

Recent key developments in the area of Spanish financial regulation

Prepared by the Regulation and Research Department of the Spanish Confederation of Savings Banks (CECA)

Draft legislation adjusting the size criteria applied to undertakings and groups for corporate reporting purposes (published on the Ministry of the Economy, Trade and Business website on 2 April 2024)

The purpose of this future law is to transpose Delegated Directive (EU) 2023/2775 to introduce the adjustments to the size criteria for small- and medium-sized undertakings or groups (as the adjustments for micro and large undertakings and groups will be enacted in the legislation that transposes the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464, or the CSRD) into Spanish law. The consultation ended on 7 May 2024.

In brief, the draft bill amends the following pieces of legislation:

- The Corporate Enterprises Act (Royal Legislative Decree 1/2010): introducing adjustments in relation to the thresholds for presenting a short-form balance sheet, increasing the balance sheet total (from €4 million to €5 million) and net turnover (from €8 million to €10 million). The average number of employees is unchanged at 50;
- The Financial Statement Audit Act (Law 22/2015): adjusting the criteria for classifying the following company sizes- (i) small-sized enterprises: increasing the thresholds for the balance sheet total (from €4 million to €5 million) and net turnover (from €8 million to €10 million), leaving the average number of employees unchanged at 50; and (ii) medium-sized enterprises: increasing the thresholds for the balance sheet total (from €20 million to €25 million) and net turnover (from

€40 million to €50 million), leaving the average number of employees unchanged at 250; and,

- The General Accounting Plan for SMEs (Royal Decree 1515/2007): the criteria and thresholds for qualifying as a small-sized enterprise are adjusted as above.

Lastly, the thresholds contemplated in Royal Decree 1491/2011 whereby all non-profits can apply the General Accounting Plan for SMEs have also been increased, albeit by less than for a small-sized enterprise.

The new legal provisions will apply in reporting periods beginning on or after 1 January 2024.