



## The potential of SBR at EU level

### Introduction

Standard Business Reporting (SBR) provides governments and businesses with an unequivocal, cost-effective, secure and adaptable method for the exchange of business information between organisations in a reporting chain based on open standards.

SBR is a public-private partnership which aims to standardise data definitions, processes and technology to reduce the administrative burden for businesses and government.

A broad adoption of standards leads to a level playing field for public and private partners. More competition and innovation enable a network effect and economies of scale.

### International showcase

Standard Business Reporting is based on well-known open standards that are in use by many other countries today. The specific approach of the Netherlands – setting up public-private governance, defining process definitions, among others – is well documented and easily transferred.

Written by researchers, the book “Challenging the Chain” describes the scientific and practical basis for SBR. The book was recently translated to English and is available for free at <http://www.challengingthechain.com>.

Private parties, government agencies and SBR regularly present the case on international conferences.

### International use of SBR

Countries all over the world have introduced XBRL as the technology for digital reporting, replacing paper-based reporting. However, countries start to realize that ad-hoc digitization of individual reporting flows does not reduce the administrative burden for businesses.

Increasingly, countries start to embrace the methodology SBR, which provides a fully-fledged framework and mechanism to digitalize reporting.

Currently, Australia is also implementing Standard Business Reporting, and a number of governments are very interested in the approach (e.g. Denmark, Sweden, Finland, Canada, Taiwan, Poland, Slovenia, USA).

The Dutch SBR program has made active contributions to the Action Plan for the new US administration in the field of Open Data. It concerned the formulation of the 24th recommendation “Launch a Standard Business Reporting Program that will ultimately help businesses lower costs and reporting burdens.”

EU	Status	Reporting
Denmark	Starting with national harmonized reporting solution	Business register, tax, credit reporting
Finland	Full SBR program	Business register, tax
France	Business register is interested in starting up SBR	Business register
Germany	Single (private) gateway for reporting	Business register, tax, credit reporting
Netherlands	Full SBR program	Business register, tax, statistics, credit reporting, education, housing, etc.
Poland	Introduction of SBR	
Slovenia	Introduction of SBR	
Sweden	Introducing SBR program after pilot; tax office will join	Business register, tax, statistics

Non-EU	Introduction of SBR	Reporting
Canada	Introduction of SBR	
United States	Introduction of SBR for DATA Act	
Australia	Full SBR program	Business register, tax, pensions
New Zealand	Introduction of SBR after positive business case by government	Business register, tax
Singapore	Business register started an SBR program and is currently discussing further development with tax service.	Business register

## International application of SBR

International bodies, such as the OECD, UN and the European Union recognize the importance of creating open, competitive markets, without barriers. The use of open standards contributes to achieve these goals.

Initiatives like the Digital Single Market Strategy, ISA<sup>1</sup> and ISA<sup>2</sup> emphasize the importance of interoperability in the market place, and for public administrations.

Standard Business Reporting is a powerful methodology to contribute to interoperability, real time reporting (machine-2-machine) in a cross-border setting, by standardising<sup>2</sup> on data definitions, on processes and on technological standards. The following paragraphs describe scenarios where SBR could help.

### Leveraging ESMA's ESEF

ESMA is currently implementing the European Single Electronic Format (ESEF) as a mandatory format for annual reporting by listed companies. The SBR methodology could be used to apply ESEF's format and definitions to related reporting obligations for listed companies (e.g. national regulators, stock exchanges, etc.).

### Interoperability of business registers

Where the Business Registers Interconnection System (BRIS) finally provided a system for searching and identification of companies across Europe, it is still hard to compare the status and performance of non-listed companies.

Although some information is not comparable for legal reasons (local GAAP), the SBR methodology could be used to identify and harmonize data definitions that are comparable between member states.

### Standardisation of transactional data definitions

SBR could be applied on a European and member-country level to harmonize and clarify data definitions, in order to facilitate reporting, lower administrative burden, and increase competitive products and services in the European internal market. One example is the Referential<sup>3</sup> Chart of Accounts project in the Netherlands. A European Referential Chart of Account would improve interoperability greatly. Existing projects, such as Core Vocabularies<sup>4</sup>, can be leveraged.

Technological standards, such as eXtensible Business Reporting Language<sup>5</sup> (XBRL), could be used for universal expression of data definitions.

### Harmonization of European regulations

With regulation burdens increasing, it is important to provide regulations and reporting obligations in standardised computer-readable formats and to re-use definitions as much as possible in order to increase the interoperability of the Digital Single Market. The use of open standards, such as eXtensible Business Reporting Language (XBRL) should be considered as the open standard for this purpose.

Several initiatives already exist within Europe, such as the EC's REFIT<sup>6</sup> project and the ECB's BIRD<sup>7</sup> project. However, these projects are run by itself, often try to reinvent the wheel, and lack a unified approach.

In order to expand these projects to other sectors, the SBR methodology could serve as a blueprint for interoperable reporting among sectors and between Member States.

## Next steps

The Netherlands proposes a study at EU level to investigate the advantages and potential of SBR at EU level in order to improve interoperability and to overcome fragmentation of the Digital Single Market, thereby respecting national sovereignty in the first place.



<sup>1</sup> ISA: Interoperability solutions for public administrations, businesses and citizens

<sup>2</sup> Standardisation doesn't necessarily require harmonisation; dictionaries are useful to understand differences as well

<sup>3</sup> A referential chart of account is different from a standardised chart of account, in the sense that it can be applied voluntarily and is tolerant to country-, or sector-specific definitions.

<sup>4</sup> Core Vocabularies is an ISA<sup>2</sup> project. [https://ec.europa.eu/isa2/solutions/core-vocabularies\\_en](https://ec.europa.eu/isa2/solutions/core-vocabularies_en)

<sup>5</sup> XBRL is a standard for semantic data modelling, which is recognized by the European Multi Stakeholder Platform on ICT Standardisation

<sup>6</sup> REFIT - Regulatory Fitness and Performance: [https://ec.europa.eu/info/law/law-making-process/overview-law-making-process/evaluating-and-improving-existing-laws/reducing-burdens-and-simplifying-law/refit-platform\\_en](https://ec.europa.eu/info/law/law-making-process/overview-law-making-process/evaluating-and-improving-existing-laws/reducing-burdens-and-simplifying-law/refit-platform_en)

<sup>7</sup> BIRD - Banks Integrated Reporting Dictionary: <http://banks-integrated-reporting-dictionary.eu/whatisbird>