MGI ASIA NEWSLETTER

Quarter 4 2014

Hello Everyone,

It's that time of the year again where we say good bye to another year and look forward with renewed hope and vigour to the year that is to come.

A quick update from me in this quarter is the BIG News of what happened in the AGM in Chicago! The members approved the hybrid model i.e. An MGI Network will be set up within the Alliance which will mean that each of us individual members' will need to choose & decide in April 2015 whether we want to join the alliance or the network. This is a very important decision, each firm needs to understand the requirements and implications if they join the network or choose to remain in the alliance. I request that you read the document available on the members area of the MGI website. (http://www.mgiworld.com/members/knowledge-hub/mgi-documentation)

In IC related news, there has been a changing of the guard - Peter Winter is now the new Chairman for 2015 and will be assisted by Ed Fahey & Thomas Althoff (Europe representative) as deputy Chairmen. The other new faces on the IC are Matthew Moy from Australia and Arthur Baguley from Africa.

Next steps in the implementation of the hybrid model would be choosing a name & logo for the Alliance, a Network Implementation Team, with one member nominated by each Area is being setup, the Asia Area Coordinating Committee have nominated Deepak Goil to represent Asia in the team and the network quality rules and regulations is being established and will be published before April 2015. I must re-iterate that any MGI named or pre-fixed firm **must** join the Network, however joining the Network does not require using the MGI prefix in your firm name.

In Asia related news, we have been scouting for new members and have received interest from 2 firms – in Cambodia & in Sri Lanka. The respective site visit & due diligence will be conducted and if found fit MGI Asia might boost up their membership which is excellent news!

Some New Year Resolutions for 2015 for the Asian Area from me to improve the coverage in Asia especially if we get Cambodia & Sri Lanka on board, especially since according to the study done by the International Accounting Bulletin and published in its July 2014 magazine, MGI ranked 8th in the Asia Pacific Region based on fee income and 10th based on the staff data. So with the increase in membership I hope that MGI Asia will move up the ranks in 2015.

Here's wishing everyone a new year filled with peace, prosperity, love and laughter!

Warm regards,

Pallavi Dinodia

Pallavi Dinodia
Area Leader

PROFESSIONAL NEWS FROM AROUND THE WORLD

Ethics Board Proposes Stricter Guidance for Accountants

The International Ethics Standards Board for Accountants has proposed tougher rules to discourage accountants from providing misleading financial information about businesses.

IESBA, which operates under the auspices of the International Federation of Accountants, released for public comment on Tuesday an exposure draft of the new rules, Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles.

The proposals respond to the need for more robust and practical guidance to help professional accountants in business deal with two matters on which they most often seek assistance in practice: their responsibility to produce financial reports that are faithful representations of the economics of transactions, and the pressure to breach fundamental ethical principles.

“PAIBs [professional accountants in business] play an important role in the financial reporting supply chain, and they may encounter pressure to act unethically,” said interim IESBA chair Wui San Kwok in a statement. “The proposed guidance will help them understand what their options are and therefore better support them in fulfilling their responsibility to act in the public interest. The proposal also clarifies that when preparing financial information, exercising discretion—for example, when selecting an accounting method—in a manner that is intended to mislead is not acceptable.”

Among the proposed changes are more complete and explicit guidance regarding accountants’ responsibilities when presenting information; strengthened guidance on how an accountant can disassociate from misleading information; an expanded description of pressure that may lead to a breach of the principles in the Code of Ethics for Professional Accountants along with practical examples to illustrate different kinds of situations in which such pressure might arise; and new guidance to help business accountants identify and respond to pressure that could result in a breach of fundamental principles.

The Ethics Board is also proposing several related changes to other areas within Part C of the Code of Ethics.

“The development of this enhanced guidance reflects a rebalancing of the board’s focus to be more inclusive of PAIBs, a very large and important part of the accountancy profession,” said IESBA technical director Ken Siong. “It will serve to remind PAIBs of some of the fundamental ethical principles by which they should be guided in their different roles within their organizations, and with which they must comply.”

IESBA is asking all those with an interest in international ethics standards for the accountancy profession to respond to the exposure draft. The board is also encouraging national and regional professional accountancy organizations to share the exposure draft and ask their members and employees to participate.

To access the document and submit a comment, visit www.ethicsboard.org. Comments are requested by April 15, 2015.

IESBA Offers Web-based Ethics Code for Accountants

The International Ethics Standards Board for Accountants has introduced a Web-based version of its Code of Ethics for Professional Accountants for the first time.

IESBA, which operates under the auspices of the International Federation of Accountants aims to make the Web-based 2014 ethics code more accessible to accountants. Until now, the code has only been available in print or as a downloadable PDFfile.

“Digital is now the preferred medium of communication,” said interim IESBA chair Wui San Kwok in a statement. “It is also how the tech-savvy world today will want to access and use the wealth of materials produced by the board. The board intends to move with the times, technologically. The board will continue to look at ways to utilize the immense technological possibilities in making the code and other board materials more accessible and usable, including enhancing research, link, and filter functionalities.”

Features include the ability to find relevant pages and sections using a powerful keyword search; display definitions of key terms within the text; navigate sequentially or by using the interactive table of contents; and access previous editions and links to translations, most of which are hosted on third-party sites.

The IESBA is also in the process of consulting on ways to improve the structure and delivery of the code of ethics. Additional features may be incorporated in the future. For more information, see the consultation paper released recently by the board, and submit comments by Feb. 4, 2015.

