

## AUDIT REQUIREMENTS IN EUROPE: A COMPARATIVE OVERVIEW

**Judit Füredi-Fülöp** 

*Associate professor, University of Miskolc*

3515 Miskolc-Egyetemváros, e-mail: [judit.furedifulop@uni-miskolc.hu](mailto:judit.furedifulop@uni-miskolc.hu)

**Klaudia Murányi** 

*Assistant lecturer, University of Miskolc*

3515 Miskolc-Egyetemváros, e-mail: [klaudia.muranyi@uni-miskolc.hu](mailto:klaudia.muranyi@uni-miskolc.hu)

**Mária Várkonyiné Juhász** 

*Associate professor, University of Miskolc*

3515 Miskolc-Egyetemváros, e-mail: [maria.varkonyine.juhasz@uni-miskolc.hu](mailto:maria.varkonyine.juhasz@uni-miskolc.hu)

### **Abstract**

*Statutory audit is essential for ensuring transparency and reliability in ensuring the transparency and reliability of financial reporting. In Hungary, the Accounting Act defines the mandatory cases of audit, primarily based on sales revenue and number of employees. In recent years, however, these thresholds have been significantly increased have recently been increased, significantly reshaping the audit landscape. This paper aims to provide a comprehensive overview of the statutory audit requirements in Hungary, by placing the Hungarian case in a broader European context. Given the diversity of national audit regimes within the EU, the paper explores how recent threshold changes align with or diverge from trends observed across Member States. Special attention is paid to the underlying motivations of the EU and individual countries to adjust audit obligations. The goal is to assess the potential implications of higher thresholds on audit quality, financial transparency, and the role of auditors in corporate governance.*

**Keywords:** Auditing, Financial reporting, Audit regulation, Laws and legislation

### **1. Introduction**

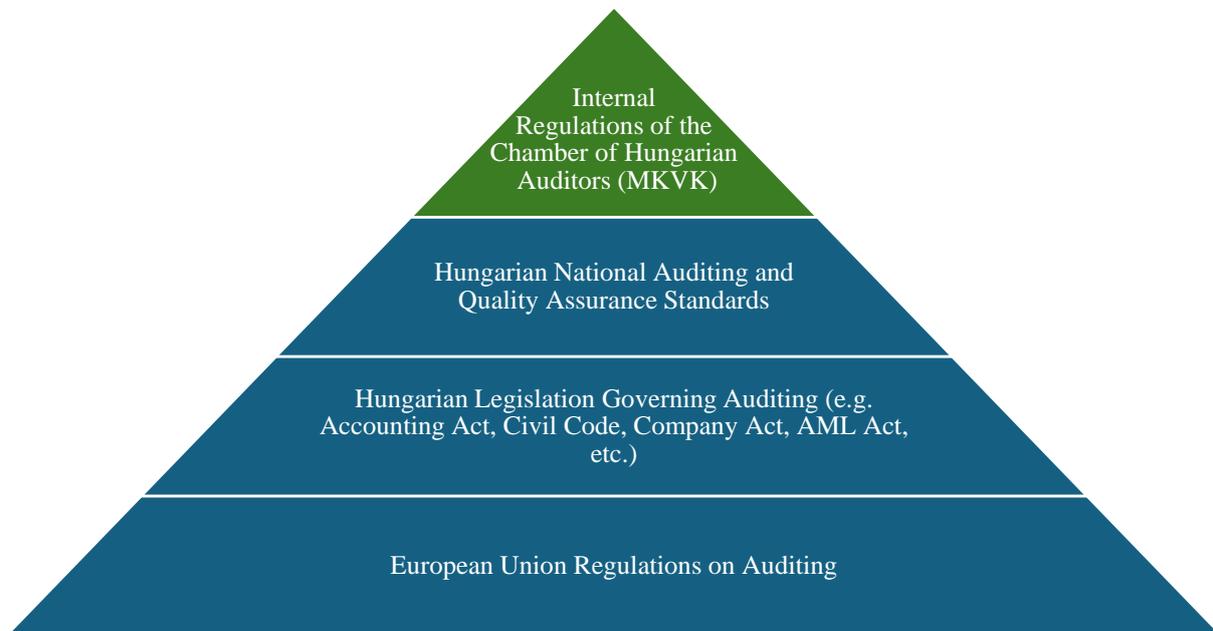
The Hungarian audit system is comprehensively governed by the so-called 8th Directive of the European Parliament and the Council<sup>1</sup>, which establishes a uniform and comprehensive framework for financial audit. This directive regulates the field effectively while also preserving national diversity in its implementation. (Evans – Kersten, 2007) By setting out rules for the harmonisation of statutory audit procedures for annual and consolidated financial statements, the directive aims to enhance the credibility of financial reporting and to reinforce the European Union's protection against financial scandals. (Tamimi – Orbán, 2022)

---

<sup>1</sup> Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (Text with EEA relevance). Text with EEA relevance.

Within the European Union’s regulatory framework, domestic regulation of audit activities in Hungary is essentially two-tiered. The most important provisions are laid down by legislation—namely acts of Parliament and government decrees—while detailed rules are developed by the Chamber of Hungarian Auditors through mandatory auditing standards and its own internal regulations.

