

CONSULTATIVE DOCUMENT ON PROPOSED REVIEW OF AUDIT EXEMPTION CRITERIA FOR PRIVATE COMPANIES IN MALAYSIA

Kuala Lumpur, 2 February 2023 – The Companies Commission of Malaysia (SSM) is proposing to review the threshold of the qualifying criteria for audit exemption for certain categories of private companies, via consultation exercise with the publication of the Consultative Document on Proposed Review of Audit Exemption Criteria for Private Companies in Malaysia today.

As a background, the qualifying criteria for audit exemption was introduced on 4 August 2017 Practice Directive No. 3/2017 in line with the policies to reduce the regulatory and administrative burdens faced by smaller companies in complying with the Companies Act 2016.

To ensure that the objectives of the policies remain relevant and beneficial, SSM is proposing that the threshold for the audit exemption qualifying criteria be increased to allow more companies especially the Small and Medium Enterprises (SMEs) to benefit from these policies.

Currently, certain categories of private companies may dispense with the audit requirement if they fulfil the following qualifying criteria:

- (a) Dormant companies – have been dormant since its incorporation or for the immediate past 2 financial years;
- (b) Zero revenue companies – have no revenue during the current financial year and immediate past 2 financial years with total assets not exceeding RM300,000 during the same periods;
- (c) Threshold Qualified companies – have revenue not exceeding RM100,000 during the financial year and immediate 2 financial

years; with total assets no exceeding RM300,000 and having not more than 5 employees during the same periods.

The new qualifying criteria being proposed are as follows:

- (a) Dormant companies – have been dormant since its incorporation or for the immediate past 2 financial years;
- (b) Zero revenue companies – have no revenue during the current financial year and immediate past 2 financial years with total assets not exceeding **RM500,000** during the same periods;
- (c) Threshold qualified companies – have revenue not exceeding **RM1,000,000** during the financial year and immediate 2 financial years; with total assets no exceeding **RM1,000,000** and having not more than **30** employees during the same periods.

The Consultative Document on the **Proposed Review of Audit Exemption Criteria for Private Companies in Malaysia** can be accessed through SSM's Portal and all SSM's official social media platform.

SSM invites comments on the Consultative Document by email to lrpia@ssm.com.my before 28 February 2023. Any enquiry on the document can also be forwarded to the same email.

ISSUED BY: SURUHANJAYA SYARIKAT MALAYSIA
DATE: 2 FEBRUARY 2023