

Red tape reduction for large proprietary companies

The Federal Government has recently proposed a change to reporting thresholds, which will reduce the ASIC reporting obligations of some large proprietary companies.

Large proprietary companies are required to lodge audited financial statements annually.

The thresholds for determining whether a proprietary company is large have not changed since 2007. The Federal Government is planning to double the thresholds as follows:

Tests	Current threshold	Proposed threshold
Consolidated revenue	\$25m	\$50m
Consolidated gross assets	\$12.5m	\$25m
Employees (FTE)	50	100

A large proprietary company is defined as a company which meets two of the three tests listed above at the end of their financial year.

These changes are proposed for reporting periods commencing on or after 1st July 2019. Thus for a 30th June balancing company, the first year of application would be the year ending 30th June 2020.

The Government expects about a third of all large proprietary companies will not meet the revised definition of a large proprietary company. This will save companies the cost of preparing financial statements and having them audited, which averages approximately \$37,000.

Action required - this potential change to regulations is only at the public consultation stage. Large proprietary companies who expect to benefit from this red tape reduction should continue to monitor their reporting requirements to ascertain whether they are entitled to any reporting relief from 1st July 2019 onwards.

For more information on your reporting obligations, talk to your adviser today, and they can introduce you to a financial reporting expert.

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