

A foundation for better law: five years of bureaucracy reduction and better regulation

2011 Federal Government Report pursuant to Section 7 of the Act on the Establishment of a National Regulatory Control Council

April 2012

**Bureaucracy Reduction
Time for essentials**

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Preface

In 2011, the Federal Government achieved important milestones in implementing its Programme for Bureaucracy Reduction and Better Regulation and laid important groundwork for the future. This report traces the development of the administrative and compliance costs over the year ending on 31 December 2011 and provides an initial outlook regarding the development of the ongoing tasks of bureaucracy reduction and better regulation.

The Federal Government's main goals remain to minimize the burden of legal compliance and keep it at that level, and to maximize and safeguard the quality of legislation, its effectiveness, its clarity and its acceptance by society.

The year under review is above all characterized by four main decisions. As promised in 2007 and reaffirmed in 2010, the Federal Government took all the measures required to bring about a 25% net reduction in administrative costs for business. In addition, important measures were taken to preserve the success already achieved, such as extending the mandate of the National Regulatory Control Council, the adoption of the Guidelines for Identifying Compliance Costs in Legislative Proposals by the Federal Government, and the preparation of the Work Programme on Better Regulation approved in March 2012.

I would like to thank the members and employees of businesses, associations and self-governing organizations, of federal, *Länder* and local government authorities, and particularly of the National Regulatory Control Council and the federal ministries. Together they have contributed their expertise and experience to a large number of projects, and the significant reductions achieved would not have been possible without them. The enhancement of the procedures applied to prepare legislative drafts by the Federal Government also contributes to a culture of better regulation. Transparency, participation and the provision of empirically verified facts and figures enable well-informed political decision-making. They are the hallmarks of a culture of better regulation.

A handwritten signature in blue ink, consisting of a stylized 'EK' followed by a long, flowing line.

Eckart von Klaeden
Minister of State to the Federal Chancellor,
Federal Government Coordinator for
Bureaucracy Reduction and Better Regulation

A. Aims and organization of the Programme for Bureaucracy Reduction and Better Regulation

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A.1 Status and organizational integration

In its Programme for Bureaucracy Reduction and Better Regulation officially adopted on 25 April 2006, Germany's Federal Government decided to measurably reduce administrative costs incurred by businesses, citizens and public authorities to an absolute minimum. At the end of February 2007, the Federal Government adopted its reduction target, decreeing that by the end of 2011, the annual burden on businesses resulting from compliance with government information obligations was to be reduced by a quarter. This national target was closely linked to the efforts of the then German EU presidency to significantly reduce the administrative burdens entailed by EU legislation at the European level. The interaction of reduction activities at various levels was intended to ease the burden on small and medium enterprises in particular and to ultimately cultivate new opportunities for growth and employment.

The Federal Government assigned the coordination of the necessary action to the Minister of State to the Federal Chancellor, who chairs the State Secretaries' Committee on Bureaucracy Reduction – the responsible steering body in the Federal Government. Meanwhile, the technical implementation of the government programme is coordinated and monitored by the Better Regulation Unit at the Federal Chancellery. It advises all the federal ministries – which are individually responsible for initiating their own reduction measures – and supports the State Secretaries' Committee on Bureaucracy Reduction in its steering tasks. One of the main tasks of the Federal Statistical Office, a service provider of the Federal Government, is to evaluate existing data and produce cost estimates. It is also responsible for setting up and maintaining the databases required for reporting and monitoring. Under

Section 7 of the Act on the Establishment of a National Regulatory Control Council (NKRK), the Federal Government has to submit an annual report to the German Bundestag on the status of bureaucracy reduction and better regulation.

On 27 January 2010, the Federal Cabinet decided to expand the Programme for Bureaucracy Reduction and Better Regulation and to address the entire burden for compliance with legal obligations placed on citizens, businesses and public authorities. Better regulation thus became a separate political goal, requiring both close scrutiny of the actual burdens and close cooperation with all the agencies involved in legal and administrative enforcement.

A.2 The National Regulatory Control Council

The Law on the National Regulatory Control Council (NKRK) adopted by the German Cabinet on 25 April 2006 provided for the establishment of an independent advisory and supervisory body to be known as the National Regulatory Control Council (NKR). In organizational terms, the NKR is attached to the Federal Chancellery. It has its own secretariat, whose staff answer solely to the NKR, and it submits an annual report on its activities to the Federal Chancellor.

Initially, the NKR's main responsibility was to assist the Federal Government in reducing the existing administrative costs of information obligations and avoiding new burdens in legislative drafts by the Federal Government. It was also responsible for monitoring the uniform application of the Standard Cost Model (SCM). The NKRK Amendment Act dated 16 March 2011 substantially expanded the powers of the NKR by compelling the federal ministries to quantify the total measurable compliance costs.

As a result, the NKR now examines the plausibility of the compliance costs incurred by citizens, business and the administration as reported by the ministries. It also checks

whether EU directives are implemented to the letter and reviews the considerations given for limiting the validity of laws, as well as for the need to evaluate them.

The federal ministries request the NKR to review their figures early on (ex ante procedure). The NKR submits its final assessment once a bill is ready for consideration by the Cabinet. By involving the NKR in the early stages of proposed regulations, its findings can be taken into account in good time in order to make the quantification of compliance costs clearer and to ensure that the SCM has been properly applied, in line with the NKR's statutory mandate.

Within the NKR, ministries' details of compliance costs and any (cost-cutting) alternatives are examined using the "rapporteur system", in which each member of the NKR is responsible for one or two ministries and reports to the rest of the council before decisions are taken. Resolutions are passed by a majority of members (although in practice they are unanimous) – usually at meetings which are held mostly weekly, although in urgent cases, decisions may be taken by way of circulation in writing.

As well as advising and assisting the Federal Government in ex ante procedures for proposed regulations, the NKR also supports it in its efforts to cut the existing costs of bureaucracy (ex post procedure). In a series of "Made easier..." projects in areas such as financial support for students, child benefit and housing benefit, the NKR cooperated with the Federal Government, the *Länder* and local authorities to identify and institute overarching measures. Thanks to its dual role as both catalyst and inspector, the NKR has made a major contribution to cutting red tape for businesses.

A.3 Cooperation with other stakeholders

Länder and local authorities

Cooperation with the *Länder* and local authorities was further expanded and intensified in 2011. In addition to collaboration on individual projects identifying and reducing compliance costs (see section C.2), the *Länder* and local authorities were involved in drafting Guidelines on the Identification and Presentation of Compliance Costs in Legislative Proposals by the Federal Government. Particular attention was paid to establishing the methodological principles to be used when determining the compliance costs borne by public authorities.

Since the implementation of federal law is primarily in the hands of the *Länder* and local authorities, the expected changes to the costs incurred by the public authorities can realistically only be calculated by using statistical and empirical data supplied by the *Länder* and local authorities. In addition, the information provided by the federal ministries in the Federal Government's bills may not and should not hamper the constitutional regulatory powers of the *Länder* and local authorities. Therefore, the Federal Government, *Länder* and local authorities have agreed to quantify the expected costs for *Länder* and local authorities as an overall result.

With all those involved having gained initial experience with using the new methodology in 2011, it is now a matter of developing the necessary routine. Cooperation in calculating compliance costs is to be evaluated in 2013.

As in previous years, intensive dialogue on measures and experience of bureaucracy reduction and better regulation also took place in 2011 between the Federal Government, the *Länder* and local authorities. Institutional dialogue shall be stepped up by the secondment of experts from the *Länder* to the Better Regulation Unit.

A. Aims and organization of the Programme for Bureaucracy Reduction and Better Regulation

Social security institutions

Since the self-governing social security institutions are not directly involved in the Federal Government's Programme for Bureaucracy Reduction and Better Regulation, their sub-legislative instruments (directives, memoranda, joint announcements, contracts and agreements) were not initially included in the SCM process.

At the invitation of the Federal Government and the NKR, a kick-off meeting was held in early 2008 with top-level representatives of all branches of social security. The participants welcomed the efforts of the Federal Government and expressed their willingness to actively support its programme. Including the social security institutions' legal instruments in further analysis gave a much clearer picture of the information obligations and the resulting costs. Over the following years, more top-level meetings were regularly held in order to review recent achievements and discuss the measures planned.

First of all, it was agreed with the social security institutions to begin with the model examination of certain areas in order to achieve quick results. To this end, working groups were set up for the individual branches of social security (healthcare/nursing, pensions, accidents, employment). These groups consist of representatives of the social security institutions concerned, the Better Regulation Unit, the NKR secretariat, the Federal Statistical Office, and experts from the responsible federal ministries. Sometimes meetings are attended by representatives of the Confederation of German Employers' Associations, who present their own simplification proposals for the social security sector.

The Healthcare Working Group consists of representatives of the National Association of Statutory Health Insurance Funds (GKV-Spitzenverband), the National Association of Statutory Health Insurance Physicians (KBV), the National Association of Statutory Health Insurance Dentists (KZBV) and the office of

the Federal Joint Committee (G-BA). In early 2010, this working group was merged with the Health Professions Working Group of the German medical chambers (the Federal Medical Association, the Federal Chamber of Dentists, the Federal Chamber of Pharmacists and the Federal Chamber of Psychotherapists).

The main aim of this collaboration was to establish ways of assessing and reducing administrative costs caused by legal instruments enacted by the social security institutions themselves. For example, the KBV introduced an ex ante assessment procedure for its own sphere. This method was initially tested in three pilot projects to study the individual obligations of statutory health insurance physicians. To simplify ex ante assessment, a separate SCM manual geared to the healthcare sector and other aids were prepared in consultation with the Federal Statistical Office. The KZBV and the Federal Chamber of Dentists now plan to tailor the manual to the dental sector for future use.

With the Law on the Stabilization and Structural Reform of the Statutory Health Insurance Act (GKV-VStG) now in force, the G-BA has to determine the anticipated administrative costs resulting from its decisions in advance and explain them clearly. The G-BA's rules of procedure shall be amended accordingly by mid-2012. The necessary methodology is currently being worked out by the G-BA's Administrative Cost Calculation Project Group, in which the NKR secretariat, the Federal Statistical Office and the Better Regulation Unit are also represented.

The Federal Employment Agency (BA), too, introduced an internal procedure whereby all new decisions taken by the board are assessed ex ante using a method similar to the SCM. In addition, the BA permanently endeavours to reduce its own information obligations which go beyond the statutory framework. The reduction of bureaucracy is one of the BA's long-term internal activities.

In the German Federal Pension Insurance (DRV Bund), an ex ante procedure for estimating the administrative burden of its own sub-legislative pension insurance regulations has now been established. As a result, new draft regulations must always be accompanied by a statement regarding whether their introduction will lead to more or less bureaucracy as well as a calculation of the number of relevant cases. In addition, the wording of letters of notification sent out by the German Federal Pension Insurance is regularly reviewed with regard to its suitability and possible simplifications, and made more comprehensible if required. The goal is to reduce the bureaucracy policyholders may perceive when confronted with complicated phrasing and a lack of clarity.

The umbrella organization German Statutory Accident Insurance (DGUV) is continuing to work on solutions for bureaucracy reduction at the interface between businesses and accident insurance institutions as well as between trade authorities, single points of contact and accident insurance. Attention is currently focused on simplifying applications for accident insurance for start-ups and the use of suitable electronic methods. The DGUV's planned voluntary integration of applications for accident insurance into the Single Points of Contact (SPCs) in connection with the EU Services Directive has been partially implemented. The DGUV has simplified new business registration for statutory accident insurance through bilateral cooperation with eight (out of sixteen) *Länder*. Two *Länder* offer the optional service of having companies registered for accident insurance via the Single Point of Contact. According to the DGUV, the only partial achievement of this particular aim is due to the diverging structures in the implementation of the EU Services Directive on the level of the *Länder*.

In addition, the DGUV is campaigning to combine the obligation to register new businesses for statutory accident insurance with the compulsory registration of commercial operations with the Trade Licensing Authority. Once implemented, the

data required for registration with the relevant accident insurance institution will in future be forwarded to it once it has been collected during business registration, hence eliminating one registration step for start-ups. The DGUV receives approximately 1.9 million business registrations annually, the vast majority in paper form, and forwards them to the competent accident insurance institutions. To optimize this process chain, the DGUV has developed an Electronic Data Exchange Business Registration Notice (EDA GWA) system, which is based on the standard for electronic business registration developed on behalf of the IT Planning Council. The introduction of electronic transmission will speed up all the processes associated with business registration procedures in statutory accident insurance. Moreover, the trade licensing authorities no longer have to bear the costs of the conventional procedure.

The European Union

The European Commission's Action Programme for Reducing Administrative Burdens initiated in March 2007 under the German Presidency has been the main focus of bureaucracy reduction at EU level in recent years. Like Germany's Programme for Bureaucracy Reduction and Better Regulation, the European Commission also set itself the objective of cutting the administrative costs stemming from information obligations by 25%, albeit by the end of 2012. The European Commission estimates that the simplification proposals adopted by mid-February 2012 will reduce costs by 21.9% or €27.1 billion throughout the EU.¹ This includes the largest individual proposal in the Action Programme – the simplification of electronic invoicing – which was adopted in July 2010 and is expected to save up to €18.4 billion annually.

The second-largest reduction project in the Action Programme was adopted – with modifications – on 14 March 2012: the

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<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/116&format=HTML&aged=0&language=EN&guiLanguage=en>

A. Aims and organization of the Programme for Bureaucracy Reduction and Better Regulation

simplification of European accounting rules for micro-enterprises. The potential reduction resulting from this proposal, which was emphatically supported by the Federal Government, was originally estimated for up to €6.3 billion per year. If this value proved correct, the total reduction achieved by the European Commission would amount to 26.9%. However, due to the amendments adopted during the negotiations, the potential reduction is now only €3.5 billion, although other proposals amounting to €7.45 billion are still pending. The potential savings of all adopted and pending proposals is estimated to be 33%, or €40.85 billion per annum.

The Action Programme is scheduled to run until the end of 2012. However, President Barroso of the European Commission had announced already in 2009 that its work towards better regulation would be expanded and placed on a new footing under the term “smart regulation”.² On 24 and 25 March 2011, the European Council supported the reduction of the overall regulatory burden on both the European and the Member State levels. On 23 November 2011, it called on the European Commission to propose specific working methods under the smart regulation agenda to this end.

In particular, in order to reduce the burden faced by SMEs and micro-enterprises (businesses with less than 10 employees and annual revenues or total assets below €2 million³), the European Commission published a report outlining future approaches for minimising regulatory burdens on 23 November 2011.⁴ The main methods include closer evaluations of EU law, improving the integration of SMEs in policymaking, and the inclusion of a ‘micro-test’ geared to micro-enterprises in regulatory impact assessment.

In this context, it is important to ensure that any special provisions do not contradict the

objectives of existing EU legislation or strategies, and that existing standards for protection are not compromised.

Given this, the Federal Government adopted a position paper welcoming the evaluations and fitness checks envisaged by the European Commission for the planned continuation of bureaucracy reduction at EU level. The European Council’s demand that the total compliance costs of legal regulations be taken into account when measuring administrative burdens is also supported by the Federal Government. The High Level Group of Independent Stakeholders on Administrative Burdens (the Stoiber-Group) should be involved in this effort and, in prolongation of its existing mandate, in particular be allowed to propose legal instruments and areas for evaluation as well as further ways of reducing burdensome regulation.

