

# **19th XBRL International Conference** **Cutting red tape - The Belgian experience**

Luc Dufresne  
Advisor to the Board of Directors of the  
National Bank of Belgium



**Reducing reporting burden with XBRL:**  
A catalyst for better regulation  
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Ladies and gentlemen,

It is my pleasure to attend this 19th XBRL International Conference, especially focusing on the reduction of reporting burden with the help of the XBRL technology.

I will show you in my presentation that "cutting red tape" is a major matter of concern in Belgium since many years and has led the authorities, a few years ago, to make the choice of XBRL for different reporting requirements.

## Agenda

- ▶ Initiatives of the Belgian government to reduce administrative burden for companies
- ▶ Achievements and current projects
- ▶ Contributions of the National Bank of Belgium
- ▶ Specific role of XBRL in the simplification process



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My presentation will be divided into 4 parts.

Firstly, I will show you how the struggle against redundant and bureaucratic regulation has been organized by the Belgian authorities.

Then, I will carry on with an overview of some significant simplification measures achieved to the advantage of businesses, although many administrative reforms were also completed in favour of citizens.

Thirdly I will illustrate by a few examples how the National Bank of Belgium contributed to this simplification process, particularly in the field of financial and statistical reporting.

Finally, I will explain how XBRL has been used as a tool to increase the harmonization of the exchange of financial information through regulators, participating in that way, in reducing the reporting burden for companies.

## Initiatives of the Belgian government

- ▶ Agency for Administrative Simplification
  - creation in 1997
  - under the office of the Prime Minister
  - role : promote entrepreneurship by measuring and reducing paperwork burden
- ▶ Kafka online contact point ([www.kafka.be](http://www.kafka.be))
  - creation in 2003
  - role : receive proposals on how to improve existing regulation
- ▶ Kafka test
  - creation in 2004
  - role : monitor how new regulations create administrative burdens



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The challenge for governments is definitely to balance

- on the one hand, their need to use administrative procedures as a source of information and as a tool for implementing public policies
- on the other hand, their will to minimise the drawbacks implied by these requirements in terms of resources demanded to citizens and businesses to comply with them.

In Belgium, administrative simplification has been a major matter of concern since many years.

In 1997, a specific institution was created by law: the **Agency for Administrative Simplification**. It is located in the office of the Prime Minister in order to guarantee it at the same time enough "power" and a reasonable independence.

The Agency is in charge of making proposals to reduce the administrative burden supported by companies as well as citizens, by stimulating and coordinating initiatives at the different levels of the administration (federal, regional and local). It was also entrusted with the task of working out and implementing a method to measure the costs incurred by companies and particularly SME's.

Important instruments in this struggle against red tape have been developed in Belgium; they are considered by the OECD to be best practices :

- the **Kafka online contact point** created in December 2003 and managed by the Agency; this kind of "complaint help desk" allows a user-friendly approach in order to collect and consider views and priorities from all stakeholders, citizens and businesses, affected by regulations. The address [www.kafka.be](http://www.kafka.be) receives every day some ten proposals on how to improve existing regulations. Many reform projects that took place recently are resulting from this contact point
- the "**Kafka-test**" designed and implemented to monitor how new regulation creates administrative burdens on citizens and businesses. This method requests regulators (on whatever level : local, regional or federal) to define any administrative burden imposed by their regulatory proposals.

## Achievements and current projects

- ▶ Achievements :
  - more than 200 regulations cancelled or simplified
  - administrative cost reduction for companies : 1,7 billions EUR
- ▶ Major simplification measures for companies
  - Starting up of a company in 3 days and easier than ever
  - Introduction of a single identification number for companies & creation of the Crossroads Bank for Enterprises



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Until now, more than 200 regulations have been abolished or simplified. The administrative cost for companies has considerably decreased. The reduction is estimated to 1,7 billions euros.

This slide and the next one give an overview of the most significant achievements in favour of businesses.

