



New Qualifying Criteria for Audit Exemption

The Companies Commission Malaysia (CCM) issued Practice Directive No. 10/2024 (P.D. 10/2024) introducing new criteria for audit exemption for private companies, effective from 1 January 2025. These new criteria will be implemented in phases from 2025 to 2027, with full implementation for financial periods starting on or after 1 January 2027.

Under the new audit exemption criteria, a qualifying company is eligible for audit exemption if it fulfils at least two of the following three qualifying criteria:

1. Annual revenue of the company during the current financial year and the immediate past 2 financial years do not exceed RM3,000,000;
2. Total assets of the company in the current statement of financial position and in the immediate past 2 financial years do not exceed RM3,000,000; or
3. The number of employees at the end of the current financial year and in the immediate past 2 financial years do not exceed 30.

The new criteria for audit exemption will be introduced in phases over a three-year period, from 2025 to 2027.

Year	Phase 1 2025	Phase 2 2026	Phase 3 2027
Financial period	Commencing on or after 1 January 2025 until 31 December 2025	Commencing on or after 1 January 2026 until 31 December 2026	Commencing on or after 1 January 2027
Thresholds			
Turnover	RM1,000,000	RM2,000,000	RM3,000,000

Assets	RM1,000,000	RM2,000,000	RM3,000,000
Number of employees	10	20	30

Companies that have been dormant since incorporation, as well as those dormant during the current and previous financial year, remain exempt from audit requirements.

The exemption from audit under this P.D. 10/2024 does not apply to:

- (a) an exempt private company which has opted to lodge a certificate relating to its status as an exempt private company with the Registrar pursuant to Section 260 of the Companies Act 2016;
- (b) a public company including listed company;
- (c) a private company that is a subsidiary of a public company; and
- (d) a foreign company.