The European Council of 1 and 2 March 2012 also voiced support for the continued reduction of bureaucracy both at national and EU level. In particular, it welcomed the Commission’s intention to submit a report on the future smart regulation agenda and called for sectoral targets for burden reduction.

On 21 February 2012, the Stoiber Group submitted its report⁵ on best-practices for reducing administrative burdens, which was a key part of its renewed and expanded mandate of 17 August 2010. The report highlights examples from EU member states of how EU law can be implemented in the least bureaucratic way. Various such examples had been submitted to the group beforehand by all EU member states, the EU-institutions and other organizations and associations. On this basis, the group drew up a large number of recommendations ranging from regular dialogue between the member states on best-practice measures and suggestions for better regulation programmes at EU- and member

² For more detail, please see the 2010 Federal Government Report (December 2010), pp. 20–21.

³ Cf. Directive 2012/6/EU

⁴ COM(2011) 803 final

⁵ Available at http://ec.europa.eu/dgs/secretariat_general/ad_min_burden/best_practice_report/best_practice_report_en.htm

state level to more specific issues, such as the greater use of e-government solutions. One of the recommendations is to devote special attention to SMEs and micro-enterprises, as the Federal Ministry of Economics and Technology for example does via its “SME-Monitor”.⁶

When the report was submitted, President Barroso announced that the prolongation of the Stoiber Group’s mandate until the end of the Commission’s term of office in 2014. In future, the group shall focus on matters concerning SMEs and aspects of public administration at the level of both the EU and the member states.

International cooperation (bilateral/multilateral)

Israeli–German cooperation in administrative modernization and better regulation

Since January 2011, an exchange of experiences on administrative modernization and better regulation issues has been on the agenda of the annual Israeli–German intergovernmental consultations. For example, a joint declaration of intent in these areas was signed in 2011 by Minister of State Eckart von Klaeden and his Israeli colleague Michael Eitan, the Minister for Administrative Modernization. The bilateral dialogue thus initiated places the cooperation between the two countries on a broader footing.

Apart from measuring administrative burdens and impact assessments for new regulations, this interdisciplinary dialogue covers certain aspects of administrative modernization (e.g. e-government) as well as measures to make the business location more attractive. Especially in the latter field, this dialogue includes international rankings, such as those established by the World Bank.

Better regulation and the OECD

The Organization for Economic Cooperation and Development (OECD) has rated the

Federal Government’s Programme for Bureaucracy Reduction and Better Regulation as very positive. For example, in the OECD Review on Better Regulation in Germany published in April 2010, the experts concluded that great progress had been made since the previous OECD study undertaken in 2003 and 2004.

For instance, the establishment of the NKR as an independent expert body is seen as a great success, since cooperation between the ministries and the NKR during the legislative process helps minimize administrative burdens in new laws. Furthermore, the establishment of the Better Regulation Unit in the Federal Chancellery in order to merge the activities of the Federal Government is valued as a key element within the overall strategy towards better regulation.

The OECD is an important source of ideas in the further development of the Federal Government’s programme. The OECD’s recommendations for better regulation – especially the “Recommendation on Regulatory Policy and Governance” – outline the requirements by which legislative provisions should be measured. They thus provide important ideas on the necessary components of high-quality regulation. In order to be able to compare and discuss the methodological issues of compliance costs in an international context, the Federal Government and the NKR will host an OECD workshop on better regulation in June 2012 in Berlin. One of its aims is to develop ways in which member states can optimize their own systems and in particular to discuss how EU law can be implemented inexpensively.

⁶ <http://www.eu-mittelstandsmonitor.de>

B. Better regulation

Better regulation is a policy goal which is equally important as other policy goals. The Federal Government's aim is to create regulations for citizens, businesses and public authorities with maximum clarity and effectiveness and yet minimal burdens. This objective requires comprehensive study of the existing and prospective burdens and the ways in which they can be reduced, as well as the systematic quality assurance of the body of law.

Examining draft regulations in terms of their constitutionality, legality, direct regulatory impact and clarity is a well-proven instrument. In addition, issues such as sustainability and gender equality are increasingly regarded as hallmarks of better law. The transparency of legislative processes and their results is becoming more important also for society's acceptance of new laws. All of this places additional demands on legislative drafts and their explanatory memoranda. The Federal Government has responded to this development by refining both the Programme for Bureaucracy Reduction and Better Regulation and the measures resulting from it.

For example, the NKR's mandate was expanded on 16 March 2011 to include new powers of review for legislative drafts. It may now scrutinize:

- whether the necessity and the aims of the proposal have been comprehensibly set out
- whether regulatory alternatives have been considered
- considerations for clauses on the entry into force, the period of validity and evaluation
- deliberations on legal and administrative simplification have been correctly calculated and comprehensibly presented
- to what extent national regulations go further than EU directives or other pieces of European legislation demanding implementation prescribe.

Through this work, the NKR contributes to enforcing uniform standards for explanatory memoranda of legislation. The Federal Government has regulated these standards for its bills in the Joint Rules of Procedure of the Federal Ministries (GGO). The federal ministries can avail themselves of a number of services when working on proposed regulations, including technical assistance such as the "eNorm"-Programme and the Federal Statistical Office's web service for identifying compliance costs (Web-SKM), as well as guidelines, such as the Manual on the Formality of Legislation, the Regulatory Impact Assessment Handbook and the Manual on the Preparation of Laws and Regulations by the Federal Ministry of the Interior (BMI). They can also consult the EU-Handbook developed by the Federal Ministry of Economics and Technology (BMWi) and seek linguistic advice from the legal terminology editorial team at the Federal Ministry of Justice (BMJ).

The Federal Government has set itself a goal of modernizing the preparation and development of draft legislation and making this process more efficient. This includes further coordinating and combining the support services for the ministries. The focus is on providing a uniform, consistent organizational and technical procedure from the first legislative draft to its promulgation.

The provisions of the GGO and the NKR's mandate are supplemented by additional measures taken by the Federal Government to ensure the administration of existing laws.

In 2011, for instance, the Federal Government submitted a total of eleven evaluations and experience reports to the German Parliament, suggested appropriate regulatory changes, and— where possible – made legal amendments itself. Maintaining the body of law also includes codifications, which group existing regulations in a certain area of law into one. One example of this is the Mediation Act.

Public consultation on draft laws via Internet was tested for the first time in 2011 with the

so-called “De-Mail”-Act. The experience showed that this step makes a useful addition to the involvement of stakeholders and other relevant organizations and should be expanded. In addition, the Federal Government devotes attention on how legal acts can be implemented electronically without media conversion.

Intensive cooperation among those involved in all phases and across all levels of regulation and enforcement remains necessary. The Federal Government therefore invites in particular *Länder*, local authorities and other self-governing institutions to take part in a more intensive cooperation. One of the results of this collaboration is that the compliance costs which are likely to be caused by proposed legislative changes may be realistically assessed (see section B.3).

B.1 Introduction of the Standard Cost Model in legislation

In April 2006, the Federal Government introduced the Standard Cost Model (SCM) – a systematic approach to measuring red tape resulting from information obligations. This standardized, internationally recognized method has been used to help reduce bureaucracy at the federal level ever since. Whereas previously, the success or failure of attempts to reduce administrative costs was largely a matter of subjective perception, the SCM allows an assessment of the cost and time effects of red tape based on observable facts with the help of uniform standards. This method enables administrative costs to be determined pragmatically and visualized. Moreover, this approach is non-political, since the necessity of an adequate regulatory framework as the basis for effective, constitutional polity is beyond question.

Measuring administrative costs using SCM has enabled the Federal Government to set quantitative reduction targets and monitor them, as well as to depict them clearly.

The model is based on systematically estimating the administrative costs arising for individual addressees of a government-

imposed information obligation. According to Section 2 par. 2, sent. 2 NKRK, information obligations are defined as requirements contained in a law, ordinance, statute or administrative regulation to provide, maintain or establish data and other information for authorities or third parties (e.g. stemming from application, information, reporting or statistical obligations).

Using the model, the steps that need to be taken in order to fulfil information obligations are described as a series of standard activities. The time required to carry out the individual standard activities is calculated and evaluated in monetary terms on the basis of the respective labour costs. This results in the cost of one case of compliance with an information obligation. Multiplying this cost by the number of cases per year equals the annual administrative costs of this particular information obligation.

The SCM can be applied, for example, to gauge the costs of completing a tax return or verifying the installation of a pollution filter – but not to calculate the amount of tax to be paid or the costs of installing the filter. The sense and purpose of a regulation and hence the regulatory goal of the legislator are therefore not addressed by the SCM. This approach allows the discussion of proposals for simplification to be kept separate from the debate about a regulation’s content or its substantive standards.

In addition to determining the administrative costs of existing regulations, proposed regulations are examined in their early stages regarding the possible costs from information obligations, and alternatives are explored in terms of their impact on administrative costs. The need to set out the costs of bureaucracy in the preamble and the verification of this data by the NKR have created awareness in all federal ministries of the costs and consequences of national regulations. This has benefited better regulation on the federal level.

In May 2009, a web-based user database known as WebSCM developed by the Federal Statistical Office, which displays the

administrative burdens in detail, went online⁷. This public database enables users to search for specific information obligations, to create a list of the corresponding administrative costs and display the characteristics of individual obligations. It constitutes the basis for reporting by the Federal Government to the German Parliament pursuant to Section 7 NKR. On average, the database is accessed by approximately 4,300 users every month.

The WebSCM is continuously updated, expanded, and adapted to the requirements of identifying compliance costs. In order to track the development of compliance costs, the Federal Statistical Office also feeds the ministries' cost estimates for new and revised legislative proposals into the database once they have been approved by the Cabinet.

To further simplify the use of the database, its design will shortly be optimized and new features will be developed, such as a keyword search function and dynamic graphs and reports, so that data can be displayed more vividly.

B.2 Expansion to include compliance costs

Building on the successful experience of applying the SCM since 2006, on 27 January 2010 the Federal Cabinet decided that in future the entire measurable compliance costs of federal law should be considered. In 2011, the legislator also gave the NKR an expanded mandate to review the ministries' estimates of compliance costs. The methodology applied is based on the Guidelines on the Identification and Presentation of Compliance Costs in Legislative Proposals by the Federal Government, which were jointly approved by the State Secretaries' Committee on Bureaucracy Reduction and the NKR on 22 July 2011.

This was preceded by a broad consultation with federal ministries, NKR, *Länder*, local

authorities and associations as well as a working group consisting of researchers. The legal terminology editorial team at the Federal Ministry of Justice was also involved in developing the guidelines.

During a familiarization and training phase, around 800 staff from federal ministries and senior federal authorities received training in form of full-day seminars at the Federal Academy of Public Administration (BAkÖV). In addition, the Federal Statistical Office offers specialized IT-training in order to make thorough use of data mining. Since 2011, the identification and quantification of compliance costs have also been included in the BAkÖV's series of seminars devoted to legislation.

Since September 2011, the compliance costs of all relevant legislative proposals by the Federal Government have been assessed by the respective lead ministries and included in the explanatory memoranda of the respective proposal. The Federal Statistical Office, the NKR and the Better Regulation Unit in the Federal Chancellery support the ministries in this process. As with SCM, the identification of compliance costs is based on the examination of a typical case. To this end, both the time (incl., e.g., labour costs) and the material costs necessary for compliance, on the part of the addressees of an obligation (e.g. personnel costs, conversion costs), are measured. In fact, the calculation of the expected change in these compliance costs for each case is sufficient. In addition, the costs incurred on the part of public authorities for implementing federal legislation are included in the calculation, applying the same criteria. The other major parameter is the estimated number of cases of compliance. Since the majority of the Federal Government's legislative proposals consist of changes to existing regulations, the federal ministries can usually make use of existing data.

B.3 Development of compliance costs

In accordance with Section 7(3) NKR, the Federal Government reports to the Bundestag

⁷ <http://www.destatis.de/webskm>

annually on the development of compliance costs in the various ministries. Its findings are based on the ministries' cost estimates for new legislative proposals in accordance with the guidelines of 22 July 2011. The data required is provided by the Federal Statistical Office (see Annexes 5 and 6).

This method has been binding for all legislative proposals by the Federal Government since 1 September 2011.

This report covers the legislative proposals adopted by the Federal Cabinet in the period under review, i.e. before the end of 2011.⁸

According to the Federal Statistical Office, compliance costs rose by €149 million per year during the period under review, due to twelve legislative proposals. On the other hand, administrative costs were reduced by about €2.4 million per year over the same period.

As outlined below, the compliance costs for the various groups of addressees of legislation developed differently.

Compliance costs incurred by businesses

Ten of the legislative proposals adopted during the period under review generate compliance costs for businesses totalling €36 million annually. These new burdens were only slightly offset by burden reductions of just €2.3 million.

The share of administrative costs due to information obligations for business amounts to €10.4 million per annum, i.e. 7.8% of the newly generated compliance costs.

The lion's share of the increase in compliance costs (about €21 million per year) was caused by the draft of the Tenth Amendment to the Insurance Supervision Act (Federal Ministry of Finance – BMF) adopted by the Federal Cabinet in the context of the renewed regulation of financial markets.

⁸ Two proposed regulations passed by the Cabinet before 1 September 2011 for which the compliance costs were calculated have also been taken into account.

Compliance costs incurred by public authorities

Four of the proposed regulations generate annual compliance costs of €3 million, which are incurred by the public authorities implementing them. One proposal, on the other hand, reduces the compliance costs for public authorities by €84,000 each year.

Here, too, the biggest burden (€9.5 million annually) stems from the draft Tenth Amendment to the Insurance Supervision Act.

The data on compliance costs of public authorities is still partly incomplete, since a valid estimation of the costs for implementing legislation incurred by the *Länder* is often not possible on the basis of the existing data, even after the *Länder* have made their input.

Compliance costs incurred by citizens

Two proposed regulations affect the time required for compliance by citizens. The Act on the Debureaucratization of Payments of Advances on Alimony (Federal Ministry of Family Affairs, Senior Citizens, Women and Youth – BMFSFJ) has reduced the time expenditure for citizens by a total of 1,500 hours per year. Due to the elimination of retroactive application (Section 4 of the Act), the compliance costs for citizens have been reduced by five minutes per case. This concerns 10% of annual new applications, i.e. 18,500 cases.

By contrast, the Regulation Amending the Medical Licensure Act (Federal Ministry of Health – BMG) provides for an additional burden of approximately 4,300 hours per year. This is due to Article 2(1c) (Section 3(7) of the amended version). When students evaluate their training during their internship, they have to complete and submit assessment forms. This burden is calculated on the basis of an estimate of 10,000 students annually and an average of 26 minutes for filling in the form.

B.4 Outlook

In 2010 and 2011, the Federal Government and the legislator expanded the political, legal and

B. Better regulation

methodological foundations of the Programme for Bureaucracy Reduction and Better Regulation and gathered first experiences of its application (see in particular sections A.2 and A.3 as well as B.2 and B.3). Over the next years, particular attention needs to be paid to systematically integrating ideas for better regulation into the development of new legislation as early as possible and to intensifying cooperation between the Federal Government, the *Länder* and the European Union in the area of better regulation.

