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REVIEW TIMES

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



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Mr Ravi Arumugam to continue post on ISCA CARE's Board of directors

The Institute of Singapore Chartered Accountants (ISCA) Cares has recently announced the continuance of Mr Ravi Arumugam, Chief Executive Officer (CEO) and Managing Partner of RT LLP's post as treasurer on its board of directors. Since its inception in 2015, Mr Ravi has consistently played an active role in contributing to its cause in working towards building a compassionate and caring accountancy community for the betterment of the society.

Having over 5 years of stewardship as one of its board members, we sat down with Mr Ravi for a quick chat where he shared some of his thoughts and experiences about his journey with ISCA Cares and what he hopes for the accountancy community in the years to come.

What does ISCA Cares do?

ISCA Cares provides bursaries for deserving young talents from our institutions who aspire to be accountants but due to various factors and personal situations may be struggling to pay fees or take care of their cost of living. It is heart wrenching to hear their stories and I am happy to be able to be involved and be part of the team that identifies these deserving individuals for bursaries.



What pulled you to become a board member on ISCA Cares?

I was invited to be a Board member by the then President of ISCA, Mr Gerard Ee and subsequently took on the post as Treasurer of the Charity. When asked at that time, I immediately accepted as an honour and privilege in doing my part in giving back to the society and accountancy community that I hold dearly.

What has been the most rewarding part of being on ISCA Cares for you?

It has been my privilege to have been part of the first Board of Directors, excellently supported by ISCA volunteers that started ISCA Cares. The most rewarding part would have to be helping students in our institutions achieve their dreams and in that process cultivate the accountants of the future.

What is one thing you hope for in the community?

I would like to see more young people opting to be professional accountants. I would also like to see more of those who are already in the profession contribute to ISCA Cares, which is a very worthwhile cause in development of the next generation of professional accountants.

Is there anything else you'd like to share with regards to the work that ISCA Cares does?

ISCA Cares is a brilliant initiative and effort by the profession for the profession. The work it does and the good it provides will yield dividends many times more in the future. It is a good way to reach out to the best and brightest who might need a little assistance in their early years. ISCA Cares is essentially the profession investing in itself and thereby ensuring the future of the profession in Singapore. It is a good way to give back to the profession and to be proud to have contributed in helping another.

Mediation and Covid-19 in Singapore

Covid-19 has brought much disruption upon business and commerce globally, disrupting supply chains, weakening consumer and business confidence, and leading to amongst others, unfulfilled contractual obligations. The pandemic has threatened commercial relationships and will lead to unavoidable disputes, as the virus shows no signs of ceasing. According to the SIDRA International Dispute Resolution Survey, demand for more efficient alternative dispute resolution mechanisms is on an unprecedented rise.

SIMC Covid-19 Protocol

In order to alleviate and assist in the resolution of disputes during the pandemic, the Singapore International Mediation Centre (SIMC) has launched the SIMC COVID-19 Protocol [2], which takes effect in the period from 18 May 2020 to 31 December 2020. It is designed to complement Singapore legislation dealing with COVID-19, where parties who enjoy relief under the COVID-19 (Temporary Measures) Act 2020 (the “Act”), can mediate at any time. As the Act places a moratorium that prevents parties from taking certain court actions against the other party, the Protocol provides an alternative forum for the parties to resolve their commercial disputes, without resorting to litigation.

These findings are not surprising, given the fact that court processes have inevitably slowed down as a result of governmental lockdowns and the corresponding increase in time and costs for litigation [1]. Mediation has therefore become the key resolution mechanism for many disputes, not only because of the benefits of efficiency and economy, but also because it allows businesses to conserve and direct their precious resources to other aspects, such as recovery and restructuring, during this uncertain period.



Some key features of this Protocol have attracted tremendous attention. For example, the Protocol applies when a dispute is either

- (i) to a material extent caused by the pandemic or
- (ii) related to the Act.

