

### Good bye 2012.Hello 2013

As we leave behind 2012, and reminisce of the year that was, a number of things come to mind.

Capturing some of important developments at MGI, both globally and locally, I would specifically like to mention, the Annual General Meeting which took place in Cyprus recently and was attended by a number of members, including Dickson from China and Assan from Singapore. The meeting was a great success, indeed! It was interesting to participate in very stimulating and robust debates that took place among the members who were unanimously of the view that there should be better communication and more business exchanges amongst the members. They were also supportive of implementation of stringent quality control measures. A number of amendments were proposed and carried out in the meeting, the key amendments being –

- (i) Compulsory attendance one F2F meeting a year
- (ii) Must have English language capabilities
- (iii) New category – associate membership
- (iv) Reduction of rights to geographical exclusivity
- (v) Improved and new information required in the members only access area of membership online directory
- (vi) Provision of online feedback on quality of service for business referrals

So far as the increase in business referrals is concerned, which is why most of us are a part of MGI, I am happy to say that MGI, Asia has spread its wings almost universally and there is hardly any continent in the world in which business exchange has not taken place amongst members. In the past few months' business has been exchanged between in the Asian Members and the UK, Dubai, Italy, Australia, Finland, USA, Israel etc. This is indeed a testimony to the fact that members of MGI are now recognizing Asia as a progressive and cohesive unit and starting to build business relationships based on our reputation of professionalism and expertise. This is a result of our integration with each other which has helped us in moving forward in achieving our motive of creating business via each other for each other and ourselves.

As you are all aware one of the main issues we are having in Asia is finding members in countries in which we presently have no members or to increase the coverage of MGI member firms in large countries such as India and China. It would be interesting to mention that there has been increased interest from the Indian firms to be a part of MGI. The secretariat has received four membership enquiries from India in the last quarter alone! This shows that there is strong brand presence in India of MGI and many more firms having locally reputed brands are interested to join MGI. This can be replicated in other countries if the current members having established local brands promote themselves within their market with their thought, leadership and participate in various accounting bodies, Chambers of Commerce etc and include MGI logo in all such efforts. This will naturally attract more and more firms to join our august institution. Perception is will soon become reality and put MGI on the Asian map!

Lastly, as a part of the branding effort, you are all aware, that the secretariat has been trying to partner with organizations that will allow MGI member firms to show their "Thought Leadership" by participating in conferences which are recognized at a global level for different practice areas. In continuation of this effort, the secretariat has been in talks with the International Tax Review, who's the next Tax conference is going to be held in May 2013 in Singapore. I am hopeful that the members will make use of this opportunity and participate in this actively and effectively to showcase our combined strength, across Asia!

I wish you all a Merry Christmas and a very happy and prosperous New Year! May this New Year bring all round happiness and prosperity to all of you and your loved ones.




**Pallavi Dinodia**  
**Area Leader – Asia**  
**MGI**

### PROFESSIONAL NEWS FROM AROUND THE WORLD

#### IFAC Announces Election of Warren Allen as New President, Olivia Kirtley as Deputy President

The International Federation of Accountants (IFAC), announced the election of Warren Allen, of New Zealand, as president for a two-year term ending November 2014. The IFAC Council also approved the nomination of Olivia Kirtley, of the United States, as deputy president, a role previously held by Mr. Allen.

“Ours is a global profession—in fact, probably the only truly global profession,” said Mr. Allen. “We have much to celebrate, but there are still many demands to be met. I am completely committed to meeting these demands—to working with the boards and committees, IFAC member bodies, and IFAC’s exceptional management team and staff to deliver on all of the priorities contained in the strategic plan.”

