



Review Times

August 2016



In This Issue:

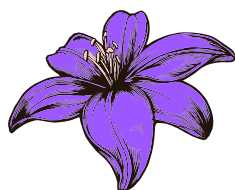


Financial Reporting



1.1 ACRA issues APB No. 2 of 2016: Enhanced Auditor Reporting Standards: Communicating Key Audit Matters and Addressing Going Concern in "Close-Call" Situations

1.2 IAASB issues one page guide on determining and communicating Key Audit Matters



Events

4.1 RT Group of Companies Incentive Trip to Kukup Malaysia



Ethics

2.1 IESBA issues standard on Responding to Non-Compliance with Laws and Regulations

2.2 ISCA issues ISCA Ethics Case Files



Taxation

3.1 PIC Scheme: Cash Payout Rate Reduced to 40% and Compulsory Online Application from 1 August 2016

3.2 The General Anti-avoidance Provision and its Application

3.3 FATCA Return Filing for Reporting Year 2015



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1. Financial Reporting

1.1 ACRA issues APB No. 2 of 2016: Enhanced Auditor Reporting Standards: Communicating Key Audit Matters and Addressing Going Concern in “Close-Call” Situations

On 2 August 2016, the Accounting and Corporate Regulatory Authority (ACRA) issued Audit Practice Bulletin (APB) No. 2 of 2016 *Enhanced Auditor Reporting Standards: Communicating Key Audit Matters and Addressing Going Concern in “Close-Call” Situations*.

This APB seeks to provide guidance on the decision-making process where public accountants may apply when determining Key Audit Matters (KAMs) and ACRA’s expectations with respect to the documentation requirements in Singapore Standard on Auditing (SSA) 701 – *Communicating Key Audit Matters in the Independent Auditor’s Report*. In addition, it also seeks to provide guidance on how public accountants may address the requirements as set out in the revised SSA 570- *Going Concern*.

Please click [here](#) to view the APB No. 2 of 2016.

1.2 IAASB issues one page guide on determining and communicating Key Audit Matters

On 6 July 2016, the International Auditing and Assurance Standards Board (IAASB) announced that a one page publication titled “Determining and Communicating Key Audit Matters” has been prepared by the Auditor Reporting Implementation Working Group.

The publication contains a one page diagram to provide an overview of how to determine which matters are Key Audit Matters (KAM) as set out in International Standard on Auditing (ISA) 701 *Communicating Key Audit Matters in the Independent Auditor’s Report*, and what is communicated in respect of KAMs.

This diagram does not constitute an authoritative pronouncement of the IAASB, nor does it amend or override the ISAs. Further, this diagram is not meant to be exhaustive and reading this diagram is not a substitute for reading the ISAs.

To access the publication, please visit the following URL:

<http://www.ifac.org/publications-resources/determining-and-communicating-key-audit-matters>

2. Ethics

2.1 IESBA issues standard on Responding to Non-Compliance with Laws and Regulations

On 14 July 2016, the International Ethics Standards Board for Accountants (“IESBA” or “the Ethics Board”) issued a new standard, *Responding to Non-Compliance with Laws and Regulations*. The standard sets out a first-of-its-kind framework to guide professional accountants in what actions to take in the public interest when they become aware of a potential illegal act, known as non-compliance with laws and regulations, or NOCLAR, committed by a client or employer.

The standard applies to all categories of professional accountants, including auditors, other professional accountants in public practice, and professional accountants in organisations, including those in businesses, government, education, and the not-for-profit sector. It addresses breaches of laws and regulations that deal with matters such as fraud, corruption and bribery, money laundering, tax payments, financial products and services, environmental protection, and public health and safety.

Among other matters, the new standard provides a clear pathway for auditors and other professional accountants to disclose potential non-compliance situations to appropriate public authorities in certain situations without being constrained by the ethical duty of confidentiality. It also places renewed emphasis on the role of senior-level accountants in business in promoting a culture of compliance with laws and regulations and prevention of non-compliance within their organizations.

