IS Chartered Accountant Journal

MARCH 2022

IS Chartered Accountant Journal






focus

BUDGET 2022 HIGHLIGHTS

Key Business And Tax Measures

ISCA INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

Dear members,

FOLLOWING THE BUDGET STATEMENT DELIVERED BY FINANCE MINISTER LAWRENCE WONG ON FEBRUARY 18, there were parliamentary debates as well as a myriad of activities spanning seminars, focus group sessions, analyses and commentaries. Like many of you, I followed the discussions with interest as the Budget affects all aspects of our lives. The minister, in his Budget Roundup Speech on March 2, acknowledged that while there are risks on the horizon including the increasing tension in Eastern Europe, Singapore is "operating from a position of strength. That is why we can make bold moves now, which will position us well to seize the opportunities ahead".

To me, "operating from a position of strength" is very much about resilience, and how critical it is in everything we do. Budget 2022 reinforces the support measures for businesses, providing relief for struggling sectors and financing schemes to support businesses. The GST hike will be delayed to 2023 and staggered over two years, and new grants and schemes have been introduced. These new initiatives focus on the longer-term interests in driving all-round transformation, internationalisation and worker upskilling. More ambitious sustainability targets have also been set for Singapore to reach net-zero emissions by or around 2050. All the initiatives have a shared intent of strengthening the pillars essential for the country's continued development, thus increasing our overall resilience. That Singapore is now "operating from a position of strength" is clear indication that this strategy works, and the country as a whole is equipped and ready to move forward to seize new opportunities. The cover story, "Budget 2022 Highlights", brings you the key business and tax measures unveiled in Budget 2022.

For accountancy professionals, I would say resilience is a combination of aptitude and attitude – aptitude, as encompassing a sound grasp of domain knowhow, and an attitude that's committed to continuous learning and upgrading, to build on and support the body of professional knowledge one possesses. Together, they form resilience which, in good times or in bad, will enable us to advance and overcome adversities. With in-demand skills, we can deliver good value to our clients as well as our organisations, and do our part to chart the way forward for the profession, industry and nation.

As the national accountancy body, we bolster members' resilience by driving their capability development, including through our range of CPD courses, specialisation pathways, events and resources. For accountancy firms, the Institute spearheads initiatives that help firms enhance productivity and efficiency, supporting them through staff training, technical guidance, technology adoption, business transformation and more. These are some of the ways the Institute helps members to shore up resilience, so they can operate from a position of strength.

To better serve our members, the Institute has been enhancing our communication channels to engage and interact with members. We recently launched two Telegram channels – one for Youth Associates, and the other, for accountancy practitioners – where the information is curated to align with the distinct needs of the two user groups. And, from the next quarter, member eDMs will feature content that is tailored to the requirements of the various member segments. We are also rolling out a new ISCA mobile app in the second half of this year, to complement our corporate website. These additional engagement avenues provide members with the opportunity to pick the channels and platforms that most appeal to them, while customisation directs relevance and efficiency amid our members' busy schedules. More details are in "Personalising Communications".

March 8 is International Women's Day and in the Member Profile article, "Women In Accounting: The Pursuit Of Happiness", we find out how four female members juggle their multiple roles at work and at home. It takes resilience to manage the different and sometimes conflicting demands and, in the article, they share how they carve out time for themselves, so that they can return to their roles recharged and raring to go.

The ISCA Annual General Meeting will take place on April 23. Do sign up for the AGM when online registration opens on March 31. I hope to meet many of you virtually.

In the meantime, enjoy your read.

Kon Yin Tong
FCA (Singapore)
president@isca.org.sg

Charting The Way Forward Together, From A Position Of Strength

contents

focus

in tune

viewpoint

technical excellence

PUBLISHER
Institute of Singapore Chartered Accountants
60 Cecil Street, ISCA House, Singapore 049709
Tel: (65) 6749-8060 **Fax:** (65) 6749-8061
Email: isca@isca.org.sg **Website:** www.isca.org.sg

PUBLISHING & DESIGN CONSULTANT
mediacorp
MCI (P) 048/03/2021
PPS 709/09/2012 (022807)
ISSN 2010-1864

ADVERTISING
Bold Ink Magazines Pte Ltd
Jacqueline Wong
Tel: 6223-4258
Hp: 9790-0905
Email: jacqueline@boldink.com.sg

PRINTING COMPANY
Oxford Graphic Printers Pte Ltd

Close Climate Finance Gap: Invest In Nature-based Solutions

A NEW REPORT, TITLED "THE STATE OF FINANCE FOR NATURE IN THE G20"[1], confirms the urgency of increasing net-zero and nature-positive investments if the world is to adequately close the climate finance gap. The report amplifies the findings from an earlier report[2] released last year, which calls for closing a US$4.1-trillion financing gap in nature-based solutions.

According to the new report, the spending gap in non-G20 countries is larger and more difficult to bridge than in G20 countries, but only 2% of the G20's US$120-billion investment has been directed towards official development assistance (ODA). Similarly, private sector investments remain small, at 11% (US$14 billion) a year, even though the private sector contributes 60% of the total national GDP in most G20 countries. Thus, the business and investment case for nature needs to be stronger.

The report also discloses that G20 investments represent 92% of all global investments in nature-based solutions in 2020, and the vast majority (87% or US$105 billion) of these investments were distributed to domestic government programmes.

Annual G20 investments in nature-based solutions need to increase by at least 140% to meet all agreed biodiversity, land restoration and climate targets by 2050; this translates to an additional US$165 billion a year, especially in ODA and private sector spending. To put this into perspective, more than US$14.6 trillion was spent by 50 leading economies in 2020 in the wake of the COVID-19 crisis, of which only US$368 billion, or 2%, was considered "green"[3].

Globally, future investment in nature-based solutions needs to increase fourfold by 2050, equating to an annual investment of over US$536 billion a year. The future investment needs for G20 countries account for approximately 40% of this total global investment in 2050. G20 countries have the capacity to meet this investment need as they carry out most of the global economic and financial activity with fiscal leeway.

According to Justin Adams, Director for Nature-based Solutions, World Economic Forum, a co-lead in the new report, "the climate and nature crisis are two sides of the same coin, and we can't turn things around unless we transform our economic models and market systems to take nature's full value into account".

The new report also calls for G20 member states to seize opportunities to increase investment in non-G20 countries, which can often be more cost-effective and efficient than investing in similar nature-based solutions internally.

Governments can lead the way in scaling up private finance, such as by creating stable and predictable markets for ecosystem services or through concessionary financing. "Systemic changes are needed at all levels, including consumers paying the true price of food, taking into account its environmental footprint," points out Ivo Mulder, Head of the United Nations Environment Programme's Climate Finance Unit.

The report concludes that governments need to truly "build back better" following the pandemic. Many developed countries can borrow cheaply in international capital markets. Thus, they need to tie in "nature and climate conditions" when providing fiscal stimulus to sectors across their economies, as well as create more favourable regulatory, fiscal and trade policies to transition economies so that international biodiversity, climate and land degradation targets are met.

- Investments in nature-based solutions worth US$120 billion were made by the G20 nations in 2020, the private sector accounting for US$14 billion or 11% of the investments
- A new report emphasises the importance of investments in nature to reach net zero
- Annual G20 nature-based solutions investment needs to increase by 140%, an additional amount of US$165 billion, to achieve all agreed climate targets by 2050
- G20 countries have the capacity to meet this investment need and can act as influential agents of change

[1] UNEP, WEF, ELD & Vivid Economics. (Jan 2022). The state of finance for nature in the G20 report – Leading by example to close the investment gap. UN Environment Programme, World Economic Forum, The Economics of Land Degradation, and Vivid Economics. https://www.unep.org/resources/state-finance-nature

[2] UNEP, WEF, ELD & Vivid Economics. (May 2021). State of finance for nature – Tripling investments in nature-based solutions by 2030. https://www.unep.org/resources/state-finance-nature

[3] SSEE Oxford & UNEP. (2021). Are we building back better? – Evidence from 2020 and pathways to inclusive green recovery spending. Smith School of Enterprise and the Environment, University of Oxford, and UNEP. https://www.unep.org/resources/publication/are-we-building-back-better-evidence-2020-and-pathways-inclusive-green

PHOTOS **SHUTTERSTOCK**

Technical Skills And Competencies In Sustainable Finance

SUSTAINABLE FINANCE is increasingly promoted in countries which recognise the urgent need for action in areas centring around climate change, sustainability and the green movement. For the accountancy profession, ISCA has been including this topic for discussion in its ongoing member initiatives, such as at the ISCA Breakfast Talk sessions, continuous professional education (CPE) courses and signature Singapore Accountancy and Audit Convention Series.

The Monetary Authority of Singapore (MAS) defines sustainable finance as the practice of integrating environmental, social and governance (ESG) criteria into financial services to bring about sustainable development outcomes, including mitigating and adapting to the adverse effects of climate change[1]. Given their training and experience, accountants as well as other professionals in the financial services sector are well placed to play a useful role in catalysing sustainable and green finance in the region. To this end, MAS and the Institute of Banking and Finance Singapore (IBF) have launched the Sustainable Finance Technical Skills and Competencies (SF TSCs)[2], which sets out 12 technical skills and competencies needed for individuals to perform various roles in sustainable finance.

The SF TSCs are part of the IBF Skills Framework for Financial Services, which provides information on occupations and job roles, career pathways, and training programmes for skills upgrading and mastery. The SF TSCs cover a range of thematic and functional knowledge topics:

- *Thematic topics* include climate change policy developments, natural capital, green taxonomies, carbon markets and decarbonisation strategies.
- *Functional knowledge topics* cover how sustainability is applied across major functions in the financial sector, such as sustainability risk management, sustainability reporting, sustainable investment management, and sustainable insurance and reinsurance solutions.

"We are seeing strong and growing demand for sustainable finance talent as Singapore plays a larger role as a sustainable finance hub for the region," says Leong Sing Chiong, Deputy Managing Director (Markets and Development), MAS. The launch of the SF TSCs, on February 9, "is a critical step in building a deep talent pool in sustainable finance, and I encourage all financial institutions to use them as a benchmark to achieve excellence in sustainable finance skills and talent development," he adds.

"Developing sustainable finance skills and talent for the financial services industry is imperative, and the addition of the 12 sustainable finance skills will ensure finance services professionals possess up-to-date skills and knowledge in sustainability," says Ng Nam Sin, Chief Executive Officer, IBF. "This will greatly support financial institutions as they build sustainability capabilities to serve the growing needs of Singapore and the region."

The SF TSCs will be reviewed periodically to take account of evolving developments and needs in sustainable finance. Future enhancements could include raising the competency standards for specific roles and introducing more SF TSCs for new job roles.

To support Singapore's push towards green finance, the Singapore Green Finance Centre (SGFC)[3] – Singapore's first research institute dedicated to green finance research and talent development – was established in October 2020 by Imperial College Business School and the Lee Kong Chian School of Business at Singapore Management University, and supported by MAS and nine founding partners. The SGFC pursues foundational and multidisciplinary research to help develop strategies for policymakers and financial institutions to support Asia's transition to a low carbon future. The research will be co-created with industry to ensure applicability and relevance, and will cover three key themes:

- transforming businesses by integrating climate-related data and ESG considerations into decision making;
- designing policies and new initiatives that can improve the efficiency of green finance markets, and
- catalysing the development of green finance solutions.

[1] Monetary Authority of Singapore. (2022). Website. https://www.mas.gov.sg/development/sustainable-finance

[2] Institute of Banking and Finance Singapore. (2022). 12 Sustainable finance technical skills and competencies. https://www.ibf.org.sg/programmes/Pages/SF_TSC.aspx

[3] Singapore Green Finance Centre. (2022). Website. https://www.singaporegreenfinance.com/

Singapore Is Top In Asia: Transparency International Corruption Perceptions Index 2021

SINGAPORE HAS RETAINED ITS HIGH SCORE OF 85 FOR THE TRANSPARENCY INTERNATIONAL (TI) CORRUPTION PERCEPTIONS INDEX (CPI) FOR 2021. Out of 180 countries, Singapore is ranked fourth least corrupt nation in the world, alongside Sweden and Norway. There is also a tie for the top three countries – Denmark, Finland and New Zealand. Significantly, Singapore remains the only Asian country ranked among the top 10 in the last 10 years.

Table 1 Corruption Perceptions Index 2021 (top 10)

Ranking (2021)	Country	Score	Ranking (2021 vs 2020)
1	Denmark	88	=
1	Finland	88	↑
1	New Zealand	88	=
4	Norway	85	↑
4	Singapore	85	=
4	Sweden	85	=
7	Switzerland	84	↓
8	Netherlands	82	=
9	Luxembourg	81	↑
10	Germany	80	=

Source: Transparency International

Table 2 Perceptions of corruption in Asia, the US and Australia in 2021 (top 10)

1 Singapore
2 Australia
3 Japan
4 Hong Kong
5 Macau
6 Taiwan
7 South Korea
8 US
9 China
10 Vietnam

Source: Political and Economic Risk Consultancy

PHOTO SHUTTERSTOCK

The TI-CPI ranks and measures countries by their perceived levels of public sector corruption. The 2021 index draws upon 13 expert assessments and surveys of business people and country experts. Countries are then scored on a scale of zero (for highly corrupt) to 100 (for very clean). In the 2021 edition, TI cautioned that as countries rolled out some of the world's biggest economic recovery plans to deal with the COVID-19 pandemic, such large-scale responses, if conducted without adequate checks and balances, would inevitably lead to corruption.

In Singapore, the corruption situation continues to remain firmly under control despite the challenges brought about by the COVID-19 pandemic, says the Corrupt Practices Investigation Bureau (CPIB). The latest annual corruption statistics released by CPIB in 2021 indicate that the number of corruption cases has remained low.

Singapore continues to perform well across international indices for incorruptibility and its clean public sector. In addition to the high ranking in the TI-CPI, the Political and Economic Risk Consultancy (PERC) has also ranked Singapore as the least corrupt country in its 2021 "Annual Review of Corruption in Asia" report (Table 2) – a position the country has held since 1995. In the World Justice Project (WJP) Rule of Law Index 2021, Singapore was ranked third in the absence of corruption in government factor – the top Asian nation out of the 139 countries ranked. The factor considers three forms of corruption: bribery, improper influence by public or private interests, and misappropriation of public funds or other resources. Singapore also ranked third in the order and security factor in the WJP index.

"Singapore's performance for the Transparency International Corruption Perceptions Index and other international indices is the result of the strong political will to fight corruption, as well as the constant vigilance and unwavering determination by the public service and the public to keep corruption at bay," says Denis Tang, Director CPIB. "There is no room for complacency as the corruption threat is always evolving."

Singapore's standing as a trusted hub for business and finance demands a zero tolerance for financial crimes. To this end, the accountancy profession has played its part in a variety of ways as accountants are found in every sector of every industry. To further deepen the skill sets to combat the increasing sophistication of financial fraud, ISCA has launched the ISCA Financial Forensic Accounting Qualification for professionals who want to strengthen their knowledge in financial forensics. In 2021, ISCA and CPIB also signed a Memorandum of Understanding to explore a pathway for eligible CPIB officers to obtain the ISCA Financial Forensic Professional credential.

isca breakfast talk

Environmental And Social Risks And Impacts

WITH THE GLOBAL INCREASE IN POPULATION AND URBANISATION, and climate change creating lasting impacts on biodiversity, industries and societies, there is an urgent need to relook investments to sustain economic development and living standards. Under these pressing circumstances, the public and private sectors must continue to invest in purposeful, well-functioning and resilient infrastructure. To this end, Asian Infrastructure Investment Bank (AIIB) has responded with its corporate strategy – financing infrastructure for tomorrow – where all investments will be financially and economically sustainable, socially sustainable and inclusive, and environmentally sustainable.

"Not only must the right infrastructure be invested in, they must also be invested in a sustainable manner," said Chee Wee Tan, Senior E&S Specialist (Private Sector), AIIB, and having a robust and comprehensive environmental and social (E&S) approach can pave the way. Mr Tan was addressing a virtual audience of more than 400 accountancy professionals at the ISCA Breakfast Talk on February 9.