IFAC Board Members 2012-2013:

Warren Allen (President)  
Olivia Kirtley (Deputy President)  
Carol Bellringer,\* Canada  
Jelil Bouraoui, Tunisia  
Norunn Byrkjeland,\* Norway  
Ramon Casals, Spain  
Dr. Yugui Chen,\* China  
Pamela Monroe Ellis,\* Jamaica  
Ana Maria Elorrieta, Brazil  
Rachel Grimes, Australia  
Ahmadi Hadibroto, Indonesia  
Robert Harris, United States  
Robert Hodgkinson, United Kingdom  
Prof. In-Ki Joo,\* Republic of South Korea  
Japheth Katto, Uganda  
Russell Loubser,\* South Africa  
Jacques Potdevin,\*\* France  
Ganapathy Ramaswamy, India  
Marta Rejman,\*\* United Kingdom  
Makoto Shinohara, Japan  
Masum Turker, Turkey  
Steven Vieweg, Canada

\* New IFAC Board members as of November 2012

\*\* IFAC Board member reappointed for a second term in November 2012

#### UK Corporate Governance Code shakes up audit

The Financial Reporting Council (FRC) has published revisions to the UK Corporate Governance Code (CGC), which now includes a requirement for external audit contracts to be put out to tender every ten years. Other additional requirements added to the CGC include:

- Audit committees showing shareholders how they have carried out their responsibilities;
- Boards confirming the fairness, accuracy and comprehensibility of annual reports and accounts; and,
- Companies explaining and reporting on progress with, their boardroom diversity policies.

The Code also requires that companies provide fuller explanations to shareholders as to why they choose not to follow a provision of the Code. However, the requirements, which will apply from 1 October, are on a ‘comply or explain’ basis.

FRC chair Baroness Hogg said it has tried to minimise revisions “and change only those elements of the codes where consultation indicated real improvements could be made”.

PwC UK board member for reputation and policy Richard Sexton said this is a clear indicator that the “whole market supports a ‘comply or explain’ approach” adding that more regular tendering on this basis could help counter any “misconception that long audit tenure reflects a lack of competition by showing that the quality of the audit is periodically subject to challenge”.

“The changes will also provide investors with greater transparency around the auditor appointment process and the effectiveness of the audit,” Sexton noted.

The Institute of Chartered Accountants of England and Wales head of corporate governance Jo Iwasaki said the institute also supports the introduction of an audit contract re-tender every ten years but only if the ‘comply or explain’ option gave businesses “the freedom to carry out tendering at a time when it is right for them”.

She added that “increased communication over audit tenure, details on the timing of tenders and the selection process,” would allow investors to “assess the effectiveness of both the process and the external auditor”.

According to Iwasaki frequent tendering can also potentially help to “increase competition”.

Sexton noted that under the ‘comply or explain’ provision companies will be able to “take an alternative approach to testing the market or to defer a formal tender if that is their choice, provided they explain the reasons”.

### **Stewardship Code updates**

The FRC also issued amendments to the Stewardship Code which includes:

- Clarification of the respective responsibilities of asset managers and asset owners;
- Explanation by investors regarding managing conflicts of interest, collective engagement and the use of proxy voting agencies; and,
- Independent verification of the processes supporting asset managers’ stewardship.

Lastly the FRC has also updated its Guidance on Audit Committees, and said it will carry out further consultation on the CGC after the government’s remuneration reporting and voting legislation has been finalised.

*Source: TA Editorial The Accountant.*

### **IAASB Proposes Standard Enhancing Auditor Responsibilities for Disclosures Beyond the Financial Statements**

The International Auditing and Assurance Standards Board (IAASB) released on November 14 for public comment on the proposed International Standard on Auditing (ISA) 720 (Revised),

[The Auditor’s Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor’s Report Thereon.](#)

The proposed standard clarifies and enhances the scope and focus of auditor efforts on “other information”—that is, information included in documents containing or accompanying the entity’s audited financial statements. The proposals recognize that significant changes in financial reporting have occurred over the last two decades regarding the information issued in connection with an entity’s financial statements and the manner in which it is shared with users.

Under the proposed standard, the auditor is required to read and consider the other information in light of the understanding of the entity and its environment the auditor has acquired during the course of the audit, and to respond appropriately when the auditor identifies a potential material inconsistency in the other information or a material misstatement in the audited financial statements. The proposed ISA 720 expands the documents considered as “other information,” and clarifies and enhances the nature of the auditor’s responsibilities with respect to reading and considering other information. In addition, it includes guidance to assist auditors in determining the nature and extent of their work in considering the other information.

