

**ACCOUNTANCY EUROPE'S RESPONSE TO THE COMMISSION'S CALL  
FOR EVIDENCE ON BETTER REGULATION**

Dear President von der Leyen,

Accountancy Europe is pleased to respond to the European Commission's Call for Evidence for a Communication on Better Regulation. We would like to thank you and your team for the opportunity to contribute to this crucial initiative.

Given the central role that regulation plays in shaping business behaviour, investment decisions and public trust, effective Better Regulation is essential for Europe's competitiveness, sustainability and social cohesion.

**GENERAL REMARKS**

Accountancy Europe strongly supports the principles of Better Regulation: evidence-based policymaking, proportionality, subsidiarity, transparency, stakeholder engagement and legal certainty. These principles are particularly important in areas where EU legislation has far-reaching impacts on businesses of all sizes, capital markets, and the public interest, including financial reporting, auditing, sustainability reporting and corporate governance.

In recent years, EU policymaking has faced exceptional pressures, including the green and digital transitions, geopolitical uncertainty and economic volatility. While swift regulatory action has sometimes been necessary, this must not come at the expense of regulatory quality, coherence, transparency, implementability or predictability.

At the same time, and given the quickly changing, volatile and unpredictable international environment, we propose for the Commission to take a step back and undertake a more holistic overview of its approach to legislation and regulation. The current approach and procedures may no longer be fit for purpose in a context where, at times, faster reaction may be needed but one that still balances with evidence-based policy-making, or where a 'less is more' approach to administrative burdens is needed to safeguard Europe's competitiveness and strategic autonomy.

**STRENGTHENING EVIDENCE-BASED POLICY MAKING**

High-quality impact assessments are a cornerstone of Better Regulation. From the perspective of the accountancy profession:

- impact assessments should rely on realistic and comprehensive evidence that goes beyond headline administrative burden reductions, and fully considers trade-offs, market dynamics and the practical consequences for businesses of both introducing or removing regulatory requirements
- robust ex ante impact assessments should remain the norm for all major initiatives, including delegated and implementing acts where they have significant economic or operational effects. The Commission should also, wherever possible, provide more broken down information about impacts per sector or country
- impact assessments should firstly define the problem that the Commission intends to solve, and then systematically assess cumulative and cross-sectoral impacts of the various policy options, particularly where multiple EU initiatives affect the same entities (e.g. SMEs, audit and accountancy firms, or reporting entities)

- greater use should be made of quantitative and qualitative data from practitioners, including accountants and auditors, who have first-hand insight into compliance costs, operational feasibility and unintended consequences
- the Commission should continue to ensure the independence and quality control role of the Regulatory Scrutiny Board (RSB), including sufficient resources and transparency around its opinions

## **PROPORTIONALITY, SIMPLIFICATION AND SME CONSIDERATIONS**

Accountancy Europe welcomes the renewed political focus on reducing unnecessary regulatory burdens, while safeguarding policy objectives and the public interest. With that in mind, we would like to share the following remarks:

- any changes in legislation, even certain administrative alleviation measures, are difficult and costly for SMEs to implement. A critical assessment of the genuine need for a legislative proposal or amendments to existing legislation should be undertaken where the legislation would have a direct or indirect impact on SMEs
- proportionality should be embedded throughout the policy cycle, from design to implementation and review, with particular attention to SMEs and their trusted advisors, the small and medium-sized accountancy practices (SMPs)
- simplification efforts should go beyond headline reductions and focus on practical usability, clarity of requirements and avoidance of duplication across EU and national rules
- where exemptions or phased approaches are used, these should be clearly justified, transparent and coherent across related legislation
- the Commission should further strengthen the “Think Small First” principle, including systematic SME tests and meaningful consultation with SME stakeholders and their advisors

## **STAKEHOLDER ENGAGEMENT, TRANSPARENCY AND CONSULTATION QUALITY**

Meaningful stakeholder engagement is essential for workable and trusted EU legislation. With that in mind:

- public consultations should allow sufficient timeframes, especially for technical files requiring input from professional experts and national member organisations, and take into account major holiday seasons during which experts are much less available. Moreover, EU level consultations should be better coordinated with national consultation processes to the degree possible, to avoid duplicative processes
- consultation documents and questionnaires should be clear, focused and accessible, avoiding excessive complexity that can deter participation. On this note, one small practical step would be to make the consultation documents and questionnaires more systematically available in a Word format, rather than only PDF. The consultation questionnaires should also have greater emphasis on open-ended questions and refrain from restrictive or otherwise ‘leading questions’ on pre-decided policy options
- the Commission should continue to support targeted consultations, workshops and expert groups to complement open public consultations, particularly in specialised areas. In this context, the stakeholder participation in such formats should give preference to broader umbrella organisations bringing together whole sectors’ perspectives at a pan-European level, rather than giving emphasis to either national or strongly voiced individual viewpoints. This ensures not only more robust and cross-cutting technical input, but is also crucial for the legitimacy of EU legislation

- feedback from stakeholders should be clearly and transparently reflected and explained in legislative proposals, including where suggestions are not taken on board
- stakeholder consultation should be a continuous and dynamic process, not only during preparatory or legislative stages, but also after legislation is implemented and its practical impacts on the markets and societies can be monitored

## **COHERENCE, LEGAL CERTAINTY AND IMPLEMENTATION**

From the perspective of preparers, auditors and users of information, legal certainty and coherence are critical. With that in mind:

- new initiatives should be assessed for consistency with existing related EU legislation, including financial reporting, sustainability reporting, audit and corporate governance rules
- adequate implementation periods should be ensured, taking into account the need for system changes, training and guidance
- greater emphasis should be placed on implementation and enforcement challenges, including differences in national transposition. For example, weak enforcement or impractical rules risks hindering the credibility and legitimacy of EU legislation, and one could argue they are even more important than the mere quantity of legislative texts passed through trilogue negotiations. Pre-empting potential implementation and enforcement challenges from the early days of a legislation's design is crucial, and to this end public consultations should put greater focus on concrete administrative issues and the practical implementability of policies
- the Commission should continue to work closely with EU agencies, national authorities and stakeholders to support consistent application across Member States

## **EX POST EVALUATION AND CONTINUOUS IMPROVEMENT**

Better Regulation does not end with adoption, and therefore:

- ex post evaluations, post-implementation reviews and fitness checks should be conducted in a timely and systematic manner, focusing on whether legislation meets its objectives efficiently
- evaluations should assess real-world outcomes and practical, on-the-ground challenges of both taxpayers and administrations, not only formal compliance, and should feed more directly into future policy revisions
- stakeholders should be involved throughout the evaluation process, including in defining evaluation criteria and indicators

## **BETTER REGULATION IN THE CONTEXT OF SUSTAINABILITY AND DIGITALISATION**

As the EU advances its sustainability and digital transformation agendas, the Commission should give serious consideration to the following principles:

- Better Regulation tools should help ensure that sustainability-related legislation is credible, decision-useful and implementable, avoiding excessive complexity that risks undermining trust. The past year has demonstrated that companies that prepare for compliance early-on may end up being penalised by legislative changes driven by political imperatives rather than practical considerations. To that end, Better Regulation tools should help build a coherent and predictable regulatory environment that restores trust and reinforces the integrity of sustainability initiatives

- digitalisation must be systematically leveraged to improve regulatory design, data collection and reporting efficiency, while avoiding the creation of parallel or overlapping reporting systems. We reiterate our call for a pan-European one-stop-shop system for companies' compliance, registration and reporting purposes
- the Commission should consider how Better Regulation can support global interoperability, particularly in areas such as sustainability assurance, as well as better alignment of reporting between Europe and internationally. This contributes to an easier application of rules for companies operating across borders, and thus directly to the Commission's burden reduction objectives

**CONCLUDING REMARKS**

Accountancy Europe supports a strong and renewed commitment to Better Regulation as a prerequisite for high-quality EU policymaking. A well-designed Better Regulation framework helps ensure that EU legislation is effective, proportionate and trusted, while supporting competitiveness, sustainability and the public interest.

We stand ready to engage constructively with the European Commission and other stakeholders in further developing and implementing the Better Regulation agenda.

Yours sincerely,



Eelco van der Enden, CEO

**About Accountancy Europe:**

Accountancy Europe unites 49 professional organisations from 35 countries that represent 1 million qualified accountants, auditors and advisors. Accountancy Europe is in the EU Transparency Register (No 4713568401-18).