Users can continue to purchase print copies of the Code, or download or print it from the Ethics Board’s Web site, www.ethicsboard.org.

IASB and FASB fail to converge on lease accounting

By Isabella Grotto, International Accounting Bulletin

In a speech to the American Institute of Certified Public Accountants (AICPA) SEC conference on 8 December, IASB deputy chair Ian Mackintosh said: "We have not reached agreement on every aspect, but we are 100 per cent converged on the fundamental issue, which is that leases are present obligations that need to be recognised as liabilities on the balance sheet."

"With the end of the leasing project we will reach the end of a decade of work on our convergence projects," he added, "In that decade, the bilateral relationship between the FASB and the IASB dominated much of our work programmes."

The accounting of leases remains a subject of controversy itself, with US Congressmen Brad Sherman and Peter King recently co-authoring a joint article that claimed changes to lease accounting rules could result in the loss of 3.3m jobs and $400bn worth of economic growth per year.

Speaking at the 2014 World Congress of Accountants (WCOA) IASB Chairman Hans Hoogervorst replied by describing the congressmen's thesis as "complete nonsense".

Nonetheless, attempts to establish a common set of practices in lease accounting have long been beset by disagreement between the IASB and FASB.

An initial exposure draft on proposed lease accounting changes was released by the two bodies in 2010, followed by a further draft published in May last year.

Both encountered considerable criticism, with factors such as complexity, consistency and the wide variety of lease transactions themselves cited as unresolved issues in both drafts.

In March this year, hopes for a converged standard were further dashed when a meeting between the IASB and FASB revealed persisting differences in opinion concerning the question of how lessees should recognise expenses associated with leased assets.

While the IASB favoured a singular approach in lease accounting, FASB members preferred a dual model, with leases classified in a similar way to current leasing requirements.

A quarterly survey of 2,500 businesses across 34 economies by Grant Thornton International found that 68% of respondents agreed that the cost of most business leases longer than 12 months should be reported on the business balance sheet. This opinion was particularly popular in North America, where 71% of respondents agreed.

When asked whether there should be exemptions for "small-ticket" leases of items such as IT equipment, photocopiers and printers, regardless of whether they are longer than 12 months, 62% of respondents agreed. Among G7 countries the rate was 65% and 68% in North America.

While both the IASB and FASB are committed to the exclusion of leases under a year, the second issue remains a point of contention.

While the IASB has tentatively endorsed the exclusion of small ticket leases, the FASB continues to oppose it.

Despite the failure to achieve convergence, looking to the future Mackintosh said both bodies believe in the need to maintain the strength of the bilateral relationship between them

"We have a joint responsibility to protect the body of convergence that has been reached and to minimise differences in the future," he said.

"Convergence was not a perfect process but it was a good one and we achieved a great deal. The similarities between the two sets of Standards are bigger than the differences," he added.

"We both work in the same public interest, serving the needs of investors in public capital markets. For all these reasons, the IASB looks forward to continue working closely with the FASB."

Accounting & Corporate Regulatory Authority (ACRA) Singapore strengthens the Code of Professional Conduct and Ethics

ACRA strengthens the Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the Code), which will take effect from 1 February 2015. The revised Code sets out the standard of professional ethics and auditor independence in Singapore and will ensure that Singapore continues to be aligned to international benchmarks. The revised Code will be issued by early 2015. The proposed amendments have been accepted by the Ministry of Finance.

Businesses sceptical of OECD BEPS project

By *Isabella Grotto, International Accounting Bulletin*

Businesses across the world are sceptical about the success of the Organisation for Economic Co-operation and Development's (OECD)'s Base Erosion and Profit Shifting (BEPS) initiative, due to a lack of clarity and guidance on what constitutes acceptable tax planning, according to Grant Thornton International.

A survey of 2,500 businesses across 34 countries conducted in May this year by Grant Thornton International found that only 23% believe the OECD's BEPS Action Plan is likely to succeed.

Grant Thornton International global head of tax services Francesca Lagerberg said although the OECD's "much needed" attempt to take on the "project was laudable, hurdles are likely to persist.

"We caution the business community that finding a global solution will be very difficult and will not be speedy," she said.
"Many of the objectives of the BEPS Action Plan are valid," she explained, "They include the elimination of loopholes that allow profits to 'disappear' for tax purposes.

"The concern is that the scope is so broad it touches almost every area of international taxation. It's as if in an attempt to get rid of some traffic black spots, the authorities have decided to overhaul the entire road network and require every driver to modify their car."

Grant Thornton International's findings echo the wider climate of scepticism that has greeted developments in the BEPS project.

While some in the business world have expressed concern that companies might "jump the gun" in an attempt to counter the confusion surrounding licit and illicit tax planning, others have complained that the project is not ambitious enough in its review of the international tax system.

Continuing challenges and complex networks of stakeholder expectations may yet prove obstacles for BEPS to overcome, but the drive towards tax transparency is one that seems to be shared by governments and businesses alike.

Another survey conducted by Grant Thornton International in 2013 saw 68% of respondents declare themselves in favour of increased global cooperation and guidance from tax authorities on what constitutes unacceptable tax planning, even if such cooperation were to limit opportunities for tax reduction across borders.

Further, recent high-profile shifts in tax policy, including the closing of the "Double Irish" system and the imposition of the so-called "Google Tax" in the UK, are cause for hope that businesses will start feeling more confident about meaningful change, added Lagerberg.

However, "businesses need things in black and white," she cautioned.

