



**EFAA FOR SMES  
PRIORITIES FOR THE  
EUROPEAN PARLIAMENTARY  
ELECTIONS IN 2024**



## ABOUT EFAA FOR SMEs

The European Federation of Accountants and Auditors for small and medium-sized enterprises, [EFAA for SMEs](#), is an umbrella organisation for national accountants', auditors' and tax advisors' organisations whose individual members provide professional services primarily to SMEs in Europe. EFAA has 15 members throughout Europe representing more than 400 000 accountants, auditors and tax advisors, who are mostly small- and medium-sized accountancy practices (SMPs). EFAA is a sectorial member of [SMEunited](#), a member of [EFRAG](#), a member of [Early Warning Europe](#) and an [IFAC](#) network partner.

## OVERVIEW

Small- and medium-sized accountancy practices (SMPs) play an invaluable role in society by ensuring sound financial management, transparency and integrity of companies as well as by contributing to tax and regulatory compliance. Furthermore, accountants adhere to strict ethical standards, which include maintaining objectivity, confidentiality, and integrity. The work of accountants helps to build trust and confidence in the information on which capital markets rely, benefiting both the organizations they serve and the broader public interest.

*“Small and medium-sized accountancy practices (SMPs) are vital partners of SMEs in the journey of transition, helping SMEs navigate financial resilience, technological advancements and sustainable practices.”*

Europe's SMEs and SMPs are undergoing both a digital and a sustainability transition. SMPs are vital partners of SMEs in the journey of transition, helping SMEs navigate financial resilience, technological advancements, and sustainable practices. Many SMPs have already embraced technological transformation. Leveraging technology has enabled SMPs, not only to increase the efficiency of their traditional compliance-oriented accounting tasks, but also to become strategic advisors to SMEs. SMPs, being SMEs themselves, are experiencing the same technological and digital transition as their clients, which provides them with unique insights to support their SME clients in the same transition. For this reason, SMP involvement is essential in helping economy and society in general, and SMEs in particular, to achieve a successful sustainable transition. SMPs provide advisory services to businesses ranging in size and complexity from simple micro enterprises through to complex medium enterprises and that advice is tailored to meet the specific needs of the particular SMEs. It is essential that any policy or regulation that impacts, directly or otherwise, SMEs and SMPs be considered carefully and take full account of their views since the stability and prosperity of the EU economy crucially depends on the well-being of SMEs. In other words, supporting the growth and competitiveness of SMEs and SMPs can contribute to fostering a dynamic and resilient EU economy and society.

## EFAA for SMEs PRIORITIES for 2024-2029

**1. Reduce the  
Complexity of EU  
Regulation**

**2. Consult  
Organisations  
Representing  
Small- and Medium-  
Sized Practitioners  
(SMPs)**

**3. Improve  
Financial Literacy**

**4. Foster  
Sustainability  
knowledge and  
Sustainable Best  
Practices**

**5. Promote the  
Understanding and  
Use of AI**



## 1. Reduce the Complexity of EU Regulation for SMEs

The current EU regulatory environment fails to serve the needs of SMEs and of their trusted advisors, small- and medium-sized accountancy practices (SMPs). Red tape and complex and ever-changing regulation make it extremely difficult for SMEs and SMPs to grow in a resilient and sustainable way.

SMPs have an in-depth knowledge of the relevant legislation and of the challenges and opportunities their SME clients face. SMPs advise SMEs on all aspects of the vast range of legal requirements that SMEs must comply with, including requirements that go well beyond those traditionally addressed by accountants.

Furthermore, SMP are increasingly evolving into digital and sustainable service providers offering modern and high-quality products adapted to the needs of their clients of today and of the future. Such a crucial transformation requires considerable investment in both expertise and infrastructure. Therefore, in order to safeguard these investment costs, the European legislator also needs to ensure a simple and stable professional framework in the single market.

### OUR RECOMMENDATIONS

- ◆ Permanently reduce the complexity of the regulatory environment by thoroughly embracing the “Think-Small-First” approach, adopting the one-in-one-out principle, and examining whether current legislation is “fit for purpose”. Eliminate all burdensome reporting and other bureaucratic obligations for SMEs and SMPs which are duplicative or have an adverse cost-benefit.
- ◆ Focus on the rigorous implementation of existing regulation, and in particular of that introduced during the 2019-2024 mandate, before introducing new regulation.
- ◆ Leverage the experience of SMPs in the development of smart regulation centred on the ‘Think-Small-First’ principle.

