MGI ASIA NEWSLETTER
Quarter 1 2015

Members of MGI Asia

I hope all the members had a great start to 2015 and are ready to face the new year head-on.

Motivational speaker Byron Pulsifer said, “Part of the process of beginning anew, or changing directions is to know where you want to go. I know this sounds simplistic and easy, but this is one of the most difficult of choices to make with clarity."

It is on that note, and with great sadness, that I announce the resignation of one of our stellar members, SR Dinodia, from MGI. SR Dinodia has been a very well liked firm and valuable member of MGI and Pallavi has played a pivotal role in building up MGI Asia. They will be truly missed, and we wish them the very best in all their future pursuits. SR Dinodia’s resignation also means that I have taken over from Pallavi as the Area Leader with immediate effect.

As with any new year, change is a constant as are new beginnings. We have many challenges ahead of us with evolving landscapes in the accountancy sector.

MGI is currently going through some exciting changes, most notably with the network implementation gaining some serious traction within a very short span of time.

I am honoured to serve as your Area Leader during this sea of change and look forward to working with everyone towards a common vision of success.

Imran Assan
Area Leader - Asia

Dear Friends,

This is my last address as the out-going Area Leader of MGI Asia, as I bid farewell, I do so with a heavy heart.

My journey in MGI has been nothing short of amazing! My first memory is of the Asia Area Meeting in Singapore in 2010, where miraculously the veterans of MGI – Andy, Assan & Des asked me to stand for the elections of the Area Leader. At the time, I did not know what I was getting into, but now as I am moving one, I look back on my journey and I feel overwhelmed and melancholy.

The Asia Area, in the last 4 years, has grown by leaps and bounds. We are No. 14 in Asia-Pacific and have not only added new members year on year, but have to our credit some great branding efforts, increased knowledge sharing including best practices and achieving an almost 100% participation at meetings! All these show our success as a cohesive group, as a team, as a region and as a family, who together have achieved in Asia what the perhaps the world didn’t think we could!

MGI Asia, to me, was my extended family that encouraged me and supported all my endeavours, gave me confidence and made me believe in myself. As I bid good-bye, I hope that this family of mine will continue to love, respect and work with and alongside with each other in grow not only their businesses but also MGI Asia. Please continue to communicate, attend meetings and putting in effort into MGI Asia, since relationships are a two ways street - You get what you give!

I wish each one of you a very successful meeting in Seoul. Thank you for all that each one of you has done for me, you will always be in my heart. Adieu …

Pallavi Dinodia
Immediate past Area Leader - Asia

MGI EVENTS 2015

Central European Circle
24-25 April
Bremen, Germany
http://www.mgiworld.com/areas/europe/our-meetings/central-european-circle-2015/

Middle East & North Africa Area 2015
07 - 08 May
Sharm el-Sheikh, Egypt
http://www.mgiworld.com/areas/middle-east-north-africa/our-meetings/2015-mena-area-meeting-(1)/

North America Area meeting
27 -29 May
New Orleans, Louisiana, USA
http://www.mgiworld.com/areas/north-america/our-meetings/2015-north-american-meeting-(1)/

European Area
11-13 June
Chateau Le Grand Mello, Mello, France
http://www.mgi-europeanevents.com/

Australasian Area
9-10 July
Gold Coast, Queensland, Australia

MGI Asia Area Meeting
28-29 August
Seoul, Korea

Global AGM
21 - 23 October
Grange St Paul's Hotel, London, UK

UK Area (combined with AGM)
21 - 23 October
Grange St Paul's Hotel, London, UK

PROFESSIONAL NEWS FROM AROUND THE WORLD

IAASB Issues Final Standards to Improve Auditor's Report

The International Auditing and Assurance Standards Board® (IAASB®) released its new and revised Auditor Reporting standards, designed to significantly enhance auditor's reports for investors and other users of financial statements.

"These changes will reinvigorate the audit, as auditors substantively change their behavior and how they communicate about their work," explained Prof. Arnold Schilder, IAASB Chairman. "Informed by extensive research and global outreach to investors, regulators, audit oversight bodies, national standard setters, auditors, preparers of financial statements, audit committee members, and others, the final International Standards on Auditing (ISAs) represent a momentous—and unprecedented—first step. Now, we must study, promote, and plan for the effective implementation of the new and revised standards."

"The IAASB has responded to calls from investors and others that it is in the public interest for an auditor to provide greater transparency about the audit that was performed," added Dan Montgomery, former IAASB Deputy Chair and Chair of the Auditor Reporting project. "Increasing the communicative value of the auditor's report is critical to the perceived value of the financial statement audit."

The most notable enhancement is the new requirement for auditors of listed entities' financial statements to communicate "Key Audit Matters"—those matters that the auditor views as most significant, with an explanation of how they were addressed in the audit. The IAASB has also taken steps to increase the auditor's focus on going concern matters, including disclosures in the financial statements, and add more transparency in the auditor's report about the auditor's work. Information about the enhancements to auditor reporting and the ISAs that are affected can be found in the Auditor Reporting Fact Sheet.

"The introduction of Key Audit Matters for listed entities is a significant enhancement that will change not only the auditor's report, but more broadly the quality of financial reporting—and therefore the informative value to investors and other key stakeholders," said Linda de Beer, IAASB Consultative Advisory Group (CAG) Chair. "The IAASB CAG, with its diverse membership base, has unanimously supported and encouraged the IAASB's formidable leadership in effecting these changes."

The new and revised Auditor Reporting standards will be effective for audits of financial statements for periods ending on or after December 15, 2016. "While culminating an intense effort over the past six years, the release of the final standards is by no means the end of the IAASB's work on the topic of auditor reporting," noted Kathleen Healy, IAASB Technical Director. "It is essential that the board and staff continue to promote awareness of these standards and facilitate their effective implementation."

