Resolution on accounting requirements as regards small and medium-sized companies, particularly micro-entities

2008/2687(RSP) - 18/12/2008 - Text adopted by Parliament, single reading

The European Parliament adopted, by 494 votes in favour to 23 against with 22 abstentions, a resolution tabled by the Committee on Legal Affairs on accounting requirements as regards small and medium-sized companies, particularly micro-entities.

Parliament notes that the existing accounting rules laid down by the Fourth Council Directive 78/660/EEC on the annual accounts of certain types of companies (the 4th Company Law Directive) and the Seventh Council Directive 83/349/EEC on consolidated accounts (the 7th Company Law Directive) are often very burdensome for small and medium-sized companies, and in particular for micro-entities (very small companies). It reminds the Commission that, while a coherent and harmonised accounting system in the EU facilitates trade within the internal market, micro-entities are excessively burdened by existing accounting rules. Those companies may, for example, be small retailers or handicraft businesses. The Commission is reminded that, where those undertakings are active mainly within one Member State at local or regional level, they have no cross-border impact on the internal market or on competition within the EU. Member States should therefore have the option of fully or partly exempting those companies from statutory accounting obligations.

Parliament calls on the Commission to present a **legislative proposal** that allows Member States to exempt from the scope of the 4th and 7th Company Law Directives companies which – on the basis of their balance-sheet data – do not exceed the limits of **two of the following three criteria:**

- balance sheet total: EUR 500 000;

- net turnover: EUR 1 000 000;

- average number of employees during the financial year: 10.

if the business activities of those companies are conducted at local or regional level within one Member State.

With a view to stimulating simplification and harmonisation of company law and in particular of accounting rules within the internal market, the Commission is asked to continue its efforts to review the 4th and 7th Company Law Directives and to present a uniform European accountancy framework before the end of 2009. A uniform standard will reduce the administrative burden for all small and medium-sized companies and will increase transparency for all relevant stakeholders. Simplification should also be greatly stimulated by a structured European introduction of XBRL (Extensible Business Reporting Language).