

NEWSLETTER

By SinceTex

Sept 2025

Accounting. Quality Management. Internal Controls. Taxation & Payroll

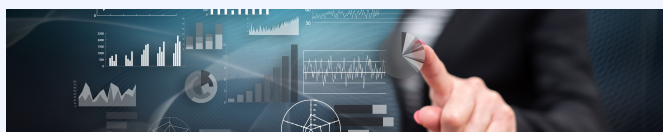
Top Stories: Accounting

Exciting new developments are making waves in the accounting world!

Recent updates highlight how AI-driven technology is transforming the industry, along with important regulatory changes and innovative trends in professional practice management. These shifts are not merely reshaping the future of accounting; they're paving the way for a more efficient and vibrant profession. Get ready to dive into how these advancements are revolutionizing the accounting landscape like never before!



- **The Role of AI in Transforming Accounting Software**
- **Risk Focus for 2026 in the Asia Pacific**
- **Public accounting firms are adopting various quality management standards while navigating different challenges**
- **New Corporate Governance Requirements to be reflected in the 2026 Report**
- **Mandatory electronic filing of Hong Kong profits tax returns from the year of assessment 2025/26**



The Role of AI in Transforming Accounting Software

AI is revolutionizing accounting software by automating workflows, enhancing accuracy, detecting anomalies, and providing real-time analytics, allowing accountants to focus on strategic decision-making.

The Ways AI Improves Accounting Software:

- **Automated Accounting and Bookkeeping:**
AI categorizes transactions and reconciles accounts with minimal manual input, reducing errors and administrative burdens.
- **Billing and Payment Processing:**
AI-driven platforms process invoices, identify duplicates, apply relevant tax rules, and streamline approvals for greater efficiency.
- **Response in Natural Language:**
AI-powered chatbots deliver prompt responses and offer practical suggestions.
- **Identifying Irregularities and Preventing Fraud:**
AI detect anomalies and potential fraud, facilitating timely oversight.
- **Predictive Analytics and Forecasting:**
AI generates real-time dashboards and forecasts from historical and real-time data, enabling to make informed decisions quickly.

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Quality Management

Postponement of Effective Date for QC1000, A Firm's System of Quality Control

On August 28, 2025, the PCAOB announced a postponement in the effective date of QC 1000, A Firm's System of Quality Control, extending it to December 15, 2026.



QC 1000, which has been published by the PCAOB and approved by the US SEC, is set to be implemented by all registered public accounting firms. Originally scheduled to take effect on December 15, 2025, this quality management system is essential for public accounting firms to maintain high standards in their engagement performance and quality control processes. However, a number of firms have expressed concerns about their capacity to comply with QC 1000 by the original deadline, citing practical challenges in its implementation. In response to these concerns, the PCAOB announced on August 28, 2025, that the effective date of QC 1000 would be postponed by one year.

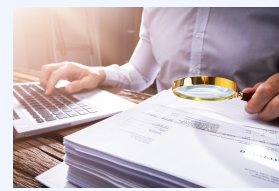
Key features of ISQM 1

The International Standard on Quality Management 1 (ISQM 1) emphasizes a proactive approach to quality management tailored to each firm, with a focus on risk assessment, monitoring and remediation. Firms are required to develop and maintain a quality management system that addresses their unique needs and quality risks. Leadership must evaluate the system annually and establish a framework for monitoring and remediation. To promote a commitment to quality, firms should foster a culture that reflects these values, with a strong tone at the top encouraging ethical practices throughout the firm.



Key distinctions between ISQM 1 and QC 1000

- The International Standards on Quality Management (ISQMs), issued by the IAASB, have been effective since December 15, 2022, while QC 1000 will be effective on December 15, 2026.
- QC 1000 mandates annual evaluations on September 30, while ISQM 1 requires only an annual evaluation without a specific date.
- QC 1000 introduces a distinct evaluation framework with different evaluation conclusions and additional requirements compared to ISQM 1.
- Firms that issue audit reports for over 100 issuers, QC 1000 requires an external oversight function and an automated independence system.
- Documentation under QC 1000 must be sufficient to enable an experienced auditor to understand. This threshold for an experienced auditor differs from ISQM 1.



