

Simplified business environment for companies in the areas of company law, accounting and auditing

2007/2254(INI) - 21/05/2008 - Text adopted by Parliament, single reading

The European Parliament adopted by 639 votes to 19, with 22 abstentions, a resolution on a simplified business environment for companies in the areas of company law, accounting and auditing in response to the European Commission's communication on the subject.

The own-initiative report had been tabled for consideration in plenary by Klaus-Heiner **LEHNE** (EPP-ED, DE) on behalf of the Committee on Legal Affairs.

The Parliament welcomes the general objective of the Commission's communication, which aims to reduce the administrative burden for businesses in Europe. It recalls that the Commission's legislative proposals should be based on an impact assessment targeting, in particular, small and medium enterprises as well as micro entities. The interests of all stakeholders, including investors, owners, creditors and employees, as well as the principles of subsidiarity and proportionality, must be duly taken into account.

Option 1: MEPs reject the first option referred to in the Commission's communication, namely to address the question whether the Community acquis in the area of company law should be reduced to those legislative acts specifically dealing with cross-border situations. They are, however, not totally averse to repealing individual provisions which, from the stakeholders' point of view, are no longer necessary or of benefit to business, provided that such repeal is not contrary to the public interest.

Concerning implementation by Member States, the resolution notes that Member States often fail to make use of optional measures by which to reduce bureaucracy, thus not passing on to companies the opportunities for simplification offered by Community law. The Commission is called to encourage an exchange of good practices between Member States, while highlighting the effective impact of the various initiatives in the field of simplification. Moreover, MEPs propose that coordination be introduced between the Member States' tax authorities, in order to harmonise the information requests made to businesses, with the aim of simplification.

Option 2: in principle, MEPs prefer the second option referred to in the communication, namely that the legislator should focus on concrete, individual simplification measures. MEPs recall that, overall, the goal of simplifying administrative requirements must encourage SMEs to seize the opportunities offered by the internal market and to operate beyond its frontiers.

The resolution underlines that auditing of accounts and disclosure requirements for publicly traded companies are vital to the sound functioning of the internal market. In this respect, new technologies, such as electronic reporting formats should make it possible to meet disclosure requirements efficiently. However, disclosure requirements should be reviewed on a case-by-case basis by means of concrete, individual simplification measures based on thorough impact assessments.

The 2006 amendments to EU-accounting rules require, inter alia, a corporate governance statement and improved disclosure of off-balance sheet arrangements by listed companies. Recalling that the transposition deadline for those rules is 5 September 2008, MEPs call on Member States to apply the rules promptly.

MEPs also welcome the introduction of micro entities, which are to be exempt from the accounting, auditing and disclosure requirement under European law. They suggest that the threshold values defined in the communication for these micro entities be broadly maintained, and that transition periods for companies' reporting requirements exceeding those thresholds be extended as appropriate.

The Commission is urged to follow up on the call expressed by the Competitive Council in its conclusions of 22 to 23 November 2007 for the active promotion of an open exchange among Member States of best practices designed to streamline reporting requirements and for an increase in the use of electronic means of communication between undertakings and public administrations and among undertakings.

In addition, MEPs believe that it is necessary to review the Statute for the European Company to bring it more closely into line with the rest of Community law. They take the view that the establishment of a common consolidated corporate tax base (CCCTB) would render the European company statute more useful and effective. Finally, the Parliament recommends: i) the enforcement of the 'once-only' principle, so that undertakings do not have to provide the same information more than once or to more than one recipient; ii) the organisation of consultations in order to assess the necessity and feasibility of creating an accounting and audit services regulator.