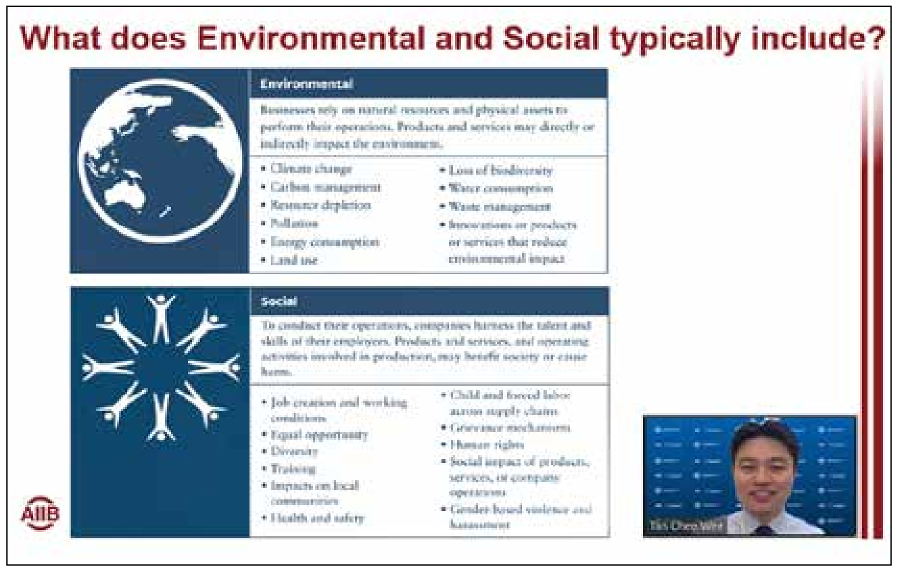
Table 1 Nine key elements in an effective ESMS

	Elements	Objectives
1	Policy	Summarise the commitment to manage E&S risks and impact
2	Identification of risks and impacts	Identify to develop appropriate strategies to address and prioritise
3	Management programmes	Action plans and procedures to avoid, minimise or compensate
4	Organisational capacity and competency	ESMS team: trained, authorised and report access to management
5	Emergency preparedness and response	Effective response to gaps in system or external force
6	Stakeholder engagement	Identify, prioritise and develop a plan for meaningful consultation
7	External communications and grievances mechanism	Affected communities per se not identified and project-level affected communities
8	Ongoing reporting to affected communities	Information disclosure at project and corporate levels
9	Monitoring and review	Check for KPIs and act on ESMS improvement plan

The first step would be for organisations to develop their own environmental and social management system (ESMS) – a management tool to integrate E&S aspects in strategic objectives and day-to-day activities (Table 1). ESMS is designed to help companies assess and manage the E&S risks and contribute to lasting operational improvements and sustained financial gains. After its development, ESMS should be implemented consistently by a group of committed, trained, and authorised personnel.

Mr Tan highlighted the common E&S risks and their impacts on selected infrastructure projects. He shared that the environmental and social impact assessment (ESIA) is an instrument commonly used to identify and assess the potential E&S impacts of an infrastructure project, evaluate alternatives, and design appropriate mitigation, management and monitoring measures. In a typical wind power plant, for example, the ESIA would identify E&S risks and impacts such as visual impacts, biodiversity, shadow flicker, blade/ice throw, working at heights and others. A toll road project, for example, would typically involve E&S risks and impacts such as habitat alteration and fragmentation, waste management, noise, pedestrian and traffic safety, and other considerations.

Throughout the life cycle of an infrastructure project, it is crucial that stakeholders, including project-affected people, are consulted. Involving identified parties from the start, providing information updates on an ongoing basis, supporting and being sensitive to the needs of vulnerable groups, and to establishment of an effective grievance redress mechanism are key ingredients of a meaningful consultation.



MARK YOUR CALENDAR

Specially curated for busy professionals, the Web-Bitez Learning Series comprises 20 hours of bite-sized learning delivered through live webinars to accommodate your busy work schedule where you can opt for playback if you miss the live webinar!

Explore our inaugural Web-Bitez Learning Series and enhance your competencies with savings up to 62%, absolutely hassle-free!

Get a $20 Grab voucher for every package purchase, while stocks last!

18 FEB

Understanding the GST Treatment for Recovery of Expenses (Live Webinar)

SkillsFuture Credit and UTAP Funding approved

Gain a better understanding on the differences between reimbursement and disbursement for GST purposes as well as GST rules for recovery of expenses (i.e. recharge or rebilling of expenses).

21 FEB

Leading with Mindfulness

Are you leading your team mindfully or mindlessly?

Join this workshop to learn the combination of guided meditation practices and exercises. The end result is: you are kinder to yourself instead of being a self-critical leader. There are evidences that practicing mindfulness increases your positive moods while cultivating compassion for both yourself and others. Also, it reduces anxiety, stress and mood swings.

24 FEB

Individual Income Tax Planning Workshop (Live Webinar)

This programme is designed to provide participants with knowledge in Singapore individual income tax laws, principles and practices so that they can perform simple tax planning.

04 MAR

Business Analytics for Strategic and Organizational Performance (Live Webinar)

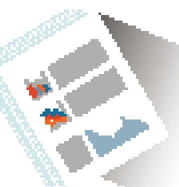
SkillsFuture Credit and UTAP Funding approved

Learn to understand conventional and advanced Business Analytics and why this is a critical success factor for businesses today moving into the 21st Century. They will appreciate the types of data analytics and statistical methods for descriptive, predictive, prescriptive and decisive insights in a business.

07 MAR

FRS for Business Management: Understanding and Applying FRSs in Business Decisions (Live Webinar)

This course aims to highlight the importance of incorporating FRSs into business decisions by:



- Understanding the principles of the FRSs.
- Explaining how to incorporate FRS into operational policies.
- Explaining how contractual terms can affect the application of FRSs
- Explaining how operational results may not be reported as expected by management
- Understanding asset management in accordance with FRSs.
- Increasing awareness of the inherent risk in applying FRSs in practice

Dates and events are subjected to change without prior notice.
For more details, visit www.isca.org.sg

BY STELLA LAU AND FELIX WONG

BUDGET 2022 HIGHLIGHTS

Key Business And Tax Measures

FINANCE MINISTER LAWRENCE WONG DELIVERED THE SINGAPORE BUDGET 2022 STATEMENT ON FEBRUARY 18 IN PARLIAMENT. Aptly themed "Charting Our New Way Forward Together", the highly anticipated Budget comes amid a complex economic and business landscape, as Singapore stays the course for reopening despite the uncertainty surrounding omicron infections around the world, and when rising business confidence is fraught with challenges including multiple escalating cost pressures.

Budget 2022 is an expansionary one amounting to $102.4 billion, up $4 billion from Budget 2021. This year's fiscal deficit is at $3 billion (or 0.5% of Gross Domestic Product). It is the fourth consecutive year that Singapore has run a fiscal deficit.

This year's Budget reinforces the support measures for businesses. These include providing relief for struggling sectors, and financing schemes to support businesses with cashflow needs in view of the rising costs in energy, raw materials, and general inflation. The GST hike will be delayed to 2023 and staggered over two years to reach 9% in 2024. New grants and initiatives have been introduced, and they focus on longer-term interests in driving all-round transformation, internationalisation and worker upskilling. More ambitious sustainability targets have also been set for Singapore to reach net-zero emissions by or around mid-century.

To fund spending, Budget 2022 outlines various taxation changes over the next few years – from higher GST, personal income tax and wealth taxes to revisions in corporate taxes, considering global developments. More key business and tax highlights are summarised below.

This year's Budget reinforces the support measures for businesses. This includes providing relief for struggling sectors, and financing schemes to support businesses with cashflow needs in view of the rising costs in energy, raw materials, and general inflation.

A. KEY BUSINESS SUPPORT MEASURES

(1) Rendering immediate support

Relief for affected sectors

Recognising that certain sectors remain hard hit by the COVID-19 pandemic, a $500-million Jobs and Business Support Package has been put together to deliver targeted help. This comprises the following measures:

- Small Business Recovery Grant – Small and medium-sized enterprises (SMEs) in hard-hit sectors including food and beverage, retail, tourism and hospitality will receive a payout of $1,000 per employee, capped at $10,000 per firm. Additionally, a $1,000 one-off grant will be provided to companies which do not hire local employees, including sole proprietors and partnerships in eligible sectors and Singapore Food Agency (SFA)-licensed hawkers, market and coffeeshop stallholders.
- The COVID-19 Recovery Grant will be extended to end-2022, along with an extension of the Jobs Growth Incentive till September 2022, to support the hiring of mature and vulnerable workers, albeit with reduced support rates.

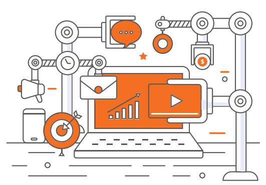
Financing schemes to help businesses with cashflow needs

The following financing schemes will be extended:

- The Temporary Bridging Loan Programme will be extended by six months to 30 September 2022, to provide enterprises with access to working capital. Loan quantum is reduced to $1 million instead of $3 million previously, with a slightly higher interest rate of 5.5%, up from 5% previously.

PHOTO GETTY IMAGES

The deepening of digital capabilities will also better enable local enterprises to seek new growth opportunities offshore. Budget 2022 will fund initiatives to help businesses access new frontier markets and drive research and development.



- The Enterprise Financing Scheme – Trade Loan will be extended by six months to 30 September 2022, with revised parameters to support Singapore-based enterprises' trade financing needs for short-term import, export, and guarantee needs.

(2) Navigating the future and pushing on with longer-term interests

Deepening digital capabilities

Business transformation including digitalisation and pivoting of business models are critical for business survival during the pandemic. To enable companies to advance on their digital journeys, digitalisation schemes such as the Productivity Solutions Grant (PSG) have been enhanced.

- Around $600 million will be committed to expand the range of available solutions under the PSG to help more SMEs adopt and implement productivity solutions. Close to $40 million will be deployed to help businesses adopt accounting and point-of-sale solutions to adjust to the GST increase.
- The Advanced Digital Solutions (ADS) scheme helps companies deepen digitalisation with advanced integrated solutions such as robotics, Internet of Things and other technologies. Up to 70% funding support for the adoption of an expanded suite of solutions from 1 April 2022 will be provided. Solutions supported will include artificial intelligence and cloud technologies that help enterprises increase operational efficiency and business decisions.

All-round transformation that delivers people-centric outcomes

Effective digital adoption needs to be set against the larger backdrop of a whole-of-organisation transformation. Industry and business leaders at the recently concluded ISCA Pre-Budget Roundtable 2022 held on 14 January 2022 were unanimous that all-round transformation needs to be prioritised for future growth. This includes determining business model shifts, optimising operations and identifying business needs as well as corresponding solutions. Most importantly, transformation needs to be people-centric.

- The Company Training Committee (CTC) initiative launched in 2019 by The National Trades Union Congress (NTUC) helps companies drive workforce transformation in tandem with business transformation. This initiative will be scaled with a new $100-million grant. Part of the grant will help companies with CTCs develop concrete firm-level transformation plans and corresponding workers' training initiatives. This can help workers achieve better prospects and reduce redundancy and job loss.

Pressing ahead with internationalisation and innovation

The deepening of digital capabilities will also better enable local enterprises to seek new growth opportunities offshore. Budget 2022 will fund initiatives to help businesses access new frontier markets and drive research and development.

- Grow Digital – This scheme helps businesses expand into overseas markets via digital platforms. Up to 70% funding support will be provided for onboarding cross-border digital platforms from 1 April 2022. The number of pre-approved digital platforms will be expanded.
- Singapore Global Enterprise – Local enterprises can expect more help in the form of bespoke assistance provided on various aspects including internationalisation, innovation and

PHOTO GETTY IMAGES

fostering partnerships with other firms.

- Merger & Acquisition Loan – Singapore-based enterprises can gather financing support for the acquisition of overseas or local enterprises as part of internationalisation. The scheme will be enhanced to include domestic M&A activities for four years from 1 April 2022 to 31 March 2026. This features a maximum loan quantum of up to $50 million per borrower or borrower group.
- Research and development centres in Polytechnics and Institutes of Technical Education (ITE) – The capacity of these centres will be increased to provide research and innovation support to more SMEs in five pilot sectors including agri-tech, construction, food manufacturing, precision engineering and retail.

(3) Investing in people, developing local talent

The manpower crisis during the pandemic brought to the fore the urgency to build a local talent pool. As Singapore continues to welcome foreign talent to fill talent gaps and facilitate knowledge transfer to local workers, it is necessary to ensure that the foreign talent is of the right calibre, and can contribute to the economy.

- To address the above issue, the minimum qualifying salary will be increased for new Employment Pass ($500 increment) and S Pass ($500 increment) applicants. The minimum qualifying salary for new S Pass applicants in the financial services sector will be increased to $3,500. The assessment criteria of work pass applications will also be refined to ensure complementarity and diversity of the foreign workforce here.

To nurture local talent and encourage companies to train workers, Budget 2022 will set aside funding for the following:

- The Singapore Global Executive Programme provides support to local enterprises in attracting and nurturing the next generation of leaders through industry and overseas attachments, mentorships and peer support networks.
- SkillsFuture Enterprise Credit – To encourage more SMEs to implement workplace training, the Skills Development Levy contribution requirement will be waived. This will enable more small and micro enterprises to be eligible for this grant. Up to $10,000 credit will be provided, to offset up to 90% of expenses for enterprise or workforce transformation.

Funding will go towards initiatives to help vulnerable worker segments, such as mid-career workers, adapt to shifts in skills demand:

- SGUnited Mid-Career Pathways Programme – This scheme has been made a permanent initiative. It involves placing mature workers in company attachments for four to six months to undergo skills upgrading. Allowances of up to $3,800 a month will be co-funded by the government.
- SkillsFuture Career Transition Programme – This is a train-and-place scheme commencing 1 April 2022 to replace SGUnited Skills and SGUnited Mid-Career Pathways. The programme features highly subsidised, high-quality and industry-oriented training courses with employment facilitation.

(4) Driving new ambitions in sustainability

The government continues to intensify sustainability efforts. To develop a robust green finance market in Singapore, the government has committed to issue $35 billion of green bonds by 2030 to fund public sector green infrastructure projects; it will also publish a Singapore Green Bond Framework. There will be more job opportunities in the green sector and greater demand for talent with green skills.

Positioning sustainability as a business opportunity, the Minister for Finance highlighted that Singapore can "become the go-to location in Asia for expertise in carbon services, and the trusted regional marketplace for carbon credits...(and) become a frontrunner in the development of sustainable aviation and marine fuels".

Positioning sustainability as a business opportunity, the Minister for Finance highlighted that Singapore can "become the go-to location in Asia for expertise in carbon services, and the trusted regional marketplace for carbon credits...(and) become a frontrunner in the development of sustainable aviation and marine fuels".

B. KEY TAX HIGHLIGHTS

(1) Exploring a new minimum effective tax rate regime

The Global Anti-Base Erosion model rules under Pillar Two of the Base Erosion and Profit Shifting (BEPS) 2.0 initiative introduces a global minimum effective tax rate of 15% for multinational enterprise (MNE) groups with annual global revenues of at least €750 million. This means that if an MNE were to have an effective tax rate of less than 15% in Singapore at the group level, other jurisdictions (such as the MNE's Ultimate Parent Entity jurisdiction) can collect the difference, up to 15%.

To this end, Singapore is exploring a top-up tax under a new Minimum Effective Tax Rate (METR) regime which will top up the MNE group's effective tax rate in Singapore to 15%. In designing the METR, Singapore should do well if it keeps to its proactive business-friendly philosophy, provides tax certainty, and ensures that compliance costs are kept low.

(2) Moving towards greater progressivity and addressing wealth inequality

Personal income tax increase

As Singapore strives towards greater progressivity in its tax system, the top 1.2% of individual taxpayers are set to shoulder a greater tax burden as the top marginal personal income tax rate will be increased. As Minister Wong said in his Budget Statement, "Where personal income tax is concerned, there is room for greater progressivity, so that those who earn more, contribute more."

