

Think and act

Summary open letter about the introduction
of new laws in the Netherlands



Tweede Kamer
DER STATEN-GENERAA

Ingang Binnenhof 2

December 2016

NBA

Introduction

On Tuesday 20th December 2016, the Royal Netherlands Institute of Chartered Accountants (NBA) addressed an open letter entitled 'Think and act' to the Dutch States General. An abbreviation of this letter was published in Het Financieele Dagblad (FD).

In recent years, major changes in legislation are being put together in a hurry. As a result, it is becoming more difficult to correctly implement new laws and regulations from the very outset. Considering its role in society and accounting expertise, the NBA decided to write an open letter on the subject of new policies, as part of the Sharing Knowledge programme. In this letter, the NBA advises to extend the mandatory introduction period between official publication and entry into force of new laws to four months.

Publication in FD

Implement four-month period before new laws come into effect

The introduction of new laws is being rushed. On Tuesday 20th December 2016, the Dutch Senate will be addressing a bill entitled 'Phasing out in-house pensions', which was initially set to come into effect on 1 January 2017. This meant SME owners and their accountants would have had 11 days to make their final choices, arrange paperwork and take care of all administration activities - all over the festive period. Unfortunately, various issues are still unclear. Thankfully, after receiving many requests, the secretary of state decided to extend the introduction period by three months. However, such examples are rather commonplace.

In recent years, accountants have noticed that more focus is being placed on quickly introducing policy than addressing the feasibility of the policy in question. It's almost as if people have forgotten the old adage of 'think before you act'. Major changes in legislation are being put together in a hurry, and are being introduced as soon as possible. This means definitions cannot be fully clarified, involved sectors do not have enough time to incorporate rules into their accounting records and are unsure how their implementation must be audited. These introduction problems are often more than just teething problems, where administrative workload, accountability and auditing become a lot more intensive than before.

As a result, it is becoming more difficult to correctly implement new laws and regulations from the very outset, and resources needed for other purposes tend to be wasted unnecessarily. In the run-up to parliamentary elections in 2017, political parties are actively exchanging ideas about new policy. The Royal Netherlands Institute of Chartered Accountants (NBA) wants focus to be placed on punctually introducing new policies. That is why we have addressed an open letter entitled 'Think and act' to the States General. We have proposed extending the mandatory introduction period - between official publication and entry into force of new laws - from two months to four months. This principle deserves a prominent place in the new coalition agreement.

In the social sector, municipalities have been responsible for personally performing healthcare tasks since 2015. As a result, healthcare providers had to deal with individual municipalities, with whom they had to make arrangements about healthcare procurement and funding, as well as accountability and auditing. All efforts focussed on punctually agreeing contracts and continuing the supply of healthcare, while attention to increasing obligations and the cost of extra administration, accountability and auditing was put off for a later time. This meant problems were encountered when paying person-specific budgets via the Social Insurance Bank (SVB). The audit department at the SVB was forced to reject a total of €2.1 billion in such funding over the course of 2015. And half of all municipalities failed to receive a positive auditor's report for 2015.

Extra costs for accountability and auditing were also encountered in the Executive Incomes Act, which applies to almost 6,000 (semi-) public organisations in the Netherlands. Ever since 2013, there have been discussions about underlying definitions and audit-related formalities, despite countless modifications to the Act. This means organisations and accountants are incurring a lot of costs when complying with their legal obligations. Considering its role in society and accounting expertise, the NBA has now made the following recommendations. Extend the mandatory introduction period to four months and respect this period. Test intended policy via pilot projects. Improve existing implementation assessments and, as recommended by Actal, have this supervised by an independent body. Consider introducing new policy in phases and make better use of transitional measures. We also call on our members to punctually share their knowledge in NBA commissions when new laws and regulations are being prepared.

Pieter Jongstra, chairman NBA

Martin Hoogendoorn, chairman NBA Identification Board

Sharing Knowledge

In this programme the NBA bundles the collective knowledge of Dutch professional accountants to timely identify risks in social sectors or relevant themes. In doing so the emphasis is on governance, operations, reporting and audit. Accountants share their findings and signals anonymously in order to maintain client confidentiality. The NBA Identification Board then gauges the signals from a social perspective and applies a social assessment. The result of this is a so-called public management letter, an open letter or a discussion report. The open letter 'Think and act' was the 18th topic to be selected by the Identification Board.

More information

If you are interested in this project, please contact our project manager Michèl Admiraal RA at NBA in Amsterdam (m.admiraal@nba.nl).

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