



Be in Front

Accounting, Tax & Sustainability Pulse

Quarterly Highlights

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

Accounting Implications of Singapore's Multinational Enterprise (Minimum Tax) Act

The Multinational Enterprise (Minimum Tax) Act (MMT Act) was introduced in 2024 to establish new corporate taxes under Pillar Two of the BEPS 2.0 initiative. Affected companies will need to account for these Pillar Two taxes in their financial statements for the financial year beginning on or after January 1, 2025.

Companies can refer to ISCA's [Financial Reporting Bulletin \(FRB\) 12](#), which reaffirms the substantive enactment date of Pillar Two taxes in Singapore and outlines the relevant accounting implications. Additionally, KPMG's updated [Pillar Two Tax digital guide](#) provides valuable insights to aid in addressing key financial reporting issues, including presentation and disclosure, impairment assessment, interim reporting, and recharges.

KPMG Insights: IFRS 17 Annual Reporting Observations Updated for 2024

As FY2024 marks the second year of IFRS 17 implementation for many insurers, KPMG has released updated insights regarding accounting policies, significant judgments, and disclosures related to IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments. This analysis covers the 2024 annual financial statements of 55 insurers.

Insurers can utilize this [report](#) to gain a clearer understanding of the accounting policies and key performance indicators disclosed, enabling them to benchmark their practices against peers while preparing their financial statements in line with IFRS 17/SFRS(I) 17.

Bridging the Gap: Connecting Financial Statements & Sustainability Reports

A growing emphasis on climate-related risks and sustainability is driving demand for greater connectivity between financial statements and other forms of reporting, such as sustainability reports. Investors, regulators, and other stakeholders require a comprehensive understanding of how these risks impact a company's financial performance.

Revised Management Commentary Practice Statement: The IASB has updated its [Management Commentary Practice Statement](#) to provide a comprehensive framework for presenting a coherent narrative that integrates financial, sustainability-related, and other key factors. This allows companies to effectively communicate their value creation story and explain how these elements impact their ability to generate cash flows.

Listed companies can leverage the revised Management Commentary Practice Statement to improve the connectivity between their financial statements and sustainability-related financial disclosures. This will enable more transparent and informative annual reports, ultimately enhancing stakeholder confidence.

Import Tariffs: Impact on Financial Reporting

The announcement and rapid adjustment of new tariffs and counter-tariffs present significant challenges for companies beyond the tariffs themselves, primarily due to the swift changes and ensuing economic uncertainty. Evaluating the effects on interim or annual financial reporting can be quite complex.

To navigate these challenges, companies should:

- **Evaluate the broader impacts:** Consider all potential effects of tariffs on your business.
- **Reflect the Measurement Uncertainty:** Apply the relevant accounting standards to reflect the uncertainty in your estimates at the reporting date.
- **Provide Clear Communication:** Ensure your financial report clearly explain the impact of tariffs on your financial performance.

Stay informed! Read this [KPMG article](#) and this [ISCA article](#) for key considerations. Explore KPMG's [Uncertain Times digital hub](#) for more insights.

Regulatory

SGX RegCo Proposes Shift to Disclosure-Based Regime

Singapore Exchange Regulation (SGX RegCo) is seeking feedback on proposed regulatory changes designed to create a more dynamic and attractive market. The proposed reforms embrace a disclosure-based approach, aiming to promote institutional participation and strengthen investor confidence while maintaining a pro-enterprise environment.

Key areas being considered include:

- **Mainboard Admission:** Streamlining requirements for companies seeking to list.
- **Financial Watch-list:** Potential removal of the financial watch-list.
- **Post-Listing Obligations:** Refining disclosure requirements, focusing on materially price-sensitive or trade-sensitive information.
- **Shareholder Meetings:** Enabling faster shareholder-requisitioned meetings.

Companies considering a listing should be aware of the proposed [changes](#) to the admission criteria as they plan for their listings. Listed companies should also take note of possible changes to their post-listing obligations.

