art. 2)

<table>
<thead>
<tr>
<th>Enterprise category</th>
<th>Headcount: Annual Work Unit (AWU)</th>
<th>Annual turnover</th>
<th>Annual balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt; 250</td>
<td>≤ €50 million (in 1996 ≤ 40 million)</td>
<td>≤ €43 million (in 1996 ≤ 27 million)</td>
</tr>
<tr>
<td>Small</td>
<td>&lt; 50</td>
<td>≤ €10 million (in 1996 ≤ 7 million)</td>
<td>≤ €10 million (in 1996 ≤ 5 million)</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>≤ €2 million (previously not defined)</td>
<td>≤ €2 million (previously not defined)</td>
</tr>
</tbody>
</table>
2.2.1 Staff headcount (Art. 5)

The staff headcount is a crucial initial criterion for determining in which category an SME falls. It covers full-time, part-time and seasonal staff and includes the following:

- Employees,
- Persons working for the enterprise being subordinated to it and considered to be employees under national law,
- Owner-managers,
- Partners engaged in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

Apprentices or students engaged in vocational training with apprenticeship or vocational training contracts are not included in the headcount. Nor do you include maternity or parental leave.

The staff headcount is expressed in annual work units (AWU). Anyone who worked full-time within your enterprise, or on its behalf, during the entire reference year counts as one unit. You treat part-time staff, seasonal workers and those who did not work the full year as fractions of one unit.

2.2.2 Annual turnover and balance sheet total (Art. 4)

The annual turnover is determined by calculating the income that your enterprise received during the year in question from its sales and services after any rebates have been paid out. Turnover should not include value added tax (VAT) or other indirect taxes.

The annual balance sheet total refers to the value of your company’s main assets.

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2.3. What else do I take into account when calculating my data?

To work out your individual data, you will have to establish whether your enterprise is autonomous – by far the most common category – a partner or linked. To do this, you must take account of any relationships you have with other enterprises. Depending on the category in which your enterprise fits you may then need to add some, or all, of the data from those enterprises to your own. The calculations for each of the three types of enterprise are different and will ultimately determine whether you meet the various ceilings established in the SME definition.

Enterprises which draw up consolidated accounts or which are included in the accounts of an enterprise which does so are usually considered as linked.

2.3.1 Am I an autonomous enterprise? (Art. 3.1)

Definition

You are autonomous if:

– You are totally independent, i.e. you have no participation in other enterprises and no enterprise has a participation in yours.

– You have a holding of less than 25% of the capital or voting rights (whichever is the higher) in one or more other enterprises and/or outsiders do not have a stake of 25% or more of the capital or voting rights (whichever is the higher) in your enterprise.

If you are autonomous, it means that you are not a partner or linked to another enterprise (see Art. 3.1, p. 35).

8. When completing the model declaration you should indicate whether there are any modifications in your data from the previous accounting period that could result in a change of category for your enterprise (micro, small, medium-sized or big) (see model declaration at the end of this guide).
AUTONOMOUS ENTERPRISES
My enterprise holds less than 25% (capital or voting rights) in another and/or another holds less than 25% in mine.

My enterprise
< 25%

Other enterprise
< 25%

Note: It is possible for you to have several investors each with a stake of under 25% in your enterprise and still remain autonomous, provided these investors are not linked to each other in the sense of 2.3.3 (‘linked enterprises’). If the investors are linked, you may be considered as a partner or linked enterprise, depending on your individual situation (see graphic on page 30 for an illustration).

Establishing the data of my enterprise (Art. 6.1)

If you are autonomous, you use only the number of employees and the financial data contained in your annual accounts to check if you respect the thresholds mentioned in 2.2, p. 12.
Chapter 2
Applying the new SME definition

What are institutional investors?

The European Commission does not formally define the concept of ‘institutional investors’. They are usually seen as investors, which trade large volumes of securities on behalf of a great number of individual small investors and which have no direct involvement in the management of the firms they invest in. Mutual funds or pension funds, for instance, may be considered as institutional investors.

Exceptions (Art. 3.2 (a-d))

You may still be ranked as autonomous, and thus as not having any partner enterprises, even if this 25% threshold is reached or exceeded by any of the following investors:

- Public investment corporations, venture capital companies and business angels.
- Universities and non-profit research centres.
- Institutional investors, including regional development funds.
- Autonomous local authorities with an annual budget of less than 10 million euro and fewer than 5,000 inhabitants.

It is possible to remain autonomous while having one or more of the investors listed above. Each of these may have a stake of no more than 50% in your enterprise, provided they are not linked to one another (see 2.3.3, p. 23 for the notion of linked enterprise).

Of course, each investor has its rights as shareholder, but may not go beyond these and influence the management of the enterprise, in the sense of Art. 3.3 of the definition (‘linked enterprises’).