Therefore, on 28 March 2012, the Federal Government decided, i.a.,:

- To systematically assess after a set time-limit whether the compliance costs determined for important legislative proposals prove correct. This procedure is to be finalized by the end of Q3 2012.
- To update the Federal Statistical Office's database on administrative burdens (WebSCM) and to present these costs in form of an index.
- To consider ways of ensuring streamlined, seamless implementation of legislation, already when preparing it.
- To consider introducing a guide on information obligations, thus helping to avoid additional bureaucracy by the repeated collection of the same data, while respecting the privacy of taxation and social security data at the same time.
- In appropriate cases, to expand the existing involvement of stakeholders before decisions are taken by the Cabinet to include notification or consultation of the public. Legislative proposals passed by the Cabinet shall be published electronically.

At the same time, the goal of the Federal Government remains to provide the legislator with all the necessary facts, thus establishing a transparent basis for political decision-making. The facts and figures are consistently compiled applying a uniform methodology based on far more than 30 disclosure

obligations laid down in the GGO and the relevant manuals and guidelines of the responsible federal ministries. They shall be better coordinated and their application will be supported electronically and continually all the way from the first draft to promulgation.

The mandate of the NKR covers not only the review of the details of the expected administrative costs, but also of the information provided by the ministries about compliance costs, the "other costs" for business (especially for medium-sized companies) and of the observance of five qualitative disclosure obligations according to the GGO:

- A comprehensible description of the regulation's objective and its necessity
- Considerations of regulatory alternatives
- Considerations on the entry into force, term-limitations and evaluation clauses for legislative acts
- Remarks on legal and administrative simplification
- Explanations as to what extent national regulations go beyond the requirements of EU legislation demanding implementation.

The Federal Government has also invited the *Länder*, local authorities and other self-governing institutions to intensify cooperation with the Federal Government regarding better regulation and to consolidate information on the respective areas of legislation applying to them. Also in this respect, the main aims are to increase transparency in generating and implementing legislation and to minimize the burden on all involved. Jointly developed methods of collaboration, a common methodology, and early consultation of stakeholders can contribute significantly to achieving these aims.

Correspondingly, the Federal Government will campaign for the more systematic identification and quantification of the expected burden of proposed regulations in the

EU institutions. The dialogue on best practices in implementing EU legislation with the other member states will be intensified. The report of the High Level Group of Independent Stakeholders on Administrative Burdens established with the European Commission and chaired by former Prime Minister of Bavaria, Dr. Edmund Stoiber, gives an initial impression of the possible results. Cooperation extends also beyond the EU Member States, with Germany being regarded as a reference country among the OECD Member States and the partner countries of the German Agency for International Cooperation (GIZ). In addition to the bilateral and multilateral sharing of experiences within GIZ-programmes, conferences at home and abroad, and delegation visits, the Federal Government will for instance also support the organization of another International Regulatory Reform Conference in 2012/2013.

C. Bureaucracy reduction: reducing the existing administrative burden

C. Bureaucracy reduction: reducing the existing burdens

When the Federal Government adopted its Programme for Bureaucracy Reduction and Better Regulation in April 2006, one of the things it decided to do was to measure and reduce administrative costs in Germany. For one thing, the Federal Government agreed to cut the costs incurred by business as a result of information obligations by 25% until the end of 2011 compared to 30 September 2006, taking new administrative costs into account. This goal was confirmed and continued by the Cabinet on 27 January 2010.

C.1 Reduction target for the administrative costs incurred by business

1. Baseline measurement

The basis for the reduction target was the calculated overall burden on business stemming from federal information obligations as of 30 September 2006. The baseline measurement comprised a total of 9,468 information obligations from national laws and regulations (including transposed EU- and international law).

According to calculations by the Federal Statistical Office, the annual administrative costs incurred by businesses in 2006 totalled €9.3 billion. This figure is slightly lower than the one quoted in the 2010 report due to the reassessment of information obligations, the determination and calculation of which have since been completed.

2. Level of achievement

Since 2006, the federal ministries have initiated a variety of legal amendments and developed procedures to simplify the fulfilment of legal obligations. The resulting net reduction in bureaucracy can be calculated from the positive effects of these projects, against which new burdens are offset. The results indicate that a reduction of 12% (about

€ billion per year) was achieved during the sixteenth legislative period.

During the ongoing legislative term, the Federal Government implemented additional measures until the end of 2011, reducing the burden on business by around €5 billion annually. Taking into account the increasing burden of almost €150,000 per year, this will result in an annual net reduction of €4.9 billion for the seventeenth legislative period (until 31 December 2011). Compared to 2006, this constitutes a reduction of nearly 10%.

Examples of the simplifications introduced:

- The greatest reduction resulted from the simplification of electronic billing by the Tax Simplification Act 2011. This considerably loosened the previously high standards imposed on electronically transmitted invoices and gave electronic bills the same status as ones on paper. This saves businesses about €4.1 billion every year (BMF).
- In the area of public procurement law, business will in future save more than €400 million annually. Evidence of the suitability of bidders (i.e. their skills, efficiency and reliability) can in future be replaced in about 80% of tenders by “self-certification” (BMW).i).
- The Act on the Reform of the Official Registry Laws has saved the economy – especially hospitals, long-term care facilities and similar institutions as well as the hotel trade – approximately €17 million annually in connection with registration obligations (BMI).
- Following the amendment to the Regulation on Domestic Trade in Narcotics, manufacturers and wholesalers can now submit sales notifications to the Federal Institute for Drugs and Medical Products over the Internet and store receipts electronically. The reduction in the annual burden amounts to €24 million (BMG).

The measures listed in the Cabinet decision of 14 December 2011 on key points for further reducing bureaucracy included the initiation of additional project delivering a minimum reduction volume of €1.45 billion, enabling the 25% goal to be reached.

They range from shortening the time-limits for archiving invoices and receipts over simplifications in financial and payroll accounting and e-government activities to a raft of measures reducing bureaucracy in health- and life-care (see appendix).

The federal ministries have begun implementing these projects as follows:

Shortening of the retention period to five years and other incentives for the electronic filing of invoices and receipts

In 2011, an assessment of various scenarios was carried out headed by the Ministry of Finance in close cooperation with the Federal Ministry of Labour and Social Affairs (BMAS), the BMJ, the Better Regulation Unit and the Federal Statistical Office.

Methodological assistance was provided by the NKR. The Federal Statistical Office collected data from 105 companies for the survey and edited the findings.

The aim of the project was to find out what data businesses store and how they do this. In addition, the views of companies and the tax authorities on possible legal changes were collected.

The report compares the three legal scenarios preferred by businesses:

- The harmonization of retention periods under commercial, tax and social legislation to a uniform seven years
- Shortening retention periods under commercial, tax and social legislation to five years
- End of the retention period following audit (i.e. once all assessments are legally valid).

The project report will be considered in the context of the wider political debate on bureaucracy reduction.

Simplification and harmonization of requirements for financial and payroll accounting

The final report on the BMF's "ReiKoRef" project dated 30 December 2011 contains various proposals for simplifying tax law regarding travel expenses. This could reduce the administrative burden for business, public authorities and citizens, and bring about greater legal certainty and easier manageability. It is intended to implement these simplification measures in connection with the Act on the Modernization and Simplification of Corporation Tax Laws .

E-Government

E-Government Act

In the coalition agreement, the parties agreed to continue promoting e-government and to adapt legal regulations accordingly wherever necessary. In the key points of 14 December 2011, one of the decisions made by Cabinet was to greatly simplify the conditions under which electronic means can be employed whenever the use of the written form is stipulated in administrative law by introducing an E-Government Act (EGovG) and hence also reduce the administrative costs incurred by businesses. One of the objectives of the EGovG is thus to simplify electronic communication with the public authorities. Moreover, the Federal Government, the *Länder* and local authorities shall to be enabled to offer simpler, more user-friendly and efficient e-government services. The act is intended to remove legal barriers in federal law, eliminate legal uncertainty and create incentives.

The skeleton law includes the following provisions (Article 1 of the bill):

- A commitment by public authorities to electronic accessibility and, for the federal administration, reachability via De-Mail

C. Bureaucracy reduction: reducing the existing administrative burden

- The principles of electronic records management and replacement scanning
- Simplifying electronic verification and electronic payment in administrative proceedings
- Fulfilment of publication requirements in electronic official journals and gazettes
- A commitment to document and analyse electronically assisted administrative processes
- Rules for the provision of machine-readable data files by public authorities (“open data”)
- Evaluation rules

One major barrier to e-government services provided by public authorities is the fact that the only acceptable electronic equivalent of the written form is the qualified electronic signature (qeS), which is still not as widespread as necessary. Therefore, under the EGovG, other secure technologies for the electronic replacement of paper documents are to be allowed alongside qeS. Two technologies have been identified which replace the functions of written documents in paper. The first of these is De-Mail with the sending option “Confirmed by the sender”, which requires a “secure login”. The second method is web applications used by public authorities in conjunction with secure electronic identification by means of the eID-function of the new ID-cards.

The bill also includes regulations in various areas where, judging by experience, changes are necessary in order to improve and expand e-government services. This includes for example the results of an enquiry by the IT-Planning Council concerning obstacles to electronic processing in federal law, which mainly concerns abolishing the need for the written form or a personal interview in specific laws. The bill also covers regulations applying to the geo-referencing of statistical and register data.

The interministerial coordination of the bill began in January 2012. The *Länder* and the associations have been given the opportunity to comment on the draft law at the same time.

The reduction of compliance costs for citizens, businesses and public authorities as intended in the EGovG is currently being determined. Despite the expected sharp fall in administrative costs, the introduction of e-government tools usually entails one-off personnel and material costs for the public authorities. However, these costs should be regarded as a kind of investment without which the long-term benefits could not be achieved.

P23R – process data accelerator

The P23R project was carried out from June 2010 to November 2011 in an effort to streamline processes between businesses and government. Commissioned by the BMI, the development of the P23R principle led to the establishment of methodological, organizational and technical foundations for a paradigm shift towards data economy and quality when complying with information and reporting requirements.

According to the “P23R – Process Data Accelerator” principle, processes are devised from the angle of users. In future, processing rules will define which information is required for mandatory reporting, which authority is responsible, and when the data must be transmitted. P23R automatically detects whether data has already been received from other reporting requirements, in order to avoid multiple processing.

Information will only be provided on an ad hoc basis and in the quantity necessary, ensuring that companies keep control of their data at all times. This is especially important for data protection. Applications based on the P23R principle are suitable for businesses of all sizes and enable businesses’ reporting data to be seamlessly transmitted on time and in better quality to the public authorities via a uniform infrastructure.

The use of smart technologies to consolidate information and reporting processes can significantly reduce the administrative costs for all involved. For example, technical rules in businesses' applications should be automatically updatable if the legislator makes changes to reporting procedures. As a result, the complex adaptation of software to new statutory provisions will in many cases no longer be required.

Businesses have already shown great interest in P23R: both the IT-industry, which plans to offer P23R solutions to business customers, and future users, who are keen to simplify their reporting obligations by means of P23R. This year, the results achieved so far will be made permanent by implementing them in business practice while new projects geared to the realization of the P23R-principle will be run.

One key success factor boosting the implementation of the P23R-principle in Germany will be the establishment of a P23R centre of excellence this year, including a central P23R-coordination unit and the necessary technical infrastructure for the provision of P23R-rules.

Optimized reporting methods in social security

On 21 September 2011, the Federal Cabinet decided on the key elements of a project headed by the BMAS entitled "Optimized Reporting Methods in Social Security". The key points of 14 December 2011 for the reduction of administrative burdens on business re-emphasized the need to tap the potential for reducing bureaucracy for employers. The project will be conducted in 2012 and 2013.

One of the goals is to assess whether findings obtained by electronic verification methods can be put into practice in order to improve existing reporting and certification procedures between employers and social security institutions as well as to optimize and simplify reporting channels. This study will be performed without any pre-fabricated assumptions. It is important, however, that the recommendations resulting from the study are

practically feasible. This applies in particular to technical implementation and data protection as well as any to necessary legal adjustments. The specific proposals will be compared to existing procedures, taking into account all stakeholders, particular attention being paid to the economic impact on employers, public authorities and the social security institutions in terms of bureaucracy reduction. Possible ways of harmonizing the different concepts of remuneration used in certification will be examined. However, solutions may not entail the full or partial mass storage of data.

Several technical procedures currently exist in the area of communication between employers and social security authorities, some of which are carried out in form of a dialogue:

- Reporting procedures for employees with social security-obligation
- Reporting procedures for people with small/side jobs
- Contribution procedures
- Reporting procedures for members of occupational pension schemes
- Pay office procedures
- Immediate notification procedures
- Social compensation procedures
- Contribution-sharing procedures for of multiple jobs/employers
- Company registration number procedures with the Federal Employment Agency
- Reimbursement procedures under the Expenditure Compensation Act (AAG)
- Certification procedures for benefits under Section 23c SGB IV
- Electronically assisted company audits.

These procedures have in common that they all apply the transmission method provided for in the Data Collection and Transmission Regulations (DEÜV). Working from this basis,

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it will be analyzed which procedures are suitable as standard interface between businesses and public authorities. Building on the example of social security procedures, this can then be developed into a uniform infrastructure. The debate over the future of reporting procedures affects many different interests, which must all be taken into account when designing the analytical framework. However, they have in common that any development must be judged in terms of its economic viability, the reduction of compliance costs and its technical feasibility. Ultimately, the requirements concerning interoperability as well as the technological, legal and organizational ones need to be matched.

Introducing the advanced electronic signature for businesses

With the amendment of the Signature Act as announced in the government paper on key points of bureaucracy reduction of 14 December 2011, the BMWi will make a simplified use of documents in electronic procedures as regards authenticity and integrity possible for businesses and authorities.

Due to this change, which will be introduced with the EGovG, the use of electronic signatures will become easier for businesses and public authorities, since legal entities, public authorities and courts (public bodies) shall be able to produce advanced signatures on a legally secure basis. This constitutes a significant simplification compared to the status quo, as to which only individuals can create advanced electronic signatures for businesses and public bodies.

This will satisfy the demand expressed by businesses, public authorities and the judiciary for signature mechanisms besides the qualified electronic signature. It will allow these bodies to authenticate themselves in electronic administration and electronic legal and commercial transactions as independent legal entities or institutions and verify the immutability and origin of electronic documents from their sphere without requiring the signature of a natural person.

Although both advanced and qualified signatures so far already enable indication of affiliation to a particular institution (e.g. a company, public agency or court) by means of an attribute or pseudonym, a natural person must always be behind it. This means that only those employees for whom a certificate has been issued can generate the signature. Due to staff fluctuation and the regular reassignment of employees, these solutions are not always regarded as practical. This is especially true for (mass) documents such as certificates to be submitted to the tax office, electronic bank and investment statements, and a variety of other documents where signatures are not required in conventional legal transactions (and which therefore cannot be attributed to a specific person). The amendment of the Signature Act will now extend this principle to electronic transactions. This will allow the advanced signature to be used in areas which do not depend on the assignment of an electronic document to a specific person, but where proof is needed that the document is unchanged (integrity) and emanates from the area of authority of a legal entity, an incorporated partnership or a public agency (authenticity).