To this end, the auditor reporting section of the IAASB's website has been redesigned and updated, debuting the first components of an "Auditor Reporting Toolkit." Additional resources will be subsequently released, so users should visit the website frequently to stay abreast of the latest guidance and resource materials. The IAASB also plans to undertake a post-implementation review, which will be critical in assessing whether the standards are achieving their intended effects and whether further changes to auditor reporting are needed in the public interest.

Source: IAASB website

IAASB Proposes Changes for Reporting on Special Purpose Financial Statements

The International Auditing and Assurance Standards Board® (IAASB®) released on January 22 proposals to enhance auditor reporting on special purpose financial statements. The Exposure Draft includes changes proposed to ISA 800, *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks,* and ISA 805, *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*.

Reporting on special purpose financial statements is linked to the recently issued new and revised Auditor Reporting standards, in particular ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements* and new ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*. As such, the IAASB has amended ISA 800 and ISA 805 to provide guidance on how the enhancements to the auditor's report would apply in audits of special purpose financial statements. These amendments are limited to auditor reporting and are not intended to substantively change the underlying premise of these engagements in accordance with the extant ISAs.

The IAASB invites all stakeholders to respond to this Exposure Draft, which includes specific questions for respondents on key aspects of the proposals and highlights areas of focus for various stakeholders in responding to the Exposure Draft. To access the Exposure Draft and submit a comment, visit the IAASB's website at www.iaasb.org. Comments on the Exposure Draft are requested by **April 22, 2015**.

Source: IAASB website

IASB Proposes Changes to Classification of Liabilities

The International Accounting Standards Board has published a set of proposals for clarifying how entities classify debt, especially when it comes up for renewal.

The proposed amendments in the IASB's exposure draft on Classification of Liabilities (Proposed amendments to IAS 1 aim to improve presentation in financial statements by clarifying the criteria for the classification of a liability as either current or non-current.

The amendments would accomplish this by clarifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period; and making clear the link between the settlement of the liability and the outflow of resources from the entity.

The IASB is asking for comments to be sent by June 10, 2015. The exposure draft is available here.

Source:Accountant Today

New Indian accounting standards to converge to IFRS

Converging new Indian accounting standards with International Financial Reporting Standards could mean more investment in India, a lower cost of capital for Indian companies and “the mother of all outsourcing opportunities” according to IASB Chairman, Hans Hoogervorst.

Speaking to the IFRS Foundation Conference in Mumbai, Mr Hoogervorst praised India and Prime Minister Modi for their “resolute determination” to adopt the “highest standards of international governance”.

Mr Hoogervorst cited the example of seven “large and hugely competitive” Indian companies that already use IFRS. These companies comprise 23% of the market share of India’s Nifty 50 index. Mr Hoogervorst hinted that adoption of standards converged with IFRS would help other Indian companies to be similarly successful, citing greater global comparability with competitors, access to a wider shareholder base and greater management efficiency.

He sought to soothe concerns that adoption of converged standards, or later full IFRS, would lead to a loss of sovereignty. The International Accounting Standards Board’s argument that putting such constraints on choice over national accounting is a small price to pay for the benefits of truly international standards. In the same breath, Mr Hoogervorst urged against “tinkering” with standards set out by the IASB.

He did warn that halting the process at converged Indian standards, without fully converting to IFRS could mean that India missed some of the key benefits of the global standards. Even small differences, Mr Hoogervorst said, could end up having a big impact on international recognition. And Indian companies would pay the price.

Mr Hoogervorst also appealed to India’s status as a key region for outsourcing, saying that IFRS-trained Indian accountants would be in high demand; declaring it “the mother of all…opportunities”.

IFAC Global Survey: SMP Accountants Expect Advisory Services & Tax to Drive Business

Small- and medium-sized accountancy practices (SMPs) around the world are generally optimistic about the year ahead, according to the results of the 2014 IFAC Global SMP Survey. Out of four areas—audit and assurance; accounting, compilation, and other non-assurance/related services; tax; and advisory/consulting services—tax and business advisory were nearly tied in terms of pace of expected growth, with about half of respondents expecting at least moderate growth in each area.

While SMPs have long engaged in compliance-driven tax engagements for their clients, business advisory is emerging as an area of increasing importance to SMPs’ growth. In 2013, advisory ranked third out of the four service areas in terms of pace of projected growth, while in 2014, advisory (13%) edged out tax (11%) as the area most likely to drive substantial revenue increases in the coming year.

The results also indicate that advisory is now commonly offered by SMPs, as 93% of respondents provided some form of advisory in 2014. Tax planning is the most common type of advisory service by a wide margin, suggesting that tax services—whether in the realm of compliance or advisory—are driving revenues overall.

“The findings from the 2014 Survey are critical to increasing, and acting on, our understanding of this critical sector,” said IFAC SMP Committee Chair Giancarlo Attolini. “Over 60 IFAC member organizations and regional bodies participated in the survey, allowing us to collect an even broader sample of responses than in previous years, while contributing to our mission of collaborating with our member organizations in building and supporting a global community of SMPs.”

Additional findings from the survey included:

- The regulatory environment and competition topped the list of environmental factors most likely to impact SMPs over the next five years;
- Business intelligence/data analysis software and customer relationship management/document management are the two types of technology most likely to impact SMPs in the next five years; and

- While only 27% of SMPs are currently part of a network, association, or alliance, another quarter are considering joining one.

