

Brussels, 17 April 2008

Commission cuts unnecessary administrative burdens in EU company law

The European Commission is moving quickly to deliver on its 2008 programme to cut administrative costs. Only one month after the presentation of a list of 11 Fast Track Actions (FTA) on 10 March 2008 ([MEMO/08/152](#)), the Commission today has approved proposals for four of these measures which will make life easier for small and medium enterprises (SMEs) by cutting the following burdens on enterprises. Companies will no longer need to publish business data in the national gazettes and they can (re-)use translations certified in one Member State when opening branches in other Member States. In the accounting area, parent companies with no material subsidiaries no longer need to prepare consolidated accounts. Furthermore medium-sized companies can be exempted from providing detailed data in the annual accounts. Altogether it is estimated that today's cuttings are likely to generate significant benefits of over €600 million especially for SMEs.

Commissioner Charlie McCreevy, responsible for internal market and services, said: *"Unnecessary and disproportionate administrative costs severely hamper economic activity. With these proposals, we deliver on the promise we made in July 2007 when we set out our plans for the simplification of the business environment. I do not intend to slow down in our efforts to make the EU companies fit to meet the challenges of a more competitive global business environment. Other proposals in this area will therefore follow in the summer."*

Commission Vice-President Günter Verheugen, responsible for enterprise and industry policy, said: *"Today's decision underlines that the Commission sticks to its promise to keep cutting unnecessary administrative burdens. This process is determinedly forging ahead. This is important with a view to boosting Europe's economy, especially given the potential benefits this can bring for small and medium-sized enterprises, which are the biggest job engines."*

Today's proposals aim to abolish requirements in company law:

- **Obligation to publish business data in the national gazettes:** In most cases, the publication of information linked to the company's setting up, to its capital and its financial situation means additional costs. The publication in a national gazette does not create real added value anymore given that company registries, since the beginning of 2007, have to make this information available online. These new central electronic business platforms can guarantee easy access to the information saving additional costs (amendment to Directive 68/151/EEC).

Less costly translation obligations when opening branches in other Member States: It should be possible to re-use translations that have already been certified in one Member State, when a company has opened a branch abroad. Today's proposal would contribute to lowering the cost of establishing new branches of companies and thereby give a very concrete positive signal to European businesses (amendment to Directive 89/666/EC).

- **Less disclosure requirements in accounting for medium-sized enterprises:** The proposal includes a possibility for Member States to exempt medium-sized entities, which often focus on only one business, activity from the obligations to disclose unnecessary information in the notes to the annual accounts. This concerns the breakdown of net turnover into categories of activity and geographical markets and the formation expenses of the company (amendment to Directive 78/660/EC).
- **Parent companies with no material subsidiaries no longer need to prepare consolidated accounts:** By dropping this requirement, redundant work of preparing twice virtually the same sets of accounts will be abandoned. Therefore, the proposal clarifies the relationship between Directive 83/349/EC (consolidated accounts) and the International Financial Reporting Standards (IFRS).

Today's measures are part of the second package of fast track actions and form part of the overall programme to reduce the administrative burdens for enterprises, by 25 percent in 2012. More information on the Commission's ambitious Action Programme presented in January 2007 can be found here:

http://ec.europa.eu/enterprise/admin-burdens-reduction/admin_burdens_en.htm