

PART 1: FINANCIAL REPORTING

1.1 ON THE INTERNATIONAL FRONT

Looking forward – new and revised standards coming up very soon

On 28 March 2011, the International Accounting Standards Board (IASB) updated its work plan on its website (<http://www.ifrs.org/Home.htm>). Based on the updated plan, the IASB is scheduled to issue in April 2011, four new International Financial Reporting Standards (IFRS) and two amended standards.

The four new standards planned for issue are:

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Involvement with Other Entities*
- IFRS 13 *Fair Value Measurement*

The two amended standards planned for issue are:

- IAS 1 *Presentation of Financial Statements*
- IAS 19 *Employee Benefits*

We will bring you more updates on these in the May issue of the LTC Technical Bulletin.

1.2 SINGAPORE NEWS

1.2.1 Singapore Accounting Standards Council (ASC) issues amendments to FRS 101 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

On 17 March 2011, The ASC issued two narrow amendments to FRS 101 *First-time Adoption of Financial Reporting Standards*. The amendments are contained in a pronouncement entitled “Amendments to FRS 101 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*.”

The first amendment provides guidance on how an entity should resume presenting financial statements in accordance with FRSs after a period when the entity was unable to comply with FRSs because its functional currency was subject to severe hyperinflation. These guidance are contained in paragraphs D26- D30 of FRS 101.

The second amendment replaces references to a fixed date of ‘1 January 2004’ with ‘the date of transition to FRSs’ in paragraphs D2 and D20 of FRS 101. The amendments to paragraph D2 eliminates the need for entities adopting FRSs for the first time to restate derecognition transactions relating to financial instruments that occurred before the date of transition to FRSs. The amendments to paragraph D20 allows entities to apply the requirements in the last sentence of FRS 39 paragraph AG76 and in paragraph AG76A relating to fair value measurement of financial assets or financial liabilities at initial recognition, prospectively to transactions entered into on or after the date of transition to FRSs rather than prospectively to transactions entered into either after 25 October 2002 or 1 January 2004.

An entity shall apply the amendments for annual periods beginning on or after 1 July 2011. Earlier application is permitted.

Please click [here](#) to access the pronouncement.

1.2.2 ASC issues a FRS Practice Statement on Management Commentary

On 17 March 2011, the ASC issued a FRS Practice Statement on *Management Commentary*. An entity may apply the Practice Statement prospectively from 1 April 2011.

The Practice Statement is a broad, non-binding framework for the presentation of narrative reporting to accompany financial statements prepared in accordance with FRSs.

Management commentary fulfils an important role by providing users of financial statements with a historical and prospective commentary on the entity’s financial position, financial performance and cash flows. It serves as a basis for understanding the management’s objectives and strategies for achieving those objectives.

The Practice Statement permits entities to adapt the information provided to particular circumstances of their business, including the legal and economic circumstances of individual jurisdictions. This flexible approach will generate more meaningful disclosure about the most important resources, risks and relationships that can affect an entity’s value, and how they are managed.

The Practice Statement is not an FRS. Consequently, an entity need not comply with the Practice Statement to comply with FRSs.

Please click [here](#) to access the pronouncement.

PART 2: AUDITING AND ASSURANCE

IAASB's Annual Report Highlights Focus on Clarity, Quality and Relevance

On 30 March 2011, the International Auditing and Assurance Standards Board (IAASB) released its 2010 annual report. The report highlights the IAASB’s ongoing work to promote the adoption and implementation of its clarified International Standards on Auditing (ISAs), and the issuance of a number of proposals in areas where there is demand for new and innovative assurance and related services other than audits of financial statements. Please click [here](#) for the IFAC news release.

PART 3: TAXATION

The Inland Revenue Authority of Singapore (IRAS) has the following updates:

3.1 Tax filing Made Easier for 1.7 million Individuals

IRAS would like to remind all taxpayers, including sole-proprietors and partners to e-File their individual income tax returns by 18 Apr 2011, or send in their paper returns by 15 Apr 2011.

Please click [here](#) for more information.

3.2 Second Company Convicted of Abusing Tax Exemption Scheme

Global Marine Boiler and Engineering Pte Ltd (GMBE) was convicted of tax evasion for under-reporting profits amounting to \$780,152 for the Year of Assessment (YA) 2008.

Please click [here](#) for more information.

3.3 Singapore and Switzerland Sign Revised Avoidance of Double Taxation Agreement

Singapore and Switzerland signed a revised Agreement for the Avoidance of Double Taxation (“DTA”) on 24 February 2011. The revised DTA incorporates changes that will further encourage and facilitate cross-border trade and investment between Singapore and Switzerland.

Please click [here](#) for more information.

3.4 Productivity and Innovation Credit (PIC) - Tax Deferral

i) 400% Tax Deduction/Allowances

For YA 2011 to YA 2015, all businesses can enjoy deduction/allowances at 400% of their expenditure on each of the six qualifying activities instead of the 100%/150% tax deduction/allowances under the existing tax rules.

ii) Cash Payout Option

To support small and growing businesses which may be cash-constrained, to innovate and improve productivity, businesses can exercise an option to convert their expenditure into a non-taxable cash payout.

Please click [here](#) for more information.

3.5 Stamp Duties Payable by Limited Liability Partnerships and Partners Thereof (Second Edition)

Pursuant to the introduction of limited liability partnerships by the Limited Liability Partnerships Act 2005, the Stamp Duties Act was amended to provide for special rules in relation to limited liability partnerships (“LLPs”) and partners thereof.

Please click [here](#) for more information.

3.6 Claiming of Land Intensification Allowance (LIA) on Qualifying Capital Expenditure

It was announced in Budget 2010 that to support enhanced land productivity among industrial users, businesses may claim LIA on qualifying capital expenditure incurred for the construction of a qualifying building or structure.

Please click [here](#) for more information.

3.7 Productivity and Innovation Credit (PIC) Cash Payout - Disposal of Qualifying Assets Form

Click [here](#) to download the application form.

3.8 IRAS' GST Bulletin

Check out IRAS' GST Bulletin for the latest updates on changes in GST law and law treatment on GST issues commonly faced by GST-registered businesses. This bi-annual newsletter is published every March and September.

Please click [here](#) for more information.

PART 4: REGULATORY & BUSINESS

The SME Magazine: Getting Down to Business

In the March issue of The SME Magazine, the Accounting and Corporate Regulatory Authority (ACRA) shared how it intends to keep Singapore’s pro-enterprise flag flying high by focusing on corporate governance, and smoothing the path for Small-and Medium-sized Entities (SMEs).

Please click [here](#) for more details.

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