The survey also included a number of questions about SMPs' clients—typically small- and medium-sized entities (SMEs). Key findings included:

- While the majority of respondents (87%) reported that at least some of their SME clients seeking financing experienced difficulty in 2014, for most respondents, a relatively small portion (less than 25% of total clients) experienced difficulty;
- Over half (54%) of respondents reported that at least one of their SME clients experienced some type of financial crime, but volume of crimes overall was low, with most respondents indicating that less than 5% of their total clients experienced a crime; and
- Many SMPs are part of the globalization trend; 44% of total respondents have at least 5% of clients that operate internationally, while 69% of the largest SMPs (those with 21+ partners and staff) have at least 5% international clients.

The 2014 IFAC Global SMP Survey was conducted in 21 languages between November 3 and December 29, 2014 and received 5,083 responses from 135 countries. The survey was undertaken in collaboration with lead researchers from the University of Dayton (US), and the report was authored by professors Timothy and Marsha Keune.

See the full results and subscribe to SMP updates on the IFAC website: www.ifac.org/SMP.

Some regions, countries, and larger SMPs were not well represented in the survey results; caution should be exercised when attempting to generalize survey results to specific countries, specific regions, or SMPs of all sizes.

Source: IFAC website

MGI ASIA NEWS

MGI ranked 14th largest accounting association in Asia-Pacific

Extract: MGI ranks 14th for the Asia-Pacific region in International Accounting Bulletin's survey of biggest associations.

MGI is Asia Pacific's 14th largest accounting association, according to the latest data compiled by International Accounting Bulletin (IAB).

The alliance drove revenues of more than $58 million across its two regional groups, MGI Asia and MGI Australasia, while staff at the two is now above 1,300.

MGI Asia welcomed a new firm last year in the shape of Khan Wahab Shafique Rahman & Co in Bangladesh and more recently APV (Cambodia) Co. Ltd based in the Capital in Camodia.

Meanwhile, MGI Australasia has recently seen the addition of Canberra's Joyce|Dickson and Melbourne-based MPR Group to its growing stable of firms.

International Accounting Bulletin ranks MGI 3rd amongst associations in Singapore

The March issue of the International Accounting bulletin had a Singapore country survey report and ranked MGI No. 3 based on fee data & No. 5 based on staff data.

"We should be very proud to be in such a significant position in one of the key markets in Asia and, indeed, in the world. This is a mark of the quality of our member firms and of our expansion in the Asian market," said Clive CEO of MGI

MGI Asia is represented by MGI Menon & Associates and MGI N Rajan & Associates in Singapore

MGI ASIA MEMBER NEWS

Kenneth Chau & Co celebrates the New Year

On January 9, 2015, 2015 New Year celebration Lunch of Kenneth Chau & Co. was held the office. It is an excellent time for all staff and partners to get together and relax.

Many lucky staff received "Red packet" from Senior Partner, Mr. Kenneth Chau in the lucky draw

Kenneth Chau & Co.'s manager, Aska Mak will talk at AmCham Hong Kong Tax event

On March 25, 2015, Mr. Aska Mak (CPA), a manager of Kenneth Chau & Co. will represent the firm to be a speaker at The American Chamber of Commerce in Hong Kong event. Topic is "Tax and Financial Planning for Young Professionals: Better Now Than Later".

Seiyu Audit's Client Lists on the Tokyo Stock Exchange

First Brothers Co Ltd a client of our Japanese member for 10 years listed on the Tokyo Stock Exchange on Feb 18. First Brothers Co Ltd. is an independent investment management firm engaged in investment management and investment banking business.

MGI GLOBAL NEWS

Canberra firm Joyce|Dickson joins MGI

The five-partner firm, which was founded in 2003, joined MGI increasing our coverage in Australia. Joyce|Dickson specialises in providing support and advice to family and private business clients. It offers a full range of services including accounting, business consulting and tax advice. It also has strong expertise in Self-Managed Superannuation.

MGI member firm feature as Top 20 firm in Hungary

BPO Audit Tax, a long-standing member of MGI, features in this year's Budapest Business Journal 'Book of Lists' publication as a TOP 20 firm in the category of auditors, accountants and tax consultants in Hungary.
The Budapest Business Journal is one of the most thorough business information publications in the market, comparing more than 2500 companies' data in 100 different fields and this is the first time BPO services have been listed.

2015 World Survey by IAB ranks MGI 12th Globally

MGI is the 12th largest accounting association in the world, according to latest figures compiled by the International Accounting Bulletin (IAB) at the start of this year.

Fee income topped $536 million for the alliance last year, while the number of staff and partners was recorded at 6,693.

Clive Viegas Bennett, MGI's Global CEO, commented "2014 was a great year for MGI, as we gained new members in Bangladesh, Spain, Poland, Venezuela, Mexico, Brazil, Canada and USA. Already this year we have added a further 3 excellent firms in Australia and Cambodia.

MGI is a truly worldwide alliance with 315 offices in more than 82 countries and our ranking is testament to the hard work of our members."

North America
MGI is the 13th largest association in North America, with 950 staff in offices throughout Bermuda, Canada, Turks & Caicos Islands and USA. Total revenues last year for MGI North America hit $131.8 million, the IAB report shows.

Latin America
In Latin America, the alliance comes in at number 11 with 946 staff and revenues totaling $22.5 million. The alliance is represented across 37 office locations in 15 countries within the Area.

Europe
Revenues hit $310 million in 2014 for MGI's European members, which includes the UK and Ireland Area members. Staffing levels were close to 3,000 across the alliance as it ranked 11th.

Africa & Middle East
MGI was 12th in this region with revenues over $13 million and staff topping 500, which includes both Africa and Middle East & north Africa Area members.

Asia-Pacific
MGI was the 14th largest association in the IAB ranking, with revenues among Asia Pacific members hitting $58.6 million. Staff numbers were 1,333 last year, which includes both Australasia and Asia Area members.