The potential reduction is estimated at €100–150 million per year.

Measures for bureaucracy reduction in healthcare and long-term care

When implementing the regulations contained in the Stabilization and Structural Reform Act (VStG) concerning the documentation and invoicing of medical services, the BMG will within its means ensure that the rules are carried out by the self-governing institutions with minimal bureaucracy. One concrete measure, for example, is that self-governing institutions operating at the federal level to systematically analyse their decisions and agreements and assess the costs ex ante using the SCM. This should facilitate streamlined regulations with minimal bureaucracy right from the start.

Another example is that self-governing partners shall include a fee-agreement for the

diagnosis and treatment of patients with an MRSA-infection in their fee-system as a consequence of the revision of the Infection Protection Act. In accordance with the statutory requirement and the explanatory memorandum, the self-governing institutions have designed the fee-agreement in such a way that there will be no additional work for doctors when assessing the costs of the medical services administered, since the necessary data can already be processed by the medical insurance associations using the invoicing system. It should also be noted that the KBV is currently running a project titled "Reducing Bureaucracy – More Time for Patients", in which the SCM shall be applied to reveal and reduce unnecessary bureaucracy in doctors' surgeries.

Regarding the reduction of bureaucracy in connection with services for people requiring permanent care or who are chronically ill, the collection of data in the project "Applications for statutory benefits and services for people requiring long-term care, who are chronically ill or suffer from an acute, serious illness" is now complete. The results will be presented during the first half of 2012. It will only then become clear whether measures which can be included in the reform of permanent care or which can be implemented at a sub-legislative level will result .

The Ombudswoman for Bureaucracy Reduction in Permanent Care was involved when the Care Restructuring Bill was drafted. Further proposals are expected during the current legislative process.

Amendment of the Vocational Training Act and Trade and Crafts Act (Section 36(1) BBiG, Section 30 HwO)

The government paper on key points for reducing bureaucracy states that the Federal Ministry of Education and Research (BMBF) shall enable the electronic registration of training contracts while abolishing the multiple transmission of existing training plans under an amendment to the Vocational Training Act (BBiG). The BMWi also intends to modify the

relevant provision of the Trade and Crafts Act (HwO).

The changes will be part of the future EGovG. They pave the way for the electronic transmission of applications for registering vocational training contracts and for inscription in the apprentices' roll, thus saving both time and money. Moreover, electronic copies of training contracts can be attached to these applications.

Since about 600,000 new training contracts are signed every year, this will enable a significant reduction in the burden not only on companies where training takes place, but also on the relevant supervisory institutions (mainly chambers of commerce and industry as well as chambers of trades and crafts). Previously, each application for the registration of a training contract had to be accompanied by a verified copy of the contract, which entailed the production of a second copy and submission by post.

The main savings will be gained from the fact that the usually extensive company-training-plans forming part of training contracts will no longer have to be submitted by post. The changes also allow for just one copy of a training plan to be submitted if it applies to a large number of trainees. Subsequent applications, therefore, only need to refer to a specific training plan already received by the supervisory institution with the same content.

Assuming that all the businesses and other institutions providing training make full use of these electronic procedures, the amendments to the BBiG and the HwO have an estimated savings potential of a total €2 million per year.

Second Amendment to the Population Statistics Act

On 11 January 2012, the Federal Government passed the Population Statistics Bill. This extensively revises the 1957 Population Statistics Act and adapts it to various legislative changes of recent years. In addition to linguistic adaptation to the divorce and child custody laws amended years ago and the 2009

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Act on Procedure in Family Matters and in Matters of Voluntary Jurisdiction, it reflects changes resulting from the reform of the personal status law in 2009. In particular, the status of registered civil partnership will in future be recorded statistically. Population statistics is a form of purely secondary statistics, i.e. the statistical departments only receive data which the public authorities collect anyway. The Population Statistics Bill will reduce the burden on both citizens and businesses due the fact that, in future, information will not have to be provided by third parties (since the obligation to disclose information under Section 2(3) Population Statistics Act was eliminated). This will save businesses around €1 million per year.

Potential for improvement in antitrust regulations

The bill for an Eighth Amendment to the Act against Restraints of Competition (GWB) announced in the government paper of 14 December 2011 emphasizes the BMWi's intention to improve antitrust rules by, i.a., simplifying these rules and making them more user-friendly.

These objectives have been achieved by the following provisions of the Eighth GWB Amendment:

- By increasing the statutory threshold in press merger control (Section 38(3) GWB), in future fewer press mergers will have to be reported to the Federal Cartel

Office. This will save businesses about €2,000 per year.

- When requesting information, the antitrust authorities will now be able to instruct companies to submit their responses via an electronic internet-based platform (Section 59(1) GWB). Web-based data collection saves a substantial amount of time compared to oral or written communication as well as in data processing. In addition, the plausibility checks contained in the system reduce both the error rate and the amount of corrections necessary. This will save businesses about €25,000 every year.
- In future, because of the introduction of compulsory information disclosure, companies will no longer need to be searched in order to obtain certain company and market related data necessary for setting fines (Section 81 GWB). Experience shows that searches significantly upset a business's activities, since not only the employees within the department concerned, but frequently also the management, and sometimes even the legal department are involved. The new disclosure obligation will not lead to extra work, because the companies concerned have to disclose the information to the Federal Cartel Office as it is. This will save businesses about €20,500 annually.

Moreover, these changes will also significantly reduce the burden on public authorities.

Table: Overview of the change in administrative costs incurred by businesses through information obligations

Baseline: Annual administrative costs incurred by businesses through information obligations as of 30 September 2006		€49.32 billion
<u>16th legislative period</u>		
Burdens	€1.82 billion	
Reductions	-€7.81 billion	
Net balance		-€5.99 billion
<u>17th legislative period</u>		
Burdens	€0.15 billion	
Reductions	-€5.04 billion	
Reductions from the government paper	-€1.45 billion	
Net balance		-€6.34 billion
Overall reduction		-€12.33 billion

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C.2 Projects for identifying and reducing compliance costs

Independently of extending the scope of regulatory impact assessment (see A.1), compliance costs are also considered when it comes to existing legal provisions. On 27 January 2010, the Federal Government resolved to above all improve and streamline procedures while maintaining previous standards for a total of eight projects in cross-cutting policy areas. The measurable compliance costs shall be quantified in these specified, and other tangible benefits for citizens, businesses and public authorities shall be examined. The target is to reduce bureaucracy by a net average of 25%. Detailed project reports and the results of all the completed projects can be found on the website of the Federal Government Programme for Bureaucracy Reduction and Better Regulation.⁹

1. Corporate commissioners

The study on “corporate commissioners” (also referred to as “officers”) was the Federal Government’s pilot project in the measurement of compliance costs. The results were documented in a final report in April 2011. The project addressed the corporate commissioner positions mandated by law in the following areas: immission control, water pollution control, waste management, hazardous incidents (all Federal Ministry for the Environment, Nature Conservation and Nuclear Safety – BMU) as well as dangerous goods (Federal Ministry of Transport, Building and Urban Development – BMVBS) and matters relating to severely disabled Persons (BMAS). The project was a success in proving the feasibility of the method of determining compliance costs.

The annual compliance costs resulting from the appointment of the six selected types of corporate commissioners amount to €750.9 million in total. The majority of these costs are borne by businesses, with the costs accounted for by public authorities totalling just €200,000. The average annual costs per company amount to €19,000 per commissioner. Citizens are not affected by the rules concerning corporate commissioners. The figures reveal that the costs incurred by businesses mostly comprise personnel costs, whereas the compliance costs arising due to procedural rules only play a minor role. The cost structure of the six types considered in this project is largely similar to that of other types of corporate commissioners.

The businesses interviewed for the survey almost all declared that simplification proposals should first focus on the protection standards monitored by the corporate commissioners. However, this would require changing the substantive law, which was not the focus of the project. Even so, time and again the respondents pointed out that even if there was no legal obligation to appoint corporate commissioners, they would essentially still carry out all the tasks of such commissioners, owing both to the requirements of specific legislation and the resulting benefits. All in all, the following areas were described as suitable for simplification:

- Harmonizing legislation for corporate commissioners, i.e. combining the tasks of different environmental officers to create a single position in order to eliminate overlapping responsibilities
- Abolishing monitoring of corporate commissioners for certified companies which are regularly controlled by external agencies
- Reducing the scope of inspection for Dangerous Goods Officers to the hazardous materials actually used in the

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<http://www.bundesregierung.de/buerokratieab/bau>

company (and thus reducing the need for respective training)

2. Simplifying the electronic submission of business registration notices

The BMWi carried out the project “Measuring Compliance Costs for the Electronic Submission of Business Registration Notifications” with the assistance of the Federal Statistical Office. The final report was presented in mid-April of 2011.

The main aims of the project were to determine the time and costs consumed by the business registration notification procedure for businesses and public authorities, and to analyse the potential savings resulting from the greater use of electronic procedures and other ways of simplification and improvement.

The costs were calculated by the Federal Statistical Office. The project involved the *Länder* of Baden-Wuerttemberg, Berlin, Brandenburg, Bremen, North Rhine-Westphalia and Schleswig-Holstein, each participating with between two and six business registration agencies in municipalities of different sizes (towns, cities and districts). During the course of the project, interviews were conducted to measure the compliance costs incurred by companies and public authorities in connection with business registration notifications, and options for simplification and reduction were identified, especially with respect to the seamless electronic submission of registration notices. All the steps carried out by both the registering companies and the business registration agencies were identified and quantified. This mainly included determining the monetized time spent by firms on compulsory registration, changes to registration and deregistration, and the total compliance costs incurred by the business registration agencies.

With an annual figure of almost 1.9 million business registration notifications (caseload in 2009), the compliance costs for the various business registration procedures identified during the project total approximately €7 million per year. About 80% of this burden

(€9 million) is borne by businesses and 20% (€7 million) by public authorities. New business registrations (caseload in 2009: 864,415), which demand, on average, 23 minutes and €6 each, account for nearly two thirds of the compliance costs and the other costs incurred by businesses, and total €44 million per year. Changes of business registration (caseload in 2009: 295,987) and deregistration (caseload in 2009: 728,318) demand an average of 10 minutes and €6 each, causing compliance costs of about €25 million.

The costs per business registration notification amount to an average of €42–54, depending on whether processing is handled face to face or by post. The registration fee of €6 makes up about half the costs incurred in both cases. Another €1.60 is spent on completing the business registration notice form and €3.80 on using advisory services run by business registration agencies (on average 7½ minutes). Face-to-face registration also involves €12.60 for travel and waiting time, while postal registration requires €1 for postage.

Three quarters of the businesses surveyed were found to perform registration in person, the remaining quarter doing it by post. The seamless electronic submission of business registration notifications (without sending additional documents by post) has so far not been possible in any of the business registration agencies surveyed. The reason for this is the requirement of a qualified electronic signature, the implementation of which is very expensive for both businesses and registration agencies.

During the project, 65% of the firms interviewed stated that they would make use of a seamless electronic submission of businesses registration notifications if this was available. The remaining 35% said they would prefer not to do so, since the personal contact and advice received at the business registration agency were important to them. Public authorities were rather reluctant about the prospect of a purely electronic notification procedure, fearing a higher workload owing to uncertainties caused by incorrect data entered

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in forms, which would have to be resolved by time-consuming queries. Instead, the public authorities attached more importance to the seamless electronic transmission of information stemming from business registrations to third parties, as they believe that this would save valuable time.

Over the course of 2012, the BMWi intends to develop an ordinance concerning the amendment of the notification procedure under Section 14 of the Trade Regulation (GewO) in order to simplify electronic submission. For this purpose, other secure identification options such as the electronic function of the new ID-card and De-Mail shall be allowed alongside the qualified electronic signature. Thus, the electronic submission of business registration notifications can be performed seamlessly without the uncommon qeS. It can be assumed that more business registration notices will in future be submitted electronically, alleviating the burden on businesses.

In addition, the standard forms for the registration, changes in registration and deregistration of businesses will be updated (e.g. by clarifying the error-prone, yet vitally important classification of the notified activity or the emphasis among several activities).

3. Planning and building law for infrastructure projects

The planning and implementation procedures of infrastructure projects are often very time-consuming and expensive. The main objective of this project launched at the end of 2010 was therefore to study and quantify the compliance costs incurred by the public authorities of the *Länder*, local authorities and central government due to the Federal Government's planning approval procedure, initially for roads. The goal was to identify the typical time and costs therefore required, based on the examples of several current planning procedures.

During the study coordinated by the Better Regulation Unit and carried out by the Federal Statistical Office in cooperation with the BMVBS, the BMU and the participating states

of Bavaria, Brandenburg, Hamburg, Hessen and North Rhine-Westphalia, the following planning phases, which had previously been identified as being particularly costly, were examined more thoroughly

- Preparation of draft plans and award of the “checked and approved” notation
- Compilation of the documentation required for planning approval
- Planning approval procedure.

The compliance costs incurred during the individual phases were analysed by a number of expert panels and through interviews concerning specific projects identified by the *Länder* on the improvement of motorways and construction of new bypasses. In addition, the BMVBS was interviewed on the time and costs involved in awarding the “checked and approved” notation.

As expected, the results showed close correlation between the degree of complexity of a road construction project and the necessary planning. For typical projects, the average minimum input required for the production of a draft plan and the plan approval documents by the competent authorities in the *Länder* taking part in the project is about 280 man-days for bypass construction and 520 man-days for motorway improvement projects. However, planning agencies' compliance costs can be far higher due to project-specific requirements or to the large scale of a project. In addition to the time required by the authorities, costs for external contractors (e.g. engineering consultants) are incurred, but vary enormously depending on the project. According to the analysis of the data collected, a motorway extension usually requires nearly twice as much manpower for planning as a new town bypass, primarily for two reasons. Firstly, the amount of planning work is related to the cost volume of a project – which for motorways is usually significantly higher than for a bypass. Secondly, motorway extension schemes are more common in conurbations and environmentally sensitive areas, making planning more difficult and

hence more expensive. During the project, it became clear that, when planning motorways, for example, the preparation of documents, plans and schemes, civil engineering structures, noise protection and water management questions is generally more time-consuming than for new bypasses.

During the planning approval procedure, the planning agencies, the official hearing authorities and the planning approval authorities of the *Länder* typically incur total compliance costs of about 180–540 man-days, depending on how the respective authorities are organized. For example, some complex steps are not required if the official hearing authority is merged with the planning approval authority.

The results for the road sector were qualitatively compared with the rail, air and water transport sectors for similarities and differences in terms of scope and content of regulations, procedures, stakeholder involvement and coordination processes between individual departments.

One important feature of the project was to draw up proposals to simplify and improve planning procedures and to highlight best-practice examples collected in all phases of the study, so that the Federal Government can assess their feasibility and the potential for reduction of compliance costs. In addition to intense discussions with representatives of the *Länder* during on-the-spot visits and expert panels, interviews were conducted with the communities affected and meetings held with business and environmental groups.

The detailed project findings and suggestions for possible procedural improvements resulting from the interviews will be set out in a project report that is currently being finalized with participation of the involved *Länder* authorities. The project findings will then be examined by the Federal Government to see whether they offer ways of optimizing the existing planning procedures for infrastructure projects.

