



EUROPEAN COMMISSION

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OPINION OF THE COMMISSION

**pursuant to Article 294(7)(c) of the Treaty on the Functioning of the European Union,
on the European Parliament's amendment[s]
to the Council's position regarding the
proposal for a**

**DIRECTIVE OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL**

**amending Council Directive 78/660/EEC on the annual accounts of certain types of
companies as regards micro-entities**

(Text with EEA relevance)

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1. INTRODUCTION

Article 294(7)(c) of the Treaty on the Functioning of the European Union provides that the Commission is to deliver an opinion on the amendments proposed by the European Parliament at second reading. The Commission sets out its opinion below on the amendments proposed by the Parliament.

2. BACKGROUND

Date of transmission of the proposal to the European Parliament and 26/02/2009
to the Council
(document COM(2009) 83 final – 2009/0035 COD):

Date of the opinion of the European Economic and Social 15/07/2009
Committee:

Date of the position of the European Parliament, first reading: 10/03/2010

Date of adoption of the Council position: 12/09/2011

Date of COREPER agreement on the second reading compromise: 23/11/2011

Date of Parliament's Legislative Resolution at second reading 13/12/2011

3. OBJECTIVE OF THE PROPOSAL FROM THE COMMISSION

The proposal from the Commission was adopted in the context of the Better Regulation initiative. In providing an option for Member States to exempt micro-entities from the requirements of the Fourth Company Law Directive¹, the aim of the proposal was to simplify and improve the existing regulatory framework so as to limit information obligations resulting from accounting requirements on EU micro-entities in order to:

- reduce the administrative burden; and
- enable alignment of micro-entities' reporting requirements with the real needs of users and preparers of accounts.

4. OPINION OF THE COMMISSION ON THE AMENDMENTS BY THE EUROPEAN PARLIAMENT

The opinion of the European Parliament at second reading is a balanced compromise, making a limited number of amendments to the Council's position.

In a move closer to the original Commission proposal and in order to enable more micro-entities to potentially benefit from a simplified regime, the European Parliament increases the size criteria defining micro-entities as no more than 10 employees, a maximum net turnover of €700,000 and/or a maximum total balance sheet of €350,000 (two of three criteria have to be matched).

It clarifies in Recital 9 the reach of the exemption from publication requirements foreseen in the Council position. As a result, the balance sheet information of micro-entities filed with the public registers should be obtainable to stakeholders upon application, and micro-entities should no longer have to disclose that information by ways of publication in the national gazette nor other equally effective means.

A comprehensive review clause invites the Commission, not later than 5 years after entry into force, to submit a report on the situation of micro-entities taking account in particular of the situation at national level regarding the number of businesses covered under the size criteria and the reduction of administrative burdens resulting from the exemption of the publication requirement.

Finally, it removes, with the Commission's consent, the encouragement for the Member States to draw up correlation tables.

The position of the European Parliament is the result of a compromise obtained at a trilogue held on 9 November 2011.

¹ 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.

5. CONCLUSION

Pursuant to Article 293(2) of the Treaty on the Functioning of the European Union, the Commission accepts the amendments voted by the European Parliament in second reading according to the above described compromise text.