

Wednesday 21 May 2008

## **A simplified business environment for companies**

P6\_TA(2008)0220

### **European Parliament resolution of 21 May 2008 on a simplified business environment for companies in the areas of company law, accounting and auditing (2007/2254(INI))**

(2009/C 279 E/07)

*The European Parliament,*

- having regard to the Commission communication on a simplified business environment for companies in the areas of company law, accounting and auditing (COM(2007)0394),
- having regard to the Commission communication on A Europe of results — Applying Community law (COM(2007)0502),
- having regard to the Commission communication on Small and medium-sized enterprises — Key for delivering more growth and jobs — A mid-term review of Modern SME policy (COM(2007)0592),
- having regard to the conclusions of the 2832nd Competitiveness Council of 22 to 23 November 2007 on a simplified business environment for companies in the areas of company law, accounting and auditing,
- having regard to its resolution of 24 April 2008 on International Financial Reporting standards (IFRS) and the Governance of the International Accounting Standards Board (IASB) <sup>(1)</sup>, in which Parliament criticised the IASB proposal for an IFRS for SMEs and asked the Commission to develop a modern EU-specific accounting framework for SMEs, possibly by overhauling the existing accounting legislation;
- having regard to Rule 45 of its Rules of Procedure,
- having regard to the report of the Committee on Legal Affairs and the opinion of the Committee on Economic and Monetary Affairs (A6-0101/2008),

### **General**

1. Welcomes the general objective of the abovementioned Commission communication on a simplified business environment for companies in the areas of company law, accounting and auditing (the Communication) of reducing the administrative burden for businesses in Europe and enabling them to compete more effectively and achieve greater success in a highly competitive global environment; recalls that the Commission, in its legislative proposals, should base itself on an impact assessment in particular targeting medium, small and micro entity, while ensuring legal certainty and maintaining the Community *acquis* throughout the internal market and ensuring consistency with the harmonisation processes now in place with regard to financial reporting and auditing; further recalls that the interests of all stakeholders, including investors, owners, creditors and employees, as well as the principles of subsidiarity and proportionality, must be duly taken into account;

### **On Option 1**

2. Rejects, as a generality, the first option referred to in the Communication, namely to address the question whether the Community *acquis* in the area of company law should be reduced to those legislative acts specifically dealing with cross-border situations; is, however, not totally averse to repealing individual provisions which, from the stakeholders' point of view, are no longer necessary or of benefit to business, provided that such repeal is not contrary to the public interest;

<sup>(1)</sup> Texts Adopted, P6\_TA(2008)0183.

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3. Notes, in connection with the first option, that the company law directives at issue, namely, the Second <sup>(1)</sup>, Third <sup>(2)</sup>, Sixth <sup>(3)</sup> and Twelfth <sup>(4)</sup> Company Law Directives, have created comparability between companies which is important for the cross-border activities of investors and creditors, and should not therefore be repealed;
4. Notes, in connection with the first option, that in a comprehensive impact assessment the savings expected to result from the repeal of directives must be balanced against the cost of an internal market with 27 different systems of company law;
5. Notes that the main bureaucratic obstacles, such as multiple data requests or reporting requirements, particularly in the fiscal and social fields, tend to be generated by the Member States' administrations and fall outside the scope of the Community's competence;

### **Implementation by the Member States**

6. Stresses that the Member States often fail to make use of optional measures by which to reduce bureaucracy, thus not passing on to companies the opportunities for simplification offered by Community law, and that, on the contrary, Member States often impose stricter national rules in addition to the existing EU requirements; asks the Commission, however, to review whether the implementation of directives such as the Transparency Directive <sup>(5)</sup> has led to gold-plating by Member States; stresses that the Commission should encourage an exchange of good practices between Member States, while highlighting the effective impact of the various initiatives in the field of simplification;
7. Proposes that coordination be introduced between the Member States' tax authorities, in order to harmonise the information requests made to businesses with the aim of simplification;

### **On Option 2**

8. Prefers, in principle, the second option referred to in the Communication, namely that the legislator should focus on concrete, individual simplification measures; notes that any specific simplification measures may include an assessment of whether certain individual requirements in directives should be repealed;
9. Stresses that time will be needed in order to evaluate the effects of the changes made to the directives and points out that the Third and Sixth Company Law Directives have recently been amended by Directive 2007/63/EC <sup>(6)</sup> and that the transposition deadline for Directive 2007/63/EC is 31 December 2008; notes that further amendments of those directives could lead to the harmonised conversion rules being deprived of substance, but considers that more updating is necessary;

<sup>(1)</sup> Second Council Directive 77/91/EEC of 13 December 1976 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent (OJ L 26, 31.1.1977, p. 1). Directive as amended by Directive 2006/99/EC (OJ L 363, 20.12.2006, p. 137).

<sup>(2)</sup> Third Council Directive 78/855/EEC of 9 October 1978 based on Article 54(3)(g) of the Treaty concerning mergers of public limited liability companies (OJ L 295, 20.10.1978, p. 36).

