



**ACCOUNTANCY  
EUROPE.**

# **THE EU AI ACT: A GUIDE FOR SME ACCOUNTANTS**

Key insights into the regulatory framework and its implications for SMEs

**FACTSHEET**

**FACTS.**

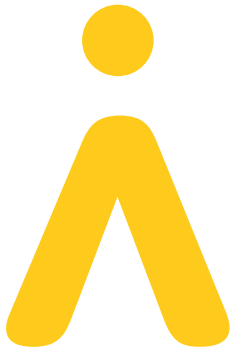
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## HIGHLIGHTS

This factsheet outlines the key requirements of the EU AI Act, focusing on aspects relevant to SMEs. Accountants, as SMEs' trusted advisors, may be working with SMEs who develop or deploy AI systems – or the accountancy practice itself may be doing so. In such cases, the SME accountants should carefully familiarise themselves with the AI Act's requirements, assess whether they are applicable to them, and take any required steps to ensure compliance.



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## INTRODUCTION

The European Union (EU) Artificial Intelligence (AI) Act officially became EU law in July 2024. All entities, SMEs included, that fit its scope will need to assess whether the requirements are applicable to themselves and ensure compliance. The AI Act is an EU regulation and thus directly applicable across the EU. It will not be separately transposed into national law, unlike EU directives.

The AI Act's scope does not distinguish between large and small companies. SMEs in particular will need support and guidance. Accountants, as SMEs' trusted advisors, can play a key role in helping them. This factsheet aims to support SME accountants in this task. Smaller accounting and audit practices may also use AI systems, in which case their practices might also be subject to the Act's requirements.

This factsheet provides an overview of the key requirements and guides readers to the relevant articles and sections of the AI Act. It does not provide a comprehensive legal overview, and readers are encouraged to familiarise themselves with the underlying legislation.

## AI ACT KEY FEATURES

The AI Act places obligations on providers and deployers that place on the market or put into service AI systems in the EU. Irrespective of whether those providers are within the EU or not.

### WHAT DOES 'PLACING ON THE MARKET' AND 'PUTTING INTO SERVICE' MEAN?

The AI Act defines these key concepts in Article 3 (9), (10) and (11). 'Placing on the market' means the first to make an AI system or a general-purpose AI model available on the EU market. 'Making available on the market' means to supply an AI system or a general-purpose AI model for distribution or use on the EU market in the course of a commercial activity, whether in return for payment or free of charge. 'Putting into service' means to supply an AI system for first use directly to the deployer or for own use in the EU for its intended purpose.

More specifically, the Act sets out:

- harmonised rules for placing AI systems on the market, putting AI systems into service, usage and deployment in the EU
- bans on certain AI practices
- requirements and obligations for high-risk AI systems and obligations for their operators

- transparency rules for certain AI systems
- harmonised rules for the placing on the market of general-purpose AI models
- framework for market monitoring, surveillance, governance and enforcement
- measures to support innovation, especially for SMEs and start-ups

## SCOPE

According to Article 2, the EU AI Act applies to the following:

- providers placing on the market or putting into service AI systems or placing on the market general-purpose AI models in the EU, irrespective of whether those providers are established or located within the EU or in a third country
- deployers of AI systems that have their place of establishment or are located within the EU
- providers and deployers of AI systems that have their place of establishment or are located in a third country, where the output produced by the AI system is used in the EU
- importers and distributors of AI systems
- product manufacturers placing on the market or putting into service an AI system into their products and selling them under their own name or trademark in the EU
- authorised representatives of non-EU AI providers
- affected persons that are located in the EU

There are, however, several exceptions, such as AI systems related to national security, military and defence, and scientific research. Article 2 of the AI Act provides a comprehensive list of the exceptions.

### WHO ARE 'PROVIDERS' AND 'DEPLOYERS'?

Article 3 of the AI Act defines a 'provider' as a natural or legal person, public authority, agency or other body that:

- develops an AI system or a general-purpose AI model or
- that has an AI system or a general-purpose AI model developed and places it on the market, or
- puts the AI system into service under its own name or trademark, either for payment or for free.

