



Levelling the Field: Adjusting Conformity Assessment Fees for SMEs under the EU AI Act

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4. Post-Market Monitoring: The importance of continuous oversight.

4.1 Priority Access to AI Sandboxes

Providing SMEs and startups with priority access to regulatory sandboxes.

4.2 Awareness and Training

Organizing activities tailored to SMEs and startups.

4.3 Advice and Communication Channels

Establishing dedicated channels for SMEs and startups.

4.4 Conformity Assessment Fees

Adjusting fees based on the size and market presence of SMEs.

Introduction

The European Union's ("EU") Artificial Intelligence ("AI") Act (the "EU AI Act") is a pioneering legislative framework aimed at fostering innovation within the digital market, with a keen focus on ensuring that Small and Medium-sized Enterprises ("SMEs") and startups can thrive in the evolving landscape of AI technology. "Measures to support innovation, with a particular focus on SMEs, including start-ups" is one of the identified features of the EU AI Act.¹

¹ Article 1(g)





Recognizing the critical role these entities play in driving technological advancement and economic growth, the EU AI Act has incorporated specific provisions designed to support their development and integration into the AI ecosystem. Among these measures, the Act seeks to address the financial barriers that SMEs and startups may face, particularly in relation to the costs associated with conformity assessments required for high-risk AI systems.

Conformity assessments are required for high-risk AI systems under the EU AI Act. Cognizant of this requirement, a standout feature of the EU AI Act is its commitment to adjusting conformity assessment fees based on the size, market size, and other relevant indicators of SMEs. This approach acknowledges the disproportionate impact that such fees can have on smaller entities and aims to level the playing field, ensuring that innovation is not stifled by regulatory costs. By tailoring the financial obligations to the capabilities of SMEs and startups, the EU AI Act not only facilitates compliance but also encourages these businesses to participate actively in the AI sector, contributing to a dynamic and competitive European AI ecosystem.

Provisions for SME Support

Central to the EU AI Act's innovation support measures are provisions specifically aimed at SMEs and startups. Recognizing the financial challenges these entities face, particularly in meeting regulatory requirements, the Act includes measures to adjust conformity assessment fees. These adjustments are based on the size, market presence, and other relevant indicators of SMEs, ensuring that the costs associated with bringing AI systems to market are not prohibitively high for smaller players. This approach not only levels the playing field, allowing SMEs and startups to compete more effectively but also encourages a broader range of innovators to participate in the EU's AI ecosystem.

Adjusting Conformity Assessment Fees: The Rationale

This measure acknowledges the unique challenges faced by SMEs and startups and actively works to mitigate these challenges, enabling these entities to contribute more effectively to the EU's AI ecosystem. By doing so, the EU AI Act not only fosters a more inclusive and competitive market but also encourages a broader range of innovators to develop and deploy AI systems in compliance with the EU's standards for safety and ethics.

Implementation and Impact

The criteria for determining fee adjustments are explicitly aimed at supporting the innovation capabilities of SMEs and startups, acknowledging their pivotal role in the AI ecosystem. The expected impact of this measure on SMEs and startups is significant. By reducing compliance costs, the EU AI Act facilitates increased access to the market for these entities, enabling them to allocate more resources towards innovation and development rather than regulatory compliance. This adjustment in conformity assessment fees is anticipated to level the playing field. Ultimately, this measure is expected to stimulate a more dynamic, competitive, and inclusive AI market within the EU, fostering technological advancement and innovation across the board.





Challenges and Considerations

Implementing the adjustment of conformity assessment fees under the EU AI Act presents several challenges and considerations, particularly in determining eligibility and assessing market size for SMEs and startups. One of the primary challenges lies in establishing clear, fair criteria that accurately reflect the diverse nature and capabilities of SMEs across different sectors. The Act mandates that fees for conformity assessments be set in consideration of an entity's size, market size, and other relevant indicators, necessitating a nuanced approach to evaluation. This process must be transparent and equitable to ensure that all SMEs have the opportunity to benefit from reduced fees proportionate to their market presence and financial capacity.

Furthermore, for the fee adjustment measure to effectively support SMEs and startups, it is crucial to maintain a balance between reducing financial barriers and ensuring that the quality and safety of AI systems are not compromised. The effectiveness of this measure also hinges on the ability of Member States to implement these adjustments consistently, avoiding fragmentation that could lead to disparities in how SMEs are supported across the EU. Addressing these challenges and considerations is essential for fostering an environment where SMEs and startups can innovate and grow within the AI sector, contributing to the EU's competitive edge in the global digital economy.

Conclusion

The EU AI Act's provision for adjusting conformity assessment fees for SMEs, including startups, is a strategic move designed to lower the barriers to entry in the AI sector. By reducing these fees proportionately to the size, market size, and other relevant indicators of SMEs, the Act acknowledges the financial constraints that can stifle innovation and market participation from smaller entities.

Moreover, this measure aligns seamlessly with the EU AI Act's overarching goals of fostering innovation while ensuring the safe and compliant development of AI technologies across the EU. By alleviating the financial burden on SMEs, the Act not only encourages a broader participation in the AI market but also ensures that these entities can invest more in developing AI technologies that are both innovative and adhere to the high standards of safety and compliance set by the EU.





Glossary

Act or EU AI Act: European Union Artificial Intelligence Act

AI: Artificial Intelligence

Board: European Union Artificial Intelligence Board

EU: European Union

SME: Small and Medium-Sized Enterprise

How can we help?



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AI & Partners – ‘AI That You Can Trust’

Your trusted advisor for EU AI Act Compliance. Unlock the full potential of artificial intelligence while ensuring compliance with the EU AI Act by partnering with AI & Partners, a leading professional services firm. We specialize in providing comprehensive and tailored solutions for companies subject to the EU AI Act, guiding them through the intricacies of regulatory requirements and enabling responsible and accountable AI practices. At AI & Partners, we understand the challenges and opportunities that the EU AI Act presents for organizations leveraging AI technologies. Our team of seasoned experts combines in-depth knowledge of AI systems, regulatory frameworks, and industry specific requirements to deliver strategic guidance and practical solutions that align with your business objectives.

To find out how we can help you, email contact@ai-and-partners.com or visit <https://www.ai-and-partners.com>.