## 2. Audit requirements in Hungary



**Figure 1.** *Hierarchy of Audit Regulation in Hungary*

Source: Own edition

The main element of the regulatory environment is, naturally, the Accounting Act, which—apart from explicitly named exceptions—makes it mandatory for all entrepreneurs keeping double-entry books to have their financial statements, prepared in accordance with Hungarian accounting regulations, audited. However, nothing prevents companies that are exempt from this obligation under the law from voluntarily engaging an auditor to review their financial statements. (Pál, 2024)

The requirement for statutory audit is primarily defined in Section 155 of the Accounting Act, although other sections of the Act also refer to this obligation. Additionally, other legal regulations specify in which cases the appointment of an auditor is mandatory.

Subsections (2) and (3) of Section 155 set out the rule on the obligation to appoint an auditor based on net sales and number of employees. According to these provisions, auditing is mandatory for all companies keeping double-entry accounts, except when both of the following conditions are met, based on the average of the two financial years preceding the current business year:

- The entrepreneur’s annual net sales (adjusted to a full year) did not exceed HUF 600 million, and
- The average number of employees did not exceed 50.

The threshold for net sales that determines the audit obligation was HUF 50 million until 2007, HUF 100 million until 2012, and HUF 300 million until 2014. The most recent increase in the threshold—finally realized for financial years starting in 2025 after long-standing professional debate—aligns with the European Union’s efforts to reduce the administrative burden on micro- and small enterprises. (Hegedüs – Nedelka, 2020)

However, this practically important effort is partly contradicted by the current state of the Hungarian economy, the administrative capacity of businesses, the incomplete professional preparedness of some employed experts, and the potential risk of abuses. Therefore, even though the thresholds have changed significantly, in most cases, auditors will continue to serve as external evaluators of the financial reports prepared by businesses.

As a result of the legislative amendment, a significant portion of the market will likely fall outside the scope of mandatory audit, based on past data.

What has not changed, however, is that the exemption cannot be applied by the following entities:

- An entrepreneur keeping double-entry accounts for whom the audit is required by law;
- Savings cooperatives;
- Companies involved in consolidation;
- Hungarian branches of foreign-based companies;
- Companies that, under Section 4(4) of the Accounting Act, depart from the Act’s provisions in exceptional cases to ensure a true and fair view. (In such cases, the deviation is only permitted with the auditor’s agreement and an official statement to that effect. Furthermore, all deviations must be disclosed in the notes to the financial statements, including the reasons and their impact on assets, liabilities, financial position, and results.)
- Public-interest entities, as defined in Section 155(5).

Beyond the general rules tied to financial thresholds, there are numerous other cases where auditing of specific financial statements are also mandatory. (Kántor, 2024) These include, but are not limited to, the following:

The provisions on the audit obligation of companies remaining by legal succession (i.e. transforming, merging or demerging) are contained in Section 136(9) of the Accounting Act.

Accordingly, if the balance sheet (the draft balance sheet, the final balance sheet) and the supporting asset inventory (the draft asset inventory, the final asset inventory) must be audited by an auditor based on the provisions of the Act on the Transformation, Merger and Demerger of Certain Legal Entities, the purpose of the audit is to establish whether the balance sheet and the supporting asset inventory have been compiled in accordance with Sections 136–141.

- Pursuant to Section 4(6) of Act CLXXVI of 2013 on the transformation, merger and division of certain legal entities, draft balance sheets and draft asset inventories must also be audited by an auditor if the legal entity undergoing transformation is required to have an audit performed pursuant to the provisions of the Accounting Act.
- The permanent auditor of the legal entity in question is not eligible to conduct this audit, nor is any auditor who performed an audit or evaluated a non-cash contribution for the entity in either of the two financial years preceding the cut-off date of the draft balance sheet. Furthermore, any auditor who reviewed the draft balance sheets for the transformation cannot be appointed as the permanent auditor of the successor legal entity for a period of three financial years following the registration of the new entity. The rights and responsibilities of the auditor in this context are governed by Section 3:38(1) of the Hungarian Civil Code (Ptk.).

- According to Section 11(2a) of the same Act, the final balance sheet must always be audited, without exception.

Lastly, it is not permitted to determine the value of the assets or the amount of equity at a higher amount than what is established by the auditor.

According to Section 145(5) of the Accounting Act, if the entity—taking into account the obligation or option under Section 20(3) and (4)—presents data in its annual report or simplified annual report not in HUF (forints) but in the foreign currency specified in its founding document, or conversely switches from the currency specified in the founding document to HUF, or from one foreign currency to another as recorded in an amendment to the founding document, the company is required to prepare an annual report or a simplified annual report in the currency used before the change. The data in the balance sheet of the approved annual report or simplified annual report must be converted according to Sections 146–149 from HUF to foreign currency, from foreign currency to HUF, or from one foreign currency to another. Based on this conversion, a separate balance sheet must be prepared for the day of the transition in the new currency (either HUF or a convertible foreign currency specified in the founding document). Following auditor’s verification of this separate balance sheet, the accounting books must be opened on the day after the currency change based on this balance sheet.

The possibility of valuation at fair value is provided in Sections 59/A to 59/F of the Accounting Act. According to Section 59/A(15), the auditor must review the compliance of such accounting treatments as part of the statutory audit. If an audit is not mandatory due to the company’s net sales revenue or number of employees, an independent auditor must be appointed to review the valuation and the related accounting.