"They have a responsibility to their investors and shareholders to keep costs down. Simply telling them to pay their 'fair share' is not a viable alternative to a clear set of rules or principles."

mgi BUSINESS SOLUTIONS WORLDWIDE

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MGI ASIA NEWS

MGI ranks Top 7 Association in Japan

MGI has been ranked in the top seven associations in the whole of Japan, thanks to the help of MGI member firm Seiyu Audit Corporation.

The International Accounting Bulletin lists MGI as the seventh largest association by fee income in the country, an excellent achievement as it looks to compete alongside some of the larger associations and networks.

MGI India firms make ITR 2015 leaders list

International Tax Review (ITR) has named two MGI members among its leading firms in India. MGB & Co and SR Dinodia & Co were listed in the publication's annual guide to the world's leading tax firms.

Making the Tier 3 group is member firm MGB & Co, which is based in Mumbai. The firm has seven partners and specialises in litigation, tax assessments and advisory in international and indirect taxes.

To qualify for the Tier 3 group the firm must be a "leading reputation in their own jurisdiction" and have at least one partner in two distinct areas of tax.

In the Tier 4 group is member firm SR Dinodia & Co. LLP, which is based in New Delhi with three generations of the Dinodia family working at the firm including Pallavi Dinodia who is MGI's representative for Asia on the International Committee. The firm focuses on cross-border, direct and litigation tax services.

MGI Asia wishes one & all

MGI ASIA MEMBER NEWS

New partner for KAP Basyiruddin Wildan


Nyoman Darman

Mr. Nyoman Darman Ak, MM, CPA is a new partner in the Pekanbaru-Riau branch office from November 2014. Former partner Mr. Ida Bagus Inderarta, SE, Ak, CPA who previously was a partner has resigned.

Busy November for Kenneth Chau & Co as it continues to network and build personal relationships with MGI members

The firm had two visitors in November. Firstly Mr. Oliver Grass, Partner of **RLT Ruhrmann Wüller & Partner** with a team of business associates visited Kenneth Chau & Co. After which Mr. Edward Tsui, Partner of **Carter Backer Winter LLP** visited.


Kenneth Chau (right), Mr. Oliver Grass (middle), Ken Yeung (left)


Ken (left) Yusuke (right)

Mr. Ken Yeung, Partner of Kenneth Chau & Co. visited the Kyoto headquarters of Seiyu Audit Corporation to meet Managing Partner, Mr. Yusuke Nakano

Keneth Chau & Co continues to build MGI brand in HK through various sponsorships

On November 28, 2014, Kenneth Chau & Co., MGI Hong Kong sponsored the 1st CTA Conference organized by the Taxation Institute Hong Kong and the theme was "Tax Transparency". Senior Partner

Mr. Kenneth Chau and Partner Mr. Ken Yeung participated in the Conference.
The firm name with the MGI logo was shown in the event website, newspaper advertisement and at the venue. The firm and MGI profiles were listed in the event booklets which were distributed to all participants.
http://www.tihk.org.hk/v2/cta_conference/index#page-sponsor

周堅如會計師行
KENNETH CHAU & CO.
CERTIFIED PUBLIC ACCOUNTANTS

In addition Kenneth Chau & Co. participated in the 6th Thanksgiving Luncheon of AmCham HK as one of the sponsors. 42 government officials from the HKSAR Executive Council, Legislative Council, Bureaus, Departments and over hundred of guests from Hong Kong major commercial sectors attended in the event.

Cross-straits, Hong Kong and Macau Accounting Profession Conference 2014

On October 12-13, 2014, Partner Mr. Ken Yeung and Manager Mr. Bun Lau followed the delegation from the Hong Kong Institute of Certified Public Accountants to attend the Cross-straits, Hong Kong and Macau Accounting Profession Conference 2014 in Macau.

The Conference was organized by the Union of Associations of Professional Accountants of Macau and the theme was “Professionalism and Professional Judgment”.

Transfer Pricing Demystified- 2nd edition

After a very successful 1st Edition of the book authored by our members, Ms. Pallavi Dinodia & Mr. Pradeep Dinodia the 2nd Edition has been released and available at all bookshops in India and also online.

The book gives practical and logical solutions and truly helps demystify complex transfer pricing issues.

MGI GLOBAL NEWS

MGI Annual General Meeting

Erik Emilsson briefing the members on the hybrid model

The all important 2014 AGM was held in Chicago from the 22-24 October. The meeting was attended by 102 delegates (members). It was an important meeting because members voted on the future of MGI. There was an intense debate on the hybrid model for 2 hours. Members from all the different areas shared their views & thoughts on the matter.

MGI Singapore member, Assan Masood debating a point

Prior to the debate Chairman Erik Emilsson talked about the future of MGI, followed by Clive on “what is a hybrid alliance going to look like”. Brian Smith, secretary to the Forum of Firms and an expert on this subject also spoke on Networks in Practise.

After listening to the experts and fellow member’s debate the members voted approving the hybrid structure of a network within an alliance.

External speakers such as Marci Rossell, the former Chief Economist for CNBC, stimulated delegates with a lively economic update and Greg Voeller talked about Change Management. Al Gini shared his thoughts on the 10 virtues of outstanding leaders.

On Day 2 the MGI budget and accounts were presented and approved. The International Committee for the year 2014-2015 was also introduced as follows with Peter Winter announced as the new Chairman for MGI.

