

IFRS® STANDARDS—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: **Montenegro**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Montenegro. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Institute of Certified Accountants of Montenegro (ICAM) Ministry of Finance of Montenegro
Role of the organisation	Pursuant to the Law on Accounting and Law on Audit, the Government has given authority to adopt, translate and publish IFRS Standards issued by the IASB to a consortium led by the Institute of Certified Accountants of Montenegro (ICAM).
Website	www.isrcg.org www.mif.gov.me/en/ministry
Email contact	isrcg@isrcg.org

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes. Article 5 of the Law on Accounting (Official Gazette of Montenegro, № 145/21 of December 31, 2021, № 152/22 of December 30, 2022) states: 'Legal entities shall compile financial statements in compliance with the International Accounting Standards (IAS), or the International Financial Reporting Standards (IFRS), as promulgated by the IASB, and adopted and published by the Competent Authority (the Ministry of Finance) that obtained a translation and publishing copyright from the Foundation'.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes. See above.
What is the jurisdiction's status of adoption?	Montenegro has adopted IFRS Accounting Standards (refer to additional comments) in the Law on Accounting but there are delays in translation of the Standards, Interpretations and Application Guidance. These standards are referred to as Montenegrin GAAP.
Additional comments provided on the adoption status?	There is a time delay between the IASB issuing a new or amended IFRS Accounting Standard and obligatory adoption at national level, due to translation, harmonisation with tax laws and other processes in the local jurisdiction. The latest translation of IFRS Accounting Standards officially applied in Montenegro is IFRS Accounting Standards as issued in 2020. Application of some Standards is delayed (e.g.: IFRS 9 and IFRS 15).
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?	All domestic companies are required to comply with IFRS Accounting Standards as adopted and published by the Competent Authority. Credit institutions (banks) in Montenegro are required to apply IFRS Accounting Standards as issued by IASB.
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?	Required.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	It is required for all domestic companies.
Are IFRS Accounting Standards also required or permitted for more than the	Yes.

consolidated financial statements of companies whose securities trade in a public market?

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

IFRS Accounting Standards as adopted and published by the Competent Authority are required in separate financial statements. Due to delays in translation and implementation these standards are referred to as Montenegrin GAAP.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

IFRS Accounting Standards as adopted and published by the Competent Authority are required for all legal entities including those whose securities are not traded in a public market.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

All foreign companies are required to apply IFRS Accounting Standards as adopted and published by the Competent Authority in their consolidated financial statements.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Accounting Standards as adopted and published by the Competent Authority, which are officially translated into Montenegrin, are required for domestic companies.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

IFRS Accounting Standards (credit institutions) or Montenegrin GAAP (all other companies).

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

Only in very rare circumstances can entities assert compliance with both IFRS Accounting Standards and Montenegrin GAAP.

Are IFRS Accounting Standards incorporated into law or regulations?

Yes, by reference to the Law on Accounting.

If yes, how does that process work?

IFRS Accounting Standards become a requirement in Montenegro when Institute of Certified Accountants (ICAM) publishes a notice on implementation of the Standard. A notice on implementation from ICAM is needed for new and amended Standards to become a requirement in Montenegro.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	Yes, it is conducted by ICAM.
If yes, what is the process?	ICAM has authority to adopt and announce start of implementation of new Standard after adequate training is conducted in ICAM organisation for all stakeholders and practitioners.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	Languages in official use in Montenegro are Montenegrin, Serbian, Bosnian, Albanian and Croatian. Translation of IFRS Accounting Standards into Serbian is available and generally used.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	There is a delay between the IASB issuing a new or amended IFRS Accounting Standard and translation as well as harmonisation with taxation laws and therefore obligatory adoption at national level.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	No.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Yes.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	No.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the <i>IFRS for SMEs</i> Accounting Standard in the jurisdiction, and are they required or permitted to do so?	Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

The Law on Accounting requires all companies to use IFRS Accounting Standards, with significant exceptions regarding the disclosure and notes for SMEs.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

None.