

A WARM WELCOME TO OUR INAUGURAL ISSUE

At the outset, I welcome you in 2012! I wish you a very happy New Year which may bring all round happiness and prosperity to you and your near and dear ones.

We have just left behind 2011 – “**The year of Asia**” in which a number of developments took place, the most important being that for the first time in the history of MGI – Asia we were able to organize an Area Meeting which was attended by almost all members. The Area Meeting in New Delhi, is a first step towards a more cohesive and pro-active Asia! Other achievements of 2011 include the addition of two new members viz., Mr. Howaldar Younus from Bangladesh and Mr. Thanadee from Thailand as well as the recruitment of our Area Coordinator Ms. Audrey Danasamy. It was also unfortunate that we lost our esteemed member from South Korea, leaving a gap for us to fill.

As you may be aware, established way back in 1947, MGI has now made its presence felt globally across all continents with a large number of members, needless to say that MGI is now one of the largest alliance of independent auditing, accounting and consulting firm in the world providing for its members and clients effective, professional Business Solutions Worldwide. Unfortunately we in Asia have not been able to harness the potential of the alliance. The world recognizes Asia as one of the largest drivers of the world economy with the world’s largest producers and consumers in terms of the India and China being part of it and countries like Singapore, Hong Kong are fast becoming well recognized

financial centres. It is Asia’s turn to buckle up and make MGI Asia a larger contributor in the MGI pie just like Asia has in the world.

There have been many steps taken by our members in this endeavour, a good and strong participation from member countries including Lehman Brown from China and Aljeffri Dean from Malaysia in the meetings and conferences held in October and December 2011. We see interest from other parts of the world to attend our Area Meeting, which shows that the cross border participation in the New Year will grow more and more.

Focusing on the New Year 2012, we do expect to add more members in the MGI Asia kitty from the region mainly from Vietnam, Philippines, South Korea, Laos, Sri Lanka etc. All out efforts need to be made to add more and more members to our alliance such that we are able to service our clients in all countries. Audrey has been actively working on trying to find members in these countries however since MGI is a late entrant in this arena, most firms are already affiliated to other alliances. We would be highly appreciative of any contacts that could be used in countries where we have no members. In addition to sourcing new members, we also need to impress upon our existing members to more actively participate in the Asian and global meetings/conferences.

As you may be aware, the next Asia meeting is going to be held in the month of May 2012 in Malaysia and we look forward that it will be well attended and the members will participate in its deliberations more actively and put forward their

valuable suggestions as to strengthen our organization. It is hoped that there will be comprehensive agenda for the members to discuss and there will be effective and positive outcomes emerging out of the discussions. In this meeting we are hoping that the members undertake to do a little bit of pre-meeting work such that the discussions and decisions are well thought through for the common good of the alliance as a whole.

I do look forward to a bright future for MGI in the Year 2012 and hope that it will spread its wings more widely and cover the un-treaded territory in the countries yet to be brought into its net.

I do hope that you will enjoy the first issue of the Newsletter and any feedback will be welcomed. You may also send your valuable suggestions so as to bring about any improvement in the texture of the same.



Pallavi Dinodia
Area Leader – Asia
MGI

BE A PART OF MGI EVENTS

Central European Circle Meeting

20 & 21 April 2012, Heidelberg, Germany

Asia Area Meeting

10-12 May 2012, Kuala Lumpur, Malaysia

Latin America Area Meeting

24 & 25 May 2012, Nicaragua

North American Area Meeting

30 May-2 June 2012, Las Vegas, Nevada

European Area Meeting

14-16 June 2012 – Oporto, Portugal

Australasian Area Executive Committee Meetings

4 July 2012, Peppers Hotel, Palm Cove,
North Queensland, Australia

Australasian AGM

5 & 6 July 2012, Peppers Hotel, Palm Cove,
North Queensland, Australia

Africa Area Meeting

29 July, p.m. - 31 July 2012, Kinshasa, Congo

Nordic Circle Meeting

14 September 2012, Helsinki, Finland

Middle East Area Meeting

September 2012, Dubai

MGI AGM 2012

17-19 October, Limassol, Cyprus

INTRODUCING OUR NEW MGI CHAIRMAN

After successfully hosting the 2011 MGI AGM in New York, our Chairman John Repetti is ready to take MGI to greater heights.



John Repetti - Chairman

Who or What inspired you to become an accountant?

My father and my brother were both CPA's, and it was a natural progression for me to follow in their footsteps. I'm glad I did.

