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EU Small Businesses Celebrate EP Decision to Exempt Micro-Entities from EU Accounting Burdens

The European Small Business Alliance welcomes today's decision by the European Parliament to adopt the Commission's proposal to exempt micro entities from certain EU accounting burdens. The exemption is the first real EU effort specifically aimed at micro-businesses and can be seen as the 'flagship' of the EU's overall commitment to reduce administrative burdens by 25% by 2010. The measure is estimated to account for savings of EUR 6.3 billion EU-wide, and is a major step towards achieving this 25% goal.

The current accounting requirements for EU businesses are laid down in the 4th and 7th Company Law Directives. When these Directives were created, SMEs were not seen as essentially different from large companies. Yet, SMEs are often affected much heavier by the cost of regulations than larger companies. The EU has come to acknowledge that small businesses have specific needs and that micro-entities are fundamentally different from medium-sized companies. The specific nature of micro-entities requires exemption from rules that are designed to fit large companies. The exemption allows Member States to align micro-entities' reporting requirements with the *real* needs of users and preparers of financial statements, enabling them to remain the EU's main providers of employment.

ESBA President Tina Sommer said: "Today's decision of the European Parliament to adopt the Commission's proposal is a much awaited signal from the EU towards the small business community in Europe, showing that the European Union indeed has their interest at heart and is willing to help them survive the crisis. It increases the credibility of EU claims towards reducing administrative burdens and will positively affect the trust of the small business community in the EU's efforts to support our smallest and most vulnerable businesses. ESBA urges the Council to follow in the Commission's and Parliament's footsteps and to commit to the EU's promise to reduce administrative burdens".

ENDS

Notes to Editor

European Small Business Alliance (ESBA)

Founded in 1998 by eight independent national small business associations, The European Small Business Alliance (ESBA) is a non-party political group, which cares for small business entrepreneurs and the self-employed and represents them through targeted EU advocacy and profiling activities. ESBA also

works towards the development of strong independent advocacy and benefits groups in European countries. ESBA's new website, which provides an innovative approach to communication amongst business organizations, reflects these three main fields of activity.

Today, ESBA is one of the largest organizations based on voluntary membership in Europe. Through its direct membership, associate membership and cooperation agreements, the Alliance now represents almost one million small businesses and covers 36 European countries. Increased support and recognition, internally and externally, however will only be achieved through tangible results. Through implementation of its 'Vision 2020' and the corresponding business plan, this is what ESBA is constantly striving to achieve on behalf of its members and SMEs in Europe.

[ESBA European Election Campaign Site](#)

EU Small Business Profile

- 99.8 per cent of all EU companies are SMEs
- 91.5 per cent are micro businesses
- 7.3 per cent are small businesses
- 1.1 per cent are medium-sized businesses
- 0.2 per cent are large businesses
- SMEs provide 67.1 per cent of all private sector jobs

Source: Eurostat, 585, Breakdown of main indicators by enterprise size class, non-financial business economy, 2003, EU-25

Challenges for Small Businesses in Europe

- 1 Administrative and regulatory burdens
- 2 Access to finance
- 3 Taxation
- 4 Lack of skills
- 5 Access to public procurement contracts
- 6 Unfair/too strong competition
- 7 Labour law
- 8 Access to Single Market
- 9 Access to EU programmes
- 10 Late payments
- 11 Access to international markets
- 12 Access to information and advice
- 13 Instability of world economy/ energy costs
- 14 SME definition

Source: European Commission, Report on the results of the open consultation on a Small Business Act for Europe, April 2008