

European Family Businesses (EFB) is the EU Federation of national associations representing long-term family-owned enterprises of all sizes. There are over 14 million family businesses in the European Union accounting for 50% of Europe's GDP and employing 60 million people. Thus, family businesses are a crucial part of the European economic and social fabric. Over the last few years, businesses have been faced with a multitude of challenges, one of which has been the excess administrative burden emerging from reporting requirements which has hindered their growth potential and competitive presence across the Single Market.

Therefore, EFB welcomes the opportunity by the European Commission to contribute to this call for evidence on administrative burdens and rationalisation of reporting requirements. As we seek to focus on European competitiveness, we need to make it easier for Europe's businesses to be able to conduct business in the EU. Hence, removing barriers to growth which emerge from excessive bureaucracy in legislation is a must. For the Commission to achieve the goal set by the President of the European Commission Ursula von der Leyen to reduce reporting requirements by 25%, there is a lot of work to be done.

Examples from businesses where legislation is causing excessive administrative burden

We asked family businesses for examples of EU legislation that brings about high levels of administrative burden.

The Faber Group B.V.'s CEO forwarded us the information provided by the Group Finance Director in which he noted that, *"...the subject that is causing our largest administrative burden is without doubt VAT legislation for cross border transactions/movements. Especially legislation requiring the filing of Intra-community supplies/ Intra-community acquisitions when moving own goods between member states results in a high administrative burden. On second place we would put KYC / UBO legislation, that is becoming ever more cumbersome and time-consuming to comply to."*

Another example came from Ensto. The company's Chairwoman of the board forwarded feedback to us naming the following policies as causing administrative burden, "Below the list of requirements we have at the moment from EU. Although the idea is good and clear – the fact that EU does not provide an integrated solution in form for instance of a portal where those requirements can be collected is an issue not only for my team. Another challenge is that all those requirements are constantly evolving i.e. new requirements are added. It would definitely help if there was one integrated roadmap where we could see them all. As mentioned before because there are no tools we as well as our report tend to report same thing across our supply chains."

1. CBAM – Carbon Border Adjustment Mechanism
2. EPD – Environmental Product Declaration
3. Life Cycle Assessment
4. Product Carbon Footprint (Scope 1&2 and all indirect Emissions Scope 3)
5. Reach - Registration, Evaluation, Authorisation and Restriction of Chemicals.
6. ROCHS evolving requirements
7. EU Due Diligence Act – for worldwide value chains
8. The Packaging and Packaging Waste Directive (PPWD – Directive 94/62/EC)
9. The Conflict Minerals Regulation[i] requires EU-based importers of tin, tantalum, tungsten and gold (also referred to as "3TG") – we have to have declarations...

10. *Simpler requirements like Country of Origin Declaration*

11. *Other random reporting requirements: 11th sanctions package against Russia for metals (difficult to follow that our suppliers should have had some declarations) – again one place for reporting or getting templates and instructions would help.*

...[the] EU should now think [about] how to make it easier to collect and disseminate those requirements. I am sure this is not an exhaustive list by [any] means which we and our suppliers have to fulfill. I did not take into consideration CF6 case when listing the above regulations and reporting requirements.”

Sustainability reporting requirements

When we take the example of sustainability reporting, businesses have to dedicate more time and resources to comply with the Corporate Sustainability Reporting Directive (CSRD) requirements. The sustainability reporting of the CSRD requires external auditing which in turn, means additional costs for businesses. According to the Commission, the average cost per company associated with the initial CSRD proposal is approximately 100,000€ for the first year. These costs will hinder the growth potential of businesses.

Although the Corporate Sustainability Due Diligence Directive (CSDDD) is in the trilogue stage, concerns about the auditing costs, information collection and the time scale that companies have to comply with the requirements have begun to arise. The duplication of efforts and costs is also something that causes concern for businesses. Therefore, to avoid duplicating the efforts of businesses the CSDDD must be clear, concise and consistent with the CSRD requirements and with other existing legislation. Any additional costs and administrative burdens that could occur as a result of companies applying the CSDDD need to be minimised. Notably, the idea of having one place where businesses can add all the information required and update it and that can be used to comply with the different reporting requirements could bring about a reduction in administrative burden.

The once-only principle

To ensure a reduction in administrative burden for businesses when they are complying with legislation, there needs to be consistent reporting and data collection. Therefore, the once-only principle needs to be emphasised and applied in EU legislation and further enforced by the Member States. It is important that businesses do not need to spend extra resources to fill out the same or similar forms to operate across Member States.

The ‘one in, one out’ approach

While the Commission has previously committed to implement the ‘one in, one out’ approach to legislation, to begin to reduce administrative burden this must be consistently applied. While this will not help in reducing legislation per se, it will help the Commission keep in mind the goal to not overburden businesses. Moreover, the Commission’s initiative to include a competitiveness check and an SME test for every new legislation to evaluate the impacts of legislation will help to ensure that there is an effective evaluation of legislation, however, this may not translate into less administrative burden for businesses on its own.

Continuous assessment and easy application of EU legislation

The Commission must assess not only the existing EU legislation but also take into account the proposals for new legislation that are being worked on to ensure that before these are approved and adopted they can be easily applicable without extensive additional burdens pertaining to cost, time and complexity.

Practical implementation of existing EU laws across the EU's Member States must be a priority for the remainder of this mandate and the 2024-2029 mandate. Moreover, focusing on the transposition of EU legislation to ensure that gold-plating is kept to a minimum once it is applied by Member States on a national level will also help businesses and citizens alike. It is important that legislation is not only a rule-setting mechanism but it also offers a guidance tool for its easy application. This will allow businesses to become competitive and to operate with greater ease between different Member States.

Conclusion

It is paramount that legislation is made easily applicable not only for the benefit of businesses which should not have to duplicate their efforts but also for policymakers who will have more consistent data with which to develop and implement legislation going forward. The 'one in, one out' approach and the once-only principle must be applied as a starting point. To reduce administrative burden and to rationalise reporting we encourage the Commission to continue communicating with businesses from different sectors and to communicate with Member States on how to simplify the application of EU legislation without gold-plating. Legislation that is easy to implement and shares clear guidance with businesses on how to comply with it is vital for competitiveness and for the long-term longevity of the business. EFB remains at the disposal of the Commission to help provide insights into the challenges faced by family businesses across the EU.