Proposed ISA 720 (Revised) also introduces reporting obligations to explain in the auditor’s report the nature of the auditor’s responsibilities relating to the other information and the findings from the auditor’s work, to enhance transparency. The proposals do not extend the scope of the auditor’s opinion on the financial statements to cover the other information.

The IAASB invites all stakeholders to comment on its proposals. To access the Exposure Draft or submit a comment, visit the IAASB’s website at [www.iaasb.org](http://www.iaasb.org).

Comments on the exposure draft are requested by **March 14, 2013**.

### **IFAC Revises membership obligations**

The International Federation of Accountants has released a revised version of its Statements of Membership Obligations, which serve as a framework for the professional accounting organizations that make up its membership, and are the basis of the IFAC Member Body Compliance Program.

IFAC technical staff have also developed [A Comparison Guide to the 2012 SMO Revisions](#), which provides further explanation of the revisions to help IFAC member organizations identify and understand them.

“We revised the SMOs to clarify IFAC members’ obligations when they have varying degrees of responsibility for the adoption and implementation of international standards and to enhance the requirements for quality assurance and investigation

and discipline,” said Manuel Sánchez y Madrid, retiring chair of the IFAC Compliance Advisory Panel, who led the revisions. “IFAC members will consider the revised requirements and develop appropriate strategic plans to continue strengthening the profession by equipping professional accountants in their countries to meet the challenges and grasp the opportunities of our rapidly transforming world.”

“With the revised SMOs, professional accountancy organizations now have a clear framework for the technical aspect of their agenda to better serve the public interest — thereby maintaining the best the profession has to offer,” said IFAC chief executive officer Ian Ball.

## MGI ASIA MEMBER NEWS

### International Tax Rankings

Three of MGI's leading firms in Asia have been ranked in the prestigious International Tax Review's guide to the world's leading tax firms. (see guide [here](#))

In India, **MGB & Co** (Tier 3) and **SR Dinodia** (Tier 4) are two of only 20 firms selected for the guide. In Indonesia, **SF Consulting** (Tier 3) is one of only eight firms picked out by ITR.

Pallavi Dinodia, said "We are all very proud of this achievement. The ITR guide is recognised as being the most prestigious ranking of the world's top tax firms. To have three MGI firms in Asia competing up there with the Big Four and other major corporate networks is indisputable testament to the quality of what we do and of our reputation in India and Indonesia."

### Appointment of members in key positions

**Assan Masood**, CEO of MGI Menon & Associates Singapore was appointed as Member of The Complaints and Disciplinary Panel of the Accounting and Corporate Regulatory Authority Singapore (ACRA) for a two-year term beginning from 1 June 2012 to 31 May 2014.

**Muhammad Farooq**, Managing partner of Howladar Yunus & Co Bangladesh has been elected as Councillor (Member of the Governing Body) of the Institute of Chartered Accountants of Bangladesh for the period 1 January 2013 to 31 December 2015

Congratulations to both Assan & Farooq

### SF Consulting at Transfer Pricing Forum – Asia 2012

Sri Wahyuni of S F Consulting was a panel member speaking on the Transfer Pricing Regime in Indonesia & the region. Sri highlighted Indonesia's growing authority on Transfer Pricing in the region.

The forum organised by the International Tax Review was held in Singapore in November. It was attended by participants from all around Asia and included speakers from the Big 4's United Nations, World Customs Organisation and MNC's like Dell, Siemens, Standard Chartered & Goldman Sachs amongst others.

### Hong Kong member was awarded by the Taxation Institute of Hong Kong for his 40 years service to the Institute

Senior Partner, Mr. Kenneth Chau of Kenneth Chau & Co is one of the founding members of The Taxation Institute of Hong Kong (TIHK). He is a past president of the Institute (in 1975/76 and 1976/77); and remains active in the affairs of the organization, serving as Council member up to the present.

The Institute recognized his long and outstanding service by giving him a special award at the 40th Anniversary Celebrating Dinner on 16th November, 2012. Mr. Chau received the award from the President of TIHK, Mr. Philip Hung.