A 'deployer' on the other hand means a natural or legal person, public authority, agency or other body using an AI system under its authority, except when the AI system is used for personal non-professional activity.

## AI SYSTEM CATEGORIES AND REQUIREMENTS

The AI Act uses a risk-based approach. The higher the risk that an AI system poses to fundamental rights, health, and safety, the higher the regulatory and compliance requirements.

The Act's risk categories for such AI systems can be broadly categorised into four:

- Unacceptable risk/prohibited AI systems: these systems are banned due to their threat to EU values. Examples include social scoring systems and AI systems that manipulate human behaviour to the user's detriment
- High-risk AI systems: these systems have strict requirements due to their potentially significant impact. They fall into two categories:
  - safety components of products covered by existing EU product safety legislation and
  - standalone AI systems used in specific high-risk areas, such as law enforcement, education, and employment, as listed in Annex III of the Act
- Limited risk AI systems: these systems have specific transparency obligations. For example, users must be informed when interacting with an AI chatbot
- Minimal risk AI systems: only minimal obligations under the Act, but voluntary actions are encouraged

### CATEGORY 1 – BANNED AI SYSTEMS

The Act's Article 5 bans the following AI practices:

- manipulating human behaviour: AI that subtly manipulates people, affecting their ability to make informed decisions
- exploiting vulnerabilities: AI that targets vulnerable individuals or groups due to their age, disability, or socioeconomic situation
- social scoring: AI that assigns social scores<sup>1</sup>
- real-time biometric identification in public spaces
- risk assessment for criminal offenses based on profiling: AI systems that predict the likelihood of a person committing a criminal offense solely based on profiling, personality traits, or characteristics
- untargeted facial image: AI systems that create or expand facial recognition databases by indiscriminately collecting facial images from the internet or CCTV footage
- emotion detection: AI that detects the emotional state of individuals in workplaces or educational settings

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<sup>1</sup> As defined in recital 31 and Article 5 (1c) of the AI Act.

## **CATEGORY 2 –HIGH-RISK AI SYSTEMS**

Article 6 of the EU AI Act sets out how to classify AI systems as “high-risk”. This classification means these systems must meet specific requirements to mitigate their potential risks to health, safety, and fundamental rights.

An AI system is considered high-risk if it meets both of the following conditions:

- the AI system is intended to be used as a safety component of a product, or the AI system is itself a product, covered by the EU harmonisation legislation listed in Annex I of the AI Act
- the product whose safety component pursuant to point (a) is the AI system, or the AI system itself as a product, is required to undergo a third-party conformity assessment, with a view to the placing on the market or the putting into service of that product pursuant to the EU harmonisation legislation listed in Annex I of the AI Act

Even if an AI system is not connected to a product, it can still be classified as high-risk. This applies when the AI system falls under a use case listed in Annex III and poses a significant risk to the health, safety, or fundamental rights of individuals. Accountants should check Annex III of the AI Act to assess whether a SME’s AI system falls under the high-risk category.

## **CATEGORY 3 –LIMITED RISK AI SYSTEMS AND OBLIGATIONS**

Article 50 of the AI Act sets out transparency obligations for providers and deployers of AI systems that are not necessarily high-risk AI systems but still fulfil the criteria outlined in this Article. Providers of AI systems designed to interact directly with individuals must ensure users are informed of this interaction, unless obvious from the perspective of a reasonably informed and observant person.

Providers shall disclose:

- emotion recognition and biometric categorisation: if an AI system detects emotions or categorises individuals based on biometric data, providers and deployers must inform individuals of this use
- AI systems generating or manipulating image, audio or video content: if an AI system generates or manipulates content such as deepfakes, providers and deployers must inform individuals about this functionality

## **CATEGORY 4 –MINIMAL RISK AI SYSTEMS**

Providers of minimal risk AI systems – meaning AI systems that are neither banned, high-risk or limited risk, are encouraged to voluntarily adopt codes of conduct and implement requirements like those applied to high-risk systems. This is not a mandatory requirement but aims to foster trustworthy AI development.