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9. See footnote 5 page 9 for a definition of business angel. The financial involvement of business angels in an enterprise must be below 1,250,000 euro.
2.3.2 Am I a partner enterprise? (Art. 3.2)

This type of relationship represents the situation of enterprises which establish major financial partnerships with other enterprises, without one exercising effective direct or indirect control over the other. Partners are enterprises which are neither autonomous nor linked to one another.

Definition

You are a partner enterprise if:

- You have a holding equal to or greater than 25%, of the capital or voting rights in another enterprise and/or another enterprise has a holding equal to or greater than 25% in yours.

- You are not linked to another enterprise (see 2.3.3 page 23). This means, among other things, that your voting rights in the other enterprise (or vice versa) do not exceed 50%.

PARTNER ENTERPRISES

My enterprise holds at least 25%, but no more than 50% in another and/or another holds at least 25%, but no more than 50%, in mine.
Establishing the data of my enterprise
(Art. 6.2, 6.3 and 6.4)

If you are a partner enterprise, you must add a proportion of the other enterprise’s staff headcount and financial details to your own data when determining your eligibility for SME status. This proportion will reflect the percentage of shares or voting rights – whichever is the higher – that are held.

Thus, if you have a 30% stake in another enterprise, you add 30% of its headcount, turnover and balance sheet to your own figures. If there are several partner enterprises, the same type of calculation must be done for each partner enterprise situated immediately upstream or downstream from yours.

Case of public bodies (Art. 3.4)

An enterprise is not an SME under the new definition if 25% or more of its capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies. The reason for this stipulation is that public ownership may give such enterprises certain advantages, notably financial, over others financed by private equity capital. In addition, it is often not possible to calculate the relevant staff and financial data of public bodies.

Investors listed on pages 18-19, such as universities or autonomous local authorities, which have the status of a public body under national law are not concerned by this rule. They may hold a participation of between 25%, but no more than 50%, in an enterprise without it losing its SME status.

What about the data of my partner’s partner?

To avoid a complicated and endless calculation, the definition foresees the following rule: where your partner enterprise itself has other partners, you must add only the data of the partner enterprise(s) situated immediately upstream or downstream from yours (see Art. 6.2, p. 37 and graphic on p. 29).

What if my partner is linked to another?

In this case, 100% of the data of the linked enterprise must be included in the data of your partner enterprise (see 2.3.3, p. 23). You then include in your own data the percentage equal to the holding of your partner enterprise. (see Art. 6.3, p. 37 and illustrations, p. 28-30).
How to calculate the data of partner enterprises
(The percentages given below are purely illustrative. For further examples, see annex I.)

My enterprise A owns 33% of C and 49% of D, while B has a 25% stake in my business.
To calculate my headcount and financial data, I add the relevant percentages of the data for B, C and D to my total data.

MY TOTAL = 100% of A + 25% of B + 33% of C + 49% of D.
2.3.3 Am I a linked enterprise? (Art. 3.3)

This type of relationship corresponds to the economic situation of enterprises which form a group through the direct or indirect control of the majority of voting rights of an enterprise by another or through the ability to exercise a dominant influence on an enterprise. Such cases are, thus, less frequent than the two preceding types.

Definition

Two or more enterprises are linked when they have any of the following relationships:

– One enterprise holds a majority of the shareholders’ or members’ voting rights in another.

– One enterprise is entitled to appoint or remove a majority of the administrative, management or supervisory body of another.

– A contract between the enterprises, or a provision in the memorandum or articles of association of one of the enterprises, enables one to exercise a dominant influence over the other.

– One enterprise is able, by agreement, to exercise sole control over a majority of shareholders’ or members’ voting rights in another.

A typical example of a linked enterprise is the wholly-owned subsidiary.
Chapter 2
Applying the new SME definition

What about franchises?

Two enterprises with a franchise are not necessarily linked. It depends on the terms of each individual franchising agreement. Only if this includes one of the four relationships listed on the previous page are the enterprises considered to be linked.

Establishing the data of my enterprise
(Art. 6.2, 6.3 and 6.4)

All 100% of the linked enterprise’s data must be added to those of your enterprise to determine if you comply with the staff headcount and financial thresholds of the definition.

An enterprise generally knows immediately that it is linked, since in most Member States it is required by law to draw up consolidated accounts or is included by consolidation in the accounts of another enterprise.

Where you do not draw up consolidated accounts and the enterprise to which you are linked is also linked in a chain to other enterprises, you must add 100% of the data of all these linked enterprises to yours.
How to calculate the data of linked enterprises
(The percentages given below are purely illustrative. For further examples, see annex I.)

