1st Quarter 2016 Newsletter

Members of MGI Asia

I hope everyone is enjoying a better start to the year than the January stock market rout. Any mutual fund's prospectus will contain the fine print "Past performance is not an indicator of future outcomes", yet history shows that years with shaky starts in the equity markets usually tend to signal challenging times ahead. The slowdown in China, coupled with depressed commodity prices have cast some dark clouds over emerging economies, with even developed economies reducing their growth outlook.
Despite the impending storm, I am pleased to inform that MGI Asia continues to remain resilient. We had very strong participation at the area and annual meetings and I would urge all of you to continue to participate. Further, there is greater integration and involvement of MGI Asia as seen in the increase in business referrals into and within the region.

In 2016, the focus for MGI Asia will be on the following areas:

- Membership recruitment in unrepresented and under-represented regions, including Myanmar, Laos, Sri Lanka and South India
- Brand strengthening through increased business exchange and collaborations
- Sharing of expertise and best practices to create and increase knowledge exchange

When the previous financial crisis struck in 2008, MGI Asia emerged stronger and more cohesive than before. That was possible only with the active and continued support of members. History has shown that there is only one way we can ride out any storm – TOGETHER.

Imran Assan
Area Leader – Asia

MGI AREA MEETINGS 2016

Australasian Area
13 - 16 April
Queenstown, New Zealand

North America Area
19 - 20 May
San Antonio, Texas, USA

European Area
08 - 10 June
Noordwijk, The Netherlands

Asia Area
26 - 27 August
Hanoi, Vietnam

Global AGM
19 - 21 October
Santiago, Chile

Latin American Area
19 - 21 October
Santiago, Chile (Combined with AGM)

Africa Area
01 - 03 November
Cape Town

UK Area
24 - 26 November
Near to Gatwick & Heathrow airports, UK

Global Forensic Group

If you are an MGI member experienced in litigation support and have given expert accountancy evidence in court, you might be interested in joining MGI's first Global Forensic Group.

The goal is to promote MGI's expertise by developing web pages aimed at lawyers dealing with international disputes. We also hope to use the Group as a platform for knowledge sharing and mutual technical support among the MGI community

Please contact Roger Isaacs at risaacs@milsted-langdon.co.uk summarising your forensic/litigation experience and how you would like to be involved.

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MGI ASIA MEMBER NEWS

MGI Asia Pacific moves up the ranking in the latest World Survey published by the International Accounting Bulletin

MGI is Asia Pacific's 10th largest accounting association, according to the latest data compiled by International Accounting Bulletin (IAB). This is a 4 point jump from number 14 last year.

"This is indeed a tremendous achievement for Asia and MGI as a whole. The relentless recruitment endeavours in Australasia and Asia, coupled with strong growth amongst the members have paid off. MGI's growth on an international level was also a factor for the expansion in Asia," said Imran Assan the Asia Area Leader.

MGI is leading with a good presence of medium sized practitioners in Asia a testimony to the hard work and efforts put in by individual members to promote and grow the MGI brand.

For the details on the survey and to read the International Accounting Bulletin please click HERE

Assan Masood CEO of MGI Menon reappointed on ACRA panel

The Accounting and Corporate Regulatory Authority (ACRA) of Singapore has reappointed Assan Masood to their Complaints and Disciplinary Panel.

ACRA is the national regulator of business entities and public accountants in Singapore. ACRA also plays the role of a facilitator for the development of business entities and the public accountancy profession.

Assan's reappointment is a testimony to his experience in the accountancy profession in Singapore and his wisdom.

MGI GLOBAL NEWS

2016 World Survey ranks MGI 13th Globally

MGI Worldwide continued to retain its position as one of the top 20 leading accounting and audit associations. According to the latest figures published by International Accounting Bulletin (IAB), MGI was the 13th largest accounting association by both fee income and staff numbers.

Clive Bennett, MGI CEO, commented: "Holding a solid place in the world's top 20 is important for us, as it publicly confirms our reputation as an organisation with the stature, scale and quality to look after our members' clients all over the globe. In this coming year MGI Worldwide will move to the rather tougher network rankings, which includes all the very large firms, but we expect to remain comfortably in the top 20."

Key trends from the IAB global report included the ongoing "war for talent" facing the industry and the increasing importance of technology in the accounting profession. According to the IAB, growth averaged 2% globally and the industry delivered a "strong performance in tough conditions".

MGI Jebsen & Co. celebrates 45 years at top of Argentina's auditing sector

MGI Jebsen & Co. was founded in Buenos Aires in 1971 by Martin Jebsen, who still leads the firm as one of its three managing partners along with (since 2002) A. Rafael Faillace and Luis Uncal, with a team of 50 staff members.

The firm, which joined MGI Worldwide back in 1987, has played a prominent part in the MGI Latin America Circle for almost 30 years. Martin Jebsen has acted as member of the MGI International Committee, Managing Committee and was Chairman from 2001 to 2003

To mark its 45th anniversary, the firm has decided to forego a party and instead donate the money it would have spent to two charities.

MGI's Mexican Circle first meeting of 2016

MGI's Mexican firms are convinced of the value of being part of a group to exchange ideas and plan joint strategies for the benefits of each member.

On January 28, the first meeting of the year was hosted by MGI Bargalló Cardoso & Asociados in Mexico City.

It provided a chance for members to discuss development strategies for the New Year, as well as regional challenges and how to face them from a group perspective.

The meeting was another opportunity to strengthen ties with other members, exchange ideas and plan joint actions for the future growth of each firm and the entire Mexican network.

MGI North America Western Circle Meeting

MGI North America members from the western region and the International Executive Committee gathered on the 8 & 9 January in Sacramento, California, USA.

Hosted by member firm RINA accountancy corporation, the group looked at possible new ways to engage with each other, heard about new MGI initiatives and discussed issues facing them in their market.

