

**Response from the Danish government to the consultation on a simplified business environment for companies in the area of company law, accounting and auditing.**

We welcome the Commission's initiative to launch a consultation on how to simplify the business environment for companies in the area of company law, accounting and auditing.

We are very pleased to see that all the efforts and hard work for achieving better regulation now result in concrete proposals for simplification. The Danish government has committed itself to reduce administrative burdens by up to 25 pct. in 2010 and we have an ongoing national implementation of the government's simplification action plan in order to reach this target. Our work with identifying proposals for simplification has resulted in a thorough analysis of possible simplifications also within the area of EU-regulation in the areas of company law, accounting and auditing.

In this respect we are very pleased to see that progress has been made in order to adopt the first fast track package, in particular the proposal to simplify the 3rd and the 6th company directive and we welcome the Commission's ambitious initiative to propose further simplification of company law. This area concerns many companies and has therefore great potential for reducing costs.

We are looking forward to discussing the more principle matters in detail and we will take an open approach. It is the Danish government's position, that EU regulation in this area bring added value, when there are cross border obstacles that justifies the regulation. Company law is regulated by directives based on minimum harmonisation and Member States has been goldplating existing EU-regulation in this field. Therefore there is no real level playing field that can be jeopardised by this exercise. When it comes to areas which only concerns national issues, in general it is our opinion, that when there are no cross border issues, it should be regulated by national law. But of course there can be exceptions and reasons why it may be appropriate to harmonise

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national issues - in example to ensure transparency for companies with cross border activities.

Therefore we agree to the general approach that all existing regulation that regulates national issues and are not subject to cross border obstacles should be analyzed to identify the value added and reach the conclusion of whether it is appropriate to keep the rules harmonised – considering the principles of proportionality and subsidiarity.

In addition The Danish government supports all the specific proposals on company law in annex 2 and 3.

In the long term perspective it is the government's position that all proposals for new regulation, in particular of national issues where there are no cross-border issues, in the future should be subject to the same procedure in order to identify whether the regulation is necessary and what is the added value.

Denmark supports the Commission's intention to simplify business for small enterprises in the area of accounting and auditing. This will give them an economic advantage to focus their activities on increasing productivity. We agree that exempting micro entities from the scope of the fourth directive could be a way forward and we are prepared to discuss the Commission's proposal to a possible definition of micro entities further. What is essential to the Danish government is that the final solution still leaves it to Member States to decide when and how this should be implemented. The Danish government is committed to a political agreement which entails, that the next simplification exercise on exempting small entities from auditing cannot take place sooner than 2009.

Finally, we would like to encourage the Commission to look into the possibilities to further simplify regulation within this area. Our proposals concern the possibility of making EU harmonised time limits for the publication of financial statements and the possibility of reducing or abolishing the fourth directive's limitations on companies using fair value adjustments as basis for paying dividend. We are also looking forward to discuss these proposals further.