My enterprise A owns 51% of C and 100% of D, while B has a 60% stake in my business. As the holding in each case is above 50%, I take 100% of the data from each of the four enterprises concerned when calculating my headcount and financial thresholds.

MY TOTAL = 100% of A + 100% of B + 100% of C + 100% of D.
Conclusion

The definition is an important tool for implementing efficient measures and programmes to support the development and success of SMEs. Therefore Member States, together with European Investment Bank and the European Investment Fund are invited to apply it as widely as possible.

We hope that this guide will be useful to SMEs wishing to benefit from the measures introduced by European, national, regional and local authorities according to this new definition.

Further refinements may be made to the new definition and the Commission will, if necessary, adapt it in the coming years to take account of experience and economic developments in the European Union.

The text of the 2003 Commission recommendation and the model declaration can be found from page 32 onwards.
Annexes

I. Illustrative examples
II. Text of the Recommendation
III. Model Declaration
IV. Measures to prevent abuse of the definition

A communication containing a model declaration was published in the *Official Journal of the European Union C 118* of 20 May 2003. It has since been the subject of two corrigenda.

The consolidated version contained in the annex has been drawn up for the purpose of this guide.
Example 1:

My enterprise A is linked to enterprise B through the holding of 60% that B has in my enterprise. But B also has two partners, enterprises C and D, which own respectively 32% and 25% of B.

To calculate my data, I must add 100% of the data of B, plus 32% of the data of C and 25% of the data of D to the data of my own enterprise.

My TOTAL = 100% of A + 100% of B + 32% of C + 25% of D.
Example 2:

Enterprises B and C are both partners of my enterprise A since they each have a stake of 38% in my enterprise. But B is also linked to D through a 60% stake and C and E are partners (40%).

To calculate my data, I must add, on the one hand, 38% of the cumulated data of B and D (because B and D are linked), and on the other hand, only 38% of the data of enterprise C to the data of my enterprise. I do not have to take into account the data of E because this partner enterprise is not situated immediately upstream from my enterprise (see boxes on p. 21).

**MY TOTAL = 100% of A + 38% of (B + D) + 38% of C**
Example 3:

My enterprise A has three investors, B, C and D, each owning 20% of my capital or voting rights. These investors are themselves linked to each other, forming a **group of linked enterprises**: B has a stake of 70% in C which itself has a stake of 60% in D.

To calculate my data, **at first sight** my enterprise A would remain autonomous because each investor owns less than 25% of my enterprise. **But** because B, C and D are linked to each other, **as a group they own** 60% of my enterprise. Therefore, I must add 100% of the data of B, C and D to the data of my own enterprise.

**My TOTAL = 100% of A + 100% of B + 100% of C + 100% of D.**
II. Text of the Recommendation
III. Model Declaration
IV. Measures to prevent abuse of the definition
ANNEX II

Text of the Recommendation

COMMISSION

COMMISSION REGULATION
of 3 May 2003
laying down the definition of social and economic shared ownership
(EC2003/0707)

This regulation is amended

Preamble

In a report submitted in October 2002 to the Council, it was noted that the concept of social and economic shared ownership is distinct from Community law. Conclusions reached in the Commission Regulation (EC) No 846/2002 of 5 April 1999 concerning the definition of social and economic shared ownership, was based on the idea that the definition of social and economic shared ownership should be flexible and could be adapted to the needs of the Community. It is therefore important to establish the criteria for determining whether an enterprise is an enterprise engaged in social and economic shared ownership, taking into account the specific features of the enterprise involved.

The text of the Regulation should therefore be amended in order to take into account the specific features of the enterprise involved.

In the context of shared ownership, paragraph 2 of Article 2 of the Annex to the recommendation made to the Commission in the Regulation (EC) No 846/2002 should be amended to reflect the specific features of the enterprise involved.

The text of the Regulation should therefore be amended in order to take into account the specific features of the enterprise involved.
33

49. TheReceiveProps method, in principle, is only called when the component is added to the DOM. However, in some cases, it can also be called when the component is updated or when it is moved to a different location in the DOM. This is because the component's life cycle is tied to the DOM, and any changes to the component's state or props will trigger the component to re-render and, therefore, call the `updateProps` method.

50. To gain a better understanding of the component's life cycle, we can observe how the component interacts with the DOM. The `createElement` function is used to create a new element, and the `appendChild` function is used to add that element to the parent element. The `removeChild` function is used to remove the element from the parent element. The ` أفضل النظرة العامة للاستراتيجية، فإن الخطوات التالية يمكن أن تكون مفيدة لتطوير النموذج: 

51. In order to encourage the adoption of the strategy, it is essential to understand the potential benefits and drawbacks. The strategy may be effective in some cases, but it may also lead to negative outcomes. Therefore, a thorough analysis of the potential risks and benefits is necessary. Additionally, the strategy should be monitored and adjusted as needed to ensure its effectiveness.