Delegates also enjoyed a wine tasting tour at a Californian based winery, which produces Nello Olivo

Topics discussed:

- MGI Worldwide and MGI North America new initiatives
- Issues facing the profession and sharing of ideas
- Member recruitment and incentive for existing members
- Updates on MGI North America marketing initiatives
- Updates from MGI North America International Tax Group

PROFESSIONAL NEWS FROM AROUND THE WORLD

IASB shines light on leases by bringing them onto the balance sheet

Source: IFRS website

The International Accounting Standards Board® (the Board) issued a new accounting Standard, called IFRS 16 Leases. It replaces accounting requirements introduced more than 30 years ago that are no longer considered fit for purpose and is a major revision of the way in which companies account for leases.

Leasing provides an important and flexible source of financing for many companies. However, the old lease accounting Standard (IAS 17 Leases) makes it difficult for investors and others to get an accurate picture of a company's lease assets and liabilities, particularly for industries such as the airline, retail and transport sectors.

Listed companies using IFRS Standards or US GAAP are estimated to have around US$3.3 trillion of lease commitments; over 85 per cent of which do not appear on their balance sheets. That is because leases to date have been categorised as either 'finance leases' (which are reported on the balance sheet) or 'operating leases' (which are disclosed only in the notes to the financial statements).

This somewhat arbitrary distinction made it difficult for investors to compare companies. It also meant that investors and others had to estimate the effects of a company's off balance sheet lease obligations, which in practice often led to overestimating the liabilities arising from those obligations.

IFRS 16 solves this problem by requiring all leases to be reported on a company's balance sheet as assets and liabilities.

The new Standard will provide much-needed transparency on companies' lease assets and liabilities, meaning that off balance sheet lease financing is no longer lurking in the shadows. It will also improve comparability between companies that lease and those that borrow to buy.

The IASB has also worked in close collaboration with the US Financial Accounting Standards Board (FASB) on the development of the new Standard. The two Boards are aligned on the central issue of bringing leases onto balance sheets, and on the definition of a lease and how lease liabilities should be measured.

IFRS 16 is effective 1 January 2019. Early application is permitted for companies that also apply IFRS 15 Revenue from Contracts with Customers.

IAASB Finalizes Changes for Auditor Reporting on Special Purpose Financial Statements

Source: IFAC website

The International Auditing and Assurance Standards Board (IAASB) released ISA 800 (Revised), *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*, and ISA 805 (Revised), *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement*.

Reporting on special purpose financial statements is linked to the IAASB's new and revised Auditor Reporting standards issued in January 2015, in particular ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, and new ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*. The amendments to ISA 800 and ISA 805 are limited to auditor reporting and are not intended to substantively change the underlying premise of these engagements in accordance with the extant ISAs.

"As a result of our more general work on auditor reporting, we found it necessary in the public interest to also make changes to ISA 800 and ISA 805," explained IAASB Chairman Prof. Arnold Schilder. "Feedback from our stakeholders has helped us finalize these proposals and provide greater clarity about how the new auditor reporting enhancements apply in the context of special purpose financial statements."

ISA 800 (Revised) and ISA 805 (Revised) will become effective at the same time as the auditor reporting standards addressing general purpose financial statements–for audits of financial statements for periods ending on or after December 15, 2016.
For more information, visit www.iaasb.org/auditor-reporting.

IAASB Finalizes Changes for Engagements to Report on Summary Financial Statements

Source: IFAC website

The International Auditing and Assurance Standards Board (IAASB) has released ISA 810 (Revised), *Engagements to Report on Summary Financial Statements,* which deals with the auditor's responsibilities relating to an engagement to report on summary financial statements derived from financial statements audited in accordance with International Standards on Auditing (ISAs) by that same auditor.

The limited amendments to ISA 810 (Revised) leverage the additional transparency in the auditor's report on the audited financial statements resulting from the IAASB's new and revised Auditor Reporting standards issued in January 2015, in particular ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, and new ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*.

"The issuance of ISA 810 (Revised) represents the culmination of the IAASB's work on auditor reporting that began in 2006. Feedback from our stakeholders has helped us finalize our proposals to meet the public interest calls from investors and others to enhance auditor reporting," noted IAASB Chairman Prof. Arnold Schilder. "We already see positive momentum growing around the world to implement these standards."

ISA 810 (Revised) will become effective at the same time as the auditor reporting standards addressing general purpose financial statements—for engagements to report on summary financial statements for periods ending on or after December 15, 2016.

"Through our Auditor Reporting Implementation Working Group, the IAASB and its staff remain committed to promoting awareness of our new and revised auditor reporting standards and facilitating their effective implementation," explained IAASB Technical Director Kathleen Healy. "For example, the IAASB has recently published an article on our dedicated auditor reporting page that explores common questions asked by audit committee members and finance executives about the new and enhanced auditor's reports."

For more information, visit www.iaasb.org/auditor-reporting.

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IESBA Close to Finalizing Ethics Standards for Long Associations with Audit Clients

The International Ethics Standards Board for Accountants has released for public comment an updated exposure draft on a standard for addressing how audit firm personnel should act toward an audit or assurance client who has a long association with the firm.

The document, Limited Re-exposure of Proposed Changes to the Code Addressing the Long Association of Personnel with an Audit Client, relates to the IESBA's project to develop more robust and comprehensive provisions dealing with the long association of personnel with an audit or assurance client.

The proposals being re-exposed are:

• An increase from two to five years in the cooling-off period for the engagement quality control reviewer (EQCR) on the audit of a listed entity, and to three years on the audit of a public interest entity (PIE) other than a listed entity;

• An alternative approach to the cooling-off requirements for PIE audits in the Code of Ethics for Professional Accountants where jurisdictions have established different but robust legislative or regulatory safeguards to address the threats to auditor independence created by long association; and

• A revised approach to determining how long an individual should cool off after having served either as an engagement partner (EP) or as an EQCR, or in a combination of roles, for only part of the seven-year period they have served as a Key Audit Partner.