➤ **Starting up** a company in Belgium is now possible in 3 days, by introducing a single starter form at a single "one-stop shop". In 2004 it took 26 days and in 2003 it was as long as 56 days. At that time, companies experienced a great number of administrative obstacles, having to fill out many forms and facing long waiting periods for files to be processed.

➤ This improvement was made easier thanks to the introduction, in 2005, of a **single identification number** for enterprises. The three previously most important company numbers (trade register, VAT and social security) have been replaced by a unique company number. Belgium has also developed a central data bank, the "**Crossroads bank of enterprises**", that stores all basic data regarding enterprises and their individual business locations. This tool satisfies all information needs from different levels of the public administration, avoiding them to ask companies the same information several times.

Many specific regulations on establishing a business were complex, out of date and even absurd (requiring specific skills). To stimulate entrepreneurship, these **obsolete regulations have already been abolished** for 8 professions (miller, solid & liquid fuel retailer, trader in animal feed, photographer, ...).

## Achievements and current projects (2)

- ▶ Major simplification measures for companies (...)
  - Management of human resources totally electronic with the Social Security Crossroads Bank
  - Abolition of paper bookkeeping
  - Electronic tax returns
  - Major reduction in red tape for public procurement



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➤ The creation of the "**Social Security Crossroads bank**", which is the central pillar for the management of human resources, has saved some 300 million paper certificates every year. The major part of the information about employees are now exchanged electronically via the Social Security Crossroads bank.

➤ Before 2005, and although most companies were already using accounting softwares, the legislation was still requiring that the **accounting books** had to be maintained on paper as well. Since 2005, companies and self-employed are no longer required to keep paper books. An electronic version is enough. Very small businesses using paper bookkeeping are of course allowed to continue to make use of the paper procedure.

➤ **Electronic tax declarations** have allowed Belgian companies to complete their tax forms (income taxes, VAT) via the Internet since 2003. Since 2005, the turnover threshold for submission of quarterly instead of monthly VAT declarations has been raised from 500.000 EUR to 1.000.000 EUR, allowing 25.000 companies to switch to quarterly returns.

➤ Before 2004, companies competing for a **public procurement** were compelled to provide many informations already available to the public authorities. Since 2004, federal agencies can access electronically informations regarding VAT, social security and annual accounts and are no more allowed to request them once again from companies.

## Achievements and current projects (3)

### ▶ Current projects

- Crossroads Bank for Enterprises : further improvements
- E-filing
- Measurement of administrative costs : improvement of the tools and new studies
- Adaptation of the European Directive on services in the internal market
- Statistical surveys : further simplifications and development of a new filing system



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The Agency for Administrative Simplification drew up, in 2003, a simplification programme to plan activities for each legislature to come. Every year, an action plan is prepared, taking into account newly notified problems, initiatives at European level and progress accomplished in previous administrative reforms.

The action plan, published in July 2008, aims issues such as

- the further improvement in the feeding and in the use of the Crossroads Bank for enterprises (better quality of the data, extension to data filed with local agencies, promotion of a larger use among local agencies)
- the so-called "e-filing" project ("e-dépôt" in French), involving the promotion of the online creation of companies by notaries
- the further improvement of the tools available for measuring administrative costs (parameters updating, user guide) and publication of measurements studies on the administrative burdens for new sectors (farming sector)
- the implementation of the chapter relating to administrative simplification of the European Directive on services in the internal market; this involves
  - a simplification of the formalities applicable to access and exercise a service activity as defined by the Directive
  - a single contact point for all procedures
  - the use of electronic means
  - and an up-to-date information easily accessible to providers
- concerning statistical surveys : after the structural and "prodcom" surveys, new projects of simplification should be set up for other surveys in collaboration with the NSI; and a new filing system should also be developed.

