

**SUBSIDIARY LEGISLATION 386.20****COMPANIES ACT  
(AUDIT EXEMPTION) REGULATIONS**

\*

*LEGAL NOTICE 101 of 2019.*

**1.** (1) The title of these regulations is Companies Act (Audit Exemption) Regulations. Citation and Commencement.

(2) These regulations shall come into force on such date as the Parliamentary Secretary for Financial Services, Digital Economy and Innovation may by notice in the Gazette establish.

(3) These regulations shall be applicable to companies registered under Part V of the Act, the shareholders of which are all qualifying shareholders. Applicability.

**2.** In these regulations, unless the context otherwise requires Interpretation.

"Act" means the Companies Act; Cap. 386.

"Commissioner" means the Commissioner for Revenue appointed in terms of article 3 of Commissioner for Revenue Act; Cap. 517.

"qualifying shareholder" means an individual 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, and who have completed such studies on a date being not earlier than three years from the date of the registration of the company. Cap. 451.

**3.** A company shall be exempted from the requirement of having its annual accounts audited in respect of its first two accounting periods if the following criteria are satisfied: Exemption.

(a) annual turnover of the company does not exceed eighty-thousand euro (€80,000) or a pro-rata amount if the relevant accounting period is a period other than twelve months;

(b) all shareholders of the company are qualifying shareholders;

(c) an application in the form set out in the First Schedule to these regulations is made to the Registrar within six months from the end of the relevant accounting period:

Provided that this exemption shall no longer be applicable if there is a change in the shareholding of the company as a result of which the shareholders of the company will not all be qualifying shareholders.

Notification.

4. The Registrar shall inform the Commissioner of any application made in terms of these regulations.

### SCHEDULE

#### Application in terms of regulation 3

To the Registrar of Companies:

Re : ..... (Name of company)

.....(Registration number)

The undersigned ..... as director of the above-mentioned company hereby declares that:

- (a) All shareholders of the company are qualifying shareholders, as is evidenced by the attached documentation;
- (b) annual turnover of the company does not exceed euro 80,000 or, if the relevant accounting period is a period other than twelve months, a pro-rata of such amount; and
- (c) the company is not opting for any other exemption issued by the Commissioner of Inland Revenue with regards to audited accounts.

.....

<Name and Surname> (Director)

Dated this ..... day of ..... of the year .....

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This application must be completed in typed form.