



TECHNOLOGY

01 February 2017

POLICY DEVELOPMENTS

DATA LOCALISATION MEASURES UNDER SCRUTINY

On 10 January, the European Commission (EC) published its Communication *Building a European Data Economy*. The EC aims to tackle restrictions on the free movement of data (data localisation measures) within the EU. Such measures should reduce the price of data services (e.g. **cloud computing**) and increase their availability.

The EC identified the accountancy sector as one of the sectors with the most (unjustified) data localisation measures. Thus the EC will be looking at national taxation and accounting laws that restrict where practitioners can store their data. E.g. requirements for businesses to store accounting documents in their Member State or business employees' payroll accounts at the location of their place of the business.

The EC will enter now into dialogue with Member States and other stakeholders regarding the justifications for and the proportionality of data localisation measures. This may be followed by enforcement actions against Member States. Accountancy Europe is considering to participate in the public consultation.

GLOBAL DATA PROCESSING TO BECOME EASIER

On 10 January, the EC presented a Communication setting out a strategic framework for international transfers of personal data. The aim of the framework is to facilitate commercial exchanges, while ensuring a high level of data protection. Such a solid framework is important. Last year a data transfer agreement with the US was struck down, causing major uncertainty for companies that processed their data in the US.

Among other things, the EC will prioritise discussions on possible adequacy decisions with key trading partners. An adequacy decision would allow personal data to flow freely between the EU and a non-EU country, provided that the country has adequate standards of data protection.

The EC will also seek to promote EU data protection standards internationally. This would make it easier for practitioners to make use of data processing services (e.g. cloud storage) of businesses outside the EU.

NEW GUIDANCE ON EU DATA PROTECTION RULES

The Article 29 Data Protection Working Party (WP29) published some guidelines and FAQs for businesses to facilitate their compliance with the EU's General Data Protection Regulation (GDPR). The guidelines cover three topics: (i) the right to Data Portability, (ii) Data Protection Officers (and (iii) the Lead Supervisory Authority. WP 29 is an independent advisory body with representatives from Member States and EU institutions. It advises the EC and the Member States on issues related to the Data Protection Directive.

WP 29 also confirmed that it will take on the role the EU's individual complaint handling body set up under the Privacy Shield mechanism to channel complaint requests regarding data transferred to the U.S. for commercial purposes and further accessed for national security purposes. The Privacy Shield is an agreement with the US that allows the transfer of personal data from the EU to the US, provided that the same level of data protection is ensured.

PRIVACY SHIELD CHALLENGED

Digital Rights Ireland has filed a legal challenge against the EU-US Privacy Shield, claiming that the agreement provides insufficient privacy protection. This 'adequacy decision' guarantees that the US has adequate data protection and therefore allows companies such as Facebook, Google or Microsoft to transfer data from the EU to the US. It is also crucial for **cloud services'** providers which have their servers located in the US. When the predecessor of the Privacy Shield (the Safe Harbour Agreement) was struck down, it created major legal uncertainty for audit and accountancy firms. It is expected to take at least one year before the court rules on the case.

Similarly, the Quadrature du Net, French Data Network, and Fédération des Fournisseurs d'Accès à Internet Associatifs have challenged the Privacy Shield for not respecting the Charter of Fundamental Rights of the European Union.

ACCOUNTANCY EUROPE (MEMBER) INITIATIVES

ICAEW: "HOW ARTIFICIAL INTELLIGENCE WILL IMPACT ACCOUNTING"

The Institute of Chartered Accountants in England and Wales published an article on whether **artificial intelligence** is cause for concern, or a new avenue for accountants and the profession.

"[...] Accountants have a 95% chance of losing their jobs as machines take over the number crunching and data analysis". (University of Oxford)

ACCOUNTANCY EUROPE: "MOVING TO THE CLOUD"

We issued this Information Paper to examine the basics of the what, why, and how of **cloud computing** to help accountants to best support their SME clients which make up 99.8 % of EU businesses

"Cloud computing can potentially improve your service level to your clients, give you new services to offer to them, and deliver these at a lower cost. It can enhance your flexibility, harness the power of Big Data, and, thereby, keep you relevant in the eyes of your clients".
(Accountancy Europe)

ROBOTS ARE TAKING OVER

JAPANESE COMPANY REPLACES OFFICE WORKERS WITH ARTIFICIAL INTELLIGENCE

The Guardian [reported](#) that **Artificial Intelligence (AI)** replaced 34 employees in a Japanese insurance firm. The AI can calculate payouts to policyholder. The firm believes that the AI will increase productivity by 30% and see a return on its investment in less than two years.

GOODBYE PAPER, HELLO ROBOTS

Accounting Today posted an article called '[Goodbye Paper, Hello Robots](#)', which discusses the so called 'paper mind-set' and how it is about to change. Young CPAs should prepare for a new feature of the accounting department: **robots**.

"Process robotics is changing this factor for the entire industry, and the pace of innovation has surprised even me. [...] This is a chance for accountants to up their relevance – but it will require new skill sets and finally saying goodbye to the paper mind-set."
(Steve Palomino)

THE AGE OF ANALYTICS

The McKinsey Global Institute (MGI) released a report world in December 2016 about the potential of **big data** and how to take full advantage of it by incorporating analytics into the strategic vision of a company and its usage to make better, faster decisions.

"45 percent of work activities could be automated using current technologies" (MGI)

UPCOMING EVENTS

- 9/02/2017: *Artificial and Human Intelligence: a winning mix, no zero-sum game*, DIGITALEUROPE, Brussels. [See website](#).
- 21/03/2017: *European Consumer Day 2017 - The Digital Single Market: How does it benefit consumers?* European Economic and Social Committee, Malta. [See website](#)
- 29/03/2017: *Digital Day*, Accountancy Europe, Brussels. [Register here](#).

ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 50 professional organisations from 37 countries that represent close to **1 million** professional accountants, auditors, and advisors. They make numbers work for people. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.

Accountancy Europe is in the EU Transparency Register (No 4713568401-18)