

Proposals from Swedish Business for Simplification of EU Legislation

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Foreword

This publication has been produced in response to the European Commission's call for simplification proposals from the European business community. It contains a number of concrete suggestions for how the existing Community *acquis* could be made more efficient. There are also separate comments on the Commission's rolling Simplification Programme, efforts to reduce administrative burdens imposed on business by EU legislation and the Fast Track Actions mechanism.

However, the difficulties experienced by business when complying with EU legislation are often symptoms of the complex EU legislative process. Consequently, this publication also includes proposals for how aspects of the legislative process could be improved to ensure that new legislation facilitates, rather than prevents, the further development of the internal market.

The Impact on Business of Legislation

If regulatory reform is going to be successful, politicians and civil servants responsible for the reforms must consider the different aspects of legislation that could cause concern for business. These aspects include:

- The efficiency, relevance and proportionality of legislation,
- How legislation is implemented,
- How legislation is enforced,
- The cumulative compliance cost to business.

Naturally, it is not, and cannot be, the responsibility of the Commission alone to ensure that the whole legislative process - from the initial policy proposal right down to the enforcement of new legislation - is as smooth as possible for business. The two legislative EU institutions also need to modify their working methods to improve EU legislation. A lot of unnecessary compliance costs are also imposed on business when legislation is implemented at national level in Member States. However, this publication is addressed primarily to the Commission, and suggestions for how the other EU institutions and Member States might redress excessive bureaucracy are communicated in other fora.

Winning Hearts and Minds

The beneficiaries of efforts to improve the *acquis* are meant to be European companies. To win the hearts and minds of business, and inspire trust in the work to simplify the regulatory environment, it is vital that those responsible for the reform work focus on the type of changes that companies want. There is a risk that reductions in administrative burdens on business and simplifications are achieved 'on paper' but that few, or no, actual benefits materialise for companies. The Commission must guard against such an outcome, as it would lead to increased levels of scepticism about the regulatory reform agenda among the business community.

NNR and its members support the attempts to improve EU legislation by providing expertise in different policy areas and by providing information about specific

pieces of legislation that are perceived to be burdensome by business. In return, it is important that businesses and their representatives receive feedback on proposals and information about what action will be taken in response to them. This also applies in cases where no action will be taken. Such feedback would greatly enhance the credibility of the Commission's call for submissions of simplification proposals and the online portal.

About NNR

The Board of Swedish Industry and Commerce for Better Regulation (its Swedish acronym is NNR) is an independent, non-party political organisation. NNR is unique among business organisations in that its sole focus is on bringing about regulatory reform and a more business-friendly regulatory environment in Sweden and the EU. NNR is funded entirely by its members. The membership consists of 14 Swedish business organisations and trade associations:

- The Swedish Property Federation (Fastighetsägarna Sverige)
- The Association of Swedish Finance Houses (Finansbolagens Förening)
- The Swedish Investment Fund Association (Fondbolagens Förening)
- The Federation of Private Enterprises (Företagarna)
- The Federation of Swedish Farmers (Lantbrukarnas Riksförbund)
- Swedenergy (Svensk Energi)
- Swedish District Heating Association (Svensk Fjärrvärme)
- The Swedish Industry Association (Svensk Industriförening)
- The Swedish Bankers' Association (Svenska Bankföreningen)
- The Swedish Securities Dealers Association (Svenska Fondhandlareföreningen)
- Association of Swedish Chambers of Commerce and Industry (Svenska Handelskammareförbundet)
- The Swedish Petroleum Institute (Svenska Petroleum Institutet)
- The Swedish Newspaper Publishers' Association (Svenska Tidningsutgivareföreningen)
- The Confederation of Swedish Enterprise (Svenskt Näringsliv)

Together, these 14 organisations represent more than a third of all active companies in Sweden. This means that NNR speaks on regulatory reform on behalf of companies of all sizes and sectors. At national level, NNR acts as the premier business lobbying organisation on regulatory reform. NNR is also an active advocate of regulatory reform at EU level and chairs the BUSINESS EUROPE Better Regulation Working Group.

Editorial Note

NNR has acted as initiator and editor of this collection of proposals from Swedish business for simplification of EU legislation. However, ownership of the individual simplification proposals lies with the member organisation that has submitted it. Feedback on, and questions about, the details of each simplification proposal should thus be directed to our members. To facilitate such interaction, the contact details of the area experts within NNR member organisations are provided with each simplification proposal.

Several simplification proposals from Swedish business are similar to those submitted by other European business organisations, including The Confederation of Danish Industries, The Confederation of Netherlands Industry and Employers (VNO-NCW) and the Royal Dutch Federation of Small and Medium-sized Enterprises (MKB-Nederland), and The Federation of German Industries (BDI) and The Confederation of German Employers' Associations (BDA). These proposals are marked to highlight the areas where there is a particularly strong business interest in simplification.

Under the heading 'Modifying and Improving the EU Legislative Process' are listed suggestions for how aspects of the legislative process could be improved. These are joint suggestions and have been agreed by all contributors to this document.

This is a first collection of simplification proposals from the Swedish business community. NNR will continue gathering examples of where legislation is excessively complicated and/or costly to comply with, as well as information about what business wants from the regulatory reform agenda at EU level. All proposals will also be submitted through the Commission's online portal.

