Dear Valued Client,

In today's rapidly evolving business landscape, staying informed and adapting to new standards and regulations is crucial for success. This newsletter offers valuable insights and guidance on key topics essential to businesses.

From the latest updates on financial reporting standards to developments in sustainability reporting, it covers a range of subjects to help you navigate the complexities of modern business practices—whether you're aiming to understand new regulations, improve financial reporting processes, or stay ahead of industry trends.

We hope this newsletter serves as a valuable resource for you and your organisation, supporting informed decisions and driving positive change in your business practices.

Financial Reporting

ISCA Issues FRG 5 Accounting For Refundable Investment Credit (RIC)
To encourage companies to make substantial investments in key economic sectors and new growth areas, the RIC scheme was introduced in the Singapore Budget 2024. This scheme aligns with the Global Anti-Base Erosion Rules for Qualified Refundable Tax Credits. Companies which have been awarded RICs can refer to this Financial Reporting Guidance by ISCA for key considerations in accounting for RICs under SFRS(I), including recognition, transfer of RICs to related companies, repayment of RICs to the government, and illustrative examples. Companies may also refer to this KPMG Tax Alert for a summary of the RIC provisions and key observations on the RIC.

KPMG – Guides to interim financial reporting
KPMG has published its 2025 guides to condensed interim financial statements to help companies prepare and present condensed interim financial statements in accordance with IAS 34 Interim Financial Reporting. Companies preparing their interim financial statements for 2025 in accordance with IFRS or SFRS(I) may refer to the illustrative disclosures and disclosure checklist for guidance, including an illustrative disclosure related to Pillar Two taxes. For additional financial reporting resources, refer to this KPMG IFRS toolkit, which consolidates materials such as handbooks on individual standards, guides to financial statements, and high-level guides on current financial reporting issues, such as climate reporting, to help companies prepare their financial reports in accordance with IFRS Accounting Standards.

Singapore Multinational Enterprise (Minimum Tax) (BEPS)

With the enactment of the Pillar Two legislation in Singapore in 2024, Pillar Two taxes (i.e. Multinational Enterprise Top-up Tax and Domestic Top-up Tax) will apply to in-scope Multinational Enterprise Groups with financial years starting on or after 1 January 2025. Companies must separately disclose the current tax expense or income related to Pillar Two taxes in their Q1 and 1H 25 interim and FY25 annual financial statements. This ISCA article outlines the timelines, accounting requirements, and key considerations in relation to accounting for Pillar Two taxes. Companies can also refer to this KPMG Tax Alert for a summary of the provisions in the Pillar Two legislation in Singapore, as well as key compliance obligations and relevant due dates under the Multinational Enterprise (Minimum Tax) Act 2024.

KPMG - IFRS 19 - Reducing disclosures for subsidiaries

Investors are increasingly seeking transparency and clarity in financial reporting. IFRS 19 Subsidiaries without Public Accountability: Disclosures allows eligible subsidiaries to streamline their disclosures, helping companies reduce clutter, focus on relevant information for users, and lower compliance costs of preparing financial statements. This KPMG article highlights key points and FAQs on adopting IFRS 19. In Singapore, the ASC has issued the voluntary SFRS(I) 19 and FRS 119 standards, effective from 1 January 2027, with early adoption permitted.

Regulatory

ACRA - 2024 Financial Reporting Surveillance Programme (FRSP) Fifth Report

ACRA's Fifth FRSP Report highlights common financial reporting issues in areas such as consolidation and equity accounting, asset impairment, financial instruments, financial statement presentation, and presentation of cash flows. The report is accompanied by a new Directors' Guide to the FRSP, which provides practical FAQs on directors' duties related to financial reporting and the FRSP process. Together, these resources offer a comprehensive overview of compliance expectations and best practices, covering topics such as common non-compliance findings, types and statistics of actions taken against directors, and non-rectification consequences.

Tax

KPMG Tax Alert 3 - APAC Exporters Brace for Impact: Strategies to Counter Trump's Reciprocal Tariffs

On 2 April 2025, the U.S. White House announced an Executive Order, imposing a 10% tariff rate to all imports starting on 5 April 2025, and "Reciprocal" rates from 9 April 2025. These tariffs, aimed at equalising trade imbalances, impose significant duties on goods from nations with high tariffs on U.S. exports. For APAC economies, which rely heavily on export-driven growth, this policy threatens to disrupt supply chains, inflate costs, and erode competitiveness in key markets. As business brace for these challenges, exploring duty mitigation strategies becomes essential to safeguard profitability and maintain market access. Read this article for insights into duty mitigation strategies that companies can consider adopting to mitigate the effect of the tariffs, such as the "first sale for export" and duty preference under 9802.00.80.

