

April 2024

## Keeping you informed and up to date in the world of corporate reporting

Welcome to the April edition of Reporting News. Set out below are the latest changes and developments in financial reporting, business reporting and business governance. In this edition:

[Accounting for deferred tax – removal of tax depreciation deduction for commercial buildings](#)

[Key observations from insurers' first full-year reports under the new accounting standards](#)

[What is the impact of external events on interim financial statements?](#)

[New accounting standard: IFRS 18 Presentation and Disclosure in Financial Statements](#)

[Reserve Bank of New Zealand issues guidance for prudentially regulated entities](#)

[Transition Plan Taskforce \(TPT\) launches resources for businesses](#)

[New SEC rules on climate-related disclosures face legal challenge](#)

[Updated emissions factors from the US Environmental Protection Agency](#)

[Australian climate-related disclosure Bill delays reporting by six months](#)

[Updated KPMG GHG Handbook](#)

---

## Financial Reporting

### Accounting for deferred tax – removal of tax depreciation deduction for commercial buildings

In March 2024 the Government issued the [Taxation \(Annual Rates for 2023–24, Multinational Tax, and Remedial Matters\) Bill](#). This Bill removes tax deductions for depreciation on commercial and industrial buildings with application from the 2024/25 income year. This will impact the deferred tax recognised for these buildings. Additionally, amendments to NZ IAS 12 Income Taxes are now effective, which will impact the deferred tax for, among other items, leases.

Depending on when the building was acquired and whether or not the initial recognition exemption applies or continues to apply will impact on the measurement of deferred tax. KPMG will be issuing guidance on the accounting impact in the next few weeks.

### Key observations from insurers' first full-year reports under the new accounting standards

An analysis of the first full-year reports of 53 insurers for the year ended 31 December 2023 has recently been released. Read the KPMG [web article](#) and [detailed analysis](#) for key observations on the:

- the accounting policies, disclosures and significant judgements applied by insurers under IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments;
- the impacts of IFRS 17 on key performance indicators (KPIs); and
- transition to IFRS 17 and IFRS 9.

### What is the impact of external events on interim financial statements?

Many companies are likely to be facing challenges as a result of external events – e.g. natural disasters, geopolitical events, climate-related effects or inflationary pressures – which may cause economic uncertainty. Read KPMG [web article](#) on the possible impacts of such events on the recognition and measurement of company assets and liabilities and how interim financial reporting addresses these circumstances.

### New accounting standard: IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") is effective for annual reporting periods beginning on or after 1 January 2027, but companies can apply it earlier.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The way companies communicate their financial performance is set to change. Investors will benefit from greater consistency of presentation in the income and cash flow statements, and more disaggregated information. Disclosure of certain 'non-GAAP' measures – management performance measures (MPMs) – will also form part of the audited financial statements.

Read the KPMG [web article](#) and [publication](#) here.

Please note that IFRS 18 has not yet been adopted in New Zealand and is therefore not available yet for early adoption for NZ reporters.

---

## New Zealand updates on climate and sustainability reporting

### Reserve Bank of New Zealand issues guidance for prudentially regulated entities

The [guidance](#) sets out RBNZ expectations of how entities should be identifying, managing, and monitoring climate-related risks. The guidance applies to all entities regulated by the Reserve Bank, even if it is not a Climate-Reporting Entity.

## Global updates on climate and sustainability reporting

### Transition Plan Taskforce (TPT) launches resources for businesses

The [final set](#) includes an internationally recognised best practice disclosure framework for transition plans, with a suite of resources to support companies and financial institutions globally to mobilise transition finance.

### New SEC rules on climate-related disclosures face legal challenge

The [rules](#) announced by the US Securities and Exchange Commission in early March have since been temporarily halted by an [administrative stay](#), marking the latest in a series of challenges.

### Updated emissions factors from the US Environmental Protection Agency

The February 2024 version of the [Emission Factors Hub](#) includes updates to global warming potentials and emission factors.

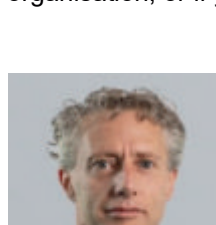
### Australian climate-related disclosure Bill delays reporting by six months

The Australian Treasury Bill, introduced into Parliament in March, proposes the new rules start with January 2025 reporting years. This KPMG Australia [Reporting Update](#) explains the phased in approach.

### Updated KPMG GHG Handbook

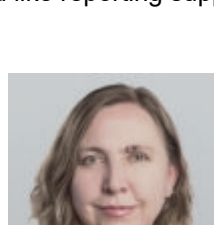
The [March 2024 edition of the KPMG GHG Handbook](#) includes both new and updated guidance based on our continued experience in responding to questions about the application of the GHG Protocol, including new guidance on emissions factors and offset credits. This handbook is useful for those looking for an introductory explanation of GHG emissions reporting under the GHG Protocol Standard and for comparisons with the SEC climate rule, European Sustainability Reporting Standards and the standards released by the International Sustainability Standards Board.

Should you have queries on how this information is relevant for your organisation, or if you would like reporting support, contact us [here](#).



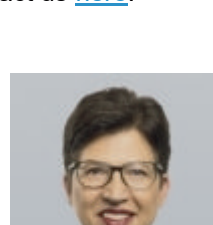
**Simon Lee**

Technical Director  
KPMG



**Marcia Smith**

Director  
KPMG



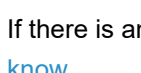
**Sanel Tomlinson**

Partner  
KPMG

---

## Feedback

If there is anything you would like to see more or less of in these updates, [let us know](#).



[Legal](#) | [Privacy](#) | [kpmg.com/nz](#)

### Forward to a colleague.

KPMG New Zealand:  
18 Viaduct Harbour Avenue  
PO Box 1584  
Auckland 1140  
T: +64 9 367 5800

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2024 KPMG, a New Zealand Partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.