

REVIEW TIMES

A BIMONTHLY PUBLICATION BY **RT ASEAN** ON ALL THINGS FINANCIAL, DIGITAL, AND LEGAL.



RT ASEAN expands its network globally to the Middle East

RT ASEAN has grown its global footprint with the admission of a new member firm, Nearshore Middle East in Egypt.

The expansion comes with the increasing demand for cross border services both from RT ASEAN's portfolio of clients in Asia to the region as well as the tremendous potential of Middle East businesses looking to expand into Asia.

Since its formation in 2016, RT ASEAN has been continually looking to grow its presence globally by partnering with professional services firms that share RT ASEAN's Vision and Mission and are committed to exemplary and dedicated client service.

Nearshore Middle East's membership will officially commence from the 1st of January 2020 as an Accounting, Tax advisory, and Consulting services provider.

IN THIS MONTH'S ISSUE:

RT ASEAN Happenings

- RT ASEAN welcomes new member firm in Egypt

From the Singapore desk

- Goods & Services Tax on Imported services

Technical Updates

- Singapore
- International

RT ASEAN Happenings

RT ASEAN expands its network globally to the Middle East

NEARSHORE MIDDLE EAST

"Nearshore Middle East is an Egyptian Audit, Tax, and Advisory Firm, providing External Audit and Taxation services, as well as a wide range of Accounting, Tax and Business Advisory services, Capital markets, Litigation support, Corporate Finance, VAT planning, Project Management, and Financial services.

The firm has first-class expertise focused on providing solutions to help customers thrive. Integrity, quality and credibility are the key ingredients of their business style. Their Audit professionals and partners believe that independent Auditors play a key role as reliable intermediaries between providers of information about business outcomes and users."

RAVI ARUMUGAM FCA, FOUNDER, BOARD MEMBER & EXECUTIVE CHAIRMAN, RT ASEAN.

"RT ASEAN, with its members, aims to be an alternative to the larger accounting firms, in establishing a presence in the Middle East and Asia. We look forward to expanding our combined multidisciplinary expertise and services in the Middle East, Africa and other regions working with Nearshore. In establishing this relationship we expect Nearshore clients and the combined RT ASEAN clients to benefit greatly by availing themselves to a wide spectrum of services, experts and presence across the globe."

ZIAD HAMDY, AUDIT AND ADVISORY PARTNER OF NEARSHORE MIDDLE EAST.

"Our membership in RT ASEAN allows us to better serve and grow our client base while maintaining our autonomy as an independent firm. We now have access to greater technical knowledge and the specialty services of RT ASEAN that will allow us to better compete with large professional firms."

MAY ELIWA - FINANCIAL ADVISORY PARTNER. OF NEARSHORE MIDDLE EAST.

"Integrity, quality and credibility are the key ingredients of our business style, and this membership of the Singapore headquartered RT ASEAN reinforces our reputation as a leading firm that provides clients with the best-in-class services and is the next step for us as we continue expanding our client base."

RT ASEAN is delighted to have Nearshore Middle East onboard and looks forward to us working together in continuing RT ASEAN's vision to excel as leading professional service providers. Please join us in welcoming them and we wish them a prosperous and successful journey ahead with the network.

Contact Information

Address: Salam Tower, Beside Al-Salam International Hospital, Nile Corniche, Maadi, Cairo, Egypt

Contact number: +201069915551

Website: <https://nearshoreme.com/>

Key Contact

Name: Mr Ziad Hamdy | Audit and Advisory Partner of Nearshore Middle East

Email: ziad.hamdy@nearshoreme.com

From the Singapore desk

GST on Imported Services



By Mr Jeremy Chua
Assistant Tax Manager
RT Group



With effect from 1 January 2020, GST will be introduced on imported services such as IT, Legal, Consulting and Marketing services, downloading of Mobile applications, E-books, Movies, Music, and Online Gaming, etc. Under the current GST law, a supply of services (other than an exempt supply) by a supplier who belongs in Singapore is subject to GST while the same supply by a supplier who belongs outside of Singapore is not. This new change will level the GST treatment for all services consumed in Singapore and ensure that our Tax system remains fair and resilient in a Digital economy.