In the case of companies choosing to apply value adjustments (revaluations), Section 59(2) of the Accounting Act stipulates that the auditor must review the regularity of determining and accounting for value adjustments as part of the statutory audit. Again, if an audit is not mandatory, a separate independent auditor must be appointed to review the valuation.

Rules for the preparation of interim balance sheets are set out in Section 21. An interim balance sheet must be prepared whenever required by law. According to Section 21(5), if the company is subject to mandatory audit based on net sales or employee numbers, the requirement to audit also applies to the interim balance sheet prescribed by law. Unless otherwise provided by law, the interim balance sheet must be prepared as of a cut-off date determined by the company, in accordance with the provisions of the Accounting Act relating to annual reports. However:

- Analytical and general ledger accounts must not be closed and must continue to be maintained continuously;
- Valuation corrections relating to balance sheet items must not be recorded in the ledgers, but can only be considered in the preparation of the interim balance sheet.

Under Sections 95/D–95/E, a chamber-registered auditor or audit firm holding a sustainability certification must provide a limited assurance engagement on the sustainability report or consolidated sustainability report, stating whether the report complies with applicable sustainability reporting requirements, including:

- The sustainability reporting standards,
- The process for identifying information in accordance with those standards,
- And the requirements for designating the report as a sustainability report as outlined in Section 95/I(1), as well as the reporting requirements in Article 8 of Regulation (EU) 2020/852. (Füredi-Fülöp – Süveges – Várkonyiné, 2023)

This assurance may be provided by an auditor or audit firm different from the one engaged in the statutory audit of the annual report. However, if the same certified auditor or audit firm conducts both the statutory audit of the annual report and the sustainability assurance engagement, their opinion on the sustainability report may be included in the independent auditor's report attached to the annual financial statements.

According to Section 114/C, a prerequisite for transitioning to the preparation of annual reports under IFRS is the possession of an auditor's report confirming the entity's readiness. A chamber-registered auditor or audit firm holding an IFRS qualification must verify during this readiness assessment that the entity:

- Employs a qualified person for preparing IFRS-based annual financial statements,
- Has an approved accounting policy prepared in accordance with IFRS,
- And has compiled an IFRS balance sheet as of the first day of the financial year preceding the year of transition.

In accordance with Section 4(4) of the Accounting Act, deviations from its provisions may only occur in exceptional cases, with the agreement of the appointed auditor and a statement confirming such agreement, if the application of a specific provision would not provide a true and fair view under the given circumstances. All such deviations must be disclosed in the notes to the financial statements, including the justification, and the impact on assets and liabilities, the financial position, and the profit or loss.

After presenting the Hungarian rules regarding statutory audit obligations, it may be worthwhile to examine how this issue is regulated in other European countries.

### 3. EU Outlook

Before a more detailed description of the international threshold values, it is important to present the categories of undertakings defined in the Directive 2013/34/EU.

These provisions greatly contribute to the development of the threshold values in the Member States. The Directive provides for categories of undertakings and groups. It establishes the categories of micro, small, medium-sized and large companies, and these should be defined and distinguished by reference to balance sheet total, net turnover and the average number of employees during the financial year, as those criteria typically provide objective evidence as to the size of an undertaking.

*Table 1. Category of undertaking*

Category of undertaking	Balance sheet total (EUR)	Net turnover (EUR)	Average number of employees during the financial year
Micro-undertakings	350,000	700,000	10
Small undertakings	4,000,000	8,000,000	50
Medium-sized undertakings	20,000,000	40,000,000	250
Large undertakings	20,000,000	40,000,000	250

Source: Directive 2013/34/EU

Commission Delegated Directive (EU) 2023/2775 introduced the following amendments to the thresholds set out in the Directive.

<b>... on their balance sheet dates do not exceed the limits of at least two of the three following criteria</b>	<b>Balance sheet total (EUR)</b>	<b>Net turnover (EUR)</b>	<b>Average number of employees during the financial year</b>
Micro-undertakings	→ 450,000 EUR	→ 900,000 EUR	10
Small undertakings	→ 5,000,000 EUR	→ 10,000,000 EUR	50
Medium-sized undertakings	→ 25,000,000 EUR	→ 50,000,000 EUR	250
Large undertakings	→ 25,000,000 EUR	→ 50,000,000 EUR	250

Source: Directive 2013/34/EU, Commission Delegated Directive (EU) 2023/2775

Member States shall define micro-undertakings or small undertakings or medium-sized undertakings as undertakings which on their balance sheet dates do not exceed the limits of at least two of the three criteria. In the case of small undertakings, the Member States may define thresholds exceeding the thresholds in points balance sheet total and net turnover. However, the thresholds shall not exceed EUR 6 million for the balance sheet total and EUR 12 million or the net turnover. (2023/2775 EU Directive amended these, the thresholds shall not exceed EUR 7.5 million for the balance sheet total and EUR 15 million for the net turnover) Large undertakings shall be undertakings which on their balance sheet dates exceed at least two of the three criteria.