The AGM & conference was filled with evening networking events culminating with the gala dinner at the end of Day 2


Dickson & Imran networking


Assan, Young Ham, Thierry, Audrey & Thomas

MGI New Chairman & International Committee members

At the 2014 AGM, MGI announced its new Chairman, Peter Winter and two new members, Thomas Althoff from Europe and Arthur Baguley from Africa, to the International Committee.

The members of the International Committee are as follows:

Peter Winter, UK Chairman*
Ed Fahey, North America Deputy Chairman*
Thomas Althoff Europe, Deputy Chairman*
Arthur Baguley, South Africa
Pallavi Dinodia, Asia
Matthew Moy, Australia
Ricardo Ruiz Betancourt, Latin America
Faiyaaz Rajkotwala, Middle East & North Africa
* Executive Committee

MGI Australasia unveils MPR Group as new Melbourne member

MGI Australasia welcomed its newest member in November in the shape of MPR Group, a four-partner firm based in Melbourne's Southbank area. The 25 strength firm has 18 professional staff & 3 support staff apart from the 4 partners.

Latest addition to the Alliance, LTA Tax s.r.o.

MGI Europe is pleased to welcome the latest addition to the alliance, LTA Tax s.r.o. The five-partner firm based in Prague offers comprehensive legal and tax advisory services, as well accounting and audit services. The firm aims to deliver "bundled" advisory services and is already looking to work across borders.

A key advantage is the firm's ability to deliver services in English and German, as well as their native Czech, opening up interesting possibilities for international work. LTA promises to be a reliable partner and active member for MGI in the Czech Republic, keen to contribute towards its future development.

MGI Ranks 5th largest in Netherlands

MGI firms in the Netherlands have been able to retain strong fees despite a tough accounting landscape in the country. MGI is the fifth largest association by fee data, according to the International Accounting Bulletin (IAB), as revenues rose 66 per cent

INTRODUCING OUR NEW MGI CHAIRMAN

Peter Winter, Managing Partner, CBW

Who or What inspired you to become an accountant?

I was not clever enough to become a Doctor or Lawyer so I studied Economics at University. When I graduated, the UK was in the midst of a recession with the Iron Lady at the helm and the only businesses recruiting were accountants – so I ended up being an accountant.

Any regrets becoming an accountant?

I would have liked to remain at University and study for an MA and a PHD in Economics but then I might have ended up being either a teacher, academic or in the Finance sector or, most probably, a banker.

Tell us about CBW?

I joined CBW over 25 years ago and since then we have changed from a typical small suburban firm of general practitioners to a full service mid tier firm. It has been a team effort combined with a mixture of inspiration and perspiration. To make this kind of change you need a clear vision of where you want to be and sense of purpose. When implementing the vision you occasionally have to take bold decisions and you must have the strength of conviction to believe that you are right when implementing them.

What do you like most about your job as Managing Partner? What do you like least?

As a Managing Partner I like running the business. What I like least is learning how to herd cats and to change a light bulb as well as being a lamp post in a room full of dogs! In truth if you want to be effective you need to be able to make difficult decisions and follow these through which occasionally means that you have to upset someone in your team.

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

Our immediate challenge is to ensure that we implement the Network plans effectively and demonstrate value to our members.

MGI is at a turning point in its history. What do you see as its greatest challenge to make this hybrid model work?

Communicating to members that improving quality is more than becoming a network. Fundamentally, an improvement in quality will require members to have a positive attitude to the change in culture.

Some advice to people who want to follow your path;

Keep to the traditional professional values as your foundation if you want a successful career. This means you must be professional, keep high technical standards and timeliness.

However the key to creating a successful service orientated professional services business is not purely about the quality of the product. I would recommend that people focus on ensuring clients are highly satisfied so that they keep coming back year after year and so that they continue to refer new opportunities to you.

I believe you can reach this nirvana by following a concept known as the “Service Profit Chain”. Over simplistically, this means working in an environment that delivers high employee satisfaction which then delivers higher standards of work, which in turn delivers client satisfaction, which leads to client loyalty and ultimately increased profitability.

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

- Lie
- Over promise and under deliver
- Be dishonourable

What do you do to relax? Your favourite past time?

Punish my body by eating and drinking too much, reading, watching movies and football – I am a lifelong ~~supporter~~ sufferer of Chelsea FC

Where do you hope to see MGI in 10 years?

We are in a period of transition which will see a fundamental change in MGI which, I believe, will produce a significant increase in the value of MGI membership. If we cannot demonstrate the value of membership at both an Area and International level then we will ultimately fail.

I want MGI to be a vibrant network of firms which values participation and engagement of its members. Members who are of the appropriate quality and who regularly exchange business and ideas, who are available to help each other's clients with their international and local needs. Ultimately, this will give us all a competitive advantage in our local markets.

TIPS & HELP

4 Ways Providing Valuations Can Help Your Accounting Practice

BY MARY ELLEN BIERY

Business clients see their accountant as a trusted resource with the knowledge and expertise to help them improve their business and avoid pitfalls.

Many of those clients will be facing major life and business decisions in the near future as they approach retirement age, presenting a unique opportunity for accountants to assist them through services that go beyond tax preparation.

Valuation services is one area that holds tremendous opportunity for accountants as baby boomers retire and try to sell or pass on to relatives their businesses or other assets. Providing business valuations is a type 2 service, or a higher-level engagement beyond traditional accounting, auditing and tax services. Appraisals can also fit in naturally with an accounting firm's existing service line-up because they touch on many areas, such as tax planning, succession planning and business strategy.

