

New Audit Exemption Regime Provides Flexibility for Small Companies

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On 16 July 2025, the commencement of **Section 22 of the Companies (Corporate Governance, Enforcement and Regulatory Provisions) Act 2024** (the “**2024 Act**”) was announced by Minister for Enterprise, Tourism and Employment, Peter Burke. This amendment brings a practical and welcome change to audit exemption eligibility rules for small Irish companies.

Changes to the Audit Exemption Rules

Section 22 replaces section 363 of the Companies Act 2014 (the “**2014 Act**”), which provided that a company qualifying as “*small*” or “*micro*” under the 2014 Act, would automatically lose its audit exemption for two financial years where it fails to deliver the required annual return to the Companies Registration Office (“**CRO**”) on time.

The new regime provides that such companies will only lose their audit exemption if it has a second or subsequent late filing of their annual returns within a five-year financial period. Furthermore, if a company files late after 16 July 2025 (the “**Commencement Date**”), a late filing of its first annual return or any late filing prior the Commencement Date, will not be counted as a prior late filing, when determining the company’s audit exemption eligibility.

The audit exemption changes will not apply retrospectively and the **CRO** has confirmed that companies that have filed late annual returns prior the Commencement Date, will still be required to submit mandatory audited returns for two financial years.

What Companies are in Scope?

Companies that qualify as a “*small*” or “*micro*” company under the 2014 Act can avail of the new audit exemption regime. Under the 2014 Act, a company will qualify as “*small*”, if it fulfils two or more of the following criteria:

- i) the amount of turnover of the company does not exceed €12 million;
- ii) the balance sheet total of the company does not exceed €6 million; and
- iii) the average number of employees does not exceed 50.

A helpful overview regarding audit exemption eligibility for Irish companies can be found [here](#).

Notably, the amendments introduced on 16 July, do not extend to group companies.

Penalty Fees for Late Filing

Importantly, these changes solely concern audit exemption criteria and companies will still incur late filing fees if it fails to file on time with the CRO. Minister of State for Trade Promotion, Artificial Intelligence and Digital Transformation, Niamh Smyth, emphasised this, stating that “*Timely filing of annual returns is a key aspect of company law and access to company information is important for a whole range of stakeholders.*”

Companies are encouraged to closely monitor filing deadlines to remain compliant with statutory obligations and avoid unnecessary penalties.

Conclusion

The updated audit exemption regime, as amended by Section 22 of the 2024 Act, provides further flexibility for small non-group companies.

The remaining provisions from the 2024 Act are due to commence later this year. Further information on the anticipated upcoming changes can be found [here](#). We will continue to closely monitor these developments.

For further advice and guidance on the above, please contact [Emma Doherty](#) or your usual contact in the International Business Group at Matheson.