Also, parties who file for mediation under the Protocol pay a S\$250 filing fee, which is much lower than the usual filing fee of S\$1,000. Moreover, the Protocol also places great emphasis on efficiency, as SIMC will organize the mediation within 10 working days, and mandates that mediation is conducted online. Apart from that, cases will be matched with experienced mediators to facilitate settlement accordingly.

Under the Protocol, parties will enjoy reduced fees based on their dispute amount as shown below:

Dispute value (SGD)	Total fee payable per party
Less than \$1 million	\$3,000
\$1 million - \$5 million	\$6,500 or 0.3% of the dispute value, whichever is lower
More than \$5 million	\$10,000 or 0.13% of the dispute value, whichever is lower

[1] Singapore International Dispute Resolution Academy, *SIDRA International Dispute Resolution Survey: 2020 Final Report (Choice of Dispute Resolution Mechanism)*, 5.

[2] The SIMC COVID-19 Protocol may be accessed at: <http://simc.com.sg/simc-covid-19-protocol/>

Singapore Convention on Mediation

Singapore is one of the leading countries in the facilitation of international mediation. In 2019, Singapore hosted the signing ceremony where 46 countries signed the United Nations Convention on International Settlement Agreements Resulting from Mediation, otherwise known as the Singapore Convention on Mediation (the “Convention”)[3]. To date, there are 52 signatory countries to the Convention. The purpose of the Convention is to ensure that cross-border settlements arising out of mediation are recognized as binding and enforceable, while still retaining the hallmark flexibility and efficiency in the mediation process. It will also facilitate international trade and commerce by enabling disputing parties to easily enforce and invoke settlement agreements.

With Singapore, Fiji, Qatar, Saudi Arabia and Belarus now having deposited their respective instruments of ratification or approval, the Convention will enter into force on 12 September 2020. Once the Convention is in effect, it will govern enforcement of cross-border settlement agreements, alongside the respective national procedural rules.

To conclude, mediation in Singapore contributes to a better business environment during COVID-19. Its availability also cultivates long-term commercial relationships and maintains harmony, facilitating stability and certainty for businesses. In such uncertain and unstable times, the option of mediation should not be overlooked, as it is a helpful tool for businesses to resolve disputes quickly at a lower cost.

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Peter Doraisamy

Managing Partner of Peter Doraisamy LLC

With 22 years of experience, litigious high net worth individuals, and big listed and private companies engage Peter’s services to handle their complex civil litigation and arbitration matters. Peter is a highly commended lawyer and has been consistently ranked as a leading lawyer by legal directories.



Nicole Kwan

Associate of Peter Doraisamy LLC

Nicole’s experience covers a wide spectrum of practice areas including commercial and civil litigation, international arbitration, bankruptcy and insolvency, shipping and admiralty as well as matrimonial and family law.

About the firm

Peter Doraisamy LLC is a firm offering a comprehensive range of legal services to its clients. This ranges from basic legal advice to complex litigation. Whatever the nature of the brief, the objective of the firm is to deliver personalised and approachable partner-level service in an efficient and cost-effective manner.

[3] The Convention Text may be accessed at: <https://www.singaporeconvention.org/convention/about-convention/>

Can a parent lose control over a subsidiary without selling one's share?

Under the International Financial Reporting Standards (IFRS) 10 Consolidated Financial Statements, a parent can lose control over a subsidiary without selling one's share. This is commonly referred to as a 'deemed disposal'.

Deemed disposals may arise for many reasons, including:

- A group does not take up its full allocation in a rights issue by a subsidiary in the group.
- A subsidiary declares scrip dividends that are not taken up by its parent, so that the parent's proportional interest is diminished.
- Another party exercises its options or warrants issued by a subsidiary.
- A subsidiary issues shares to third parties; or
- A contractual agreement by which a group obtained control over a subsidiary is terminated or changed.

A deemed disposal that results in the loss of control of a subsidiary is accounted for as a regular disposal.