## Contribution of the National Bank of Belgium

- ▶ Contribution to the "e-government" project allowing all public administrations to access data from annual accounts
  
- ▶ Statistical surveys
  - new filing procedures (CSSR)
  - structural survey : electronic filing with annual accounts



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The National Bank of Belgium has been charged by law of several financial and statistical reporting requirements. This is the case for

- the collection and publication of the annual accounts of limited liability companies,
- the collection of all statistical data relating to external trade (Intrastat, Balance of Payments)
- the collection of informations from banks (Schema A , structural survey, interest-rate survey, credit data both corporate and for individuals)
- the collection of informations from insurance companies and institutions for occupational pensions, on behalf of the Banking, Finance and Insurance Commission.

The National Bank of Belgium has always been concerned with simplification issues and took different initiatives, in the past, to reduce the administrative burden supported by the entities complying with these reporting requirements

- In 2001, the Central Balance Sheet Office (CBSO) brought its contribution to the "e-government" project, allowing public agencies to access electronically the annual accounts filed by companies
- for the collection of its different surveys and declarations, the Statistical department of the NBB put at the disposal of the declarants a totally secured Internet application called CSSR (**C**entral **S**erver for **S**tatistical **R**eporting), allowing companies to complete statistical declaration forms either by encrypting data directly or by downloading files
- in 2003, the NSI, in collaboration with the NBB, considerably simplified the structural survey
  - by allowing respondents to file the completed survey, on floppy disk (in XML format), in annex to their annual account
  - by reducing the number of companies polled
  - and by eliminating of the survey form all informations already mentioned in the annual account : with, as a consequence, a reduction of respectively 50% and 70% of the number of items to be completed by a large and a small company

As you will see afterwards, it was a major step which was considerably amplified by the introduction of XBRL.

## Contribution of the National Bank of Belgium (2)

- ▶ Filing of annual accounts
  - 1978 - Paper
  - 1993 - Floppy disk
  - 2004 - Internet
  
- ▶ First encounter with XBRL in 2004 related to IFRS adoption



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The collection of annual accounts was originally organised on paper but was progressively streamlined with the introduction of the floppy disk in 1993, then in 2004 with the introduction of the Internet, considered as a good way to reduce administrative burden.

But at this moment we were still using a proprietary format.

We considered XBRL for the first time in 2004 in the scope of the adoption of the International Financial Reporting Standards.

Our current format was not flexible enough to be adapted to IFRS and we were looking for another format. We wanted to prepare the process in order to allow the XBRL filing of annual accounts drawn up according to IAS/IFRS when Belgian authorities would decide to adopt them for all kind of annual accounts or companies.

We realized that XBRL could be an opportunity to facilitate the data exchange with other regulators and to speed up the harmonization of formats among us.

## The XBRL-Story

### ▶ XBRL Belgium

- Non-profit organization created in November 2004
- Became an Established Jurisdiction in 2006
- Hosted by the National Bank of Belgium
- Members are regulators as well as accountants institutes or private companies
- Founding member of XBRL-Europe



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Before explaining the benefits of XBRL, I would like to skim over the structure of the Belgian XBRL jurisdiction , which plays an important role for introducing XBRL in the simplification process.

The Belgian XBRL jurisdiction has been created as a non-profit institution in November 2004 and became an established jurisdiction in 2006. The National Bank of Belgium plays a leading role in the organization, through the hosting of the platform but also through its chairmanship.