The annual financial statements of small undertakings should not be covered by this audit obligation, as audit can be a significant administrative burden for that category of undertaking, while for many small undertakings the same persons are both shareholders and managers and, therefore, have limited need for third-party assurance on financial statements. (Bozsik, 2024) However, this Directive should not prevent Member States from imposing an audit on their small undertakings, taking into account the specific conditions and needs of small undertakings and the users of their financial statements. Member States shall ensure that the financial statements of public-interest entities, medium-sized and large undertakings are audited by one or more statutory auditors or audit firms.

In the following, we undertake an analysis of the statutory audit threshold values in the member states of the European Union. For this, the values were obtained from public data available on the IFAC (International Federation of Accountants) website and in some cases from the legislation of the given country. In most cases, the data were determined in euros, but in some cases they were converted from the currency of the given country based on data from 06/27/2025. The footnote shows the original amount in the currency of that country. The earliest data in the table is 2019, the latest is January 1, 2025.

**Table 2.** Mandatory audit threshold values per country

Country	Total balance sheet (EUR)	Net turnover (EUR)	Number of employees
Austria	5 million	10 million	50
Belgium	6 million	11.25 million	50
Bulgaria	1,022,614.40	2.045.228,80 <sup>2</sup>	50
Croatia	4 million	8 million	50
Cyprus	0	0	0
Czech Republic	1,617,700	3.235.400 <sup>3</sup>	50
Denmark	536,144.80	1.072.289,60 <sup>4</sup>	12
Estonia "a"	2.5 million	5 million	50
Estonia "b"	7.5 million	15 million	180
France	2 million	4 million	25
Finland	100,000	200.000	3
Germany	6 million	12 million	50
Greece	4 million	8 million	50
Hungary	–	1.503.904,20 <sup>5</sup>	50
Ireland	4.4 million	8.8 million	50
Italy	4 million	4 million	20
Latvia	4 million	8 million	50
Lithuania	1.8 million	3.5 million	50
Luxembourg	4.4 million	8.8 million	50
Malta	46,600	93.000	2
Netherlands	4.4 million	8.8 million	50
Poland	2.5 million	5 million	250
Portugal	1.5 million	3 million	50
Romania	4 million	8 million	50
Slovakia	4 million	8 million	50
Slovenia	4 million	8 million	50
Spain	2.85 million	5.7 million	50
Sweden	134,973.75	269.947,50 <sup>6</sup>	3

Source: Own edition (Based on IFAC)

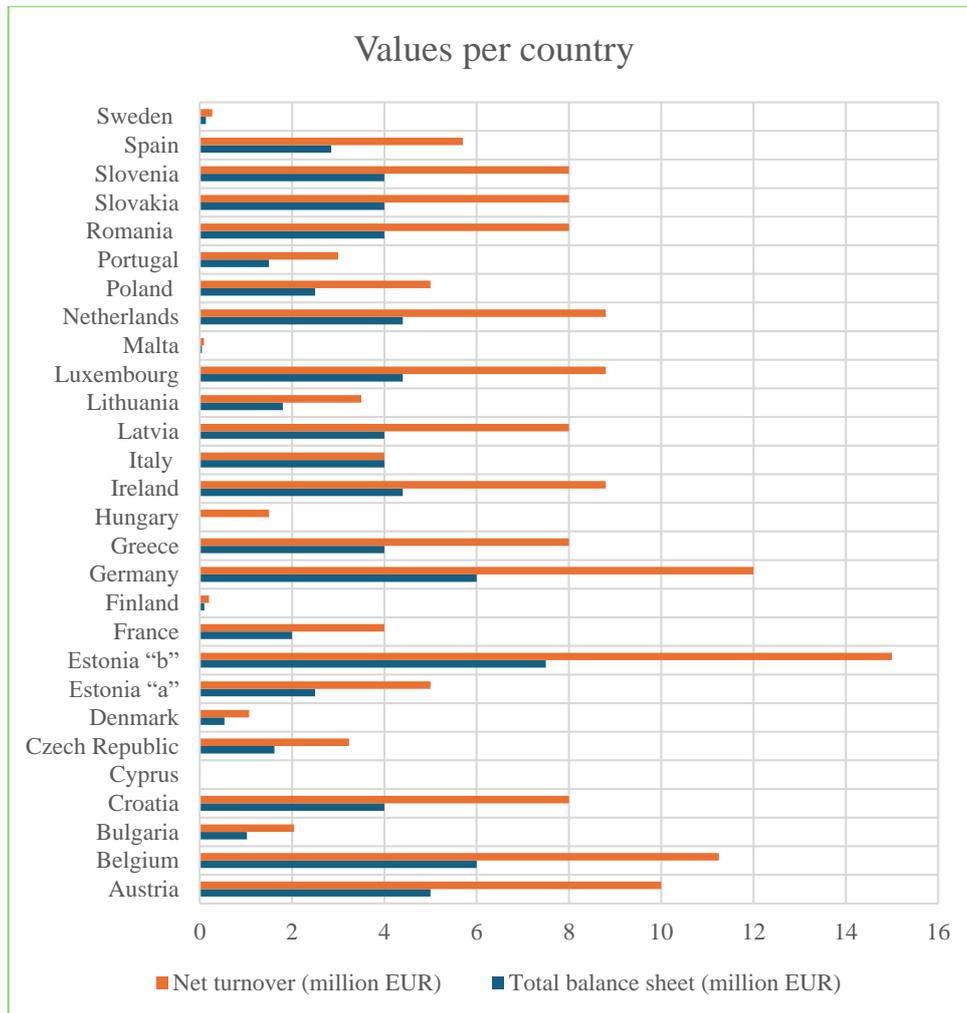
<sup>2</sup> 2 million BGN to EUR is 1,022,614.40 EUR; 4 million BGN to EUR is 2,045,228.80 EUR