4. Applications for statutory benefits and services, especially for families and single parents

The Cabinet decision of 27 January 2010 included the intention to examine the application process for statutory benefits and services, especially for families and single parents, in order to bring about tangible simplifications for citizens. This work includes reviewing the current provisions of the Maternity Protection Act. A kick-off event was hosted in January 2012 by the BMFSFJ, the Federal Chancellery and the Federal Statistical Office in order to define the scope of the study and to draw up the initial steps. Aspects to be addressed include whether the project should include female higher education students, school students and trainees, and whether a change of employers' information obligations should be considered. Since the *Länder* already have numerous regulations in place to protect female students, harmonization would entail simplification. However, the various regulations protecting female students in the various *Länder* would have to first of all be specified. The initial results were scheduled for April 2012 and will enable the Federal Statistical Office to determine the impact on compliance costs – and hence ascertain whether the planned changes will actually bring about simplification.

5. Applications for statutory benefits and services, in particular for start-up entrepreneurs and small businesses as well as companies facing imminent bankruptcy

To clarify the subject of this project, the status quo of the statutory benefits and services (BMAS) including funding programmes (BMAS and BMWi) was reviewed at the end of 2010 under the direction of the Better Regulation Unit.

The funding programmes of the BMWi underwent a comprehensive internal review in 2011. As a result, the strategic direction and viability of the range of funding programmes available were improved and their transparency increased. A controlling system is currently being established to ensure that

C. Bureaucracy reduction: reducing the existing administrative burden

funding is implemented both effectively and efficiently. It includes reviewing programmes to ensure that the bureaucracy involved in application procedures and implementation is minimized and that relevant bureaucratic burdens are systematically taken into account during regular programme evaluation.

By introducing the Act on Improving Chances of Integration into the Labour Market, the BMAS has already made employment instruments far more efficient and effective.

The BMWi and the BMAS are currently working with the Federal Statistical Office to find out whether setting up a project to determine compliance costs in connection with the programmes “Start-up Coaching in Germany” and “Start-up Coaching in Germany – Start-Ups from Unemployment” would be feasible. This could be linked to the ongoing evaluation of this programme.

6. Tax declarations, obligations to provide supporting documents for tax and customs purposes

This project was conducted under the direction of the BMF in cooperation with the Better Regulation Unit and the Federal Statistical Office, with methodological assistance provided by the NKR. The relevant data was collected and processed by the Federal Statistical Office, which polled 1,161 citizens in , among others, 13 tax offices, four municipal citizen centres and one income tax assistance association.

The aims of the project were to assess the compliance costs for completing and filing a tax return, as well as to identify possible simplifications and ways of reducing the associated burden. The project participants chose to focus on citizens’ tax returns, due to their outstanding importance. They studied employees’ income tax forms showing income from paid employment in various case scenarios.

The annual compliance costs for citizens were measured in terms of the time required and monetary expenses. The average time

necessary to complete a “typical” employee’s tax return was found to be 230 minutes. In addition, expenses of, on average, €2 were estimated per case for items such as travel costs, photocopying and postage, etc. For example, the necessary time included 30 minutes for the cover sheet of the income tax return and 20 minutes (for income from employment) to complete Annex N. By contrast, the child annex only took respondents 10 minutes.

Processing tax forms also means work for the public authorities. An average of 60 minutes is required for handling the tax return of a typical employee without income from letting or leasing, equalling costs of about €4.

The majority of the citizens polled (70%) declared their income without professional help. Among the respondents, 15% relied on tax consultants, 12% sought the help of experienced relatives or friends, and 3% were aided by an income tax assistance group. More than 40% of all the respondents used the official guidance to complete their tax declaration.

Half the respondents stated that they completed their tax returns manually. Twenty percent had purchased special software, whereas 12% used the software ELSTERFormular provided free of charge by the tax authorities. Respondents completing their tax returns electronically found this to be less demanding.

Of the 1,161 respondents, 494 highlighted particular difficulties in income tax forms and suggested possible simplifications. The most commonly expressed desire was for a general reform of tax legislation to make it simpler. Complaints were also voiced regarding the complicated language (“officiales”) applied in forms and the official guidance.

The project findings will be analysed by the BMF together with the *Länder* and local authorities. The goal is to redesign the tax forms in order to reduce the compliance costs identified for citizens.

7. Applications for statutory benefits and services, especially for people who require permanent care, are chronically ill or suffer from an acute, serious illness

In addition to difficult personal circumstances, people who requiring permanent care or who are chronically ill and their families are often faced with administrative burdens when applying for statutory benefits and services. The project is therefore exploring whether these benefits and services can be provided for in a faster, easier, more cost-effective manner, while safeguarding existing standards.

The study carried out in 2011 took a broad approach and analysed, at different levels, the compliance costs stemming from federal law and its implementation by the *Länder* and local authorities, social security institutions, and private care and health insurance companies . Based on the typical circumstances of an older person who is no longer economically active and applying for nursing for the first time, the application process for eleven related benefits and services was analysed and the associated administrative burdens were measured. In order to identify the compliance costs, the steps ranging from obtaining advice for application were examined from the angle of various addressees, in one case including an appeal. In addition to the application process, the compliance costs for long-term care documentation were also examined. In line with the cross-cutting research approach, the Federal Statistical Office conducted numerous interviews, not only with citizens affected by such problems, but also with long-term care firms, carers and care associations as well as service providers (nursing homes, hospitals and doctors), welfare agencies, and private and public insurance organizations, including the services evaluating them.

In addition to determining the existing compliance costs, one vital aim of the project was to identify proposals for improvement and simplification in these types of application procedures and the associated processes.

The detailed results and conclusions from the project are currently being prepared for

incorporation into the final report, which is expected during the first half of 2012. The findings, especially the potential for improvement and simplification, will then be evaluated by the Federal Government and the proposals' feasibility reviewed by representatives of all the stakeholders involved.

8. Harmonization and shortening of retention and evaluation periods under commercial, tax and social legislation

In 2011, the Federal Ministry of Finance as the lead ministry, along with the BMAS, the BMJ, the Better Regulation Unit and the Federal Statistical Office, was involved in a study to assess various options for shortening retention periods. The NKR provided methodological support. Data for the company survey was collected by the Federal Statistical Office, which also edited the findings. A total of 105 companies were interviewed.

The study yielded the following results:

All 105 firms filed documents in paper form – 55% did so exclusively, while 41% used electronic storage in addition (the remaining 4% did not answer this question). None of the respondents used the option of exclusive electronic storage.

The projected annual compliance costs incurred by businesses in Germany due to retention requirements under commercial, tax and social legislation total approximately €30 billion. This figure can be broken down into compliance costs caused by additional obligations for businesses of about €24 billion (80%) that were identified during the project, and €6 billion (20%) due to information obligations which had already been measured applying the SCM by 30 September 2006.

The average annual costs amount to €6,400 per business. Large corporations face annual compliance costs of approximately €39,200, compared to about €1,200 for very small firms. The project team examined various harmonization scenarios under commercial, tax and social legislation geared to a balanced

C. Bureaucracy reduction: reducing the existing administrative burden

burden reduction on businesses. The reductions in compliance costs were compared to the impact of these reductions on public budgets, based on assessments carried out by regional tax authorities.

The project report will be considered in the ongoing political debate on bureaucracy reduction.

C.3 Sectoral projects

Optimizing the entry procedure for foreign skilled workers and executives

Together with the NKR, the *Länder* of Hessen and Saxony – supported by the Federal Statistical Office – set themselves the task of identifying ways of cutting red tape for entry procedures for foreign skilled workers and executives. The aims of this project were the identification of barriers and regulatory differences affecting the issue of work visas (D visa) and the development of measures to simplify and accelerate the process.

A large number of agencies performing different tasks are involved in processing work visas for Germany. The entire issuing process takes an average of six weeks from application (gross), the processing (net) time itself taking only 2½–4½ hours. The difference is due to the time necessary for passing documents between different agencies and waiting times.

During the project, thirty-five recommendations to simplify and speed up the process were developed.

Immediately after the presentation of the project results, a working group consisting of representatives of the Federal Government and the *Länder* was constituted under the auspices of the BMI and Hessen to implement the recommendations. The BMAS, the Foreign Office (AA) and additional *Länder* are also represented in this working group. During an initial session, in particular the need for changes to the Residence Act and the Employment Ordinance was identified. The necessary legal amendments and the

implementation of other project results are expected to take place swiftly.

Simplifying vehicle registration

As part of a project by the BMVBS, the pilot regions of the Germany-Online project “Motor Vehicle Registration Services” and their different ways of streamlining selected registration processes by online methods were evaluated with the help of the Federal Statistical Office. Mainly, this concerned the collection and transfer of data between the agencies involved. In most cases, the burden on both authorities and applicants was reduced. Although the degree of reduction varied depending on the operation concerned and the target group in focus (i.e. whether corporate or private applicants), all the pilot processes were rated positively by the local stakeholders interviewed. According to the respondents, the advantages of the new procedures included reduced time and costs, the elimination of travel and waiting time, greater transparency, improved staff planning, and a significant acceleration of application processes.

Detailed results of the pilot areas were compiled in a study by the Federal Statistical Office, which highlights the potential for simplification by transferring the methods developed in the pilot scheme to other geographical areas. This would enable more authorities to simplify their registration procedures by applying similar solutions adapted to their local circumstances.

Identifying implementation costs of the tax administration during legislative procedure

The tax authorities of the *Länder* Bavaria, Berlin, North Rhine-Westphalia, Rhineland-Palatinate and Saxony took part in this project lead by the BMF. The project received methodological support from the Bertelsmann Foundation (with the assistance of KPMG AG Wirtschaftsprüfungsgesellschaft) while technical backing was provided by the *Land* of Lower Saxony.

A steering group was set up for the overall project management. Meetings were also

attended by representatives of the NKR secretariat and the Better Regulation Unit. The project ran from January 2011 to December 2011.

The participants applied instruments developed by the participating *Länder*. Parameters of staffing calculations and organizational studies as well as data from cost and performance accounting were considered. The administrative costs were identified by focusing on both tasks and processes. The main tasks of tax authorities were reflected by standard processes. Wherever possible, the tasks or processes were assigned to the underlying rules and regulations. The process description also contained the time required and the responsible position. The administrative costs of the tax authorities were then calculated on the basis of the number of cases and the staff cost rates, as well as the material resources used.

The participants achieved their objective of estimating administrative costs associated with the implementation of tax laws within a reasonable period of time and with practical accuracy. As a result, using an ex ante impact assessment, the BMF is now able to independently determine the impact of legislative changes on the tax authorities of the *Länder* within a reasonable period of time before they enter into effect.

The method derived was laid down in a practical guide for the BMF, reflecting the special characteristics of tax law and tax administration. However, the guide could also serve as a model for the calculation of administrative costs of implementing legislation for other parts of public administration.

“Law Meets Practice”-project: accounting

On 7 April 2011, the State Secretaries’ Committee on Bureaucracy Reduction agreed on the project “Law Meets Practice”. Applying a broader methodological approach, the aim is to identify further simplification potential in the everyday work of commercial companies based on the experience of practitioners.

During focus group discussions, practitioners from businesses and legal experts from federal ministries debate legal uncertainties and obstacles in business practice and their possible causes. Other topics of debate are whether business practice could be simplified on the basis of applicable law and how amending the law or its administrative implementation could lead to significant burden reductions.

The aim of the first project carried out in 2011 was to evaluate the everyday workings of financial and payroll accounting in SMEs. Three workshops were moderated by the Federal Statistical Office with accountants from businesses, experts from tax consulting offices, and representatives of the relevant federal ministries, the NKR secretariat and the Better Regulation Unit participants. In order to better reflect the individual experience of practitioners, the SCM was complemented by methods of qualitative empirical social research, which have been applied very successfully in market research and product development. This method of research, which was carried out with the help of focus groups has the advantage of enabling a dialogue between stakeholders and experts from the federal ministries. Rather than quantifying the administrative costs, the focus lay on identifying legal uncertainties and statutory regulations which significantly impede on accounting as well as specific proposals for simplifying company practice.

Building on the findings and simplification proposals obtained in the project’s very constructive working atmosphere, the Federal Government decided on simplifications and harmonization of requirements for financial and payroll accounting in its paper on key points of burden reduction dated 14 December 2011. The aim is to reduce both the number of multiple, overlapping reports submitted to authorities by businesses, and the number of queries on various legal questions within and between businesses. Also, the accounting requirements due to the laws on travel expenses shall be simplified.