Any regrets becoming an accountant?

No regrets. I've had a great career, I've worked with incredible people and I truly enjoy the professional practice of accounting.

And now you are the Chairman of MGI! What are your aspirations for MGI as Chairman?

It would be great if we could continue to grow MGI and continue to develop the business that gets exchanged around the globe. MGI has been fortunate to have had a history of visionary leaders in the past. These leaders have paved the way for the current leadership to continue to grow the organization. We have been able to bring on a full time chief executive, Thierry Delvaux and a marketing director, Clive Bennett, both of whom have great vision and the best interests of MGI as their priority.

What would you be if you weren't an accountant?

I would have enjoyed playing guitar for the Rolling Stones (kidding). Actually, I have worked as a venture capitalist and done some investment banking for some of the companies we have invested in over the years. I believe that I would have pursued those disciplines.

Some advice to people who want to follow your path;

First, there is no substitute for hard work. If you want to succeed, you need to out work everyone else. Second, become a good listener. Third, always look for opportunities

What are three things you should never do in this business?"

One, don't sacrifice your principles or morals. Two, never stop learning. Three, don't make work your entire life – try for some balance.

Tell us about Graf Repetti?

GR is a mid-sized (well over 100 professionals) CPA firm with three offices. We have a full service practice whereby we offer accounting, auditing, taxation, consulting and other professional services to our growing client base. We are very proud of what we have built.

"What have you accomplished that makes you most proud?"

I have been truly blessed.

- *I am the president of a prominent CPA firm in New York.*
- *I am a founder of Gold Coast Bank which is that is doing just great.*
- *I am on the board of some really great organizations both for profit and charitable in nature.*
- *I have wonderful children.*

Where do you hope to see MGI in 10 years?

Hopefully at the forefront of the accounting alliance world. I have very high hopes for the future of MGI, and I believe that our membership does too!

NEWS FROM AROUND THE WORLD

Looming leadership crisis for Australian family businesses

According to the results of a landmark survey into Australian family business exit and succession planning practices, family businesses in Australia are facing a looming leadership crisis.

The control of family business is vested in an aging owner population - over 33 per cent of family business owner-manager respondents were in the 50 – 59 years of age bracket and 25 per cent in the 60 – 69 year age bracket.

Despite sixty-one per cent of owners signaling they will have plenty to do in retirement and sixty-seven believing they have adequate funds on which to retire, there is a worrying lack of exit planning being undertaken by aging family business owners. Only one third of respondent owners felt their business was in shape to be either sold or passed onto a family business successor.

Family business exit planning is being complicated as just under two thirds of family business owners indicate that younger generation family members are not as interested in actively managing the family business as the older generation.

The MGI Australian Family and Private Business Survey was undertaken by RMIT University supported by MGI, a leading international accounting network specialising in advice to family and privately owned businesses.

The research, the seventh in a series, was undertaken among 5000 Australian companies.

“Although family business owners are signaling that exit planning is required to address the longevity of their businesses, very few of them have strategies in place to deal with a time when they will no longer be in control, said Ms Sue Prestney, Executive Chairman, MGI Australasia and Principal, MGI Melbourne.

“There are a lot of reasons why this may be occurring – the impact of the Global Financial Crisis (GFC), lack of motivated buyers, time needed to undertake succession planning or preparing to sell, or just the postponement of difficult family decisions.

“It is crucial that the threshold issue of whether to exit via a sale or family succession is determined well in advance of the desired exit date.

“This will enable the business owner to implement the most appropriate exit strategies for the particular exit option. Preparing a business for a successful sale requires a

different approach to preparing for a smooth family succession.

“Any decision should be in the best interests of the current owner and the family as a whole. It must also take into account the retirement funding required by the current owner and whether the likely successor will be able to enhance the current value of the business.

“Sometimes the interests of the family as a whole will be best served by realizing the current value of the business through a sale rather than risking that value by passing it to less able or less committed family successors.

“With a substantial proportion of family business owners relying on either continuing in family business ownership or the sale of their business for cash to fund their retirement, undertaking exit planning can help increase the value of their businesses as well as safeguard the long term health of Australia’s family business sector, continued Ms Prestney.