The exposure draft includes revised provisions addressing other long association proposals that the IESBA has now finalized, including:

• An increase in cooling-off period for EPs from two to five years on audits of all PIEs; and

• Additional restrictions on activities that can be performed during the cooling-off period.

To help stakeholders better understand the proposals, the document includes a set of proposed IESBA Staff Questions and Answers, which will be issued with the final provisions to facilitate implementation.

The Ethics Board is asking all stakeholders to comment on the exposure draft. To access the document and submit a comment, visit the Ethics Board's website at www.ethicsboard.org. Comments are requested by May 9, 2016.

Small Medium Practitioners Survey 2015

Source: IAB Vincent Huck,

Nearly half of the 6,725 small and medium practices (SMP) practitioners surveyed for the International Federation of Accountants' (IFAC) annual global SMP survey said they had no interest in joining a network, association, or alliance.

Only 28% of respondents reported that their SMP belonged to a network (11%), association (10%), or alliance (7%). An additional 24% indicated that their practice was considering joining one. Slightly less than half of respondents (48%) indicated that their SMP had no interest in joining a network, association, or alliance.

This year's survey has found little change in the SMP practitioners' views on the market environment in 2015 compared to 2014. For a second year in a row a majority of respondents (47%) viewed attracting new clients as their biggest challenge.

This was followed by keeping up with new standards and regulations (44%), differentiating from the competition (43%), and experiencing pressure to lower the fees (41%).

Equally consistent with the 2014 survey, in the 2015 survey respondents highlighted the regulatory environment (52%) and competition (46%) as the most impactful environmental factors for their practices. This was followed by technology developments (43%).

"For the second consecutive year, SMPs have predicted that technology and regulatory developments will have the biggest impact on them in the future; they will need to be nimble and adapt in order to remain competitive," said IFAC SMP Committee chair Giancarlo Attolini.

"While changes in technology are inevitable, we need to continue contributing to the development of international standards that are stable, relevant, and can be applied in a manner proportionate to the size of the entity or practice. And, as a profession, we need to help SMPs and SMEs adapt and prepare for changes by continuing to listen, develop guidance, and encourage knowledge sharing so they are well positioned to thrive in the future."

6,725 practitioners from 169 countries replied to the survey. Of which 41% were from Europe, 26% from Asia, 15% from Africa, 8% from Latin America, 5% from the Middle East, 3% from North America and 2% from Australasia and Oceania.

Detailed results of the survey can be found at IFAC Global SMP Survey: 2015 Results

IFAC Calls for End to Patchwork Global Regulations

By Michael Cohn

The International Federation of Accountants has issued a **report** calling for governments around the world to stop issuing a patchwork set of regulations that are stifling economic growth.

IFAC is calling for political leaders and policymakers to follow 10 principles for consistent, high-quality global regulation, to aid global economic growth.

The 10 principles were identified by 30 senior executives and experts from regulatory agencies, financial markets, government, academia, listed companies, investment funds, and the accounting profession at a roundtable in Hong Kong convened by IFAC in partnership with the Hong Kong Institute of Certified Public Accountants. The principles are supposed to help guide regulators toward better decisions and protect the global economy from the dangers posed by a patchwork approach to regulation.

While business and finance are increasingly global, roundtable participants warned that important regulation is not. Instead, it is frequently focused on national interests, which can create barriers and impediments to inclusive growth and jeopardize global financial stability.

“This clear signal from a broad, non-partisan group in one of the world’s most important trading centers highlights the urgent need for a more globally consistent approach to regulation,” said IFAC CEO Fayez Choudhury in a statement Wednesday. “We need a clear change in the will—and resources available—for international regulatory cooperation. The current fragmentation is creating a regulatory environment that encourages more risky trading and financing activities in often unregulated domains, and allows for the exploitation of gaps in regulation globally.”

The roundtable participants discussed ways to foster a more integrated global regulatory framework that can create a better environment for economic growth:

Stronger systems and incentives for cross-border regulatory collaboration and cooperation.

* Beyond consultation within the regulatory community, lack of resources and different national financial ecosystems make true collaboration with a broader set of stakeholders a challenge.

* Greater incentives are required before regulators can look beyond national interest, and consider long-term, global implications of regulation.

Systematic review of regulations to determine whether implementation and impact match expectations.

* Current regulatory systems often focus on writing regulation rather than evaluating effectiveness. Not all existing regulations are implemented in practice.
* Rapid change in business and financial markets requires continued flexibility. Much regulation is outdated by the time it is implemented, often years after originally proposed.
* Independent oversight of regulation would allow collaborative discussion and better analysis of costs and benefits.

10 clear principles for high-quality financial regulation rather than a reactive response.

* To serve the public interest, regulation needs to be evidence-based, proportionate, appropriately resourced, collaboratively developed/implemented, consistent, subject to active oversight, systematically reviewed, have clear objectives, and be properly targeted and enforced to address intended issues.
* They must be developed in consultation with the public and affected constituencies.

Over half of India Inc not ready for Indian Accounting Standards implementation: PwC

Indian Accounting Standards (Ind AS) will be implemented on 1 April 2016 and over half of the companies aren't ready for the transition, says a PwC survey. The new accounting and reporting standards are in line with global practices and IFRS

The audit and tax consulting firm believes that the level of preparedness for Ind AS adoption goes beyond financial reporting, requiring significant organisational changes.

"More than 50% of the respondents are yet to plan or commence implementing changes at an organisational level," it said.

"Also, 39% of them are yet to start or plan for the impact assessment of Ind AS adoption," says PwC, quoting the findings from a February 2016 survey among 100 companies across industry sectors and size.