From Year of Assessment (YA) 2024, resident individual taxpayers' chargeable income between $0.5 million and $1 million will be taxed at 23%, while that in excess of $1 million will be taxed at 24%.

This proposed increase is a carefully evaluated move that, on the one hand, provides for greater progressivity and, on the other hand, ensures Singapore's continued competitiveness. At 24%, Singapore's top marginal personal income tax rate remains low compared to most jurisdictions in the region. Notwithstanding this 2% increase in the individual tax rate, Singapore's low effective individual tax, coupled with its many attractive features, should ensure that it remains as one of the most preferred locations for foreign talents to work and live in. At the same time, Singapore should also remain a destination of choice for the location of family offices, and regional and global headquarters.

Property tax for residential properties

On net wealth tax, Minister Wong explained, "Ideally, we would want to tax the net wealth of individuals. But such a tax is not easy to implement effectively."

To fund spending, Budget 2022 outlines various taxation changes over the next few years – from higher GST, personal income tax and wealth taxes to revisions in corporate taxes, considering global developments.

PHOTO SHUTTERSTOCKS

As Singapore continues to study the experiences of other countries and explore options to tax wealth effectively, it has focused on a substantial increase in property tax as a means of taxing wealth. The increase in property tax will be introduced in two steps, beginning with an increase in property tax payable in 2023, and thereafter in 2024.

For owner-occupied residential properties, the property tax rates on Annual Value in excess of $30,000 will eventually be increased to between 6% and 32% (up from 4% to 16% currently) on 1 January 2024. The increase will impact the top 7% of owner-occupied residential properties.

For non-owner-occupied residential properties (including investment properties), the property tax rates will eventually be increased to between 12% and 36% (up from 10% to 20% currently) on 1 January 2024. While all non-owner-occupied residential properties will face higher property taxes, the increase will be more significant for properties with higher annual values.

New additional registration fee tier for luxury cars

To improve progressivity of the vehicle tax system, a new Additional Registration Fee tier will be introduced for luxury cars. With the new tier, the portion of open market value (OMV) in excess of $80,000 for cars will be taxed at 220%.

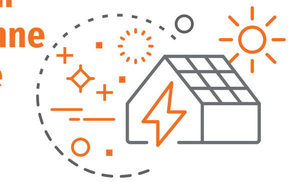
(3) Staggered increase in GST rate

The highly anticipated GST rate hike will be staggered over two years, beginning with rise from 7% to 8% on 1 January 2023, and subsequently to 9% from 1 January 2024.

The staggered GST rate hike will help alleviate some immediate concerns about the rising costs of living amid an uncertain economic outlook. However, GST-registered businesses will have to shoulder two rounds of costs and efforts as they implement the changes. To help businesses adjust to the GST rate hike, $40 million has been set aside under the Productivity Solutions Grant to subsidise the acquisition of accounting and point-of-sale solutions.

PHOTO SHUTTERSTOCKS

In an ambitious and progressive move to achieve a net-zero carbon future, Singapore will raise its carbon tax from the current $5 per tonne to $25 per tonne in 2024 and 2025, and to $45 per tonne in 2026 and 2027, with a view to reach $50 to $80 per tonne by 2030.



(4) Steep carbon tax increase to achieve net-zero ambition

In an ambitious and progressive move to achieve a net-zero carbon future, Singapore will raise its carbon tax from the current $5 per tonne to $25 per tonne in 2024 and 2025, and to $45 per tonne in 2026 and 2027, with a view to reach $50 to $80 per tonne by 2030. The revenue generated will be used to fund incentives to help firms make the green transition and seize opportunities in the green economy.

A transitional framework will be implemented to help emissions-intensive and trade-exposed sectors manage the near-term impact on business competitiveness, while support such as U-Save rebates will be provided to households to help cushion the impact of higher utility bills arising from the carbon tax increase.

(5) Facilitating disclosure of company-related information for official duties

Currently, the Inland Revenue Authority of Singapore (IRAS) can disclose information collected under the Income Tax Act (ITA) to a public officer (or any other authorised person outside the public sector who is engaged by the government or a statutory board) for the performance of his official duties in administering any written law or public scheme, where taxpayers have provided consent.

To support data-driven policymaking, operations, and integrated service delivery, Budget 2022 proposes to introduce a new legislation to grant IRAS the power to disclose to government agencies a prescribed list of identifiable information without the consent of the taxpayer.

The proposed change will allow certain information to be shared more easily and quickly among public sector agencies, providing them with more timely information on the current business environment to allow for better formulation of new policies. While there are certainly benefits for such data sharing, checks and balances should be put in place to ensure that the confidentiality of taxpayers' information is not undermined.

(6) Refining tax schemes for specific sectors

Several tax schemes for specific sectors that remain relevant to Singapore will be extended and refined. One such scheme is the Approved Royalties Incentive (ARI), which provides exemption or reduction in withholding tax on royalty payments made to access advanced technology and knowhow. The ARI will be extended to 31 December 2028 and at the same time, simplified to cover classes of royalty agreements on an activity-set-based approach (instead of approval on an individual agreement basis).

CONCLUSION

Budget 2022 is a responsive and forward-looking fiscal package. It strikes a difficult balance in providing continued relief for vulnerable business sectors, workers and households, while providing ammunition for businesses and workers to push ahead with transformation and training, and to drive new growth sectors. It charts a unique vision for Singapore and reinforces the commitment to build an inclusive and sustainable society. ISCA

Stella Lau is Manager, Insights and Publications, ISCA, and Felix Wong is Head of Tax, Singapore Chartered Tax Professionals.

VIVIENNE CHIANG
FCA (SINGAPORE),
MANAGING DIRECTOR,
REANDA ADEPT PAC

BEVERLEY KHOO
FCA (SINGAPORE),
AUDIT DIRECTOR,
OA ASSURANCE PAC

KATHERINE ANG
CA (SINGAPORE),
GROUP INTERNAL
AUDIT MANAGER

WOO E-SAH
CA (SINGAPORE),
PARTNER & HEAD OF AUDIT,
RSM SINGAPORE

WOMEN IN ACCOUNTING: THE PURSUIT OF HAPPINESS

What does it mean to lead a balanced and fulfilling life? In a salute to women on International Women's Day on March 8, ISCA spotlights four members, all juggling different roles as wives, mothers, sisters, daughters and employees while maintaining a good sense of self.

SIGNIFICANT PROGRESS HAS BEEN MADE BY WOMEN IN THE LAST FEW DECADES. Women today have a strong presence in the workforce, juggling multiple roles at the office and at home. But, they remain the ones who are still more likely than men to adjust their work – modifying schedules, assuming part-time positions or turning down opportunities for career advancement – to accommodate family commitments.

Women are probably also the people shouldering a larger share of household and childcare duties even while committed to full-time employment. That certainly does not leave a lot of time for personal pursuits.

With the topic of mental health issues gaining awareness in the mainstream media and in public conversations, devoting time to leisure and personal care has never been more important for one's overall wellbeing. After all, the proliferation of digital devices means that the lines are increasingly blurred between one's work and personal life. On top of that, the work-from-home arrangements that many corporations have embraced since the emergence of COVID-19 have further challenged the notion of work-life balance. What does this mean for the busy working woman and how she makes the most of that precious resource called time?

In these up-close-and-personal interviews, four established female accounting professionals share the importance of carving out time for themselves, how they spend that time and their personal beliefs about what grounds them in life.

SELF-CARE IS THE BEST GIFT TO LOVED ONES

Vivienne Chiang, FCA (Singapore), Managing Director, Reanda Adept PAC

AS A MANAGING DIRECTOR OF A PUBLIC ACCOUNTING FIRM AND A MOTHER OF TWO, ONE CAN IMAGINE THAT VIVIENNE CHIANG LEADS A PRETTY BUSY LIFE. And yet, having time to herself is non-negotiable. "It's important because it helps me remember who I am, rather than who I am to others – a wife, a mother, a daughter, a boss."

Her recipe for self-care is classic and straightforward – a morning jog, typically thrice a week. "When I run, I shut out the noise and let my mind roam while I appreciate the nature around me. I ponder over things and process my thoughts to understand why I feel a certain way about something," says Ms Chiang.

Even then, this simple routine takes no small amount of planning and intentionality – the two success factors in carving out time for oneself. "If I schedule my morning run on a particular day, I will plan to drop off the kids at school earlier. If I need to run some errands for my mother, I will plan my route bearing in mind the other things I have to do so that I don't have to run all over the place," she explains. Her two children are 17 and 20.

It may sound simple but self-care is as much about a mindset as it is about time management, according to Ms Chiang. "Firstly, you have to believe that taking care of your own needs is just as important, if not more important, than taking care of others' needs. Otherwise, you won't intentionally plan to care for yourself but take whatever 'leftover' time there is. And you'll find that more often than not, you will not find that time. So I will set aside time for my morning jogs, before my calendar gets filled up."

This pocket of time alone forms a solid foundation for Ms Chiang to fulfil all her other roles throughout the day, with the first and foremost that of being a parent. "If you are not happy, you cannot be a happy mother. Children can sense your mood. If you love your children, you would want the best for them, and in order to give them the best, you must first be the best you can be. When you take the time to care for yourself, you are less edgy, more loving, and more patient. Then they see and learn from you," says Ms Chiang. She adds, "If we are always stressed, we get triggered at the slightest provocation. Then we lose control of ourselves and we're not walking the talk."

The importance of self-care extends beyond family life and parenting to workplace culture and relationships. "When you take care of yourself, you can pay more attention to your colleagues working alongside you and build good relationships with them, because you're relaxed. And I find that sometimes, when I go for a jog, solutions to problems that have stumped me for some time just pop into my mind. So it's not about a strict compartmentalisation of time between family, work and self-care. You can 'work' when you're 'resting' and be 'relaxed' when you're 'working'," she clarifies. "All of us want to give the best to those around us. The place to start is with yourself – be the best you."

The opportunity to contribute to causes she believes in is also part of self-care. In her free time, Ms Chiang serves as a volunteer at her church, helping to mentor and provide emotional support to others. "As a woman and a mother myself, I have a soft spot for other women. Just as I have learned from the experiences of other older women, I want to help the younger generation so that they don't have to make the same mistakes. To be able to make a difference in somebody's life is a very fulfilling experience," says Ms Chiang. To her, the pursuit of happiness is all about "being at peace with oneself".

"All of us want to give the best to those around us. The place to start is with yourself – be the best you."

"... it's important to read good books. Good books shape your thoughts and rewires the way you think."

ESCAPE INTO ANOTHER WORLD

Beverley Khoo, FCA (Singapore), Audit Director, OA Assurance PAC

IN AN ERA OF SOCIAL MEDIA AND NETFLIX, BEVERLEY KHOO PREFERS TO UNWIND WITH A GOOD BOOK IN HAND. And when it's a really good book, she can read throughout the night. "Reading helps me disconnect from one world and enter into another, through the eyes of the author," says Ms Khoo.

Taking the time to indulge in her favourite pastime is important because it helps her think, recharge and rejuvenate. "I get very agitated when I don't have that downtime to myself for long periods; I will feel lost. You wouldn't want to be near me!" she adds with a laugh. Ms Khoo finds her next read by checking out bestseller lists or looking at recommendations on reading apps such as National Library Board's mobile app.

Ms Khoo enjoys reading biographies, books on self-improvement and leadership as well as romance. Among her favourite reads are T*he Monk Who Sold His Ferrari* – a self-help book by Robin Sharma, and *Steve Jobs: The Exclusive Biography* by Walter Isaacson, the latter of which she describes as a book "with many meaningful quotes" that gave her insight into the late Jobs' remarkable intelligence and the motivation behind his relentless drive for perfection.

Attributing her love of reading to her parents, who were both avid readers themselves, Ms Khoo recalls her childhood trips to Disneyland in USA with fond memories – not so much for the rides but the treasure trove of hardcover Disney Princess books her parents bought for her, all of which she has kept till today.

As a mother, Ms Khoo tries to instil the same love of books in her six-year-old daughter by reading to her every night. "Now, she can pick up a book and read a few pages aloud to herself. It's important to build up an interest for reading in children because it not only improves one's language skills, it helps one learn so much more beyond what is taught in the classroom."

According to Ms Khoo, having a young child helps her maintain that sometimes-elusive balance between work and life. "I have to give credit to my daughter for helping me minimise my usage of my smartphone or computer, because being six years old, she expects the attention to be on her when we're together."

It also helps that Ms Khoo works at a company that observes a flexi-work arrangement. "When deadlines are looming, meeting those deadlines becomes the priority and if need be, we work late. So instead of a rigid nine-to-five routine, we have the freedom to manage our time accordingly, so in this respect, work-life balance isn't that much of an issue. Ultimately, it's a matter of accountability and good time management," says Ms Khoo.

Her personal motto on the importance of carving out time for oneself is a famous quote often attributed to Mahatma Gandhi – "Watch your thoughts, they become words; watch your words, they become actions; watch your actions, they become habits; watch your habits, they become character; watch your character, for it becomes your destiny." She adds, "This is why it's important to read good books. Good books shape your thoughts and rewires the way you think."

GETTING THE BALANCE RIGHT

Katherine Ang, CA (Singapore), Group Internal Audit Manager

SELF-CARE FORMS THE FOUNDATION FOR LIVING A FULL LIFE, DECLARES KATHERINE ANG. "Living well allows us to juggle multiple roles effectively, and improves our mental health and overall wellbeing," she explains. For Ms Ang, aerial yoga is a new interest that does wonders for her wellbeing. It was something she chanced upon while researching workout routines. Given her background as a dancer during her teenage years, the high intensity of the classes, coupled with the slow, measured pace, appealed to her immediately. "My stiff body and drop in stamina posed a huge challenge as I've stopped dancing for almost 18 years! However, I have no excuse to skip classes because the studio is located right in my neighbourhood," she shares.

Ms Ang usually attends classes during the lunch hours on weekdays or early mornings on the weekend. "I like the sessions because they rejuvenate me. Aerial yoga helps one to defy gravity by forcing our body to its limits to stretch even further. This resonates with me as it's akin to how we defy the odds in life to progress further. I think that's partly why I feel recharged physically after a workout, and also recharged mentally as well."

Rejuvenating the soul, on the other hand, comes from spending time with her loved ones; for instance, bonding with her six-year-old son is a priority. "Spending time together is not just about doing things together or being physically together but really connecting and engaging each other, for instance, being involved and understanding how he feels about his day or his week, what he likes or does not like," she shares. "When I am physically with my son, I have to be intentional about being mentally and emotionally present for him, and that means putting my phone and work aside." Ms Ang also makes it a point to involve her son when planning the family activities. To her, happiness does not necessarily have to come with a price tag as it can be as simple as playing Nerf guns in the park after dinner.

The delicate balance among work, parenting and leisure is made possible through the help of Ms Ang's family, who steps in to "fill the gap" when contingencies arise at work. That said, going to work in a company that operates on a culture of high trust and accountability is a bonus that enables Ms Ang to excel in her multiple roles.

Ms Ang acknowledges that women, as a gender class, have made significant progress in terms of social norms and conventions, especially over the recent decades. "Women today have a strong presence in the workforce – they wear many hats and juggle multiple roles at work and at home. Women are more likely than men to adjust their work – modifying work schedules, taking on part-time work, choosing less demanding work, switching careers, or turning down opportunities for career advancement – to accommodate family commitments," she elaborates. "Now, we can pursue our own aspirations while being there for our families. It's really all about taking things one step at a time and how much you want to achieve your dreams."

This approach has enabled Ms Ang to carve out time for another activity close to her heart – volunteerism. As a member of ISCA's Young Professionals Advisory Committee, she helps to organise and run campaign events as well as seminars to engage young ISCA members and promote integration with other members of the Institute. She shares that volunteering gives her the opportunity to advocate for the accounting profession and enrich the lives of like-minded young professionals, just as how her own life has been enriched by others. She adds that she has been "blessed and grateful to have good mentors" to guide her in matters regarding her career, and life in general.

