

## Ready for 2025

### Overview of key changes from 2025

The new year 2025 holds a number of changes in store for companies that need to be considered and their impact assessed. The following explanations provide an overview of selected relevant changes in the areas of German GAAP (HGB) and IFRS accounting, group auditing, ESG reporting and auditing, IT security as well as governance, risk and compliance, thus offering a framework for preparing for the new year.

#### German GAAP accounting (HGB)

##### Overview of amended/new IDW pronouncements (incl. drafts)

<b>IDW RS FAB 5 (formerly: IDW RS HFA 5)</b>	
Topic	Statement on the accounting of foundations
Scope of application	foundations with legal capacity under civil law; recommended application for foundations under public law
Applicable from	28.08.2024
» To the article IDW RS FAB 5 (in German)	
<b>IDW RS FAB 41 (formerly: IDW RS HFA 41 n.F.)</b>	
Topic	Statement on the effects of a change of legal form on the annual financial statements under German GAAP (HGB)
Scope of application	Change of legal form of corporations and commercial partnerships, both domestic and cross-border within the EU or EEA
Applicable from	Applicable to all changes of legal form that are based on a resolution to change legal form adopted after 31 July 2024
» To the article IDW RS FAB 41 (in German)	
<b>IDW ERS FAB 15 (formerly: IDW RS HFA 15)</b>	
Topic	Statement on accounting for emission allowances and GHG quota trading under German GAAP (HGB)
Scope of application	in particular emission-intensive companies and companies that operate potentially polluting facilities
Applicable from	Financial years beginning after 31 December 2025, but recommendation for immediate full application of the draft
» To the article IDW ERS FAB 15 (in German)	

<b>IDW RS FAB 18 (formerly: IDW RS HFA 18)</b>	
Topic	Statement on German GAAP (HGB) accounting for investments in commercial partnerships (draft) in the annual financial statement under German GAAP (HGB)
Applicable from	Financial years beginning after 30 June 2025, but recommendation for immediate full application of the draft
» <a href="#">To the article IDW RS FAB 18 (in German)</a>	
<b>IDW ERS FAB 7 (formerly: IDW RS HFA 7 n.F.)</b>	
Topic	Statement on German GAAP (HGB) accounting for commercial partnerships (draft)
Scope of application	Commercial partnerships
Applicable from	first-time application for financial years beginning after 31 December 2024
» <a href="#">To the article IDW ERS FAB 7 (in German)</a>	
<b>IDW RS IFA 1</b>	
Topic	Statement on the distinction between maintenance expenses and production costs for buildings in the commercial balance sheet
Scope of application	all companies that carry out maintenance or modernization measures on buildings and have to account for maintenance expenses and production costs
Applicable from	first application for financial years beginning after 31 December 2025, earlier application is permitted
» <a href="#">Article IDW RS IFA 1 (in German)</a>   <a href="#">Further information from the IDW (in German)</a>	
<b>IDW guidelines “Notes on dealing with risks arising from the development of the property markets”</b>	
Topic	Valuation of real estate/investments in real estate, influence of developments and events occurring after the reporting date on the financial statements under German GAAP (HGB), risk provisioning at banks
Scope of application	all companies that are associated with real estate through direct investments, holdings or operational use, in particular real estate companies, property developers, companies with real estate assets and companies that use real estate as collateral
» <a href="#">Further information (in German)</a>	

<b>German Accounting Amendment Standard No. 14 (DRÄS 14)</b>	
Topic	Amendments to DRS 18 ‘Deferred Taxes in Consolidated Financial Statements’ and adjustment to the amendments to the HGB as a result of the Minimum Taxation Directive Implementation Act
Scope of application	all parent companies that prepare their financial statements in accordance with German GAAP (HGB) and must recognize deferred taxes; corresponding application for annual financial statements is recommended
Applicable from	first-time application for financial years ending after 28/12/2023 or 30/12/2023
» <a href="#">Further Information (in German)</a>   » <a href="#">Article Pillar 2 (in German)</a>	

<b>New size criteria/thresholds</b>	
Topic	Increase in the thresholds for balance sheet total and sales revenue by 25 per cent each (German GAAP - HGB)
Scope of application	Corporations and equivalent limited liability commercial partnerships
Applicable from	mandatory for financial years beginning after 31 December 2023
» <a href="#">Further information (in German)</a>	

<b>Base rate for business valuations</b>	
Topic	The Institute of Public Auditors in Germany (IDW) has set the base rate for business valuations at 2.50 % as at 1 December 2024 in accordance with IDW S 1 in the 2008 version and IDW RS HFA 10.
Scope of application	Performance of business valuations
Applicable from	immediately
» <a href="#">Cost of Capital in Business Valuation</a>	