About 63% of them are covered under mandatory phase-I adoption of Ind AS.

Nearly half (45%) believe management approach for identification of segments will have a major impact on disclosures.

Sumit Seth, a partner at Price Waterhouse & Co, the accounting arm of PwC India, advices companies to follow a step-by-step approach to Ind AS.
"Since the impact of Ind AS adoption cascades beyond accounting, resulting in several organisational changes impacting direct and indirect taxes, contractual arrangements with customers, suppliers, lenders, and incentive policies, including timely communication with various stakeholders, companies will have to follow a step-by-step approach to ensure a smooth transition," he said.
Three-fourths of the respondents expect that they will have to report additional non-Gaap financial measures once they switch to Ind AS, says the survey, adding that even though the impact of adopting Ind AS will vary from company to company and from across the sectors, better planning will enable firms to address some implementation challenges in advance.

Source: http://www.business-standard.com/; Press Trust of India

TIPS & HELP

20 Best Practices for Training and Retaining Staff

BY EDWARD MENDLOWITZ

Colleagues complain that it is hard to train staff because they do not listen, and even if they were trained properly, they would then leave, preventing recoupment of the training costs.

I hear what they are saying but do not agree with either premise. Training is essential and must be committed to by the partners and owners and become part of the firm's culture. Presented here are 20 best practices.

1. Find ways to constantly tell each staff person they've done a good job.

2. Don't let someone go home upset, or with unfinished tasks.

3. Excite your staff.

4. Consider your staff to be team members, not employees.

5. Recognize that each staff person is a "free agent" who can get another job quite easily and with an increase in salary. Treat every interaction as if you are competing for their loyalty

6. Give smaller or more frequent tasks to do. It's easier to assign, train and review small things than big things, and takes less time to train.

7. Try to train in threes. Give a team member three of the same type of work to do. Instruct on the first. Monitor on the second and congratulate on the third

8. Think in terms of modularization of the work functions. This makes it easier and quicker to train, makes it easier for other staff to train and easier for a newer team member to step up to the work done by those above them.

9. Emphasize processes, systems and checklists.

10. Irrespective of the last item, encourage independent thinking, ingenuity, ideas and questions.

11. Work toward empowering staff and take advantage of their judgment abilities.

12. Grade the training upward as they accomplish the earlier functions.

13. No shortcuts and no skipping steps.

14. Tell your staff what is expected of them and how they should develop learning habits for clients they work on.

15. Ask each team member what they learned today.

16. Don't assume anything. Teach everything.

17. Don't assume the obvious is obvious.

18. Be patient.

19. Make effective training and learning part of your culture.

20. Be a learning organization.

Edward Mendlowitz, CPA, is partner at [WithumSmith+Brown, PC, CPAs](). He is on the Accounting Today Top 100 Influential People List. Ed welcomes practice management questions and can be reached at (732) 964-9329 or emendlowitz@withum.com.

Make the Most of Your Accounting Practice's Website

BY JOHN CURTIN

Have ever completed a profitability analysis on your site?

A website is perhaps one of the most valuable weapons in an accountant's arsenal. Whether you created it yourself or paid a professional to work their magic, chances are you have one. But what happens when you neglect and fail to update it on a regular basis? More than likely, it's not performing to your expectations.

We invest significant time and money analyzing and reviewing the ROI of tangible physical assets to ensure a proper return on our investment, yet many of us do not spend the same amount of time and energy analyzing the performance and ROI of our digital footprint. We treat our online assets more like a nameplate or sign on the door than a physical asset capable of generating a significant return. Approximately 95 percent of all B2B buyers complete online research prior to making a purchase decision, according to research from Accenture. Chances are, the prospective clients you're trying to reach have already visited your website or have intentions of visiting prior to their sit down with you. The quality of your site is vital, because it's often the very first impression you make.

This leaves a gaping hole for businesses that do not closely monitor their digital footprint. While it is important to have a quality website that makes a strong first impression, many professionals are hesitant to make the investment in a professional website as it is difficult to ascertain the return you are seeing for the dollars invested.

As accountants, here are some steps we can take to improve the return on investment from our website:
Don't just track traffic, track conversions. Nowadays, it isn't enough to simply track how many clicks you get from Google. You must see what pages were visited and how many of your visitors made contact by email, phone or web form. There are also complex conversion-tracking capabilities within Google Analytics that can provide this data and help you track the leads you receive from your site. This data can be tied to your contact database and the return generated from these clients can not only be tracked, but also measured.

There are many tools available to help improve conversions on your site:
Easy to find contact forms: It is imperative to make it easy for prospective clients to contact you from each page on your site. By providing these user-friendly contact forms, you can generate additional leads that will help grow your business and improve your website's ROI.

Integrated customer relationship management: There are many CRM tools available to accountants that not only allow for effortless tracking of prospects, but also automate follow-ups for online leads. However, in order to maximize the effectiveness of these tools, you need to ensure that the system you choose will integrate with your contact form. Make sure they have API support that will allow for transmitting their contact information automatically to your CRM. This helps eliminate leads falling through the cracks, especially during the busiest of tax seasons.

Make digital investments that provide long-term return. Some services rent websites to your business and build an online reputation for your site. However, if you decide to change providers, that investment is lost. The traffic and online reputation built stays with the service provider. When managing a website and creating content, always make sure that as you build your online profile, you are the owner of both the site and content.

Custom content: It is very important to create valuable content for your current or potential clients. You want them to see you as a subject matter expert and there is no better way to do that than to demonstrate your expertise through the regular creation of solid quality content.

Case studies and testimonials: Potential clients want to know you can get results. It is important to share the results you achieve for your clients on your website. Testimonials put a face to your clientele and let them speak as an independent voice. Case studies allow you to take a potential client through your thought process and show how you will work to solve their problems.