Among the most important lessons she has gleaned from her mentors about self-care is the need to spend time to reflect, understand one's limits and take things in one's stride. "Sometimes, when things get us down, we try to get over them as fast as we can. But I've found it beneficial to give room to disappointment and despair. Recognising and acknowledging one's emotions is a powerful thing because it helps us get to the root cause of whatever setback we face; that is how we rise back up stronger each time we fall." says Ms Ang. "We're all human, so while we need – and should – push ourselves and step outside our comfort zones in order to grow, we should not be too hard on ourselves. Otherwise, just like a rubber band, we'll snap."

"Many people think you have to have a path all charted out for the future but, whatever it is, when the time comes, you will know which path to take."

NO NEED TO BE SUPERWOMAN

Woo E-Sah, CA (Singapore), Partner & Head of Audit, RSM Singapore

BY NO MEANS DOES WOO E-SAH CONSIDER HERSELF ATHLETIC, but the audit professional is an avid practitioner of aerial yoga, a variation of yoga where the poses are done while suspended in mid-air, typically using a hammock. It was not an endeavour Ms Woo took up merely out of self-interest. "It was an opportunity to explore something new with my daughter. We've been doing it for two years now, sometimes weekly or fortnightly, and we really have fun doing it together. I've done yoga and aerobics before but even so, I was surprised I could do some of the aerial yoga poses," says Ms Woo.

For the mother of two teenaged children, carving out time for oneself is of paramount importance. "Women play many different roles and, as a Virgo, I do recognise in myself the tendency to be a perfectionist. Sometimes, this tendency drives us to excel in all these various roles and we become too hard on ourselves without even realising it. When we slow down and take some time out, we can recalibrate our steps to ensure that we're on the right path."

For Ms Woo, it's less about what she does during her leisure time and more about who she is spending that time with. Although her interests have changed over time, spending time with her loved ones remains one of her favourite ways of recharging. She also hopes to one day improve her cycling finesse and learn to play the piano, tapping on her background as an organist.

Before COVID-19 struck, Ms Woo and her family made it a point to participate in the annual outreach events organised by AWWA (Asian Women's Welfare Association), a local social service agency. On that day, they would buy food for the beneficiaries and spend half a day with them or help clean their homes. "It helps to instil volunteerism in my children, and we get to spend time together while doing something for the community," informs Ms Woo.

Nowadays, Ms Woo serves more in a "skills-based" capacity, drawing from her professional qualifications as an accountant to serve as a board or committee member on several charity organisations. She hopes to one day return to "service-based" volunteerism in order to more directly engage the beneficiaries. Her passion for volunteerism was nurtured in her youth – as an Interact Club member during her college days, Ms Woo recalls helping out at the Singapore Children's Club and later on, as an undergraduate at Nanyang Technological University, serving the intellectually disabled community.

She is of the opinion that work-life balance is not about striking that perfect 50-50 split between one's work and life. "If you can internalise whatever you're doing at work, meaning, it is work you find rewarding and stimulating, then you will feel happy and fulfilled doing it, and that's what matters the most. Otherwise, you will feel short-changed and you will find that you are always on the lookout for greener pastures elsewhere."

Asked about advice for women who tend to feel guilty if they are not spending all their time on either work or family, Ms Woo says, "I used to feel this way too, and ended up having no time for myself. Then I'd get frustrated and my mood will quickly escalate and spill over to others. The thing to remember is to be kind to yourself. Another thing – learn to ask for help whenever you feel overwhelmed. You're not Superwoman who has to take on everything herself."

Part of being kind to oneself is about learning to take things in stride and not worrying too much about the future. "My philosophy about life is that we will cross the bridge when the time comes. Many people think you have to have a path all charted out for the future but, whatever it is, when the time comes, you will know which path to take." ISCA

BY SINGAPORE ACCOUNTANCY COMMISSION

TRANSFORMING JOBS FOR THE FUTURE

Continuous Learning, Technology Investment, Job Redesign

DIGITALISATION IS TRANSFORMING THE WORLD. Companies which adopt new technologies quickly will reap the benefits of this transformation. To survive and grow in this changing business environment, companies need to look into the impact of technology on job roles. Which technologies are driving change in accountancy jobs, and how have they affected job roles? How can employers transform existing jobs to adapt to new demands, and how can workers acquire the right skills for these changes?

The Jobs Transformation Maps (JTMs) for Accounting Practices and Inhouse Finance & Accounting (F&A) functions were launched on 5 January 2022 by the Singapore Accountancy Commission (SAC) and Singapore Economic Development Board (EDB), and supported by Workforce Singapore (WSG) and SkillsFuture Singapore (SSG), to address these questions.

The JTM studies found that the accountancy sector will continue to grow, creating new job roles and increased demand for manpower, and companies will grow if technology is embraced at all levels. New initiatives will support companies and professionals to get ready for the future of work.

RISE IN DEMAND FOR MANPOWER

Demand for accounting and other professionals will continue to grow in the accountancy sector. Accounting Practices will require increased manpower as their clients advance in digital maturity and their needs become more sophisticated. Examples of these needs include the rise in demand for advisory services, and services in new areas such as the use of non-financial metrics in valuing businesses. Accounting Practices expect an increase in demand for manpower in Tax, Risk Advisory, Mergers and Acquisitions, Financial Forensics and Business Valuation services. The Inhouse F&A segment will also see a rise in demand for manpower as they are critical in supporting companies which grow and expand from Singapore into the region.

In all, there is a projected demand of 6,000 to 7,000 new accounting jobs by 2025. This will add to the current workforce of more than 100,000, comprising about 80,000 employees in the Inhouse F&A functions, and about 20,000 employees in Accounting Practices.

EMERGING JOB ROLES

New job roles are emerging to meet the new requirements of the changing global business environment. The JTM studies identified 11 job roles emerging over the next two to five years. In Accounting Practices, three new job roles have been identified; they are Environmental, Social and Governance (ESG) Specialists, Ethical Hackers, and IT Auditors. In the Inhouse F&A functions, the eight emerging job roles include Regional Controller, Citizen Data Scientist, Finance Data Steward, Vendor Relationship Manager, Finance Transformation Lead, Finance Automation Lead, ESG Lead, and Governance, Risk and Compliance Lead.

SKILLS IN DEMAND

Technology and soft skills are increasingly in demand. Some of these technology skills include the ability to apply Artificial Intelligence, Cloud Computing, Data Analysis and Interpretation, and Robotics and Automation. As the need for accountants to work with various stakeholders grow, soft skills such as interpersonal skills, adaptability, creative thinking, and customer orientation will become more important.

The JTM studies found that the accountancy sector will continue to grow, creating new job roles and increased demand for manpower, and companies will grow if technology is embraced at all levels.

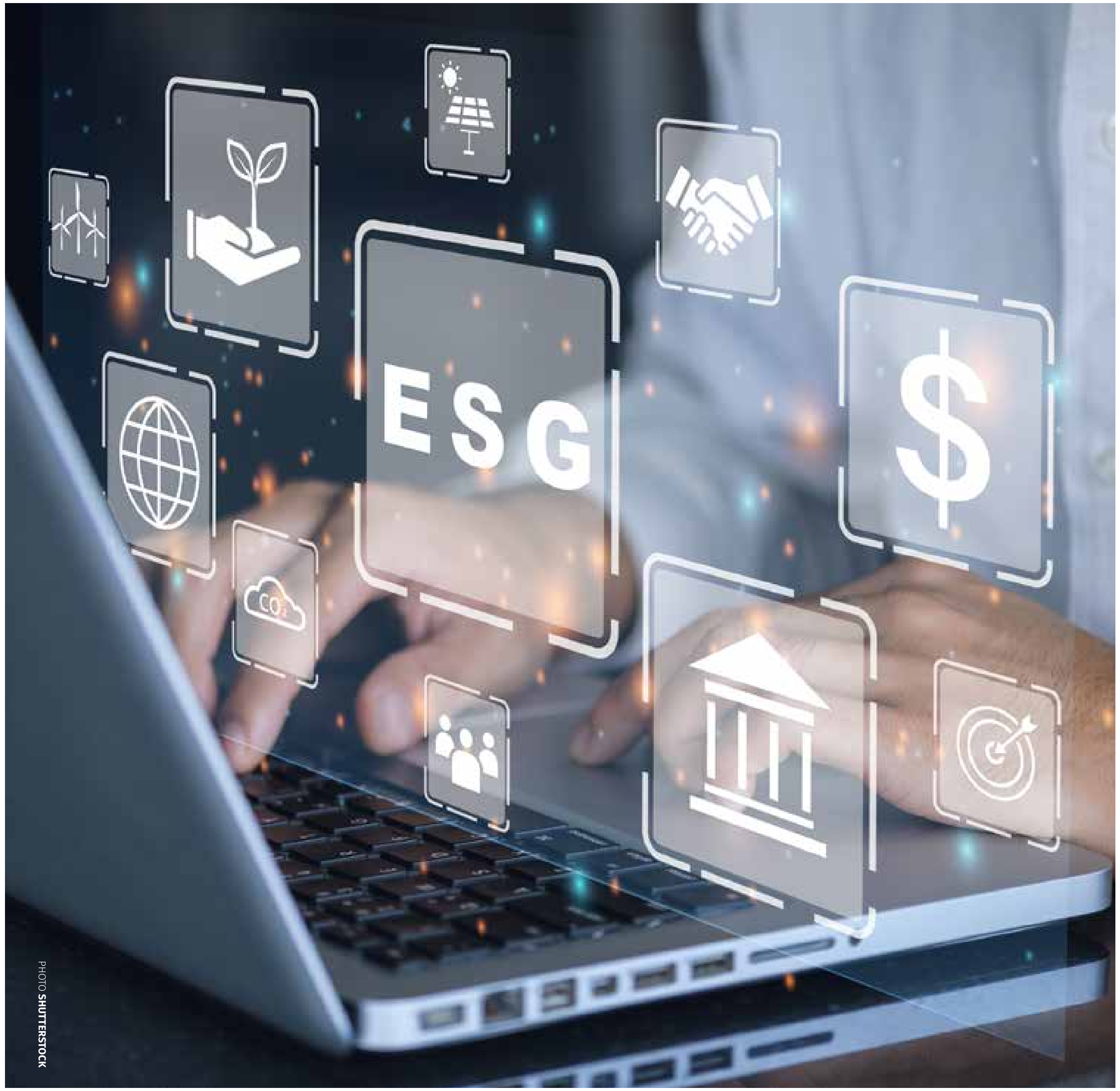


PHOTO SHUTTERSTOCK

CASE STUDIES

Here are two real-life examples of how a professional and a firm prepared for the future of work, by investing in skills development, and technology and job redesign.

Lee Yong Ghoon, Senior IT Auditor, RSM Singapore

Looking at the speed that technology is evolving in the business domain, Yong Ghoon believes that the demand for IT Auditors would continue to grow. Having spent the first 10 years of her work life in IT outsourcing roles after graduating with a degree in Business Information Technology, she decided to move on to IT Auditing. She said, "I knew that I needed to gain prior knowledge and experience in auditing before I could become an IT Auditor. It was then that I chanced upon the Career Conversion Programme for Internal Audit – a programme for mid-career switchers to undergo skills conversion for a new career. I decided to go for it." She explained that the programme provided her classroom training where she enjoyed the group discussions, role plays, and case studies; and on-the-job training where she applied what she had learnt. Today, she lives out her dream job as a Senior IT Auditor at RSM Singapore.

Axiom Asia Pte Ltd

The Accounts Payable (AP) team of the fund management company, Axiom Asia, was processing many hard-copy documents from supplier invoices to employee expense claims. Its manual processes were time-consuming and prone to human error, resulting in delays in supplier payments and employee reimbursements.

The company integrated Optical Character Recognition (OCR) and Machine Learning (ML) technologies with its core accounting systems, going paperless in three months. The AP team now scans hard-copy invoices and processes them using OCR and ML, which eliminate manual data entry. The new system makes validating invoices and audit expenses more efficient. Employees can scan hard-copy receipts with mobile devices and submit reimbursement claims electronically. As a result, there was a 60% increase in productivity by moving from hard-copy to paperless processing for supplier invoices and employee expense claims.

PHOTO SHUTTERSTOCK

EMBRACING TECHNOLOGY AT ALL LEVELS

The JTM studies indicate the need to embrace technology at all levels, to remain relevant in today's increasingly complex business and regulatory environment.

The JTMs studied 58 job roles of which the majority, that is, 45 job roles, will require minimal or moderate job redesign over the next two to five years. The studies found that these job roles are not susceptible to displacement as they involve more value-adding tasks. These professionals will benefit from the automation of some tasks to enhance their ability to focus on higher value-adding tasks requiring judgement, deep technical knowledge and business acumen.

The remaining 13 job roles studied will see a high degree of change in job tasks and require greater job redesign and reskilling of employees over the next two to five years. These roles predominantly involve repetitive tasks that can be automated. Job roles that focus on process-oriented tasks will benefit from greater automation for improved efficiency and accuracy. These jobs should be redesigned to allow employees to add greater value to the business, and staff should be reskilled for these new roles.

GETTING READY FOR THE FUTURE OF WORK

New programmes will help employers and employees in their transformation and upskilling efforts.

Accountancy Job Redesign Initiative

Through the Accountancy Job Redesign Initiative, enterprises with Inhouse F&A functions can receive funding support to engage consultants to streamline accounting work processes and implement accounting technology solutions to improve productivity and increase job value. They can receive up to 80% of the job redesign consultancy cost, capped at $30,000 per enterprise till 31 March 2022, through the Productivity Solutions Grant for Job Redesign (PSG-JR). Beyond 31 March 2022, the PSG-JR funding rate will revert to up

New programmes will help employers and employees in their transformation and upskilling efforts.

to 70% of the job redesign consultancy cost, capped at $30,000 per enterprise.

WSG, SAC and the Singapore National Employers Federation (SNEF) launched the Job Redesign Initiative to improve the productivity of F&A functions of at least 50 companies and over 150 professionals for a start. WSG, SAC and ISCA piloted the initiative with nine small and medium-sized practices in April 2020 which returned good outcomes, such as increased productivity and job value enhancements of over 40 employees' roles, among whom 17% were mature workers.

Accountancy Job Redesign Toolkit

The Accountancy Job Redesign Toolkit (https://toolkit.isca.org.sg/) is a guide to redesign the top four job roles impacted by technology, as cited by the JTMs. These are Accounts Executive, Senior Accounts Executive/Accountant, Tax Associate and Audit Associate. It includes a job evolution and training roadmap, change management strategies, case studies, and funding options for job redesign and adoption of technology solutions. The toolkit was developed by WSG, EDB, SAC and ISCA.

Career Conversion Programme for Accounting Professionals

Local PMETs without an accounting background can soon acquire accountancy skills through the Career Conversion Programme (CCP) for Accounting Professionals. The CCP will be launched in the second half of 2022 to reskill existing employees to take on redesigned or new roles. ISCA and the Tax Academy of Singapore are advising on the development of the CCP programme archetype.

Inhouse Finance & Accounting Self-Assessment Questionnaires

Corporates and individuals can assess their current level of F&A sophistication, and take steps to progress to their desired level of sophistication with EDB's Inhouse Finance & Accounting Self-Assessment Questionnaires (SAQ). The results of the online self-assessment are compiled in a Report Card which will show a customised set of recommendations and links to resources that support F&A transformation. The SAQ is on the EDB website (https://fa-saq.edb.gov.sg/).

Accountancy Career Hub

The Accountancy Career Hub provides employment and employability support for the accountancy sector. It offers jobseekers career guidance, job-matching services, skills upgrading courses, and industry-specific events. Jobseekers looking to enter the industry and accountancy professionals exploring new career tracks within the sector will find relevant help at the hub. The Accountancy Career Hub was launched on 29 March 2022 by NTUC's e2i, SAC and ISCA.

KEEPING RELEVANT FOR THE FUTURE OF ACCOUNTING

The evolving business environment presents fresh opportunities and the prospect of robust growth of accountancy jobs. Investing in digital technologies, redesigning jobs, and reskilling will keep accounting professionals relevant for the long run.

For more information on the JTMs, visit the SAC website (https://www.sac.gov.sg). ISCA

This article was written by the Singapore Accountancy Commission.

