



Administrative burdens generated by economic regulations

Analysis of the baseline measurement results



*Conference - Regulatory Reform in Poland
State of play*

14th November 2011, Warsaw



Agenda



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1. Introduction

 2. Standard Cost Model

 3. Project work conducted

 4. Study results

 5. Administrative costs and burdens per key legal acts

 6. Businesses' postulates and possible reducing actions



1. Introduction



The measurement of administrative burdens generated by Polish economic legislation was a project commissioned by the Ministry of Economy and carried out by a consortium led by Deloitte Business Consulting S.A.

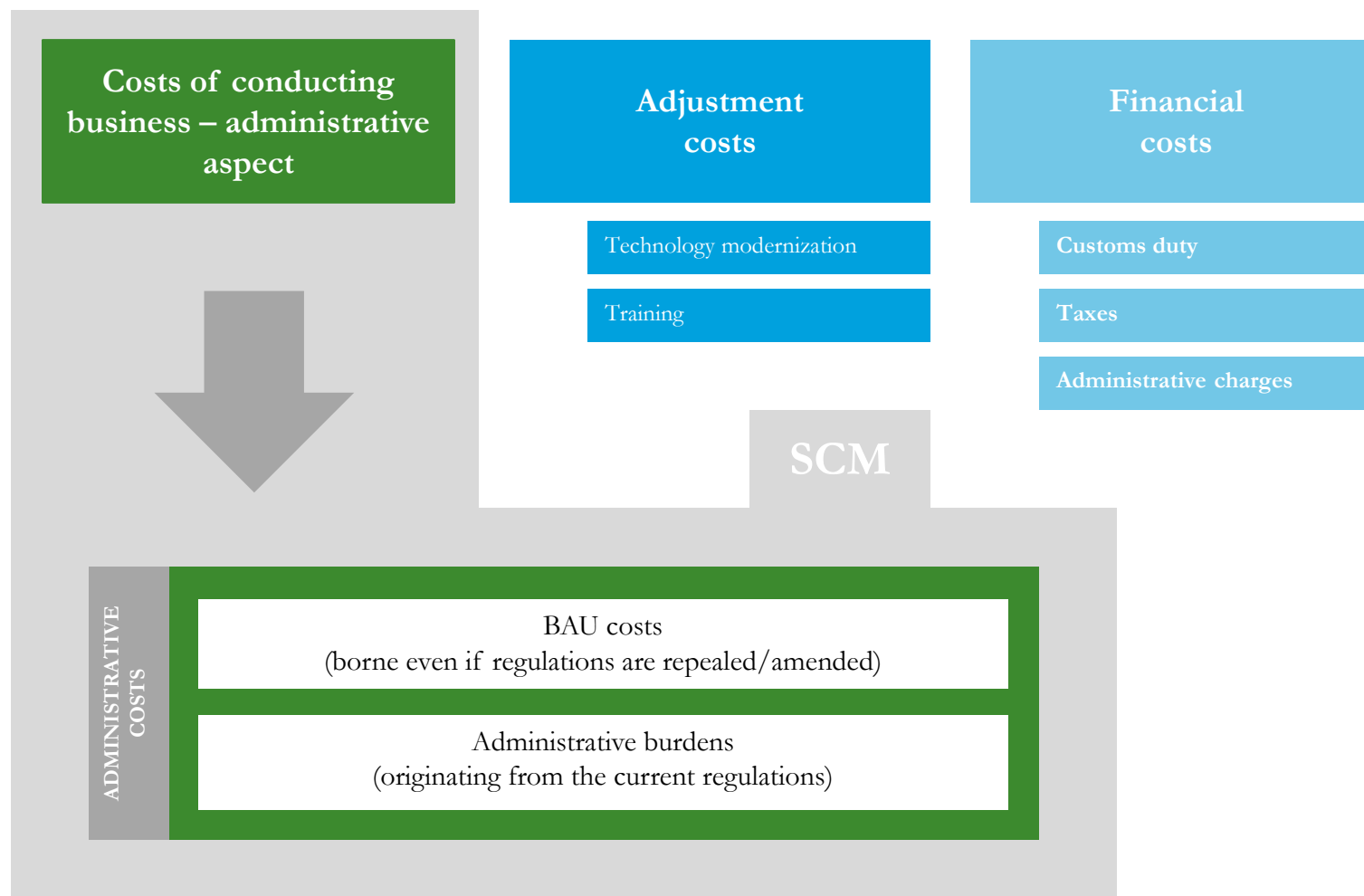
The Standard Cost Model baseline measurement of administrative costs and the costs of administrative burdens was performed in Poland for the first time and it covered 482 legislative acts.

