

# Citizens' summary

## Proposal to exempt smallest firms from EU financial reporting rules

### ***What's the issue?***

- EU law requires even the smallest companies to produce **accounts meeting EU rules** on financial reporting.
- This **red tape brings no benefits** to these very small businesses, their customers or business partners.
- Very small firms are important for the EU economy – relieved of such burdens, they could **channel more time and money into their day-to-day business**.

### ***What is the EU proposing and what benefits can it bring?***

- National governments could **exempt very small businesses ("micro-entities") from current EU rules on financial reporting**.
- This means businesses with **10 employees or fewer** and **low turnover / balance sheet figures** (thresholds specified in the **proposal – [link]**).
- It would **save businesses time and money**, helping to boost the economy.
- It would encourage **new business start-ups**.

The proposal would **not affect**:

- any **national** requirement to keep records for **bookkeeping or tax purposes**
- any requirement to file **tax returns**
- the **information** on companies **gathered by statistical offices** through statistical surveys and registers.

### ***Why is action needed at EU level?***

Current reporting requirements for very small businesses are set in EU law. National governments cannot change the rules until EU law is changed.

### ***When will the proposal come into effect?***

**First half of 2010** – subject to approval by the EU Council (representing national governments) and the European Parliament.

| <b>Data for search engines</b>                          |  |
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| <b>Title tag</b> ( <i>± 70 characters with spaces</i> ) | Small firms (micro-entities) – EU financial reporting rules exemption – citizens' summary  |
| <b>Description</b> ( <i>± 150 characters</i> )          | Explained - EU proposal to allow national exemptions from obligation to produce annual accounts for very small businesses – amendment to 4 <sup>th</sup> Company Law Directive |
| <b>Link name</b> ( <i>max. 5 words</i> )                | Summary - EU small firms (micro-entities) reporting proposal   |
| <b>Keywords for url/filename</b>                        | EU, small firms, micro-entities, accounting  |