PERSONALISING COMMUNICATIONS

ISCA Goes Omnichannel To Engage Members

ISCA, WITH ITS DIVERSE MEMBERSHIP BASE, believes that effective member communication and engagement lies in an omnichannel strategy. This is why multiple communication channels for engagement and interaction are being developed and made available for members' use.

Furthermore, in the last two years, in response to the COVID-19 situation, the Institute needed to pivot our business processes, operations and communication channels towards the online mode, moving away from the conventional mode of service delivery. This has also changed the way we support, serve and engage with our members as the Institute had to leverage more digital platforms and online communication tools to enhance service delivery.

By providing ISCA members with a variety of contact channels and engagement platforms, members have the option to now choose the modes of communication which appeal to them, based on their attitudes, beliefs, behaviours, and changing habits, given the pandemic situation.

Enhancing members' engagement through the omnichannel approach will help to boost brand loyalty and encourage the take-up of ISCA's service offerings, as members get to interact and stay engaged while they use their preferred mode of communication.

UNDERSTANDING MEMBERS' NEEDS AND PREFERENCES

To decide on the type of contact channels and engagement platforms to be developed for members, ISCA takes into consideration how well our current contact channels and engagement platforms are being received, as well as our members' satisfaction scores. To gain insights into our members' needs, the Institute conducts biennial surveys to understand the perceptions and attitudes of our members towards various ISCA initiatives, as well as their satisfaction with our various service offerings and touchpoints. Such surveys are helpful in guiding ISCA to determine the effectiveness of our prevailing channels or if they require improvements.

In the 2021 ISCA membership survey, the top three most popular channels used by members to be kept informed about ISCA's offerings are emails, electronic direct mails (eDMs) and the website. Members indicated that emails are their most preferred channel to contact ISCA for enquiries, while they access contents through the ISCA website. They subscribe to the ISCA eDMs to keep them updated about ISCA's latest news, such as our Insights Newsletter and Technical Publications. The survey revealed that over 90% of members are satisfied with the top three most popular communication channels we currently offer. Other contact channels and engagement platforms ISCA currently provides include social media platforms (LinkedIn, Facebook, Instagram), technical enquiry service, ***IS Chartered Accountant*** *Journal*, physical training booth and service counter at ISCA house.

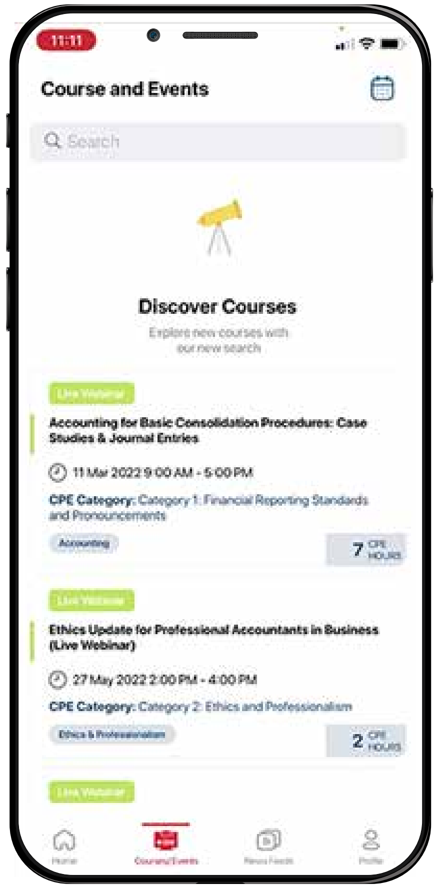
To better serve our members, the Institute has adopted an omnichannel strategy where multiple communication channels are employed for engagement and interaction. This enables members to opt for the channels and platforms that most appeal to them.

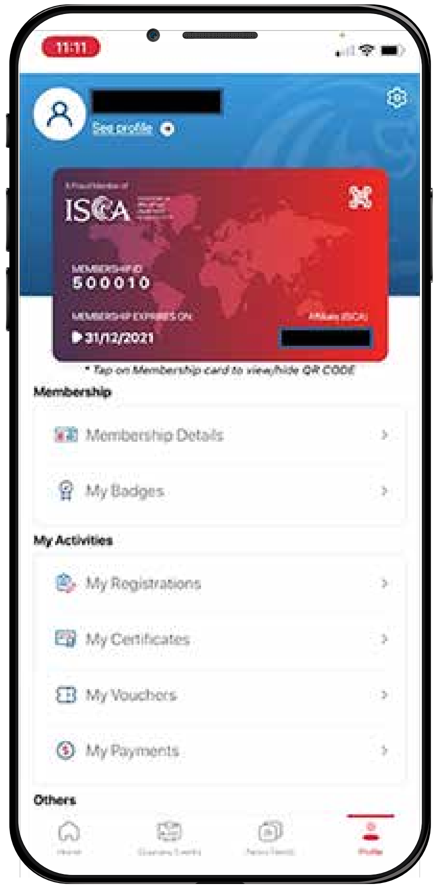
PHOTO SHUTTERSTOCK

Having reviewed the feedback and areas for improvement garnered from our members, ISCA embarked on a website revamp project in 2020. ISCA subsequently developed and launched the revamped ISCA website in early 2021 to address members' feedback, and to support our growing content management needs following an increased level of service offerings. The revamped ISCA website has a fresh and modern look. By employing a clean and simple design concept, contents are displayed in a more intuitive and readable manner, with less clutter from the visual elements. Members and visitors can easily navigate the new website and find relevant information. Based on the 2021 ISCA membership survey, 93% of members are satisfied with our new website. ISCA will continue to review and make content navigation a priority for the website so as to ensure ease of use.

NEW ISCA MOBILE APP

In the 2021 ISCA membership survey, we elicited members' views on the usefulness of developing a members' mobile app which can perform essential eServices. Such services encompass course registrations, updating of a member's profile, tracking individual CPD activity, and access to the ISCA journal and ISCA technical library, to name a few. The survey findings indicated that 88% of members agree that an ISCA mobile app will be desirable to them.





Currently, the ISCA corporate website presents contents spanning member benefits to a suite of service offerings typically accessed by members via their desktop computers. To cater to the different online usage needs and behaviours of our members, ISCA will be extending our service offerings and information resources on the website to a mobile platform. The new ISCA mobile app will be operationally ready in the second half of 2022, but ISCA will introduce a soft launch of the mobile app for members to trial some key features and functions, such as to view and access the membership e-card, membership privileges, digital badges and technical library; receive newsfeeds, and view past transactions with ISCA. We will take the opportunity to further enhance the mobile app and its performance while we continue to develop and release the app's full features and functions.

The ISCA mobile app will complement our corporate website to enable our members to have easy and instant access to useful contents and perform essential transactions on the go.

Performing transactions via mobile applications on the go has been gaining popularity in recent years. In line with our overall omnichannel communication strategy, the ISCA mobile app will be an upcoming engagement platform. When fully launched in the second half of the year, members can enrol in a CPD course, renew their membership or access candidature information via their mobile phones wherever they may be. The mobile app will also engage members through push notifications, based on their activities on the app.

CUSTOMISED EDM CONTENT

As generic mass marketing approaches are making way for personalisation to cater to customers' specific needs, ISCA will be revamping the content structure of the eDMs we disseminate to members. This is in tandem with our progressive, ongoing engagement efforts to keep members informed of the latest developments in the accountancy landscape as well as the Institute's suite of initiatives. ISCA will soon adopt a differentiated approach to deliver targeted contents to our various member segments on a weekly basis.

The eDM contents will be more relevant as they are tailored to the specific needs of various member segments, namely, practitioners, finance professionals, young members, and student members. Each member segment can look forward to receiving a customised eDM featuring accountancy and business highlights, career support initiatives, CPD courses, events, membership privileges, newsfeeds, professional qualifications, technical highlights and other relevant resources.

This initiative will streamline the number of eDMs going out to members. The contents will also be directly relevant, to fulfil the specific needs of each member segment.

The increased level of personalisation through focused eDMs will kick off in the second quarter of 2022. This is another ISCA initiative aimed at boosting our members' experience and augmenting engagement.

ISCA will be extending our service offerings and information resources on the website to a new mobile platform

PHOTO SHUTTERSTOCK

... check out our two brand new Telegram channels, look out for your customised eDM in the next quarter, and a new ISCA mobile app by the second half of the year.

TELEGRAM FOR YOUTH ASSOCIATES AND PRACTITIONERS

To better engage our young members, ISCA launched a Telegram channel for our Youth Associate members last December. Created as their go-to platform, Youth Associates now have easy and quick access to bite-sized updates on the latest accounting trends, complimentary events and workshops, news as well as announcements which are tailored for young aspiring accountants. Through this platform, ISCA hopes to share the exciting roles and opportunities available for youths who are exploring a career in accountancy. Youth Associates can follow this channel on Telegram by scanning the QR code below:

@ISCA_YA

In addition to a Telegram channel for Youth Associates, ISCA recently launched a Telegram group for practitioners. This is a dedicated channel where all practitioners can get first-hand news on everything they need to know, ranging from their business needs to professional development and technical resources. Practitioners can follow the ISCA Practitioners' Connect channel on Telegram now by scanning the QR code below:

@ISCAPC

CONCLUSION

The past decade or so has witnessed significant changes in the business landscape, with technology playing an integral role. Consumption patterns, too, have evolved, and businesses, including ISCA, need to consider technology trends and consumer behaviour in their strategic planning.

To better serve our members, the Institute has adopted an omnichannel strategy where multiple communication channels are employed for engagement and interaction. This enables members to opt for the channels and platforms that most appeal to them. ISCA will continue to review the adequacy and effectiveness of our contact channels and engagement platforms, and we welcome members' feedback.

Meanwhile, check out our two brand new Telegram channels, look out for your customised eDM in the next quarter, and a new ISCA mobile app by the second half of the year. ISCA

PHOTO SHUTTERSTOCK

BY SEAH GEK CHOO

WOMEN IN LEADERSHIP AND BOARD DIVERSITY

Where Are We Now? What More Can Be Done?

THE UNDERREPRESENTATION OF WOMEN ON BOARDS REMAINS A KEY AREA OF FOCUS FOR ORGANISATIONS GLOBALLY, but overall progress remains slow, and for women in leadership positions, even slower.

Since Deloitte's first edition of the "Women in the Boardroom" report, the conversation around improving gender parity in the boardroom has vastly expanded, and there has been increased action as countries unveil one initiative after another.

In 2011, there were only a handful of countries that were already committing to actions on boardroom diversity. Today, in the seventh edition of the report, done in collaboration with The 30% Club, there are updates for over 70 markets, nearly all of which have local organisations or governments committed to increasing the number of women serving on company boards.

Over the years, the conversation has extended beyond gender to ethnic and racial diversity, age, experience and skills, and an increased awareness of climate on corporate boards. But the one thing that has not changed in the nearly 12 years since the inaugural report is that progress is slow – the latest edition finds that women hold 19.7% of board seats globally, an increase of just 2.8% from the report's previous edition published in 2019. If this rate of change were to continue every two years, the world could expect to reach near-parity in 2045 or over 20 years from now. Evidently, even as private and public sector efforts demonstrate steps towards achieving parity, the pace of collective progress needs to pick up.

DISPROPORTIONATE PROGRESS IN LEADERSHIP ROLES

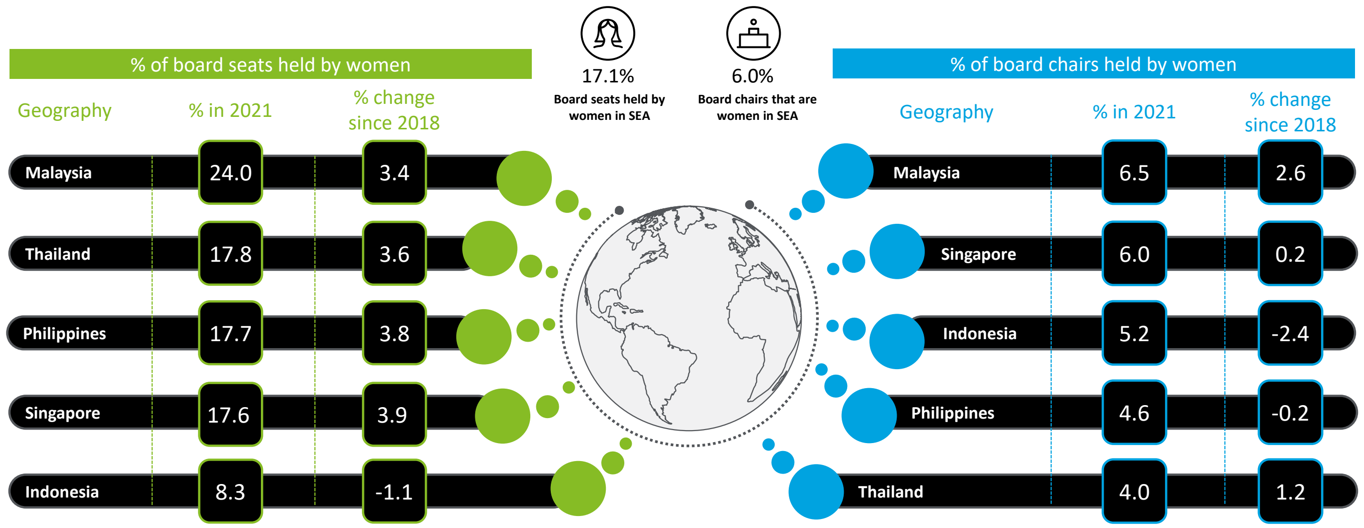
While global female board representation increased slightly in 2021, progress at the chair and Chief Executive Officer (CEO) levels is less apparent, underscoring the notion that placing more women on corporate boards does not necessarily equate to progress across leadership positions.

The latest research found that only 6.7% of board chairs are women, representing just a 1.4% increase from 2018. Even fewer women – 5% – hold the CEO role, representing only a 0.6% increase from 2018.

Nonetheless, the research revealed a positive correlation between female CEO leadership and board diversity. Companies with women CEOs have significantly more women on their boards than those run by men – 33.5% versus 19.4%, respectively. The statistics are similar for companies with female chairs (30.8% women on boards have female chairs versus 19.4% women on boards have male chairs). The inverse is true as well, with gender-diverse boards more likely to appoint a female CEO and board chair.

While global female board representation increased slightly in 2021, progress at the chair and Chief Executive Officer levels is less apparent, underscoring the notion that placing more women on corporate boards does not necessarily equate to progress across leadership positions.

Figure 1 Women on boards versus women chairs



Source: Women in the Boardroom: A Global Perspective, 7th edition (2022)

WOMEN OCCUPY BOARD SEATS FOR FEWER YEARS THAN MEN

The research reflected a decline in the average tenure among women directors over the past several years, particularly in comparison to that of men. Average global board tenure for women slipped from 5.5 years in our previous edition to 5.1 years today.

In large part, this can be explained by the greater number of women on boards. The most probable explanation is that more women have joined boards in recent years, and they have had less time to accumulate experience. Or, it could be that women who are retiring or rotating out of board service are being replaced by other women, further decreasing the average tenure.

On the other hand, we also see declining tenure in a few countries where the number of women joining boards has undergone little change since the last edition.

In light of this, there are a number of possible explanations for what we are seeing. One is that experienced women now have a broader range of opportunities to select from, such as executive positions that encourage them to leave boards earlier than men. We intend to pursue additional research on the correlation between the number of women on boards and their average tenure, and it would be interesting to see how trends will develop in the coming years.

PROGRESS IN SOUTHEAST ASIA

Countries in Southeast Asia included in this report are Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, and they have collectively fared better with an average of 17.1% of women in board seats compared to 14.3% in 2018 (Figure 1). This outperforms the Asia average of 11.7%, and is closing in on the global average of 19.7%.

In terms of percentage change, the region reported a 2.7% increase from 2018, which is consistent with the 2.8% increase globally. Malaysia (3.4%), the Philippines (3.8%), Singapore (3.9%) and Thailand (3.6%) reported better percentage increases, surpassing the global figure, while Indonesia saw a 1.0% decline.