Mr. Kenneth Chau receiving his award

### **HKSKH Bishop Hall Secondary School visits Hong Kong member**

On December 4, 2012, students and teacher from HKSKH Bishop Hall Secondary School visited Kenneth Chau & Co. Partner Mr. Ken Yeung presented the latest accounting industry development to the school 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.

### **NTU RECOGNISES MGI SUPPORT**

Contribution towards the Community and Profession has always been a commitment for MGI Menon. Recently, the Firm was awarded a Certificate of Appreciation by the Nanyang Technological University (NTU) for being its business supporting partner.

MGI Menon is also a regular partner of local Universities and Institutions of Higher Learning. The Firm trains many undergraduates from some of the top institutions in its Annual Internship Programme.

### **Holadar Yunus & Co, signs on new clients**

Our member in Bangladesh has signed on 9 new clients as follows:

- IFIC Bank Limited- PLC
- Nepal Bangladesh limited-PLC
- Citibank N.A Bangladesh Operation
- IDLC Investments limited
- Bangla Trac Limited
- MJL Bangladesh Limited-PLC
- Team Group
- Airtel Bangladesh Limited
- Caritas Bangladesh

### **SR Dinodia rebrands its knowledge portal**

SR Dinodia has re-christened its knowledge centre / centre of excellence to "IntelinSights", which shall start doing seminars on relevant legislative issues and laws from 2013 for clients and potential clients. Anyone who is interested in collaborating is most welcome.

### **Nathee Audit Office organises seminar**

On the 27<sup>th</sup> & 30<sup>th</sup> October 2012, Nathee Audit Office Co Limited organised its annual accounting/tax seminar in Bangkok for the 8<sup>th</sup> year running. It is for the firms clients, business partners and staff



*Participants at the seminar*

The seminar attracted 120 accountants, auditors and entrepreneurs interested in the latest accounting standards and tax planning techniques.

The firm managed to reach all of its goals as well as getting positive feedbacks.



*Mr. Kamthorn Sirichutiwon, tax expert from the Revenue Department*

### MEMBER PROFILE

#### KAP Basyiruddin & Wildan, Indonesia



#### When was the firm formed?

The company was established in 1996 with the name of KAP Heliantono & Basyiruddin. Then in 2001 the partnership was broken and the firm's name became KAP Basyiruddin Nur, SE.Ak. Subsequently in May 2008 with the joining of Wildan Permana as partner the firm's name became KAP Basyiruddin & Wildan

#### What was the catalyst in forming KAP Basyiruddin & Wildan?

KAP B&W was founded by Basyiruddin Nur and Wildan Permana. Basyiruddin Nur has experience and expertise in auditing and accounting while Wildan Permana is a tax & IT specialist. In 2011 and 2012 Khairul and Enderarta joined the firm as partners at our branch office. We established the firm to accommodate the needs of auditing, taxation in Jakarta and Pekanbaru

#### How many partners are there? How many professional staff?

We have 4 partners and 50 professional staff. The amount of staffs may fluctuate depending on the assignments within one year.

#### What type of clients does KAP Basyiruddin Wildan serve?

Our clients may come from various sectors e.g Government Institutions, Hospitals, Universities, Manufacturing companies, Trading companies, Construction and Engineering Companies, Banks and Financial Institutions.



#### What do you see as Basyiruddin Wildan's strength?

Our 4 partners with more than 16 years experience and intimate knowledge of the accounting and taxation environment in Indonesia

#### What can your firm offer MGI?

We will endeavour to make MGI/KAP B&W in the Top 20 firms in Indonesia (based on revenue p/a) within 3 years and hopefully in the Top 10 within 8 years.

#### What are your future plans for the company?

We will set up new branches in other provinces, appoint new partners with certain expertise and recruit competent staff to cover new branches within next 2 years.