Stockholm
23 May 2008

Simplifying Existing Legislation

It is encouraging that the rolling Simplification Programme is, by and large, proceeding according to schedule, and that the Commission will finish screening the *acquis* and integrate the results into the updated Programme in early 2009.

Nevertheless, all changes in the regulatory environment result in costs to business. Such costs are particularly difficult to bear for small and medium sized enterprises. It is, therefore, crucial that simplification measures taken are wanted by business, that the 'think small first' principle guides decisions about change, and that the gains of change outweigh the transition costs. For example, so-called e-solutions must mean providing less information on fewer occasions. If they mean providing the same amount of information with the same frequency, e-solutions do not offer a sufficient gain for business.

Keeping up to date with changes to, and new, legislation is also time-consuming, and therefore costly, for business. So-called Common Commencement Dates for implementation of EU legislation would be one way to minimise this type of administrative cost for business. Several Member States, including the UK and Sweden, already have such systems in place and they operate around the main principle that new legislation is implemented on the same two dates every year, for example 1 January and 1 July.

In addition, the actual outcome of simplification measures must be evaluated. This is essential for determining which efforts to improve the *acquis* are delivering their intended objectives. Such evaluation also makes it possible to learn lessons and improve the methods used in and the implementation of the Simplification Programme.

Reducing Administrative Burdens

The efforts to reduce the administrative costs imposed on business by information obligations are important steps in the right direction. NNR and its members also supported the decision to set up the High Level Group of Independent Stakeholders on Administrative Burdens. The Group brings an element of independence to the burdens reduction programme, and it is essential that their work is as transparent as possible. We also appreciate that the Commission recognises the need for quick results. The 'Fast Track Actions' mechanism is a sensible way forward provided that stakeholders are adequately involved.

However, the administrative burden reduction project should be extended to include measurement of all legislation that imposes administrative costs on business, not only the 40 pieces of legislation in the 13 priority areas.

In addition, it is often the cumulative cost of complying with all legislation that business finds burdensome. This includes administrative, policy and financial costs. The Standard Cost Model estimates the costs of a defined set of administrative activities. It does not capture the 'cost' to businesses of dealing with other aspects of complying with legislation. In addition, the areas of legislation and aspects of complying with regulation that businesses perceive to be burdensome or irritating are not necessarily costly in monetary terms. Consequently, in areas where EU legislation imposes other costs on business, the Commission should look beyond the administrative costs that are linked to information obligations.

The Total Cost of Complying with Regulation

So-called policy and financial (e.g. license fees) costs are substantially higher than administrative costs. NNR has developed a methodology for measuring the total regulatory costs to business. In 2006, NNR carried out a survey of Swedish companies of different sizes and sectors and assessed their total monetary costs of complying with regulation.¹ In all cases, the administrative costs are a small proportion of the total cost. There are also variations between the different companies. For example, financial costs amounted to 80 per cent of the regulatory costs for a company in the hospitality sector, while for a modern farming company the majority of the costs stem from policy requirements. This underlines the need to look beyond reductions in administrative costs, as well as the importance of considering how a piece of legislation can affect companies in different ways depending on the companies' size and sector.

¹ NNR (2007) *The Total Cost of Regulations to Businesses in Sweden*.

Simplification Proposals

Agriculture

SIMPLIFY RULES FOR THE SINGLE PAYMENT SCHEME

Legislation	Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001
Proposal addressed to	Directorate-General for Agriculture & Rural Development
Burden on business	It is an extra administrative cost for farmers having to specify which crops they grow on each holding when applying for direct payments on an annual basis.
Simplification proposal	Unless there is a change in conditions, or if farmers apply for specific payments for certain crops, farmers applying for payments under the Single Payment Scheme should not have to provide the same detailed information year-on-year. The legislation should be changed to allow for a less burdensome application procedure.
For further information please contact	Mr Lars-Erik Lundkvist The Federation of Swedish Farmers Tel: +46 (0)8 787 53 05 E-mail: lars.erik.lundkvist@lrf.se

A LESS BURDENSOME AND MORE EFFICIENT LEGISLATION FOR THE IDENTIFICATION, REGISTRATION AND LABELLING OF ANIMALS

Legislation	<p>Council Regulation (EC) No 21/2004 of 17 December 2003 establishing a system for the identification and registration of ovine and caprine animals and amending Regulation (EC) No 1782/2003 and Directives 92/102/EEC and 64/432/EEC.</p> <p>Regulation (EC) No 1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97</p> <p>Directive 2000/15/EC of the European Parliament and the Council of 10 April 2000 amending Council Directive 64/432/EEC on health problems affecting intra-Community trade in bovine animals and swine</p> <p>Council Directive 97/12/EC of 17 March 1997 amending and updating Directive 64/432/EEC on health problems affecting intra-Community trade in bovine animals and swine</p> <p>Council Directive 92/102/EEC of 27 November 1992 on the identification and registration of animals</p>
Proposal addressed to	<p>Directorate-General for Agriculture and Rural Development</p> <p>Directorate-General for Health and Consumers</p>
Burden on business	<p>The current legislation regarding the identification, registration and labelling of animals is too rigid to serve its purpose and, therefore, causes not only unwarranted costs for the farming industry but may even be counterproductive in a disease outbreak situation.</p>
Simplification proposal	<p>The legislation should be reviewed and rules be made more flexible and less bureaucratic. This can be done without violation of the purpose of the legislation.</p>
For further information please contact	<p>Mr Sten-Olof Dimander The Federation of Swedish Farmers Tel: +46 (0)8 787 51 13 E-mail: sten-olof.dimander@lrf.se</p>