There will be two methods of Taxing imported services. The first method is reverse charge for Business-to-Business (B2B) imported services made to GST-registered Businesses. The second method by having an overseas vendor registration regime for Business-to-Consumers (B2C) imported Digital services made to local consumers or non-GST registered Businesses.

Reverse charge regime

Normally, the receiver of the goods or services pays the GST to the supplier and the supplier will then account for the GST with the government. However, in the case of Reverse Charge (RC), the receiver becomes liable to pay the tax, i.e., the chargeability gets reversed.

Under the B2B reverse charge mechanism, GST-registered business in Singapore is required to account for GST on all services that you procure from overseas suppliers ('imported services'), as if you were the supplier, with the exception of certain services which are specifically excluded from the scope of reverse charge. The GST-registered Business will still be entitled to claim the corresponding GST as his input Tax, subject to the normal input tax recovery rules.

Who will be affected?

Those GST-registered business who are not entitled to claim input tax in full or belong to GST group that is not entitled to full input tax claim, or a fully taxable business that elects to apply RC will be subject to reverse charge.

Examples of Businesses who are not entitled to claim input Tax in full are Banks, Insurance companies, Property Developers, Investment Holding companies, Charities, NPOs and Businesses that fail the De Minimis Rule.

A non-GST registered person who is not entitled to claim input Tax in full if they were GST-registered will be subjected to GST registration if their services procured from overseas supplier exceeds S\$1m in a 12-month period.

From the Singapore desk

GST on Imported Services



Overseas Vendor Registration Regime

Overseas suppliers or Electronic marketplace operators who supplies Digital services to non-GST registered customers in Singapore will be required to be GST-registered if they have an annual global turnover exceeding S\$1million and supplies digital services exceeding S\$100,000 to Singapore customers.

After the overseas vendor is GST-registered, they must charge GST to their digital services to all customers who are not GST-registered. For GST registered customers, they will have to provide their GST registration number to the overseas vendor to prove their GST-registration status. The GST-registered customers will then account for the GST on the imported services if they are within the scope of the reverse charge mechanism.

What you should do next

The new rule will inadvertently increase costs for affected GST registered businesses. However, companies should start thinking how the new reverse charge mechanism will affect your Business before it is too late.

First, determine if your business is affected by reverse charge. If so, start to identify the type of imported services that the company procures. For each type of imported services, the company should determine if RC is required. Thereafter, make changes to the affected processes and implement new controls and functions such as new Tax codes, etc. Companies should also conduct training for internal staff to let them be aware of the new changes and implementation. Finally, test out the new system and processes to ensure that they are reported correctly when the filing period comes.

How RT can help

As a committed Tax advisor to our clients, we are always available to provide our extensive services to clients that wish to understand more about the new GST rules and regime. We are always ready to provide our professional advice on GST matters that you are unsure with and also ensure that your company is fully compliant with the new regulations.

Speak to one of our professionals today at info@rtasean.com.

Technical Updates

Part 1: ETHICS – Singapore



1.1 ISCA issues Revised EP 100 to adopt NOCLAR Pronouncement

On 11 December 2019, the Institute of Singapore Chartered Accountants (ISCA) issued Revised Ethics Pronouncement (EP) 100 Code of Professional Conduct and Ethics.

EP 100 establishes ethical requirements for members of ISCA and is modelled after the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA).

ISCA has revised EP100 to adopt the pronouncement of Responding to Non-Compliance with Laws and Regulations (the NOCLAR Pronouncement) based on the final pronouncement of Responding to NOCLAR issued by IESBA.

The NOCLAR Pronouncement is expected to be effective as of 1 April 2020. Early adoption is permitted.

The NOCLAR Pronouncement sets out a framework to guide the professional accountants in public practice and professional accountants in business, given their responsibilities to act in the public interest, in assessing the implications of the matters and the possible courses of actions, when responding to NOCLAR, committed by a client or employer.

The revised EP 100 contains new sections 225 and 360 addressing the responsibilities of professional accountants in public practice and professional accountants in business, respectively, when they become aware of NOCLAR committed by a client or employer. Consequential and conforming amendments were also made to Sections 100, 140, 150, 210 and 270 of EP 100.