Paul Wapner, CPA/ABV, CGMA, manager of forensic and valuation services for the AICPA, believes that there are numerous ways accountants can benefit by offering valuations. Here are four:

1. Valuation services can help your firm (and your compensation) grow. Recent reports by IBISWorld indicate the business valuation market has both a faster revenue growth rate and a 60 percent higher profit margin than traditional accounting services. And CPAs with specialty credentials, such as the AICPA's Accredited in Business Valuation (ABV) credential, typically receive compensation that is about $26,700 higher than accountants without those credentials, according to the AICPA. Firms that incorporate time-saving technology for performing compliant valuations can be more efficient and drive more of the benefits to the bottom line.

2. Valuation services can help you retain clients. Many advisors have a transactional view of their clients—focused on which specific service offerings are needed in the short term, according to "The Trusted Advisor" author David Maister. But as advisors begin to focus more on how to help and provide guidance for the client's needs and goals, they can develop more trust-based relationships that lead to additional future work, less resistance to fees and additional referrals. "If a CPA can provide a wider range of services, then they're less likely to refer their clients out for other services," Wapner said. "Whenever you refer a client out, there's always a risk of losing that client if they find someone who can meet more of their needs."

3. Valuation services can help you retain and attract staff. Many professionals newer to the accounting industry are more interested in providing value-driven work such as advisory services than they are attracted to handling only work driven by compliance needs. Firms offering valuation services demonstrate to prospective and current employees that there is room for growth and skill development at the firm. Automating the valuation process as much as possible through a valuation solution can further broaden the appeal to staff and recruits and can make it easier to train them in the firm's practices and processes without having to explain a spider web of spreadsheets.

4. Valuation services can better balance the workload. Workload compression is one of the top five challenges cited by the smallest accounting firms and a top 10 challenge among larger firms, according to the 2013 AICPA Private Company Practice Section CPA Firm Top Issues survey. One way to address the pressures of seasonality is to build up business in service areas, such as valuations, that have less of a seasonal component than traditional accounting work.

Offering valuation services can help your accounting firm grow, retain clients and staff and better balance the workload, but as with any new endeavor, it will take planning. Learn more about opportunities in valuation services and how to gear up for growth in this service area during a free webinar featuring Wapner, "How to Prepare for Booming Growth in Valuation Services," on Oct. 21 at 1 p.m. EDT.

Accountants Win More Clients Doing These 3 Things

BY MARY ELLEN BIERY

Have you ever wondered why your accounting firm lost out on a recent engagement? Do you get frustrated when clients show little interest in utilizing the firm's additional services that are offered?

A lot of accountants may assume that they lost a potential client because another firm presented a lower estimate. Or it may seem as though a client is too stubborn to consider thoughtfully the benefits of receiving strategic advice or financial planning assistance.

But the process of purchasing a service is often more complicated. A recent study by the sales consulting firm RAIN Group has some valuable insights for accountants wondering what leads a customer to buy from one service provider and not another.

The consulting firm examined more than 700 business-to-business purchases in professional services/consulting, financial services and other industries that involve complex sales in order to identify factors that most likely influenced buyer satisfaction with the purchasing process, buyer loyalty and willingness to provide a referral.

"Winners sell radically different than the second-place finishers," the firm wrote in its report. Second-place finishers either didn't have the skills to implement, or they didn't value, 10 factors that RAIN Group identified as critical to the sale. Here are the top three things that most often separated those who won the sale and second-place finishers:

1. Bring new ideas/perspective: The winning seller educated the buyer, providing new ideas or perspective. "When buyers perceive sellers as providing new ideas, sellers have a huge advantage," the report said. "The right new ideas can shape buyer belief systems and approaches to action. This gives the seller tremendous influence."

One way many accountants have found they can offer their prospects and clients new perspective is to provide them with a snapshot of their financial performance and show them how they compare to the industry. Showing a business owner in pictures how the company compares to peers can be eye-opening.

"It seems buyers want to be surprised and inspired," the RAIN Group report found.

2. Collaborate: Winning sellers collaborated with the purchaser, the survey found. "The essence of collaboration is working together to achieve a common goal," the consulting group said. "Once the buyer sees the seller as an important member of the team, and sees moving the sale forward as a common goal, the likelihood of buying in general, and buying from that seller, increases dramatically." In other words, it's difficult for a buyer to distinguish between the seller proposing the common goal, and the goal itself.

When accountants help clients better understand their financial health, the two parties can collaborate on identifying areas to improve and strategies to tackle the job. By helping clients and prospects "buy in" to a few areas for progress, accountants should be in a better position to be selected to help achieve those goals.

3. Persuade the buyer that together you would achieve results: Those who won sales more often were able to convince buyers that the time, money and effort wouldn't be wasted. This is important in an environment where buyers are regularly disappointed. "Buyers simply don't believe they get either what they expected or were promised by sellers," the report said. "They've been burned in the past and are therefore skeptical of sellers and their claims." Sellers that won the sale "convinced, and they convinced with gusto," RAIN Group said.

Prospects or compliance clients considering advisory services from your firm might agree that they could take steps to improve their financial health, but being able to convince them that you will deliver those results can help your accounting practice win the engagement. You can perform projections and illustrate specific what-if scenarios to quickly show the impact that certain changes will have on a business' cash flow or valuation. That can open the door to discussions about the steps needed to achieve the impact.

The RAIN Group noted that while these three factors and seven others it also outlined were advantages to winners, they weren't necessarily commonly displayed—even among winners. For example, less than 22 percent of buyers strongly agreed that the winning seller educated them with new ideas and perspectives. Less than 8 percent of buyers, however, said the second-place finisher did that.

