



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 for Renewable Energy Purchases: ISCA's FRB 13](#)

As Singapore works towards its 2050 net-zero emissions goal, businesses are increasingly adopting renewable energy solutions like power purchase agreements (PPAs) and renewable energy certificates (RECs). If your company is considering or already engaging in PPAs or REC purchases, ISCA's Financial Reporting Bulletin (FRB) 13 can help you understand the key accounting considerations and choose the most appropriate accounting standards for these renewable energy transactions.

### [Navigating Pillar Two: Applying the Deferred Tax Exception to QDMTT \(KPMG Guide\)](#)

With the global rollout of Pillar Two tax reforms underway, many nations are enacting top-up taxes. SFRS(I) 1-12, Income Taxes, provides a mandatory exception from deferred tax accounting for these top-up taxes.

Several countries are introducing a domestic minimum top-up tax (QDMTT) effective January 1, 2025, designed to meet the Pillar Two qualification requirements. However, the formal confirmation of its 'qualified' status is anticipated at a later date.

KPMG's updated digital guide offers practical guidance on applying the mandatory deferred tax exception to this domestic minimum top-up tax before its formal qualification is confirmed.

## Navigating Climate-related risks and uncertainties in Financial reporting.

- Impairment testing - Climate-related risks and opportunities can significantly affect a company's cash flows and asset values. KPMG's [How-To Guide](#), complete with practical insights and real-world examples, and our updated [digital guide](#) offer step-by-step assistance in incorporating climate considerations into impairment assessments under IAS 36.
- Other climate-related matters – KPMG's [Talkbook on Climate Reporting](#) helps companies to assess the impact of climate-related matters on the financial statements, while [KPMG's climate supplement](#) to the illustrative financial statements provides examples of how climate-related matters may impact the financial statements.
- Disclosures - The Accounting Standards Council (ASC) has issued [illustrative examples](#) demonstrating the application of SFRS(I) requirements, focusing on climate-related uncertainties in the financial statements. These examples are immediately effective and highlight the importance of disclosing why transition plans might not currently impact financial performance and position. Companies should proactively review their disclosures to identify potential gaps.

## [Essential Year-End Financial Reporting Guides \(SFRS\(I\)/IFRS\)](#)

KPMG's 2025 guides are available to assist companies in year-end financial statement preparation amidst ongoing uncertainty. These guides include:

- [SFRS\(I\) Illustrative Financial Statements](#) (based on standards as of September 30, 2025)
- [IFRS Illustrative Financial Statements](#) and [Disclosure Checklist](#) (based on standards as of August 31, 2025)
- [IFRS Illustrative Financial Statements for Banks](#) (based on standards as of November 30, 2025)

These updated guides are essential resources for preparing FY2025 financial statements, reflecting the SFRS(I)/IFRS® Accounting Standards mandatory for annual reporting periods beginning January 1, 2025.

## Regulatory

### [Key Areas of Focus for FY2025 Financial Reporting](#)

For FY2025, financial statements should carefully address the impacts of evolving tariffs, trade disruptions, and climate-related risks. These uncertainties can affect areas like going concern, asset values, credit losses, revenue recognition, and provisions. ACRA's Financial Reporting Practice Guidance No. 1 of 2025 emphasizes that directors and audit committees should prioritize these areas and integrate climate-related risks consistently across financial statements and climate reporting (see *news on "Roadmap" below*). The guidance also provides updates on climate reporting timelines and upcoming accounting standards.

### [ACRA publishes revised Audit Quality Indicators \(AQI\) framework](#)

ACRA has published a revised AQI Disclosure Framework (Framework), which includes three new indicators (use of technology, culture survey and restatements) and updates an existing indicator (audit hours) to address emerging risks and evolving stakeholder expectations. Audit Committees may refer to the revised Framework for insights into the factors influencing audit quality, so as to enhance the discussions with audit firms on audit quality matters.