Employment, Social Affairs & Equal Opportunities

ABOLISH THE DIRECTIVE ON WORKING TIME, OR, ALTERNATIVELY, EXTEND THE CALCULATION PERIOD OF HOURS OF WORK

Legislation	Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organisation of working time
Proposal addressed to	Directorate-General for Employment, Social Affairs and Equal Opportunities
Burden on business	Rules on working time should be handled at national and company level, not at EU level. While the Directive exists, the rules should be as simple as possible for business to comply with. The Directive rules are not always compatible with national ones and need more flexibility. For example, the periods of daily rest could allow shorter periods if taken during nighttime than if based on any 24-hour period. The period of computation of the total hours of work is far too short in order to function in practice. This period should be extended from four to twelve months.
Simplification proposal	Abolish the Directive or, alternatively, extend the calculation period of computation of total hour of work to one year (12 months).
For further information please contact	Mr Anders Fogelberg The Federation of Private Enterprises Tel: +46 (0)8 406 17 14 E-mail: anders.fogelberg@foretagarna.se

SIMPLIFY RULES ON FIXED-TERM WORK

Legislation	Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP
Proposal addressed to	Directorate-General for Employment, Social Affairs and Equal Opportunities
Burden on business	Employers shall under the rule 'information and employment opportunities' (clause 6) in the Directive inform fixed-term workers individually of vacancies of employment. To SMEs that, for example, often have variations in number of employees due to seasonal changes, this obligation is extra burdensome. This is an unnecessary rule. If the employer is interested in employing someone that already is a fixed-term worker, this person will, of course, be asked.
Simplification proposal	Abolish the rule.
For further information please contact	Mr Anders Fogelberg The Federation of Private Enterprises Tel: +46 (0)8 406 17 14 E-mail: anders.fogelberg@foretagarna.se

EXEMPT SMALL COMPANIES FROM CARRYING OUT WRITTEN RISK ASSESSMENTS

The Confederation of Danish Industries has also submitted a similar simplification proposal.

Legislation	Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work
Proposal addressed to	Directorate-General for Employment, Social Affairs & Equal Opportunities
Burden on business	Completing a written risk assessment in accordance with the requirements in Directive 89/391/EEC is often a burdensome task for business. Written assessments are always going to be particularly demanding for micro and small companies.
Simplification proposal	There should be exemptions from carrying out written risk assessments for the smallest companies.
For further information please contact	Ms Eva Kovar Confederation of Swedish Enterprise Tel: +46 (0)8 55 34 31 45 E-mail: Eva.Kovar@svensktnaringsliv.se

ABOLISH REQUIREMENT FOR HEALTH CHECKS IN CIVIL AVIATION

Legislation	Council Directive 2000/79/EC of 27 November 2000 concerning the European Agreement on the Organisation of Working Time of Mobile Workers in Civil Aviation concluded by the Association of European Airlines (AEA), the European Transport Workers' Federation (ETF), the European Cockpit Association (ECA), the European Regions Airline Association (ERA) and the International Air Carrier Association (IACA) (Text with EEA relevance)
Proposal addressed to	Directorate-General for Employment, Social Affairs & Equal Opportunities
Burden on business	The requirement for health checks in civil aviation included in the Directive 2000/79/EC duplicate the industry standards already in place. These standards were agreed before the Directive came into force and more than fulfil the requirements of the Directive.
Simplification proposal	Remove the requirement for health checks from the Directive.
For further information, please contact	Ms Eva Kovar Confederation of Swedish Enterprise Tel: +46 (0)8 55 34 31 45 E-mail: Eva.Kovar@svensktnaringsliv.se

REVISION OF THE RULES REGULATING WORK WITH DISPLAY SCREEN EQUIPMENT

The Confederation of Danish Industries and The Federation of German Industries (BDI) and The Confederation of German Employers' Associations (BDA) have also submitted similar simplification proposals.

Legislation	Council Directive 90/270/EEC on the minimum safety and health requirements for work with display screen equipment
Proposal addressed to	Directorate-General for Employment, Social Affairs & Equal Opportunities
Burden on business	The Directive does not reflect current technological standards and the modern work environment. Some detailed provisions are, for example, based on completely outdated technical specifications for computer equipment.
Simplification proposal	The Directive should be brought up-to-date. Any detailed provisions should be replaced with more general guidelines to avoid the Directive having to be constantly updated to reflect technological developments. Guidelines would allow companies to make provisions that are suitable to their sector and size. These guidelines should be accompanied by clear and concise guidance to assist companies in complying with the rules.
For further information please contact	Ms Eva Kovar Confederation of Swedish Enterprise Tel: +46 (0)8 55 34 31 45 E-mail: Eva.Kovar@svensktnaringsliv.se