Some further exit planning findings in the report were:

- Only 25 per cent of family business owners considered selecting a leadership successor a critical issue
- Despite the impact of the GFC over 25 per cent of family business respondents have been approached within the previous 12 month period about the sale of their business
- In a similar survey in 2006 a total of 75 per cent of owners were considering selling their operation if approached. In this survey it is down to 61 per cent

Source: MGI Australasia

Proposed Changes to the Code of Ethics for Professional Accountants - Addressing Conflicts of Interest by The International Ethics Standards Board for Accountants (IESBA)

<http://www.ifac.org/publications-resources/proposed-changes-code-ethics-professional-accountants-addressing-conflicts--0>

Comments due by 31 March 2012

Economic Conditions Continue to Challenge Preparers and Auditors Alike; Focus Must Include Going Concern Assumption and Adequacy of Disclosures

The global economy continues to experience difficult conditions as the effects of the financial crisis—for example, on corporate cash flows and access to credit—persist. Volatility in capital markets, and issues including measurement and disclosure of exposures to sovereign debt of distressed countries, continue to create uncertainty. The impact of these issues and uncertainty has wide-ranging financial reporting implications that often extend beyond national borders.

These and other current economic conditions present unique challenges for management of entities, those charged with governance, and auditors in meeting their responsibilities, including assessing an entity's ability to continue as a going concern and making relevant disclosures in the financial statements and, as appropriate, the auditor's report.

In light of the current environment, the International Auditing and Assurance Standards Board (IAASB) reminds auditors of their important responsibilities under the International Standards on Auditing (ISAs) and that the appropriateness of management's use of the going concern assumption is a matter to be considered on every audit engagement.

Prof. Arnold Schilder, Chairman of the IAASB, commented, "Difficult economic conditions give rise to many important audit considerations, but none more important—or more difficult—than evaluating management's assessment of an entity's ability to continue as a going concern and determining the appropriate auditor reporting in the circumstances."

"Auditors must remain alert throughout the audit for evidence of events or conditions that may cast significant doubt on an entity's ability to continue as a going concern. We cannot stress enough the importance of professional skepticism and judgment in evaluating financial statement disclosures and the implications for the auditor's report when a material uncertainty exists relating to events or conditions that, individually or collectively, may cast doubt on the entity's ability to continue as a going concern."

The 2009 IAASB Staff Audit Practice Alert, "[Audit Considerations in Respect of Going Concern in the Current Economic Environment](#)," highlights matters relevant to the consideration of the going concern

assumption in the preparation of financial statements. Among other matters, it addresses factors relevant to the assessment of going concern; the period of time considered in making a going concern assessment; financial statement disclosures; forming an opinion on the financial statements and the implications for the auditor's report.

"While this Audit Practice Alert was released in context of the 2008-2009 credit crisis, many of the matters addressed in it are equally relevant today. For example, an entity may be experiencing a decline in its financial health, or may have material uncertainties arising from direct or indirect exposures to sovereign debt of distressed countries. Auditors are therefore encouraged to review the Alert and, importantly, the relevant requirements in the ISAs," emphasized Prof. Schilder.

Source: International Audit & Assurance Standard Setting Board (IAASB)

December 28 2011

Year-End SMP Quick Poll Reveals Burden of Regulation and Economic Uncertainty as Top Challenges

Regulatory burdens and economic woes continue to top the list of challenges faced by small- and medium-sized accountancy practices (SMPs) and their clients, according to the fourth quarter [SMP Quick Poll results](#) released by IFAC.

Burden of regulation and economic uncertainty were tied for the top challenge faced by practitioners' SME clients, with nearly 30% of respondents choosing each. Difficulties accessing finance followed closely behind with 25%. Similarly, for accountants within small practices, keeping up with new standards and regulations (41%) ranked as the top challenge, followed by attracting and retaining clients (25%).

Commenting on the results, SMP Committee Chair Giancarlo Attolini said, "Once again, this poll has provided invaluable insights that help us and our member organizations better understand the concerns of SMPs and their small- and medium-sized entity (SME) clients globally, as well as identify significant trends in the SMP sector."

As a whole, pessimism increased since the [August-September 2011 poll](#) was conducted, which may be due in part to the high European response rate in the fourth quarter and deepening debt crisis across the

region. Overall, in the fourth quarter poll, only 29% reported that business was better in 2011 than 2010, while nearly 50% of those from North and South America said that business was better. Looking forward, over one-third of respondents expect an improvement in business performance in 2012 over 2011, while 44% expect no change, showing that respondents are slightly more optimistic about the year to come. When asked about the main driver of growth for their practice, revenue from new clients (38%) came out on top with nearly twice the number of responses as revenue from existing clients (20%). See these and additional results broken down by size of practice and region in the [IFAC SMP Quick Poll: 2011 Round-Up](#), which includes the fourth quarter poll results, as well as trending data from key questions that were asked in each of the four polls throughout 2011.

