



"The voice of crafts and SMEs in Europe"

Exempting micro enterprises from filing accounts is not better regulation

Brussels, 26 February 2009 – UEAPME, the European craft and SME employers' organisation, was left unimpressed by today's proposal by the European Commission allowing Member States the option to exempt micro enterprises from EU harmonised accounting rules. According to UEAPME, relieving micro enterprises from financial reporting obligations is unlikely to generate a net cost reduction, since most will keep filing accounts anyway for national administrations, banks, suppliers and customers. Moreover, the Commission's proposal will decrease transparency and go against the single market, creating an uneven playing field between businesses operating in different Member States, only some of which will use the exemption. UEAPME therefore recommended simplifying the existing harmonised accounting rules as a more viable and less distortive alternative.

Today's suggestion to exempt micro enterprises from filing accounts is a questionable proposal. Annual accounts are a fundamental tool for small businesses and the only way to prove the financial solidity of an enterprise. Public authorities will still require those data for fiscal and statistical reasons. Banks will keep asking for financial information to check creditworthiness. Suppliers will want to know if the business they are dealing with is solvable and reliable in order to avoid the plague of late payments. All these data are now available and harmonised. If the obligation to file annual accounts disappears, so will this precious information. This issue was obviously not contemplated in the impact assessment study accompanying today's proposal, which is mainly based on hypothetical savings and does not consider the bigger picture.

Moreover, the possibility for Member States to opt out from accounting requirements for their micro enterprises will create an uneven playing field in Europe's internal market and decrease transparency. Cross-border consistency will no longer be guaranteed, and Member States will be tempted to use this measure to protect their own micro enterprises to the detriment of fellow European competitors. This is a worrying prospect, especially in a time of economic uncertainty.

Secretary General **Andrea Benassi** offered the following comments:

"Since the European Commission is serious about reducing administrative burdens for micro enterprises, our suggestion would be to simplify the existing harmonised accounting rules and apply them to all businesses. This is more in line with better regulation and with the 'think small first' principle that the Commission pledged to put at the heart of its SME policy with the Small Business Act. The Commission should come up with a proposal concerning the needs of micro enterprises based on a proper impact assessment study, as requested by the Competitiveness Council in December last year."

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EDITORS' NOTES: UEAPME is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 83 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information: <http://www.ueapme.com/>

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