Epicsense Insights

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Audit exemption in Singapore

Who qualifies, what still applies, and the 2026 review.



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Many private companies in Singapore do not need a statutory audit. The exemption is not automatic, though. It depends on the company's size over two years, the size of any group it belongs to, and whether a shareholder asks for an audit. This issue explains who qualifies, and what still applies when you do.

01

Who qualifies: the small company test

Under section 205C and the Thirteenth Schedule of the Companies Act 1967, a private company is exempt from audit if it is a small company. It must be a private company throughout the financial year, and meet at least two of the three criteria below for the immediate past two consecutive financial years.

Criterion	Limit	How it is measured
Total annual revenue	S$10 million or less	Revenue in the financial statements, prepared under the accounting standards
Total assets	S$10 million or less	Total assets in the statement of financial position
Employees	50 or fewer	Full-time employees at the end of the financial year

Two of the three are enough. A company with revenue of S$15 million can still qualify if its total assets and headcount are within the limits.

In plain terms

Small means meeting at least two of these in each of the last two years: revenue up to S$10 million, total assets up to S$10 million, and 50 full-time staff or fewer.

New companies

A company that is less than two years old qualifies if it meets the criteria in the current financial year. If it does not qualify in its first year, it is tested again on the same basis in its second year.

Corporate shareholders are not a bar

A company can qualify even if some or all of its shareholders are companies. It does not need to be an exempt private company.

02

Companies in a group

If the company has a parent or subsidiaries, passing the test on its own is not enough. The whole group must also be a small group, meeting at least two of the same three criteria for the immediate past two consecutive financial years. Revenue and total assets are based on the holding company's consolidated financial statements, and foreign members of the group are included.

This applies whether or not consolidated financial statements are actually prepared or filed. A Singapore subsidiary of a large local or overseas group will therefore usually need an audit, however small the subsidiary itself is.

In plain terms

A small company that belongs to a large group still needs an audit.

Goodwill and other intangible assets count towards the group's total assets. Our earlier issue, “Audit exemption for groups and goodwill”, covers this in more detail.

03

Staying small, and when it ends

Once a company qualifies as a small company, it stays small in later years. It stops being small only if it ceases to be a private company, or if it fails to meet two of the three criteria for two consecutive financial years. One year above the limits does not end the exemption.

Illustration: when does a company stop being small?

Year	Revenue S$m	Total assets S$m	Employees	Criteria met	Status
Year 1	8.0	6.0	35	3 of 3	Small (new company)
Year 2	9.5	7.5	42	3 of 3	Small
Year 3	13.0	11.0	48	1 of 3	Still small: only one year failed
Year 4	14.5	12.5	55	0 of 3	Ceases to be small: two years failed in a row

Illustrative figures. Once it ceases to be small, the company needs an audit again until it meets the criteria for two consecutive financial years.

04

Dormant companies

A dormant company, one with no accounting transactions in the year apart from a few permitted items such as statutory fees, is exempt from audit under section 205B. This exemption is not limited to private companies.

A dormant private company with total assets of not more than S$500,000 may also be exempt from preparing financial statements under section 201A, subject to conditions.

05

What exemption does not remove

Audit exemption removes the audit, not the rest of the annual reporting cycle. An exempt company must still:

- keep proper accounting records that explain its transactions and financial position (section 199);
- prepare financial statements that comply with the accounting standards, together with a directors' statement;
- hold its AGM, or dispense with it where allowed, and file its annual return with ACRA, including financial statements in XBRL unless exempt from that;
- file its corporate income tax return with IRAS, based on the unaudited financial statements; and
- check whether a bank, investor, regulator, licence or grant scheme requires audited accounts anyway.

In plain terms

Exemption saves the audit fee, but the directors are still responsible for the accounts being right.

06

Shareholders can still ask for an audit

Shareholders holding at least 5% of the total voting rights can require the company to have its financial statements audited, by giving written notice to the company not later than one month before the end of the financial year.

A voluntary audit can also be worth having when the company is raising funds, applying for bank facilities, preparing to sell the business, or sitting close to the thresholds.

07

The 2026 review

In February 2026, ACRA began a review of the audit exemption framework to reduce compliance costs for small companies. Areas under consideration include higher revenue and total assets thresholds, and whether a subsidiary could qualify even where its group does not. Consultation closed in April 2026.

At the date of this issue no change has been announced, and any change would need an amendment to the Companies Act. Until then the current S$10 million thresholds apply, and a company should not drop its audit in anticipation of a change.

Sources. Companies Act 1967, sections 199, 201A, 205B and 205C and the Thirteenth Schedule. ACRA: Audit exemptions, small company concept (updated February 2026); Reducing compliance costs for small companies: review of the audit exemption framework (February 2026).

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Not sure if you need an audit?

Whether or not you are an existing client, we would be glad to help you check whether your company or group qualifies for audit exemption, and to prepare or review your financial statements either way. Please contact any of our audit partners and directors.



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