Make capital improvements to your digital assets. We all understand that physical assets need to be improved upon in order to maintain their value. This is the same for digital ones. Websites, Facebook pages and blogs are all digital assets that represent your business to your clients and colleagues. If they're outdated and lack fresh, original content, your site loses its effectiveness. As a result, the return you see suffers. You must make regular investments in your digital assets to ensure they remain effective. These can be in the form of regular content updates, Facebook posts or other unique ideas that pique the interest of your prospective clients.

A few effective tools to help you decide what improvements to make include:
Heat-mapping software: The simplest way to get one's attention is to have insight on where they're looking. Heat maps help identify where site visitors are clicking, where the user engagement is, and what people are really doing on your site. This can lead to significant conversion gains, just by making certain buttons clickable, cutting out distractions, and knowing where to put the key value points on your web page.

A/B testing tools: Do you know what colors work best for your website? How about which button will get people to utilize your contact form more frequently? The key is testing your options and making decisions based on true statistical data. An A/B testing tool publishes multiple versions of your page. Then 50 percent of the traffic goes to option A, while 50 percent of the traffic goes to option B. This is key because there is no time-specific fluctuation. It's the same traffic, coming from the same place, at the same time, and you can see which page or design best resonates with your audience.

It is also important to make regular investments in search engine optimization to ensure your site ranks high on search engine results. This may in fact be one of the most important and effective investments you can make in the health of your digital assets. A solid SEO profile will pay dividends of return for years to come. Ranking amongst the top 10 accounting firms for your area on Google will help drive clients to your business with significantly less future marketing investment.

Many times as accountants we are apt to focus on the physical return of assets. While the return on digital assets can be more difficult to quantify, there are strategies that can help track and maximize the return on your investment in digital assets. With careful planning and a smart investing strategy, the ROI on your digital assets can be just as healthy as tangible assets. Businesses that think of their digital footprint in this manner will see significantly more growth than those with stale outdated websites.

John Curtin, CPA, operates a tax practice in Ellicott City, Md. His website is www.curtincpa.com.

Nailing new engagements requires jettisoning some old ideas

BY GALE CROSLEY

As a former auditor, I was trained to do a thorough job, and not fake it. So when it comes to one of my passionate topics, opportunity pursuit, I really have to get on my soapbox.

I cannot describe the almost daily examples of poor pursuit techniques I encounter with accountants. In this article I'm taking aim at three (and believe me, there are tons more) of the most persistent and dangerous misconceptions about reeling in the big fish.

MISCONCEPTION NO. 1
Never go it alone. If you want to increase your chances of a big win, come into your first meeting with a twosome or a group, right? Wrong! One of the key objectives during pursuit should be to uncover the prospect's personal motivation, which is the driver in most business decisions. But people do not reveal such motivations in a group. You inadvertently shoot yourself in the foot by coming in with others. The prospect automatically puts up a wall of wariness. And you don't even know it.

Before someone will reveal their personal objectives, you'll need to establish a trusting relationship, and relationships are built person-to-person. If you have any doubt, think back to your first date with your spouse or partner. You didn't bring a friend along, right?

Because you come in numbers, there's also the prospect's perception that you've come to talk about yourselves, rather than about their needs and challenges. Big no-no.

When you have weeks, months or years to get to know someone, the first meeting one-on-one is not nearly as critical. But opportunity pursuit is often a race against the clock, so establishing trust and uncovering personal objectives needs to be done as quickly and efficiently as possible.

Use one-on-one meetings to persuade and influence, and groups to look each other over and convey information. As trust is created, alternate individual sessions, with group meetings. But the individual meeting must come first to set the right tone of establishing a relationship of trust and openness.

MISCONCEPTION NO. 2.
Never talk about your competitors.
Au contraire! It's essential to learn about your competitors by entering purposefully and proactively into the topic with your buyer. One big piece of your win strategy is based upon competitive dynamics.

With plenty of confidence and no trepidation, ask about suitors. Convey the (correct) idea that your due diligence includes understanding what is attractive to the potential buyer about the various alternatives.

The more your discussions touch on substantive issues, including potential providers, the more you are perceived as a trusted advisor, not just as a vendor of audit or tax services. When you can dispassionately question the prospect about their view of the alternatives, you are making this shift.

In this way you subtly but importantly change the message from "Please do business with my firm," to "I'm here to ensure that we discuss your options, regardless of who gets the work." I know this sounds strange, but by making this shift, you open your conversation up to really understanding the prospect, and this helps your odds of winning.

MISCONCEPTION NO. 3
Delve deep into the price conversation early in the process. Open the window wide and toss this one as far as you can. If you want to win big opportunities, find out the pricing parameters in your early meeting. But do not have lengthy pricing conversations until well along in the sales cycle. This is after you've learned much about the prospect, understood the pain points and identified solutions. Value is built on these pain point and solutions. Pricing is really a value discussion. And I emphasize the word "discussion." The buyer's first exposure to the price conversation should not be while reading a proposal that you've sent over and are not present to defend. Without being in the same room, you're unable to gauge the buyer's reaction. Even in an RFP situation, there are ways to accomplish this.

TAKE IT ON FAITH … IF YOU DARE
I know that I've torn some assumptions asunder and ruffled some feathers with these ideas, but I've seen them work time and again. I urge you to try these three tactics:

1. Start the sales cycle at a table for two — just you and your buyer.
2. Speak early and confidently about the competition.
3. Hold off on lengthy price conversations until you've established trust, uncovered motivations, linked to solutions, and communicated value.

Will you win every time? No! But your odds of winning will increase. And the more you use best practices, the more consistent your success. You'll see a pattern and know you're on the right course!

*Gale Crosley, CPA, consults with accounting firms on revenue growth. Reach her at**gcrosley@crosleycompany.com**.*

Who's on your 'ABS' (After Busy Season) call list?