- See more at: http://www.mgiworld.com/newsroom/2014/2015/march/2015-world-survey-by-iab-ranks-mgi-12th-globally/#sthash.ZHF8svZP.dpuf

INTRODUCING NEW MGI ASIA MEMBER

APV CAMBODIA

When was the firm formed? What was the catalyst in forming APV Cambodia?

APV was established in 2006. APV was formed by a group of young & dynamic professionals employing progressive thinking to cater to the growing market in modern Cambodia

What type of services, are offered by your company? Do you have any specific industry specialisation or clients?

APV provides a wide range of professional services including audit & assurance, accounting, tax, and corporate & commercial advisory for industries such as agriculture, mining, real estate, trading, production, micro-finance, education and donor funded project. APV has the proven expertise and track record to help organizations develop. Through technical excellence combined with personal commitment, APV delivers excellent service and support that differentiates it from other firms.

What do you see as your firm's strength?

The team at APV are highly-specialized practitioners who offer expertise in areas of audit & assurance, tax, accounting, investment, micro finance, real estate, and corporate & commercial advisory.

What are your future plans for the company?

We hope to be a top 5 leading local professional service firm in Cambodia by 2018.

What can your firm offer MGI?

APV can contribute and share technical expertise with MGI and it's members. It can also offer market insights and knowledge to firms looking to do business in Cambodia

What are your expectations of MGI?

Being a medium sized firm in an emerging economy it will be good if MGI can support by providing tools and templates and other resources to help us improve our technical capability and processes.

What can APV Cambodia do to make MGI a well recognised "brand" in Cambodia?

APV has placed the MGI logo on all it's marketing materials. Also by participating in activities will help to brand the MGI name with the business community in Cambodia

TIPS & HELP

Three Resolutions to Position Your Accounting Firm for 2015

BY MARY ELLEN BIERY

Studies have shown that accountants' top pain points consistently include winning new clients, retaining current ones and managing a compressed workload. Now is the perfect time to work toward addressing these concerns.
Here are three resolutions accountants should make to help turn this busy season into your firm's most productive ever in terms of developing business for the entire year.

1. I will use busy-season meetings to cultivate engagements for the rest of the year. As you talk with and meet with business clients in the coming days and weeks, commit to taking steps that will help secure advisory engagements during the rest of the year. For example, develop a list of all services your firm offers, using terms the client can understand or including examples. Distribute the list by email or in person to each client when you present their financials or tax returns. Another option: Make sure you ask each client about their pain points or challenges so that you can look for opportunities to help with those issues. A client may tell you they worry about being able to retire and sell their business, or they may worry they aren't keeping up with competitors. Asking questions and initiating dialogue will deepen the client relationship and reveal opportunities for additional engagements later in the year.

2. I will identify a key advantage our firm has over competitors. If every accounting firm touts its experienced and qualified partners, clients will see little differentiation and may overlook the value-added services and skills that make your firm superior. Consider identifying and marketing an industry niche or a specific service, such as business valuations or benchmarking, so that clients and prospects clearly understand how you are unique among competitors. Providing that information will help retain your top clients and attract better prospects.

3. I will utilize technology that makes my job easier. Compliance-related workloads keep many accountants busy enough that they find it difficult to focus on offering higher value-added services to clients, such as business planning, business strategy and business analytics. If you utilize technology that automatically analyzes business financials and monitors the client's business performance (including their performance vs. industry peers), you'll find it easier to identify ways to plan and strategize with clients. Strategizing with clients can translate into additional engagements.

A key to being successful with resolutions and keeping them is to make realistic resolutions. You don't have to completely overhaul your practice in 2015 to make it better. Simply commit to working on these three items and by the end of the year, you'll have a healthier accounting firm.

10 Conversation Starters Clients Love to Answer

BY MAUREEN SCHWARTZ

It's often a challenge to get clients to open up when they come in for their annual appointment during busy season. Maureen Schwartz, executive director of the global public accounting firm association BKR International, offers these 10 conversation starters to ask your clients.

1. What's the one thing about your business that you're most proud of?
Discussing success is a great way to build rapport with a client. Let the client share a source of pride, which can lead to questions about operations, personnel or legacy planning.

2. What keeps you awake at night?
Most clients will share a personal or business challenge. Let them describe why it's become an issue, which can lead to questions about solutions.

3. In the past, we've talked about [x, y, z] challenges. If you could solve one of those, when would you like that to happen?
Putting a timeline on an existing challenge allows you to help clients frame action steps to solve it.

4. What are some areas you plan to keep focusing on this year, and which ones have fallen off the priority list?
This question helps you narrow your recommendations if a client's past goal is no longer urgent or relevant.

5. Life is always full of change and surprise. [Share a personal example.] May I ask about any personal changes you're experiencing that could affect the company or how you do business?
This is a great question in the tax arena, but also for business planning if the client has a personal challenge that may be distracting or financially stressful.

6. It seems like [economic changes, fuel prices, other external factors] have made my clients rethink their strategy this year. What's going on for you?
A big, external issue that affects many people helps clients open up about how it affects their businesses.

7. Wow, you've [paid off debt, sold real estate, improved sales]. Congratulations! What's your next big win this year?
This question shows you're paying attention to their efforts. Celebrate with clients and ask about their next big goal.

8. What's the one thing you're doing that you would love to delegate?
This question can lead the client to talk about things currently done in-house that your firm could handle. It can also open up opportunities for you to discuss advisory services.

9. Can I ask your opinion on this?
Asking for advice is a humble approach to building a great client relationship. Clients appreciate being the expert, and you'll gain more information about their personal and professional style.

10. What are you doing for fun these days?
Ask for ideas on great restaurants, events or hobbies to let the client "coach" you. You'll build a closer relationship—and enjoy it even more!

Failing or Flailing?