52. To effectively execute the strategy, it is crucial to have a clear understanding of the objectives and the resources available. The objectives should be specific, measurable, achievable, relevant, and time-bound (SMART). The resources should be identified and allocated to support the execution of the strategy. Additionally, the strategy should be communicated to all stakeholders and monitored to ensure its success.
Annex II • Text of the Recommendation

Article 1

The colleges shown in Article 2 of the Agreement to be approved in accordance with Member States, the EEC and the EIB should be given equal standing in implementing certain of their policies, they may also decide to apply only the existing of certain of the EEC and the EIB in the form of the above.

Article 2

This Recommendation will replace Recommendation No. 48/47, 1 January 2001.

Article 3

This Recommendation is addressed to the Member States, the EEC and the EIB.

Date at Brussels, 4 July 2003.

[Signature]

Member of the Commission
Official Journal of the European Union

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1. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

2. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

3. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

4. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

5. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

6. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

7. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

8. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

9. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

10. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

11. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

12. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

13. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

14. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

15. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.

16. The context in which, in view of the need for a comprehensive and effective approach to crime prevention and combating organized crime, the European Union should be considered to be very largely the sharing in the European Union, including all Member States, of the common problems and pressures that the Member States face, as they may result in serious disruption of the European Union and successively deviating the principles of the European Union.
Annex II • Text of the Recommendation

1. The aim to apply to the institution of shall not the financial services, even when relating to the local mutual insurance product of an interest basis, they may then be understood the effect of threats on the shareholders. The amount related to the institution is considered causing unless it is protected under the same

2. Unless the date of closure of the account is mentioned the share of those shares. At the end of the account, the report should be given to the shareholders of the account of shareholders, unless the institution is mentioned under the same when the institution is mentioned.

3. In the case of newly admitted companies where shares are not being approved, the date to apply to be included in the share is understood in the owners of the interest.

Table 1

The table shows the following:

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>C</td>
<td>D</td>
</tr>
<tr>
<td>E</td>
<td>F</td>
</tr>
</tbody>
</table>

Table 2

The table shows the following:

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>C</td>
<td>D</td>
</tr>
<tr>
<td>E</td>
<td>F</td>
</tr>
</tbody>
</table>

Annex III

The annex shows:

1. The annex shows:

Table 3

The table shows the following:

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>C</td>
<td>D</td>
</tr>
<tr>
<td>E</td>
<td>F</td>
</tr>
</tbody>
</table>

Annex IV

The annex shows:

1. The annex shows:

Table 4

The table shows the following:

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>C</td>
<td>D</td>
</tr>
<tr>
<td>E</td>
<td>F</td>
</tr>
</tbody>
</table>
4. Any Community legislation on any Community programme or on the expenditure or income of beneficiaries is designed to ensure the best possible use of funds for the benefit of those who are the beneficiaries of the programme.

5. The exemption referred to in the first subparagraph is without prejudice to the power, and the right, of the Commission to request, at any time and in any case, the information necessary to verify the information already contained in the documents referred to in paragraph 1.

6. The Commission shall have the right to request a detailed breakdown of the amounts referred to in the first subparagraph and the right to require, at any time, the submission of documents providing further information in order to verify the information already contained in the documents referred to in paragraph 1.

7. TABLE II

<table>
<thead>
<tr>
<th>Country</th>
<th>Expenditure</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>B</td>
<td>200</td>
<td>300</td>
</tr>
</tbody>
</table>

8. References

9. Any Community legislation on any Community programme or on the expenditure or income of beneficiaries is designed to ensure the best possible use of funds for the benefit of those who are the beneficiaries of the programme.
Annex III • Model Declaration

Commission communication

Model declaration on the information to the qualification of an enterprise as an SME

(consolidated version)

This Communication aims to promote the application of Commission Recommendation 2003/361/EC (¹) on the definition of SMEs, which replaces Recommendation 96/280/EC of 3 April 1996.

There are some 20 million micro, small and medium-sized enterprises in the European Economic Area. They are a major source of jobs and a challenge for competitiveness. Their ability to identify new needs of both end-consumers and industrial operators, their potential for absorbing new technologies, and their contribution to apprenticeship, vocational training and local development, govern future advances in productivity of the entire European Union and its ability to achieve the objectives set at the Lisbon European Council. The responsibility of local, national and Community administrations in devising enterprise policies which take account of the specific needs and skills of these categories of enterprise is thus a question of major importance.

Promoting the development of such policies is the main objective of the new the Commission Recommendation on the definition of SMEs. A more precise definition will ensure greater legal certainty. More suited to the various sub-categories of SME, and taking account of the various types of relations between enterprises, it will promote investment and innovation in SMEs and foster partnerships between enterprises. These advantages should be acquired while preventing enterprises which do not have the economic characteristics or face the problems of genuine SMEs from benefiting unduly from measures targeted at SMEs.