To access the revised EP 100, please go the following URL:

https://isca.org.sg/media/2823770/code-of-ethics-for-isca-code-of-professional-conduct-and-ethics-dec2019_clean.pdf

Technical Updates

Part 2: FINANCIAL REPORTING – Singapore



2.1 ASC issues amendments to financial instruments standards in response to IBOR reform

On 4 December 2019, the Accounting Standards Council (ASC) issued Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform and Amendments to FRS 109, FRS 39 and FRS 107: Interest Rate Benchmark Reform, effective for annual reporting periods beginning on or after 1 January 2020.

The amendments are designed to support the provision of useful financial information by entities during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs).

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require entities to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

2.2 ACRA issues Practice Guidance No.2 of 2019

On 21 November 2019, the Accounting and Corporate Regulatory Authority (ACRA) issued Financial Reporting Practice Guidance No. 2 of 2019.

ACRA administers the Financial Reporting Surveillance Programme which reviews selected financial statements of Singapore-incorporated companies for compliance with the prescribed accounting standards in Singapore.

To guide directors in approving the companies' financial statements for FY2019, ACRA has issued Practice Guidance No. 2 of 2019 which highlights three financial reporting areas that may require closer attention by directors before they approve the financial statements. The three key areas include the new and recent accounting standards on leases, tax, revenue and financial instruments, as well as impairment assessments and business acquisitions.

To access the Practice Guidance, please go to the following URL:

<https://www.acra.gov.sg/docs/default-source/default-document-library/training-and-resources/publications/practice-guidance/practice-guidance-2-of-2019.pdf>

Technical Updates

Part 3: AUDIT & ASSURANCE- International

3.1 IAASB seeks public comment on exposure draft of conforming amendments to the international standards as a result of the revised IESBA code

On 15 November 2019, the International Auditing and Assurance Standards Board (IAASB) issued an exposure draft (ED) requesting public comments on conforming amendments to the International Standards as a result of the revised International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). Comments are to be received no later than 10 January 2020.

The project aims to align the IAASB's International Standards with the revisions to the IESBA Code by way of conforming amendments, thus ensuring that the IAASB's International Standards can continue to be applied together with the IESBA Code.

This project falls under the umbrella of IAASB-IESBA coordination, a strategic commitment of the two boards, and builds on their overarching commitment for enhanced connectivity and coordination to better serve the public interest.

To access the ED, please go to the following URL:

<https://www.iaasb.org/publications-resources/exposure-draft-proposed-conforming-amendments-iaasbs-international>



Part 4: AUDIT & ASSURANCE- Singapore

4.1 ISCA updates AGS 9

On 20 November 2019, ISCA announced that it has amended Audit Guidance Statement (AGS) 9 illustration 2 which is applicable to a group audit of a statutory board with subsidiaries.

In a group audit of a statutory board with subsidiaries, where consolidated financial statements are issued, there is no requirement under the Public Sector (Governance) Act 2018 for the auditor (of a statutory board which is a parent entity) to report on whether the accounting and other records of the subsidiary corporations audited by the same auditor have been properly kept.

Accordingly, ISCA has removed this requirement from the opinion paragraph of the illustration.

To access the updated Statement, please go to the following URL:

<https://isca.org.sg/media/2823622/ags-9-nov-19.pdf>

RT ASEAN Network



RT Group
Singapore



EARNEST ADVISORY

Earnest Advisory (Shanghai)
Co., Ltd
China



PIERIAN SERVICES

Pierian Services
Private Limited
India



T.K. TSAI & CO., CPAS
Taiwan



Kumpulan Naga
Chartered Accountants
(Since 1982)

Kumpulan Naga
Malaysia

NEARSHORE
MIDDLE EAST

Nearshore Middle East
Egypt



Shinwa Accounting
Corporation
South Korea



Administration Solutions and
Tax Consultancy LLC
Vietnam



Peter Doraisamy LLC
Singapore



Truscel Capital
Indonesia

Editors

Andrew Chua

Head of Quality Control &
Technical Partner
RT LLP

Voo Chih Yeong

Chief Operating Officer
RT ASEAN

Charlene Lim

Marketing &
Communications Executive
RT ASEAN

Connect with us



+65 6226 0080



1 Raffles Place #17-02,
One Raffles Place,
Singapore 048616



info@rtasean.com



<http://rtasean.com/>

One Face Across ASEAN

RT ASEAN is the first Singapore branded regional network of Accounting and Multi-disciplinary professionals focusing on client needs across Asia-Pacific and beyond.