<b>Bureaucracy Relief Act IV</b>	
Thema	Shortened obligation to retain invoices from 10 to 8 years
Scope of application	for all accounting documents whose previous retention period of 10 years has not yet expired on 1 January 2025; for companies subject to financial supervision by BaFin only from 1 January 2026
Applicable from	01.01.2025
» <a href="#">Further information (in German)</a>	

## IFRS Reporting

<b>IFRS changes</b>	
Topic	IAS 1: Classification of liabilities as current or non-current and non-current liabilities with covenants
	IFRS 16: Lease liabilities in a sale and leaseback transaction
	IAS 7 and IFRS 7: Supplier Financing Arrangements
Scope of application	all companies that prepare their accounts in accordance with IFRS
Applicable from	first-time mandatory application for financial years from 1 January 2025
» <a href="#">To the article IFRS changes</a>	

<b>Key audit matters</b>	
Topic	Publication of the joint audit priorities of the European Securities and Markets Authority (ESMA) and the national supervisory authorities of the European Economic Area as well as the national audit priorities for consolidated financial statements of the Federal Financial Supervisory Authority (BaFin) for the 2024 financial year
Scope of application	in particular for capital market-oriented companies and their supervisory boards and auditors
Applicable from	Financial year 2024
» <a href="#">To the article Key audit matters</a>	

## Audit of consolidated financial statements

<b>ISA [DE] 600 (Revised)</b>	
Topic	Standard for the performance of audits of consolidated financial statements supplemented by national particularities
Scope of application	for all companies that are required to prepare and have audited consolidated financial statements
Applicable from	Audit of financial statements for periods beginning on or after 15 December 2024
» <a href="#">To the article ISA [DE] 600 (Revised)</a>	

## ESG reporting

<b>CSR Directive Implementation Act</b>	
Topic	Adoption of the CSR Directive Implementation Act by the end of 2024 is uncertain following the coalition exit in Berlin – the current legal framework in Germany continues to apply, the ESRS are not mandatory
Scope of application	large capital market-oriented companies ( $\geq 500$ employees) must report for the first time in 2025 on the current 2024 financial year   large companies, regardless of capital market orientation, are required to report for the first time in 2026 for the 2025 financial year
Applicable from	2024 financial year for large capital market-oriented companies
» <a href="#">To the article CSRD Roadmap</a>	

<b>ESRS module pronouncement (IDW RS FAB 100)</b>	
Topic	Publication of a module pronouncement by the IDW Committee of Experts on Corporate Reporting on the standardised interpretation and application of the European Sustainability Reporting Standards (ESRS).
Scope of application	Companies that (in future) have to report in accordance with ESRS and their auditors
Applicable from	immediately, in consideration of the CSR Directive implementation process in Germany
» <a href="#">To the article ESRS module pronouncement</a>	

## IT security

<b>NIS 2 Directive</b>	
Topic	EU Directive concerning measures to ensure a high common level of security of network and information systems across the Union
Scope of application	public and private organisations of certain sectors and sizes
Applicable from	probably in 2025, depending on the legislative process
» <a href="#">To the article NIS 2 Directive</a>	

<b>Digital Operational Resilience Act (DORA)</b>	
Topic	Strengthening digital operational resilience in the financial sector
Scope	Financial companies and third-party information and communication technology service providers in the EU
Applicable from	17.01.2025
» <a href="#">To the article DORA</a>	

## Governance, Risk & Compliance

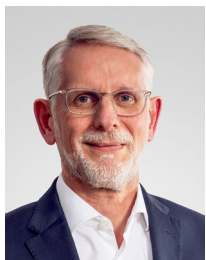
<b>EU AML legislative package</b>	
Topic	EU legislative package to combat money laundering and terrorist financing (anti-money laundering)
Scope of application	Companies that are considered obliged entities, such as in the financial sector, as well as for auditing and consulting professions, real estate companies and gambling providers
Applicable from	direct obligation in parts from 10.07.2027, transposition into national law pending by 10.07.2027
» <a href="#">To the article EU AML legislative package</a>	

<b>Early crisis detection</b>	
Topic	Obligation to set up an early crisis detection system in accordance with Section 1 StaRUG since 1 January 2024 – adaptation and further development of own measures recommended at the beginning of the new financial year
Scope of application	Companies of all legal forms
Applicable from	01.01.2024
» <a href="#">Further information on Risk Management Systems</a>	

## Other topics

<b>E-invoicing</b>	
Topic	Mandatory electronic invoicing in Germany
Scope of application	for all companies
Applicable from	01.01.2025
» <a href="#">Further information on E-Invoicing</a>   <a href="#">E-Invoicing and GRC</a>	

## YOUR CONTACT



PROF. DR. BERND KELLER

Partner  
Diplom-Kaufmann, Auditor,  
Tax advisor, IT Auditor<sup>IDW</sup>  
[bernd.keller@roedl.com](mailto:bernd.keller@roedl.com)  
T +49 911 9193 2200

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