<sup>3</sup> 40 million CZK to EUR is 1,617,700.00 EUR; 80 million CZK to EUR is 3,235,400.00 EUR

<sup>4</sup> 4 million DKK to EUR is 536,144.80 EUR; 8 million DKK to EUR is 1,072,289.60 EUR

<sup>5</sup> 600 million HUF to EUR is 1,503,904.20 EUR

<sup>6</sup> 1.5 million SEK to EUR is 134,973.75 EUR; 3 million SEK to EUR is 269,947.50 EUR



**Figure 2.** Threshold values of net turnover and total balance sheet in the member states of the European Union

Source: Own edition

**Austria, Belgium, Estonia “b”, Germany, Ireland, Luxembourg, Netherlands**  
**Certain countries have defined higher limit values in their own law, but these also fit the “raised” limit values given for small businesses.**

In Austria, the obligation to conduct an audit depends on the size of the company and primarily applies to GmbH (Limited Liability Companies) and AG (Stock Corporations). The requirement for statutory audits is governed by the UGB (Unternehmensgesetzbuch – Austrian Commercial Code). A statutory audit is mandatory in the following cases: AG (Stock Corporation)—always required to undergo an audit and Medium-sized and large GmbH—required if, for two consecutive years, the company exceeds at least two of the following three thresholds: balance sheet total EUR 5 million, annual turnover EUR 10

million, average number of employees 50 employees. If two of these thresholds are exceeded, an audit is mandatory for the following year.

In Belgium, under the Audit Act of 2016, all large and medium-sized entities are subject to mandatory audits if they meet at least two of the following criteria over two consecutive accounting periods (applicable from 1 January 2024): annual turnover exceeding EUR 11.25 million (excluding VAT), total assets over EUR 6 million, more than 50 employees on average during the year. Small companies that meet only one of these criteria are exempt from appointing a statutory auditor and are only required to prepare simplified annual accounts.

In Estonia, the Accounting Act outlines two levels of audit obligation: Level A (standard requirement): An audit is required if at least two of the following thresholds are exceeded in a financial year: sales revenue of over EUR 5 million, total assets exceeding EUR 2.5 million on the reporting date, an average of 50 employees during the year. Level B (stricter criteria): A mandatory audit applies if at least one of the following thresholds is exceeded: sales revenue over EUR 15 million, total assets above EUR 7.5 million, an average of 180 employees during the year. This dual threshold structure explains why Estonia appears in two rows in comparative tables.

In Germany, under the 2015 Act, the following audit-related provisions apply: Sole proprietors (sole merchants) with less than EUR 600,000 in turnover and EUR 60,000 in profit are exempt from maintaining accounting records under the German Commercial Code. Small companies (fewer than 50 employees, assets under EUR 6 million, and sales under EUR 12 million) are not subject to audit obligations and may publish only a balance sheet. Medium-sized companies (fewer than 250 employees, assets under EUR 20 million, and sales under EUR 40 million) face reduced disclosure requirements, allowing for grouped presentation of balance sheet items.

In Ireland, under Statutory Instrument No. 220 of 2010, statutory audits are required for all companies, including Public Interest Entities (PIEs), listed companies, financial institutions, and insurance providers. However, certain exemptions are available based on company size, activity, and legal structure. Entities that qualify as small companies—defined as having 50 or fewer employees, turnover under €8.8 million, and total assets not exceeding EUR 4.4 million—may be exempt from the requirement to undergo an annual audit.

In Luxembourg, the Audit Law mandates statutory audits for all public companies, a category that includes companies with securities listed on any regulated market within the EU, credit institutions, and insurance and reinsurance companies. Small companies, including cooperatives, are exempt from audit obligations if, on the balance sheet date, they have not exceeded two of the following three thresholds for two consecutive financial years: balance sheet total below EUR 4.4 million, turnover under EUR 8.8 million, fewer than 50 employees on average.

In the Netherlands, Under the Accountancy Profession Act of 2014, all entities except micro and small-sized entities are subject to mandatory, annual audit requirements. A company qualifies as small if it meets two of the following three conditions: annual revenue below EUR 8.8 million, total assets under EUR 4.4 million, fewer than 50 employees.

### **Bulgaria, Cyprus, Czech Republic, Finland, Denmark, Estonia “a”, Hungary, Italy, Lithuania, Malta, Poland, Portugal, Spain, Sweden**

#### **These countries set the thresholds at a lower level.**

In Bulgaria, the Accountancy Act of 2015 introduced higher thresholds for mandatory statutory audits. Financial statements are subject to audit under the following conditions: small entities that exceed at least two of the following thresholds: total assets over BGN 2 million, annual revenue above

BGN 4 million, an average of 50 or more employees; medium-sized and large entities, as well as public interest entities (PIEs); groups of companies categorized as medium or large, or groups that include at least one PIE; all joint-stock companies and limited partnerships with shares, unless they were inactive throughout the financial year; consolidated financial statements, as well as the individual financial statements of entities included in the consolidation.

