

## Changes in the annual report environment



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**Starting from 2017, the requirements of the accounting directive 2013/34/EU of the European Union will apply in the annual report environment of the Company Registration Portal.**

In addition to the changes stemming from the directive, updates aimed towards e-residents will also be implemented by 31 January 2017. As of 31 January 2017, according to the e-Business Register data, there are nearly 1,000 e-resident enterprises in Estonia.

The most extensive and principled update – in general and in the reporting environment – is definitely the fact that the amount of information required to be disclosed in the annual report will hereinafter depend on the size of the enterprise. The bigger the enterprise, the more specific the information disclosed in the report submitted to the register shall be.

Pursuant to the new provisions, enterprises will be divided into four categories:

- micro-enterprises;
- small enterprises;
- medium-sized enterprises;
- large enterprises.

The basis for the determination of the category will be the sales revenue, the volume of assets, the number of employees, and some additional conditions.

If an enterprise exceeds some of the limits of one of the mentioned categories for two consecutive balance sheet dates, then they must submit a report for at least the category the conditions of which they meet, but they may also voluntarily submit a higher category report.

By choosing a higher category and filling in the more detailed reporting forms, different authorities will be able to use the data to pre-fill their forms, which means that enterprises will not have to provide authorities with duplicate information. That way, the enterprise can disperse its administrative burden to some extent.

The enterprise category must be chosen by the compiler of the annual report at the moment of adding the report. After making the choice, the reporting environment will provide category-specific

reporting forms.

Micro- and small enterprises can compile abbreviated annual accounts, which consist of at least two main statements (balance sheet and income statement) and supplements. Hereinafter, micro-enterprises will not be obliged to present the register with an activity report.

The reporting forms of medium-sized and large enterprises will largely correspond to the forms valid until the end of 2016.

When filling in the reporting forms, the system will continuously check whether the chosen category is sufficient. If the system establishes that the category chosen by the user is lower, the selection must be corrected and more detailed forms must be filled in.

The reporting environment will also see the improvement of the functionalities of compiling reports in English. The user will be able to change the language of the report while compiling it. As a result, it is possible to fill in information in both Estonian and English in parallel on every form, regardless of the chosen interface language. The report in English can be downloaded from the environment and, if so desired, presented to foreign members of the management board or supervisory board, or to foreign owners. This option will help e-residents make sure that the Estonian report submitted to the system is correct.

Because micro-enterprises can fill in very simple report forms that do not have any textual data fields, it is possible to translate the Estonian report automatically into English and vice versa. Entering additional English textual data will not be necessary.

In addition to the updates resulting from the categories and the functionality of compiling the report in English, the reporting environment will hereinafter check whether the minimum net asset requirement set out in the Commercial Code (at least half of the share capital submitted to the business register for private limited companies or at least 2,500 euros) has been fulfilled based on the data entered in the report. The mentioned inspection is to draw attention and inform and will not prevent submitting the report to the register.

\*Updates to the reporting environment pursuant to the directive shall be binding for annual reports compiled for the accounting periods that started on 1 January 2016 or later.

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