<sup>(3)</sup> Sixth Council Directive 82/891/EEC of 17 December 1982 based on Article 54(3)(g) of the Treaty, concerning the division of public limited liability companies (OJ L 378, 31.12.1982, p. 47). Directive as amended by Directive 2007/63/EC of the European Parliament and of the Council (OJ L 300, 17.11.2007, p. 47).

<sup>(4)</sup> Twelfth Council Directive 89/667/EEC of 21 December 1989 on single-member private limited-liability companies (OJ L 395, 30.12.1989, p. 40). Directive as amended by Directive 2006/99/EC.

<sup>(5)</sup> Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (OJ L 390, 31.12.2004, p. 38). Directive as amended by Directive 2008/22/EC (OJ L 76, 19.3.2008, p. 50).

<sup>(6)</sup> Directive 2007/63/EC of the European Parliament and of the Council of 13 November 2007 amending Council Directives 78/855/EEC and 82/891/EEC as regards the requirement of an independent expert's report on the occasion of merger or division of public limited liability companies (OJ L 300, 17.11.2007, p. 47).

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10. Notes that the Second Company Law Directive has recently been amended by Directive 2006/68/EC <sup>(1)</sup> and that the transposition deadline for that Directive was 15 April 2008; highlights, in this connection, the results of the KPMG feasibility study on an alternative to the capital maintenance regime;
11. Calls for the Commission to clarify the relationship between the Company Law Directives, in particular the Second, Third and Sixth Company Law Directives, and IFRS;
12. Stresses that auditing of accounts and disclosure requirements for publicly traded companies are vital to the sound functioning of the internal market, and that new technologies such as electronic reporting formats (e.g. XBRL) should make it possible to meet disclosure requirements economically, efficiently and swiftly; welcomes, with a view to the simplification of the First <sup>(2)</sup> and Eleventh <sup>(3)</sup> Company Law Directives, the aim of reducing disclosure requirements; underlines, however, that, as with other simplification measures, disclosure requirements should be reviewed on a case-by-case basis by means of concrete, individual simplification measures based on thorough impact assessments; suggests that exemptions for small and medium-sized enterprises (SMEs) and micro entities should focus on reducing administrative burdens and costs, but should not jeopardise justifiable information needs or access to finance opportunities; encourages sharing of best practices on the simplification and implementation of Community rules;
13. Agrees that it should be made easier for companies to register and prepare, file and publish statutory information; recommends that the preparation, filing and publication of statutory information be effected through an interoperable EU-wide business register; strongly promotes the use of new technology such as XBRL; emphasises that such information should be easily accessible for investors, creditors, employees and public authorities throughout the European Union; urges the Commission to present a roadmap for introducing XBRL reporting in the EU;
14. Underlines that 2006 amendments to EU-accounting rules require, inter alia, a corporate governance statement and improved disclosure of off-balance sheet arrangements by listed companies; recalls that the transposition deadline for those rules is 5 September 2008; calls on Member States to apply the rules promptly; asks the Commission to work with the International Accounting Standards Board (IASB) to improve financial statement information on off-balance sheet vehicles further;
15. Sees the need for a review of the Statute for the European Company to bring it more closely into line with the rest of Community law;
16. Recalls that the goal of simplifying administrative requirements must encourage SMEs to seize the opportunities offered by the internal market and to operate beyond its frontiers;
17. Welcomes the introduction of micro entities, which are to be exempt from the accounting, auditing and disclosure requirement under European law; urges that the threshold values referred to in the Communication for categorisation as a micro entity be broadly maintained but is concerned that meeting all of them may cause difficulties especially for businesses with high inputs; suggests that transition periods for companies' reporting requirements exceeding those thresholds be extended as appropriate; suggests that consideration be given to introducing similar transition periods for companies changing legal status;

<sup>(1)</sup> Directive 2006/68/EC of the European Parliament and of the Council of 6 September 2006 amending Council Directive 77/91/EEC as regards the formation of public limited liability companies and the maintenance and alteration of their capital (OJ L 264, 25.9.2006, p. 32).

<sup>(2)</sup> First Council Directive 68/151/EEC of 9 March 1968 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, with a view to making such safeguards equivalent throughout the Community (OJ L 65, 14.3.1968, p. 8). Directive as last amended by Directive 2006/99/EC.

<sup>(3)</sup> Eleventh Council Directive 89/666/EEC of 21 December 1989 concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State (OJ L 395, 30.12.1989, p. 36).