## **ENFORCEMENT**

### **AUTHORITIES**

Each Member State (MS) must appoint an authority for registering and monitoring the implementation and compliance with the AI Act. Readers are encouraged to monitor national developments.

### **PENALTIES**

Article 99 stipulates that MS must lay down the rules on penalties and other enforcement measures, which may also include warnings and non-monetary measures, applicable to infringements of the AI Act. The Article also gives detailed indications of administrative fines in case of non-compliance with specific provisions.

Readers should refer to this Article for further details on the minimum penalty requirements, and monitor national implementation of the penalties in their countries.

### **DATE OF APPLICATION**

The EU AI Act shall apply from 2 August 2026. However, for certain specific provisions even earlier or slightly later timelines apply. These cases are outlined in Article 113.

## **SUPPORT MEASURES FOR SMES**

The AI Act recognises SMEs' vital role in AI innovation and offers specific support measures, including:

- AI regulatory sandboxes: SMEs have priority access to AI regulatory sandboxes to test their innovative AI systems in controlled, real-world settings, before market launch. The sandboxes provide a safe environment for experimentation, allowing SMEs to gather evidence for compliance and gain regulatory feedback
- simplified obligations for microenterprises: the European Commission (EC) will develop guidelines for a simplified quality management system to reduce administrative burden and costs, taking in particular into account the needs of microenterprises
- standardised templates and guidelines: the EC's AI Office will provide standardised templates and guidelines to help SMEs navigate the Act's requirements and reduce compliance complexity
- single information platform: the EC will establish a single information platform offering user-friendly information about the AI Act, allowing SMEs to understand their obligations and access support resources
- awareness raising and training: MS will organise specific awareness-raising activities and training programs tailored to SMEs' needs, helping them understand and comply with the AI Act
- lower conformity assessment fees: fees for conformity assessment will be adjusted to consider the specific circumstances of SMEs, ensuring affordability and encouraging participation






## CHECKLIST FOR SME ACCOUNTANTS

This checklist aims to support SME accountants to help raise awareness and ask their clients specific questions in order to reflect on the Act's potential impact on them. Most SME accountants are not going to be AI experts, and the checklist does not enable to help determine whether a company is compliant with or in breach of the AI Act. More specialised knowledge and expertise is needed in case of doubt.

1. Does the SME develop or use AI systems? If yes, proceed to the next step.
2. What is the intended purpose of the AI system? Identify the specific application area of the AI system, such as healthcare, finance, or manufacturing.
3. Does the AI system fall under any of the high-risk categories listed in Annex III? If yes, the AI system will be subject to stringent requirements. If no, proceed to the next step.
4. Is the AI system used as a safety component of a product covered by existing EU product safety legislation? If yes, the AI system will be subject to the AI Act's requirements in addition to the existing product safety legislation. If no, proceed to the next step.
5. Does the AI system pose any risks to health, safety, or fundamental rights? Assess the potential impact of the AI system on individuals and society.
6. Are there any transparency obligations applicable to the AI system? Consider whether users need to be informed about their interaction with the AI system.
7. What are the potential costs of compliance? Evaluate the financial implications of meeting the AI Act's requirements, such as data quality management, technical documentation, conformity assessment, and registration.
8. Which support measures could be available to the SME? Explore the possibilities of utilizing AI regulatory sandboxes, simplified obligations for microenterprises, standardized templates, and other support initiatives
9. What is the timeline for compliance? Determine the relevant deadlines for implementing the necessary changes and fulfilling the Act's obligations
10. How can the SME integrate compliance into its business strategy? Consider the long-term implications of the AI Act and incorporate the necessary measures into the SME's overall business planning.

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