BY ART KUESEL

This time of year it's hard to be proactive with your clients. With deadlines looming, you are pushed into "critical needs" mode. However, because you are interacting with so many clients and pouring over details of their financial and business situation, the opportunities for being proactive are virtually endless. Faced with a bounty of opportunities and limited time what should you do?

You should create your ABS (After Busy Season) call list! As you can imagine, this is a call list based upon potential opportunities uncovered in busy season that you will act upon after busy season.

To make this easy and actionable I usually recommend limiting your ABS list to a manageable number of top clients only. While an argument could be made that you should be reaching out to all of your clients after busy season, realistically it makes sense to prioritize the highest value relationships first.

It's not enough to just to put the client name down. I want you to put some trigger items down that will jog your memory when you are able to chat with them. Here are some common triggers that could generate meaningful discussions with clients after busy season:

- A client bought a significant amount of new equipment last year. Are they trying to grow a new area of their business?
- A client acquired real estate in a different market from where they are now. What future SALT issues could be looming?
- A client rapidly increased their revenues. Are their internal controls adequate as they continue to grow?

- A client added numerous employees and will be subject to the ACA. What are their requirements, options and choices going forward?

Once you jot this down for a few clients on your ABS form, go into your calendar and set reminder appointments for yourself. Then put it in a visible place in your office so you are constantly reminded of the need to plan for ABS conversations and execute on them.

I know it's hard to juggle everything during busy season. But, hopefully this simple exercise will enable you to capture the great opportunity inherent in busy season -- and allow you to capitalize on it

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TOP 10 TIPS TO MARKET ACCOUNTANCY PRACTICE

Source: 2020 Innovation, Global Newsletter

1. **Ensure your job turnaround time is excellent**
   Communicate with clients before, during and after each job so the client knows how long it will take and systemise all procedures so that the work can be done more efficiently.

2. **Be different**
   Generate a list of things that you think make your firm different to your competitors and market your firm based on this.

3. **Look after your existing clients**
   All partners and managers should be calling their top 20 clients once a month. Visit your good clients, take them to lunch or sporting activities. If they have a particular interest, keep a record of this in your CRM system and take them to any appropriate events.

4. **Referral Development System**
   Most of your new business will come from referrals, both from your current clients and from other sources. In order to get referrals, you have to ask for them. This means frequent contact with clients, "centres of influence," and friends. The best way to stimulate regular referrals is to set up a systematic lunch programme. You and your colleagues should each go to lunch three times a week with people who can refer you business and make introductions. It may take several months for this programme to show results, so be patient. While you're waiting, you'll meet a lot of interesting people and make some new friends. Firms that have a structured lunch programme attract a lot of good clients over the long term. If lunch isn't a good time in your schedule, then make breakfast or dinner appointments.

5. **Run Seminars**
   Seminars are an excellent way to attract new clients and to impress existing clients. The purpose of running a seminar is to generate interest in the subject matter, in such a way that a face-to-face appointment with a client or prospect results.

6. **Ask your clients to recommend you**
   Did you know that 96% of clients would recommend us if we ask them to and 98% of them tell us that we have never asked!

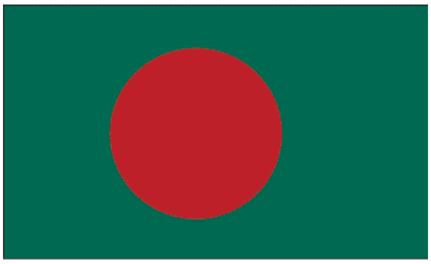
7. **Introduce and promote new services**
   It costs five times as much to find a new client as it does to sell a new service to an existing client. Create a brochure that can be given to both new and existing clients.

8. **Write articles**
   If you write articles that are published, you will have more credibility with prospective clients. Contact relevant local newspapers and magazines and ask if you can write regular articles.

9. **Case Studies**
   Write case studies on your successful clients and use them in any promotional materials and send them to both prospective and existing clients.

10. **Direct Mail**
    Use the 20+ new marketing letters attached to win new assignments, generate more challenging work and build client goodwill. The appendix also incorporates a direct mail planner to organise your direct mail campaigns effectively. Create a database of prospective clients and communicate with them regularly.

MGI ASIA COUNTRY UPDATE



Changes in Guidelines on Risk Based Capital Adequacy: "Revised Regulatory Capital Framework for Banks in line with Basel-III"

These new global regulatory and supervisory standards mainly addressed the following areas:

a) Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis
b) Increase the risk coverage of the capital framework
c) Introduce leverage ratio to serve as a backstop to the risk-based capital measure
d) Raise the standards for the supervisory review process (Pillar-2) and
e) Public disclose (Pillar-3) etc.

Effective:
These Basel III capital regulations will be fully implemented by January 1, 2019.

Contributed by KWSR

China's VAT Reform on Schedule to be Fully Implemented on 1 May 2016

Since the start of 2012, China has been undergoing a vast reform of its indirect tax regime. The includes replacing the antiquated sales tax, Business Tax, with a modern Value Added Tax regime based on OECD principles. You can read about the existing Chinese VAT and Chinese Business Tax systems here.
The reforms are a major change to the Chinese tax regime since both taxes account for 42% of the total Chinese tax receipts (VAT 27%; Business Tax 15%).

The underlying aim of the reform is a shift away of the Business Tax fiscal burden on corporates (5% to 3% rates) to VAT on consumers (3% to 17% rates). This will help boost the economy's growth, and give Chinese business a better global competition tax structure.