Source: SMP Committee, International Federation of Accountants (IFAC)

February 2, 2012

IFAC Posts Call for Nominations for Boards and Committees in 2013

The International Federation of Accountants (IFAC), has issued an announcement to alert its members, Forum of Firms, other international organizations and the general public of its [Call for Nominations for IFAC Boards and Committees in 2013](#).

For the first time, all vacancies on the public interest activity standard-setting boards are open for nominations by the public. This change is due to IFAC's determination to ensure a transparent approach to filling available positions, while also achieving gender, regional, and professional balance. "The caliber of the volunteer members on our boards and committees is what makes these groups so effective. That is why seeking high-quality nominations is at the core of our nominations processes," said IFAC President Göran Tidström.

For more information about the Nominating Committee, its due process, or for guidance in selecting the best candidate, please visit the [IFAC website](#).

All applications should be submitted before March 15, 2012 electronically via IFAC's nominations database.

Accounting & Auditing In Malaysia

The World Bank has released the Report on the Observance of Standards and Codes: Accounting and Auditing for Malaysia. Please follow the link to access the report on World Bank's website

http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&siteName=WDS&entityID=000333037_20120221232504



MEMBER PROFILE – Howladar Yunus & Co, Bangladesh

When was Howladar Yunus & Co. formed?

HYC was formed in May 30, 1970

What was the catalyst in forming Howladar Yunus Co.?

*Initially, two founding partners (Senior Fellow members of the Institute of Chartered Accountants of Bangladesh – (ICAB) started their independent practice as public accountants in early sixties and subsequently merged in 1970 under the firm's name and style of **Howladar Yunus & Co.***

How many partners are there? How many professional staff?

HYC consists of five partners and 106 professional staff under different level starting from Managers to Articled Assistants.

Apart from that HYC has a panel of eminent personalities on its pool of "resource personnel" who are engaged on job basis where the specialized services are required. Professionals like economists, cost accountant, engineers, lawyers, financial analyst, EDP and system analyst are in the pool of the said resource panel. These professionals are engaged by HYC on job-to-job basis, as required, and directly supervised by the partners.

How is HowladarYunus Co. ranked in Bangladesh?

HowladarYunus & Co. is ranked as the 6th largest firm by the Central Bank of Bangladesh under category A. This is out of 172 professional firms in Bangladesh.

What type of services offered by your company?

We are, one of the oldest and one of the 10 largest professional service firms in Bangladesh, providing expertise in auditing, accounting, taxation, secretarial service, corporate finance, stocks and security management, management consultancy, human resources consultancy, information technology, consultancy in public offering and fund raising, feasibility and market study, review of financial management system and performance audit of various national and multinational organizations and also in different Embassies. Our continuous efforts to ensure quality, practical advice, ethical solutions and integrity have resulted in a magnificent growth of the firm.

Howladar Yunus clients come from the following industries

Banks	Service & Real Estate
Engineering Manufacturing	Telecommunication
Financial Institutions	Textiles & RMG
Food & Allied	Sector Corporation
Fuel, Power & Gas	Public Services
Insurance	Joint Venture & Foreign
IT	Ownerships
Non-Government	Foreign Embassies and
Organization	Development Partners
Pharmaceuticals &	Tax & Legal Compliances
Chemicals	



What are your future plans for the company?

Our vision is to be the spontaneous choice of clients and professionals

Our Mission is

- *One stop, cost effective and quality service to clients*
- *Hire, develop and retain skilled and creative workforce and quality professionals to meet clients' requirements to their optimum satisfaction*
- *Maintain highest standard of business ethics and values*
- *Continuous Research, Development and need based training for developing Human Resources*
- *To establishing a new level of communication between professionals and clients and also a standard professional audit firm both inland and outside.*

What can Howladar Yunus Co. offer MGI

Geographically, Bangladesh is surrounded by India, China, Nepal Myanmar having a big consumer market and have cheapest labour force and is suitable for business growth which leaves scope for referral services for professionals. Being one of the oldest and reliable professional firms we can offer professional expertise on assurance, Tax, Secretarial, consulting and legal area on reciprocal basis.

What are your expectations of MGI

We expect MGI provide technical resources to enrich the quality of professional services in Bangladesh through its international links.