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18. Points out, in connection with the thresholds laid down in the Fourth <sup>(1)</sup> and Seventh <sup>(2)</sup> Company Law Directives for exempting SMEs from certain accounting and auditing requirements, that stable and predictable regulation is an important element as regards legal certainty and keeping down business administration costs; stresses, in this connection, that the thresholds in question under the Fourth Company Law Directive have very recently been amended by Directive 2006/46/EC <sup>(3)</sup>, and that the Member States have until 5 September 2008 to transpose that Directive on the one hand and that the enlargement of the European Union has increased the diversity of European economies and auditing is helping to encourage the development of an efficient, healthy and responsible market economy, on the other;

19. Urges the Commission to follow up on the call expressed by the Competitive Council in its conclusions of 22 to 23 November 2007 for the active promotion of an open exchange among Member States of best practices designed to streamline reporting requirements and for an increase in the use of electronic means of communication between undertakings and public administrations and among undertakings;

20. Calls on the Commission to encourage the Member States to harmonise the classification of financial information reporting requirements, as practised, inter alia, in the Netherlands, and to leverage new technologies with a view to reducing the costs of information requirements while preserving the benefits that those requirements provide to market participants, policy-makers and public administrations;

### **Sarbanes-Oxley**

21. Calls for an examination of unnecessary bureaucracy not only in the directives referred to in the Communication but also in the directives and rules arising from the US Sarbanes-Oxley legislation, such as the requirements of the Transparency Directive, Community legislation on prospectuses <sup>(4)</sup> and the Fourth and Seventh Company Law Directives;

### **Other legislation**

22. Stresses that the creation of a simplified business environment also implies the need to create a new legal framework for undertakings; refers, in this context, to the Fourteenth Company Law Directive on the cross-border transfer of the registered office of limited companies, the right to choose between monistic and dualistic business forms, and the Commission's legislative proposal for a European private company expected by mid-2008;

23. Is convinced that, in certain areas, regulatory provisions are needed to create a thriving business environment, e.g. in connection with the transparency of institutional investors;

24. Takes the view that the establishment of a common consolidated corporate tax base (CCCTB) would render the European company statute more useful and effective;

25. Takes the view that latent tax entries on the balance sheet involve a disproportionate outlay for SMEs, while providing no information of recognisable value to those reading the annual accounts; proposes, therefore, that they be dispensed with;

<sup>(1)</sup> Fourth Council Directive 78/660/EEC of 25 July 1978 based on Article 54 (3) (g) of the Treaty on the annual accounts of certain types of companies (OJ L 222, 14.8.1978, p. 11). Directive as last amended by Directive 2006/46/EC of the European Parliament and of the Council (OJ L 224, 16.8.2006, p. 1).

<sup>(2)</sup> Seventh Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts (OJ L 193, 18.7.1983, p. 1). Directive as last amended by Directive 2006/99/EC.

<sup>(3)</sup> Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006 amending Council Directives 78/660/EEC on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings (OJ L 224, 16.8.2006, p. 1).

<sup>(4)</sup> Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (OJ L 345, 31.12.2003, p. 64). Directive as amended by Directive 2008/11/EC (OJ L 76, 19.3.2008, p. 37).

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26. Recommends the enforcement of the 'once-only' principle so that undertakings do not have to provide the same information more than once or to more than one recipient;
27. Recommends that consultations be held relating to the necessity and feasibility of creating an accounting and audit services regulator;

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28. Instructs its President to forward this resolution to the Council and the Commission.

## Women and science

P6\_TA(2008)0221

### European Parliament resolution of 21 May 2008 on women and science (2007/2206(INI))

(2009/C 279 E/08)

*The European Parliament,*

- having regard to the Council Resolution of 20 May 1999 on women and science <sup>(1)</sup>,
- having regard to the Council Resolution of 26 June 2001 on science and society and on women in science <sup>(2)</sup>,
- having regard to the Council Resolution of 27 November 2003 on equal access to and participation of women and men in the knowledge society for growth and innovation <sup>(3)</sup>,
- having regard to the Council Conclusions of 18 April 2005 on reinforcing human resources in science and technology in the European Research Area,
- having regard to Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) <sup>(4)</sup> (FP7),
- having regard to Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions <sup>(5)</sup>,
- having regard to the Commission Communication of 4 December 2001 entitled 'Science and Society Action Plan' (COM(2001)0714),
- having regard to the Commission staff working document entitled 'Women and Science: Excellence and Innovation — Gender Equality in Science' (SEC(2005)0370),
- having regard to the Commission Green Paper entitled 'The European Research Area: New Perspectives' (COM(2007)0161) and the accompanying staff working document (SEC(2007)0412),
- having regard to its resolution of 3 February 2000 on the communication from the Commission entitled: 'Women and science — Mobilising women to enrich European research' <sup>(6)</sup>,

<sup>(1)</sup> OJ C 201, 16.7.1999, p. 1.

<sup>(2)</sup> OJ C 199, 14.7.2001, p. 1.

<sup>(3)</sup> OJ C 317, 30.12.2003, p. 6.

<sup>(4)</sup> OJ L 412, 30.12.2006, p. 1.

<sup>(5)</sup> OJ L 269, 5.10.2002, p. 15.

<sup>(6)</sup> OJ C 309, 27.10.2000, p. 57.