Why many marketing departments are in the red

BY DEBRA ANDREWS

While accounting firms come in all shapes and sizes, many of them share a common challenge: Their marketing departments fail to deliver results. Make no mistake — marketing is measurable. If your marketing department is not serving up new business leads, additional revenue from existing clients and increased client loyalty and engagement, it is not serving your firm well.

If you treat marketing like a mature, capable and dynamic adult, it has the potential to transform your accounting firm and drive strategic goals. Unfortunately, marketing departments are often thought of as pure overhead and seated at the children's table, instead of the conference table in the executive boardroom.

From discussions with partners and fellow marketing professionals, as well as my own observations over many years, I've discovered common accounting firm marketing department "irregularities." If your marketing department is failing or flailing, one, or all, of these five might explain why:

1. It's all a misunderstanding.

It's impossible to build and utilize a world-class marketing department when senior-level professionals don't understand what marketing is and what it can and should do. I've often heard CPAs refer to marketing as branding or public relations.

Here's how Peter Drucker defined it: "Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services."

2. Lack of partner-level support.

In a 2012 *Forbes* article titled "Why are Firms Failing to Transform Marketing?," Kimberly Whitler argues that chief marketing officers often don't receive the needed level of support from their chief executives for change. An all-too-common scenario: The managing partner understands and believes in marketing. Some of their fellow partners feel similarly, but others view marketing as a complete waste of time and money.

If the managing partner is unable to get senior-level alignment around the purpose and responsibilities of the marketing department, marketing personnel will encounter roadblock after roadblock. Things can then spiral downhill quickly:

- The in-house marketer may be terminated for not producing results.
- The marketing consultant may either terminate their contract or be terminated.
- The managing partner may feel defeated and stop trying to fight an uphill battle.
- Marketing naysayers may feel that they were right all along and resist marketing even more the next time the subject surfaces.

3. No strategic marketing leadership and plan. Whether due to budgetary reasons or lack of knowledge, many firms rely on marketing professionals with too little experience and/or no strategic marketing expertise. This can result in what's called "scattershot" marketing — trying a little of this and a little of that without any type of strategic master plan gluing everything together and driving it all purposefully forward. The result? Little to no market penetration or development.

Every marketing department needs a strategic marketing plan that is tied to higher-level firm goals. This roadmap will help guide your firm to the top of the mountain and prevent it from taking detours that devour valuable resources and eliminate progress.

4. The marketing hiring challenge.

All sorts of specialties live under the marketing umbrella — strategy, digital marketing, public relations, content, social media, design, search engine optimization and more. The wide range of skills needed to service these specialties makes hiring decisions particularly challenging.

5. Marketing is put in a corner.

While operations, IT, human resources, sales and finance are often given a seat at the executive table and considered vital to success, marketing is sadly treated like Cinderella and swept in a corner to churn out "stuff." In reality, the exact opposite should be happening: Marketing needs to integrate with all other business functions to maximize its potential.

The best marketing campaigns are those that firm professionals understand well, believe in, and play an active role in. They are developed with heavy input from front-line professionals who are aware of clients' most pressing needs.

Creating a world-class CPA firm marketing department isn't easy, but it's absolutely possible. Educating senior-level client service professionals on the role and importance of marketing will also help remove some of the barriers, as will integrating the marketing department into top-level firm operations and decision-making. Ultimately, if your CPA firm provides a solid foundation for marketing success, your marketing department will be able to prove its value through the delivery of measurable results. All CPAs listen to numbers, and marketers would be wise to let them do at least some of the talking!

Debra Andrews is president of Marketri, which provides marketing consulting and training to professional services firms.

MGI ASIA COUNTRY UPDATE

On 9 October 2014, Cambodia's Ministry of Economy and Finance (the "**MEF**") issued Prakas 1139 on Tax Registration **("Prakas 1139")**. More recently, on 9 January 2015, the MEF issued Notification 286 on the Lodgment of Patent Tax Return and Payment of 2015 Patent Tax **("Notification 286")**.

Patent Tax is a yearly business registration tax, and is normally considered routine. Notification 286 now requires "updating a company's information and submitting it to tax administration prior to receiving a new patent certificate." In effect, Notification 286 extends the residency requirements of Prakas 1139 to all companies registered in Cambodia, even those registered before Prakas 1139 came into effect.

Prakas 1139 and Notification 286 appear to impose Cambodian residency requirements on the chairman of the board of directors (and possibly others, including the "directors, owners or shareholders and managers") for an enterprise doing business in Cambodia. Specifically registration requires that "the chairman of the Board of Directors or owner of the enterprise or president of the organization shall present directly at tax administration for photo taking and fingerprint scanning.

China's MOFCOM Drafts a new Foreign Investment Law

Introduction

On January 19, 2015, China's Ministry of Commerce (commonly known as "MOFCOM") published a draft version of a proposed Foreign Investment Law[1] (the "draft Law") with an "explanatory note". This law will replace and integrate the three existing laws over foreign investments; the Law of the PRC on Chinese-Foreign Equity Joint Ventures, the Wholly Foreign-owned Enterprise Law and the Law of The People's Republic of China on Sino-foreign Cooperative Enterprises. The Foreign Investment Law was "formulated with a view to opening wider to the outside, promoting and regulating foreign investment, protecting the legitimate rights and interests of foreign investors, safeguarding national security and public interests, and facilitating the healthy development of the socialist market economy." (Article 1 of the draft Law).

MOFCOM has requested comments from the public on the draft Law by February 17, 2015.