Economic substance regulations (ESR) in UAE

The Cabinet of Ministers Resolution No. 31 of 2019 on Economic Substance was issued on the 30th of April 2019 as part of UAE's commitment as a member of the Organisation for Economic Co-operation and Development (OECD) Inclusive framework. It is applicable to companies carrying out relevant activities for the financial year starting 1 January 2019.

The ESR is a result of the Action plan 5 of the "Base Erosion and profit Shifting" (BEPS) approved by the OECD which was enacted to counter harmful tax practices more effectively.

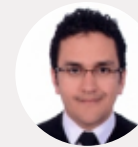
Currently, the framework applies to the following economic activities:

- Banking Business
- Insurance Business
- Investment fund management business
- Shipping business
- Headquarters business
- Holding company business
- Lease-finance business
- Intellectual property business
- Distribution and service center business



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Ziad Hamdy

CPA, CMA, ESAA "Audit and Advisory Partner" of Neashore Middle East

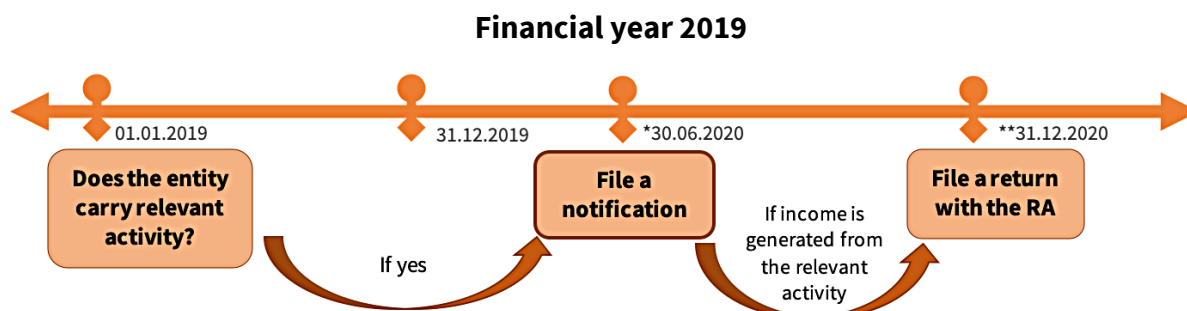
Ziad has extensive experience in dealing with audit and advisory clients in various sectors. His client base covers all types and sizes of companies. He has also conducted several financial due diligence engagements in Egypt and the Middle East and has helped many clients to convert to (IFRS).

About the firm

Nearshore Middle East is an Egyptian Audit, Tax, and Advisory firm, providing external audit and taxation services ranging from litigation support and corporate finance, to VAT planning and project management.

The compliance cycle is as follows:

1. Assessment of applicability (Self-assessment)
2. Notification filing : Annual (Differs from authority to authority)
3. Report filing: Annual (12 months from the end of financial year)



Contributed by



CA. Dheeraj Ranasaria
Managing Partner of Mac and Ross
Chartered Accountants



CA. Jaya Rathi
Tax Manager of Mac and Ross
Chartered Accountants

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About the firm

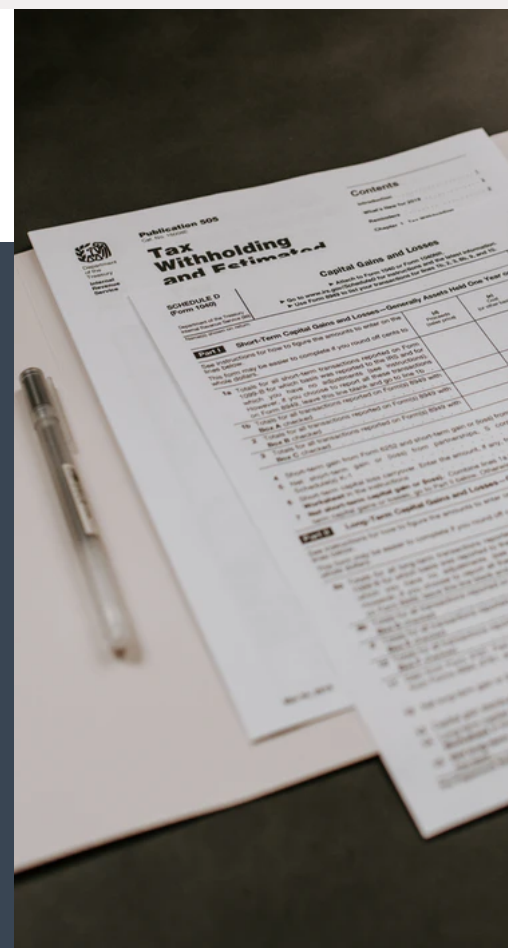
Mac and Ross has become a brand name in the field of auditing & business consultancy in the UAE catering to a wide range of clients. We render services as Auditors (both external and internal), VAT Consultants and Business Consultants, Financial and Accounting experts, as well as Advisers and Consultants for project feasibility studies, amongst others.