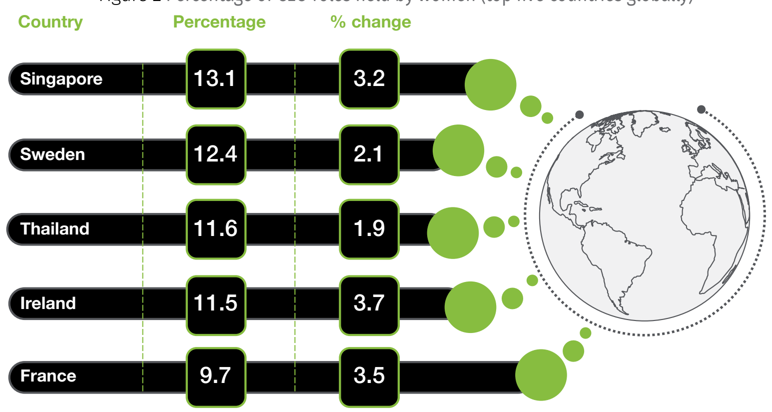
The research showed polarising results (Figure 1) where, even though 6.0% of board chairs are women in Southeast Asia, the percentage change is more widely dispersed. Most significantly, Indonesia saw a negative 2.4% change, and Malaysia and Thailand reported positive 2.6% and 1.2% changes respectively.

For comparison, when looking at CEO roles held by women (Figures 2 and 3), Singapore (13.1%) and Thailand (11.6%) are ranked first and third respectively among the countries included in the report. The Philippines comes in at 6.8%, Malaysia at 3.7% and Indonesia at 3.1%.

These findings reinforce that while women's participation in boards in the region has gone up since 2018, the perception and perhaps the acceptance of women assuming top leadership positions in boards are significantly varied across geographies.

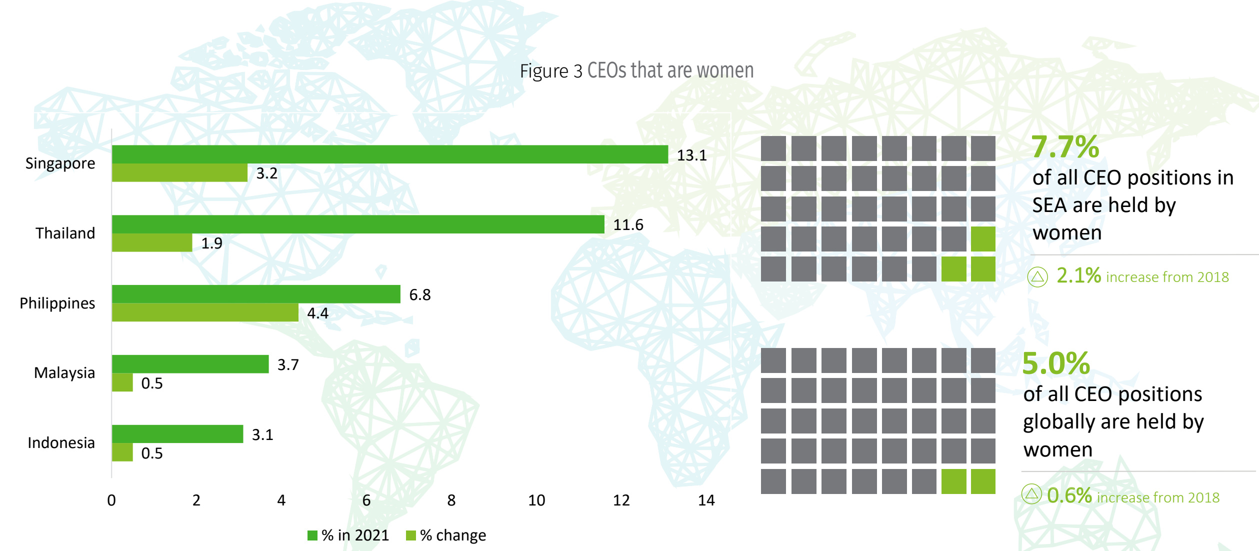
The tenure of women in board seats in Southeast Asia has either remained stable or seen a decline, with the average tenure having decreased most sharply in Singapore, from 5.0 years to 4.4 years (Figure 4). The percentage change for the tenure term has also decreased for Malaysia and the Philippines; this could be due to the wider pool of women candidates in these countries, given that the overall women participation on boards has increased.

Figure 2 Percentage of CEO roles held by women (top five countries globally)



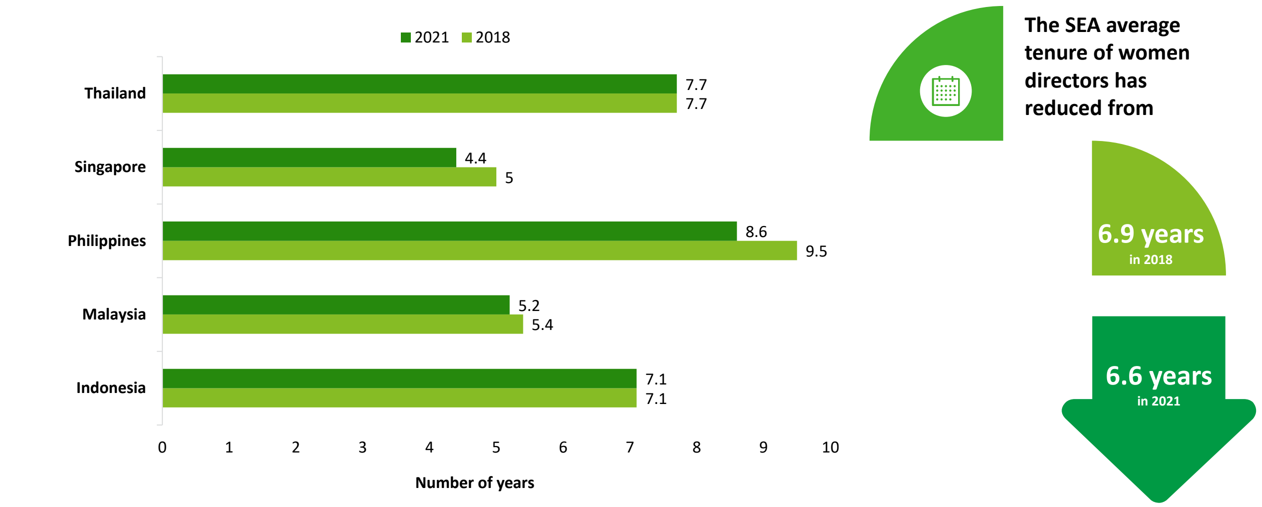
Source: Women in the Boardroom: A Global Perspective, 7th edition (2022)

Figure 3 CEOs that are women



Source: Women in the Boardroom: A Global Perspective, 7th edition (2022)

Figure 4 Average tenure of women on board



Source: Women in the Boardroom: A Global Perspective, 7th edition (2022)

WHAT MORE CAN BE DONE

2022 could be a year of opportunity for the appointment of more women on boards as companies re-evaluate the needs of their board in a post-pandemic business climate.

Consistent dedication and commitment are required to overcome the persistent barriers to improving gender diversity within the boardroom. Leaders must recognise, advocate, and actively advance gender parity in the boardroom even as progress remains slow.

Institutional support, in areas like equal pay and flexible work arrangements, and mentorship and sponsorship programmes for women are critical to accelerate the progress of having more women in leadership.

Deloitte, for example, helps to advance gender parity in leadership roles through impactful and tangible initiatives like our Board-Ready Women Programme. The initiative aims to encourage more women representation in corporate boardrooms by preparing qualified women executives for board service, and laying the foundation for future placements on public and private company boards of directors.

Whether by addressing bias, implementing programmes designed to help women prepare for board service or supporting legislation, we all have a part to play in advocating for a more diverse and equitable future. ISCA

Seah Gek Choo is Deloitte Southeast Asia's Centre for Corporate Governance Leader.

BY FRANÇOIS CANDELON, LOUIS-VICTOR DE FRANSSU AND THEODOROS EVGENIOU

CREATING A SAFE (AND OPEN) ONLINE SPACE

Challenges, Considerations And Implications

IN A REVERSAL OF ITS LONG-HELD PRACTICE OF "PRIVACY FIRST", Apple announced in August 2021 that it would launch a new feature to scan images and videos on its devices in order to detect stored child sexual abuse material (CSAM). The policy shift epitomises the major changes happening today both in regulations and in businesses aiming at ensuring a responsible use of technology and a safe digital space. Yet, Apple's new policy raised so many concerns from security and privacy experts that the company has delayed its plan.

The concept of a digital safe space is not limited to the proliferation of CSAM. Intermediary service providers, that is, any firm that connects people, such as social media, marketplaces or online platforms for disseminating user-generated content, face a growing number of abuses of their services. These include the spread of hate speech, terrorist content, illegal goods and services, spam and disinformation.

In fact, every year, intermediary service providers around the world detect and remove billions of pieces of content from their platforms because the content is either illegal or contrary to their terms of service.

This affects small as well as giant platforms. Thousands of small online platforms have become home to a massive amount of illegal content posted by their users every month. Facebook identified more than 500 million pieces of such content in 2020 (1.3 billion, including spam) and spends hundreds of millions of dollars on content moderation. This content is so extreme and violent that people moderating it are reported to often suffer mental health issues.

Of course, the issue of illegal or harmful content did not appear with the rise of digital services. But the scale and speed at which such content can spread and be amplified by malicious actors who have become increasingly sophisticated, is worrying.

This has raised alarm among governments around the world which are designing new regulatory frameworks to mitigate some of these risks, with important implications not only for the future of society but also for the businesses they intend to regulate. However, achieving a safe digital space has and will continue to prove significantly challenging for regulators and companies alike.

They (democratic governments) need to balance between, on the one hand, keeping the Internet safe by mandating platforms to prevent the spread of illegal content and, on the other, ensuring that fundamental human rights, including freedom of speech, are protected online.

REGULATORY CHALLENGES

Democratic governments attempting to regulate the online space must grapple with contradictory objectives. They need to balance between, on the one hand, keeping the Internet safe by mandating platforms to prevent the spread of illegal content and, on the other, ensuring that fundamental human rights, including freedom of speech, are protected online.

With more than 95 million photos uploaded daily on Instagram, to name one platform giant, the sheer volume and potential for virality of content posted online makes ensuring judicial review prior to content removal nigh on impossible. Governments must therefore rely on setting out obligations for the private sector to moderate illegal content based on specific regulatory principles. But the more stringent the rules, the higher the risk of over-content removal and, the more lenient the regulation, the higher the risks of illegal or harmful content spreading.

A related challenge for legislators is defining what effectively constitutes illegal content in a way that is broad enough to cover the targeted harms and specific enough to avoid the risks of censorship creep. Impractically broad definitions present serious risks for freedom of expression. Many worry that this difficulty could lead to political censorship in less democratic countries that would attempt to define rules without the proper safeguards.

Moreover, such regulatory definitions could leave substantial grey zones, requiring companies to decide on whether to remove content based solely on their discretion. This ambiguity combined with pressure on platforms to act as soon as such content is detected increases the risks of over-censorship, with important repercussions on freedom of expression online.

Another difficulty faced by regulators is how to implement effective obligations while ensuring competition within markets. This means finding the right balance between imposing minimum requirements for all related services without creating barriers to either innovation or market entry.


PHOTO SHUTTERSTOCK

In an attempt to find fit-for-purpose solutions to these dilemmas, democratic governments and some of the largest digital services initially launched a series of self- and co-regulatory initiatives, like the Facebook white paper on regulation, or the EU Code of Conduct. Yet, outcomes were not always deemed sufficient by regulators which instead have started to develop new frameworks obliging online platforms to address detected illegal content or else face severe penalties.

In general, these new regulatory approaches can be divided into two broad categories: *content-specific* and *systemic*. The first consists of designing legislation to target a single specific type of online harm such as copyright infringements, terrorist content or CSAM, and focuses on the effective and timely removal of that content. Examples of such regulations include the European Union's Terrorist Content Online Regulation, the French law on disinformation, the German Network Enforcement Act (NetzDG) as well as the Directive on Copyright in the Digital Single Market.

In contrast, the *systemic* approach aims at providing a cross-harm legal framework whereby online companies must demonstrate that their policies, processes and systems are designed and implemented to counter the spread of illegal content on their platforms and mitigate potential abuses of their services while protecting the rights of their users. This is the direction proposed in the recent Online Safety Bill in the United Kingdom and the Digital Services Act (DSA) in the European Union.

In the case of the DSA, for example, first presented by the Commission in December 2020, the legislators do not modify the existing liability regime, nor do they define illegal content online. Instead, the Commission sets new harmonised responsibilities and due diligence obligations for intermediary service providers: They must have in place processes and procedures to be able to either remove or disable content from their platforms when they find out that it is illegal. These regulations have implications for all intermediary service providers that go beyond potential large financial penalties.

BUSINESS CHALLENGES AND IMPLICATIONS

Firms will need to move from the culture of "move fast and break things" to a more reasonable "move fast and be responsible" as they comply with complex cross-jurisdictional demands while maintaining customers' trust. A shift towards a risk-based approach – already the path some regulators take, as the EU proposal on regulating AI indicates – requires organisational changes and the development of new risk management frameworks. Affected businesses need to understand the operational implications of the new regulatory obligations, assess their ability to comply and implement the appropriate risk mitigators.

Lessons from other sectors, such as finance, can prove useful. Much like in those sectors, online platforms will need to develop new policies and procedures, and then implement technical solutions. They will also need to create new roles and responsibilities, ultimately leading to organisational and cultural changes within their businesses.

New risk management processes and procedures

First, companies, regardless of their size, will need to put processes in place to address the illegal content that they have been made aware of from a number of different sources, such as national competent authorities, the platform's users or its internal moderation systems. They will also need to develop content moderation management processes and tools to ensure transparency, fairness, safety and compliance across different jurisdictions. These will unavoidably add cost and operational complexity for all online platforms.

For example, the European Commission estimates the annual cost of implementing and operating such tools, which include content moderation management or transparency reporting workflows, can reach tens of millions annually for the larger players.

Second, new transparency requirements for online advertising call for online platforms to develop dedicated processes and tools to provide information to their users concerning the advertiser and their target audience. Additionally, providers of online marketplaces will also be required to enact "Know your business customer" policies and collect identification information from users operating on their platform. This obligation is largely inspired by similar requirements in the financial industry,

adopted to limit the risks of money laundering.

And third, very large online platforms (VLOPs) will be subject to further requirements, including the obligation to conduct annual risk assessments on significant systemic risks stemming from the use of their services. These assessments will need to include risks related, for example, to the dissemination of illegal content through their services and the intentional manipulation of their platforms. While the EU Commission does not provide, at this stage, any advice on the risk assessment methodology, the DSA contains an initial list of potential risk-mitigation measures.

Organisational and cultural changes

The development of an effective risk management framework will also require the setup of a well-balanced enterprise organisation and risk culture, aligning compliance objectives with regulatory obligations, business and growth models, and reputation risk management. In fact, through the DSA, the European Commission will require that an organisation's Chief Compliance Officer has sufficient financial, technological and human resources as well as the adequate level of seniority to carry out the expected tasks. While these obligations target solely VLOPs, online platforms desiring to scale and expand their business across multiple jurisdictions within the EU will benefit from early adoption of such organisational structures.

Yet, organisational changes by themselves will not be sufficient. As they grow, online platforms will need to move away from a Facebook culture to one of compliance where the firm's systemic risks are understood and where employees are empowered to do the right thing.

FAST CHANGES

Almost two decades after the first social media platforms arrived on the Internet, revolutionising the ways human beings interact, communicate and do business, we have come to a bit of an impasse. The talk about regulating these businesses has amplified globally, especially given the potential impact social media can have on our political and socioeconomic systems. These platforms can become home to different communities but also targets of illegal content postings and coordinated attacks. The upcoming regulations under development across multiple jurisdictions will not change this but will force the digital industry to adapt to a new paradigm and to find innovative solutions to tackle harmful and illegal online content.

