



MEMBERS' HANDBOOK

Update No. 297

(Issued 21 July 2023)

This Update relates to the following publications:

1. *International Tax Reform— Pillar Two Model Rules* (Amendments to HKAS 12 *Income Taxes*)

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

Entities are required to apply the temporary exception immediately upon the issuance of the amendments and to provide the new disclosures for annual reporting periods beginning on or after 1 January 2023.

2. *Supplier Finance Arrangements* (Amendments to HKAS 7 *Statement of Cash Flows* and HKFRS 7 *Financial Instruments: Disclosures*)

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements (SFA) and their effects on an entity's liabilities, cash flows and exposure to liquidity risk in response to investors' concerns that some entities' SFA are not sufficiently visible, hindering investors' analysis.

The amendments will become effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

Document Reference and Title	Instructions
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VOLUME II

<u>Contents of Volume II</u>	Discard existing pages i to v and replace with the revised pages i to v.
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Section 1: Effective for accounting periods beginning on or after 1 January 2023

HONG KONG ACCOUNTING STANDARDS (HKAS)

<u>HKAS 12 <i>Income Taxes</i></u>	Replace the cover page and page 2 with revised cover page and revised page 2.
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Document Reference and Title**Instructions****AMENDMENTS TO HKFRS/HKAS**

[Amendments to HKAS 12 *International Tax Reform—Pillar Two Model Rules*](#)

Insert Amendments to HKAS 12 after HKFRS Practice Statement 2.

Section 2: Standards issued but not yet effective
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AMENDMENTS TO HKFRS/HKAS

[Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements*](#)

Insert Amendments to HKAS 7 and HKFRS 7 before Amendments to HKFRS 10 and HKAS 28.