Energy – District Heating

SIMPLIFICATION OF RULES CONCERNING PRESSURE EQUIPMENT

Legislation	Directive 97/23/EC of the European Parliament and of the Council of 29 May 1997 on the approximation of the laws of the Member States concerning pressure equipment
Proposal addressed to	Directorate-General for Energy and Transport
Burden on business	The Directive imposes large administrative costs on business. The legislation is extensive and complicated. These factors taken together result in high compliance costs for companies that generate district heating.
Simplification proposal	The Directive needs to be simplified and adjusted to match the overall situation for district heating. This would reduce compliance costs for business and improve general understanding of this legislation.
For further information please contact	Mr Peter Dahl Swedish District Heating Association Tel: +46 (0)8 677 27 21 E-mail: peter.dahl@svenskfjarrvarme.se

Environment

SIMPLIFICATION OF THE ADMINISTRATION OF EMISSIONS TRADING

Legislation	Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC
Proposal addressed to	Directorate-General for the Environment
Burden on business	The administrative requirements of the Directive result in large administrative compliance costs, especially for smaller companies.
Simplification proposals	The rules for administering emissions trading should be simplified to reduce the administrative compliance costs to business.
For further information, please contact	Mr Erik Larsson Swedish District Heating Association Tel: +46 (0)8 677 27 16 E-mail: erik.larsson@svenskfjarrvarme.se

Health and Consumers

REDUCTION IN INFORMATION REQUIRED ON FOOD LABELLING

The Federation of German Industries (BDI) and The Confederation of German Employers' Associations (BDA) have also submitted a similar simplification proposal.

Legislation	Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs.
Proposal addressed to	Directorate-General for Health and Consumers
Burden on business	<p>Labelling on the packaging of foodstuffs is one of the most important ways that producers communicate with their customers.</p> <p>However, the current legislation is detailed and requires producers to provide more information than is necessary on food labels.</p>
Simplification proposal	<p>The information that producers are required to provide on packaging should be limited to what is necessary for the majority of consumers and informs the choice of product. Producers should be able to provide additional information through other channels, for example through their website and customer contact points. The requirements in the Directive should also be made less detailed. However, any changes should be co-ordinated and take place at few occasions to allow producers to change all their labelling at once – changing labels is a resource-intensive and costly process for producers. It is also important that the transition period is long enough in order that producers do not have to discard packaging or products with 'old' labelling.</p> <p>Regarding the 'Commission Proposal for a New Regulation on the Provision of Food Information to Consumers, COM (2008) 40 Final', it can be questioned if this proposal is in line with the Commission's Better Regulation Policy, the Lisbon Strategy and the EU's Sustainable Development Strategy. Will the regulatory process be simplified and the administrative burden less when the number of pages for this regulation increases from 41 to 64? Will the competitiveness of the European food industry be improved when the compulsory specifications are increased with resulting increased costs for the food industry? The need "to reduce barriers to the internal market" has not been met. On the contrary, the Commission has accepted "increased flexibility at national level", which, of course, will reduce the free movement of goods between Member countries. Furthermore, no analysis has been undertaken to see if this proposal is in line with EU's Sustainable Development Strategy. There is an obvious risk that further labelling requirements and a text size of 3 mm will require larger size packages.</p>

**For further
information
please
contact**

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SIMPLIFY ANIMAL PROTECTION LEGISLATION

Legislation	<p>Council Directive 98/58/EC of 20 July 1998 concerning the protection of animals kept for farming purposes Council Directive of 19 November 1991 laying down minimum standards for the protection of calves (91/629/EEC)</p> <p>Council Directive 91/630/EEC of 19 November 1991 laying down minimum standards for the protection of pigs</p> <p>Council Directive 1999/74/EC of 19 July 1999 laying down minimum standards for the protection of laying hens</p>
Proposal addressed to	Directorate-General for Health and Consumers
Burden on business	The current legislation regarding animal protection is too rigid and complicated. Adequate animal protection depends on the knowledge, competence, interest and ambition of the keeper.
Simplification proposal	The Directives regulating animal welfare and protection should be simplified and modernised. Instead of detailed rules, there should be minimum standards and functional requirements. Legislation must facilitate, rather than hinder, the development of animal protection work and the competitiveness of the sector.
For further information please contact	Mrs Erika Brendov The Federation of Swedish Farmers Tel: +46 (0)8 787 51 90 E-mail: erika.brendov@lrf.se

IMPROVED GUIDANCE ON FOOD SAFETY AND HYGIENE OF FOODSTUFFS

Legislation	<p>Regulation (EC) No 178/2002 of the European Parliament and the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety</p> <p>Regulation (EC) No 852/2004 of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs</p>
Proposal addressed to	Directorate-General for Health and Consumer Protection
Burden on business	<p>The legislation concerning traceability - article 18 Regulation (EC) No 178/2002 - and the Hazard Analysis and Critical Control Point (HACCP) - article 5 Regulation (EC) No 852/2004 - imposes considerable costs on business. The measurements of administrative costs carried out in Sweden with the use of the Standard Cost Model shows that these two Directives are the most expensive for business of the measured regulations related to food.</p> <p>Guidance from the Commission on various aspects of the food safety and hygiene of foodstuffs legislation is unclear and has been interpreted differently by enforcing authorities and business in different Member States.</p>
Simplification proposal	Guidance should be improved to explain how the Directives could be implemented and complied with in the simplest and most efficient way.
For further information please contact	Mr Christoffer Rinman The Federation of Swedish Farmers Tel: +46 (0)8 787 57 48 E-mail: christoffer.rinman@lrf.se