Some of the more significant concepts in the draft Law include the following

Actual Control

The proposed law has adopted the concept of actual control in the foreign investment area. The draft Law notes that a company established in China but controlled by foreign investors shall be deemed a foreign investor and foreign entities controlled by Chinese investors can, in some circumstances, be deemed Chinese domestic investors. The draft Law notes that, previously, to avoid limitations on foreign investment in certain industries, some foreign investors cooperated with Chinese companies or individuals to establish a company and executed certain agreements with those Chinese cooperators to actually control the company. (See VIE discussion below)

According to Article 18 of the draft Law,' "control" refers to the circumstance that any of the following conditions is met with respect to an enterprise:
1.holding, directly or indirectly, not less than 50% of shares, equities, share of properties, voting rights or other similar rights of the enterprise;
2.holding, directly or indirectly, less than 50% of shares, equities, share of properties, voting rights or other similar rights of the enterprise, but falling under any of the following circumstances:
(1) having the right to directly or indirectly appoint not less than half of the members of the board of directors or other similar decision-making body of the enterprise;
(2) having the ability to ensure that its nominees occupy not less than half of seats in the board of directors or other similar decision-making body of the enterprise; or
(3) holding voting rights sufficient to impose significant impacts on any resolution of the board of shareholders, at the general meeting of shareholders, or of the board of directors or other decision-making body of the enterprise.
3.Imposing decisive impacts on the operation, finance, personnel or technology of the enterprise by contract, trust or other means.' (Article 18)

What the draft Law means for variable interest entities (VIEs), both existing and future is a current subject of rigorous debate. The VIE structure was designed to allow foreign investors access to restricted or prohibited industry sectors in China, such as internet or e-commerce, and is also used by Chinese domestic entities for offshore listings to gain access to international capital markets. The VIE structure is characterized by foreign investors working with Chinese nationals to form a foreign controlled enterprise which gains control over the ownership and management of a domestic licensed company that holds the necessary license(s) to operate in a sector restricted to foreign investment in China. The parties enter into various service agreements and through those agreements between the foreign entities and the domestic licensed company, the foreign investors control the domestic entity and are able to participate in the economic gains and losses of the domestic entity. This structure has been widely used by foreign investors in China for almost 15 years. The draft Law appears to state that domestic VIEs which are controlled by foreign entities are in effect, foreign entities, and therefore potentially subject to regulations over foreign entities rather than domestic entities..

Negative List Management
Most foreign investments will not need pre-approval as was previously required. It means that the Chinese market could be more open and more efficient in some sectors to set up foreign invested companies. However, the draft Law sets out a Negative List, or Catalogue of Prohibitions. Under Article 25, "Foreign investors are not allowed to invest in any sector set out in the Catalogue of Prohibitions." Further, a Catalogue of Restrictions will note those sectors with restrictions imposed on foreign investors. The use of Negative lists, represent a method of management or administration of foreign investments. Sectors not listed on the prohibited list or restricted list are open to foreign investment. This method of administration is currently being used in the Shanghai Free Trade Zone (the Zone) by the Shanghai Municipal People's Government which, in 2013 released a set of special administrative regulations (known as the Negative List) concerning the access of foreign investment to entities established in the Zone.

How domestic VIEs, potentially deemed to be foreign enterprises under the draft law, and currently operating in Negative List sectors will be treated is unclear. Under Article 25, noted above, no foreign investors are allowed to invest in prohibited sectors.

National Security Reviews
The draft Law also establishes a united foreign investment national security review system which will conduct examinations on the foreign investments that "endangers or may endanger the national security." (Article 48)

Information Reporting System
The draft Law establishes a foreign investment information reporting system. The new rules include submission of a Foreign Investment Report (such as when setting up a company), a Report of any Changes of Foreign Investment Report (any adjustments of investment) and an Annual Report. Generally, reporting obligations arise when a foreign investor purchases not less than 10% of the stock of a domestic entity, or less than 10% but the purchase results in a change of control of the domestic entity.

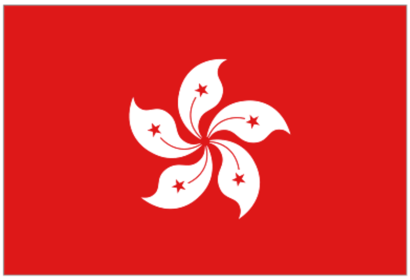
Complaint Coordination
Under the draft Law, China will establish a Foreign Investment Complaint Coordination System, which will be in charge of the coordination and disposal of investment disputes between foreign investors,

foreign invested companies and governmental departments.

Supervision and Inspection
The draft Law establishes a mechanism for the supervision and inspection of foreign investors and foreign invested enterprises from industrial and commercial, taxation, foreign exchange, auditing and other administrative departments. The government's eye on foreign investments and foreign investment management has shifted from the approval prior to a foreign invested company being established to the supervision and inspection after it is set up.

Summary
The draft Law has been published to the public for "comments from all sectors of the society"[2] by February 17, 2015. With the concepts of Actual Control and Negative List Management in the Foreign Investment legislation, as well as supervision and inspection, regulatory reporting and potential national security reviews, the draft law could bring sweeping changes to foreign investments in China and the foreign investment regulations. How these changes will affect entities currently operating in China, particularly foreign controlled VIEs, is not entirely clear and is the subject of much attention and debate by lawyers, analysts, accountants and industry experts.

Contributed by Jean Kester, Partner, LehmanBrown



Budget 2015-2016 Highlights

A brief summary of the Hong Kong Budget 2015-16 in certain areas are listed as below:

Economic Outlook for 2015

- Forecast GDP growth of 1% to 3%
- Forecast headline inflation of 3.5% and underlying inflation of 3%

Relief Measures

- One-off reduction of profits tax, salaries tax and tax under personal assessment for the year of assessment 2014-15 by 75%, subject to a ceiling of $20,000 per case
- To increase the child allowance and the additional child allowance in the year of birth from the current $70,000 to $100,000 for each child effective from the year of assessment 2015-16. After the increase, the total allowance for a child born in 2015-16 will be $200,000 for the year
- Waive rates for the first two quarters of 2015-16, subject to a ceiling of $2,500 per quarter

Small and Medium Enterprises

- Expand the scope of the SME Export Marketing Fund and inject HK$1.5 billion into the SME Export Marketing and Development Funds
- Increase the maximum amount of funding support for each project under the SME Development Fund from HK$2 million to HK$5 million

The above measures will be effected upon passage of the legislation.