In Cyprus, under the Companies Law (amended in 2016), a statutory audit is mandatory for all registered companies, regardless of their size or type.

According to current legislation of Czech Republic, large and medium-sized entities are required to undergo a statutory audit if, for two consecutive accounting periods, they meet at least one of the following thresholds: annual turnover of CZK 80 million, net assets of CZK 40 million, an average of 50 employees. In addition, small entities are also subject to audit if they meet at least two of the above criteria. Micro-entities, however, are exempt from the audit requirement. A new Accounting Act, expected to take effect in January 2026, proposes that only large and medium-sized entities would be required to undergo mandatory audits. This reform would significantly raise the thresholds—approximately tripling the current limits.

In Denmark, audit obligations for private limited companies and public limited companies depend on company size. To avoid an audit during the first fiscal year, a company must not exceed two of the following three criteria: total assets not exceeding DKK 4 million, net revenue not exceeding DKK 8 million (excluding VAT), an average of 12 or fewer full-time employees. From the second fiscal year onwards, the company must remain below two out of the three thresholds in both of the two most recent fiscal years in order to remain exempt from mandatory audit requirements.

In Finland, a corporation or foundation must appoint an auditor and conduct an audit, however, unless specified otherwise by a different act, the appointment of an auditor is not required if, during both the most recently completed financial year and the one preceding it, the entity met no more than one of the following conditions: (1) total assets exceed EUR 100,000; (2) net sales or equivalent revenue exceed EUR 200,000; or (3) the average number of employees exceeds three.

In Italy, public interest entities (PIEs) and companies limited by shares are legally required to have their financial statements audited. In addition, limited liability companies must appoint an auditor or audit committee if they meet any one of the following conditions: they are obligated to prepare consolidated financial statements, they control a company whose financial statements must be audited, they exceed, for two consecutive financial years, at least one of the following criteria: total assets exceeding EUR 4 million, annual revenues exceeding EUR 4 million, an average of 20 or more employees.

Audit obligations in Lithuania are regulated by the Audit Law No. XIII-96 (2017), which implements the EU Audit Directive and Regulation (EU) No 537/2014. The law requires that statutory audits be conducted in accordance with the International Standards on Auditing (ISA), as issued by the IAASB and officially adopted by the Authority of Audit, Accounting, Property Valuation, and Insolvency Management (AAAPVIM). A mandatory audit is required for: Public interest entities (PIEs), and Public limited liability companies, if at least two of the following criteria are met during the financial year: net revenue exceeds EUR 3.5 million, total assets exceed EUR 1.8 million, average number of employees exceeds 50.

In Malta, according to the Accountancy Profession Act “statutory audit” refers to the audit of annual or consolidated financial statements when such an audit is: required under European Union law; or mandated by Maltese law, particularly in the case of small undertakings. In the Maltese Companies Act determined companies that, as of their balance sheet date, do not exceed two out of the following three thresholds: total assets of EUR 4 million; net turnover of EUR 8 million; an average of 50 employees

during the accounting period; are classified as “small companies” under the chapter and are exempt from the audit requirement stipulated. Furthermore, private companies that, on their balance sheet date, do not exceed two of the following criteria: total assets of €46,600; turnover of €93,000; an average of 2 employees during the accounting period.

In Poland, audit requirements are governed by the Accounting Act of 1994. A mandatory audit is required for: Public interest entities (PIEs), joint-stock companies, and large companies. Large companies are defined as those which, in the preceding financial year, met at least two of the following criteria: 250 or more full-time employees, total assets exceeding EUR 2.5 million, net revenue exceeding EUR 5 million. PIEs are defined under the Act on Statutory Auditors (2017) and include: listed companies, banks and insurance companies, electronic money and payment institutions, pension and investment funds, brokerage houses, credit unions.

In Portugal, according to the Companies Code, the following audit rules apply: all public limited companies (S.A.) must undergo an annual audit. Private limited companies (LDA) are subject to a mandatory audit if they exceed two of the following thresholds for two consecutive financial years: net turnover of more than EUR 3 million, total assets exceeding EUR 1.5 million, average number of employees above 50. Private limited companies that do not exceed two of the above criteria may be exempted from audit requirements. Additionally, public interest entities, including listed companies, credit and financial institutions, insurance and reinsurance firms, pension funds managing special social security schemes, and holding companies controlling insurers, are obliged to undergo audits as mandated by law.

About Spain, according to Law 22/2015, all public interest entities (PIEs)—including listed companies, credit institutions, insurance providers, and financial brokerage firms—are obligated to appoint a statutory auditor and undergo a mandatory audit. In addition, companies that meet at least two of the following criteria for two consecutive years are also required to have their financial statements audited: total assets exceed EUR 2.85 million, net turnover exceeds EUR 5.7 million, average number of employees during the year exceeds 50. PIEs must also submit their financial statements to the appropriate supervisory authority, such as: The Bank of Spain, The National Securities Market Commission (CNMV), or The Directorate-General for Insurance and Pension Funds.

