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European Commission to further reduce the administrative costs of EU businesses

The European Commission proposes to cut €400 million in annual administrative costs for companies, adding to the €8 billion already targeted through earlier simplification efforts. With a new category of small-mid caps, the measures will ease compliance obligations and thus free resources for growth and investment across the Single Market.

Unlocking targeted support for small mid-caps

When SMEs grow beyond 250 employees, they become large enterprises under the current rules — and face a sharp increase in compliance obligations. This “cliff-edge” can discourage growth and limit competitiveness. The European Commission is therefore identifying a new category of companies, **small mid-caps (SMCs)**, i.e. companies with fewer than 750 employees; and either up to €150 million in turnover or up to €129 million in total assets.

These **small mid-caps** - nearly 38,000 companies in the EU - will have access for the first time to certain existing SME benefits, such as specific derogations under the General Data Protection Regulation (GDPR) or simplified rules, such as prospectus rules making listing of SMCs on the stock market simpler and less costly.

More details on the proposals to be found [here](#) (press release of 21 May 2025).

Keywords

[Small and Medium Enterprises \(SME\)](#)