This Recommendation has been the subject of extremely wide-ranging discussions with business organisations, with the Member States and individual business experts within the Enterprise Policy Group (²). The preliminary draft was in addition the subject of two open consultations on the Internet. After work lasting for more than one year, there was almost complete consensus despite the diversity of the objectives pursued.

All those who contributed to the revision felt that it is important that the increased legal certainty and improved recognition of the economic reality, should be accompanied by an effort by administrations to simplify and speed up the administrative handling of cases requiring qualification as a micro, small or medium-sized enterprise. To this end, offering enterprises the possibility to complete themselves a concise declaration was considered a modern and convenient method. This declaration could, if necessary, be completed on-line and could also function as a practical “users’ manual” for enterprises.

The document attached to this Communication is a model for such a declaration. It is in no way mandatory as regards its use or content, either for enterprises or for the administrations of the Member States, but is designed as one possible example amongst others. Such declarations are without prejudice to the checks or investigations provided for under national or Community rules.

(¹) JOL 124 of 20.05.2003, p. 36
If those Member States using the definition of SMEs wish to speed up the processing of administrative files, it would of course be desirable for this declaration not to increase the overall administrative burden on enterprises, but to replace whenever possible other requests for information previously required. Also it could be preferably incorporated into the files relating to applications to take part in measures for which SME qualification is required.

To this end, the model can be used in the form proposed in the annex. It can also be completed, simplified or adapted to take account of customary national administrative usage. In order to maximise the simplification effect, it would of course be desirable that the same model declaration established by a Member State be used for all administrative purposes in that Member State for which the SME qualification is required.

As the aim of the Recommendation is to provide a common reference framework for the definition of SMEs, it would of course be counter-productive if the use of such a model declaration were to lead to diverging interpretations of that definition. Attention is therefore drawn to the fact that any other model declaration serving the same purpose must take account of all the provisions of the text of the Recommendation in order to determine the qualification of the applicant enterprise as a micro, small or medium-sized enterprise within this Recommendation’s meaning. It is the text of the Recommendation, and not that of the declaration, which sets out the conditions for the SME qualification.

In this regard, it must be stressed that the model declaration proposed refers to the Seventh Council Directive 83/349/EEC concerning consolidated accounts. Enterprises meeting one or other of the conditions set out in Article 1 of that Directive are in fact linked within the meaning of Article 3(3) of the definition of SMEs, having regard to the nature of those conditions. It is therefore convenient for enterprises which are obliged to draw up consolidated accounts, pursuant to that Council Directive, to know automatically that they are also linked within the meaning of the definition of SMEs. In the event of a subsequent amendment to that Directive leading to a divergence between the two definitions, the model declaration would, however, have to be adapted to take account of that.

In view of the timetable for the entry into force of any such possible amendment, that adaptation could probably take place simultaneously with any possible future amendment to the Recommendation on the definition of SMEs, pursuant to Article 9 of its annex.
MODEL DECLARATION
INFORMATION ON THE SME QUALIFICATION

Precise identification of the applicant enterprise

Name or Business name ..............................................................................................................................................
Address (of registered office) ...........................................................................................................................................
Registration / VAT number (1) ...........................................................................................................................................

Names and titles of the principal director(s) (2) ..............................................................................................................

Type of enterprise (see explanatory note)
Tick to indicate which case(s) applies to the applicant enterprise:
☐ Autonomous enterprise
    In this case the data filled in the box below result from the accounts of the applicant enterprise only. Fill in the declaration only, without annex.
☐ Partner enterprise
    Fill in and attach the annex (and any additional sheets), then complete the declaration by copying the results of the calculations into the box below.
☐ Linked enterprise

Data used to determine the category of enterprise
Calculated according to Article 6 of the Annex to the Commission Recommendation 2003/361/EC on the SME definition.

<table>
<thead>
<tr>
<th>Reference period (*)</th>
<th>Headcount (AWU)</th>
<th>Annual turnover (**)</th>
<th>Balance sheet total (**)</th>
</tr>
</thead>
</table>

(*) All data must be relating to the last approved accounting period and calculated on an annual basis. In the case of newly-established enterprises whose accounts have not yet been approved, the data to apply shall be derived from a reliable estimate made in the course of the financial year.

(**) EUR 1 000.

Important:
Compared to the previous accounting period there is a change regarding the data, which could result in a change of category of the applicant enterprise (micro, small, medium-sized or big enterprise).

☐ No

☐ Yes (in this case fill in and attach a declaration regarding the previous accounting period (3)).

