Greetings from KPMG in Singapore,

In today's fast-changing business world, staying informed and adapting to new standards and regulations is crucial for success. As an industry leader in accounting, tax and sustainability reporting, we're pleased to share this newsletter, offering practical insights on topics ranging from financial reporting standards to sustainability reporting developments and emerging industry trends in financial and sustainability reporting. This will help you navigate complex challenges, support informed decisions, and drive positive change for your organisation to **be in front.**

Financial Reporting

KPMG Singapore Illustrative Financial Statements 2024

We've published a guide for preparing financial statements in line with SFRS(I) Accounting Standards, reflecting the latest standards as of 30 September 2024, applicable from 1 January 2024, and including a reminder on the IFRS Interpretation Committee's June 2024 agenda decision regarding revenue and expense disclosures under IFRS 8. Other industry specific IFRS illustrative financial statements for **banks**, **insurers** and **investment funds** are also available.

KPMG - AI and Automation in Financial Reporting Guide

Automation and AI are transforming industries, including finance, by enhancing productivity and competitiveness. However, they also pose operational and regulatory risks. This publication provides guidance on managing these tools in financial reporting, with a focus on risk mitigation and governance.

KPMG - The impact of climate-related matters on impairment testing of non-current assets

Investors and regulators demand clarity on climate-related matters in financial reporting, including the impact they have on judgements and estimates a company makes in its impairment testing of non-financial assets. This digital guide provides guidance on areas such as indicators of impairment, cash flows and the discount rate, terminal value and disclosures and connectivity.

KPMG - IFRS publication | Nature-dependent electricity contracts

Companies face challenges in applying IFRS 9 to contracts like renewable power purchase agreements (PPAs). To address this, the IASB has amended IFRS 9 with guidance on the 'own-use' exemption and hedge accounting for PPAs, alongside new disclosure requirements under IFRS 7 and IFRS 19. In

Singapore, the ASC has issued **Amendments to SFRS(I) 9 and SFRS(I) 7: Contracts Referencing Nature-dependent Electricity and Amendments to FRS 109 and FRS 107: Contracts Referencing Nature-dependent Electricity**, effective for annual reporting periods beginning on or after 1 January 2026, which is also available for early adoption.

ISCA FRB 11 Accounting For Carbon Credits: From the perspective of a buyer / holder

Since Singapore's implementation of the carbon tax regime, entities are increasingly looking to using carbon credits to reduce carbon emissions and/or meet sustainability targets. This Financial Reporting Bulletin (FRB) aims to aid entities in understanding what carbon credits are, and the key considerations that the entity should have in selecting the most appropriate accounting standard under SFRS(I) to apply for voluntary purchases of carbon credits.

Tax

Singapore Multinational Enterprise (Minimum Tax) (BEPS)

The Singapore Government has gazetted the **Subsidiary Legislation** to the **Multinational Enterprises (Minimum Tax) Act 2024** and IRAS has published an **e-tax guide** on the implementation of a Domestic Top-up Tax and the Income Inclusion Rule (referred to as the Multinational Enterprise Top-up Tax in the Act) under BEPS Pillar 2 in Singapore. As the minimum tax is effective from 1 January 2025, Companies will be expected to include disclosures of their impact assessment in the financial statements for FY2024. Refer to this **KPMG Pillar Two Taxes Financial Statements Disclosures guide**, as well as the **Singapore Illustrative Financial Statements** on what to disclose. Read here for more guidance on the financial reporting impact of top-up taxes.

KPMG Tax Alert - The danger of neglecting your domestic related-party transactions

The level of IRAS scrutiny on related-party transactions (RPTs) is at an all-time high due to rapid developments in Singapore and internationally. IRAS requires that for domestic intercompany loans entered into from 1 January 2025, taxpayers should either apply the IRAS indicative margin (where applicable) or an arm's length interest rate. In this tax alert, we address how the misconceptions on domestic RPTs creates challenges for Singapore taxpayers, and the transfer pricing adjustments and penalties that have been imposed in these situations. Companies should review their existing domestic intercompany loan agreements to assess whether there are any accounting and tax implications, as well as plan carefully for new domestic intercompany loans post 1 January 2025.

Regulatory

ACRA - Areas of Review Focus for FY2024 Financial Statements

ACRA's Financial Reporting Practice Guidance No. 1 of 2024 highlights pertinent financial reporting areas that require closer attention by directors when reviewing the FY2024 financial statements. Areas of review focus include: expected credit losses, impairment, fair value measurement, business acquisitions, connectivity of sustainability reporting with financial reporting, accounting, and disclosure of power purchase agreements and GHG emission obligations, BEPS accounting and disclosures, and insurance contract accounting for non-insurers.

Sustainability

[**ISCA Illustrative Sustainability Report**]
ISCA has released the Illustrative Sustainability Report based on the GRI Standards and IFRS Sustainability Disclosure Standards. This illustrates how an entity might apply the IFRS S1 and IFRS S2 requirements concurrently with the GRI Standards.

KPMG Talkbook | Comparing sustainability reporting requirements | ISSB, EU and US (December 2024)
Sustainability reporting is rapidly evolving with new requirements from the ISSB, EU, and US SEC. This talkbook helps Companies operating in multiple jurisdictions to understand the differences in the various sustainability reporting requirements.

IFAC - New Guidance Advances High-Quality Corporate Sustainability Reporting and Assurance Preparedness
This Guide helps Companies in enhancing their governance and controls, to improve the quality of sustainability disclosures. The guide outlines steps to align sustainability with financial reporting, addressing challenges and improving data quality and processes.

If you have any questions or would like to discuss the findings further, feel free to reach out.

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