Annex

Overview of measures affecting administrative costs incurred by businesses

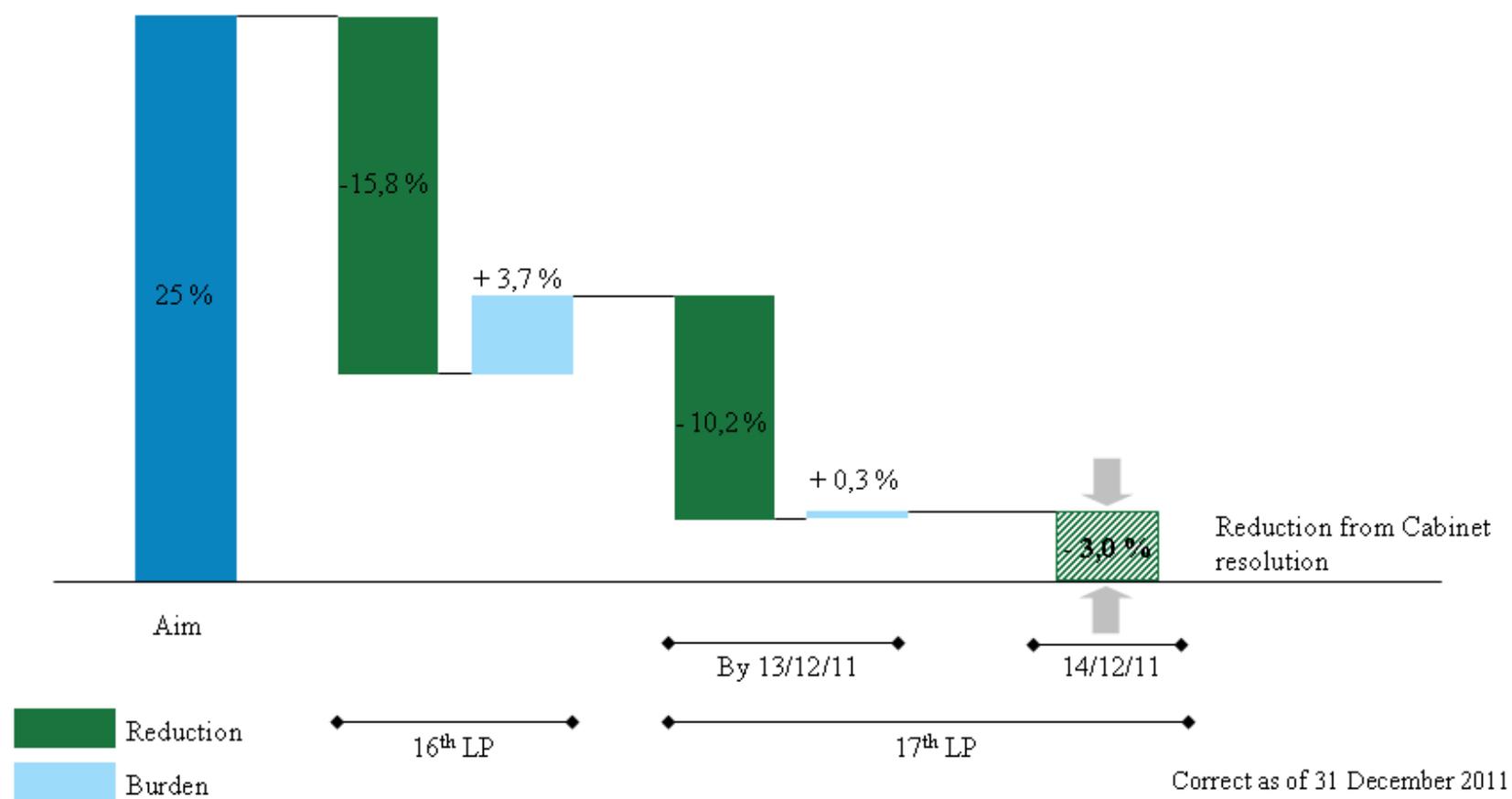
Correct as of 31 December 2011

Overview of all burdens and burden reductions

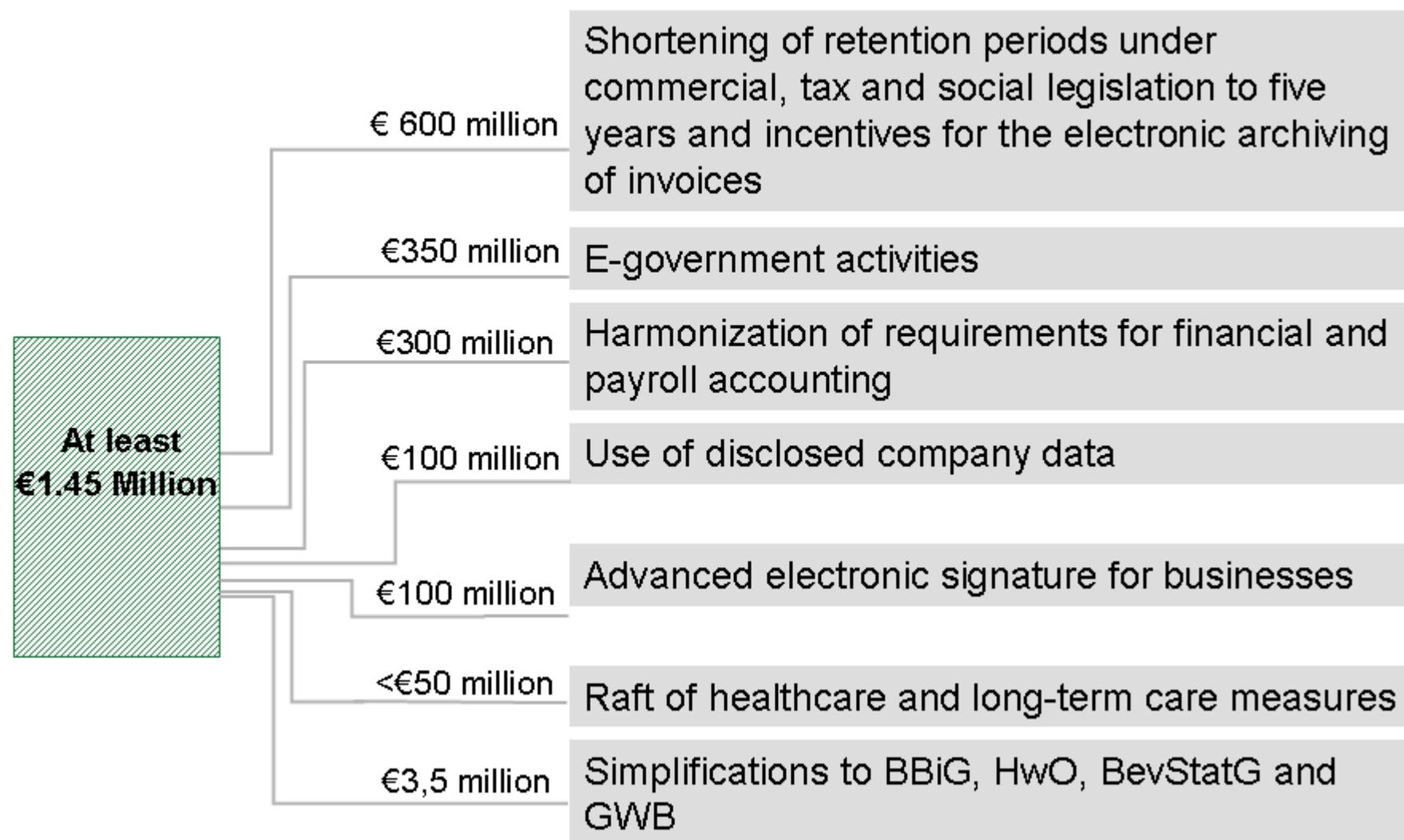
	Total	Of which caused by national legislation	Of which caused by EU/international legislation
Baseline: Annual administrative costs incurred by businesses as a result of information obligations at 30 September 2006 (€ billion)	49.32	23.62	25.70
<u>16th legislative period</u>			
Net reduction (€billion)	-5.99	-5.42	-0.57
Net reduction (%)	<i>-12.1</i>	<i>-22.9</i>	<i>-2.2</i>
<u>17th legislative period</u>			
Net reduction (€billion)	-4.89	-0.83	-4.06
Net reduction (%)	<i>-9.9</i>	<i>-3.5</i>	<i>15.8</i>
Reductions from government paper (€ billion)	-1.45	*	*
Net reduction (%)	<i>-3.0</i>	*	*
<u>Net balance</u>			
Net reduction (€billion)	-12.33		
Net reduction (%)	<i>-25.0</i>		

* Allocation not yet complett

Reduction in the costs of information obligations for businesses by end of 2011



The benchmarks for bureaucracy reduction adopted by the Federal Cabinet on 14 December 2011 are expected to reduce administrative burdens on businesses by at least €1.45 billion annually



Overview of changes in administrative costs by ministry

	Projects in the 16th legislative period in €000			Projects in the 17th legislative period (until 31 Dec. 2011) in €000			Overall reduction by 31 Dec. 2011 in €000
	Burden	Reduction	Balance	Burden	Reduction	Balance	
Federal Ministry of the Interior	87,877	-131,532	-43,655	14,647	-134,373	-119,726	-163,381
Federal Ministry of Justice	167,115	-2,615,183	-2,448,068	2,107	-752	1,355	-2,446,713
Federal Ministry of Finance	466,310	-1,668,013	-1,201,703	47,344	-4,188,369	-4,141,025	-5,342,728
Federal Ministry of Economics and Technology	323,366	-241,995	81,371	22,068	-424,911	-402,843	-321,472
Federal Ministry of Labour and Social Affairs	29,443	-1,765,437	-1,735,994	24,341	-11,742	12,599	-1,723,395
Federal Ministry of Food, Agriculture and Consumer Protection	4,560	-135,043	-130,483	5,047	-2,144	2,903	-127,580
Federal Ministry of Defence	3	-83	-80	0	-432	-432	-512
Federal Ministry of Family Affairs, Senior Citizens, Women and Youth	5,363	-4,973	390	2,386	-569	1,817	2,207
Federal Ministry of Health	678,003	-759,325	-81,322	6,991	-131,694	-124,703	-206,025
Federal Ministry of Transport, Building and Urban Development	716	-28,033	-27,317	1,680	-69	1,611	-25,706
Federal Ministry for Environment, Nature Conservation and Nuclear Safety	57,849	-451,873	-394,024	18,413	-140,503	-122,090	-516,114
Federal Ministry of Education and Research		-2,700	-2,700	64	-2,300	-2,236	-4,936
The Commissioner of the Federal Government for Culture and Media		-234	-234				-234
Interdepartmental regulations		-1,171	-1,171		-1,453,500	-1,453,500	-1,454,671
Total	1,820,605	-7,805,595	-5,984,990	145,088	-6,491,358	-6,346,270	-12,331,262

Development of compliance costs (for the period 1 July 2011 until 31 December 2011*)

Balance of regular compliance costs

Annual compliance costs for businesses in €000

Source: Database of the Federal Statistical Office

Correct as of 6 March 2012

	Compliance costs			Of which administrative costs from information obligations		
	Burden	Reduction	Balance	Burden	Reduction	Balance
Foreign Office						
Federal Ministry of the Interior						
Federal Ministry of Justice						
Federal Ministry of Finance	127,669	-162	127,508	4,619	-162	-4,457
Federal Ministry of Economics and Technology	4,973		4,973	3,826		3,826
Federal Ministry of Labour and Social Affairs						
Federal Ministry of Food, Agriculture and Consumer Protection	6	-146	-140	6	-146	-140
Federal Ministry of Defence						
Federal Ministry of Family Affairs, Senior Citizens, Women and Youth						
Federal Ministry of Health	723		723			
Federal Ministry of Transport, Building and Urban Development	2,841	-2,018	823	2,290		2,290
Federal Ministry for Environment, Nature Conservation and Nuclear Safety						
Federal Ministry of Education and Research						
Federal Ministry of Economic Cooperation and Development						
The Commissioner of the Federal Government for Culture and Media						
Interdepartmental regulations						
Total	136,212	-2,326	133,886	10,742	-308	10,434

* Proposed regulations that have been introduced into ministerial coordination since 1 July 2011 and all projects from 1 September 2011 – regardless of the start of the ministerial coordination – which were submitted to the Federal Cabinet by 31 December 2011 and affect compliance costs.

Development of compliance costs (for the period 1 July 2011 until 31 December 2011*)**Balance of regular compliance costs****Annual compliance costs for citizens and public authorities**

Source: Database of the Federal Statistical Office

Correct as of 6 March 2012

	Time needed by citizens in hours			For public authorities in €000		
	Burden	Reduction	Balance	Burden	Reduction	Balance
Foreign Office						
Federal Ministry of the Interior						
Federal Ministry of Justice						
Federal Ministry of Finance				9,448		9,448
Federal Ministry of Economics and Technology						
Federal Ministry of Labour and Social Affairs						
Federal Ministry of Food, Agriculture and Consumer Protection						
Federal Ministry of Defence						
Federal Ministry of Family Affairs, Senior Citizens, Women and Youth		-1,517	-1,517	6	-90	-84
Federal Ministry of Health	4,333		4,333	3,322		3,322
Federal Ministry of Transport, Building and Urban Development				232	-24	208
Federal Ministry for Environment, Nature Conservation and Nuclear Safety						
Federal Ministry of Education and Research						
Federal Ministry of Economic Cooperation and Development						
The Commissioner of the Federal Government for Culture and Media						
Interdepartmental regulations						
Total	4,333	-1,517	2,816	13,008	-114	12,894

* Proposed regulations that have been introduced into ministerial coordination since 1 July 2011 and all projects from 1 September 2011 – regardless of the start of the ministerial coordination – which were submitted to the Federal Cabinet by 31 December 2011 and affect compliance costs

Top 100 information obligations for businesses and their changes

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
A) Top 100 information obligations at 1 October 2006							
1	4	Retention of invoices	Sec. 14b(1) VAT Act (UStG)	6,197	2,892	-3,305	<ul style="list-style-type: none"> • Simplifying of electronic invoicing, Tax Simplification Act 2011
2	1	Submission of VAT returns	Sec. 18(3), clause 1 UStG	3,650	3,469	-181	<ul style="list-style-type: none"> • Simplification through one-off waiver of numerous BMF letters ("<i>Normenflut II</i>") (-€100 million) • Mandatory electronic submission of annual VAT declarations instead of on paper, Annual Tax Act (JStG) 2010 (-€80.7 million)
3	2	Compulsory annual and consolidated financial statement, auditing and disclosure for all corporations (auditing only for medium-sized and large companies)	Secs. 264 and 325 Commercial Code (HGB)	3,597	3,272	-325	<ul style="list-style-type: none"> • EHUG (Act on Electronic Commercial and Co-operative Registers and the Company Register) – switch from paper submission of financial statements/annual reports and publication in the Printed Federal Gazette (only for large companies) to compulsory online filing and general publication in the Electronic Federal Gazette, amendments through EHUG; (-€42.9 million) • Accounting Law Modernization Act (BilMoG; -€282.5 million)
4	3	General accountancy	Sec. 238 HGB inter alia	3,218	3,218		<ul style="list-style-type: none"> • –

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
5	5	Issue of invoices	Sec. 14(2), no. 2, clause 2, UStG	2,895	2,287	-608	<ul style="list-style-type: none"> • Increase in the limit specified in Sec. 33 VAT Implementing Regulation (UStDV) for small invoices – in this case B2B services -from €100 to €150 (Medium-Sized Company Alleviation Act I – MEG I) -€338.4 million) • Abolishing the obligation to issue invoices for certain tax-free transactions, Tax Deregulation Act (StBürokratAbG; -€14.1 million) • Alleviation of electronic invoicing, Tax Simplification Act 2011 (-€255.7 million)
6	6	Annual inventory for large retail merchants	Sec. 240 HGB	2,780	1,780	-1,000	• BilMoG
7	18	Accounting for commercial partnerships and sole traders – large retail merchants	Secs. 242ff HGB	1,638	388	-1,250	• BilMoG

Top 100 information obligations for businesses and their changes

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
8	7	Trade tax declaration obligation	Sec. 14a Trade Tax Act (GewStG)	1,613	1,464	-149	<ul style="list-style-type: none"> • Secs. 7g(7, 8) Income Tax Act (EStG) abolished under UntStRefG 2008, causing partial amendment of information obligation by reorganization of the scope, Corporate Tax Reform Act 2008 (UntStRefG) (-€0.2 million) • Simplification due to one-off abolition of numerous BMF letters ("<i>Normenflut II</i>") (-€46.0 million) • Inclusion of assets previously deemed low-value assets in the same compound item following UntStRefG 2008. Also applies to low-value assets of €411–1,000, which previously had to be included in the list of assets. UntStRefG 2008 (-€65 million) • Mandatory electronic submission of trade tax returns instead of on paper as before (StBürokratAbG) (-€37 million)
9	8	Corporate tax returns	Sec. 31(1), clause 1 KStG 1977 in conj. with Sec. 25(3), clause 1 EStG	1,282	1,206	-76	<ul style="list-style-type: none"> • Simplification due to one-off abolition of numerous BMF letters ("<i>Normenflut II</i>") (-€46.0 million) • Mandatory electronic submission of corporate tax returns instead of on paper as before (StBürokratAbG; -€37 million)
10	9	Consulting and documentation obligation for insurance brokers	Sec. 61(1) in conj. with Sec. 62(1) Insurance Contract Act (VVG)	893	893		<ul style="list-style-type: none"> •
11	10	Separate declaration of intra-Community supplies in taxation procedures	Sec. 18b, clause 1 UStG	854	854		<ul style="list-style-type: none"> •