What can we do to make MGI a well recognised "brand" in Bangladesh? In the region?

Initially through conducting an international seminar on Taxation services and cross border transaction under the umbrella of MGI may be organised and is participated largely by the MGI member firms in the region. All professional bodies and Government of Bangladesh may be invited in such seminar.



MGI ASIA NEWS – MEMBERS UPDATE



The Hong Kong 2012-13 Budget

On 1st February, 2012, The Financial Secretary of Hong Kong SAR made the 2012-13 Budget of which the highlights are summarized as follows:-

- (1) GDP per capita reached an all-time high of US\$34,200 in 2011.
- (2) Unemployment rate dropped to 3.3% in 2011.
- (3) For 2011-12, an operating surplus of HK\$38.2 billion and a surplus of HK\$66.7 billion in the Consolidated Account, equivalent to 3.5% of GDP, are forecasted. By 31st March, 2012, the fiscal reserves are expected to be HK\$662.1 billion equivalent to 35% of GDP or 22 months of government expenditure.
- (4) There is no increase or decrease in tax rates for 2012-13.
Profits Tax Rate for Corporations is 16.5%, and that for individuals or partnership is 15%. The Salaries Tax standard rate is 15%.
- (5) Waive business registration fees for 2012-13.
- (6) Abolish capital duty levied on local companies.
- (7) Reduce profits tax for 2011-12 by 75%, subject to a ceiling of HK\$12,000.
- (8) Reduce salaries tax for 2011-12 by 75%, subject to a ceiling of HK\$12,000.
- (9) There are measures to help SME, to preserve employment, to increase land supply, to improve education, to improve medical and health services, to improve social welfare, and to help ease the pressure on the community brought about by an economic downturn.

Details of the Hong Kong 2012-13 Budget are available at the web-site at www.budget.gov.hk/2012/eng/speech.html

These budget proposals will take effect from the year of assessment 2012-13 subject to the passing of the relevant legislation.

Record high of newly-registered local companies last year

The number of local companies newly registered with the Hong Kong Companies Registry in 2011 hit a record high of 148,329, an increase of 6.31% from 139,530 in 2010, said the Registrar of Companies, Ms Ada LL Chung, (January 8, 2012).

According to the monthly figures of the Registry, the number of companies incorporated in July 2011 reached a record of 24,957. The figure doubled the average monthly incorporations of around 11,000 for 2010 and may be attributable to the local economic environment and expiration of the waiver of business registration fees for new companies in August 2011.

By the end of 2011, the total number of live local companies registered under the Companies Ordinance was 956,392, up 92,630 from that in 2010.

As regards non-Hong Kong companies that have newly established a place of business in Hong Kong, 798 companies were registered under Part XI of the Companies Ordinance in 2011, an increase of 8.28% from 737 in 2010. The total number of non-Hong Kong companies stood at 8,554 at the end of last year.

For details of the statistics, please visit the "Statistics" section of the Registry's website (www.cr.gov.hk).

Partner, Mr. Ken Yeung welcomed the Firm Visit Mission from HKSKH Bishop Hall Secondary School

On January 17, 2012, around 20 students and teacher from HKSKH Bishop Hall Secondary School visited Kenneth Chau & Co. Our Partner, Mr. Ken Yeung presented the latest accounting industry development to the Mission during their visit. Mr. Yeung also shared with the students about the career path of the accounting field in the Q&A time of the visit.

Kenneth Chau & Co. is delighted to foster the interest in accounting of young people.

Japanese language study classes for the staff members of Kenneth Chau & Co.

As from January 2012, Kenneth Chau & Co. arranged two half-year classes of Japanese language study for the staff members. A Japanese language teacher is invited to provide this in house language training to our staff members for the purpose of employee development.

Kenneth Chau & Co. is very concerned about the development of our staff members. We offer our staffs to attend the technical seminars provided by the professional bodies, and frequently in house professional trainings and technical updates, etc.

Celebrating 50 Years

Kenneth Chau & Co. was founded in 1960; and is recognized as one of the reputable firms in the Hong Kong Special Administrative Region (HKSAR). It is a member firm of MGI, a worldwide group of independent accounting firms.



During the year 2010, the Firm has celebrated the 50th Anniversary of establishment in Hong Kong. All the partners of Kenneth Chau & Co. are very pleased to build up the long term relationship with our clients. We are proud of our successful history and looking forward to expand our business with clients in the next 50 years.