Corporate Income Tax in Vietnam - An Overview

Business activities and investments in Vietnam are commonly imposed by various taxes such as a Corporate income tax (CIT), value added tax, and import duties. In this section, we will provide you with some key information on the CIT in Vietnam for your consideration before venturing into the country.

Tax rate

- Standard rate - 20%;
- Preferential rate - 10%, 15%, or 17%;
- Tax rate of 32% - 50% is applicable for companies operating in the oil and gas industry, depending on the location and specific project conditions;
- Tax rate of 40% - 50% is applicable for companies engaging in prospecting and exploration and exploitation of certain mineral resources depending on the location and specific project conditions.



Calculation of Taxable Income

Taxable income is the difference between total revenue (domestic and foreign sourced) and deductible expenses, plus other assessable income. Taxpayers are required to prepare an annual CIT return which includes a section for making adjustments to accounting profit to arrive at a taxable income.

Non-deductible Expenses

Enterprises may deduct all expenses that fully satisfy the following conditions (except for 37 specifically identified non-deductible expenses):

- Actual expenses arising in relation to production and business activities of enterprises;
- Expenses with adequate lawful invoices and documents as required by law;
- Expenses for purchase of goods or services with invoices valued at VND 20million or more (VAT-inclusive prices) each.

Tax losses

Enterprises that suffer a loss after making tax finalization may carry-forward the whole loss to subsequent years' taxable incomes (exclusive of tax-exempt incomes). The maximum duration for loss carry-forward is 5 consecutive years. Carry-back of losses is not permitted.

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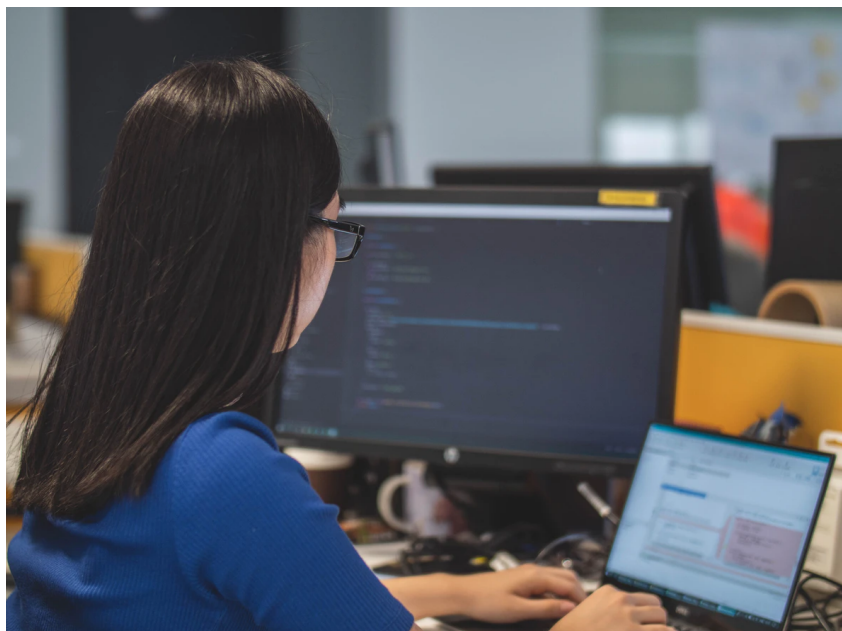
Nguyen Ba Chinh

Managing Director of ASTC Auditing and Consulting Co., Ltd.