Signature
Name and position of the signatory, being authorised to represent the enterprise: ..............................................

I declare on my honour the accuracy of this declaration and of any annexes thereto.

Done at ...........................................................................................................................................................................

Signature

(1) To be determined by the Member State according to its needs
(2) Chairman (CEO), Director-General or equivalent.
(3) Definition, Article 4 paragraph 2 of the annex to Commission Recommendation 2003/361/EC.
EXPLANATORY NOTE
ON THE TYPES OF ENTERPRISES TAKEN INTO ACCOUNT FOR CALCULATING THE HEADCOUNT AND THE FINANCIAL AMOUNTS

I. TYPES OF ENTERPRISES
The definition of an SME (1) distinguishes three types of enterprise, according to their relationship with other enterprises in terms of holdings of capital or voting rights or the right to exercise a dominant influence (2).

Type 1: Autonomous Enterprise
This is by far the most common type of enterprise. It applies to all enterprises which are not one of the two other types of enterprise (partner or linked).

An applicant enterprise is autonomous if it:
− does not have a holding of 25% (3) or more in any other enterprise,
− and is not 25% (3) or more owned by any enterprise or public body or jointly by several linked enterprises or public bodies, apart from some exceptions (4),
− and does not draw up consolidated accounts and is not included in the accounts of an enterprise which draws up consolidated accounts and is thus not a linked enterprise (5).

Type 2: Partner Enterprise
This type represents the situation of enterprises which establish major financial partnerships with other enterprises, without the one exercising effective direct or indirect control over the other. Partners are enterprises which are not autonomous but which are not linked to one another.

The applicant enterprise is a partner of another enterprise if:
− it has a holding or voting rights equal to or greater than 25% in the other enterprise, or the other enterprise has a holding or voting rights equal to or greater than 25% in the applicant enterprise,
− the enterprises are not linked enterprises within the meaning defined below, which means, among other things, that the voting rights of one in the other do not exceed 50%,

---

(1) Henceforth in the text, the term "Definition" refers to the Annex to Commission Recommendation 2003/361/EC on the definition of SMEs.
(2) Definition, Article 3
(3) In terms of the share of the capital or voting rights, whichever is higher is applied. To this percentage should be added the holding in that same enterprise of each enterprise, which is linked to the holding company (Definition, Article 3 paragraph 2)
(4) An enterprise may continue being considered as autonomous when this 25% threshold is reached or exceeded, if that percentage is held by the following categories of investors (provided that those are not linked with the applicant enterprise):
   a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses ("business angels"), provided the total investment of those business angels in the same enterprise is less than EUR 1 250 000,
   b) universities or non-profit research centres,
   c) institutional investors, including regional development funds,
   d) autonomous local authorities with an annual budget of less than EUR 10 million and less than 5000 inhabitants.
(Definition, Article 3 paragraph 2, second sub-paragraph)
(5) - If the registered office of the enterprise is situated in a Member State which has provided for an exception to the requirement to draw up such accounts pursuant to the Seventh Council Directive 83/349/EEC of 13 June 1983, the enterprise should nevertheless check specifically whether it does not meet one or other of the conditions laid down in Article 3 paragraph 3 of the Definition.
   - There are also some very rare cases in which an enterprise may be considered linked to another enterprise through a person or a group of natural persons acting jointly (Definition, Article 3 paragraph 3).
   - Conversely, there are very few cases of enterprises drawing up consolidated accounts voluntarily, without being required to do so under the Seventh Directive. In that case, the enterprise is not necessarily linked and can consider itself only a partner.

To determine whether the enterprise is linked or not, in each of the three situations it should be checked whether or not the enterprise meets one or other of the conditions laid down in Article 3 paragraph 3 of the Definition, where applicable through a natural person or group of natural persons acting jointly.
and the applicant enterprise does not draw up consolidated accounts which include the other enterprise by consolidation, and is not included by consolidation in the accounts of the other enterprise or of an enterprise linked to it (1).

**Type 3: Linked Enterprise**

This type corresponds to the economic situation of enterprises which form a group through the direct or indirect control of the majority of the voting rights (including through agreements or, in certain cases, through natural persons as shareholders), or through the ability to exercise a dominant influence on an enterprise. Such cases are thus less frequent than the two preceding types.

In order to avoid difficulties of interpretation for enterprises, the Commission has defined this type of enterprise by taking over – wherever they are suitable for the purposes of the Definition – the conditions set out in Article 1 of Council Directive 83/349/EEC on consolidated accounts (2), which has been applied for many years.

An enterprise thus generally knows immediately that it is linked, since it is already required under that Directive to draw up consolidated accounts or is included by consolidation in the accounts of an enterprise which is required to draw up such consolidated accounts.