## 2. Consult Organisations Representing Small- and Medium-Sized Practitioners (SMPs)

Since 2008, a series of crises have disrupted the European economy and society. The [European Green Deal](#) is an ambitious growth strategy which aims to transition the EU economy to a sustainable economic model. However, excessive, and fragmented EU regulation continues to impede the EU’s ability to respond to emergencies and adapt to rapidly changing circumstances.

Small- and medium-sized accountancy practices (SMPs) play an essential role in the EU economy and society. SMPs contribute, not only by ensuring the timely and efficient collection of fair and accurate taxes to fund the provision of public services, but more generally to the growth and stability of the economy and the overall well-being of society.

SMPs are the preferred trusted advisor to SMEs and as such play a key role in driving the sustainable transition of SMEs, in the fight against financial crime, and in advising SMEs on how to access finance and enhance their sustainable growth. SMPs are uniquely placed to support and enable the dual transition – digital and sustainable – of SMEs.

## OUR RECOMMENDATIONS

- ◆ The EU SME envoy should closely consult organisations representing SMEs, including sector-specific representatives. As proposals go through the legislative process the EU SME envoy should be responsible for ensuring that unjustified bureaucratic burdens on SMEs are not introduced by any EU Institution.
- ◆ When developing rules on the wide range of issues impacting SMEs, including those not related to accounting, assurance, advisory and tax services, legislators should always consult representatives of the accounting profession especially those representing SMPs, whose expertise can help assess whether laws are proportionate and designed in compliance with the think-small-first principle.
- ◆ More generally, the potential for SMPs to play a more strategic role in the EU economy and society needs to be recognised and enabled by simplifying current regulation of the market for professional services, thereby giving SMPs the opportunity to more easily transition from compliance work to the role of trusted advisors to SMEs on a wider range of topics, including the digital and sustainable transition.

### 3. Improve Financial Literacy

The European Commission has repeatedly said that [financial literacy in the EU](#) needs to improve. Financial literacy has a significant impact on individual citizens as well as on welfare in general. Improving financial literacy would help citizens and businesses respond more quickly to a changing labour market, a market that demands the development of new skills and the ability to quickly adapt to the changing nature of work. These challenges, together with aging population, in turn impact significantly the work of the accountancy profession.

Many Small- and Medium-Sized Accountancy Practitioners (SMPs), just like their SME clients, face significant challenges in finding an appropriate work-life balance, managing career choices and expectations, meeting financial obligations, and keeping up with rapid technological change.

EFAA for SMEs welcomes the EC's efforts and the publication of the [joint EU/OECD-INFE financial competence framework for children and youth](#). 2023 was the [European Year of Skills](#). While excellent progress was made last year at the EU level, this must widen and deepen through 2024 and beyond.

## OUR RECOMMENDATIONS

- ◆ Increasingly promote financial literacy from an early age at school. Some EFAA member organisations are already partnering with schools and universities and are generally ready and available to share best practices and experiences.
- ◆ Enhance the development and application of soft skills that contribute towards a productive workplace.
- ◆ Encourage and support SMEs and SMPs in their effort to invest in adult learning, skills development and capacity building.

## 4. Foster Sustainability Knowledge and Sustainable Best Practices

The [European Green Deal](#) aims to turn climate and environmental challenges into opportunities and make the transition just and inclusive for all. The adoption of the [CSRD](#) is a significant step forward and makes the EU at forefront of global efforts to promote sustainability.

Small- and Medium-Sized Accountancy Practitioners (SMPs) are currently investing energies and resources to get ready and be able to offer a range of sustainability services to their SME clients from advising them on how they can adopt sustainable business practices and improve their sustainability performance through to helping them prepare and provide assurance on their sustainability reports. These efforts need support from the relevant authorities.

### OUR RECOMMENDATIONS

- ◆ Recognise and promote the role of SMPs as ambassadors and enablers in the sustainable transition of SMEs.
- ◆ Ensure that sustainability reporting and assurance requirements are proportionate and relevant to SMEs
- ◆ Incentivise SMPs and SMEs to adopt sustainable business practices, for example by facilitating access to finance or awarding tenders to SMEs and SMPs that are ESG-friendly.

## 5. Promote the Understanding and Use of AI

The European economy and society benefit from a competitive business environment. The role of emerging technologies, not least generative artificial intelligence (AI) in fostering innovation, economic growth and competitiveness continues to grow. It is essential, however, that adoption and application of AI in the provision of accountancy services is ethical and human centric. Accordingly, EFAA for SMEs welcomes the [AI Act](#) and the [European approach on AI](#).