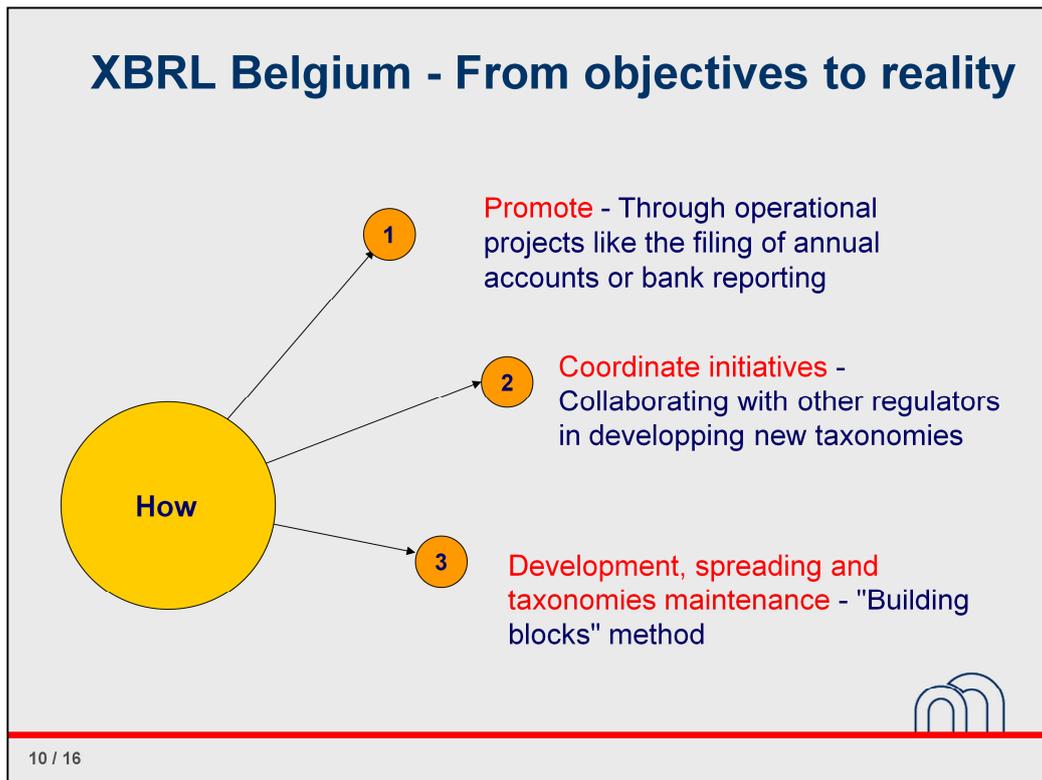
The Belgian platform has been created on the initiative of eight stakeholders for which financial reporting plays a key role:

- Some of them are closely related to companies obliged to provide data (accountants, tax advisors and auditors institutes)
- The other one can be considered as “regulators” (Banking, Finance and Insurance Commission (BFIC), the National Bank (NBB) and the Commission for Accounting Standards and the Federal public Service finance)

Given that such an initiative requires the broadest possible support, it is important to get the backing for XBRL in general and the development and use of concrete taxonomies in particular, from all participants wishing to actively support the venture. This is why XBRL Belgium is open to any company or entity involved in the exchange of financial information like software vendors or consultants.

XBRL Belgium is also a founding member of XBRL Europe. Through this initiative, Belgium is firmly sustaining an international trend of adopting XBRL as an open standard for the exchange of financial data.