SIMPLIFY RULES FOR BEEKEEPERS

Legislation	Regulation (EC) No 852/2004 of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs
Proposal addressed to	Directorate-General for Health and Consumer Protection
Burden on business	Beekeepers that produce small amounts of honey do not have to register as food businesses. However, if they sell small amounts of honey to a honey-packing establishment they must register as food businesses to fulfil the traceability requirement on foodstuffs. However, registration does not improve the possibility of traceability. The honey could be traced via the packing establishment's documentation on which its HACCP control is based. The cost of registering as a food business and the annual fee are often higher than the revenue from the honey. These costs are likely to be affecting several thousands of beekeepers across the EU.
Simplification proposal	The legislation should exempt beekeepers delivering small amounts of honey to packing establishments from having to register as food businesses.
For further information please contact	Mr Anders Johannesson The Federation of Swedish Farmers Tel: +46 (0)8 787 52 92 E-mail: anders.johannesson@lrf.se

Internal Market and Services

POSSIBILITY FOR ELECTRONIC DISCLOSURE

A similar simplification proposal has also been submitted through BUSINESSEUROPE.

Legislation	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 and amending Directive 2001/34/EC
Proposal addressed to	Directorate-General for the Internal Market and Services
Burden on business	The disclosure requirements in the Directive impose large administrative costs on business.
Simplification proposal	Electronic disclosure should be made possible.
For further information please contact	Mrs Marie Luning The Swedish Bankers' Association Tel: +46 (0)8 453 44 40 E-mail: marie.luning@bankforeningen.se

SIMPLIFY ANNUAL ACCOUNTS FOR MICRO LIMITED LIABILITY COMPANIES

Legislation	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
Proposal addressed to	Directorate-General for the Internal Market and Services
Burden on business	The requirement to draw up and publish annual accounts was not designed according to the 'think small first' principle. For the transparency, competitiveness, credibility and access to finance, it is important that the annual accounts of micro companies are made public - but without unnecessary administrative burdens.
Simplification proposal	<p>Introduce an option for micro companies to file their financial information directly from the accountancy reports to a multi-purpose e-portal. This option would replace the requirement that they draw up balance sheets and income statements on paper and publish them.</p> <p>These companies should, of course, have access to their own information and be able to provide it to other stakeholders. Apply the 'only once' principle, which would have the potential for large scale reductions of the administrative costs to companies if the information provided through the e-portal could be accessed by different authorities and used for different purposes - without major adjustments - for example, the company register, income tax and statistics.</p> <p>An estimate in a report by Ramböll Management in 2007 indicates that 70 per cent of all limited liability companies, or 4.43 million companies, would classify as micro entities under the new definition: max. 10 employees, turnover €1 million, balance sheet total max. € 500,000.</p>
For further information please contact	Mrs Annika Fritsch The Federation of Private Enterprises Tel: +46 (0)8 406 17 43 E-mail: Annika.Fritsch@foretagarna.se

SIMPLIFY THE REQUIREMENT TO PUBLISH ANNUAL ACCOUNTS FOR MICRO AND SMALL COMPANIES

Legislation	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
Proposal addressed to	Directorate-General for the Internal Market and Services
Burden on business	The requirement to publish annual accounts was not designed according to the 'think small first' principle. For the transparency, competitiveness, credibility and access to finance, it is important that the annual accounts of micro and small companies are made public - but without unnecessary administrative burdens.
Simplification proposal	<p>Introduce an option for micro and small companies to publish their annual accounts on their own website and fulfil the publishing requirement by sending a link to the company registration office instead of filing it on paper. The company registry could download the information to secure accessibility for different stakeholders.</p> <p>An estimate in a report by Ramböll Management in 2007 indicates that 70 per cent of all limited liability companies or 4.4 million companies would classify as micro entities (max. 10 employees, turnover €1 million, balance sheet total max. € 500,000) and adding the small companies would add 23 percent or 1.47 million companies.</p>
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SIMPLIFICATION OF THE ACCOUNTANCY/ANNUAL ACCOUNTS FOR MICRO COMPANIES

Legislation	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
Proposal addressed to	Directorate-General for the Internal Market and Services
Burden on business	The requirement to draw up and publish annual accounts was not designed according to the 'think small first' principle. For the transparency, competitiveness, credibility and access to finance, it is important that the annual accounts of micro companies are made public - but without unnecessary administrative burdens.
Simplification proposal	<p>In some Member States cash based accountancy is allowed for micro entities (but not for the limited liability companies). Allowing this option also for the micro limited liability companies, and at EU level, introducing an option for them to draw up annual accounts on a cash-based accountancy principle would be one way to simplify the annual accounts. Substantial cost reductions would be possible if the solution was construed to apply not only for accounting but without major adjustments also for VAT and income taxation purposes.</p> <p>An estimate in a report by Ramböll Management in 2007 indicates that 70 per cent of all limited liability companies, or 4.4 million companies, would classify as micro entities under the new definition: max. 10 employees, turnover €1 million, balance sheet total max. € 500,000.</p>
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REMOVE ACCOUNTING REQUIREMENTS FOR SMALLER COMPANIES

The Confederation of Danish Industries has also submitted a similar proposal.

