



**ACCOUNTANCY  
EUROPE.**



**International  
Federation  
of Accountants®**

**UPDATE**



**SME**

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## ACCOUNTANCY EUROPE UPDATES

### ESMA CONSULTATION ON PROSPECTUS REFORM

Accountancy Europe supports the creation of a new prospectus framework that is better tailored to the needs of smaller companies. This is reflected in our [response](#) to the European Securities and Markets Authority (ESMA) consultation on the EU Growth Prospectus (EUGP).

Our response is based on the work we conducted with the European Contact Group (ECG) and the European Group of International Accounting Networks and Associations (EGIAN). We published a [paper](#) on simplified prospectuses, as well as a [model prospectus](#) based on the paper's principles and recommendations.

### THE ROLE OF PROFESSIONAL ACCOUNTANTS IN TAX / QUESTIONS & ANSWERS

The role of professional accountants in the functioning of tax systems has raised questions from actors in the tax environment.

With this [Q&A paper](#), Accountancy Europe answers these questions by focusing on the following 3 points:

- the role of professional accountants in advising taxpayers and tax authorities
- the fundamental principles for accountants to comply with when providing tax advice
- how technology changes the future of tax and what this means for the role of accountants

The profession can contribute to developing fair and sustainable tax systems. We share this responsibility with authorities, lawmakers, lawyers, banks, and taxpayers to ensure sustainable financing for our public services in the future.

### THE CHALLENGE OF ATTRACTING AND RETAINING TALENT

Accountancy Europe launched a [publication](#) on *Keeping the audit profession attractive*. We gathered stakeholder views on the attractiveness of the audit profession, as well as ideas on keeping it attractive.

The attractiveness of the profession is an important challenge that directly relates to issues such as finding and retaining qualified staff. IFAC's 2016 Global SMP Survey found that this is a big challenge for SMPs.

## TECHNOLOGY & THE PROFESSION

Accountancy Europe has launched a webpage where we gather technology related initiatives from our Members. The objective of the [Technology Hub](#) is to keep you informed and fuel the technology debate. You will find answers to questions ranging from cybersecurity to blockchain.

## STAY INFORMED ON EU POLICY

Also check our monthly [Newsletter](#) and other [updates](#). You can subscribe to them [here](#).

## EUROPEAN DEVELOPMENTS

### COMMISSION PROPOSES NEW RULES FOR THE FREE FLOW OF DATA

The Commission has [published](#) a Proposal for a Regulation on a framework for the free flow of non-personal data in the European Union. The issues addressed in the initiative become increasingly relevant for the profession as more accountancy practices move to the cloud. Earlier this year, Accountancy Europe's SME Forum called for the removal of data localisation measures.

The proposal aims to achieve a more competitive and integrated internal market for data processing services by:

- improving the mobility of non-personal data across borders
- ensuring access to data by competent authorities for regulatory control purposes
- making it easier for professional users of data processing services to switch service providers

In practical terms, the proposal wants to make it possible for German accountants to store their accounting data in the cloud via a Swedish cloud service provider. Meanwhile, German authorities are guaranteed that they can still access the data for their regulatory control activities.

The Commission believes SMEs will primarily benefit from the initiative, as free movement of non-personal data will reduce their costs and favour a more competitive market position.

### SMALL CLAIMS PROCEDURE REVISED: EVEN EASIER FOR SMES TO SEEK JUSTICE

On 14 July, the revised [European Small Claims Procedure](#) entered into force. The Procedure helps SMEs with customers in another EU country, for example when the customer refuses to pay for goods or services.

Under the revised procedure, the threshold rises from €2,000 to €5,000. The new rules also enhance the use of technology and will limit unnecessary travelling. Finally, court fees will have to be proportionate to the value of the claim. The Procedure was introduced in 2007 and has already reduced the average length of court proceedings from 2.5 years to 5 months.

### WHAT DO THE NEW EU DATA PROTECTION RULES MEAN FOR YOU?

Different reports demonstrate the challenge for SMEs to comply in time with the new EU data protection rules (GDPR), which will enter into force on 25 May 2018.

[One report](#) noted that "far too few small and medium-sized companies understood GDPR". Find out what it means to you in our [GDPR SME Infopack](#).

[Another report](#) suggests that around 75% of cloud service providers are not yet in compliance with the GDPR. This is an important weak spot for GDPR compliance for SMPs that work with cloud service providers. Find out how to deal with this on p 4 of our [GDPR SME Infopack](#).

## TAKE THE CYBERSECURITY TEST

As the accountancy profession is increasingly getting digitalised, it is crucial that we ensure the same level of protection for our clients' privacy as in the real world.

How much do you think you know about cybersecurity and data protection? Find out through this short [test](#) from the EU's cybersecurity watchdog.

If you don't score a 10/10, you can find useful guidance in our [Technology Hub](#).

## IFAC UPDATES

### CREATING VALUE FOR SMES THROUGH INTEGRATED THINKING

A new publication [Creating Value for SMEs through Integrated Thinking: The Benefits of Integrated Reporting <IR>](#) from IFAC & the International Integrated Reporting Council helps small- and medium-sized entities adopt integrated thinking & reporting and understand the benefits.

### LATEST GATEWAY ARTICLES AND VIDEOS

- [For Small Businesses, Trust Goes Beyond the Numbers](#)
- [An SMP Perspective on Proposed Changes to the IESBA Code of Ethics](#)
- [Transforming Challenges into Opportunities: Attracting New Clients](#)
- [Transforming Challenges into Opportunities: Regulations & Standards](#)
- [Transforming Challenges into Opportunities: Competition](#)
- [Transforming Challenges into Opportunities: Fee Pressure](#)
- [Technology Brings Opportunities to Attract Young Talent](#)
- [Integrated Thinking & Reporting Requires Trusted Advisors: Guiding Your SME Clients](#)
- [Integrated Thinking: A Pillar for Integrated Reporting](#)

## INTERNATIONAL UPDATES

### COMMENT LETTERS

The IFAC Small and Medium Practices (SMP) Committee submitted a [comment letter](#) to the International Ethics Standards Board for Accountants (IESBA) in response to its Exposure Draft, *Proposed Application Material Relating to Professional Skepticism and Professional Judgment*. Comments included that the concept of professional skepticism as defined in the International Standard on Audit was not designed for activities beyond assurance activities and strongly supporting continued coordination between the tripartite Professional Skepticism Working Group.

The IFAC SMP Committee submitted a [response](#) to the online survey to shape IESBA's future strategic direction. Comments included strongly supporting the intended pause in any new changes to the [Code of Ethics for Professional Accountants](#) becoming effective and a focus on fact gathering initiatives and active monitoring of developments.

A [comment letter](#) was submitted to the International Auditing and Assurance Standards Board (IAASB) in response to the Exposure Draft, *International Standards on Auditing 540 (Revised), Auditing Accounting Estimates and Related Disclosures*. Comments included that the proposals were over-engineered in some respects and whilst supporting the notion of low inherent risk as a threshold, to foster consistent treatment it will need to be explained more thoroughly, and its relationship to the risk of material misstatement further explored.

The IFAC SMP Committee is currently formulating a response the IESBA's [Fees Questionnaire](#) and Exposure Draft, [Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements](#). **All SMPs are invited to comment.**

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