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
12	27	Calculation of social security contributions	Sec. 23 SGB IV	836	186	-650	• Simplification
13	13	Identification obligation when contracting a long-term business relationship	Sec. 8(1) in conj. with Sec. 4(3–5), Sec. 3(1), (2), clause 1, no. 1 Money Laundering Act (GwG)	804	696	-108	<ul style="list-style-type: none"> • Legal amendment, Money Laundering Amendment Act (GwBekErgG) (€4.1 million) • Simplification through e-passport, ID Cards and Electronic Identity Act, and the amendment of other provisions (-€111.7 million)
14	11	Insurers must continue to advise policyholders throughout the duration of insurance contracts and keep written records thereof	Sec. 6(4), clause 1 VVG	714	714		• –
15	12	Obligation for banks and financial services to draw up, audit and disclose annual and consolidated financial statements	Secs. 340, 340I HGB	703	697	-6	• EHUG – switch from paper submission of financial statements/annual reports and publication in the Printed Federal Gazette to compulsory online filing and publication in the Electronic Federal Gazette, amendments through EHUG
16	17	Proof of qualification, competence and capability	Sec. 97(4) GWB in conj. with Sec. 7, no. 4 VOL/A	656	390	-266	• Procedural modification, Fourth Amendment to the Procurement Regulations and First Amendment to Sector Regulations
17		Qualified electronic signature on electronically transmitted invoices	Sec. 14(3), no. 1 UStG	541	54	-487	• Simplification of electronic invoicing, Tax Simplification Act 2011
18	14	General accounting	Sec. 238 HGB	500	500		•

Top 100 information obligations for businesses and their changes

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
19	32	Advance VAT returns	Sec. 18(1), first half of clause 1, and Sec. 18(2) UStG	469	160	-309	<ul style="list-style-type: none"> Abolition of Sec. 15(2), clause 1, no. 3 and amendment of Sec. 15(3), no. 2 UStG. Deduction is always allowed for free services, eliminating the need for separate calculations (Annual Tax Act 2007 – JStG) (-€3.9 million) Simplification through one-off waiver of numerous BMF letters (“Normenflut II”) (-€100 million) Due to the exemption contained in Sec. 4, no. 25 UStG, entrepreneurs are now classed as small businesses and thus no longer have to submit advance returns (JStG 2008) (-€0.4 million). Raising the threshold for the monthly and quarterly submission of advance VAT returns in accordance with Sec. 18(2), clauses 2 and 3, UStG and increasing the limit of Sec. 18(2a) UStG (StBürokratAbG) (-€9.2 million)
20	19	Uniform assessment criteria for SHI-accredited medical services – invoicing of medical services	Sec. 295(1, 2a, 4) and Sec. 295a SGB V	453	386	-67	<ul style="list-style-type: none"> The main feature of the new uniform assessment criteria is flat-rate amounts in which the individual services of doctors and psychotherapists are combined and therefore need no longer be stated separately by the doctor or psychotherapist in invoices.
21	15	Invoicing of drugs by pharmacies	Sec. 300(1) SGB V	446	446		<ul style="list-style-type: none">

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
22	16	Prescription obligations for certain medicines, e.g. containing particular substances	Sec. 48(1) German Drugs Act (AMG)	404	404	0	<ul style="list-style-type: none"> • Six amendments to Annex 1 of the Prescription Drugs Regulations (AMVV), Second, Third, Fifth, Sixth, Seventh, Eighth Amendments to the AMVV (€0.048 million)
23		Proof of contributions to social security	Sec. 28f(3), clause 1 SGB IV	379	6	-373	<ul style="list-style-type: none"> • Creation of an integrated, fully automated reporting and contribution method for social security (-€250 million) • Uniform time of submission of proof of contributions, Amendment to the SGB IV and other laws (-€123 million)
24	20	External auditing	Sec. 200(1), clause 2 Tax Code (AO) 1977	377	377	-25	<ul style="list-style-type: none"> • –
25		Notifying employees of data passed on to social security	Sec. 28a(5) SGB IV	327	24	-303	<ul style="list-style-type: none"> • Creation of an integrated, fully automated reporting and contribution method for social security (-€250 million) • Abolition of employer's paper certificates in reporting procedures, Second Amendment to SGB IV and other laws (-€31.1 million) • Abolition of registration of amendments, Second Amendment to SGB IV and other laws (-€16.1 million) • Abolition of employee's copies for reports solely addressed to statutory accident insurance, Fourth Amendment to SGB IV and other laws (-€5 million)
26	21	Statement of basic prices	Sec. 2(1-4) Price Indication Regulations (PAngV)	315	315		<ul style="list-style-type: none"> • –

Top 100 information obligations for businesses and their changes

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
27	44	Reporting for employees subject to social insurance	Sec. 28a(1, 2) SGB IV	293	93	-200	<ul style="list-style-type: none"> • Creation of an integrated, fully automated reporting and contribution method for social security
28	22	Transmission of invoicing data from other providers to health insurance funds	Sec. 302(1) SGB V	285	285		<ul style="list-style-type: none"> • New framework recommendations to simplify and standardize procedures (Article 1, nos. 45 and 49 SHI VStG)
29		Proof of compliance of collection and recycling requirements for consumer packaging waste (volume flow records) by the final distributor (manufacturer and distributor) if no other system is in place	Sec. 6(8), clause 1 Packaging Regulations (VerpackV)	235	0	-235	<ul style="list-style-type: none"> • Extensive discontinuation of verification due to Fifth Amendment to VerpackV (-€235 million)
30	36	Filing of income tax	Sec. 41a(1), clause 1, no. 1 EStG	220	115	-105	<ul style="list-style-type: none"> • Simplification through one-off waiver of numerous BMF letters ("Normenflut II") (-€27.6 million) • Raising the limits for quarterly and annual filing of income tax returns (StBürokratAbG) (-€1.8 million) • Tax Incentives for Employees' Share Ownership Act (MitArbKapBetG) repeals Sec. 19a EStG: elimination of the standard and hence limitation of tax breaks to half the value of asset holding as well as of complicated review of Sec. 19a(2) EStG regarding valuation (€0.1 million)
31	33	Record-keeping obligations	Sec. 28(1) X-Ray Regulations (RöV)	215	151	-64	<ul style="list-style-type: none"> • 30% savings due to admissibility of electronic data transmission, First Amendment to Radiation Protection Regulations

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
32	35	General rules of conduct for undertakings providing investment services, obligation to collect data from clients and keep them properly notified	Sec. 31(2) Securities Trading Act (WpHG)	212	212		•
33		Production of testing records	Sec. 6(3) Regulations for Pharmaceutical Manufacturers (PharmBetrV)	211	0	-211	• PharmBetrV abolished
34	34	Proof of expertise and economic and financial ability	Sec. 97(4) GWB in conj. with Sec. 5, no. 1(2-4) VOL/A SKR	207	124	-83	• Simplified suitability test, Fourth Amendment to the Procurement Regulations and First Amendment to Sector Regulations
35	26	Submission of certificates of reliability	Sec. 8, no. 5(3) in conj. with Sec. 8, no. 3(2) VOB/A	193	191	-2	• Under Sec. 8, no. 5(3) VOB/A, proof may be supplied by reference to the prequalification index (-€2.1 million)
36		Production of a manufacturing protocol	Sec. 5(4) PharmBetrV	185	0	-185	• PharmBetrV abolished (-€185 million)
37	28	Statistical surveys among all banks	Sec. 18 Bundesbank Act (BBankG)	175	175		• -
38	29	Information required to check sufficient equity (Principle I)	Sec. 10(1), clause 5 Banking Act (KWG)	173	173		• -
39	30	Proof of bidders' suitability	Sec. 8(3) VOB/A	168	167	-1	• Introduction of a prequalification index in VOB/A, simplified proof of suitability for bidders by reference to the index

Top 100 information obligations for businesses and their changes

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
40	86	Indicating the sale of an anaesthetic in accordance with Sec. 12 Narcotics Act (BtMG)	Sec. 12(2), clause 1 (BtMG)	166	47	-119	<ul style="list-style-type: none"> • 21st Ordinance amending narcotics legislation (BtMÄndVO) – extension of information obligation to newly classified and reclassified narcotics. Removal of modafinil from narcotics legislation. (-€0.01 million) • Amendment to annexes of BtMG and Narcotics Prescription Regulations, 25th Ordinance amending narcotics legislation (-€0.11 million) • Switch to electronic procedures, First Amendment to the Domestic Trade in Narcotic Drugs Regulations (BtMbinHV)(-€119.37 million)
41	31	Compulsory annual and consolidated financial statements and annual reports for insurance companies and pension funds, including auditing and disclosure	Secs. 341, 341I HGB	166	164	-2	<ul style="list-style-type: none"> • EHUG – switch from paper submission of financial statements/annual reports and publication in the Printed Federal Gazette to compulsory online filing and publication in the Electronic Federal Gazette, amendments through EHUG (-€2.3 million)
42	41	Financial, economic and technical proof of qualification, competence and capability	Sec. 97(4) GWB in conj. with Sec. 7a, nos. 2, 4 and 5 VOL/A	161	97	-64	<ul style="list-style-type: none"> • Self-certification replaces proof previously required, Fourth Amendment to the Procurement Regulations and First Amendment to Sector Regulations

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
43		Settlement of employees' payroll accounts, electronic transmission of income tax certification	Sec. 41b(1), clauses 1 and 2 EStG	151	22	-129	<ul style="list-style-type: none"> • Separate certification of health, pension and unemployment insurance contributions when the payroll account is settled, Improved Taxation of Pension Contributions Act, Civil Relief for Health Insurance Act (+€8.7 million) • Substantial simplification due to introduction of electronic income tax deduction characteristics, JStG 2008 (-€137.3 million)
44	43	X-ray registration card	Sec. 28(2), clause 3 in conj. with clause 2 RöV	134	94	-40	<ul style="list-style-type: none"> • 30% savings due to admissibility of electronic data transmission, First Amendment to Radiation Protection Regulations
45	37	Application for approval for the construction and operation of installations requiring a permit	Sec. 4(1) Pollution Control Act (BImSchG)	130	113	-17	<ul style="list-style-type: none"> • Ex ante assessment for Reduction and Acceleration of Pollution Control Permit Procedures (ImSchR BeschG) according to the explanatory memorandum in UGB I (-€17.4 million)
46	35	Profit concept in general (hospitality expenses)	Sec. 4(5), clauses 1, no. 2 and clause 2 EStG	124	124		<ul style="list-style-type: none"> • –
47	53	Employer's obligations to provide proof of social security	Sec. 28f(1), clause 1 SGB IV	120	70	-50	<ul style="list-style-type: none"> • Creation of an integrated, fully automated reporting and contribution method for social security

Top 100 information obligations for businesses and their changes

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
48	38	Obligation to prepare, audit and disclose (consolidated) financial statements for particularly large individual traders, incorporated partnerships not covered by Sec. 264a HGB, economic associations, certain foundations, corporations and institutions under public law	Secs. 1, 9, 11, 15 Disclosure Act (PublG)	111	109	-2	<ul style="list-style-type: none"> • EHUG – switch from paper submission of financial statements/annual reports and publication in the Printed Federal Gazette to compulsory online filing and publication in the Electronic Federal Gazette, amendments through EHUG
49		Plot-specific documentation on the use of fertilizers and pesticides	Sec. 5(4) Nature Conservation Act (BNatSchG)	109		-109	<ul style="list-style-type: none"> • –
50		Employer's obligation to retain income tax cards	Sec. 39b(1), clause 2 EStG	109		-109	<ul style="list-style-type: none"> • Introduction of electronic income tax deduction characteristics, retention obligation for paper documents abolished, JStG 2008
51	48	Intra-community trade between EU member states – imports	Sec. 2(1) Cross-Border Trade Statistics Act (AHStatGes)	98	79	-19	<ul style="list-style-type: none"> • 15th Amendment to Foreign Trade Statistics Implementation Regulations (AHStatDVÄndV) (-€11 million) • Threshold raised to €500,000, AHStatDVÄndV (-€8 million €)
52	40	Notification of forecast consumption for the year	Sec. 13(1) Electricity Network Access Ordinance (StromNZV)	97	97		<ul style="list-style-type: none"> • –
53	62	Provision and if necessary electronic transmission of completed registration forms in accommodation, campsites and houseboats	Sec. 29(2), BMG	97	62	-35	<ul style="list-style-type: none"> • Existing data can be pre-printed on the registration form, Registration Development Act
54	42	Work certificate	Sec. 312(1) SGB III	94	94		<ul style="list-style-type: none"> • –

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
55	54	Drivers' obligation to record driving hours and operation of digital recording equipment, employers' obligation to keep records and back up data, obligation to submit data to authorities	Sec. 1(6), in conj. with Sec. 2(1, 2) Driving Personnel Regulations (FPersV)	93	69	-24	<ul style="list-style-type: none"> The FPersV regulate the driving hours and rest times of drivers. They also standardize the monitoring scope of the relevant supervisory authorities and lay down what recording obligations have to be complied with by drivers and companies. Following an amendment to these regulations, tradesmen and market-traders with vehicles with a gross vehicle weight of 2.8–3.5 tonnes have been exempted from keeping records. This saves the companies concerned some €27 million per year.
56	45	Obligation to apply for import clearance	Sec. 27(1) German Foreign Trade (AWV)	90	90		<ul style="list-style-type: none">
57	82	Proof by vets regarding the whereabouts of drugs	Sec. 13(1) TÄHAV	84	49	-35	<ul style="list-style-type: none"> Elimination of the form specified in the application and supply of drugs for food-producing animals
58		Registration of specific reporting requirements in hospitals, long-term care facilities and similar institutions	Sec. 32 BMG	83	0	-83	<ul style="list-style-type: none"> Separate registration abolished. These institutions already maintain documents containing the relevant data of their patients and residents, Registration Development Act
59	46	Obligation of permit-holders to submit reports about the safety of drugs regularly or on demand	Sec. 63b(4, 5) AMG	82	82		<ul style="list-style-type: none"> –
60		Reports for marginally employed persons	Sec. 28a(9) SGB IV	78	29	-49	<ul style="list-style-type: none"> Creation of an integrated, fully automated reporting and contribution method for social security (-€50 million) Increase in number of cases through Accident Insurance Modernization Act (UVMG) (+€1 million)

Top 100 information obligations for businesses and their changes

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
61	49	Statistical reports of the lender	Sec. 8 Temporary Employment Act (AÜG)	74	74		• –
62	50	Disclosure of inside information	Sec. 15(1) Securities Trading Act (WpHG)	72	72		• –
63	51	Annual obligation to keep members and beneficiaries of occupational pension schemes informed throughout the pension period	Sec. 10a(2) Insurance Supervision Act (VAG) in conj. with Annex Part D, Sec. III, no. 2	72	72		• –
64	55	Issue of a certificate of insurance when insurance starts	Sec. 5(6) Compulsory Insurance Act (PfIVG)	69	69		• Introduction of electronic insurance confirmation
65	56	Certification of foreign income and taxes	Sec. 68b EStG 1955	68	68		• –
66		Sign showing name and company	Sec. 15a(1–4) GewO	66	0	–66	• Obligation is abolished; MEG III
67	58	Correction of advance VAT returns and tax returns concerning intra-Community supplies	Sec. 18b, clauses 4 and 5, UStG	65	65		• –
68	60	Company audit and obligation to send in audit report	Sec. 16(1), clause 1 Real Estate Agent and Commercial Contractor Regulations (MaBV)	65	65		• –

