



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Economic and Monetary Affairs

2009/0035(COD)

20.10.2009

OPINION

of the Committee on Economic and Monetary Affairs

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council
amending Council Directive 78/660/EEC on the annual accounts of certain
types of companies as regards micro-entities
(COM(2009)0083 – C7-0074/2009 – 2009/0035(COD))

Rapporteur: Dirk Sterckx

PA_Legrej

SHORT JUSTIFICATION

Reducing the administrative burden is an essential condition for boosting the European economy and growth, especially considering the potential benefits for SMEs. Therefore, the Commission's "European Economic Recovery Plan" to restore consumer and business confidence in which the Commission pledges to reduce the burden on small and medium sized enterprises (SMEs)¹ is highly welcomed.

Secondly, it is recalled that the European Parliament encouraged "the Commission to continue its activities with regard to the simplification of company law, accounting and auditing..., in particular the 4th and 7th Company Law Directives"².

The current Commission Proposal, however, falls short in addressing these two issues.

First, it is arguable whether the option to exempt micro-entities from the obligation to prepare and publish their annual accounts will in the end reduce the administrative burden significantly.

The impact assessment accompanying the Commission proposal exaggerates the advantages and fails to quantify and consequently under-estimates the disadvantages of exempting micro-entities³. For example, the impact assessment fails to take into account the costs related to new accounting requirements that member states will impose on micro-entities and the cost related to the collection of new statistical data. It also fails to quantify the impact on the single market, information to external stakeholders and creditor's protection.

Uneven application by member states of the option to exempt micro-entities will lead to fragmentation of the single market. It will also reduce transparency. A micro-entity engaged in cross border trading could be deprived of access to its trading partner annual accounts and therefore it would be deprived of a means to check the solvability of its trading partner. This would dampen cross-border trade.

Secondly, reducing the administrative burden for SMEs must be realised in a coherent and comprehensive manner. As the Commission is already foreseeing a general revision of the 4th and 7th Company Law Directives in 2010, it is asked that the Commission withdraws its current proposal and comes back with a comprehensive proposal in 2010.

Exempting micro-entities from the statutory requirement to prepare and publish annual accounts will not exempt them from preparing tax-accounts. Nor will it prevent stakeholders and creditors from asking a micro-entity to have accounts prepared before doing business with

¹ Communication from the Commission to the European Council, A European Economic Recovery Plan - COM(2008) 800, 26.11.2008, point 4, Available on the Commission website: http://ec.europa.eu/commission_barroso/president/pdf/Comm_20081126.pdf

² Report on International Financial Reporting Standards (IFRS) and the Governance of the International Accounting Standards Board (IASB) (2006/2248(INI)), EP, Committee on Economic and Monetary Affairs, Rapporteur: Alexander Radwan, A6-0032/2008, 5.2.2008, p. 10.

³ Impact Assessment: *Accompanying document to the Proposal for a directive of the European Parliament and the Council amending Council Directive 78/660/EEC on the annual accounts of certain types of companies as regards micro-entities*, SEC(2009)206, 26.02.2009, p. 27-31.

them or before giving them credit. It is thus clear – as the Commission rightly indicates in her impact assessment¹ – that the statistical information now drawn from the annual accounts of micro-entities will have to be collected through other means, thereby significantly reducing and possibly even undo the advantages of the Commission proposal.

Sharing best practices between Member States could contribute in a more sustainable way to the creation of an appropriate set of national rules and minimization of administrative burdens. In this respect the Commission should consider to refrain from proposing any measure which would negatively affect the impact of national measures to reduce the administrative burden.

Therefore it is asked that the comprehensive proposal that the Commission shall put forward in 2010 is accompanied by an all-inclusive impact assessment that estimates and quantifies both advantages and disadvantages of its proposal. In its impact assessment and proposal the Commission must take into account best practices as identified across the EU.

The Committee on Economic and Monetary Affairs calls on the Committee on Legal Affairs, as the committee responsible, to propose rejection of the Commission proposal and to ask for a general revision of the 4th and 7th Company Law Directives in 2010, which shall focus, in particular, on reducing the administrative burden and simplifying the financial reporting requirements of micro-entities.

The general revision of the 4th and 7th Company Law Directives should be accompanied by a comprehensive impact assessment, which focuses on the question whether Member States' option to exempt micro-entities from their obligations under the 4th Company Law Directive will in fact reduce the administrative burden on them. The impact assessment should, accordingly, take into account not only the advantages of such an optional exemption of micro-entities, but also the possible negative consequential measures most likely to be imposed by many Member States, such as alternative accounting requirements.

Furthermore, the Committee on Economic and Monetary Affairs suggests that the Commission consider whether only micro-entities with a turnover from cross-border activities within the European Union not exceeding a certain percentage (for example 10 %) of their total turnover should benefit from the simplification of financial reporting requirements.

¹ Impact Assessment: *Accompanying document to the Proposal for a directive of the European Parliament and the Council amending Council Directive 78/660/EEC on the annual accounts of certain types of companies as regards micro-entities*, SEC(2009)206, 26.02.2009, p. 30.

PROCEDURE

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| Title | Annual accounts of certain types of companies as regards micro-entities |
| References | COM(2009)0083 – C6-0074/2009 – 2009/0035(COD) |
| Committee responsible | JURI |
| Opinion by Date announced in plenary | ECON 9.3.2009 |
| Rapporteur Date appointed | Dirk Sterckx 21.7.2009 |
| Discussed in committee | 29.9.2009 19.10.2009 |
| Date adopted | 19.10.2009 |
| Result of final vote | +: 33 -: 8 0: 1 |
| Members present for the final vote | Udo Bullmann, Nikolaos Chountis, George Sabin Cutaş, Leonardo Domenici, Diogo Feio, Elisa Ferreira, Vicky Ford, José Manuel García-Margallo y Marfil, Jean-Paul Gauzès, Sven Giegold, Sylvie Goulard, Enikő Győri, Liem Hoang Ngoc, Gunnar Hökmark, Othmar Karas, Wolf Klinz, Jürgen Klute, Astrid Lulling, Hans-Peter Martin, Íñigo Méndez de Vigo, Ivari Padar, Antolín Sánchez Presedo, Olle Schmidt, Edward Scicluna, Peter Simon, Peter Skinner, Theodor Dumitru Stolojan, Kay Swinburne, Marianne Thyssen, Ramon Tremosa i Balcells, Corien Wortmann-Kool |
| Substitute(s) present for the final vote | Magdalena Alvarez, Jean-Pierre Audy, Pervenche Berès, Sophie Briard Auconie, Sari Essayah, Danuta Maria Hübner, Philippe Lamberts, Klaus-Heiner Lehne, Thomas Mann, Dirk Sterckx, Pablo Zalba Bidegain |