

# EFB Response

## on the Framework regulation integrating business statistics(FRIBS)



### On Section 3 "Additional data needs" Proposals

Currently, business statistics in Europe are very much focused on the size of the company be it number of employees or turnover. Indeed the European Union's SME definition follows this logic. European Family Businesses is of the belief that current statistical understanding of the business environment is incomplete.

The lack of robust data on family business usually leads to inaccurate assumptions. Indeed, Family businesses in Europe have been widely equated to Small and Medium-Sized Enterprises (SMEs) in public and policy discussions. However, this neglects the fact that there are also large family businesses. Family businesses can be small, medium sized or large, listed or unlisted. Arguably, the most defining features of family businesses are the ownership aspects as they are crucial to the business life of the firm. 'Taking the 'ownership perspective' rather than the 'company size' perspective can help improve understanding of the phenomenon.i

### Why family business statistics are needed?

Family businesses operate differently and provide multiple other benefits to society and to have any idea of how much benefit programs and policies designed to support family business would generate, we need to know how many there are, how big they are, and the generation that they are in (program and policy priorities are different depending on generation-- for example, transfer taxes are more important in earlier generations and dividend policy more important in later generations). Indeed, some of the policies that should require special attention are:

- . Transfer of Businesses
- Taxation
- Company Financing
- Corporate Governance
- Entrepreneurship education

How much capital will be taken out of the business sector to pay estate taxes in the next two decades? Will the economy be adversely affected by an "estate tax bubble?" What will be the domino effect on the entire economy? Are only large family businesses hurt by estate taxes? How does estate taxes' capital drain affect the development and perpetuation of small family businesses in the EU? If family businesses represent 90% of all EU businesses, how much in total taxes do they pay? To what extent are family businesses funding the EU?

Answers to these important questions are not currently available. Particularly for policy reasons, there is a need for more research and study on the importance of family business for the EU economy.

### Proposals

EFB proposes that the Commission performs a feasibility study on the operational use and application of a common EU definition of a family business. Introducing a common EU definition of a family business and its implementation by national statistical offices (and ultimately by EUROSTAT) should be the long-term goal. In addition, the aim for any eventual statistical compilation should be to compile data on the size of the family business sector, its share of GDP, share of employment and job creation, share of capital investment, and share of R&D expenditure. This should be coupled with a communication by the Commissioner for Industry and Entrepreneurship, to the Member States encouraging them to start compiling family business statistics.

Finally, EFB fully recognises the immense challenge that Eurostat has of delivering better and more consistent data whilst removing administrative burdens. This is why EFB believes that a feasibility/pilot study must be performed to ensure that the crucial data on ownership is collected in a way that does not add any significant burden on businesses.

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European Family Businesses is a federation of 11 national family businesses associations. Our aim is to make political decision makers aware of the contribution of family businesses to society at large and to promote policies that are conducive to long term entrepreneurship. Our members represent turnover in excess of one trillion Euro, 9% of European GDP.