Mr. Chinh has been in the Finance profession for 18 years and has a wide range of experience in various fields. He advises on matters of corporate finance, accounting and taxation.

About the firm

ASTC is a high growth trusted professional service provider in Vietnam. We provide our Clients with a wide range of value added tax, auditing, consulting, and accounting services.



Tax Incentives

Tax incentives are granted to new investment projects based on regulated encouraged sectors, encouraged locations and the size of the project. Business expansion projects which meet certain conditions are also entitled to CIT incentives (regulations vary several times from 2009 to 2015).

The sectors which are encouraged by the Vietnamese Government include education, health care, sport and culture, high technology, environmental protection, scientific research and technology development, infrastructural development, processing of agricultural and aquatic products, software production, and renewable energy.

New investment or expansion projects engaged in manufacturing industrial products prioritized for development are entitled to CIT incentives if they meet one of the following conditions:

- The products support the high technology sector; or
- Certain products support the garment, textile, footwear, electronic spare parts, automobile assembly, or mechanical sectors.

Locations which are encouraged include qualifying economic and high-tech zones, certain industrial zones and difficult socio-economic areas.



International Finance Report

IASB defers the effective date of amendments to IAS 1 relating to classification of liabilities as current or non-current

On 15 July 2020, the International Accounting Standards Board (IASB) issued an amendment to defer by one year the effective date of Classification of Liabilities as Current or Non-current, which amends IAS 1 Presentation of Financial Statements.

Classification of Liabilities as Current or Non-current was issued in January 2020, effective for annual reporting periods beginning on or after 1 January 2022. However, in response to the covid-19 pandemic, the IASB has deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from those amendments. Classification of Liabilities as Current or Non-current is now effective for annual reporting periods beginning on or after 1 January 2023.

The IASB did not make any changes to Classification of Liabilities as Current or Non-current other than the deferral of the effective date.

Read more about it here:

<https://www.ifrs.org/news-and-events/2020/07/iasb-defers-the-effective-date-of-amendments-to-ias-1/>

IASB issues amendments to IFRS 17 Insurance Contracts to help companies with implementation

On 25 June 2020, the IASB issued amendments to International Financial Reporting Standard (IFRS) 17 Insurance Contracts aimed at helping companies implement the standard and making it easier for them to explain their financial performance

The fundamental principles introduced when the IASB first issued IFRS 17 in May 2017 remain unaffected. The amendments, which respond to feedback from stakeholders, are designed to:

- Reduce costs by simplifying some requirements in the standard;
- Make financial performance easier to explain; and
- Ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.

Read more about it here:

<https://www.ifrs.org/projects/2020/amendments-to-ifrs-17/#final-stage>

Singapore Finance Report

ACRA issues report on key findings from its review of annual financial statements

On 14 July 2020, the Accounting and Corporate Regulatory Authority (ACRA) issued its report on key findings from the third review cycle of the Financial Reporting Surveillance Programme (FRSP). It was observed that the lack of deep knowledge and due care by preparers and directors were the root causes contributing to material non-compliances with accounting standards found under the programme. Overall, there is room for improvement in the quality of financial statements issued by companies incorporated in Singapore.