This is an adaptation of an article published in WEF Agenda titled "How Online Platforms Must Respond To A New Era Of Internet Governance" (https://www.weforum.org/agenda/2021/10/how-online-platforms-must-respond-internet-governance/). ISCA

François Candelon is Managing Director, Boston Consulting Group; Louis-Victor de Franssu is CEO, Tremau, and Theodoros Evgeniou is Professor of Decision Sciences and Technology Management, INSEAD. This article is republished courtesy of INSEAD Knowledge (https://knowledge.insead.edu). Copyright INSEAD 2022.

PHOTO SHUTTERSTOCK

TECHNICAL HIGHLIGHTS

AUDITING AND ASSURANCE

ISCA ISSUES AUDIT BULLETINS 1 AND 2

ISCA has issued the following Audit Bulletins:

1) **Audit Bulletin 1 *Revised SSRS 4400, Agreed-Upon Procedures Engagements* (AB 1)**

SSRS 4400 (Revised) is effective for agreed-upon procedures (AUP) engagements for which the terms of engagement are agreed on or after 1 January 2022. AB 1 provides a summary of the key changes arising from SSRS 4400 (Revised) and certain key considerations for practitioners applying SSRS 4400 (Revised) for AUP engagements, as well as for the users of such AUP reports.

For more information, please visit https://isca.org.sg/content-item?id=e41fbb07-29a9-4e38-9646-8c9abd4f4ddf

2) **Audit Bulletin 2 *Bank Confirmations Through Digital Platforms*** (AB 2)

Auditors are reminded of the requirements of SSA 505 *External Confirmations* when digital platforms are utilised to initiate or obtain bank confirmations. In particular, auditors shall maintain control over the external confirmation requests.

For more information, please visit https://isca.org.sg/content-item?id=45120a53-0695-4d8a-94f7-db005d3c1b09

ISCA ISSUES STATEMENT OF AUDITING PRACTICE (SAP) 2 (REVISED 2022)

SAP 2 (Revised 2022) *Auditors and Public Offering Documents* has been updated to align with SSRS 4400 (Revised) *Agreed-Upon Procedures Engagements*.

Key revisions made to align the sample format of a private report by the reporting auditors on profit forecasts (Example 6 of Appendix 1) to SSRS 4400 (Revised) include:

- Clearer and more consistent language;
- Increased transparency on the responsibilities of the various parties involved in an AUP engagement;
- Describing the findings of the AUP engagement in the report in an objective manner and in sufficient detail;
- Increased transparency on whether the reporting auditor is required to comply with independence requirements and, if so, the relevant independence requirements; and
- Inclusion of an option for the reporting auditor to include a restriction of use paragraph to limit the usage of the report to the intended users as specified in the engagement letter between the reporting auditor and the client. This is because SSRS 4400 (Revised) no longer requires the reporting auditor to include a statement that the report is restricted to those parties that have agreed to the procedures performed.

SAP 2 (Revised 2022) *Auditors and Public Offering Documents* is effective for AUP engagements for which the terms of engagements are agreed on or after 20 January 2022.

For more information, please visit https://isca.org.sg/content-item?id=daba4cdb-7e2f-4ec9-a26e-77ea9ca6aeb6

PHOTO SHUTTERSTOCK

ISCA COMMENTS ON IAASB'S ED ON PROPOSED ISA FOR AUDITS OF FINANCIAL STATEMENTS OF LESS COMPLEX ENTITIES (ISA FOR LCE)

ISCA highlighted the mixed views on the proposed ISA for LCE received through our outreach activities, which included a focus group organised to engage auditors to obtain their views on the feasibility of the standard.

For more information, please visit https://isca.org.sg/docs/default-source/audit-assurance/cps-cls/isca-comment-on-ed-isa-for-less-complex-entities.pdf

IAASB RELEASES CONFORMING AND CONSEQUENTIAL AMENDMENTS ALIGNING EXISTING IAASB STANDARDS TO NEW, REVISED QUALITY MANAGEMENT STANDARDS

The amendments address actual or perceived inconsistencies between the quality management standards and IAASB standards. They are effective as of 15 December 2022.

For more information, please visit https://www.iaasb.org/news-events/2022-01/iaasb-releases-conforming-and-consequential-amendments-aligning-existing-iaasb-standards-new-revised

FINANCIAL REPORTING

ISCA ISSUES FRB 9 (REVISED) ON ACCOUNTING IMPLICATIONS OF THE INTEREST RATE BENCHMARK REFORM IN SINGAPORE

FRB 9 (Revised), issued on 21 February 2022, shares accounting considerations on specific matters to assist entities in their understanding of the accounting for financial instruments and hedge accounting which are affected by the replacement of interest rate benchmarks within these contracts.

FRB 9 (Revised) has been updated from FRB 9 (issued on 14 October 2021) for the following:

- Additional background information on Fallback Rate (SOR);
- New accounting consideration for the assessment of benchmark interest rates based on Singapore Overnight Rate Average (SORA) compounded in advance meeting solely payments of principal and interest (SPPI) criterion; and
- New accounting considerations on the use of Fallback Rate (SOR) in financial contracts and hedge accounting.

For more information, please visit https://isca.org.sg/standards-guidance/financial-reporting/technical-guidance-issued-by-isca-professional-standards-division/technical-guidance-issued-under-codification-framework/financial-reporting-bulletins

ISCA COMMENTS ON IASB'S ED ON DISCLOSURE REQUIREMENTS IN IFRS STANDARDS – A PILOT APPROACH (PROPOSED AMENDMENTS TO IFRS 13 AND IAS 19)

ISCA is supportive of the ED's objectives to improve how IASB develops disclosure requirements and improve the relevance of disclosures. Through this ED, IASB has communicated an important message – preparers are empowered to exercise judgement to determine disclosures in financial statements. This is a step in the right direction to addressing the disclosure issues in financial statements. The role of professional accountants as preparers will be more significant going forward.

In our comment letter, we have also highlighted the practical challenges potentially faced by stakeholders under the proposed approach. These include challenges to apply the proposed approach, review the disclosures and enforce the requirements.

For more information, please visit https://isca.org.sg/docs/default-source/fr-eds-and-comment-letters/comment-letter-ed-disclosure-requirements-in-ifrs-stds-(final).pdf

ISCA COMMENTS ON IASB'S RFI ON POST-IMPLEMENTATION REVIEW (PIR) – IFRS 9 *FINANCIAL INSTRUMENTS*: CLASSIFICATION AND MEASUREMENT

ISCA welcomes and supports IASB's initiative in subjecting various IFRSs to PIRs and subsequently improving the IFRSs in response to feedback gathered during the PIRs.

IFRS 9 provides a principle-based approach to the classification and measurement of financial assets where measurement is aligned with the contractual cash flow characteristics of the assets and the way the entity manages them. However, the classification and measurement requirements appear to be overly complex for most entities with straightforward financial assets, which has resulted in undue and excessive efforts in the application of these requirements. In addition, the strict application of these requirements may result in misalignment in the measurement of the financial assets with how they are managed in practice.

For more information, please visit https://isca.org.sg/docs/default-source/fr-eds-and-comment-letters/comment-letter-on-iasb's-pir---ifrs-9-cm-(final).pdf

UPDATE ON EXTRACTIVE ACTIVITIES PROJECT BY IASB MEMBER

In the article, IASB Member Tadeu Cendon explains IASB's decisions on the project's scope and objectives following feedback from a variety of stakeholders from different jurisdictions.

For more information, please visit https://www.ifrs.org/news-and-events/news/2022/01/extractive-activities-a-project-update/

JANUARY 2022 IFRS INTERPRETATIONS COMMITTEE PODCAST AVAILABLE

In this podcast, IFRS Interpretations Committee Chair and IASB Vice-Chair Sue Lloyd and Technical Staff Member Patrina Buchanan looked back at activities to support consistent application of IFRS Accounting Standards during the last quarter of 2021. Topics discussed include Principal versus Agent: Software Reseller; Negative Low Emission Vehicle Credits; and Lease Liability in a Sale and Leaseback. The recording can be found on the IASB website and YouTube Channel.

For more information, please visit https://www.ifrs.org/news-and-events/news/2022/01/january-2022-ifrs-interpretations-committee-podcast-now-available/

OTHERS

REVISED EDITIONS OF LEGISLATION

The Law Revision Commission and the Attorney-General's Chambers (AGC) have completed a universal revision of Singapore's Acts of Parliament. The 2020 Revised Edition of Acts came into force on 31 December 2021.

AGC has communicated via an infographic that while there has been a change in the short title of the various Acts, unless the contrary intention appears, a reference to an Act by its previous or current short title will be taken to refer to the latest in-force version of the Act with the revised short title. It is not necessary to change the title of the Acts in existing documents immediately as the documents do not become invalid. However, it is advisable to update references to the Act titles when next replacing the documents which make reference to the Acts.

For more information, please visit https://www.agc.gov.sg/our-roles/drafter-of-laws/legislation-and-revisions

BY KOH WEI CHERN AND PATRICIA TAN MUI SIANG

DON'S COLUMN

ACCOUNTING OF SALE AND LEASEBACK TRANSACTIONS

Gaps In Current Lease Standard, And The Way Forward

IN MARCH 2020, the International Financial Reporting Standards (IFRS) Interpretations Committee (IFRIC) identified that IFRS 16 includes no specific subsequent measurement requirements for sale and leaseback transactions and recommended to the International Accounting Standards Board (IASB) to amend IFRS 16 in this regard. This resulted in a narrow scope standard-setting maintenance project which started in May 2020, and an Exposure Draft (ED) issued in November 2020. The revised amendments post-comment period would likely be issued some time in 2022.

This article gives an overview of the current requirements for sale and leaseback transactions by seller-lessee, identifies key gaps in the lease standard for the accounting of sale and leaseback transaction, describes IASB's proposals in the November 2020 ED, summarises key comments received on the ED, and describes IASB's proposed way forward. We believe these discussions are timely in view of the current IFRS 16 maintenance project and pertinent in highlighting issues that have implications for the post-implementation review of IFRS 16.

CURRENT REQUIREMENTS UNDER IFRS 16

Seller-lessees in a sale and leaseback transactions are required under IFRS 16 paragraph 100(a) to "measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor". The amount of any gain or loss recognised by the seller-lessee has to be disclosed under IFRS 16 paragraph 53(i).

The seller-lessee who transfers the legal title in the sale of the asset but simultaneously leases the same asset back for a part of the remaining useful life has effectively retained part of its right to use the asset for the leaseback period. Hence, to appropriately reflect the economics of such a sale and leaseback transaction, the seller-lessee shall only recognise the amount of gain or loss that relates to the rights transferred to the buyer-lessor (IFRS 16 paragraph BC266). Besides the abovementioned, there is no other paragraph under IFRS 16 specifically pointing to the accounting of the sale and leaseback transaction by the seller-lessee.

GAPS UNDER IFRS 16 AND ED PROPOSALS

We can identify three key gaps. First, while paragraph 100(a) requires the seller-lessee to measure the right-of-use asset arising from the leaseback, the standard is silent on how to measure this. One potential measurement basis is based on Illustrative Example (IE) 24 listed in IFRS 16 IE where the seller-lessee computes the discounted lease payments for the leaseback period and uses that as a numerator against the current fair value of

while IFRS 16 paragraph 100(a) requires the seller-lessee to measure the right-of-use asset arising from the leaseback, the standard is silent on how to measure this.

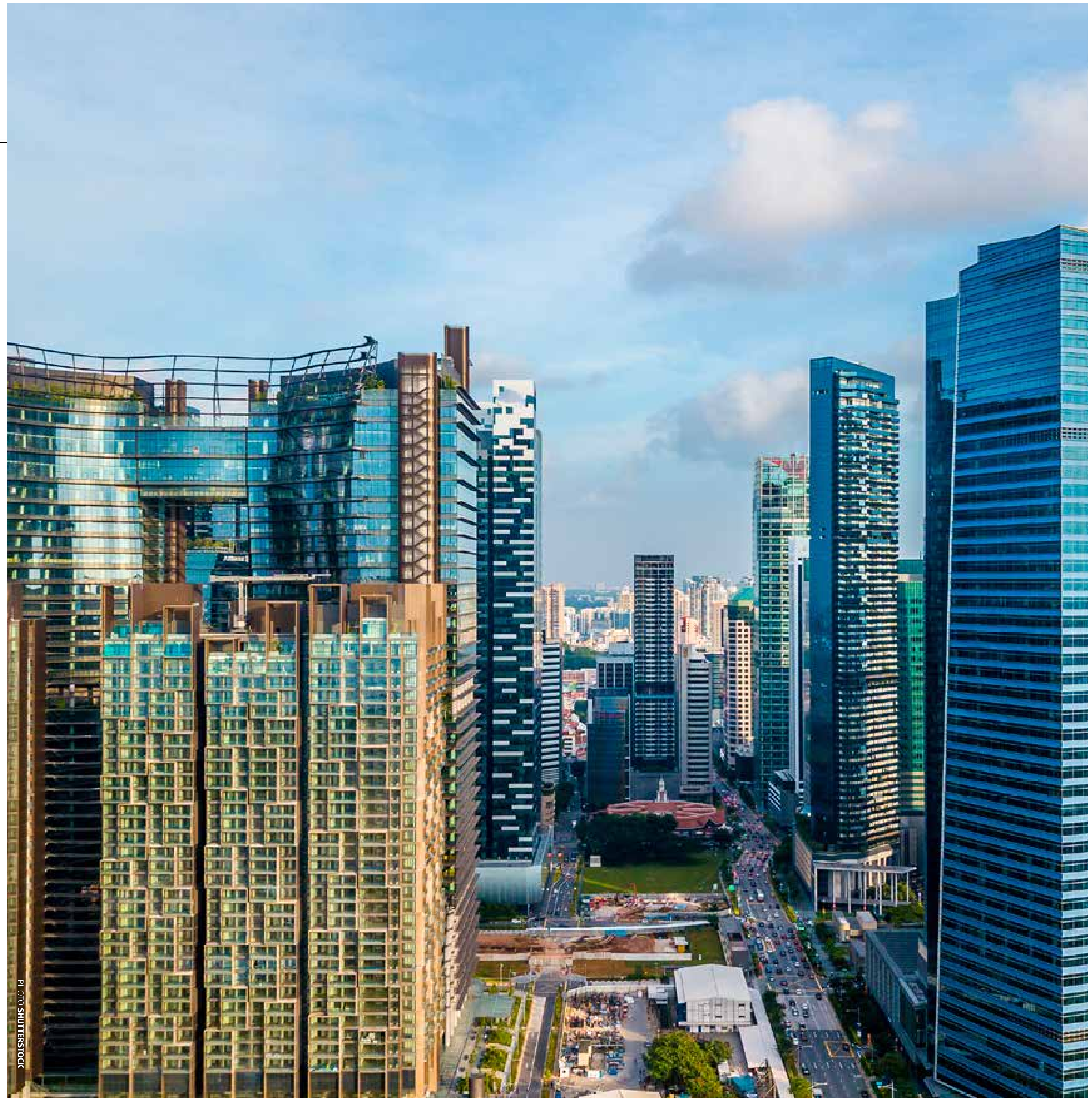


PHOTO SHUTTERSTOCK

the asset in question to estimate the proportion of the rights retained. However, it is important to note that it is stated in IFRS 16 IE that: "These examples accompany, but are not part of, IFRS 16. They illustrate aspects of IFRS 16 but are not intended to provide interpretative guidance… The analysis in each example is not intended to represent the only manner in which the requirements could be applied, nor are the examples intended to apply only to the specific industry illustrated." Hence, there are alternative ways to perform the initial measurement of the right-of-use asset, such as (i) compare the leaseback period with the remaining useful life of the asset sold to estimate the proportion of the rights retained; (ii) deduct the present value of the expected residual value at the end of the leaseback from the current fair value of the asset as a numerator against the current fair value of the asset; (iii) estimate the fair value of the right-of-use asset and the asset transferred on a comparable basis and express the former as a numerator and the latter as a denominator, just to name a few.

Second, IFRS 16 does not require disclosures on the estimation method of the proportion. For example, in Vibrant Group's 2020 Annual Report, it was disclosed for the sale and leaseback transaction undertaken during the year that "management has recorded a gain on transfer of rights over the Property to SGRE amounting to $41.3 million". While this complies with the requirement of the standard, it provides no further information on Vibrant's measurement method.