#### What does being part of MGI mean to your firm?

- The ability to access new referral sources.
- To maintain high level of quality in our services.
- To compete more successfully for larger clients.
- To access and exchange knowledge and information
- Improve the image of our firm
- To have the opportunity to provide services in the bidding process

#### What can we do to make MGI a well recognised "brand" in Indonesia?

Our firm's activities and branding will enhance the image of MGI in Indonesia. We are in the midst of getting approval from the Ministry of Finance in Indonesia to use the MGI logo and prefix with our company name

## TIPS & HELP

### How to Cope with Pressure to Lower Fees

This article offers tips for small- and medium-sized practices (SMPs) in reacting to pressure to lower fees. While this pressure is nothing new, it has been exacerbated in many jurisdictions by the economic climate. The article was released as part of the IFAC SMP committee's practice management series to help IFAC members support their SMP constituents.

<http://www.ifac.org/sites/default/files/news/files/IFAC-SMPC-FEE-Pressure-Article-to-MBs.pdf>

### Strategies for Competing with Giants

*By Burt Bierman, CPA, a senior consultant with the Rainmaker Consulting Group*

Competing with the "giants" of the accounting industry is a difficult task. There are obstacles in your way all through the selling process. However, it can be accomplished.

If you want to compete there are a few preliminaries, you must have:

- Service beyond normal expectations
- Clear professional excellence, acknowledged by the financial community
- The highest level of staff retention

Even with that degree of excellence, competing with the largest firms is challenging.

For an accounting sale to be successful, most experts suggest that you begin by identifying the decision makers and build trust and rapport. I would counsel you to take your time with this step. In order to compete with the giants, it is crucial to invest in developing meaningful relationships. Trying to move into the selling mode too early will work against you.

Even after building strong trust and a meaningful rapport, you have many additional stumbling blocks in front of you. According to most experts, the next step in the sales process is uncovering the prospect's

needs. In complex sales this process can be onerous, because you may only uncover the surface needs during your early interactions. This means you have to keep drilling down to identify the real concerns. To accomplish this, it is critical that you learn to ask probing questions that get to the core issues.

Remember not to solve problems too quickly! When you let the challenges resonate, you can create more value by demonstrating innovative solutions. This is essential when you are competing with the giants as it enables you to show significantly more value than they do.

Despite your hard work, you still have at least one enormous wall to climb. In larger, more sophisticated sales situations, you still have the biggest obstacle in front of you. In reality, it's the elephant in the room so you need to be prepared to address it. Prospects will be concerned with the consequences they may face when choosing a smaller firm instead of a large national or internally recognized organization.

Think about it: The decision maker may be at risk when choosing to work with you rather than with a firm that has an established reputation and is a giant in the profession. When choosing you, they understand that one slip, one failure, could be serious enough for the decision maker to come under intense scrutiny or even be in danger of losing their job.

So how can you overcome this final, but important, challenge? Here is my suggestion:

Create an inventory of proof showing how others have chosen you in the past in spite of the consequences. The inventory should be made up of:

- Testimonial letters from clients that could have chosen the giants or were with them in the past (the more the better).
- Real-world war stories of how you solved complicated problems for large clients.
- Arranging a meeting between a client who left a large firm to come to your firm and has a good story to tell your prospect on how good the choice was to select your firm.

Until you have this inventory available it will be difficult for you to present a strong case.

However, if you do not have sufficient inventory at your disposal, start small and work up. In other words, ask for a slice of business that will allow you to demonstrate the quality of your firm, your integrity and the high level of technical service you will deliver.

For example, conduct a special project, perform a tax study, or get involved with a research project. In this way you can show your prospect the value your firm will deliver in a situation with fewer consequences. Then build the relationship from there. Be patient, it's worth the effort.

### Growth Begins at Home

Source: ACCOUNTING TODAY, RICHARD STOLZ

The straightest path to profitable growth begins not by scouring the horizon for some hot new market, but by looking inward for clues as to why your firm may have hit a plateau. Ultimately, that self-examination might lead you to expand into new markets -- or instead to find untapped sources of growth that have been under your nose all along.

The classic impediment to recognizing and seizing growth opportunities, according to consultant Gale Crosley, CPA, is starting with the premise that your current expertise has value in the market. Unfortunately, it might not. "Existing talents aren't relevant because the market doesn't care," she said. "What the market wants is what you need to deliver." Doing so might require more than a superficial makeover.