As the import tariffs may significantly affect businesses – they can push economies into recession, disrupt supply chains and alter trade dynamics worldwide, from a financial reporting perspective, they can impact the recoverability and valuation of assets (e.g. stranded inventories, lower demand for products). Companies may need to consider the implications to their liquidity, and also include relevant disclosures in their financial statements. Refer to this KPMG article for the impact of these new import tariffs on impairment testing of non-current assets. For further guidance on accounting implications, KPMG's uncertain times digital hub also offers curated articles, blogs, and podcasts to help companies navigate accounting and disclosure challenges in this evolving landscape.

Sustainability

KPMG - EU releases Omnibus proposals

The European Commission's Omnibus proposals aim to simplify sustainability reporting and due diligence requirements. Under the 'Stop the clock' directive as part of the proposals, the EU has now agreed to a two-year postponement in mandatory reporting under ESRS and EU Taxonomy for second- and third-wave companies. The directive is pending final adoption into EU law, after which it will be transposed into national law. The deadline for the transposition is 31 December 2025. For more details, refer to this article.

The Omnibus proposals present an opportunity for management to reassess their progress and prioritise value preservation and creation opportunities based on work performed to date. Companies can focus on "no-regret moves"—strategic actions that deliver benefits beyond compliance, such as transition planning and completing materiality assessments. Additionally, companies should continue improving data collection efforts to better position themselves for the transition to a green economy.

The proposals are subject to adoption by the EU and its member states. Non-EU ultimate parent companies with net turnover exceeding 450 million EUR in the EU, along with in-scope EU subsidiaries or branches, should monitor these developments closely, as they may face reporting obligations from FY28 onwards. Refer to these summary slides, and this KPMG article on the impact of the EU Compass on ESG strategies for further insights.

Sustainability reporting under IFRS Sustainability Disclosure Standards

Listed issuers in Singapore are required to issue sustainability reports incorporating the climate-related requirements outlined in the IFRS Sustainability Disclosure Standards (excluding the requirement on Scope 3 Greenhouse Gas (GHG) emissions) starting from FY25. This ISSB guide can assist listed issuers, or companies preparing sustainability reports, in understanding the applicable requirements for providing climate-related information in accordance with ISSB standards. Additionally, issuers preparing for sustainability reporting can refer to KPMG's report on ISSA 5000, the new global baseline standard for sustainability assurance, to better understand the steps needed to prepare for sustainability reporting and assurance. Issuers should also take note of ISSB's proposed changes to IFRS S2, as these changes may impact their systems, processes, and controls related to sustainability reporting.

KPMG - Financed and facilitated emissions

Banks, insurance, and asset management companies preparing sustainability reports in line with IFRS Sustainability Disclosure Standards are required to disclose financed emissions as part of the climate-related requirements in their sustainability reports. These financed and facilitated emissions are key metrics for financial institutions, as they reflect the impact of their funding activities on global emissions, their influence on climate outcomes, and their exposure to transition risks. Companies preparing financed emissions disclosures should understand the specific requirements for commercial banking, asset management and insurance activities, consider working with a specialist to understand how the climate standards apply to their lending or investment portfolio and what data will be required, as well as consider the systems, processes and controls needed to support accurate and reliable reporting.

SGX - SGX RegCo and CGS review shows issuers made modest progress in climate reporting

A joint review by SGX RegCo and CGS found that 97% of issuers included at least one TCFD-aligned climate disclosure in 2024, up from 73% in 2023. However, only 28% fully addressed all 11 TCFD recommendations, with gaps identified in scenario analysis, risk management integration, and setting climate targets. The review report offers detailed findings and recommendations to help improve disclosures.

Click on the button below to read past issues.

Read past issues

If you have any questions or would like to discuss the findings further, feel free to reach out. We are here to support you in navigating regulatory developments and unlocking opportunities—so you can stay informed, make confident decisions, and continue to **be in front** of change.

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