The digital transformation and, more specifically, the AI literacy of small- and medium-sized accountancy practices (SMPs) are key to their gaining a better understanding of their SME client's needs and provide them more effective support. SMPs can act as catalysts for innovation, helping SMEs generate new revenue streams and transform their business models.

### OUR RECOMMENDATIONS

- ◆ Promote and regulate the use of AI to facilitate the provision of efficient, effective and economic accountancy and advisory services.
- ◆ Help ensure that the use of AI in the conduct of accountancy services adheres to ethical requirements including privacy and confidentiality.
- ◆ Incentivise SMEs and SMPs to embrace technological and cultural change and develop new capabilities, skills and mindsets to help them adapt to these changes.
- ◆ Ensure that the legal environment evolves in lockstep with the fast pace of technological advancement.



## SPECIAL RELATIONSHIP BETWEEN SMEs AND SMPs

SMEs have unique characteristics that set them apart from larger businesses. An important characteristic is that most of their business relations are based on intimate and highly personal cooperation and mutual trust. Hence, SMPs need to provide services tailored to the individual needs of SMEs, their stakeholders, and the users of their financial and sustainability reports. SMPs, who are SMEs themselves and are equipped with expertise and insights gained from multiple SME clients, are best placed to do this.

SMPs, as professional accountants, are required to comply with high standards of integrity and competence embodied in strict ethical codes and educational requirements. When providing professional services to their clients, SMPs are required to apply professional standards. This helps ensure SMPs consistently provide high-quality services.

Europe's SMEs are undergoing a twin transition – a digital one and a sustainability one. SMPs are uniquely placed to support and enable this transition. SMPs can help and collaborate in driving the dual transition of SMEs.

## ABOUT SMALL- AND MEDIUM-SIZED ACCOUNTANCY PRACTICES (SMPS)

SMPs are the most important and trusted business advisors of SMEs and personal advisors of SME owner-managers. This advice helps them address challenges and navigate difficult economic situations as well as leverage opportunities. Advice ranges from the technical through to the strategic, from that which lies at the core of their education, training, and experience, such as compliance with accounting regulation, through to that garnered from experience with multiple SME clients, such as industry knowledge and market positioning. SMPs provide a range of professional services to SMEs as shown below.



**Accounting** – these services help SMEs accurately and efficiently record their financial and non-financial transactions so they can effectively plan, control and manage their business, as well as help them summarize, analyse and report financial and sustainability information to investors and lenders, oversight agencies and regulators.



**Tax** – these services range from helping SMEs compile their tax returns and pay their taxes in a timely and efficient manner through to helping them plan so that they pay what is legal and fair.



**Advisory services** – can help SMEs in various ways from gaining insights from their financial and sustainability information to better plan, control and direct their business, gaining access to finance and efficiently comply with regulation through to growing their businesses internationally, sustainably and safe from cyber-attack.



**Audit and assurance** – these services help SMEs improve the quality of their internal and published financial and sustainability information, in turn fostering trust and confidence in this information by investors, owner-managers, lenders and other stakeholders, as well as serve as a check on accounting systems and records, provide useful advice to management and improve internal control.

New and emerging professional services include advice on early warning, business resilience and continuity, intellectual property management, and sustainable business practices.

In addition, we foresee significant growth in the reporting and assurance on sustainability information.

# EFAA for SMEs Member Organisations



Think Ahead

Association of Chartered  
Certified Accountants –  
ACCA



The Association of  
International Accountants –  
AIA



Association of Professional  
Financial Managers of  
Azerbaijan – APFM



Chamber of Auditors of  
Azerbaijan Republic – CAAR



Chamber of Accounting  
Services (GZS – Zbornica  
racunovodskih servisov)



CAMERA AUDITORILOR FINANCIARI  
DIN  
ROMÂNIA

Chamber of Financial  
Auditors of Romania – CAFR



Conseil national de l'ordre  
des experts-comptables –  
CNOEC



Consejo General de  
Economistas – CGE



Deutscher  
Steuerberaterverband e.V. –  
DStV



Instituut van de  
Bedrijfsrevisoren/ Institut  
des Réviseurs d'Entreprises –  
IBR-IRE



Albanian Institute of  
Authorized Chartered  
Auditors – IEKA



Institute for Tax Advisors and  
Accountants – ITAA



Nederlandse  
Beroepsorganisatie van  
Accountants – NBA



Ordem dos Contabilistas  
Certificados – OCC



Society of Certified  
Accountants and Auditors of  
Kosovo – SCAAK