## XBRL Belgium - From objectives to reality



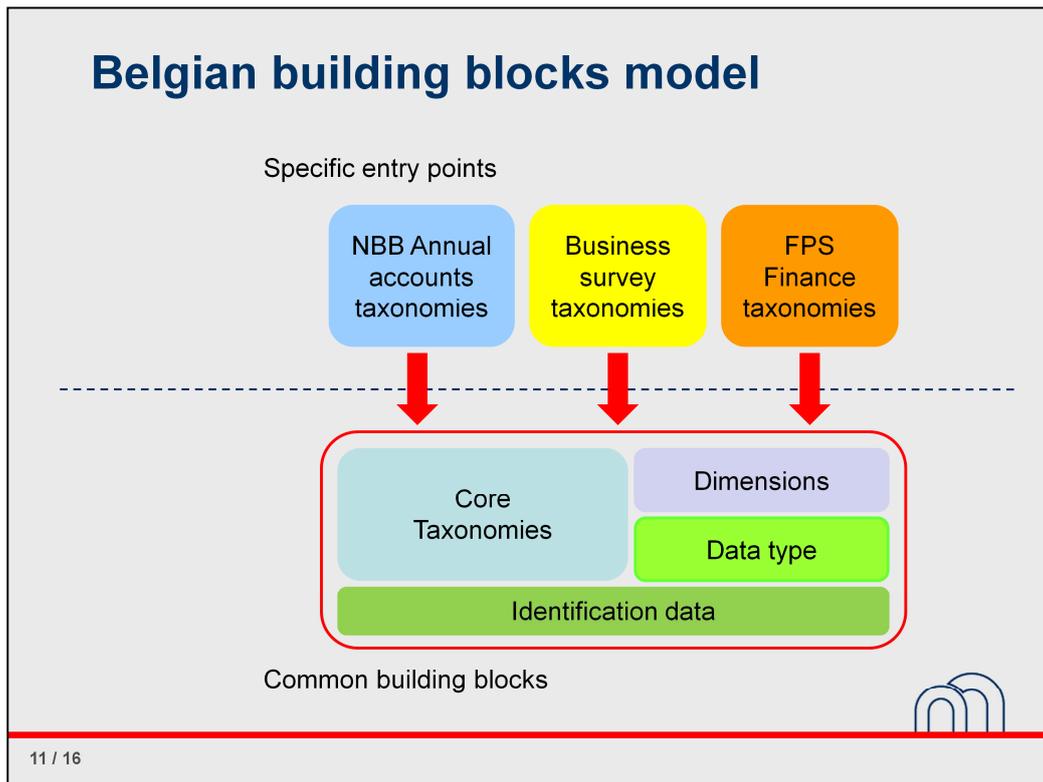
From the beginning, the objectives of XBRL-Belgium have been defined focusing on administrative simplification and standardization:

1. Promoting the harmonization of financial data exchange through the use of XBRL,
2. Coordinating initiatives and projects around XBRL in order to establish the format as a reference for the regulatory reporting, participating to international working groups to acquire knowledge,
3. Supporting and getting involved in the development and spreading of taxonomies.

These objectives are under way to be reached through a pragmatic approach.

1. Promotion is easier starting from existing projects:
  - At the international level, the National Bank of Belgium is deeply involved in the development of the bank reporting using XBRL through the projects FINREP/COREP
  - At the national level, thanks to the success of the filing of annual accounts in XBRL launched in April 2007.
2. Showing a successful project is not enough to persuade other regulators to change for XBRL. So the jurisdiction, and the NBB particularly, were collaborating to the development of taxonomies for other regulators ensuring the knowledge transfer,
3. Keeping continuously in mind the reduction of administrative burden, the regulators involved in the XBRL process used the "building blocks" method consisting in reusing existing taxonomies .

## Belgian building blocks model



This approach is based on a chronological axis.

1. The first project in production concerned annual accounts.
2. Once data of annual accounts are received in XBRL, it is easier to extend its use to statistical surveys using data coming from annual accounts.
3. Annual accounts are joined by companies as annex to their tax declaration. The transition to XBRL seems logical.

## The XBRL project of the NBB

- ▶ Filing of statutory annual accounts in XBRL
  - As from April 2007 with reduction of filing fees
  - More than 300.000 annual accounts / year
  - March 2009 – 95 %
- ▶ Benefits
  - For companies
    - Savings of 17,3 millions EUR / year
    - Potential to 22 millions EUR / year
  - For NBB
    - Maintenance costs
    - Standardized format



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The National Bank of Belgium was a pioneer starting in 2004 its XBRL project for the filing of annual accounts from Belgian non financial companies.

The project was launched in April 2007, combined with a reduction of the filing fees of 30 EUR representing 35 % reduction for the small and medium-sized companies. The new format met an immediate success. In 2008, The CBSO received more than 300.000 annual accounts in XBRL format and the last figures for the first quarter 2009 show a rate of 95% using the Internet with only 5% residual filing on paper.

Benefits are important as well for the companies having to file their annual accounts than for the CBSO mandated to collect the information.

For companies

A study performed by KPMG on behalf of the Agency for the Administrative Simplification and published in 2008 comes to the conclusion that the total yearly administrative burden reduction for companies, including the reduction of filing fees and the internal cost to prepare and to file annual accounts, comes to 17,3 millions EUR. This savings could reach 22 millions EUR eliminating the residual filing on paper for standardized annual accounts.