Quick Reminder about ISQM 2

- The scope of engagements that require an engagement quality review has been expanded under ISQM 2.
- A cooling-off period of two years, or potentially longer, before an engagement partner can take on the role of Engagement Quality Reviewer.
- Allocate sufficient time for a thorough Engagement Quality Review.

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Corporate Governance on Internal Controls

On December 19, 2024, the Stock Exchange of Hong Kong Limited released its conclusions on enhancements to the Corporate Governance Code. The new requirements will apply to corporate governance reports and annual reports for financial years commencing on or after July 1, 2025, with certain provisions subject to transition arrangements. Listed entities with year-ends on December 31, March 31, and April 30 will implement these changes in their 2026 reports, unless transition arrangements apply.



Key changes include:

- Designation of a lead independent non-executive director
- Mandatory annual director training
- Cap on overboarding
- Regular board performance reviews and disclosure of a board skills matrix.
- Boards must not include independent non-executive directors who have served over nine years, with a six-year transition period
- Annual reviews of board and workforce diversity policies
- Nomination committees include directors of different genders
- Annual reviews of risk management and internal control systems must be conducted, with detailed disclosures on processes and remedial actions
- Enhanced disclosures regarding an issuer's dividend policy and board decisions on dividends.



Risk in Focus

Top five risks identified in the Asia Pacific region

According to a recently published report by the Institute of Internal Auditors, titled "2026 Risk in Focus: Hot Topics for Internal Auditors," the top five risks identified in the Asia Pacific region are as follows: **Cybersecurity (62%), Business Resilience (58%), Human Capital (56%), Market Changes/Competition (49%), and Digital Disruption, including AI (39%)**. Notably, compared to the 2024 data, risks associated with regulatory changes and geopolitical/macroeconomic uncertainties have increased by 6% and 5%, respectively. Conversely, the risks linked to climate change and environmental concerns have decreased by 9% relative to the previous year.

This survey was conducted by the Internal Audit Foundation in partnership with other organizations, utilizing an online format from April 28 to June 6, 2025.



Mandatory Electronic Filing of Profits Tax Returns

In alignment with the ongoing digital transformation initiatives, the Hong Kong Inland Revenue Department is advancing toward the complete implementation of mandatory electronic filing for profits tax returns applicable to corporations and unincorporated businesses, excluding sole proprietorships. The initial phase of this mandates that qualifying entities submit their profits tax returns electronically, commencing from the year of assessment 2025/26.

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Sources

- QC 1000, A Firm's System of Quality Control, published by the PCAOB, can be found on the PCAOB's website (www.pcaobus.org).
- International Standards on Quality Management 1 & 2, published by the IAASB, can be found on the IAASB's website (www.iaasb.org).
- Hong Kong Standards on Quality Management 1 & 2, published by the HKICPA, can be found on the HKICPA's website (www.hkicpa.org.hk).
- Consultation Conclusions on Review of Corporate Governance Code and Related Listing Rules were published by the Stock Exchange of Hong Kong Limited (HKEX), a subsidiary of Hong Kong Exchanges and Clearing Limited. The Conclusions are available on the HKEX's website (www.hkex.com.hk).
- The 2026 Asia Pacific Risk in Focus report was published by the Institute of Internal Auditors (IIA), specifically through the Internal Audit Foundation. The Report is available on the IIA's website (www.theiia.org).
- For Details of the Mandatory Electronic Filing Information of Hong Kong Profits Tax Returns, please refer to the website of Hong Kong Inland Revenue Department (www.ird.gov.hk).



SinceTex | Your Global Partner in Compliance

At SinceTex, we understand that navigating the intricate landscape of financial and corporate governance can often feel overwhelming. Our team of top-tier professionals brings a wealth of expertise gained from leading global accounting and professional firms. We are committed to promoting an ethical culture, ensuring robust corporate governance, and maintaining regulatory compliance in a complicated financial world with confidence and clarity.

At SinceTex, we prioritize Precision, Trust, and Transparency. Your Financial Success, backed by solid corporate governance, starts with us! Let's embark on this journey towards excellence!



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