



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

TechWatch

News at a glance



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TechWatch updates you on technical developments in financial reporting, auditing, ethics, regulation and business. The Institute welcomes your comments, emailed to < commentletters@hki CPA.org.hk >. Click [here](#) for past issues.

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Standard Setting Developments

Local Updates

1. Invitations to Comment

The Institute is seeking comments on:

- **IAASB Public Consultation:** Proposed Guidance *Extended External Reporting (EER) Assurance* by **1 June**
- **IAASB Exposure Draft:** ISA 600 (Revised) *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)* and Proposed Conforming and Consequential Amendments to Other ISAs by **14 August**
- **IASB Exposure Draft:** ED/2020/3 *Classification of Liabilities as Current or Non-current—Deferral of Effective Date (proposed amendment to IAS 1)* by **25 May**
- **IASB Exposure Draft:** ED/2019/7 *General Presentation and Disclosures* by **21 August** (extended from **22 May**)
- **IASB Request for Information:** *Comprehensive Review of the IFRS for SMEs Standard* by **11 September** (extended from **12 June**)
- **IASB Discussion Paper:** DP/2020/1 *Business Combinations – Disclosures, Goodwill and Impairment* by **14 November** (extended from **7 August**)

2. Invitations Submission

- **IASB Exposure Draft:** ED/2020/2 *Covid-19-Related Rent Concessions – Proposed amendment to IFRS 16*

International Updates

3. Audit and Assurance

- IAASB **Technical Director Update on COVID-19 Response**

- IAASB **Staff Audit Practice Alert: Going Concern**
- IAASB **Non-Authoritative Support Material: Audit Documentation when Using Automated Tools and Techniques**
- IAASB videoconference audios for meetings held on **1 April, 8 April** and **14 April**

4. Ethics

- IFAC **Exploring the IESBA Code 5: Independence**
- IESBA **Staff Questions & Answers: COVID-19 Ethics and Independence Considerations**

5. IFRS Updates

- April 2020 IASB **update** and **podcast**
- April 2020 supplementary IASB **update** – impact of COVID-19. At the supplementary meeting the IASB decided to:
 - propose an amendment to IFRS 16 to help lessees account for COVID-19-related rent concessions, such as rent holidays. The **Exposure Draft** was published on 24 April with a 14-day comment period. The IASB expects to publish the final amendments to IFRS 16 in May 2020 and the Institute aims to respond quickly regarding equivalent amendments to HKFRS 16 (see Institute submission for our comment letter);
 - propose a deferral of the effective date of *Classification of Liabilities as Current or Non-current*, an amendment to IAS 1 *Presentation of Financial Statements* (issued in January 2020), by one year to annual reporting periods beginning on or after 1 January 2023. The **Exposure Draft** was published on 4 May with a 30-day comment period. The Institute will monitor the IASB's

- redeliberations with a view to issuing equivalent amendments to HKAS 1 once the IASB issues the final amendment to the effective date; and
- extend the consultation period of the three published consultation documents by approximately three months: Exposure Draft ED/2019/7 **General Presentation and Disclosures** to September, Request for Information **Comprehensive Review of the IFRS for SMEs Standard** to October and Discussion Paper DP/2020/1 **Business Combinations - Disclosures, Goodwill and Impairment** to December.

To coincide with the IASB's revised timelines, the Institute has also **extended** its own comment deadlines. Refer to Invitations for Comment section for additional information.

- IASB **education document** on applying IFRS 16 *Leases* to COVID-19-related rent concessions
- IFRS 17 *Insurance Contracts* **podcast** covering the discussion at the April IASB meeting
- Exposure Draft *General Presentation and Disclosures* **investors webinar**
- April 2020 IFRS Interpretations Committee **update**
- The IFRS Interpretations Committee second biannual **Compilation of Agenda Decisions** covering agenda decisions from October 2019 to March 2020

Technical Learning and Support

6. New Programme

Click on the title below to register for the e-seminars/roundtables:

- **Roundtable discussion: Comprehensive Review of the IFRS for SMEs Standard/HKFRS for Private Entities** (18 May 2020)

- **Roundtable discussion: IASB ED/2019/7 General Presentation and Disclosures** (rescheduled to 15 June 2020)
- **Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard (E-seminar)**

Useful Resources

7. Institute's Technical Resource Centres

Access the Institute's comprehensive resource centres:

- **New and Major Standards**
- **ICAEW's International Accounting, Audit and Ethics Content**
- **New Companies Ordinance**
- **HKFRS for Private Entities**
- **SMP and SME**

8. LinkedIn

Follow our **LinkedIn** for key developments in financial reporting, auditing and ethics.