Below is a frequently updated summary of the major reform changes:

May 2016	6% financial services and insurance in Spring 2016, including a decision on VAT on interest income. New regime for entertainment, restaurants and hotel accommodation.11% VAT on real estate and construction sectors. Completion of reform by May 2016.
Jun 2014	Introduction of VAT on telephony. 11% on calls and handsets; 6% on data-related services
Jan 2014	Postal services and railway transport latest services to be introduced into pilot.
Aug 2013	VAT pilot extended to whole of China.
July 2013	Non-resident companies excluded from pilot. Extends pilot to further 12 new provinces, including: Hebei; Jiangxi; and Xinjiang.
Jan 2012	New services introduced into pilot, including: architecture, environment, conferences and live events.
Sep 2012	10 new provinces to be included in Shanghai pilot: starting with Beijing; and then Tianjin; Shenzhen; Xiamen; Guangdong; Jiangsu; Zhejiang; Anhui; Fujian; and Hubei.

Source: *http://www.vatlive.com/global-vat-gst/china/china-vat-reform/*

INDIAN FINANCE BILL 2016

The Finance Bill (Budget) of The Government of India for fiscal year commencing April 1 2016 was presented to the Indian Parliament by Finance Minister Arun Jaitley on the 29th of February 2016.

The budget was presented with an accelerating growth of 7.60% amidst a global slowdown. India in fact has been hailed as a bright spot by the IMF.

The budget has been hailed as pro-farmer and pro-poor as the government has faced increasing criticism for being pro-industry and pro-rich and hence marks a course correction.

The key features of the budget are as follows:

ROADMAP & PRIORITIES

Government to focus on
- Ensuring macro-economic stability and prudent fiscal management.
- Boosting domestic demand
- Continuing with the pace of economic reforms.
- Focus on enhancing expenditure in priority areas of - farm and rural sector, social sector and infrastructure sector employment generation.
- Passage of the Goods and Service Tax bill and Insolvency and Bankruptcy law
- Incentivizing gas discovery and exploration by providing calibrated marketing freedom
- Special emphasis to sectors such as agriculture, irrigation, social sector including health, women and child development, welfare of Scheduled Castes and Scheduled Tribes, minorities, infrastructure.

FISCAL DISCIPLINE
- Fiscal deficit in 2015-16 and 2016-17 retained at 3.9% and 3.5%.
- Total expenditure projected at INR 20 Trillion (USD 304 Billion)
- Plan expenditure pegged at INR 6 Trillion (USD 85 Billion), increase of 15.3%
- Non-Plan expenditure kept at INR 14 Trillion (USD 291 Billion)

CORPORATE TAX RATE PROPOSALS:
- New manufacturing companies incorporated on or after 1.3.2016 to be given an option to be taxed at 25% + surcharge and cess provided they do not claim profit linked or investment linked deductions and do not avail of investment allowance and accelerated depreciation.
- Lower the corporate tax rate for the next financial year for relatively small enterprises i.e. companies with turnover not exceeding INR 50 Million.
- 100% deduction of profits for 3 out of 5 years for startups.
- Complete pass through of income-tax to securitization trusts including trusts of ARCs. Securitization trusts required to deduct tax at source.
- Period for getting benefit of long term capital gain regime in case of unlisted companies is proposed to be reduced from three to two years.
- Determination of residency of foreign company on the basis of Place of Effective Management
- Commitment to implement General Anti Avoidance Rules.
- Exemption of Service tax on general insurance services provided under 'Niramaya' Health Insurance Scheme launched by National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disability.

MAKE IN INDIA
- Changes in customs and excise duty rates on certain inputs to reduce costs and improve competitiveness of domestic industry in sectors like Information technology hardware, capital goods, defence production, textiles, mineral fuels & mineral oils, chemicals & petrochemicals, paper, paperboard & newsprint, Maintenance repair and overhauling [MRO] of aircrafts and ship repair.

PROMOTING AFFORDABLE HOUSING
- 100% deduction for profits to an undertaking in housing project for flats upto 30 sq. metres in four metro cities and 60 sq. metres in other cities, approved during June 2016 to March 2019 and completed in three years. MAT to apply.
- Deduction for additional interest of INR 50,000 per annum for loans up to INR 3.5 Million sanctioned in 2016-17 for first time home buyers, where house cost does not exceed INR 5 Million.

RESOURCE MOBILIZATION FOR AGRICULTURE, RURAL ECONOMY AND CLEAN ENVIRONMENT

- Additional tax at the rate of 10% of gross amount of dividend will be payable by the recipients receiving dividend in excess of INR 1 Million per annum.
- Surcharge to be raised from 12% to 15% on persons, other than companies, firms and cooperative societies having income above INR 10 Million.
- Tax to be deducted at source at the rate of 1 % on purchase of luxury cars exceeding value of INR 1 Million and purchase of goods and services in cash exceeding INR 200,000.
- Securities Transaction tax in case of 'Options' is proposed to be increased from .017% to .05%.
- Infrastructure cess, of 1% on small petrol, LPG, CNG cars, 2.5% on diesel cars of certain capacity and 4% on other higher engine capacity vehicles and SUVs. No credit of this cess will be available nor credit of any other tax or duty be utilized for paying this cess.
- Excise duties on various tobacco products raised by about 10 to 15%.
- Assignment of right to use the spectrum and its transfers has been deducted as a service leviable to service tax and not sale of intangible goods.

