

(C) Main recommendations for improvements

(1) More carefully assess and explain negative or uncertain impacts. Firstly, the report's scoring of certain options on "value/relevance of regulated financial information" (p. 28) should be reconsidered. The scoring should reflect the potential reduction in the provision of information that is valued by certain stakeholders. Secondly, the report should mention the possible significance of one-off costs of moving to a new system. The report should explain the conclusions that Commission Services have reached about the validity of one-off cost estimates produced by a commissioned study and should mention the evidence that has subsequently come to light on how far business-as-usual practices incorporate training and IT upgrades at intervals that are sufficiently frequent to avoid new costs. Thirdly, the report should provide a stronger justification for the conclusions reached about likely impacts on the accountancy and audit sector, including impacts on jobs, by showing that reduced demand for certain services (e.g. audit) is likely to be largely substituted for by demand for other services supplied by these firms. This could involve drawing on evidence from Member States where audit of small firms is no longer or not mandatory. Fourthly, the report should provide a more nuanced assessment of impacts on statistical data collection, clarifying that the quality of statistics should not be affected due to proven alternative data-sources existing but indicating that this would entail costs. Finally, the report should record the compatibility of these options with "one-stop shop reporting".

(2) Specify which Member States are likely to be most affected. Firstly, the report should more fully explain the baseline situation, by giving a summary explanation of which Member States do and do not use those derogations in the current EU laws which most significantly minimise administrative burden. Readers should also be provided with summary information about which Member States use definitions of small and medium-sized firms that differ from the ones suggested in the IA report. The reasons for the most significant divergences should be briefly indicated. Secondly, those Member States which would have to extend accounting rules as a result should be indicated when discussing impacts (e.g. certain Member States using derogations that would be removed). A transparent description of the additional costs this creates should be supplied. Finally, when describing impacts of the preferred option, the report should give an indication of Member States where SMEs are most likely to experience practical benefits or costs by referring back to this added information and mentioning other factors that might prevent theoretical burden savings being translated into savings in actual business costs.

(3) Record the specific differences in stakeholder views. The main text should highlight the predominant view among key groups with shared interests, such as banks or providers of accountancy or audit services. Annex 3 should provide more details about the extent of intra-group agreement on the general merits of an EU initiative and about specific policy choices.

(4) Clarify the political context and intervention logic. The report should clarify at an early point whether this current initiative is likely to replace or complement the Commission proposal that remains with the co-legislators. It should mention adjustments that would be needed in this initiative if the earlier one is adopted. To help readers follow the intervention logic for this initiative, conclusions about the most essential requirements for SME accounts should be indicated at an early stage. For example, reasoning that is presently in the "subsidiarity and proportionality" section and Annex 7 (p61) could be used to introduce the problem section.

(D) Procedure and presentation

Endnotes should be converted to footnotes for easier cross-referencing. To avoid confusion, it is suggested that the term "gold-plating" should only be used after defining it clearly. Unless it is shown that failure to utilise derogations is driven by a desire to add extra substantive requirements, an alternative term would be preferable.

(E) IAB scrutiny process

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External expertise used	No
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