(Source from: http://www.budget.gov.hk/2015)

There are no proposals to adjust the salaries tax, property tax and profits tax rates in 2015-16. A brief summary of Hong Kong Tax Rates 2015-16 and 2014-15 are listed as below:

	2015-2016	2014-2015
Salaries Tax rates		
First HK$40,000	2%	2%
Next HK$40,000	7%	7%
Next HK$40,000	12%	12%
On the remainder	17%	17%
Standard rate	15%	15%
Property Tax rates		
Tax rate	15%	15%
Profits Tax rates		
Companies	16.5%	16.5%
Unincorporated businesses	15%	15%

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

Contributed by Kenneth Chau & Co

Introduction

This Budget was the first full budget of the Finance Minister and much was expected from it. Many may have been disappointed by the lack of big-bang reforms, however the Finance Minister has delivered on three important aspects - a concerted skills and job creation effort, strong focus on infrastructure and rationalisation of taxes. India's GDP growth could accelerate to as much as 8.5% in the coming fiscal year, which could make it the world's fastest-growing large economy and could eventually experience double-digit growth.

Income Tax

- Surcharge in case of domestic companies increased by 2 per cent and now to be levied at 7 per cent (if the total income exceeds INR 10 million but does not exceed INR100 million) and at 12 per cent (if the total income exceeds INR 100 million)
- Surcharge increased by 2 per cent and to be levied at 12 per cent on additional income tax payable by companies on distribution of dividends and buyback of shares, by mutual funds and securitization trusts on distribution of income
- Proposal to reduce basic corporate tax rate from 30 per cent to 25 per cent over the next four years, starting from the next financial year
- Surcharge to be increased from 10 per cent to 12 per cent where income exceeds INR10 million per annum

Wealth Tax

- Currently wealth-tax is levied on an individual and HUF, if net wealth of such person exceeds INR 3 million on the last date of the previous year.
- It is proposed to abolish the levy of wealth-tax
- The resultant loss of revenue is intended to be captured by way of a simultaneous increase in the rate of surcharge on high income bracket taxpayers

Announcements affecting Non Residents

- Thrust on ease of doing business by allowing digitally signed invoices, maintenance of records in electronic form, and time bound electronic registration under excise and service tax
- Non-Indian company to be a resident in India if it has a Place of Effective Management in India at any time during the Financial Year
- Indirect transfer by foreign company taxable in India on proportionate basis, and only if the value of Indian assets represents at least 50 per cent of the value of the global assets
- The basic rate of taxing income of non-residents in the nature of royalty and fees for technical services reduced from 25 per cent on gross basis to 10 per cent on gross basis
- For a non-resident engaged in banking business, any interest payable by the Indian Permanent Establishment (PE) to its head office or any PE or branch outside India shall be chargeable to tax in India
- PE shall be deemed to be a person separate and independent of the non-resident person
- With effect from 1st June 2015, persons paying any taxable or non-taxable sum to a non-resident to furnish relevant declaration and information. Non-compliance will attract penalty of INR 0.1 million.

Facilitation of Foreign Investment

- Distinction between different forms of foreign investments, especially between FPI and FDI to be done away with
- The government will allow foreign investment in Alternative Investment Funds, a category of pooled-in investment vehicles for real estate, private equity and hedge funds
- The fund management activity undertaken in India by an eligible fund manager on behalf of an eligible offshore fund will not constitute a business connection for the offshore fund in India
- In order to give impetus to fund raising in India, the benefit of tax pass through status which is currently available only to Category I AIF's registered as Venture Capital Funds registered with SEBI will be extended to registered Category II AIF's also
- To provide a relief to FIIs, it is proposed to exclude the income from transactions in securities (other than short-term capital gains arising on

transactions not chargeable to STT) arising to a FII from the ambit of MAT
- The question on applicability of MAT to foreign companies not having PE in India still remains open
- The benefit of concessional withholding tax rate of 5% (plus applicable surcharge and education cess) on interest income available to FII or a Qualified Foreign Investor for investments made in a rupee denominated bond of an Indian Company or a Government security is proposed to be extended till 30 June 2017
- Foreign tax credit rules to be notified

Real Estate Sector
- In order to facilitate investments in the realty sector, The Finance Bill 2015 proposes to make following amendments to the tax regime of Real Estate Investment Trusts (REIT):

Nature of Income	Tax by REIT	Tax by Unit Holder/ Sponsor	Withholding Tax
Interest from SPV	Exempt	Taxable as interest income at applicable rate	Resident : 10% Non Resident : at applicable rate
Dividend	Exempt	Exempt	
CG on exit by REIT	At the applicable rates	Exempt	
CG to unit holder on sale of units	Not Applicable	Long Term – Exempt Short Term – 15%	
Rental Income	Exempt	Taxable at applicable rates	Resident : 10% Non Resident : at applicable rate

- At the time of disposal (under an IPO listing or sale thereafter) of the units of the REIT/Invit (Infrastructure Investment Trust) the sponsor of REITs/Invit would be eligible for concessional STT-based capital gains tax regime on par with other investors

Indirect Tax
- Proposals directed towards Goods and Services Tax to be implemented from 1 April 2016
- Excise duty and service tax rates have been simplified by removing Education Cess and Secondary and Higher Education Cess
- Service tax rate increased from 12 per cent to 14 per cent. The revised rate shall come into effect from a date to be notified
- Ambit of service tax increased by pruning the Negative List/ exemptions
- Marginal increase in effective customs duty rate to 26.43 per cent (from 25.85 per cent) for capital goods and 29.44 per cent (from 28.85 per cent) for other goods, owing to increase in excise duty rate (from 12 per cent to 12.5 per cent).