To access the full report, click here:

[https://www.acra.gov.sg/docs/default-source/default-document-library/training-and-resources/publications/reports/financial-reporting-surveillance-programme-reports/acra-frsp-3rd-report-\(2020\).pdf](https://www.acra.gov.sg/docs/default-source/default-document-library/training-and-resources/publications/reports/financial-reporting-surveillance-programme-reports/acra-frsp-3rd-report-(2020).pdf)

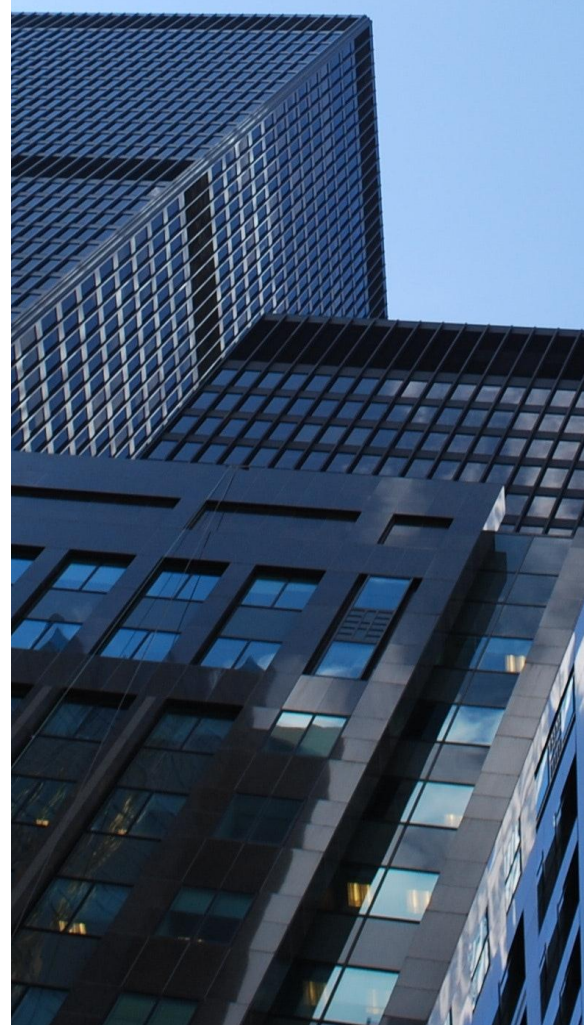
To access the press release from ACRA, click here:

https://www.acra.gov.sg/docs/default-source/news-events-documents/2020/frsp2020_pr

Singapore ASC issues amendments to several standards

On 30 July 2020, the Singapore Accounting Standards Council (ASC) issued the following:

- Annual Improvements to SFRS(I)s 2018-2020 and Annual Improvements to FRSs 2018-2020, effective for annual reporting periods beginning on or after 1 January 2022.
- Amendments to SFRS(I) 3: Reference to the Conceptual Framework and Amendments to FRS 103: Reference to the Conceptual Framework, effective for annual reporting periods beginning on or after 1 January 2022.
- Amendments to SFRS(I) 1-16: Property, Plant and Equipment—Proceeds before Intended Use and Amendments to FRS 16: Property, Plant and Equipment—Proceeds before Intended Use, effective for annual reporting periods beginning on or after 1 January 2022.
- Amendments to SFRS(I) 1-37: Onerous Contracts—Cost of Fulfilling a Contract and Amendments to FRS 37: Onerous Contracts—Cost of Fulfilling a Contract, effective for annual reporting periods beginning on or after 1 January 2022.



