



INTERNAL CONTROL BODY OR EXTERNAL AUDITOR IN SRL COMPANIES: BACKTRACK IN THE LAW



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CORPORATE AND COMMERCIAL

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On June 14th new changes to article 2477 of the Italian civil code were approved (and published in the Italian Official Gazette on June 17, 2019) in relation to the obligation to appoint an internal control body or an external auditor in Italian SRL companies.

Backtracking on a recent reform earlier this year lowering the thresholds, the new law again raises the thresholds above which it will be compulsory for Italian SRL companies to appoint an internal control body or an external auditor. Such thresholds are now re-determined as follows:

- **Total assets** from the current 2 million euros to **4 million euros** (4,400,000 euros before the reform of January 2019);
- **Revenues from sales and services** from the current 2 million euros to **4 million euro** (8,800,000 euros before the reform of January 2019);
- **Number of employees during the financial year:** from 10 to **20** (50 before the reform of January 2019).



On the other hand, the following provisions remain unchanged:

- (i) The obligation to appoint an internal control body or an external auditor shall cease when, for three consecutive financial years none of the above thresholds is exceeded;
- (ii) The obligation to appoint an internal control body or external auditor shall be applicable where for two consecutive financial years even only one of the above thresholds is exceeded.

What happens for companies which have already complied with the obligation to appoint an internal control body or external auditor, in compliance with the provisions in force since last March?


It should be noted that art. 20 (paragraph 8) of Law Decree no. 91/2014 states that *"... the subsequent abolition of the obligation to appoint an internal control body or an external auditor represents justified grounds for the revocation of the appointment..."*

It has been pointed out that it would be appropriate to amend the law to expressly provide for application of such rule, in view of the changes to the relevant thresholds (see dossier of last June 11th, 2019, drawn up by the Offices of the Senate of the Republic and of the Chamber of Deputies which is available at the following link:

<http://www.senato.it/service/PDF/PDFServer/BGT/01113209.pdf>).



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