Advocacy and Practice Development/ Member Support

Corporate Finance

9. The Model for an Uncertified Securities Market

On 8 April, the Securities and Futures Commission (SFC), Hong Kong Exchanges and Clearing Limited (HKEX) and the Federation of Share Registrars Limited jointly issued the consultation conclusions on the proposed operational model for implementing an uncertificated securities market in Hong Kong, which will:

- enable securities to be moved into and out of the clearing and settlement system much more efficiently and cost effectively than present;
- address concerns about settlement efficiencies being compromised, and the potential impact on market participants' funding needs; and
- result in less market disruption and costs as it builds on existing processes, operational flows and infrastructure.

The SFC, HKEX and the Federation of Share Registrars Limited will further develop the model and the regulatory framework to support it with a view to implementing the uncertificated securities market regime from 2022.

For further details, please refer to the [consultation conclusions](#) and [press release](#). You may also wish to see the [consultation paper](#) and the Institute's [submission](#) on the consultation.

10. HKEX extends deadline of consultation on corporate weighted voting rights

HKEX has announced [an extension of the consultation deadline](#) for the proposals on corporate weighted voting rights to 31 May 2020 (originally 1 May).

Restructuring and Insolvency

11. Letter from the Official Receiver's Office (ORO) regarding impact of COVID-19 pandemic

The ORO has issued a [letter](#) dated 14 April aimed at officeholders, which, among other things, advises on actions that should be taken where officeholders may face difficulty in complying with specified timelines or other requirements, due to the impact of the COVID-19 pandemic, and encouraging provisional trustees and trustees to exercise their professional judgment in relation to the use of flexibility in administering cases.

Taxation

12. Announcements by the Inland Revenue Department

Members may wish to be aware of the following matters:

- [Extended deadlines for tax payments](#)
- [Interest on Tax Reserve Certificates](#)
- [Latest arrangement for "Auto Tax Payment Service" under the "Electronic Tax Reserve Certificates" Scheme and "Save-As-You-Earn" Scheme](#)
- [Profits Tax Return - Fair Value Accounting](#)
- [Tax Guide for Charitable Institutions and Trusts of a Public Character](#)
- [DIPN 31 \(Revised\) on advance rulings](#)
- [Gazettal of amendment notices made under Inland Revenue Ordinance](#)
- [Stamp Duty statistics \(March 2020\)](#)
- [Jail terms for two company directors](#)

Legislation and Other Initiatives

13. Anti-Money Laundering Notices

For the current lists of terrorists, terrorist associates and relevant persons/ entities under United Nations (UN) sanctions, members should refer to [the Institute's AML webpage](#), which is updated regularly. The UN Security Council Sanctions webpage of the [Commerce and Economic Development Bureau](#) contains consolidated lists of UN sanctions currently in

force in Hong Kong.

14. Anti-Money Laundering/ Counter-Terrorist Financing (AML/CFT) Guidance

For mandatory guidelines and information from the Institute on the AML/CFT requirements for members, see the Institute's **“Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Professional Accountants”**. Member practices may also find the Financial Action Task Force’s (FATF) **“Guidance for a Risk-Based Approach for the Accounting Profession”** to be a useful reference when developing their own risk-based approach to applying the AML/CFT requirements.

Members who are licensed to provide trust or company services need to be familiar with the **Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Trust or Company Service Providers**, issued by the Companies Registry.

Members should be aware of the **Hong Kong Money Laundering and Terrorist Financing Risk Assessment Report** (in particular Chapter 6, covering designated non-financial businesses and professions), which indicates ML/TF risks and vulnerabilities in the Hong Kong market. The **FATF’s Mutual Evaluation Report on Hong Kong** is also a useful reference in terms of highlighting areas for improvement in the implementation of the AML/CFT regime in Hong Kong.

Useful Resources

15. Other Publications

- (i) The HKEX has published:
 - **Report** on initial public offering applications, delisting and suspensions as at 29 April 2020
- (ii) The SFC has published:
 - **Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease**

(Prohibition on Group Gathering) Regulation

- (iii) Other publications
 - **Pandemic-specific Guidance for Auditors and Preparers** by Journal of Accountancy
 - **Scenario Planning and the COVID-19 Crisis** by Financial Management
 - **Why Leadership Diversity Matters in Handling Crises Like COVID-19** by Knowledge@Wharton
 - **7 Leadership Principles for Managing in the Time of Coronavirus** by Harvard Business School
 - **Global Surveys of Consumer Sentiment during the Coronavirus Crisis** by McKinsey & Company
 - **Managing the Cyber Risks of Remote Work** by Boston Consulting Group