XBRL In India – New Accounting Reporting language

A new law has been enacted to report the financial operations in a new language called XBRL in India. The main objectives of XBRL in India is To develop and maintain Indian Taxonomies and help companies, adopt and implement XBRL.

The Ministry of Corporate Affairs – Govt. Of India vide its General Circular No. 09/2011 dated 31.03.2011 mandated certain class of companies who are covered under Phase – I. Following class of companies is required to file their Balance sheet and Profit & Loss Account in XBRL format:-

- Listed Companies and their Subsidiaries
- Companies having paid up capital of Rs. 5Crores and above
- Companies having turnover of Rs. 100 Crores and above

However, banking, insurance, power companies and NBFC's are exempt for filing in Phase – I

Time Limit

All the above entities are allowed to file their balance sheet within 60days of the end the 6 months period after close of accounts on March 31, annually.

Benefits of XBRL

XBRL offers major benefits at all stages of business reporting and analysis. The benefits are seen in automation, cost saving, faster, more reliable and more accurate handling of data, improved analysis and in better quality of information and decision-making.

XBRL enables producers and consumers of financial data to switch resources away from costly manual processes, typically involving time-consuming comparison, assembly and re-entry of data. They are

able to concentrate effort on analysis, aided by software which can validate and manipulate XBRL information. As just one example, searches for particular information which might in the past have taken hours can be completed with XBRL in a fraction of a second.

CONVERGENCE OF IFRS IN INDIA

Convergence in India began with the ICAI announcing convergence of Indian Accounting Standards with IFRS by issuing "Concept Paper On Convergence With IFRS" in 2007. In India we are not adopting IFRS as it is. There are certain changes required in IFRS as per Indian scenario, in India, these are referred as IND AS.

Govt. Of India in May, 2008 confirmed that convergence should happen by April, 2011 and mooted the efforts in that direction.

Benefits of Convergence with IFRS

a) IFRS significantly improves the comparability of entities

IFRS provide more comparability among sectors, countries and companies. Due to its universal appeal, it can both improve and initiate new relationships with investors, customers and supplier across the globe, since financial statements in accordance with IFRS cut across border.

b) IFRS give better access to global capital markets and reduces the cost of capital

IFRS are accepted as a financial reporting framework for companies seeking admission to almost all of the world's big markets. Currently, several companies that seeks to raise capital and lists securities in US or Europe markets may be required to convert their financial statements to IFRS based financial statements.

c) IFRS Will avoid multiple reporting and reduce cost of finance function

Currently, different entities within the group that resides in different jurisdictions be required to prepare dual set of financial statements. One for local statutory financial

reporting in home country and second for reporting to parent company (assuming parent company follows IFRS). This leads to increase in cost of finance functions.

d) An IFRS balance sheet will be closer to the economic value

Historical cost will be substituted by fair values for several balance sheet items, which will enable a company to know its true worth.

Roadmap of IFRS

Earlier MCA had announced 1st April, 2011 for applicability of IFRS reporting bt that has been postponed further. No new date has yet been notified by MCA for implementation of IFRS.

IFRS will be implemented in following 3 phases:

Phase – I

Companies falling under any of the following category:

- i) Companies forming part of Nifty – 50 Index.
- ii) Companies forming part of Sensex – 30
- iii) Companies whose securities are listed outside the country
- iv) Companies (whether listed or not) having Net Worth is in excess of Rs. 1000 Crore.

Phase – II

Companies (whether listed or not) having Net Worth is in excess of Rs. 500 Crore but upto Rs.1000 Crore.

Phase – III

Listed companies having net worth lower than Rs. 500 crore.

By bringing about changes in the reporting laws in India, the Govt. Is trying to establish best practices in accordance with International Standards.



JAPAN TAX

The Japanese Government revised Corporate income tax rate from 30% to 25.5%, which is applicable from April 2012. The effective income tax rate becomes approximately 40.69% to 35.64%. However, for recovery from the Higashinihon earthquake and tsunami, these 3 years additional tax rate 10% is levied on Corporate tax. As a result, these 3 years, i.e. until 2015 March, the effective income tax rate is approximately 38.01%.

DOING BUSINESS GUIDE

The Japan Doing Business guide has been completed and available on the website.

http://www.mgiworld.com/content/pdfs/doing_business/Japan/DB_Japan_Feb_14.pdf



PAKISTAN TAX INCENTIVE OF 100%

Tax incentive of 100% tax credit for five years was given in the last budget announced in June 2011 for all those companies who are interested to invest in Pakistan as;

“Where a taxpayer being a company formed for establishing and operating a new industrial undertaking for manufacturing in Pakistan sets up a new industrial undertaking, it shall be given a tax credit equal to hundred per cent of the tax payable on the taxable income arising from such industrial undertaking for a period of five years beginning from the date of setting up or commencement of commercial production, whichever is later.