Legislation	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
Proposal addressed to	Directorate-General for the Internal Market and Services
Burden on business	Current legislation stipulates that all companies, of all sizes, with limited liability have to draw up annual accounts and publish annual reports. This imposes large costs on business, and, in particular, on smaller companies.
Simplification proposal	A minimum threshold for accounting requirements should be introduced for smaller enterprises. For enterprises below the given threshold, it should be possible for the Member States either to issue local legislation, for example, by requiring that the enterprises only prepare tax accounts, or by relieving the enterprises of the financial statement requirements. Small companies would no longer have to bear the cost of drawing up annual accounts and annual reports. However, they would still have to keep books, which mean that the same information would be available for tax purposes or other legal requirements.
For further information please contact	Mr Carl-Gustaf Burén Confederation of Swedish Enterprise Tel: +46 (0)8 553 431 88 E-mail: carl-gustaf.buren@svensktnaringsliv.se

FEWER INFORMATION OBLIGATIONS FOR THE FINANCIAL SERVICES SECTOR

The Confederation of Netherlands Industry and Employers (VNO-NCW) and the Royal Dutch Federation of Small and Medium-sized Enterprises (MKB-Nederland) have also submitted a similar simplification proposal.

Legislation

Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC

Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC

Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC

Directive 2001/107/EC of the European Parliament and of the Council of 21 January 2002 amending Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) with a view to regulating management companies and simplified prospectuses

Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation

Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council

(‘Unfair Commercial Practices Directive’)

Directive 2002/83/EC of the European parliament and of the Council of 5 November 2002 concerning life assurance

Council Directive 1992/49/EEC known as “the third non-life insurance directive”

Proposal addressed to	Directorate-General for the Internal Market and Services
Burden on business	Legislation covering financial services is fragmented and has grown up in a piecemeal way. It imposes numerous information obligations on business. There has been no attempt at reviewing legislation in this area to assess what information obligations provide information that is useful and necessary. In many cases companies have to provide a lot of information to consumers, retail investors or policyholders that is not essential. This imposes large administrative costs on companies having to comply with these information obligations.
Simplification proposal	Information obligations in all the above Directives should be divided into two categories: 'essential information' and 'other relevant information'. Essential information should always be provided but 'other relevant information' should be made available if requested by the consumer, retail investor or policyholder.
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Statistics

SINGLE FLOW SYSTEM FOR INTRASTAT

The Confederation of Danish Industries, The Confederation of Netherlands Industry and Employers (VNO-NCW) and the Royal Dutch Federation of Small and Medium-sized Enterprises (MKB-Nederland), and The Federation of German Industries (BDI) and The Confederation of German Employers' Associations (BDA) have also submitted similar simplification proposals.

Legislation	Intrastat - Council Regulation (EC) No 3330/91 (consolidated version), Regulation (EC) No 638/2004 of the European Parliament, and Council and Commission Regulation (EC) No 1901/2000
Proposal addressed to	Eurostat
Burden on business	<p>Intrastat is by far the most expensive statistics area in Sweden according to the measurements of administrative costs that have been carried out with the Standard Cost Model.</p> <p>The Intrastat system results in mirror statistics where the same transaction is reported twice, once by the exporting company (to Intrastat export) and once by the importing company (to Intrastat import). The burden is greatest on the importer of goods. It is often difficult for this company to gather the required information about, among other things, raw materials, intermediary products and other inputs used in the production of a given good. It is, naturally, easier for the producer and exporter of a product to provide the required information.</p> <p>The level of detail required by both Intrastat import and Intrastat export is also high and a separate form is required for each product. Even if the information can now be reported electronically, it is still a time-consuming process.</p>
Proposed solution	<p>A single flow system should be introduced. The requirement for importers of goods to report deliveries to Intrastat import should be abolished. Instead, reports from exporting countries' statistical bureaus should be shared with the bureaus in importing Member States and thus 'recycled'.</p> <p>Export statistics are far more reliable than import statistics. A report from Eurostat² itself concludes that imports are underestimated and that dispatches are the most reliable gauge of Intra-EU trade.</p>

² Eurostat (2008) *External and intra-European Union Trade, Monthly Statistics Issue Number 4/2008*

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HARMONISATION OF STATISTICAL NOMENCLATURES

A similar simplification proposal has been submitted through BUSINESSEUROPE, and The Confederation of Danish Industries has also submitted a similar simplification proposal.

Legislation	<p>Intrastat - Statistics on trade between the Member States are based on Council Regulation (EC) No 3330/91 (consolidated version), Regulation (EC) No 638/2004 of the European Parliament and of the Council and Commission Regulation (EC) No 1901/2000</p> <p>Extrastat - Council Regulation (EC) No 1172/95 at 22 May 1995 on the statistics relating to the trading of goods by the Community and its Member States with non-member countries</p> <p>Prodcom - EEC No 3924/91 on the establishment of a Community survey of industrial production (statistics on the production of manufactured goods)</p>
Proposal addressed to	Eurostat
Burden on business	The nomenclatures used in Intrastat, Extrastat and Prodcom are different. In addition, two different measures of quantity are required for trading information on some goods, including kilograms for net mass and litres or 'pieces' for secondary measures.
Proposed solution	The language and measures used in the three statistical areas should be harmonised, and the measures of quantity should relate better to different types of products.
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INCREASE THRESHOLD FOR STRUCTURAL STATISTICS

A similar simplification proposal has also been submitted through BUSINESSEUROPE.

