



THE COMPANIES ACT (AUDIT EXEMPTION) REGULATIONS, 2019

Since publication of the Companies Act (Audit Exemption) Regulations, 2019 on the 17th of May 2019, companies registered under Part V of the Companies Act shall be exempted from the requirement of having their annual accounts audited in respect of its first two accounting periods when meeting two conditions:

- 1) All of the individual shareholders are all qualifying shareholders.
A shareholder is considered as qualifying shareholder who has completed his/her educational studies at least at MQF Level 3 or an equivalent level as recognised by the Malta Qualifications Recognition Information Centre as established by the Mutual Recognition of Qualifications Act. The shareholder must have completed such studies on a date being not earlier than three years from the date of the registration of the company. Individuals graduating the General Education SEC Grade 1-5 or VET Level 3 are considered to be qualified as MQF Level 3; and
- 2) the annual turnover of the company does not exceed EUR 80,000 or a pro-rata amount if the relevant accounting period is a period other than twelve months.

To apply for the exemption, the directors of the company have to submit within six months from the end of the relevant accounting period a written request to the Registrar of Companies confirming the above, and also confirm that the company is not opting for any other exemption issued by the Commissioner of Inland Revenue with regards to audited accounts.

The Registrar then informs the Commissioner of any application made in terms of these regulations, and the exemption is then applicable for the first two periods as long as there is no change in the shareholding of the company with the result that the shareholders of the company will not all be qualifying shareholders.

Please do not hesitate to contact the author if you have questions or queries.

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