The only two cases, which are however not very frequent, in which an enterprise can be considered linked although it is not already required to draw up consolidated accounts, are described in the first two indents of endnote 5 of this explanatory note. In those cases, the enterprise should check whether it meets one or other of the conditions set out in Article 3 paragraph 3 of the Definition.

**II. THE HEADCOUNT AND THE ANNUAL WORK UNITS (1)**

The headcount of an enterprise corresponds to the number of annual work units (AWU).

**Who is included in the headcount?**

- The employees of the applicant enterprise,
- persons working for the enterprise being subordinate to it and considered to be employees under national law,
- owner-managers,
- partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not taken into account in the headcount.

**How is the headcount calculated?**

One AWU corresponds to one person who worked full-time in the enterprise in question or on its behalf during the entire reference year. The headcount is expressed in AWUs.

The work of persons, who did not work the entire year, or who worked part-time - regardless of its duration - and seasonal work is counted as fractions of AWU.

The duration of maternity or parental leaves is not counted.

---


(2) Definition, Article 5.
### Annexes to be enclosed if necessary

- Annex A if the applicant enterprise has at least one partner enterprise (and any additional sheets)
- Annex B if the applicant enterprise has at least one linked enterprise (and any additional sheets)

### Calculation for the partner or linked type of enterprise (\(^1\)) (see explanatory note)

**Reference period\(^2\):**

<table>
<thead>
<tr>
<th></th>
<th>Headcount (AWU)</th>
<th>Annual turnover (*)</th>
<th>Balance sheet total (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Data (^3) of the applicant enterprise or consolidated accounts (copy data from box B(1) in annex B (^3))</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Proportionally aggregated data (^4) of all partner enterprises (if any) (copy data from box A in annex A)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Added up data (^5) of all linked enterprises (if any) – if not included by consolidation in line 1 (copy data from box B(2) in annex B)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Definition, Article 6 paragraphs 2 and 3  
\(^2\) All data must be relating to the last approved accounting period and calculated on an annual basis. In the case of newly-established enterprises whose accounts have not yet been approved, the data to apply shall be derived from a reliable estimate made in the course of the financial year (Definition, Article 4).  
\(^3\) The data of the enterprise, including the headcount, are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation.

The data entered in the "Total" row of the above table should be entered in the box “Data used to determine the category of enterprise” in the declaration.
ANNEX A
Partner enterprises

For each enterprise for which a 'partnership sheet' has been completed (one sheet for each partner enterprise of the applicant enterprise and for any partner enterprises of any linked enterprise, of which the data is not yet included in the consolidated accounts of that linked enterprise (\(^*)\), the data in the 'partnership box' in question should be entered in the summary table below:

<table>
<thead>
<tr>
<th>Box A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner enterprise (name / identification)</td>
</tr>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
</tr>
<tr>
<td>6.</td>
</tr>
<tr>
<td>7.</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

(\(^*)\) EUR 1 000.

(attach sheets or expand the present table, if necessary)

Reminder:
This data is the result of a proportional calculation done on the 'partnership sheet' for each direct or indirect partner enterprise.
The data entered in the "Total" row of the above table should be entered in line 2 (regarding partner enterprises) of the table in the Annex to the declaration.
PARTNERSHIP SHEET

1. Precise identification of the partner enterprise

Name or business name ........................................................................................................................................
Address (of registered office) ..........................................................................................................................
Registration / VAT number (') ........................................................................................................................
Names and titles of the principal director(s) (') ..............................................................................................

2. Raw data regarding that partner enterprise

Reference period

<table>
<thead>
<tr>
<th>Raw data</th>
<th>Headcount (AWU)</th>
<th>Annual turnover (*)</th>
<th>Balance sheet total (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(*) EUR 1 000.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reminder: These raw data are derived from the accounts and other data of the partner enterprise, consolidated if they exist. To them are added 100% of the data of enterprises which are linked to this partner enterprise, unless the accounts data of those linked enterprises are already included through consolidation in the accounts of the partner enterprise ('). If necessary, add “linkage sheets” for the enterprises which are not yet included through consolidation.

3. Proportional calculation

a) Indicate precisely the holding (') of the enterprise drawing up the declaration (or of the linked enterprise via which the relation to the partner enterprise is established) in the partner enterprise to which this sheet relates:

........................................................................................................................................................................
........................................................................................................................................................................

Indicate also the holding of the partner enterprise to which this sheet relates in the enterprise drawing up the declaration (or in the linked enterprise):

........................................................................................................................................................................
........................................................................................................................................................................

b) The higher of these two holding percentages should be applied to the raw data entered in the previous box. The results of this proportional calculation should be given in the following table:

<table>
<thead>
<tr>
<th>‘Partnership box’</th>
<th>Headcount (AWU)</th>
<th>Annual turnover (*)</th>
<th>Balance sheet total (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportional results</td>
<td>(*) EUR 1 000.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

These data should be entered in Box A in Annex A.