Sustainability

ACRA Launches Sustainability Reporting Body of Knowledge (SR BOK) to Support Businesses

With the increasing emphasis on climate-related disclosures, ACRA has developed a comprehensive resource to help businesses navigate the evolving landscape of sustainability reporting. The [Sustainability Reporting Body of Knowledge \(SR BOK\)](#) outlines the essential knowledge areas required in this field, providing a framework to assist companies in:

- Designing effective training programs
- Crafting clear job descriptions for sustainability roles
- Identifying candidates with the right skills for accurate and impactful sustainability reporting.

Sustainability Reporting Under IFRS Sustainability Standards

SGX issuers must publish sustainability reports that align with the climate-related requirements of the IFRS Sustainability Disclosure Standards (ISSB Standards), except for Scope 3 greenhouse gas (GHG) emissions, starting from financial years beginning on or after January 1, 2025. Large issuers are expected to include Scope 3 GHG emissions in their reports from financial years beginning on or after 1 January 2026.

Guidance and Resources for Companies

To assist preparers in developing sustainability reports in accordance with IFRS S1 and S2, the following resources are available:

- KPMG's ["Telling Your Transition Story" talk book](#) offers an introduction to transition plan disclosures for those new to the subject.
- The IFRS Foundation's ["Guidance on Disclosing Information Related to an Entity's Climate Transition Plans"](#) provides valuable material to help identify information pertinent to transitioning to a lower-carbon and climate-resilient economy, along with examples of meeting disclosure requirements.
- The IFRS Foundation's educational [materials](#) clarify the disclosure obligations regarding an entity's GHG emissions, explaining the rationale for GHG-related mandates, the integration of GHG Protocol materials within IFRS S2, and specific GHG emissions reporting requirements.
- KPMG's disclosure [checklist](#) details the specific climate and other disclosure requirements in a clear sequence, including available transition reliefs for first-time adopters to aid companies in preparing and presenting sustainability-related financial information under the ISSB Standards, effective April 30, 2025.

GRI & IFRS S2 Collaboration on Climate Reporting

The Global Reporting Initiative (GRI) and the IFRS Foundation have clarified how their respective reporting standards can work together. Specifically, organizations reporting under both GRI 102 and IFRS S2 can now use equivalent disclosures from IFRS S2, the IFRS Foundation's Climate-related Disclosures standard, to satisfy certain requirements in GRI 102 (General Disclosures). This applies to Scope 1, 2, and 3 Greenhouse Gas (GHG) emissions reporting.

To utilize this equivalency, companies must:

- **Measure Emissions:** Adhere to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).
- **Provide a GRI Content Index:** Follow GRI 1's requirements by clearly referencing the location of information for each disclosure.

Sustainability Reporting Under European Sustainability Reporting Standards (ESRS)

Companies embarking on European Sustainability Reporting Standards (ESRS) reporting are learning valuable lessons. Two key takeaways are the importance of effective stakeholder engagement and a clearly defined strategic narrative amidst the reporting complexity. Explore these key takeaways further in this KPMG webcast [recording](#).

Recognizing the challenges, EFRAG is seeking stakeholder input to simplify the ESRS under the Omnibus package. KPMG has actively participated in this feedback process, and our perspectives can be found in this [article](#).

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 the developments in ESRS reporting closely, as they may face reporting obligations from FY28 onwards. Stay informed through KPMG's new EU Omnibus digital [hub](#).

KPMG: 2024 Sustainability Disclosure Benchmarking for Insurers and Banks

As sustainability disclosures evolve in response to updated reporting standards and heightened investor expectations, [insurers](#) and [banks](#) are striving for improved comparability and connectivity in their reporting practices. KPMG's 2024 benchmarking analysis examines the current state of disclosures in these sectors.

These insights can help insurers and banks refine their sustainability narratives, enhance their alignment with financial statements, and effectively tackle material issues of significant importance.

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 assist you in managing regulatory changes and seizing opportunities, enabling you to remain informed, make confident decisions, and stay ahead of evolving trends.

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