**Croatia, France, Greece, Latvia, Romania, Slovakia, Slovenia**  
**They established the same requirements into their national law as in the Directive.**

In Croatia, the Audit Act (as amended in 2017) and the Accounting Act govern audit regulations and set out when audits are mandatory. Companies subject to compulsory audits include large enterprises; medium-sized enterprises; Public Interest Entities (PIEs); limited liability and limited partnership companies exceeding defined thresholds for size and employee count; entities involved in mergers or demergers. Audits must be performed in accordance with International Standards on Auditing (ISA) as issued by the International Auditing and Assurance Standards Board (IAASB).

In France, all PIEs and public limited companies that exceed two out of three thresholds are required to undergo a six-year statutory audit. Furthermore, companies within small groups are also subject to audit if they surpass two of the following criteria: EUR 2 million in total assets, EUR 4 million in revenue or financial resources, 25 employees.

In Greece, under the law, public interest entities (PIEs)—listed companies, banks and financial institutions, and insurance companies—are required to use IFRS Standards as adopted by the EU for the preparation of their financial statements. The law establishes requirements for mandatory audits. Under the law, all PIEs and all companies that meet two of the criteria for two consecutive years are subject to mandatory statutory audits: In Greece, PIEs—such as listed companies, banks, financial institutions, and

insurers—are obligated to use EU-adopted IFRS for financial reporting. Mandatory audits apply to all PIEs and any company that, for two consecutive years, exceeds two out of three statutory size thresholds.

In Latvia, a statutory audit is required for small companies if any of the following conditions are met exceeding two out of the three thresholds for two consecutive years: EUR 4 million in assets, EUR 8 million in net turnover, 50 employees; being a parent company, being publicly owned or part of a public-private capital entity; electing to apply certain IFRS treatments. If none of the above audit requirements apply, but the company exceeds lower thresholds—EUR 400,000 in assets, EUR 800,000 in revenue, and 25 employees—a financial statement review by a certified auditor is required instead.

In Romania, Statutory audit means an audit of annual financial statements or consolidated financial statements in accordance with the international standards of auditing, in so far as: a) it is required by the European Union law or national law; b) it is voluntarily carried out on small-sized entities, and the audited accounts are made public, alongside with the statutory audit report, according to the law; and the small entities means entities defined as such according to the EU Directive.

As of 2022, Slovakia requires statutory audits for PIEs, cooperatives, and share capital companies listed on a regulated market, or those exceeding two out of three financial thresholds.

The Slovenian Companies Act, aligned with the EU Audit Directive, mandates audits for both individual and consolidated financial statements of medium and large entities or groups, as well as all companies operating in regulated industries.

**Table 4.**  
*Comparison of national legal requirements with the limit values of the Directive*

Higher	Lower	Equal
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Austria	<input type="checkbox"/> Bulgaria	<input type="checkbox"/> Croatia
<input type="checkbox"/> Belgium	<input type="checkbox"/> Cyprus	<input type="checkbox"/> France
<input type="checkbox"/> Estonia “b”	<input type="checkbox"/> Czech Republic	<input type="checkbox"/> Greece
<input type="checkbox"/> Germany	<input type="checkbox"/> Denmark	<input type="checkbox"/> Latvia
<input type="checkbox"/> Ireland	<input type="checkbox"/> Estonia “a”	<input type="checkbox"/> Romania
<input type="checkbox"/> Luxembourg	<input type="checkbox"/> Finland	<input type="checkbox"/> Slovakia
<input type="checkbox"/> Netherlands	<input type="checkbox"/> Hungary	<input type="checkbox"/> Slovenia
	<input type="checkbox"/> Italy	
	<input type="checkbox"/> Lithuania	
	<input type="checkbox"/> Malta	
	<input type="checkbox"/> Poland	
	<input type="checkbox"/> Portugal	
	<input type="checkbox"/> Spain	
	<input type="checkbox"/> Sweden	

Source: Own edition

#### 4. Summary

The harmonization of undertaking's classifications outlined in the Directive has significantly contributed to ensuring that the categorization of companies is based on uniform principles across all Member States. By clearly defining the thresholds for micro, small, medium-sized, and large enterprises, the Directive created a common language within the European Union that facilitates comparability and consistency in financial reporting and auditing requirements. This uniform framework has been particularly important for cross-border business operations, international investors, and supervisory authorities, as it enhances transparency and reduces the complexity that previously arose from divergent national regulations.

As a result, it is no longer acceptable to rely solely on national specificities when assessing undertakings, since the categories are now understood in the same way throughout the EU. Nevertheless, while the Directive has established a minimum level of harmonization, Member States retain a certain degree of discretion in its transposition. This flexibility allows them to adjust thresholds upward or downward, reflecting national economic structures, the size distribution of enterprises, and specific policy objectives.

Indeed, as the comparative analysis has shown, many countries exercise this option in different ways. Some, such as Germany, Austria, or Belgium, have opted for higher thresholds, thereby reducing the number of entities subject to statutory audit and easing the administrative burden for small enterprises. Others, including Hungary, Finland, or Denmark, apply stricter rules, either by setting lower thresholds or by maintaining additional criteria, with the intention of preserving a higher level of financial transparency and stakeholder protection. There are also jurisdictions, such as Cyprus, where statutory audit is required for all companies regardless of size, reflecting a strong emphasis on public trust and financial accountability.

