

Review Times

March 2016



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1. *Ethics*

1.1 IESBA nears finalization of revised long association provisions in Ethics Code

On 4 February 2016, the International Ethics Standards Board for Accountants (IESBA) released an Exposure Draft (ED), *Limited Re-exposure of Proposed Changes to the Code Addressing the Long Association of Personnel with an Audit Client*. The ED relates to the IESBA's project to develop more robust and comprehensive provisions dealing with the long association of personnel with an audit or assurance client. It contains a basis for conclusions regarding proposals that have been finalized, as well as the limited re-exposure of three remaining issues.

The proposals being re-exposed are:

- An increase from two to five years in the cooling-off period for the engagement quality control reviewer (EQCR) on the audit of a listed entity, and to three years on the audit of a public interest entity (PIE) other than a listed entity;
- An alternative approach to the cooling-off requirements for PIE audits in the *Code of Ethics for Professional Accountants* (the Code) where jurisdictions have established different but robust legislative or regulatory safeguards to address the threats to auditor independence created by long association; and
- A revised approach to determining how long an individual should cool off after having served either as an engagement partner (EP) or as an EQCR, or in a combination of roles, for only part of the seven-year period they have served as a Key Audit Partner.

Included in the ED are revised provisions addressing other long association proposals that the IESBA has now finalized, including:

- An increase in cooling-off period for EPs from two to five years on audits of all PIEs; and
- Additional restrictions on activities that can be performed during the cooling-off period.

To assist stakeholders in better understanding the re-exposed proposals, the ED includes a set of proposed IESBA Staff Questions and Answers, which will be issued with the final provisions to facilitate implementation.

The IESBA invites all stakeholders to comment on the ED. To access the ED and submit a comment, please visit the IESBA website at <http://ow.ly/ZsFoB>. Comments, if any, are to be submitted by 9 May 2016.

2. *Auditing & Assurance*

2.1 RT LLP invited to attend ISCA's focus group discussion on IAASB's ITC

On 15 March 2016, Ravi Arumugam, Chief Executive Officer & Managing Partner of RT LLP, and Andrew Chua, Head of Quality Control and Technical Partner of RT LLP, were invited to attend the focus group discussion held by the Institute of Singapore Chartered Accountants (ISCA) for public accounting firms that audit public interest entities.

The focus group discussion was held for participants to provide feedback on certain questions in the document Invitation to Comment- Enhancing Audit Quality in the Public Interest: A Focus on Professional Scepticism, Quality Control and Group Audits (ITC) issued by the International Auditing and Assurance Standards Board (IAASB).

For more information on the ITC, please visit ISCA's website at the following URL: <http://ow.ly/ZE0ic>

2.2 IAASB highlights how expected credit loss models will affect auditors and signals broader efforts to strengthen auditor efforts on accounting estimates

On 2 March 2016, the International Auditing and Assurance Standards Board (IAASB) released a publication highlighting the audit issues arising from the shift to Expected Credit Loss (ECL) models when accounting for loan losses. ECL models are now required, or will soon be required, by some financial reporting frameworks, including International Financial Reporting Standard (IFRS) 9, *Financial Instruments*, which will come into effect from 1 January 2018.

The publication summarizes the audit challenges identified with respect to ECL and sets out initial thinking on how these challenges may be addressed under the current International Standards on Auditing (ISA). The publication has been developed by a task force comprised of IAASB members and technical advisors, representatives from the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, bank auditors, and an observer from the US Public Company Accounting Oversight Board.

The publication also discusses how the IAASB's new project proposal to revise ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*, will seek to further address these and other challenges that have been noted in respect of auditing accounting estimates, including in relation to audits of financial institutions.

For more information, please visit the following URL: <http://ow.ly/ZqnEI>

3. Taxation

3.1 Changes to the Income Tax Act

The Ministry of Finance is conducting a public consultation on amendments to the Income Tax Act from 1 to 16 March 2016. The proposed amendments to the Income Tax Act seek to implement the Common Reporting Standard ("CRS") in Singapore from 2017. This is necessary before Singapore can carry out her international commitment to commence automatic exchange of financial account information ("AEOI") under the CRS in 2018.

The CRS is an internationally agreed standard for AEOI, endorsed by the OECD and the Global Forum for Transparency and Exchange of Information for Tax Purposes. The CRS sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as the customer due diligence procedures to be followed by financial institutions. More than 90 jurisdictions, including major financial centres such as Dubai, Hong Kong, Luxembourg and Switzerland, have endorsed the CRS and will commence AEOI in either 2017 or 2018.

3.2 Individual Tax Returns

Individual tax return filing for YA 2016 (income for the 2015 calendar year) are due by 15 April 2016 (paper-based) and 18 April 2016 (e-filing). Individuals should have already received their IR8As by 1 March 2016 from their employers or should have already had their employment income reported under the auto-inclusion scheme.

4. Regulatory & Business

4.1 Update on BizFile+

Following the implementation of the revamped BizFile+ system and in response to users' feedback for more time to file their Annual Returns and other statutorily required filings, ACRA has further extended the time for the filing of Annual Returns, Annual Declarations, Business Registration Renewals and any statutorily required filings which are due between 26 Dec 2015 to 3 Mar 2016 to 4 Mar 2016. No penalties or charges will be imposed, nor will the entity's compliance rating be affected, if these filings are made by 4 Mar 2016.

4.2 Revised Code on Take-overs and Mergers

The Monetary Authority of Singapore (MAS) has issued a revised Code on Take-overs and Mergers (Code) incorporating feedback received from the public consultation conducted in July 2015. The amendments are effective from 25 March 2016

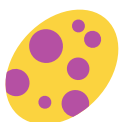
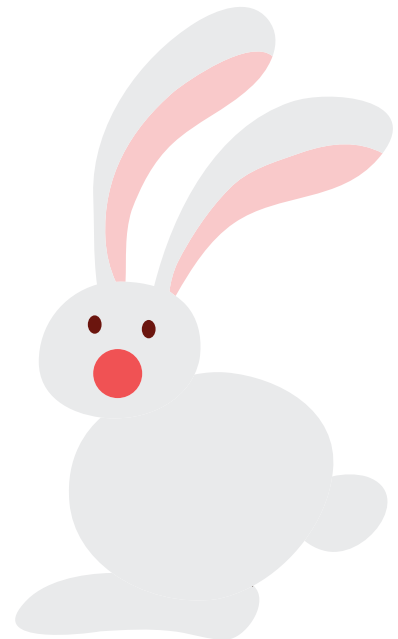
The key changes to the Code are briefly as follows:

- a. Providing certainty in cases of competing offers.
- b. Encouraging pro-active offeree boards.
- c. More timely disclosure.
- d. Codifying and streamlining existing practices.



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Events

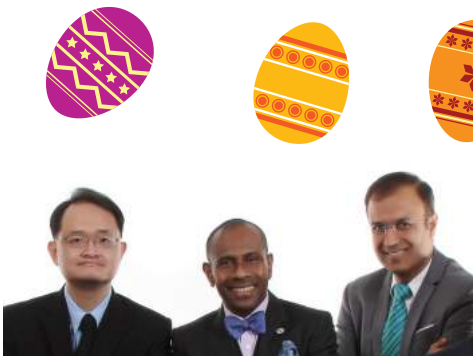
Business Exchange Meeting with Xi'an Delegates



SAC Career Fair 2016



ICAEW Networking 2016



From left to right

Mr Andrew Chua – Head of Quality Control & Technical Partner

Mr Ravi Arumugam – Managing Partner & CEO

Mr Ramchand Jagtiani – Director of Tax & Corporate Services

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