



Federation of European Accountants
Fédération des Experts comptables Européens

INFO

Standing for trust and integrity

For immediate use: 27 February 2009

FEE supports simplification, but doubts Commission's proposal on 'micro-entities' is fit for purpose

Brussels – FEE (Fédération des Experts comptables Européens – Federation of European accountants) calls on the European Parliament and the Member States to debate how to best meet the needs of SMEs, simplify regulation and safeguard the public interest.

Commenting on the proposed Directive exempting so-called micro-entities from European accounting rules, **FEE President Hans van Damme**, said: "professional accountants have no interest in red tape; quite the contrary, as we live from helping clients achieve success and growth and providing society with more reliable markets. We therefore support initiatives aimed at modernising and simplifying rules, especially for the smaller entities.

We have always favoured a principles-based and 'think-small-first' approach. However, an exemption such as the one proposed by the Commission might not be the right way forward and might not deliver the expected results in practice. I note that, in its impact assessment, the Commission itself acknowledges that the need for bookkeeping will remain and that, after exempting micro-entities, Member States are likely to impose other accounting requirements, not the least, for tax purposes. They also admit that statistical information will have to be collected through other means: this is not reducing cost, it is simply displacing them. Moreover this may increase the costs, as without a modern and consistent framework, micros may face multiple demands e.g. from different creditors and other stakeholders who need financial information. In real life, the cost of filing is negligible thus the impact assessment is, at best, flawed.

We could debate whether the thresholds suggested are appropriate. For instance, my experience in the field tells me that there are many fast growing exporting businesses that employ less than 10 people and call on investors and creditors: we should help them seize the opportunities of the internal market and access to the finance they need to grow and create jobs."

FEE CEO Olivier Boutellis-Taft added: "It is interesting to note that SMEs, which Commission's bureaucrats think they help with this proposal, have always opposed it on strong grounds.

These are defining times and we should all carefully reflect on what society expects from businesses and policymakers in terms of transparency, trust and integrity. I am quite concerned by the type of language used by the Commission ('get rid of accounting', 'consultation on what is left of accounting rules', 'micro-entities are often subject to the same reporting rules as larger companies'): I can understand that one has communication objectives, but this sounds like populist rhetoric and doesn't help meet the practical objectives. I hope the Parliament and the Member States will have a vision of the internal market and of how to advance a sustainable economy."

– ENDS –



NOTES FOR EDITORS

About the Commission's proposal

On Thursday 26 February 2009, the European Commission released a proposal for a Directive providing an option to Member States to exempt so-called micro-entities from the 4th Accounting Directive; it also announced a broader overhaul of the accounting directives.

The Commission's proposals can be found on:

http://ec.europa.eu/internal_market/accounting/news/index_en.htm

Previous FEE positions

FEE has contributed to the Commission's consultation and provided several comments on this issue that can be found on the FEE website.

It has also issued a joint statement with UEAPME (the employers' organisation representing the interests of European crafts trades and SMEs at EU level) that can be downloaded from:

http://www.fee.be/publications/default.asp?library_ref=4&content_ref=756

About FEE

FEE (Fédération des Experts comptables Européens – Federation of European Accountants) represents 43 professional institutes of accountants and auditors from 32 European countries, including all of the 27 EU Member States.

In representing the European accountancy profession, FEE recognises the public interest. It has a combined membership of more than 500.000 professional accountants, working in different capacities in public practice, business, government and education, who all contribute to a more efficient, transparent, and sustainable European economy.

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