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 clarifies accounting for Domestic-Top-Up Taxes in separate financial statements

The Multinational Enterprise (Minimum Tax) Act 2024 ("MMT Act") and Multinational Enterprise (Minimum Tax) Regulations 2024 ("MMT Regulations") were introduced in 2024 to implement a domestic top-up tax ("DTT") and multinational top up tax ("MTT") 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.

Following amendments to the MMT Regulations in 2025, ISCA has published updates to the Financial Reporting Bulletin 12 on Accounting Implications arising from the Multinational Enterprise (Minimum Tax) Act in Singapore, illustrating two possible approaches for affected companies and multinational enterprise (MNE) groups to account for the DTT expenses in their separate financial statements. Affected companies can also refer to KPMG's Pillar Two Tax digital guide which provides valuable insights to aid in addressing key financial reporting issues, including presentation and disclosure, impairment assessment, interim reporting, and recharges.

Navigating Uncertainty in IFRS Financial Reporting: New Guidance on the Horizon

To address investor and regulator concerns about uncertainty in financial reporting, the IASB is developing six illustrative examples, illustrating how to apply existing IFRS requirements to climate-related uncertainties in the financial statements. In particular, one of the examples highlights that companies may need to disclose why their transition plans have no effect on their current financial position and financial performance. Companies should proactively assess their current financial reporting practices to identify any disclosure gaps that could impact users' decisions.

Reduced disclosure framework for small entities and subsidiaries without public accountability under FRS 119

ACRA's revised FRS 119 (now "*Subsidiaries and Small Entities without Public Accountability: Disclosures*") enables more entities to benefit from reduced disclosure requirements. Eligible small entities and subsidiaries without public accountability can prepare financial statements with reduced disclosures, which provides opportunities for cost savings for preparers without compromising the usefulness of financial statements based on FRS.

KPMG's IFRS 15 Revenue Handbook: A Practical Guide to IFRS Accounting

KPMG's updated Revenue Handbook addresses the complexities of applying IFRS 15, *Revenue from Contracts with Customers,* including additional guidance on accounting for conversion of software licenses into cloud computing arrangements, and sale of carbon credits, to assist companies in applying IFRS 15 to diverse customer contracts.

IFRS 18 Presentation and Disclosure in Financial Statements – foreign exchange differences may introduce additional volatility to operating profit

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18), which will be effective from financial years beginning from 1 January 2027, may add volatility to operating profit due to the upcoming changes to the presentation of the income statement. Such volatility may arise due to classification of foreign exchange differences arising on intercompany loans as part of operating profit under IFRS 18. Companies need to monitor these discussions as they begin to prepare their financial statements under IFRS 18.

Tax

U.S. Reciprocal Tariffs Impact Asia-Pacific: Key Strategies for Businesses

On 26 September, the U.S. announced new tariffs on pharmaceuticals, heavy trucks, and furniture, effective from 1st October, in addition to the reciprocal tariffs imposed on goods from 22 Asia-Pacific countries which came into effect in August. Further, the U.S. had previously announced plans to target goods "transshipped" from certain countries with further tariffs, with potential sector-specific levies to follow. Businesses throughout the Asia-Pacific region need to act quickly and strategically to manage their tariff exposure. This KPMG tax alert outlines crucial strategies for adapting to this changing trade landscape. For the financial reporting impact of tariffs, refer to this KPMG article.

Claim Your BAG: Savings & Opportunities for Singapore Businesses
The Singapore government's Business Adaptation Grant (BAG), launched in July 2025, offers up to $100,000 over two years to help companies adjust to global trade challenges. This KPMG Tax Alert explains how to prepare your application and access these potential savings.

Sustainability

ACRA & SGX Adjust Climate Reporting Timelines, Easing Burden for Many
In response to feedback to consider varying levels of resources and readiness in climate reporting against an uncertain global economic backdrop, the Accounting and Corporate Regulatory Authority (ACRA) and Singapore Exchange Regulation (SGX RegCo) have extended the deadlines for implementing climate-related disclosures.

Climate related disclosures aligned with ISSB standards for small and mid-sized listed companies – defined as non-constituents of the Straits Times Index (STI) with a market capitalisation below S$1 billion – would be pushed back by five years to FY2030. Non-STI constituents with a market capitalisation of S$1 billion and above will have to comply from FY2028, while STI constituents would keep to the original timeline of making climate-related disclosures aligned with ISSB standards from January 2025 onwards. Additionally, reporting of Scope 3 GHG emissions will be voluntary for non-STI constituents.

As climate reporting is an ongoing process, non-STI constituents are still required to provide climate-related disclosures, building on their current efforts to demonstrate progress towards aligning with the climate-relevant aspects of the ISSB standards in line with the specified timeline.

Sustainability reporting under IFRS Standards
While STI-constituent listed companies prepare to meet most ISSB climate reporting requirements and other listed companies prepare to report on ISSB Scope 1 and 2 GHG emissions from the financial year beginning 1 January 2025, listed companies have cited various challenges, such as incomplete understanding of disclosure requirements. The guidance below can support preparers in developing sustainability reports in accordance with IFRS S1 and S2:

- IFRS Sustainability Materiality: A Practical Guide from KPMG - This resource provides a six-step framework, complete with insights and examples, to help companies navigate the complexities of materiality assessments for sustainability reporting to deliver clear, structured, and decision-useful sustainability information that meets investor needs under the ISSB Standards.

- Industry Guidance for Implementing ISSB Standards: The IFRS Foundation has published educational resources to help companies understand the considerations in utilizing industry-specific guidance, including the SASB Standards and industry-based guidance for IFRS S2 Climate-related Disclosures, when applying ISSB Standards.
- Disclosing the Anticipated Financial Implications of Sustainability - This resource helps companies provide investors with the information they need to understand the anticipated financial implications of sustainability, strengthening transparency and fostering investor trust.

Sustainability reporting under ESRS Standards

European companies are beginning to report on their sustainability performance using the new European Sustainability Reporting Standards (ESRS).

KPMG's Real-time ESRS Report examines the first 270 companies reporting under ESRS, identifying critical hurdles and opportunities for improvement. The report provides essential insights into sustainability reporting best practices relevant to both ESRS and ISSB frameworks.

For the latest insights and practical guidance on the European Sustainability Reporting Standards (ESRS), visit KPMG's ESRS hub. You'll find resources like:

- The EU Omnibus hub: Providing an overview of recent ESRS changes.
- ESRS Foundations: Offering valuable guidance on applying the current ESRS standards.

Valuation Bodies Issue ESG Guidance for Business Appraisers

Environmental, Social, and Governance (ESG)-related risks and opportunities can significantly impact a company's value. This guidance published by four leading organizations – ASA, CBV Institute, IVAS, and RICS can help companies to understand some of the ESG factors that drive valuations.

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.

Contact Us

Alex Koh

Partner

Head of Audit

KPMG in Singapore

T: +65 6213 3031

E: alexkoh@kpmg.com.sg

Chan Yen San

Partner

Head of Professional Practice

KPMG in Singapore

T: +65 6213 2106

E: ychan@kpmg.com.sg

See Wei Hwa

Partner

Tax

KPMG in Singapore

T: +65 6213 3845

E: wsee@kpmg.com.sg