In view of the above two identified gaps, IASB's November 2020 ED proposed extending IFRS 16 paragraph 100(a) to require seller-lessees to determine the proportion of the carrying amount retained by comparing the present value of the expected lease payments to the fair value of the asset sold. While some of the comment letters supported prescribing a single method, many others disagreed with the use of expected lease payments (reasons elaborated in subsequent paragraphs).[1]

Third, as mentioned in IFRIC's March 2020 meeting, there is a need to provide more information on the subsequent (and implicitly, the initial) measurement of the leaseback liability. The natural course for practice would be to refer to how a typical lease liability is initially measured and subsequently measured, that is, IFRS 16 paragraphs 26 to 28 and paragraphs 36 to 38 respectively. This would generally be appropriate in instances where the lease payments in the sale and leaseback transactions meet the definition of lease payments in IFRS 16 paragraph 27 and Appendix A. The problem arises when there are lease payments that fall outside that definition, for example, variable lease payments that do not depend on an index or rate.

IASB is of the view that to reflect the economics of a sale and leaseback transaction, the initial measurement of the lease liability typically reflects the value of the right of use retained by the seller-lessee and would consequently reflect the expected lease payments at market rate. Hence, it was proposed in the November 2020 ED that expected lease payments proposed in the extended IFRS 16 paragraph 100(a) should also include variable lease payments that do not depend on an index or rate when determining the expected lease payments used in the computation of the leaseback liability.

PHOTO SHUTTERSTOCK

there is a need to provide more information on the subsequent (and implicitly, the initial) measurement of the leaseback liability. The natural course for practice would be to refer to how a typical lease liability is initially measured and subsequently measured

While a majority of the comment letters received over the comment period agreed with a need to enhance the measurement requirements of sale and leaseback transactions, the proposal to include all variable payments as expected lease payments was not as well received, as observed from the comments received. Many listed high measurement uncertainty as a key practical challenge to this proposal. This challenge is exacerbated if the leaseback involved a long-term leaseback period, and/or for assets subjected to technological obsolescence and/or assets for which there was limited historical information, which could contribute to the difficulty of the estimation process. Many also articulated that having a different definition for the initial and subsequent measurement of leaseback liabilities versus other lease liabilities would render the IFRS internally inconsistent and pose a conceptual challenge to this proposal. This could reduce comparability between a leaseback liability and other lease liabilities.

CONCLUSIONS

In view of the comments received during the comment period, especially towards the definition of expected lease payments, the Board has tentatively decided in the December 2021 meeting to not prescribe "how, at the commencement date, a seller-lessee determines the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains". Since the intention was to fill a gap in the current IFRS, the amendments would, instead, require "a seller-lessee to subsequently measure the liability arising from the leaseback by applying paragraphs 36–46 of IFRS 16; and "for the purposes of applying paragraphs 36–46 of IFRS 16, requiring the seller-lessee to apply the term 'lease payments' or 'revised lease payments' in such a manner that it does not recognise any amount of the gain or loss that relates to the right of use retained".

Not prescribing a method nor prescribing disclosures on the method used could potentially reduce consistency in the application of IFRS 16 across firms and hence, reduce comparability. However, this could potentially increase the flexibility of firms to choose the most cost-effective method relevant to their circumstances. Further, one could argue that, to the extent that the estimation methods are highly positively correlated with one another, the differences should not be material.

In addition, over the course of this standard-setting process, alternative methods and alternative views were proposed that would require a more fundamental re-examination of the principles behind the sale and leaseback transactions, which should be undertaken during the post-implementation review of IFRS 16, which is due to happen soon. ISCA

Koh Wei Chern is Associate Professor, Accountancy Programme, School of Business, Singapore University of Social Sciences, and Patricia Tan Mui Siang is Associate Professor of Accounting, Nanyang Business School, Nanyang Technological University.

[1] IASB. (May 2021). Staff paper: Lease liability in a sale and leaseback. Agenda paper 12E. Feedback summary – transition and other matters. https://www.ifrs.org/content/dam/ifrs/meetings/2021/may/iasb/ap12e-feedback-summary-transition-and-other-matters.pdf

BY ANGELINA TAN

GST ON REMOTE SERVICES AND LOW-VALUE GOODS

Considerations For Overseas Vendor Registration

AS PART OF HIS BUDGET 2021 STATEMENT ON 16 FEBRUARY 2021, then-Minister for Finance Heng Swee Keat had announced that Goods and Services Tax (GST) would be levied on business-to-consumer (B2C) imported non-digital services and imported low-value goods (LVGs), by way of extending the overseas vendor registration (OVR) regime from 1 January 2023.

This move comes as Singapore seeks to ensure a level playing field for local businesses to compete effectively, where the same GST treatment applies on all goods and services consumed in Singapore, regardless of whether they were procured locally or from overseas.

The bill effecting the extension of the OVR regime was gazetted on 2 November 2021, and the Inland Revenue Authority of Singapore (IRAS) has since published two e-tax guides to provide guidance on the extended OVR regime.

EXISTING OVR REGIME

The OVR regime has been implemented since 1 January 2020 to tax digital services supplied to non-GST registered customers in Singapore (including individuals).

Under the OVR regime, any supplier belonging outside Singapore that has a global turnover exceeding S$1 million and makes supplies of digital services to non-GST registered customers in Singapore exceeding S$100,000 in the last calendar year

Accredited Tax Advisor (GST) Richard Mackender, Indirect Tax Leader, Deloitte Singapore and Southeast Asia, threw light on the new OVR rules come 1 January 2023

(1 January to 31 December) or will do so in the next 12 months, is required to register, charge and account for GST on these supplies.

Scope of digital services

Based on IRAS' e-tax guide on "Taxing imported services by way of an overseas vendor registration regime", digital services are services supplied over the Internet or electronic network and the nature of which renders its supply essentially automated with minimal or no human intervention, and impossible without the use of information technology.

The scope of digital services includes supplies of digital products, subscription-based and licensed content, and support services provided via electronic means, but excludes cross-border telecommunications, advertising on intangible media circulated wholly outside Singapore, and professional services even if delivered electronically.

"Interestingly, while the above definition seems straightforward, in practice, there are challenges essentially

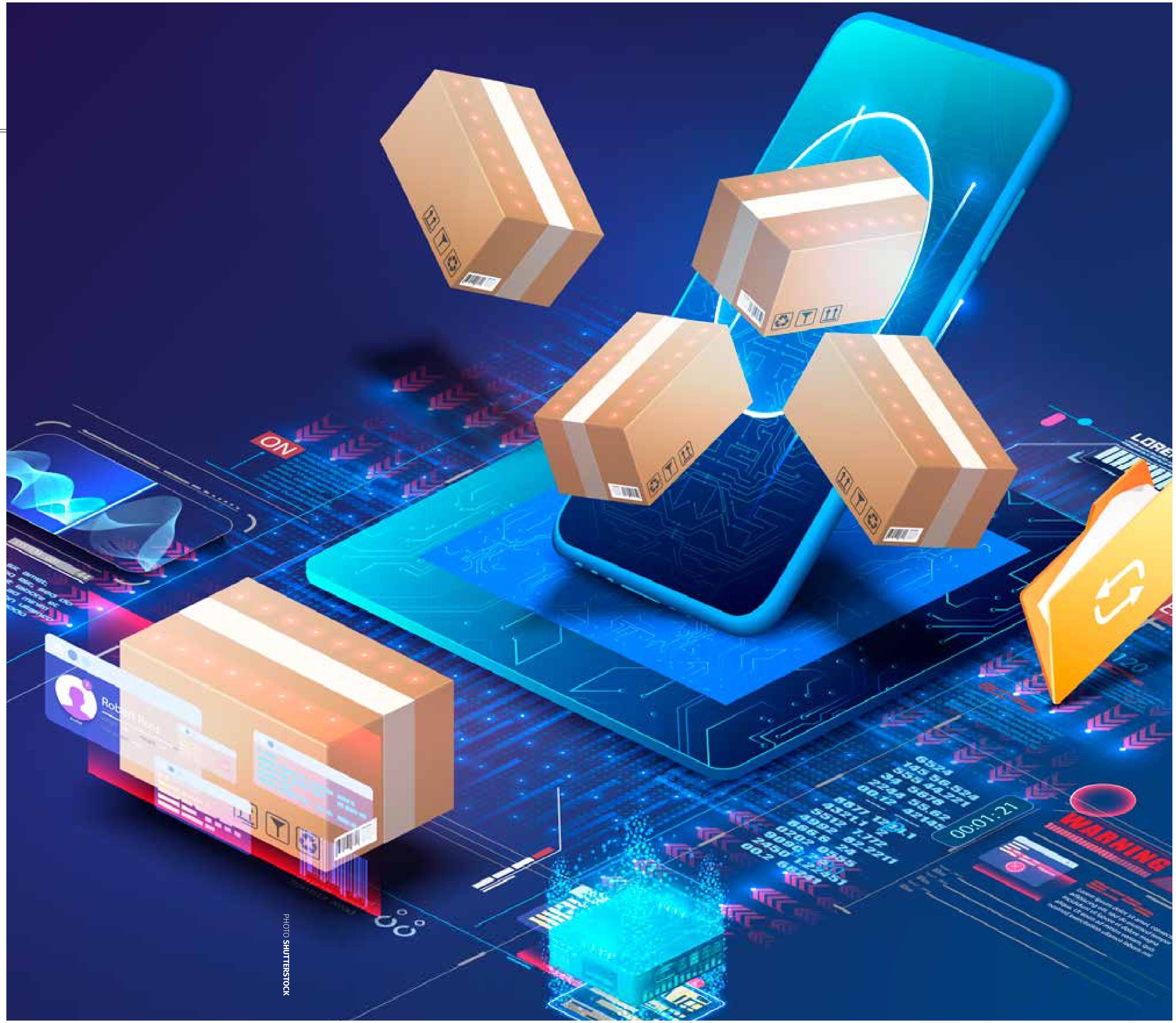


PHOTO SHUTTERSTOCK

around what constitutes minimal or no human intervention," commented Accredited Tax Advisor (GST) Richard Mackender, Indirect Tax Leader, Deloitte Singapore and Southeast Asia, in a webinar organised by the Singapore Chartered Tax Professionals. "Under the extended OVR regime, there would no longer be a need to differentiate between digital and non-digital services as all remote services would be subject to GST. However, the definitional question of minimal or no human intervention remains," he said.

EXTENDED OVR REGIME

Taxing remote services

With the extension of the OVR regime from 1 January 2023, all B2C supplies of imported services, whether digital or non-digital, would be subject to GST if the services can be supplied and received remotely (referred to as "remote services").

Digital services currently subject to GST under the existing OVR regime will continue to be considered as taxable supplies as such services are consumed by the recipient without regard to where the services are physically performed. Non-digital services that do not fall within the definition of digital services but are consumed without regard to the physical location of performance would likewise be subject to GST under the extended OVR regime.

Conversely, on-the-spot services which require a service recipient to be physically present at the location to consume or enjoy the service (such as hairdressing services and passenger transport services) would be excluded from the scope of the extended OVR regime.

Scope of remote services

The IRAS e-tax guide on "Taxing imported remote services by way of the overseas vendor registration regime" defines remote services as services where, at the time of the performance of the service, there is no necessary connection between the physical location of the recipient and the place of physical performance.

Based on this definition, the scope of remote services would, in addition to current digital services, include professional services (such as legal, tax and accounting services), educational services (such as distance learning

PHOTO SHUTTERSTOCK

With the expanded scope, a supplier of remote non-digital services must be aware of the new extended rules and be ready to account for GST on such services provided to customers in Singapore, if it is required to be GST-registered in Singapore under the extended OVR regime.

classes and membership subscriptions to professional associations), personal services (such as online counselling and telemedicine services), and even financial services (such as broking and financial advice).

Consequently, with the expanded scope, a supplier of remote non-digital services must be aware of the new extended rules and be ready to account for GST on such services provided to customers in Singapore, if it is required to be GST-registered in Singapore under the extended OVR regime.

Taxing LVGs

Currently, imported LVGs (below a value of S$400) are exempted from GST. This is set to change from 1 January 2023, when the OVR regime is extended to also tax B2C supplies of LVGs.

Following the extension, an overseas supplier of LVGs imported via air or post to customers in Singapore would be required to charge and account for GST on the value of LVGs supplied to non-GST registered customers in Singapore, if it is required to be GST-registered in Singapore under the OVR regime.

Scope of LVGs

Based on the IRAS e-tax guide on "Taxing imported low-value goods by way of the overseas vendor registration regime", LVGs are goods which, at the point of sale:

- are not dutiable goods, or are dutiable goods but have been granted GST import relief by Singapore Customs under Item 32 of the Schedule to the GST (Imports Relief) Order;
- are not exempt from GST;
- are located outside Singapore at the point of sale and are to be delivered to Singapore via air or post, and
- have a value not exceeding the import relief threshold of S$400.

It should be noted that the import relief threshold of S$400 is determined based on the sales value of the goods, excluding any transportation and insurance costs for transporting the goods from overseas to Singapore, any GST chargeable on the supply of LVGs, and any duties payable to Singapore Customs.

Local suppliers with LVGs outside Singapore

Currently, the sales of goods warehoused outside Singapore by local suppliers to customers in Singapore are treated as outside the scope of GST. With the extension of the OVR regime, GST-registered local suppliers would be required to charge and account for 7% GST on their direct sales of LVGs to non-GST registered customers in Singapore.

On the other hand, a non-GST registered local supplier that makes direct sales of LVGs to non-GST registered customers would be required to include such supplies in its taxable turnover in determining its GST registration liability.

Electronic marketplace operators

Under certain conditions, a local or overseas operator of electronic marketplaces may be regarded as the supplier of remote services or LVGs made on behalf of suppliers through its marketplace.

PHOTO SHUTTERSTOCK

When regarded as the supplier, an electronic marketplace operator, if GST-registered, must charge and account for GST on these supplies made to non-GST registered customers in Singapore, in addition to current taxable supplies made by it.

Redeliverers

Redeliverers typically offer "ship for me" and/or "buy for me" services to customers that wish to procure particular goods from overseas vendors that do not ship to Singapore.

Under certain conditions, local or overseas redeliverers may be regarded as suppliers of LVGs for which they have assisted to purchase and/or deliver to Singapore, and be required to charge GST on these supplies made to non-GST registered customers in Singapore.

NEXT STEPS

With the impending implementation of the extended OVR regime, businesses (including electronic marketplace operators and redeliverers) should consider if they would be affected by the new OVR rules and start getting ready.

With the impending implementation of the extended OVR regime, businesses (including electronic marketplace operators and redeliverers) should consider if they would be affected by the new OVR rules and start getting ready.

Areas to look into as part of the preparation process include:

- Checking and monitoring if it is liable to register for GST under the extended OVR regime;
- Reviewing and updating existing systems and processes, including making changes to business processes in order to identify, capture and charge GST on supplies of remote services and LVGs in its GST return;
- Implementing new controls or processes to collect and track GST registration numbers of customers to ensure that GST is not charged on sale of remote services or LVGs to a GST-registered customer;
- Understanding and assessing transitional rules – transactions straddling 1 January 2023 are subject to a different set of reporting rules;
- For electronic marketplace operators and redeliverers, determining if it is regarded as a supplier of remote services or LVGs under the extended OVR regime.

As 1 January 2023 draws near, it is definitely timely for businesses to start preparing now. ISCA

Angelina Tan is Technical Specialist, Singapore Chartered Tax Professionals.

INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

ARE YOU SAVVY ENOUGH TO NAVIGATE THROUGH THE NEW NORMAL?

As the national accountancy body, ISCA helps develop the capabilities and confidence that ISCA Youth Associates need to enhance their CV and achieve their career aspirations.

Even during these unprecedented times, ISCA continues to support all our student members by curating relevant webinars and online workshops. These resources are designed to transform student members into agile, resilient, and curious learners who can position themselves ahead of the curve.

Take the first step to hone your
skill sets and prepare for your future career.
Learn more at isca.org.sg/YouthAssociate

Membership fees will be waived for a limited time period.

Scan here to sign up as a Youth Associate now

Global Mindset, Asian Insights