Legislation	Council Regulation (EC) No 530/1999 of 9 March 1999 concerning structural statistics on earnings and on labour costs
Proposal addressed to	Eurostat
Burden on business	Information requirements are too costly for smaller businesses.
Simplification proposal	Limit information requirements to companies with more than 20 employees and extend the reference period to six-yearly intervals for the production of statistics related to earnings.
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Taxation and Customs Union

ONE-STOP-SHOP FOR HANDLING OF CROSS-BORDER VAT PAYMENTS

The Confederation of Danish Industries has also submitted a similar simplification proposal.

Legislation	Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax
Proposal addressed to	Directorate-General for Taxation and Customs Union
Burden on business	The VAT system in cross-border trade is very complex and causes high administrative costs, especially for SMEs that do not have the in-house expertise to deal with the system.
Simplification proposal	Abolish the reverse charge mechanism and introduce the 'only once' principle to allow businesses to report all VAT via a single e-portal in the Member State where the business is established, regardless of where the VAT was charged. The final apportionment of VAT charged or to be refunded is a technical issue to be decided between the Member States and should not concern businesses.
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SIMPLIFY THE VAT SYSTEM FOR MICRO AND SMALL BUSINESSES WITH A COMBINATION OF TAXABLE AND NON-TAXABLE SALES

Legislation	Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax
Proposal addressed to	Directorate-General for Taxation and Customs Union
Burden on business	The VAT system is extra burdensome for micro and small entities with a combination of taxable and non-taxable sales and causes compliance costs that are too high. The requirements to keep track of which purchases with VAT-charges are deductible, and to which portion, create difficulties and high costs for companies and often cause errors.
Simplification proposal	Introduce an option for micro and small companies with a combination of taxable and non-taxable sales. If the portion of taxable sales for a company equals at least 75 per cent of the total sales, the company should be allowed to deduct all VAT charged to it, without apportionment.
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UNIFORM IMPLEMENTATION OF RULES REGARDING TRANSACTIONS WITHIN OR BETWEEN TAX WAREHOUSES

Legislation	Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax
Proposal addressed to	Directorate-General for Taxation and Customs Union
Burden on business	<p>There is variation in how Member States have implemented the Directive, which prevents the effectiveness of the internal market through unnecessary bureaucracy. This is especially the case in regard of the possibility to exempt the importation of wholesale goods, which are intended to be placed in tax warehouses. For business, this means that there are direct costs in some Member States of having to pay VAT on transactions, because the principle of tax warehouses is not used or because the exemption of certain goods from excise duty is not applied. Some Member States do apply the exemptions but require VAT or excise duty registration by companies, which is also a costly process. In some Member States, if transactions do not take place on a regular basis, a company risks being de-registered and will have to go through the VAT registration process again at the next transaction. Some Member States require companies to leave a security for the tax to the national authorities. On top of this, there are also large costs involved for companies having to keep track of several national systems.</p> <p>For companies trading in goods that are often bought and sold in large quantities, such as mineral oils, the costs are particularly high. If tax is charged on high-value goods traded in large quantities at every stage of a wholesale transaction between tax warehouses, the cost may be so high as to affect the liquidity of the trading company.</p>
Simplification proposal	<p>Implementation of the Directive should be uniform. This could happen through agreement between Member States. However, preferably the Directive should be changed so that Member States have to exempt wholesale transactions of goods intended to be placed in tax warehouses from VAT.</p> <p>If the VAT rules could be applied in the same uniform way as the energy tax rules - Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity – this would mean more efficient trade in mineral oils in the internal market.</p>

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A COMMON IMPLEMENTATION OF THE DIRECTIVE ON VAT INVOICING

The Confederation of Netherlands Industry and Employers (VNO-NCW) and the Royal Dutch Federation of Small and Medium-sized Enterprises (MKB-Nederland) have also submitted similar simplification proposals.

Legislation	Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax
Proposal addressed to	Directorate-General for Taxation and Customs Union
Burden on business	<p>The Directive aims to ensure a simplified set of rules regarding invoicing (content, storage, E-invoicing etc), which is valid throughout the EU. The Directive aims at reducing the administrative costs of European business. The practical implementation shows that businesses still have to fulfil the individual needs of the Member States, as there are 27 different implementations of this Directive.</p> <p>Further, the provision that invoices sent or made available by electronic means shall be accepted by Member States provided that the authenticity of the origin and the integrity of their content are guaranteed by the following methods:</p> <ol style="list-style-type: none">(1) By means of an advanced electronic signature;(2) By means of electronic data interchange (EDI);(3) Or by other electronic means, subject to acceptance by the Member States concerned. <p>Due to these possibilities there are simply too many and great differences in demands and needs by individual member states. Electronic invoicing in the internal market is therefore hindered and the positive cost effects not gained.</p> <p>There is thus a need for the EU member states to reach a common understanding and implement a practical solution to the problems that arises from the current system.</p>
Simplification proposal	The national implementation of the directive should reach a common ground in order to resolve the practical issues at hand. The solution is to eliminate the differences either on the administrative level or by changing the Directive. A unified implementation of the directive would greatly simplify trading for European businesses.
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PROPOSAL FOR AN OPTIONAL COMMON CONSOLIDATED CORPORATE TAX BASE

The Confederation of Danish Industries has also submitted a similar simplification proposal.