Singapore Finance Report

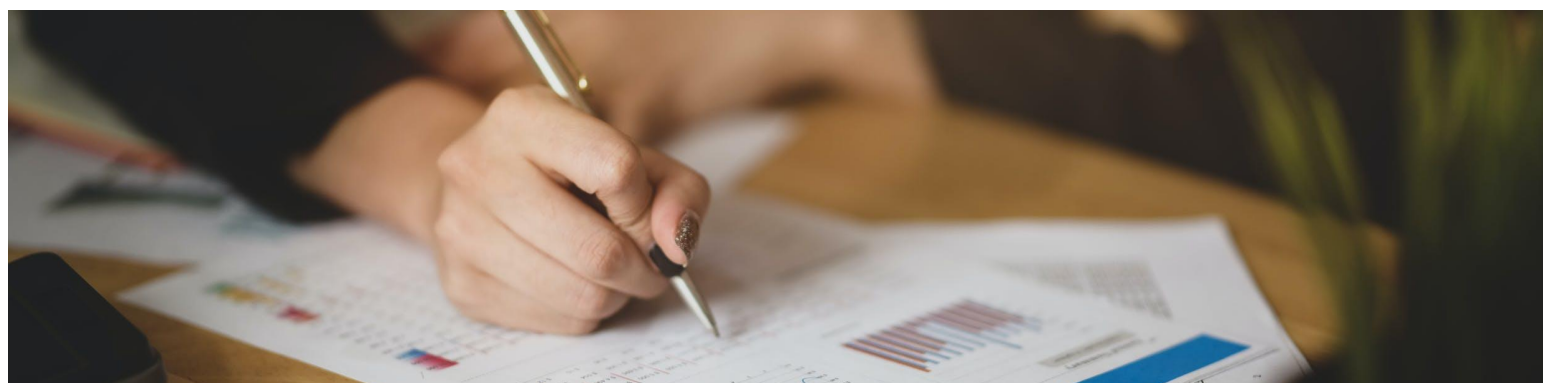
On 23 July 2020, the Singapore ASC issued the following:

- Amendment to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current—Deferral of Effective Date and Amendment to FRS 1: Classification of Liabilities as Current or Non-current—Deferral of Effective Date. The Amendment defers the effective date of Classification of Liabilities as Current or Non-current to annual reporting periods beginning on or after 1 January 2023.

Read more about it in the following links:

<https://www.asc.gov.sg/pronouncements/financial-reporting-standards/changes-effective-for-annual-periods-beginning-after-1-january-2020>

<https://www.asc.gov.sg/pronouncements/singapore-financial-reporting-standards-international/changes-effective-for-annual-periods-beginning-after-1-january-2020>



ISCA issues revised FRB 6 on accounting of JSS Grant

On 15 July 2020, the Institute of Singapore Chartered Accountants (ISCA) issued Financial Reporting Bulletin (FRB) 6 (Revised) which provides accounting guidance and key considerations on how to account for payouts receivable by employers under the Jobs Support Scheme (JSS).

FRB 6 (Revised) has been updated from FRB 6 (issued on 7 May 2020) for the following developments:

- Enhancement of the JSS in the Fortitude Budget that was announced on 26 May 2020
- Inclusion of a reminder on IRAS' JSS website regarding the purpose of the JSS payouts and that employers must act responsibly and fairly during the circuit breaker period.

There is no change to the views and guidance from what was shared in the original FRB 6, as a result of the above developments.

Read more about it here:

<https://isca.org.sg/media/2824798/frb-6-revised-acctg-for-jss-grant-15-july.pdf>

Singapore Finance Report

ISCA issues RAP 7 (Revised July 2020)

ISCA has issued Recommended Accounting Practice (RAP) 7 (Revised July 2020) which has been updated from RAP 7 (Revised December 2019) to include two illustrative auditor's reports in Appendix 1 for unit trusts and variable capital companies. RAP 7 (Revised July 2020) is effective for annual periods beginning on or after 1 July 2020.

Read more about it here:

<https://isca.org.sg/media/2824797/rap-7-revised-july-2020.pdf>

Ethics in Singapore

ISCA issues revisions to EP 100

ISCA has revised Ethics Pronouncement (EP) 100 Code of Professional Conduct and Ethics on 14 August 2020 to adopt the Final Pronouncements relating to the Restructured Code and Revisions to the Code Pertaining to the Offering and Accepting of Inducements issued by the International Ethics Standards Board for Accountants. The revised EP 100 is expected to be effective as of 1 March 2021.

