

More changes to EU company law to cut unnecessary burdens

As part of its programme to simplify the business environment, the Commission has approved plans to make changes to company law in four areas and eliminate unnecessary or disproportionate burdens on enterprises.

The Commission is moving quickly to deliver on its programme to cut unnecessary administrative burdens.

The obligation for companies to publish business data in their national gazettes will be dropped. To save cost and time they will be permitted to re-use translations certified in one Member State when opening branches in other Member States. Obligations on presenting consolidated accounts will be also reduced in some situations.



The measures are part of the overall programme to reduce the administrative burdens for enterprises by 25 percent by 2012.

Move towards electronic platforms

An end is proposed to the obligation to publish in national gazettes information linked to the company's setting up (typically capital, ownership and financial situation). Given that, since the beginning of 2007, company registries have to make

this information available online, this represents an additional expense when launching a company with little real added value. These new central electronic business platforms can guarantee easy access to the information saving additional costs (amendment to Directive 68/151/EEC).

Translation costs

The costs of translations will also be reduced when a company opens a branch in another Member State. It will be permitted to re-use translations that have already been certified in one Member State.

Unnecessary information disclosure

Accounting disclosure requirements for medium-sized enterprises will be reduced. The proposal includes a possibility for Member States to exempt medium-sized entities, which often focus on only one business activity, from the obligation to disclose unnecessary information in the notes to its annual accounts.

This relates to the breakdown of net turnover into categories of activity and geographical markets and the company's formation expenses (amendment to Directive 78/660/EC).

Exemptions on consolidated accounts

Parent companies with no material subsidiaries should no longer need to prepare consolidated accounts. Thus the requirement to twice prepare virtually the same sets of accounts will be abandoned. The proposal clarifies the relationship between Directive 83/349/EC (consolidated accounts) and the International Financial Reporting Standards (IFRS).

It is estimated that the changes outlined above could generate significant savings of the order of 600 million euro, mostly to the benefit of SMEs.

"Unnecessary and disproportionate administrative costs severely hamper economic activity," commented Internal Market and Services Commissioner Charlie McCreevy.

"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."

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http://ec.europa.eu/enterprise/admin-burdens-reduction/index_en.htm
http://ec.europa.eu/enterprise/key_issues/better_regulation/index_en.htm