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
69	59	Confirmation to the seller by the purchaser of the receipt of narcotics	Sec. 12(2), clause 2 BtMG	63	63	0	<ul style="list-style-type: none"> • 21st Ordinance amending narcotics legislation (BtMÄndVO) – extension of information obligation to newly classified and reclassified narcotics. Removal of modafinil from narcotics legislation. (–€0.1 million) • Amendment to annexes of BtMG and Narcotics Prescription Regulations, Ordinance amending narcotics legislation (+€0.1 million)
70	99	Measuring of emissions, emissions reporting and verification of reporting	Sec. 5(1) Greenhouse Gas Emissions Trading Act (TEHG)	62	39	–23	<ul style="list-style-type: none"> • Simplification in 2008–12 trading period (–€25 million) • Substantive change: Change in the number of cases since additional plants and aircraft operators will become subject to emissions trading in the third trading period, Amendment to the Legal Basis for the Further Development of Emissions Trading (+€2 million)
71		Reporting of data to calculate contributions with regard to the annual report pursuant to Sec. 28a(3) SGB IV	Sec. 165(1) SGB VII	61	11	–50	<ul style="list-style-type: none"> • Replacement of the previous wage statement by giving pay data in the annual report to the collecting agencies under Sec. 28a(3) SGB IV. Other information required for calculating apportionment under the rules is possible via registration by employers (UVMG).
72	64	Possibility to reduce contributions, self-check by an officially approved monitoring programme under Sec. 4(5), clause 5 Wastewater Charges Act (AbwAG)	Sec. 4(5), clause 5 AbwAG	61	61		<ul style="list-style-type: none"> • –

Top 100 information obligations for businesses and their changes

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
73	65	Obligation to provide training and instruction	Sec. 12(1) Industrial Safety Act (ArbSchG)	61	61		• –
74	70	Obligation to submit trade tax apportionment details	Sec. 14a GewStG	60	58	-2	• Abolition of the requirement to submit trade tax apportionment details on paper (StBürokratAbG) (-€1.7 million)
75	68	Record-keeping obligations	Sec. 22(1-6) UStG	59	58	-1	• Simplification of proof of compliance with the requirements in Sec. 4, clause 1, nos. 14 and 16 UStG, JStG 2009 (-€0.2 million) • MEG III limits the number of employers who must maintain a VAT book (-€0.8 million)
76	66	Professional asset managers have to report on assets and receivables they administer, and must inform tax office accordingly upon the death of the testator	Sec. 33(1), clause 1 German Inheritance Tax Act (ErbStG)	59	59		• –
77	71	Project funding, applications for project funding	Administrative regulation no. 3.1, clause 1 General Supplementary Conditions for Project Funding (ANBest-P) concerning Sec. 44 Federal Budget Code (BHO)	59	58	-1	• Introduction of profi-Online
78	67	Data transmission by domestic paying agent to the Federal Central Tax Office regarding economic owner	Sec. 8, clause 1 Interest Information Regulations (ZIV)	59	59		• –

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
79	60	Payment of capital gains tax	Sec. 44(1), clause 5 EStG	59	62	3	<ul style="list-style-type: none"> • Extension of information obligation to insurance companies paying returns from capital investment comparable with deposit transactions at banks (JStG 2007)
80	69	Obtaining prior consent and obligation to notify	Sec. 4(1) in conj. with Sec. 4a(1), clause 2 Data Protection Act (BDSG)	58	58		<ul style="list-style-type: none"> • –
81	72	Toleration and support for monitoring activities	Sec. 16(2) Calibration Act (EichG)	57	57		<ul style="list-style-type: none"> • –
82		Application for reimbursement (employer applies for compensation for continuation of wage payments and maternity benefits)	Sec. 2(2), clause 1 in conj. with Sec. 2(3), clause 1 AAG	55	18	-37	<ul style="list-style-type: none"> • Employers' applications for compensation for the continuation of wage payments and maternity benefits can be submitted via secure, encrypted data transmission or automatic completion assistance to the appropriate health insurance fund.
83	98	Obligation to report receipt of cash, securities or precious metals worth €15,000 or more	Sec. 8(1) in conj. with Sec. 4(3–5), Sec. 3(1) and(2), clause 1, no. 2 GwG	55	39	-16	<ul style="list-style-type: none"> • Simplification through e-passport, ID Cards and Electronic Identification Act and amendment of other provisions
84	73	Enclosure of patient information leaflet	Sec. 11(1) AMG	54	54		<ul style="list-style-type: none"> • Extension of the warning in patient information leaflets to include the special circumstances of particular groups (e.g. children and pregnant women). For veterinary drugs, no information on compound feed types or production methods (Sec. 11(4), clause 3), Act amending drugs legislation and other provisions (AMGuaÄndG)
85	74	Issue of income tax certificate to employees	Sec. 41b(1), clause 3 EStG	54	54		<ul style="list-style-type: none"> • –

Top 100 information obligations for businesses and their changes

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
86	75	Provision of information in connection with special audits	Sec. 44(1), clause 2, (2), clause 2, (3), clause 1, (3a), clause 1 KWG	53	53		• –
87	76	Veterinarian's form concerning the whereabouts of drugs for non-food-producing animals	Sec. 13(1) TÄHAV	53	53		• –
88	77	Short description of subject of each fee/expense, number used of remuneration index and item value in invoices	Sec. 10(2) Legal Counsel Fees Act (RVG)	52	52		• –
89		Preparation of instructions and procedures	Sec. 5(3) PharmBetrV	51	0	-51	• PharmBetrV abolished
90		Annual certificate of investment income and capital gains from investments	Sec. 24c EStG	51	0	-51	• Under UntStRefG 2008, Sec. 24c EStG was abolished with effect from 1 January 2009.
91		Reporting in connection with social security to occupational pension schemes	Sec. 28a SGB IV	50	5	-45	• Information was previously delivered on paper. The costs of the new standard procedure are about €5 million (-€45 million), Amendment to SGB IV and other laws
92	93	Amendment applications simplified	Sec. 16(2), clause 3 BImSchG	50	43	-7	• ImSchRBeschG
93	79	Obligation to notify Data Protection Commissioner of automatic processing projects	Sec. 4g(1), no. 1 BDSG	50	50		• –
94	39	Notification of contract terms before signing insurance contracts	Sec. 7(1), clauses 1 and 2 VVG in conj. with Secs. 1–3 Information Obligations for Insurance Contracts (VVG)	50	107	-57	• Substantive change has led to changes in burden, amendments to VVG/VVG-InfoV

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
95	81	Provision of information on standard transactions	Sec. 675a(1), clauses 1 and 2 German Civil Code (BGB)	49	49		• –
96	83	Extra-Community foreign trade – exports	Sec. 2(1) AHStatGes	49	49		• –
97	84	Extra-Community foreign trade – imports	Sec. 2(1) AHStatGes	48	48		• –
98	85	Reinstatement of previous status	Sec. 110 AO 1977	48	48		• –
99	87	Submission of tax returns to vehicle registration centre, registration of trailer supplement under Sec. 4, clause 1 Road Tax Implementation Regulations (KraftStDV) can be combined with this	Sec. 3(1), clause 1 KraftStDV 1979	47	47		• –
100	88	Information from policyholders on any bonuses received	Sec. 6(1), no. 3 SG InfoV	47	47		• –
B) Other top 100 information obligations at 31 December 2011							
	23	Production of testing records for products defined in Parts 3, 4 and 5	Sec. 14(4), clause 1, Sec. 23(4), Sec. 33(4), Sec. 37(3) Production of Pharmaceuticals and Active Substances Regulations (AMWHV)		251	251	• Information obligation introduced
	24	Production of manufacturing records for products defined in Parts 3, 4 and 5	Sec. 13(7), clause 1, Sec. 13(8), Sec. 22(6, 7), Sec. 31(4), clause 3, Sec. 33(1, 4), Sec. 36(9) AMWHV		221	221	• Information obligation introduced

Top 100 information obligations for businesses and their changes

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
	47	Written conclusion of basic electricity supply contract and reference to the terms and conditions including supplementary conditions and possibility of claiming compensation for claims for supply interruptions	Sec. 2(1) in conj. with Sec. 2(3) and Sec. 2(4) in conj. with Sec. 2(1) and Sec. 16(3) Basic Electricity Supply Regulations (StromGVV)		82	82	• Information obligation introduced
	52	Regular reporting on the analysis of the results of rating systems by the credit risk control unit	Sec. 152(1), clause 3 Solvency Regulations (SolvV)		71	71	• Information obligation introduced
	57	Provision of information	Sec. 34(1–4) BDSG		65	65	• Expansion of information obligation under the BDSG
	61	Production of manufacturing instructions for products defined in Parts 3, 4 and 5	Sec. 7(5), Sec. 13(1), Sec. 22(1), Sec. 31(4), Sec. 33(1), Sec. 36(3,4) AMWHV		62	62	• Information obligation introduced (€61.5 million) • Specification of rules for tissue establishments, AMWHV (<€0.5 million)
	78	Preparation of memo by investment brokerage companies on details of investment advice and issue of memo to client	Sec. 34(2a, 2b) WpHG		50	50	• Information obligation introduced, Restructuring of Law on Debt Securities from Total Emissions and Improvement of Enforceability of Investors' Claims over Negligent Advice Act (SchVGEG)
	80	Notification of connection applicant or user to grant access to land and buildings to network operator's representative and regarding possibility of alternative appointment	Sec. 21, clause 1 in conj. with second half of clause 3 Low Voltage Connection Regulations (NAV)		49	49	• Information obligation introduced
101	89	Details of prescriptions	Sec. 9 Price Regulations for Medicinal Products (AMPreisV)	47	47		• –

Rank in Top 100: 2006	Rank in Top 100: 2011	Information obligation	Legal basis	Burden in 2006 (€m p.a)	Current burden (€m p.a)	Change (€m p.a)	Measures
103	90	Information on right to refuse and responsible department as well as origin of data if applicable	Sec. 28(4), clause 2 BDSG	45	45		• –
105	91	Inspection of land register – proof of legitimate interests	Sec. 12(1), GBO	44	44		• Extension of the electronic retrieval system to include land registry files, Introduction of Electronic Legal Transactions and Electronic Files in Land Registry Procedures Act (ERVGBG) and regulations concerning land registers and costs
106	92	Proof of client status for building contractors	Sec. 13b(5), first half of clause 2, UStG	44	44		• –
	94	Obligation to report suspicion of money laundering and financing of terrorist organizations	Sec. 11(1) GwG		42	42	• Introduction of the obligation to provide information and Money Laundering Amendment Act (GwBekErgG)
	95	Documentation of the timely identification of the potential risk amount. The work and organization of an investment trust are to be designed such that the potential level of market risks can be quickly determined.	Sec. 13(1) Derivative Regulations (DerivateV)		41	41	• Information obligation introduced
	96	Filing for insolvency proceedings	Sec. 13(1) Insolvency Regulations (InsO)		41	41	• Introduction of the obligation to provide information and its extension, Act facilitating company reorganization
	97	Direct award of contracts for institutionally funded research centres (up to €30,000)	Sec. 3, no. 4p, Part a VOL/A		40	40	• Information obligation introduced (€40 million) • Maximum amount raised from €8,000 to €30,000 (–€2.7 million)
	100	Price indication at petrol stations	Sec. 8(1) (PAngV)	37	37		•
		Total		44,202	33,438		•

Appendix

Government paper on the further reduction of administrative burdens on businesses

Cabinet decision of 14 December 2011

Bureaucracy reduction and better regulation have contributed to higher growth and substantially reduced the administrative burdens on businesses and public authorities.

In January 2010, the Federal Government reaffirmed its goal to initiate and implement measures to cut the administrative costs incurred by businesses by 25% compared to 2006.

As a result of the Federal Government's simplification measures, businesses now spend around €10.9 billion net (22.1%) less per year than in 2006 on compliance with statutory information obligations.

The Federal Government hereby initiates the following additional measures to achieve the 25% target:

- **Shortening retention periods to five years and other incentives for the electronic filing of invoices and receipts, BMF, BMJ, BMAS**

We will harmonize the retention periods under commercial, tax and social legislation and limit them to five years. The archiving and storage of invoices and other receipts has hitherto generated administrative costs for businesses to the tune of several billion euros per year. These costs can now be reduced, particularly by making greater use of legally secure electronic archiving.

The potential savings amount to €600–800 million annually.

- **Simplification and harmonization of requirements for financial and payroll accounting, BMF, BMI, BMJ, BMAS**

We will reduce multiple reporting by businesses to public authorities in various legal areas and cut the number of legal queries within and between commercial companies. Moreover, the accounting requirements stemming from travel expenses legislation are to be simplified.

The potential savings amount to €300–400 million annually.

- **E-government, BMI, BMAS**

We shall use the E-Government Act to substantially simplify the use of electronic means in cases where writing is required. In addition, in future businesses will mostly be able to submit statistics online. Moreover, a legal basis is to be created for the use of the 'process data accelerator'. We aim to set up a new infrastructure, including a standard electronic interface between businesses and public authorities. We also intend to tap additional potential for bureaucracy reduction for employers by optimizing the reporting procedures in social insurance based on existing technical processes.

The potential savings amount to €350–400 million annually.

- **Giving preference to the use of disclosed company data**

We will significantly reduce routine tasks for businesses by making greater use of information which has already been published by virtue of legal obligations or disclosed to company registers. For this purpose, we will amend the relevant administrative rules.

The potential savings amount to €100–150 million annually.

- **Introducing the advanced electronic signature for businesses, BMWi**

The forthcoming amendment of the Signature Act will allow legal entities a simplified use of documents in electronic procedures as regards authenticity and integrity.

The potential savings amount to €100–150 million annually.

- **Raft of healthcare and long-term care measures, BMG**

We shall develop and implement ways of simplifying the documentation and invoicing of medical services. In connection with the reform of long-term care, we will follow the practical proposals for simplification made by the ombudswoman for bureaucracy reduction in long-term care appointed by the BMG. Moreover, we will heed the findings of the project measuring the compliance costs of application procedures for benefits and services for those who require long-term care or are chronically ill which is part of the coalition agreement.

The potential savings could total as much as €50 million annually.

- **Amendment of the Vocational Training Act and Trade and Crafts Act (Section 36(1) BBiG, Section 30 HwO), BMBF, BMWi**

This amendment will enable the electronic registration of apprenticeships while abolishing the multiple submission of existing training plans.

If all the businesses and other institutions providing training make full use of these electronic procedures, the potential savings will total around €2 million per year.

- **Second Amendment to the Population Statistics Act, BMI**

We will thoroughly revise the Population Statistics Act.

The potential savings amount to around €1 million annually.

- **Potential for improvement in antitrust regulations, BMWi**

The bill for an Eighth Amendment to the Act against Restraints of Competition (GWB) will take advantage of the potential for improvement in anti-trust rules. Differences between German and European merger control will be reduced. The anti-abuse regulations will be made simpler and clearer, and hence more user-friendly.

The potential annual savings amount to about €500,000.

In Q1 2012, the Federal Government will adopt another ambitious reduction target for total measured compliance costs for the period after 2011 in its new “Better Regulation” work programme.