Koltin Consulting Group's Allan Koltin strikes a similar theme. "Instead of saying, 'We are your audit and tax firm,' you have to think of yourself as being in the business of helping clients with their business and financial problems," he said.

### BEYOND HOURLY BILLING

Another key element of the paradigm shift that some CPA firms need to undergo before they can grow significantly, Koltin asserted, is to supplement the time-based billing model. "Making money unrelated to time," as Koltin calls it, can involve flat fees for services, performance-based fees, contingent fees and even sales commissions.

Many firms have already begun acting on that idea. More than half of the firms on Accounting Today's 2012 Top 100 Firm list reported they have increased

their business in such typically non-hourly-billing-based services as business valuations, forensics/fraud, litigation support, M&A, retirement plans and employee benefits. Other emerging service areas highlighted in that survey that frequently are not paid based on an hourly billing model include business plans, investment services, cost segregation, employment search and "financing arrangements."

Finding customers for new services begins with your existing clients, said Koltin. He said that he's surprised how rarely CPAs survey their own clients to identify areas of need that aren't being met. Basic elements of a client survey -- whether administered through a personal interview or a survey instrument -- should include their satisfaction level with current services, and inquiries about other services they may be receiving from other service providers. The follow-up question to responses about services clients are already receiving elsewhere, Koltin said, is "Are these services we should be providing you?" This exploratory process with top clients should be treated more as a brainstorming process than a customer survey, he added.

Along similar lines, Troy Waugh, CPA and chief executive of The Rainmaker Companies, urges his accounting clients to "serve your 'A' clients as if they were your prospects [i.e., lavish attention on them], and serve your 'B' clients well enough to turn them into 'A' clients." Only after you have adopted that pattern should you focus on cultivating new clients, he suggested.

### DEFENSIVE POSTURE

Charles Hylan of The Growth Partnership shares that perspective, but approaches it from a defensive perspective. "While we are all talking about growth, growth, growth, you can't afford to let any clients fall out of the back door," he warned. He reminds clients of the classic 80/20 principle, that 20 percent of clients generate 80 percent of the profits.

But Hylan and others also emphasize that focusing on existing clients can open the door to new service niches and new clients, as well. Hylan is a fan of industry specialization. For some firms, the best strategy is to "go an inch wide and a mile deep," he said.

Many firms have made half-hearted efforts to develop a niche practice. "Ninety-nine percent of the accounting firms that say they have a niche practice really don't," Hylan said. "The ones that really do are active in that industry and have expertise beyond accounting, auditing and tax," he said.

The challenge, then, becomes finding a viable niche. Sometimes it just occurs through happenstance, but success is more likely when firms use a comprehensive research methodology.

Crosley guides her clients to conduct research that will allow them to unearth genuine opportunities -- both with existing clients and new ones. Simply "hobnobbing with bankers and lawyers" to explore the marketplace is inadequate, she said. "You have to get out there and interview lots of people, all kinds of people." Besides current clients, those people include thought leaders, university professors, even competitors.

Crosley developed a process she has named "The Research Call." Its purpose is to help CPAs "learn all you can learn about the ecosystem in which you are swimming" to identify growth opportunities. Although sales leads may be unearthed, they are only a byproduct of the effort.

### EXPLOITING EGOS

An interview request can begin with the statement that your firm is expanding its services in a particular sector, and you want to "pick the brain" of the source. People will often agree because, Crosley said, "Accomplished people love talking about themselves."

At the interview's conclusion, a crucial question to ask is for names of other sector experts for you to contact. After that, the final question can be, "Is there any way I can be of help to you?" Crosley suggested. Typically it won't lead to a new client, but sometimes it will a bonus, because it wasn't the interview's primary purpose.

Sometimes a probing interview with existing clients will yield insights on desired services that could become a new product line for other existing clients. For example, one of Crosley's clients used to just perform audits for public sector entities. The interview process revealed that one such client, very price-sensitive with regard to its audit, wanted help improving its operational efficiency. The upshot was that the firm packaged the audit with an operational efficiency improvement service, and laid the foundation for a source of profitable growth.