This diversity demonstrates the dual nature of EU legislation in this field: while harmonization fosters consistency and comparability, national deviations highlight the importance of subsidiarity and the ability of Member States to tailor regulation to their domestic economic realities. From a broader perspective, the ongoing evolution of thresholds and audit requirements also reflects the dynamic balance between two policy goals. On one hand, reducing unnecessary administrative costs for smaller undertakings, and on the other, safeguarding the reliability of financial information and the protection of stakeholders.

#### Bibliography

- [1] Bozsik Sándor (2024). The economic effect of the high Hungarian inflation between 2019–2023, In: Bozsik, Sándor (szerk.) *Pénzügy-Számvitel Füzetek VIII. 2024* = Finance & Accounting Booklets VIII. 2024 : A 2024. március 20-i Fintelligence nemzetközi konferencia kiadványa = The publications of Fintelligence International Conference held in 20th of March, 2024 Miskolc, Magyarország : Miskolci Egyetem, Pénzügyi és Számviteli Intézet, 148 p. pp. 4–9., 6 p.
- [2] L. Evans, H. Kersten (2007). The division of expert labour in the European audit market: The case of Germany. *Critical Perspectives on Accounting*, 18, pp. 61–88.

- [3] Füredi-Fülöp, Judit, Süveges, Gábor Béla, Várkonyiné Juhász, Mária (2023). Questions for the Audit of Green Financial Statements. *Theory Methodology Practice: Club of Economics in Miskolc*, 19, 2 pp. 27–36., 10 p.
- [4] Hegedús, Mihály, Nedelka, Erzsébet (2020). The impact of digitalization and Industry 4.0 on the audit, LIMES: A II. Rákóczi Ferenc Kárpátaljai Magyar Főiskola, Tudományos Évkönyve, 6, 1, pp. 211–220., 10 p.
- [5] Kántor Béla (2024). Számviteli szolgáltatás – Múlt, jelen, jövő, In: Bozsik, Sándor (szerk.). *Pénzügy-Számvitel Füzetek IX. 2024*. A Pénzügyi és Számviteli Intézet 2024. november 20-i Szakmai Napjának kiadványa, Miskolc, Magyarország, Miskolci Egyetem, Pénzügyi és Számviteli Intézet, 139 p. pp. 69–79., 11 p.
- [6] Pál Tibor (2024). Examination of the Hungarian Audit Market Using the 2023 Auditor's Reporting, In: Bozsik, Sándor (szerk.). *Pénzügy-Számvitel Füzetek VIII. 2024 = Finance & Accounting Booklets VIII. 2024*. A 2024. március 20-i Fintelligence nemzetközi konferencia kiadványa = The publications of Fintelligence International Conference held in 20th of March, 2024 , Miskolc, Magyarország, Miskolci Egyetem, Pénzügyi és Számviteli Intézet, 148 p. pp. 50–56., 7 p.
- [7] Tamimi, Oday, Orbán, Ildikó (2022). Financial engineering and its impact on audit efficiency in the opinion of experts. *Journal of International Studies*, 15, 2 pp. 50–62., 13 p.
- [8] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 *on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC*.
- [9] Commission Delegated Directive (EU) 2023/2775 of 17 October 2023 *amending Directive 2013/34/EU of the European Parliament and of the Council as regards the adjustments of the size criteria for micro, small, medium-sized and large undertakings or groups*.
- [10] *Austria – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/austria>
- [11] *Bulgaria – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/bulgaria>
- [12] *Cyprus – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/cyprus>
- [13] *Czech Republic – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/czech-republic>
- [14] *Denmark – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/denmark>
- [15] *Estonia – Auditors Activities Act*. <https://www.riigiteataja.ee/en/eli/ee/510122013009/consolide/current>
- [16] *France – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/france>
- [17] *Finland – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/finland>
- [18] *Germany – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/germany>
- [19] *Greece – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/greece>
- [20] *Ireland – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/ireland>
- [21] *Italy – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/italy>
- [22] *Latvia – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/latvia>
- [23] *Lithuania – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/lithuania>

- [24] *Luxembourg – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/luxembourg>
- [25] *Malta – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/malta>
- [26] *Netherlands – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/netherlands>
- [27] *Poland – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/poland>
- [28] *Portugal – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/portugal>
- [29] *Romania – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/romania>
- [30] *Slovakia – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/slovakia>
- [31] *Slovenia – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/slovenia>
- [32] *Spain – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/spain>
- [33] *Sweden – Member Organizations*. <https://www.ifac.org/about-ifac/membership/profile/sweden>
- [34] *Audit requirements in Denmark for annual reports in 2025*. <https://www.daniaaccounting.com/slider/audit-requirements-in-denmark-for-annual-reports-in-2025/>
- [35] *Maltese Accountancy Profession Act*. <https://legislation.mt/eli/cap/281/eng>
- [36] *Maltese Companies Act*. <https://legislation.mt/eli/cap/386/eng>
- [37] *Finland Auditing Act 1141/2015*. <https://finlex.fi/en/legislation/translations/2015/eng/1141>
- [38] *Dutch Civil Code*. <http://www.dutchcivillaw.com/legislation/dcctitle2299aa.htm>
- [39] *Romanian Law Senate on statutory audits of annual accounts and consolidated accounts and amending certain enactments*. <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://cafr.ro/en/wp-content/uploads/2019/07/Legea-162-2017.pdf>