In other words, don't beat yourself up if your firm hasn't been providing new perspectives, displaying collaboration or persuading prospects and clients that better results are ahead. There's room for almost all sellers to improve in these areas. And as the RAIN Group consultants said, "Those that do will reap the rewards."

Mary Ellen Biery is a research specialist for Sageworks, a financial information company that provides financial analysis and industry benchmarking solutions to accounting firms, including its ProfitCents system.

How long before you get that great referral?

BY ART KUESEL

From time to time, professionals get frustrated with their referral relationships - specifically, the amount of time that passes between their first interaction with a potential referral source and when they actually get a quality referral. I remind them that there are several moving pieces to every referral relationship that need to be considered before becoming frustrated at a lack of results.

First, relationship development cannot be forced. The creation of rapport and trust takes time - a long time, in fact. Think about it from a personal perspective: How many times do you need to interact with a new drycleaner before you build trust and confidence in their ability to meet your expectations? And, with most referrals, there is much more on the line than a few broken shirt buttons. So, make sure that every interaction you have with a referral source develops rapport and increases trust in you as a provider.

Next, quantity plays a role in your success. If you have all your eggs in one referral basket (i.e. one referral source), you may wait quite a long time in between referrals. Most rainmakers have at least a dozen referral sources that regularly refer business. How many do you have and how many more do you need?

Quality matters too. You may not be getting referrals because the referral sources may not have the right kinds of clients to refer. If you are seeking referrals into emerging restaurant groups and your referral source primarily works with retirees, there is a mismatch and you'll likely never get a great referral from this contact.

Finally, sometimes you need to give to get. While you sit and wait, remember that this potential referral source may *also be* sitting and waiting – for you to send them something first. While you may not have anything you can send, there are things you can do - consider making a valuable introduction of another sort. Perhaps it is someone else in your network – someone who could help them in some way. After all, if this person is a valuable contact for you, they could be a valuable contact to others as well.

So, before you throw in the towel on referral sources, remember that there are several moving pieces to every referral relationship that you need to consider. If you review your relationships objectively, you may determine there are some gaps you need to fill before you can expect to receive your next great referral. Take the time to fill these gaps and watch your referral pipeline grow!

Art Kuesel is the president of Kuesel Consulting where he helps CPA firms perfect their growth strategies and actions to drive revenue in the door. He can be reached at art@kueselconsulting.com

Connecting to the Next Generation of Clients

BY MARTIN WONG

Accounting and financial services firms take pride in winning new clients through referrals and word-of-mouth. In a profession that demands a high level of trust, positive client relationships are essential to building a strong base of repeat business.

As a new generation enters the market, companies need to connect with a demographic accustomed to online communications. For one thing, only 2 percent of children keep their inheritances with their parents' financial advisor.

This presents a challenge and also an opportunity. What can you do to ensure your firm is visible—and viable—to a generation of younger clients?

Make Sure You Can Be Found
Consumers go online more and more before making a buying decision. Not just to search, to research. Today's consumer is nearly through the buying cycle before making live contact. Eighty-one percent of consumers research online prior to making big purchases, while 94 percent of business-to-business buyers do online research. Based on these trends, an effective online presence can only help your cause.

• Start by making sure your Web site is 'clean' and friendly to search engines. Eliminate problems that incur penalties from Google: duplicate content, Web site speed, incorrect link redirects and bad back links.

• Optimize your Web pages with quality content, index able text, images and video (no Flash please), well-considered meta tags and meta descriptions that follow best practices. Your on-site content and blogs should incorporate keywords meaningful to your business and brand.

• Get proactive with back links. This is a long-term, ongoing effort to acquire links from social media, relevant business directories, business partners, clients, industry forums and industry bloggers. This is by far the single most effective tactic for SEO success.

Be Friendly to Mobile Devices

Mobile devices are now responsible for half the time spent on the Internet. Forty-six percent of consumers surveyed in a Telmetrics report said they use mobile exclusively when doing online research. Furthermore, not only does Google favor Web sites that are mobile-friendly, it's been testing out an icon that displays when a site is not mobile-friendly. You don't need a survey to tell you that younger age groups spend the most mobile time online. However, the midrange of older age groups don't fall too far behind either, so it's worth investing in a mobile-friendly Web site.

"Mobile-friendly" options for your Web site range from making some tweaks for compatibility to building dedicated mobile apps. These options are:

• Do the minimum: Just make sure your Web site functions on a small screen. This means tweaking code to let pages scale and rotate; reducing the bandwidth needed to view your pages by shrinking image sizes; getting rid of fancy animations, pop-ups and Flash (which won't play on iPhones).

• Implement responsive design: Build a Web site that "adapts" to specific screen sizes and browsers. This route requires careful design and planning to make sure navigation and content will work for both desktop and small screens, but it's a good middle ground.

• Build a dedicated mobile Web site: This is a Web site designed to work with all the features of a mobile phone for a fully compatible experience. This costly option only matters if it's important for you to give clients and partners access to information that requires special viewing or manipulation.

Use Social Media Productively
A survey of over 4,000 investors with $100K+ in assets showed that one-third use social media for personal finance and investing purposes; nearly 70 percent have reallocated investments or changed relationships based on content found through social media. They use social media to form first impressions and then to discover "traditional" information sources.

• Set the right tone. Social media is a place to begin conversations that can turn into a relationship that can culminate in a live meeting. Be helpful and don't sell yourself. You're just letting people know what you (or your firm) do.