When the analysis of particular markets concludes that a sector shows promise, firms should be prepared to invest in a high-profile leader to champion that niche, urged Hylan. One of his clients that conducts audits for several local hospitals decided to dive deep into the regional health care sector. It did so by recruiting a hospital CEO to lead the practice. That individual was a fixture within the local health care community, sitting on several boards and frequently giving speeches. The

investment has led to growth in the number of the firm's health care sector clients, and to the scope of the firm's work for those clients. "They're not just doing the 'need-to-have' services, but are getting the 'want-to-have' projects," Hylan said.

Sometimes those "want-to-have" services require specialized expertise that would not typically exist within a traditional accounting firm. Such services may include R&D tax credit and cost segregation studies.

The firm then faces the build-buy-lease decision with respect to delivering such specialized services - or entirely new services, such as international tax -- to attract new clients. For many, the solution is to leverage external service providers, rather than build the capacity internally.

For example, accounting firms that work with Engineered Tax Services, a provider of energy tax services, cost segregation studies and other specialized analytical products, partner with the firm both to expand relationships with existing clients and to give them "a competitive advantage to secure new accounts," according to Heidi Henderson, the firm's marketing director.

Alliantgroup, another specialty tax services provider, employs engineers, biologists, software developers and manufacturing experts, in addition to accounting professionals, to allow CPA firms to effectively expand their menu of services, the firm said.

A new accounting service that may be promising in one market may not be in another, of course. "I hesitate to say, 'This is hot,'" Crosley said. The only way to find out, she said, is to do your homework.

## MGI GLOBAL NEWS

### MGI AGM 2012

The MGI Annual General Meeting was successfully held in Cyprus on the 18 & 19 of October. It was attended by 106 members representing 81 member firms together with 36 accompanying persons.. From Asia we had Dickson Leung from Lehman Brown, Assan Massod from MGI Menon & Assoc and Pallavi Dinodia from S R Dinodia.



*Participants at theAGM*

This years AGM focussed on the Global Strategy and important decisions made to change the Administration Manual. The strategy was voted with an overwhelming majority; 30 topics were voted, 29 with a 100 % majority and one topic with 106 members for and 7 against.

The changes included amongst others:

1. **Enhancing the requirements to become a member** - Proficiency in English, Physically attending one MGI meeting per year. Supplying information on time
2. **More rigorous quality control of current members** – feedback system on referrals sent to other members, reducing rights to geographical exclusivity.
3. Setting out the parameters for **associate membership**

MGI CEO Thierry reiterated how important both the members' survey in 2012 was in order to make sure that our new strategy was indeed dealing with members priorities and expectations. Thierry said, "These changes show how important it was to take MGI to the next level since the members were ready and waiting for it".

There were two external speakers, Vice Chairman of Saatchi & Saatchi, Rita Clifton spoke on "Why is your brand important"? and Robert Carven one of UK's leading entrepreneurship guru's had members captivated on "Why strategy matters to Entrepreneurs".



*Pallavi & Audrey presenting on Asia*

Pallavi & Audrey made a 15 minute presentation on Asia our successes and challenges faced. This was much appreciated by members present as it gave them an understanding of Asia



*Letting our "hair down" after 2 days of intensive discussion*

### MGI Australasia provides expert testimony to Parliamentary Committee

MGI Australasia actively promotes its services to family-owned businesses. It has done this over a number of years through activities such as advertising in the Family Business Magazine (FBM), being involved with events and activities organised by the Family Business Australia (FBA), publishing our family business newsletter entitled *MGI Family Business in Focus* and supporting Australia's landmark longitudinal survey into the attitudes and

concerns of family owned businesses, *MGI Australia Family and Private Business Survey*.

In October MGI provided a submission to an invitation from the Australian Government's Parliamentary Corporations and Financial Services Committee Inquiry into Family Business. The terms of reference for the Inquiry asked respondents to comment on a range of issues such as the availability and reliability of information and statistics about family businesses in Australia, what exactly is a family business, the contribution of family businesses to the Australian economy and the role of trusts in facilitating family businesses.