In developing the standard, the Ethics Board also liaised closely with the International Auditing and Assurance Standards Board (IAASB) so that the new standard and the IAASB's International Standards on Auditing are aligned.

The standard will be effective on 15 July 2017, with early adoption permitted. To access the standard and other related materials, please visit the following URL <https://www.ifac.org/publications-resources/responding-non-compliance-laws-and-regulations>

2.2 ISCA issues ISCA Ethics Case Files

The Institute of Singapore Chartered Accountants (ISCA) has launched the ISCA Ethics Case Files which is a compendium of scenarios adapted from real-life cases involving ISCA Members who faced tough choices, but unfortunately made the less ethical one and suffered dire consequences.

Professional accountants face ethical dilemmas during the course of their work. Some have made the right ethical decision. Others have not and ultimately paid a heavy price – by running afoul of the law. They were also subject to disciplinary sanctions from ISCA such as having their memberships cancelled or suspended.

Through the ISCA Ethics Case Files, ISCA Members can draw from the experiences of others and avoid making the same grave mistakes.

To access the ISCA Ethics Case Files, please visit the following URL:
<http://isca.org.sg/ethics/resources/case-studies/isca-ethics-case-files/>

3. Taxation

3.1 PIC Scheme: Cash Payout Rate Reduced to 40% and Compulsory Online Application from 1 August 2016

From 1 August 2016, the Productivity and Innovation Credit (PIC) cash payout rate has been reduced to 40% instead of 60% of qualifying expenditure subject to a total expenditure cap of \$100,000 across the six qualifying activities. The other PIC component of 400% tax deduction on up to \$400,000 of spending per year in each of the six activities remains unchanged. The PIC Scheme will expire after Year of Assessment (YA) 2018.

In addition, compulsory online applications for PIC cash payout application have been effective from 1 August 2016. The Inland Revenue Authority of Singapore (IRAS) no longer accepts hard copy applications.

Companies that have incurred the qualifying expenditure before 1 August 2016 will qualify for the 60% cash payout as long as they e-File their YA 2017 PIC cash payout applications by 15 December 2017. Businesses are responsible for the authenticity and accuracy of their claims regardless of whether they file the claims on their own or with the help of consultants or vendors.

3.2 The General Anti-avoidance Provision and its Application

IRAS has issued an e-Tax Guide on the General Anti-avoidance Provision. This e-Tax guide is issued with two objectives:

- (i) First, it sets out IRAS' approach to the construction of the general anti-avoidance provision in section 33 of the Income Tax Act ("ITA"); and
- (ii) Second, it provides some examples on arrangements, which in IRAS' view, have the purpose or effect of tax avoidance within the meaning of section 33(1) of the ITA. By providing the examples, this e-Tax Guide aims to deter taxpayers from entering into such arrangements. Such arrangements will be subject to the wide powers of IRAS under section 33(1).

The e-Tax Guide only addresses tax avoidance arrangements within the meaning of section 33 of the ITA. It does not cover arrangements that:

- (i) form the subject of specific anti-avoidance provisions in the ITA; and/or
- (ii) involve the evasion of tax

3.3 FATCA Return Filing for Reporting Year 2015

The Foreign Account Tax Compliance Act (FATCA) Return filing for Reporting Year 2015 has ended on 31 May 2016. IRAS has reminded reporting Singapore- based financial institutions (SGFIs) that have not submitted their FATCA Return to do so immediately. In addition, for Reporting Year 2016 (i.e. submission commencing April 2017), the FATCA XML Schema v2.0 will replace v1.1. All International Data Exchange Service (IDES) users, including Reporting SGFIs, will be required to submit FATCA Reports using version 2.0 as version 1.1 will no longer be supported. The draft schema is subject to change and not intended for use in current production.

Connect With:

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4. Events

RT Group of Companies Incentive Trip to Kukup Malaysia



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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