(2) Tax credit under this section shall be admissible where—

(a) the company is incorporated and industrial undertaking is setup between the first day of July, 2011 and 30th day of June, 2016;

(b) industrial undertaking is managed by a company formed for operating the said industrial undertaking and registered under the Companies Ordinance, 1984 (XLVII of 1984) and having its registered office in Pakistan;

(c) the industrial undertaking is not established by the splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an industrial undertaking established in Pakistan at any time before 1st July 2011; and

(d) the industrial undertaking is set up with hundred per cent equity owned by the company.”

Our member in Pakistan, **Ilyas Saeed & Co** is one of the top 10 firms in Pakistan and is placed in Category “A” by State Bank of Pakistan, enabling the firm to carry out any kind or value of audit or revaluation. The firm has always been awarded clean QCR by Institute of Chartered Accountants of Pakistan ICAP.

Partner of the firm, Mr. Irfan Ilyas is an elected member of the Northern Regional Committee of ICAP, serving a second four year term (2009-2013).

Mr. Irfan Ilyas is also an elected member of ACCA Pakistan Members Network Panel (2088-2012) and has been elected as International Assembly Member of ACCA, representing Pakistan in ACCA International Assembly for four year (2004-2008)



**SINGAPORE MGI MENON & ASSOCIATES
ADOPT –A- CAN for “Pertapis” Children’s Home**

MGI Menon & Associates would be participating in the above activity to help children in the Pertapis Children’s Home. The home is for under privileged children between the ages of 4 and 12 years. This is part of their CSR activity to support the less fortunate in society. The Firm and staff would donate any amount into a can. Proceeds would go into programmes such as “Back to School” and “Tuition for All.” Most of the residents have been out of school because of poverty, victims of child abuse and neglect.

**MGI MENON & ASSOCIATES ANNUAL STAFF
RETREAT**



On the 9th of February 2012, Staff of MGI Menon went to Vietnam for a 4Days/3Nights Getaway in Vietnam. They had a fun-filled holiday together in the regular annual staff retreat. The Group visits different cities of Asia each year. It was Hanoi and Halong Bay this year.



**VALUE-ADDED TAX (“VAT”) PILOT PROGRAM
IN SHANGHAI FROM 1 JANUARY 2012**

In November 2011, the Chinese taxation governing bodies promulgated a series of regulations concerning the VAT reform pilot program for the transformation from business tax to VAT in Shanghai. All taxpayers in Shanghai, engaging the Transportation and Modern Service industry as well as the overseas entities providing the services to the Shanghai enterprises shall be applied to the new circulars. Two additional tax rates are respective 11% for Transportation and 6% for Model Service industry. This move will bring dramatic changes to the current indirect tax regime in China.

**THE NEWLY AMENDED INDIVIDUAL INCOME
TAX LAW TOOK EFFECT ON 1 SEPTEMBER 2011**

The revised Individual Income Tax (IIT) Law became effective on 1 September 2011 in China. In the new amended IIT law, the monthly standard deduction is raised from RMB2,000 to RMB3,500. Under the current IIT regime, wages and salaries are taxed on the basis of the balance of taxpayer’s monthly income after lump-sum deduction and by applying the 7-grade progressive rates from 3% to 45%. The expatriates shall still be entitled for RMB4,800 deduction standard when arriving at taxable income.

FOREIGN EMPLOYEES ARE REQUIRED TO MAKE SOCIAL SECURITY CONTRIBUTIONS IN CHINA

The Measures for Participation in Social Insurance by foreign employees in China took effect in October 2011. With the release of new rule, it is a mandatory requirement for foreign employees and their employer to make social security contribution as per the prescribed percentage. The Chinese social security scheme covers five types of insurance including Pension, Medical insurance, Work-injury, Maternity and Unemployment insurance. This would greatly increase foreign employees' financial pressure as well as for their employers and institutions.