• Know when to go private. Only post general news and advice. It's tempting to answer a question on social media, where everyone can share in the knowledge. But if you're chatting to another parent at a school soccer game and they ask you for serious advice, you would stop the casual chat and initiate a private and formal process. Same here.

• Listen. Too often, we think of social media as a channel for pushing our expertise outward when it's just as valuable for staying current with what's going on with our clients. People overshare on social media. Weddings, births, home purchases, graduations, illness and death. These are life-changing events that need acknowledgement and perhaps advice.

Offer Quality Content

Interesting, helpful, quality content is at the hub of your online marketing efforts. Sixty-one percent of people feel better about a company that delivers quality custom content. It builds credibility, allows you to showcase your expertise (without pitching), and gives you something valuable to post or tweet on social media. Quality content attracts those all-important backlinks and gets retweets.

• Commit to consistency. Good content marketing requires resources. Budget for this and find the right talent. Your staff can do some writing, but make sure the articles/blogs are professionally edited.

• Blogs work both ways. There’s value to inviting guest bloggers or submitting articles to other blogs or publications.

• Create a content calendar. Think like a magazine editor and schedule a few months’ worth of topics. This reduces stress by letting you allocate time and resources.

As a new and connected generation enters the market, interaction through digital channels will only increase in importance. Make sure your marketing strategy includes laying the foundation for productive online communications that complements traditional lead generation and relationship-building.

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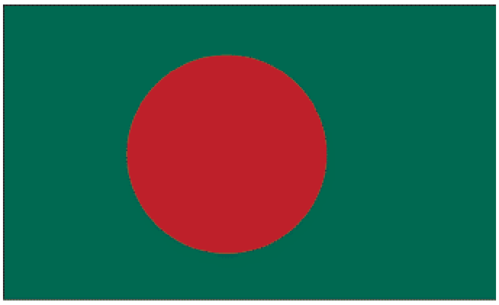
MGI ASIA COUNTRY UPDATE



Amendments to the Bank Company Act.

Since its adoption in 1991, the Bank Company Act (BCA) has been amended thrice, in 1993, 1995 and 2003. The last military-backed caretaker government also proposed some changes in relation to the number of directors and the extent of individual family holdings in banking institutions. But nothing concrete was done to this effect during the tenure of that government. However, the country's national parliament (Jatiya Sangsad) passed a bill amending the BCA in a wider perspective.

The present government after coming to power felt the necessity of amending the act. But in the face of overt and covert opposition by the vested quarters, it also started dragging its feet on the issue. However, the finance ministry had to take firm and swift moves to amend this piece of legislation when the International Monetary Fund (IMF) had made it one of the conditions tagged to the availability of its $1.0 billion worth of Extended Credit Facility (ECF). The latest amendments to the BCA may not have met fully what the IMF wanted but those would surely help eliminate some major problems in the banking sector and strengthen the hands of the regulatory body.

The latest amendments to the BCA has fixed the maximum number of directors at 20, including three independent Directors, in each bank. Earlier there was no limit to the number of Directors. The regulators body has limited the individual bank's capital market exposure to 25 per cent of its regulatory capital (the sum total of paid-up capital and reserves) and has empowered the Bangladesh Bank (BB) to remove the errant managing Directors (MDs) of the state-owned banks. Other important amendments, adopted, relates to the lowering of job experience of aspirants for the posts of MDs of banks from 15 years to 10 years, entrusting the central bank with the authority to visit and inspect the cooperative societies found collecting funds from people who are not their members and providing for imposition of hefty amounts of fine on banks failing to meet capital inadequacy within a specific deadline.

The amendments are particularly important in view of the prevailing situation in the country's banking sector, more so in the case of public sector banks. The IMF and experts have been in favour of delegating enough authority to the central bank over the boards of the public sector banks and their chief executives. The amendment concerned has fulfilled that aspiration, at least, partially. The recent collapse of the stock market brought to light a sort of flawed approach of banks as far as their investment in securities was concerned. This time it has been straightened up as far as practicable. From now on, the banks will not be allowed to make investment in stocks more than 25 per cent of their regulatory capital.

Earlier, the permissible exposure limit was equivalent to 10 per cent of a bank's total liabilities. But because of lax monitoring by the central bank, many banks had overshot the limit, thus, contributing to a great extent to building up of market bubble between 2009 and 2010 and its consequent burst. The market crash obviously created problems for a number of banks that they did never admit openly. So, the central bank will have to keep a close watch on banks' investment in stocks for the greater benefit of the banks as well as the stock market. Hopefully, the BCA that has been amended afresh would help the central bank assert its authority over banks, both private and public, and enforce proper discipline, in the country's financial sector.

China to announce VAT on Financial Services in 2015

China will announce some VAT policies for some financial services in early 2015 as part of its sweeping VAT reforms which started in 2012, the Ministry of Finance has announced. The new VAT will replace the 5% business tax (BT), and is expected to iron out double taxation issues that exist under the present system.

With the expanded Business Tax (BT) to Value Added Tax (VAT) reform in China, as expected, finance service may be the next sector participating in VAT reform. As per the intelligence, the initial implementation rules and schedule have been outlined by relevant government agencies, however, given the complexity in tax basis determination and administration, it is widely agreed that formulation of VAT measures relating to finance service should be the most difficult step in reform process.