Consolidation
- Forwards Markets Commission to be merged with SEBI to strengthen regulation of commodity forward markets and reduce speculation

Policy proposals
- India will have a comprehensive bankruptcy code making it easier for entrepreneurs to exit unviable ventures on the lines prevailing in the US, towards improving the ease of doing business
- Non-Banking Financial Companies registered with the Reserve Bank of India (RBI), with asset size of INR 5,000 million and above, would be considered for notifications as ‘Financial Institution’ in terms of the SARFAESI Act, 2002 enabling them to fund SME and midcorporate businesses
- The control on Capital Account transactions (except debt instruments) under FEMA to be exercised by central Government in consultation with the RBI
- Gold monetisation scheme to allow the depositors of gold to earn interest in their metal accounts and the jewelers to obtain loans in their metal account to be introduced
- As a majority of Indians have or can have, a RUPAY debit card, measures that will incentivize credit or debit card transactions, and disincentivise cash transactions to be introduced
- Public Debt Management Agency (PDMA) bringing both external and domestic borrowings under one roof to be set up this year
- Applicability of General Anti-Avoidance Rules (GAAR) provisions deferred by two years and rules to be made to make it applicable to investments on or after 1 April 2017

Contributed by MGB & Co

Foreign Investment Policies

The Investment Coordinating Board -**BKPM** now only accepts applications from companies that have created a **Company Folder**. BKPM will use this (electronic) Company Folder to store online the company's standard corporate documents, such as the articles of association, Taxpayer Registration Number (NPWP), Letter of Domicile, Company Registration Certificate, business licenses issued by BKPM/technical departments, etc. This will save quite a bit of administrative work in respect of BKPM applications. Another policy change in BKPM is that as from 15 December 2014, BKPM requires all submissions of applications to obtain BKPM approval (investment licenses or non-licenses) to be done online, using the system developed by BKPM. This requirement, however, is not applicable for applications relating to the importers' identification number and foreigners' work.

Foreign Ownership for Converted Mining Companies

The government introduced new provisions to this regulation, which provide the cap for the foreign shareholding in mining companies that are converted from local/domestic investment companies to foreign investment companies. The maximum amount of foreign shareholding is as follows:

1. Holder of Exploration Mining Licenses (**IUP Eksplorasi**) or Special Exploration Mining Licenses (**IUPK Eksplorasi**): maximum 75% foreign shareholding;
2. Holder of Production Mining Licenses (**IUP Produksi**) and Special Production Mining Licenses (**IUPK Produksi**) that does not conduct processing or purification activities: maximum 49% foreign shareholding;
3. Holder of IUP Produksi and IUPK Produksi that conducts processing or purification activities: maximum 60% foreign shareholding;
4. Holder of IUP Produksi and IUPK Produksi that performs underground mining activities: maximum 70% foreign shareholding.

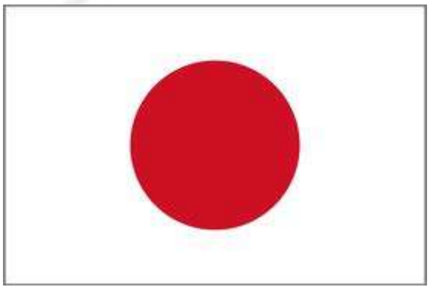
Indonesia's New Maritime Law; A Big Catch for Investors

Indonesia holds the potential to be a major global producer and exporter of fishery and aquaculture products. To support its potential, the new Indonesian government has pledged significant investment in Indonesia's maritime infrastructure through the development of new seaports and the purchase of new vessels which can support a modern fisheries industry. The development of seaports in emerging hubs for the fisheries industry such as in Sulawesi and Papua offers lucrative investment opportunities. Besides, companies with know-how and technology within maritime logistics as well as fish and aquaculture farming (both near shore and offshore) have a renewed opportunity to enter the Indonesian market as fisherman turn to more sustainable methods to increase their yield and lower costs. Downstream processing of fishery products and the development of value added finished goods such as breaded, frozen fish and seafood are further areas of potential investment opportunities given the huge local market demand.

Indonesia Scraps Land Tax on Oil and Gas Exploration

Indonesia has scrapped a land tax that companies pay while exploring for oil and gas, a move that might encourage exploration at a time of concern that it could fall sharply due to tumbling oil prices. Thus, the tax office is no longer assessing a 0.5 percent "land and building tax" charged on the area in which companies are carrying out exploration activities, effective from January 1, 2015.

Contributed by KAP Basyiruddin Wildan



Japanese Tax Changes

There are some changes to the Japanese taxes under discussion as follows:

Corporate tax rate is being reduced. Effective tax rate including national and local income tax is for example Yr2015:34.62%, Yr2016:32.11%, Yr2017:31.33% and Yr2018:Under30% depending on company location, company size and capital amount

Inheritance tax went up from January 2015. Basic deduction decreased from 50 million yen plus 10 million yen per legal heir to 30 million yen plus 6 million yen per legal heir. The tax rate is raised up for taxable estate over 200 million yen. The highest tax rate is raised from 50% to 55%.
If children or grandchildren, whose parents or grandparents gift them money by means of a trust, use it for their wedding or their child care, they are exempt from gift tax upto 10 million yen.

A Japanese resident for more than 5 years over the last 10 year period, who has securities and derivatives more than 100 million yen, will be taxed on unrealized profit when he/she departs from Japan. It will be applied from July 2015.

Contributed by Seiyu Audit Corporation