The project was co-financed from the European Social Fund.

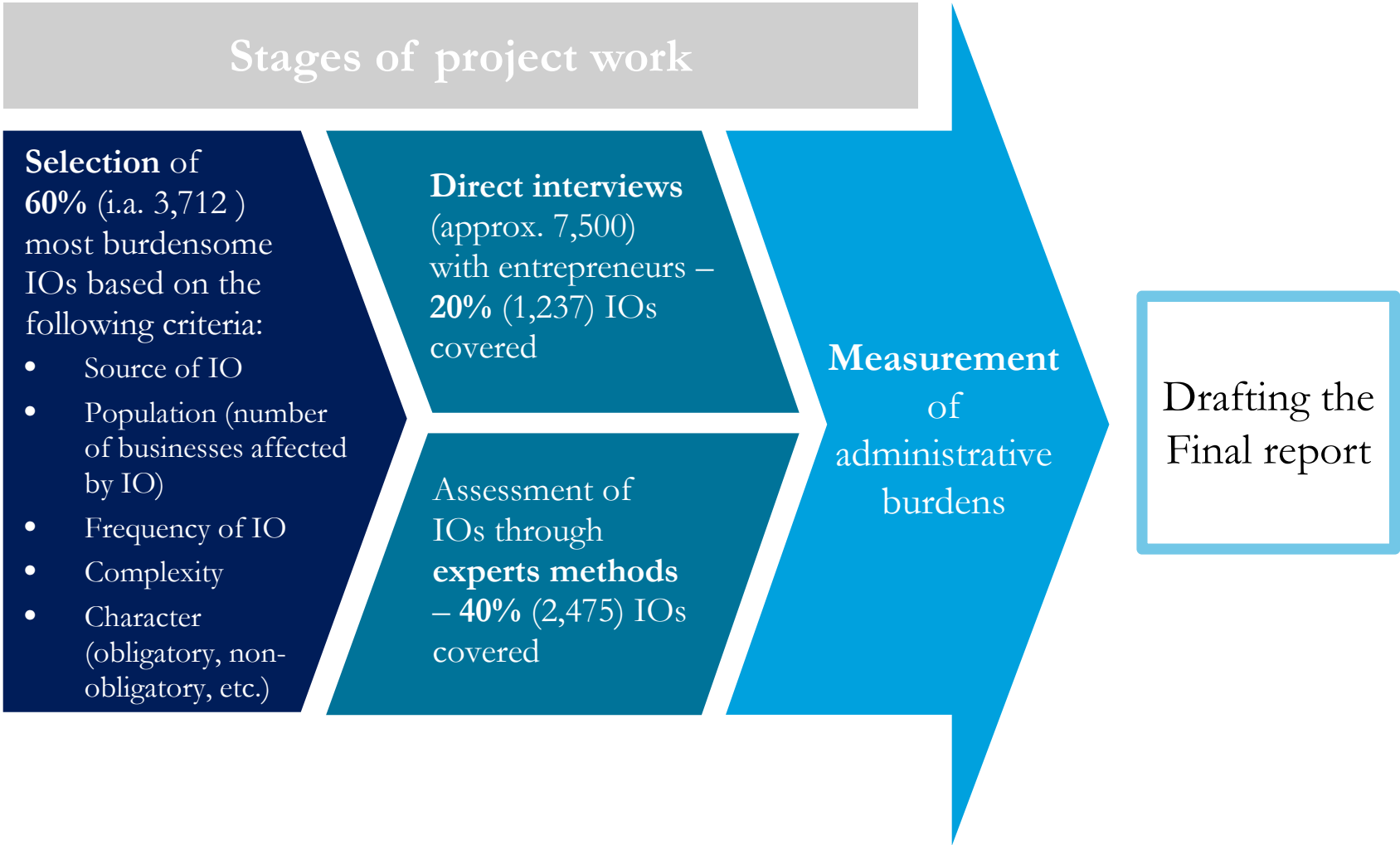
It was aimed to identify the most burdensome regulations of law and measure the costs borne by enterprises.