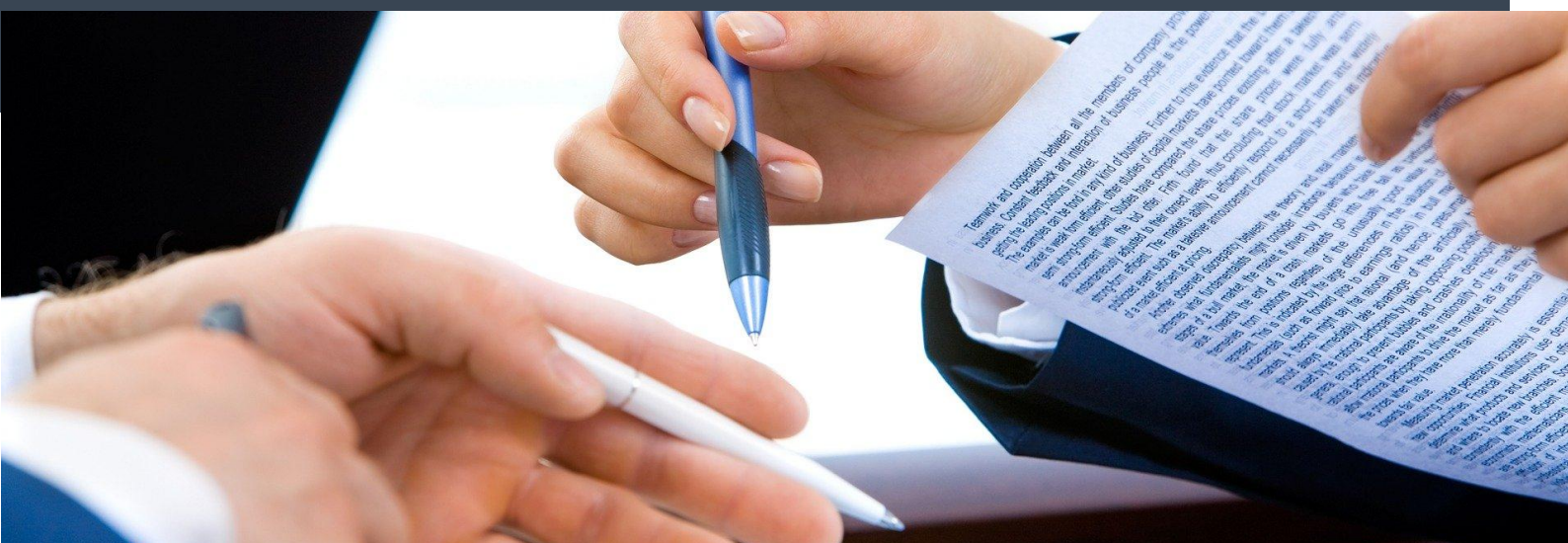
Read more about it here:

<https://isca.org.sg/ethics/ethics-headlines/ethics-headlines/2020/august/ep-100-revised-on-14-august-2020-expected-to-be-effective-1-march-2021/>

Separately, ISCA has revised EP 100 on 28 July 2020 (which is effective as of 1 April 2020) to incorporate consequential amendments to the definition of financial institutions due to the implementation of the Payment Services Act 2019. Arising from this, changes have been made to the definition of financial institutions in EP 100.

Read more about it here:

<https://isca.org.sg/media/2824820/code-of-ethics-for-isca-code-of-professional-conduct-and-ethics-july-2020.pdf>





RT ASEAN NETWORK

RT Group
Singapore

Earnest Advisory (Shanghai) Co.,Ltd
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Pierian Services Private Limited
India

T.K. TSAI & CO., CPAS
Taiwan

Kumpulan Naga
Malaysia

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Peter Doraisamy LLC
Singapore

Truscel Capital
Indonesia

Mac & Ross Chartered Accountants
UAE

EDITORS

Andrew Chua
Head of Quality Control & Technical Partner
RT LLP

Voo Chih Yeong
Chief Operating Officer (COO)
RT ASEAN

Charlene Lim
Marketing & Communications Senior Executive
RT ASEAN

CONNECT WITH US

Contact number

+65 6226 0080

Email

info@rtasean.com

Social Media



Address

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

Website

<http://rtasean.com/>



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