[Roadmap to Navigate SGX's Climate Reporting Timelines](#)

In August 2025, ACRA and SGX RegCo announced an extension of the timelines for climate reporting requirements to assist listed and large non-listed companies in enhancing their reporting capabilities, as per the table below:-

	Issuers				Large non-listed companies (Annual revenue ≥ \$1B and total assets ≥ \$0.5B)
	STI constituent on 30 June 2025	Market capitalisation ≥ S\$1B		All other issuers	
		As at close of market on 30 June 2025	For issuers listed after 30 June 2025, as at close of market on listing date		
<b>Scope 1 and Scope 2 GHG emissions as set out in paragraph 29(a) of IFRS S2</b>	Mandatory from financial year (FY)2025				FY2030
<b>Scope 3 GHG emissions</b>	Mandatory from FY2026	Voluntary		Voluntary	
<b>Other climate-related disclosures that apply all the requirements in IFRS S2 (other than Scope 3 GHG emissions)</b>	Mandatory from FY2025	Mandatory from FY2028	Mandatory from the later of (a) FY 2028 or (b) its first full financial year after listing	Mandatory from FY2030	FY2030
<b>External limited assurance for Scope 1 and 2 GHG Emissions</b>	FY2029				FY2032

To aid non-STI issuers in aligning with SGX's climate reporting schedules, ISCA and SGX have collaboratively developed a "Roadmap", which provides issuers with key steps for compliance with ISSB requirements.

Issuers are advised to conduct a gap analysis of their current disclosures in relation to the required ISSB disclosures and to customize the Roadmap based on their individual situations to facilitate progress. Additionally, directors and board committees can utilize the Roadmap to evaluate the advancement of listed issuers' CRD in each subsequent sustainability report or to proactively plan for the capacity building necessary for full compliance.

[SGX RegCo Enhances Listing Regime with Disclosure-Focused Reforms and Proposed Centralization](#)

As part of its efforts to strengthen Singapore's position as a leading international capital markets hub, SGX RegCo has implemented new measures to advance Singapore towards a more disclosure-based regulatory regime. In addition, SGX RegCo is proposing certain rule changes to consolidate listing review functions under SGX RegCo. Issuers and prospective issuers should refer to this article for the changes, and monitor for further developments.

[MAS publishes revised Code of Collective Investment Schemes](#)

Under the amendments to the [Code of Collective Investment Schemes](#) (Revised CIS Code), authorised collective investment schemes (Authorised Schemes) are required to prepare financial statements in line with SFRS(I) instead of Statement of Recommended Accounting Practice 7: Reporting Framework for Investment Funds (RAP 7) from their respective financial years ending on or after 31 December 2028, with early adoption permitted. Additional disclosures that are currently required under RAP 7 but not under SFRS(I) have been incorporated into the Revised CIS Code.

Authorised Schemes are encouraged to engage with their auditors early to prepare for the transition from RAP 7 to SFRS(I). Refer to this [MAS consultation](#) for further details.

## Tax

### [KPMG Tax Alerts | Singapore's Updated Transfer Pricing Guidelines \(TPG8\)](#)

The Inland Revenue Authority of Singapore (IRAS) has released the 8th edition of its e-Tax Guide on Transfer Pricing Guidelines (TPG8). Key updates include simplified TP documentation requirements and IRAS's power to recharacterize or disregard certain funding arrangements, as well as a pilot Simplified and Streamlined Approach (SSA) for qualifying taxpayers and transactions related to marketing and distribution activities.

For a summary of these changes and their potential impact, read this [KPMG Tax Alert on TPG8](#), while this [KPMG tax alert on the SSA](#) provides essential information on application steps, considerations, and documentation requirements.

### [KPMG Tax Alerts Issue 11 | Updates on Non-Taxation of Companies' Gains from Equity Investment](#)

#### [Disposals](#)

To support corporate restructuring aimed at growth and consolidation, a scheme under Section 13W ("safe harbour rule") was introduced in 2012 to ensure non-taxation on gains from the disposal of ordinary shares by qualifying companies.

This scheme has now been made permanent in addition to other changes. Companies are encouraged to review this KPMG tax alert to understand the modifications, aiding their tax planning for reorganisations and restructurings.

## Sustainability

### [Climate Reporting According to ISSB Standards](#)

In line with the requirements announced by ACRA and SGX for listed and large non-listed companies to report on climate-related issues, companies must provide climate-related disclosures that comply with IFRS S2 according to the relevant timeline (*see news on "Roadmap" above*).

The below resources may support companies in preparing their sustainability reports:

- KPMG's [Illustrative Disclosures](#) provide detailed examples and options to guide companies in preparing their sustainability reports in line with individual circumstances and local requirements.
- KPMG's [GHG Emissions Reporting Handbook](#) offers practical guidance, including Q&As and illustrative examples, to help companies navigate complex GHG emissions reporting requirements.
- Companies may consider early adopting the [Amendments to IFRS S2 Climate-Related Disclosures](#), which provide reliefs to support companies in their application of IFRS S2.

Click [here](#) to 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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