PROVIDING CERTAINITY IN TAXATION

- Committed to providing a stable and predictable taxation regime and reduce black money.
- Domestic taxpayers can declare undisclosed income or such income represented in the form of any asset by paying tax at 30%, and surcharge at 7.5% and penalty at 7.5%, which is a total of 45% of the undisclosed income. Declarants will have immunity from prosecution. Surcharge levied at 7.5% of undisclosed income will be used for agriculture and rural economy.
- New Dispute Resolution Scheme to be introduced. No penalty in respect of cases with disputed tax up to INR 1 Million. Cases with disputed tax exceeding INR 1 Million to be subjected to 25% of the minimum of the imposable penalty. Any pending appeal against a penalty order can also be settled by paying 25% of the minimum of the imposable penalty and tax interest on quantum addition.
- High Level Committee chaired by Revenue Secretary to oversee fresh cases where assessing officer applies the retrospective amendment.
- Penalty rates to be 50% of tax in case of underreporting of income and 200% of tax where there is misreporting of facts.
- Mandatory for the assessing officer to grant stay of demand once the assesse pays 15% of the disputed demand, while the appeal is pending before Commissioner of Income-tax

SIMPLIFICATION AND RATIONALIZATION OF TAXES

- 13 cesses levied by various Ministries in which revenue collection is less than INR 5 Billion in a year to be abolished.
- For non-residents providing alternative documents to PAN card, higher TDS not to apply.
- Customs Single Window Project to be implemented at major ports and airports starting from beginning of next financial year.

TECHNOLOGY FOR ACCOUNTABILITY

- Expansion in the scope of e-assessments to all assessees in 7 mega cities in the coming years.
- Interest at the rate of 9% p.a. against normal rate of 6% p.a. for delay in giving effect to Appellate order beyond ninety days.

AGRICULTURE AND FARMERS' WELFARE

- Allocation for Agriculture and Farmers' welfare is INR 360 Billion (USD 5.50 Billion)
- Implementation of 89 irrigation projects under AIBP, which are languishing for a long time, will be fast tracked
- Programme for sustainable management of ground water resources with an estimated cost of INR 60 Billion (USD 0.92 Billion) will be implemented through multilateral funding.

RURAL SECTOR

- Allocation for rural sector - INR 878 Billion (USD 13.50 Billion)
- Mahatma Gandhi National Rural Employment Scheme (MNREGA) a legacy of the previous government and one of the largest rural employment schemes in the world to be strengthened.
- 100% rural electricity to be provided for by 2018.
- District Level Committees under Chairmanship of senior most Member of Parliament from the district to be constituted for monitoring and implementation of designated Central Sector and Centrally Sponsored Schemes.
- A new Digital Literacy Mission Scheme for rural India to cover around 60 Million additional household within the next 3 years.

SOCIAL SECTOR INCLUDING HEALTH CARE

- National Dialysis Services Programme' to be started under National Health Mission through PPP mode
- "Stand Up India Scheme" to facilitate at least two projects per bank branch. This will benefit at least 0.25 Million entrepreneurs.

EDUCATION, SKILLS AND JOB CREATION

- Regulatory architecture to be provided to ten public and ten private institutions to emerge as world-class Teaching and Research Institutions.
- Digital Depository for School Leaving Certificates, College Degrees, Academic Awards and Mark sheets to be set-up.
- 1500 Multi Skill Training Institutes to be set-up.
- Entrepreneurship Education and Training through Massive Open Online
- Courses
- 100 Model Career Centres to operational by the end of 2016-17 under
- National Career Service.

INFRASTRUCTURE AND INVESTMENT

- Total investment in the road sector would be INR 970 Billion (USD 14.92 Billion) during 2016-17.
- India's highest ever kilometres of new highways were awarded in 2015.
- To approve nearly 10,000 kms of National Highways in 2016-17.
- Total outlay for infrastructure - INR 2,212 Billion (USD 34.04 Billion).
- To provide calibrated marketing freedom in order to incentivize gas production from deep-water, ultra-deep-water and high pressure-high temperature areas
- Comprehensive plan, spanning next 15 to 20 years, to augment the investment in nuclear power generation to be drawn up.

FINANCIAL SECTOR REFORMS

- A comprehensive Code on Resolution of Financial Firms to be introduced.
- Statutory basis for a Monetary Policy framework and a Monetary Policy Committee through the Finance Bill 2016.
- A Financial Data Management Centre to be set up.
- Comprehensive Central Legislation to be bought to deal with the menace of illicit deposit taking schemes.
- Allocation of INR 250 Billion (USD 3.85 Billion) towards recapitalization of Public Sector Banks.
- General Insurance Companies owned by the Government to be listed in the stock exchanges.

GOVERNANCE AND EASE OF DOING BUSINESS

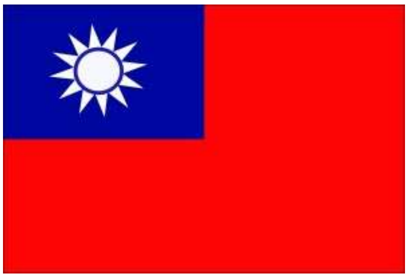
- A Task Force has been constituted for rationalization of human resources in various Ministries.
- Bill for Targeted Delivery of Financial and Other Subsidies, Benefits and Services by using the *Aadhar* framework to be introduced.
- Amendments in Companies Act to improve enabling environment for start-ups.
- An annual programme that connects people through exchanges in areas of language, trade, culture, travel and tourism.

BOOST EMPLOYMENT AND GROWTH

- Increase the turnover limit under Presumptive taxation scheme under section 44AD of the Income Tax Act to INR 20 Million to bring big relief to a large number of assessees in the MSME category.
- Extend the presumptive taxation scheme with profit deemed to be 50%, to professionals with gross receipts up to INR 5 Million.
- Phasing out deductions under Income Tax
- Accelerated depreciation wherever provided in IT Act will be limited to maximum 40% from 1.4.2017
- Benefit of deductions for Research would be limited to 150% from 1.4.2017 and 100% from 1.4.2020

(Note: Figures in USD are for better understanding of the numbers only. The same are reflected at current INR-USD exchange rate)

Contributed by Tambakad & Goil



The Securities Transactions Income Tax

Taxation on the income of individuals from securities transactions has been implemented since January 1, 2013, at a 15% flat tax rate.

However, under heavy pressure, the income tax on gains derived from the securities transactions ceased to imposed from 2016 onwards.

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