The *MGI Australia Family and Private Business Survey* series provided a perfect platform for MGI to substantiate many of the issues which MGI believes family businesses are currently facing. The full MGI submission can be reviewed at [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Committees?url=corporations\\_ctte/fam\\_bus/submissions.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Committees?url=corporations_ctte/fam_bus/submissions.htm)

Ms Sue Prestney, Chairman, MGI Australasia Executive Committee and Principal, MGI Melbourne and Mr Des Caulfield, MGI Australasia Executive Committee Treasurer and Principal, MGI Adelaide appeared in front of the Parliamentary Inquiry on the 14 November to provide further information to support the MGI submission.

MGI's submission to the inquiry generated media attention with articles appearing in some of the national dailies and online media websites.

### **Name Change for Graf Repetti**

Graf Repetti & Co., LLP has changed its name to MGI Repetti, LLP on January 1, 2013. This is particularly significant for MGI US where due to perceived legal issues firms do not use the MGI prefix in the names of their firms

### **Congratulations for a job well done**

Sue Prestney, MGI Australasia Chairman was recognised by the Institute of Chartered Accountants Australia (ICAA) for her career achievements and contribution to the accounting industry by awarding her with a Merit Service Award. This award recognises outstanding services to the profession and in particular ICAA

## **MGI ASIA COUNTRY UPDATE**



### **HONG KONG GOVERNMENT INTRODUCED FURTHER MEASURES TO ADDRESS THE OVERHEATED PROPERTY MARKET**

#### **Buyer's Stamp Duty (BSD)**

The Government announced on October 26, 2012 the launching of further measures to address the overheated property market. Such measures include the introduction of a Buyer's Stamp Duty (BSD) under which all companies and non-Hong Kong permanent residents acquiring residential properties are required to pay a Buyer's Stamp Duty (BSD) of an amount equivalent to 15% of the prices of the residential properties.

BSD is to be charged at a flat rate of 15% on all residential properties, on top of the existing stamp duty and the special stamp duty, if applicable.

#### **Special Stamp Duty (SSD)**

The Stamp Duty (Amendment) Ordinance 2011 imposes Special Stamp Duty (SSD) on top of the ad valorem stamp duty on the disposal of residential properties with effect from 20 November 2010. Unless the transaction is exempted from SSD or SSD is not applicable, any residential property acquired on or after 20 November 2010, either by an individual or a company (regardless of where it is incorporated), and resold within 24 months, will be subject to SSD.

On 26 October 2012, the Financial Secretary announced that the Government would amend the Stamp Duty Ordinance to adjust the rates and to extend the holding period in respect of SSD. Under the adjusted regime, any residential property acquired on or after 27 October 2012, either by an individual or a company (regardless of where it is incorporated), and resold within 36 months, will be subject to the new rates of SSD upon the enactment

of the relevant legislation. Transactions which took place within 20 November 2010 and 26 October 2012 will be subject to the original SSD regime.

(Source: from HKIRD website, [www.ird.gov.hk](http://www.ird.gov.hk))



The definition of Royalty has been changed in the domestic law to include use of equipment, such that machinery etc imported from overseas on lease would qualify as a royalty payment.

The issue of advertisement and sales promotion expenses is being debated for many years in India for Electric goods companies that do not own intangibles in India. The Tax dept. has been agitating that such expenses are beyond the bright line and thus create marketing intangibles in India, therefore, there should be a cost plus markup on all expenses that are beyond the bright line. The Delhi Tax tribunal is currently hearing the issue and should give a judgement early next year.

Income Tax Returns for Indian sourced incomes are to be filed by Non resident companies, that have no place of business in India, as long as they have a Permanent Account No. (PAN) in India.



Following the Olympus and Daio-Seishi scandal the Business Accounting Council which is part of the Japanese Financial Services Agency is trying to regulate Auditing Standard for Business Fraud.



### BANGLADESH EXPANDS VAT

Parliament of Bangladesh on 27 November 2012 passed the Value Added Tax Bill, 2012 to expand the scope of VAT, supplementary duty and turnover tax and simplify the process. It will Replace the VAT Act, 1991.