Legislation	An Optional Common Consolidated Corporate Tax Base (CCCTB).
Proposal addressed to	Directorate-General for Taxation and Customs Union
Burden on business	<p>At the moment the enterprises operating in the EU have to comply with up to 27 different tax systems and administrations. Many corporations face international double taxation and lack of cross-border loss offset. Businesses should therefore be given an option to calculate the profit of a group according to an exclusive and comprehensive common method. Such a system has the potential to significantly reduce the administrative and economic burdens on private business. It should be implemented as soon as possible, even if all Member States do not plan to introduce the system from the outset.</p>
Simplification proposal	<p>The Commission is working on CCCTB but it is a long-term project. The Confederation of Swedish Enterprise is very much in favour of an optional CCCTB and agrees with the Commission in its endeavours. The introduction of the CCCTB would enhance transparency at the same time as governments retain their sovereign right to tax and to set tax rates. A one-stop-shop concept should be part of the CCCTB, allowing a Group to file a tax return for the entire group in one single location. Audits should be coordinated through a principal tax authority. Intra-group transactions should be eliminated before the net profit of the group is calculated. An allocation key should then be used to allocate taxable profits to participating member states. This single key should be simple, founded on established international tax principles and designed in such a way that it is not easy to manipulate by governments or corporations. The CCCTB must be consolidated from the very start. Taxation in relation to third countries should, as far as possible, be exempt from taxation and any anti-abuse measures should be kept to a minimum for the sake of simplicity and competitiveness.</p> <p>The CCCTB would enhance economic efficiency, make the EU more competitive and promote the development of an internal market based on market forces. It would, in particular, reduce the risk of international double taxation and it would reduce tax-related compliance costs for businesses. Investments, jobs and welfare would be improved as tax obstacles to cross border activities would be scaled back, in particular in the area of transfer pricing rules and the lack of cross-border loss relief etc.</p>
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Modifying and Improving the EU Legislative Process

To deal with a problem, it is important to identify its source. Therefore, the EU legislative process must be improved to ensure that legislation is appropriate and business-friendly from the start. We have seen some positive developments in recent years, including an improved consultation procedure, better use of impact assessments and the establishment of the Impact Assessment Board. Nevertheless, there is still room for improvement in the EU legislative process.

The Commission has received our messages before. However, we, and our colleagues across the EU, will keep repeating them until the regulatory reform agenda has delivered real tangible improvements for the businesses that we represent. The private sector is, above all, looking for clarity, consistency and stability in the regulatory environment, and thus, lower compliance costs.

Consultation

Draft policy cannot, and should not, mean a prior commitment to legislate. The European business community holds vast expertise and experience in all areas regulated by EU legislation. It is important for the Commission to draw on this resource when considering new policy options. This is the best way of estimating the impact of new proposals on business at an early stage. Effective consultation also helps facilitate greater involvement, understanding and trust in the EU and its institutions.

The Commission has stated that it will take a transparent approach to regulatory reform by involving stakeholders from all over the EU and thus benefit from their input. This approach is welcome. However, the consultation process could be improved.

Consultation, formal and informal, must always take place as officials in the Directorate-Generals are formulating proposals and before proposals go to the Commissioners and their *cabinets*. Consultation with stakeholders must never be merely a 'tick box' exercise.

Impact Assessments

An impact assessment should be carried out for each policy option considered. It is important to involve stakeholders in the development of impact assessments. The following aspects should always be discussed:

- The need for action in a particular area,
- the rationale for action being taken at EU level,
- the basis for the choice of a particular legislative instrument,
- what would happen if no action was taken, or the 'do nothing option',
- how new legislation might be enforced, and
- the potential impact of a policy option on business, including the total compliance cost.

An impact assessment should also take into account how a new policy might affect companies of different sizes and sectors. The ‘think small first’ principle should guide all decisions about new legislation.

Impact assessments must inform the development of new policies. They should be an integral part of Green and White papers and, therefore, of the consultation documents presented to stakeholders. Only then can impact assessments be the tool for estimating the consequences of different options that they should be. Too often, impact assessments are developed as separate documents once decisions have been made on a proposal.

External Quality Control

Generally, the overall quality of impact assessments at EU level has improved since the establishment of the Commission’s Impact Assessment Board (IAB). However, the IAB still has a role to play in ensuring that this improvement continues.

NNR welcomed the establishment of the IAB. However, to enhance its effectiveness as a point of quality control, the IAB should be given the power to stop a proposal going to the Commissioners for approval if there are shortcomings in the impact assessment analysis.

In addition, the opinions of the IAB should be made available to stakeholders at consultation stage, that is, before legislative proposals are published and passed to the legislative institutions. This would add transparency to the system and the opinions could inform the policy development process.

An independent analysis of a new policy initiative would also lend more credibility to the system. BUSINESSEUROPE’s Better Regulation Working Group has previously highlighted that the need for a truly independent IAB merits further discussion.

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The Board of Swedish Industry and Commerce for Better Regulation (NNR) is a non-profit body that works to reduce and simplify business regulations and to minimise companies' submission of information. As its members, NNR has 14 business organisations, representing 300,000 companies. For further particulars about NNR, see www.nnr.se.

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