



# Review Times

June 2016



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## 1. *Regulatory & Business*

### 1.1 ACRA issues Registrar's Interpretations

On 1 June 2016, the Accounting and Corporate Regulatory Authority (ACRA) announced that it had issued the first set of Registrar's Interpretations ("RIs") that provide ACRA's interpretation of how specific provisions under the Companies Act and other business legislation are to be applied in practice. In developing the RIs, ACRA works closely with respected practitioners through ACRA's Institute of Corporate Law to ensure the business community and legal sector's inputs are taken into consideration.

Currently, four RIs have been issued and the subject matters they cover are as follows:

- Registrar's Interpretation 1 of 2016- Amalgamation of Foreign Companies
- Registrar's Interpretation 2 of 2016- Directors' Statement- reference to directors report on options granted by company to take up unissued shares
- Registrar's Interpretation 3 of 2016- Societies cannot hold shares of company
- Registrar's Interpretation 4 of 2016- Dormant relevant companies not required to attach Financial Statements to Annual Return filing

Please click here to view the Registrar Interpretations: <http://ow.ly/Lgp7300WQkT>

### 1.2 ACRA issues Enforcement Policy Statement

On 31 May 2016, ACRA announced that it had issued an Enforcement Policy Statement which represents a summary of ACRA's present approach to investigation, compliance and enforcement matters. This Policy Statement is relevant to business owners, company officers and corporate service providers, as well as to members of the public who wish to lodge complaints with ACRA, or, who are being investigated and face prosecution by ACRA. Stakeholders are urged to peruse this Policy Statement to better understand ACRA's enforcement approach.

Please click here to view the Enforcement Policy Statement : <http://ow.ly/jLr4300WQl6>

## 2. *Financial Reporting*

### 2.1 IASB confirms amendments will be made to IFRS 4

On 17 May 2016, the International Accounting Standards Board (the "Board") confirmed that it will amend the current insurance contracts standard, International Financial Reporting Standard (IFRS) 4 *Insurance Contracts*. This is to address issues that may arise from implementing IFRS 9 *Financial Instruments*, before implementing the new insurance contracts Standard which will replace IFRS 4.

At its May meeting, the Board concluded deliberations on this topic and asked staff to draft the final amendments to IFRS 4, which the Board expects to issue in September 2016.

The new insurance contracts Standard is currently being drafted and the Board expects to issue it around the end of 2016 with an effective date no earlier than 2020. Both IFRS 9 and the new insurance contracts Standard are relevant to companies that issue insurance contracts.

Responding to some companies' concerns about the timing of the implementation of the two Standards and the related consequences, the Board has, following public consultation, confirmed that it will issue amendments to IFRS 4 that:

- give companies that issue insurance contracts the option to remove from profit or loss the volatility that may be caused by certain changes in the measurement of financial assets when applying IFRS 9 before the new insurance contracts Standard; and
- give companies whose predominant activities are insurance-related an optional temporary exemption from applying IFRS 9 until 2021.

The amendments to IFRS 4 will supplement existing options in that Standard that could be used to address the volatility that may be caused by applying IFRS 9 before the new insurance contracts Standard.

### *3. Auditing & Assurance*

#### **3.1 ISCA issues SSA 800 (Revised) and SSA 805 (Revised)**

On 27 May 2016, the Institute of Singapore Chartered Accountants (ISCA) issued Singapore Standard on Auditing (SSA) 800 (Revised) which deals with special considerations in the application of the SSAs to an audit of financial statements that are prepared in accordance with a special purpose framework and SSA 805 (Revised) which deals with special considerations in the application of the SSAs to an audit of a financial statement or a specific element, account, or item of a financial statement. The revised standards are based on the International Standard on Auditing (ISA) 800 (Revised) and ISA 805 (Revised) respectively issued by the International Auditing and Assurance Standards Board (IAASB).

The auditor reporting requirements for SSA 800 and SSA 805 engagements are linked directly to the reporting requirements in SSA 700 (Revised) as it contains the overarching auditor reporting requirements. Hence, consequential amendments are made to SSA 800 and SSA 805 to explain how the new and revised auditor reporting standards affect them.

Key revisions made to the extant SSA 800 and SSA 805 include:

- Refinements to the requirements and corresponding application material, to be in line with the new concepts established by the new and revised auditor reporting standards, such as (1) communication of key audit matters and (2) a Material Uncertainty Related to Going Concern sections.
- New application material relating to going concern, key audit matters, other information and naming of the engagement partner.
- Updated illustrative auditor's reports that:
  - Align with the reporting requirements in SSA 700 (Revised) in terms of the layout and content, including the ordering of elements (for example, the Opinion section is now positioned first), use of headings and terminology; and
  - Include more detailed descriptions of the circumstances that are assumed for each of the illustrative auditor's reports and indicate the applicability of the auditor reporting enhancements.

Localisation amendments are made to the illustrative reports to cater for engagements in the Singapore context. Conforming amendments have also been made to SSA 700 (Revised) to require the disclosure of the name of the engagement partner in the auditor's reports of all listed entities.

The revised standards are effective for audits of financial statements for periods ending on or after 15 December 2016, in line with the effective date of the new and revised auditor reporting standards.

## 4. Taxation

### 4.1 Withholding tax in Singapore

Certain payments such as directors' fees and other remuneration paid to directors, royalties, interest, management or technical service fees for services rendered in Singapore, and rental fees for the use of movable property etc. made to non-residents may attract withholding tax in Singapore.

Such payment must be made to IRAS by the 15th of the second month from the date of payment/accrual to the non-resident. Also, penalties will be imposed on any late filing/payment of WHT.

The date of withholding tax payment in Singapore is defined as the earliest of the following dates:

- When the payment is due and payable based on the agreement/contract/invoice; or
- When payment is credited to the account or any other account(s) designated by the Non-Resident; or
- The date of actual payment.

The rate of withholding tax depends on the nature of payment. Double taxation relief may be awarded if the company is a resident of a tax treaty jurisdiction, depending on the provisions the Avoidance of Double Taxation Agreement (DTA) between Singapore and the Non-Resident's country.

In this regard, if the Company has made or is planning to make such payments to non-residents and would like us to review whether withholding tax would apply, please consult us.



## 5. Events

### RT Team Bonding Session 16th - 17th May 2016



### ISCA Run - 28th May 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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