(1) To be determined by the Member State according to its needs
(2) Chairman (CEO), Director-General or equivalent
(3) Definition, Article 6 paragraph 3, first sub-paragraph
(4) In terms of the share of the capital or voting rights, whichever is higher. To this holding should be added the holding of each linked enterprise in the same enterprise (Definition, Article 3 paragraph 2 first sub-paragraph).
ANNEX B
Linked enterprises

A) DETERMINE THE CASE APPLICABLE TO THE APPLICANT ENTERPRISE:

☐ Case 1: The applicant enterprise draws up consolidated accounts or is included by consolidation in the consolidated accounts of another enterprise. (Box B(1))

☐ Case 2: The applicant enterprise or one or more of the linked enterprises do not establish consolidated accounts or are not included in the consolidated accounts. (Box B(2)).

Please note: The data of the enterprises, which are linked to the applicant enterprise, are derived from their accounts and their other data, consolidated if they exist. To them are aggregated proportionally the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included through consolidation (1).

B. CALCULATION METHODS FOR EACH CASE:

In case 1: The consolidated accounts serve as the basis for the calculation. Fill in Box B(1) below.

<table>
<thead>
<tr>
<th>Headcount (AWU) (*)</th>
<th>Annual turnover (**)</th>
<th>Balance sheet total (**)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) Where in the consolidated accounts no headcount data appears, the calculation of it is done by adding the data from the enterprises to which the enterprise in question is linked.

(**) EUR 1,000.

The data entered in the “Total” row of the above table should be entered in line 1 of the table in the Annex to the declaration.

Identification of the enterprises included through consolidation

<table>
<thead>
<tr>
<th>Linked enterprise (name / identification)</th>
<th>Address (of registered office)</th>
<th>Registration / VAT number (*)</th>
<th>Names and titles of the principal director(s) (**)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) To be determined by the Member State according to its needs

(**) Chairman (CEO), Director-General or equivalent.

Important: Partner enterprises of such a linked enterprise, which are not yet included through consolidation, are treated like direct partners of the applicant enterprise. Their data and a ‘partnership sheet’ should therefore be added in Annex A.

In case 2: For each linked enterprise (including links via other linked enterprises), complete a “linkage sheet” and simply add together the accounts of all the linked enterprises by filling in Box B(2) below.

(1) Definition, Article 6 paragraph 3, second sub-paragraph
The data entered in the "Total" row of the above table should be entered in line 3 (regarding linked enterprises) of the table in the Annex to the declaration.
LINKAGE SHEET
(only for linked enterprises not included by consolidation in Box B)

1. Precise identification of the enterprise

Name or business name ..........................................................................................................................
Address (of registered office) ..................................................................................................................
Registration / VAT number (1) ...............................................................................................................
Names and titles of the principal director(s) (2) ........................................................................................

2. Data on the enterprise

Reference period

<table>
<thead>
<tr>
<th>Headcount (AWU)</th>
<th>Annual turnover (*)</th>
<th>Balance sheet total (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

These data should be entered in Box B(2) in Annex B.

Important: The data of the enterprises, which are linked to the applicant enterprise, are derived from their accounts and their other data, consolidated if they exist. To them are aggregated proportionally the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included through consolidation (3).

Such partner enterprises are treated like direct partner enterprises of the applicant enterprise. Their data and a ‘partnership sheet’ have therefore to be added in Annex A.

(1) To be determined by the Member State according to its needs
(2) Chairman (CEO), Director-General or equivalent
(3) If the data of an enterprise are included in the consolidated accounts to a lesser proportion than the one determined under Article 6 paragraph 2, the percentage rate according to that article should be applied (Definition, Article 6 paragraph 3, second sub-paragraph).
Measures to prevent abuse of the definition

One of the main objectives of the new definition is to ensure that support measures are granted only to those enterprises which genuinely need them. It is important to stress that the definition contains several anti-circumvention measures designed to reserve the advantages of SME support programmes to real SMEs. In this respect, the simplified approach of the present guide must not be used to justify artificial corporate architecture aimed at by-passing the definition.

Thus, an enterprise, for instance, having three investors each owning 20% of its capital or voting rights will not be considered as autonomous, but as linked to a group of enterprises if the three are themselves linked to each other either directly or via one or more enterprises (see Art. 3 of the definition and example on p. 30).

Relationships between enterprises through natural persons are also taken into account when calculating the data of an enterprise if

- the enterprises in question are linked to the natural person in the sense of Article 3.3 of the definition,
- they are active on the same market or in adjacent markets (see Article 3.3 for a definition of an ‘adjacent market’).