For the NBB

The legal format of annual accounts changes almost every year and the use of XBRL allowed us to reduce strongly the maintenance costs and duration.

It was also a first step towards a standardization of the format to facilitate the data exchange with other regulators.

## The XBRL project of the NBB

- ▶ Supplementary added value
  - Images of annual accounts available free of charge on the NBB Website
  - XBRL files available on the NBB Website
  - Company report



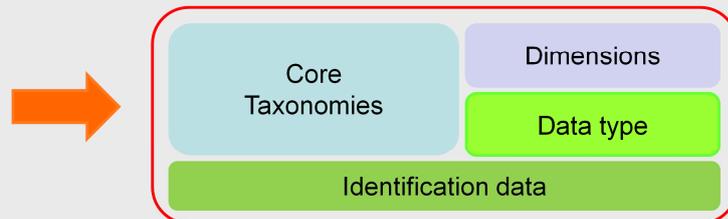
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Before moving on to the other XBRL projects in Belgium, I would like to emphasize on the supplementary added value brought through XBRL and the use of Internet to the public.

- Since 2008, all annual accounts filed with the CBSO are available online on the Website of the NBB, in PDF format, free of charge.
- In the near future, those annual accounts filed in XBRL format will be made available in XBRL.
- The company report, a financial analysis of a company based on the three last filed annual accounts compared to its sector, will be developed using XBRL. This report will also be available on the website of the NBB, free of charge for the company asking its own report.

## Other XBRL projects

- ▶ General Directorate Statistics and Economic Information
  - Business survey
- ▶ Federal Public Service Finances
  - Corporate tax declaration



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Beside the already working project of the National Bank of Belgium related to the filing of annual accounts, two important projects are in development:

- The General Directorate Statistics and Economic Information (former National Institute for Statistics) has published the taxonomy that will be used as from September 2009 for the Business survey asking annually to a panel of companies information about their activity, the employment, their investments ...
- The Federal Public Service Finance in charge of the taxation has developed taxonomies that will be used for a major project related to the corporate taxation declaration

The role of XBRL experts from the NBB was to transfer knowledge but also to ensure the coherency of the taxonomies in order to create a basis for future standardization. Taxonomies of the projects mentioned use common modules like identification data allowing for example a direct link between annual accounts or tax declaration submitted by a company.

## Impact on the reporting burden

### ▶ Overview

- Important step towards a harmonized format among the Belgian regulators
- Enhance the transparency of the financial information

### ▶ Long term objectives

- Reducing administrative burden for the companies asking information only once
- Cutting down on fraud through immediate cross-checks between tax declaration and annual accounts



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Both projects are an important step forward for XBRL in Belgium towards the technical harmonization of the format among the Belgian regulators but also to enhance the transparency of the financial information.

On the long term, the added value exceeds the technical scope.

✓ These projects will reduce the administrative burden of the companies under the principle “ask only once”:

- Companies have to file their annual accounts with the NBB and in the same time, they have to send a copy to the tax department as annex of their tax declaration. In the future, the Tax department will receive automatically the data they need from the annual accounts.
- The new business survey will only ask data that are not included in the annual accounts

✓ They are also important in cutting down on fraud through immediate cross-checks between tax declaration and annual accounts, both based on XBRL and using the same identification system.

## Conclusion



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In conclusion, since the creation of the Agency for Administrative Simplification at the end of the nineties, great progress has been accomplished in Belgium as regards administrative burden. Many regulations were abolished or simplified, resulting in more than 1,7 billions EUR of cost reduction for corporations.

The National Bank of Belgium has brought an important contribution to this simplification process by playing a role of pioneer when introducing Internet and the XBRL technology in different fields of the reporting requirements : gathering of annual accounts, statistical surveys or corporate tax returns.

These concrete achievements made the demonstration that it is possible to reduce significantly the reporting burden supported by companies to comply with reporting requirements, following the "only once" principle, without losing the benefits they involve.