The obstacles in laying down the implementation rules include several aspects, namely, how to determine the tax basis due to the diversity in service provision mode by finance sector; the appropriate VAT rate for financial services; how to ensure the tax administration and collection while minimize the impact on end-consumers of financial services, etc. In addition to the aforesaid technical dimensions, the application of prevailingly deployed VAT anti-fake control system in finance service is another challenge confronted to the Chinese regulator.

The VAT reform in China is still in the experimental phase and tax regulations for the financial service is under review and debate among government agencies and financial enterprises concerned. It is advisable for those enterprises to be alert for release of official tax rules in this regard and be prepared for the upcoming changes.

Contributed by LehmanBrown

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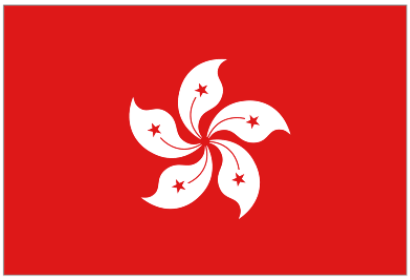


Latest taxation development between Hong Kong and Overseas Countries

Hong Kong and South Africa entered into tax pact on October 17, 2014:

The 31st comprehensive agreement for the avoidance of double taxation ("CDTA") with respect to taxes on income between Hong Kong and South Africa has been signed. According to the agreement, the allocation of taxing rights between the two jurisdictions is set out clearly and thus investors will be capable of better assessing their potential tax liabilities from cross-border economic activities.

Hong Kong and United Arab Emirates enter into tax pact on December 11, 2014:

The 32nd comprehensive agreement for the avoidance of double taxation ("CDTA") with respect to taxes on income between Hong Kong and the United Arab Emirates (UAE) has been signed. According to the agreement, the allocation of taxing rights between the two jurisdictions is set out clearly and thus investors will be capable of better assessing their potential tax liabilities from cross-border economic activities.

(Source from: http://www.ird.gov.hk)

Contributed by Kenneth Chau & Co

FINANCE MINISTER STIPULATED NEW REGULATION FOR TAX CONSULTANTS

To enhance the professionalism and accountability of tax consultants as well as to clarify its rights and obligations, the government through the Ministry of Finance has issued new regulations. It is set forth in the Finance Minister Regulation Number 111/PMK.03/2014.

Tax consultant is a person providing consulting services on taxation to taxpayers in order to perform the rights and fulfill their tax obligations, in accordance with tax legislation. Any person who practices as a tax consultants must meet several requirements.

Some of these requirements as mentioned in the PMK No. 111/PMK.03/2014 ie, Indonesian citizen; living in Indonesia; unbound to an occupation or position in the government/ state and / or State Owned Enterprises/Region; good character as evidenced by a certificate from the competent authority; have a Taxpayer Identification Number (TIN); a member of the Association of Tax Consultant registered at the Directorate General of Tax (DGT); and has a Certificate of Tax Consultant.

For former employees of DGT who resigned as a civil servant before reaching the retirement age, to be able to become a tax consultant, in addition to the requirements above there are some additional requirements that must be met. First, he/she has to have been honorably discharged as a civil servant at his/her own request. Secondly, has passed a period of two years from the date of discharge.
The legislation also requires some additional requirements for retired staff of the DGT who want to become a tax consultant. First, he/she has been devoted for at least 20 years in the DGT. Second, never convicted severe level of discipline based on the laws and regulations in the field of personnel during his service in the DGT. Third, has ended his tenure in DGT with pension rights as a civil servant.

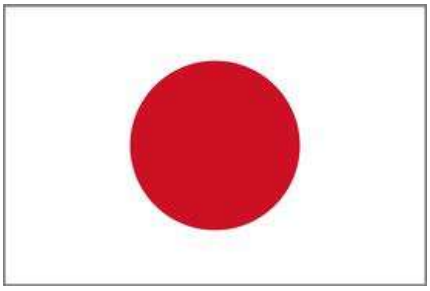
Last, has passed a period of two years commencing from the date of the retirement decision letter.

In addition to specifying the requirements to become a tax consultant, the regulation also sets the practice license and certification of tax consultants.

It also stipulates the rights and obligations of tax consultant; as well as reprimand, suspension, and license revocation.

Regulation was stipulated on June 9, 2014 and enacted on the same date, and shall come into force after six months from its promulgation. With the enactment of this new legislation, the Finance Minister Regulation Number 485/KMK.03/2003 and PMK No. 98/PMK.03/2005 is revoked and declared invalid.

Contributed by KAP Basyiruddin Wildan



JAPANESE TRANSFER PRICING

On August 28, 2014, a carmaker in Japan won a complaint against the Tokyo Regional Taxation Bureau for over 7.5 billion yen ($71.5 million) in levies assessed for failure to pay taxes at home on income in Brazil.

Tokyo unit of the National Tax Agency added 13 billion yen to the carmaker's tax bill, stating a total of 25.4 billion yen in profit made at the Brazilian subsidiary needed to be taxed in Japan. The company objected to 7.5 billion yen of the additional levy and took the matter to court.

The Tokyo District Court fully endorsed the company’s view. The presiding judge focused on the Brazilian unit's location in the Manaus Free Trade Zone, highlighting that related tax benefits for being there accounted for 59% of the subsidiary's operating profit. Thus, it ruled that the tax bureau's calculation of underpayment based on the transfer pricing system was inappropriate, using another carmaker without the tax benefits of the free trade zone as a reference.

It means the court judged “Comparable transactions” should be very similar on some circumstances.

Contributed by Seiyu Audit Corporation