RMB REINVESTMENTS BY CHINESE HOLDING COMPANIES

The regulation has been released in December 2011 to clarify the new requirement for RMB reinvestment by Chinese Holding Companies ("CHC"). With this new rule, a CHC is allowed to use its RMB lawful income derived domestically to reinvest directly in China under the approval of the local foreign exchange administration. The said income are profit, early repatriation of investment, liquidation proceed, share transfer proceed and reduction of capital. A CHC may also use such income as capital injection or capital increase to another CHC or the existing CHC.

FOREIGN INVESTMENT INDUSTRIAL GUIDANCE CATALOGUE (2011 REVISED)"

In December 2011, an updated Foreign Investment Industrial Guidance Catalogue (the 2011 Catalogue) was announced jointly by the relevant governmental authorities. The 2011 Catalogue took effect on 30 January 2012. Following the principals on further utilization of foreign investment, the changes that the 2011 Catalogue has made, not only reflect the Chinese government's commitment to continue opening markets for foreign investors but also show China's efforts to upgrade its industrial structure. The 2011 catalogue provides indications on foreign-investment structures that the Chinese government encourages, permits, restricts or prohibits industries, and it may constrain how a foreign company can invest in China.

TARIFF COMMISSION OF THE STATE COUNCIL RELEASED THE NEW TARIFF EXECUTION PLAN

The Plan became effective on 1 January, 2012. The import tariffs, export tariffs and tariff items are adjusted. After the conversion and adjustment, there are total of 8194 tariff items for 2012.



HA! HA!

HA!

Why did the accountant cross the road?

To bore the people on the other side.

An accountant dies and goes to heaven (no, that's not the joke). St. Peter, of course, is there, looking through the files and asking a few quick questions. "What sort of accountant were you?" "Oh, I was a CPA", was the reply. "Name?" asks St. Pete. The accountant gives his name and St. Peter finds his file. "Oh yes, we've been expecting you. You've reached your allotted time span." The accountant says, "I don't get it. How can that be? I'm only 48 years old." Pete looks again at the file and says, "Well, that's impossible." "Why do you say that?" asks the accountant. "Well," says St. Peter, "we've been looking over your time sheets and the hours you've charged your clients. By our reckoning, you must be at least 93 years old!"

Editor's Note

If you would like to provide any feedback or ideas for further articles, please contact Audrey Danasamy: +849 73481098 or audrey.danasamy@mgiworld.com

AljeffriDean are looking forward to welcoming all of you to Kuala Lumpur. Be part of a day of meeting that will shape the direction of MGI Asia. Be involved and have your say on how MGI will be a force in ASIA

A G E N D A

8:45am	Registration	
9:00am	Welcome & Introduction	Pallavi Dinodia, IC Rep Asia
9.05am	Welcome from hosts	Dato' Syed Amin Aljeffri Chairman, Aljeffri Dean John Repetti
9.15am	Remarks by Chairman MGI	Thierry Delvaux, CEO MGI
9:30am	Overview of MGI & International Updates	
10:00am	Circle Leader Up dates.	
	a). North – Dickson Leung, China	
	b). South – Deepak Goil, India	
	c). Asean – Sharifah Aljeffri, Malaysia	
10.30am	Tea Break	
10:50am	Asian Area Leader update	Pallavi Dinodia
	2011 Action plan update	
	Successes & Misses	
	Being Area Coordinator in Asia	Audrey Danasamy
11.30am	Development of Asia Region	Pallavi, Clive & Audrey
	a. Resource Sharing	
	b. MGI. Brand in Asia & Marketing strategies	
	c. Membership growth	
	d. 2012 Budget	
	e. 2012 Action plan	
1.00pm	Lunch	
2:00pm	Member Presentation	Muhamad Farooq – Bangladesh Muhamed Ilyas – Pakistan C N Gangadaran – Chennai, India
2.15pm	Panel Discussion	Moderator: Clive Bennet, International Marketing Director MGI Panel members: Dickson Leung, John Repetti, Jeenendra Bhandari & Grant Field.
	“How to use MGI to grow your company”	
	<i>Synopsis – Many Small/medium firms use their international affiliation to build their business & client base in their respective countries. MGI is not just for referrals but it should put our business on equal footing with other bigger firms. So what does MGI have, its value proposition and how we use it</i>	
3.15pm	Way forward on company marketing & launch of MGI marketing toolkit	Clive Bennet
3:40pm	Tea Break	
4.00pm	Round up Confirm 2012 Action plan	Pallavi Dinodia Audrey Danasamy
4.15pm	Vote of Thanks Date & Time of next meeting	Audrey Danasamy
7.30pm	Pre-dinner drinks	
8.00pm	Dinner	

