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# Transposition of the new European Union audit regulation into the Croatian national law

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## Abstract

*The audit reform in the EU resulted in the adoption of the new regulatory framework. The European Parliament adopted Directive 2014/56/EU amending the Directive 2006/43/EC on statutory audit in the EU and the EU Regulation No. 537/2014 containing requirements that relate specifically to the statutory audit of public interest entities. Each Member State needs to transpose the Directive into its national legislation and also ensure its implementation. Within the framework of transposing the Directive into the national regulation, each Member State had many options that allowed them to tailor the provisions of the national law according to their needs and specific aspects of the national audit markets. However, the number of options brings risks that are connected to additional audit procedures and inefficiencies in the process of performing audit with potential effects on the quality and cost of audits. The aim of this article is to analyse the most important (not used options of the Directive and Regulation according to the Croatian national legislation. In that sense, the article provides information about the definition of statutory audit and the subjects of statutory audit as well as the definition of public interest entities in Croatia. In addition, the audit profession in Croatia is analysed in the context of the “European audit passport”. The results of this research can be a base for future comparisons between Croatia and the other EU Member States. Finally, the implementation of these provisions will answer the question: Does the implementation of different options bring convergence or divergence within the single EU audit services market?*

**Keywords:** Transposition, Regulation 537/2014, Directive 2014/56/EU, Croatia, audit profession, Audit Act.

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