2. Standard Cost Model (SCM)



3. Project work conducted



4. Study results

- The total annual administrative costs borne by businesses in Poland amount to PLN 77.6 billion, which constitutes approx. 6.1% of Polish GDP¹.
- The total administrative burden costs per annum equal PLN 37.3 billion, which constitutes approx. 2.9% of Polish GDP².

¹ Gross Domestic Product in 2008 in current prices;
http://www.stat.gov.pl/gus/5840_1334_PLK_HTML.htm

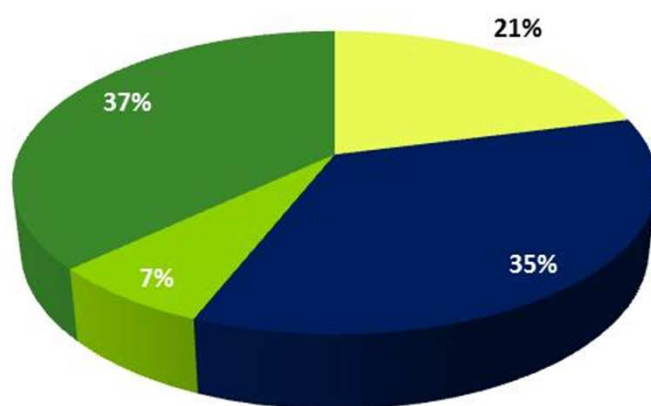
² Taking into account the subjective BAU value, i.e. the costs that companies would bear even if the information obligation were removed.

5. Administrative costs and burdens per key legal acts

| Share of key IO sources in total costs and burdens | | | |
|--|--------------------------------|--|--|
| Key sources of IO | Number of IO in a given source | Share of a given Act in administrative costs | Share of a given Act in administrative burdens |
| Accounting Act | 13 | 20% | 2% |
| CIT Act | 29 | 19% | 27% |
| PIT Act | 21 | 17% | 24% |
| VAT Act | 76 | 8% | 11% |
| Economic Freedom Act | 49 | 6% | 1% |
| Social Insurance System Act | 32 | 4% | 4% |
| Public Statistics Act | 15 | 3% | 6% |
| Nurses' and Midwives' Professions Act | 59 | 2% | 4% |
| Code of Commercial Companies | 67 | 2% | 4% |
| Total | | 80% | 82% |

6. Businesses' Postulates and Possible Reducing Actions

Direction for change in regulations postulated by businesses



- Replace submission of information in hard copy by electronic version in performance of IO
- Repeal regulation and abolish IO completely
- Reduce the scope of information required
- Reduce frequency of IO performance

Possible reducing actions

| Burden aspect | Example of an action |
|--|---|
| Too time-consuming - takes too much of the employees' time | Instead of hard copies, information should be submitted / collected / stored electronically. |
| Too frequent | The frequency of the obligation performance should be decreased. |
| A wide scope of information required | The scope of information requirement should be reduced. |
| Necessity to multiply data | Databases should be shared across the board in public administration. |
| Difficult to carry out (unclear and frequently changing regulations) | Provisions should be simplified; better regulations should be developed which do not need to be amended too frequently. |
| Imposed on too many businesses, regardless of scale of operations | The number of businesses that are subject to such regulations should be reduced. |
| No tangible purpose/effect of IO performance | Take communication actions to indicate expected purpose/effect of regulations |

Source: Own analysis based on five ways of how to simplify regulations, <http://www.administrative-burdens.com/default.asp?page=172>

THANK YOU FOR YOUR ATTENTION

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