

ISCA Chartered Accountant

March 2018



SUPPORTING ENTERPRISES, CAPTURING NEW OPPORTUNITIES

**BUDGET 2018 And
Reactions From Businesses**

**CHINA'S BELT AND
ROAD INITIATIVE**

**The Yunnan-ASEAN
Chapter**

**DOING BUSINESS
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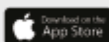


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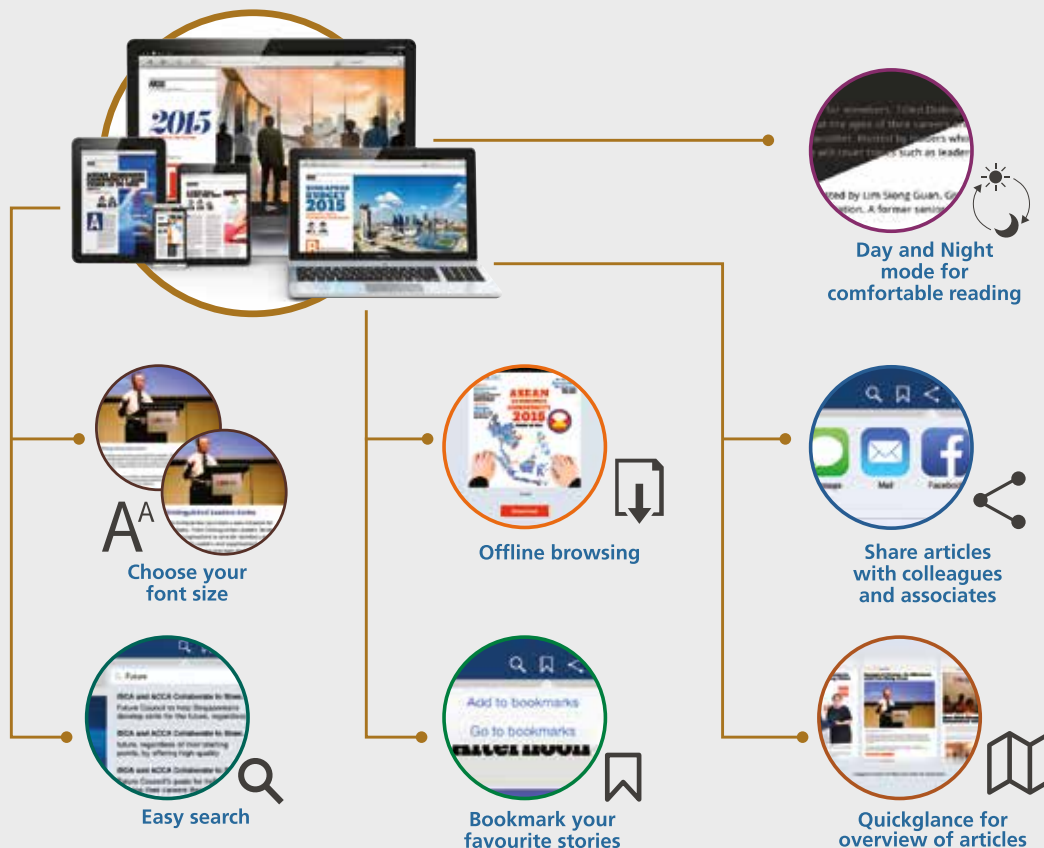
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PRESIDENT'S MESSAGE

WITH UNITY AND A COLLECTIVE SPIRIT, WE WILL MOVE FORWARD TOGETHER

Dear members,

On February 19, Minister for Finance Heng Swee Keat delivered the Budget Statement, announcing the planned government revenue and expenditure for the upcoming fiscal year. With the theme "Together, A Better Future", Budget 2018 lays the foundation for Singapore's development into the next decade, and serves as a strategic and integrated financial plan to position Singapore for the future.

Given our rapidly-changing world, Budget 2018 takes into account the three major shifts that would significantly impact us in the coming decade – the shift in global economic weight towards Asia; the emergence of new technologies, and an ageing population in Singapore. Addressing these shifts are four strategies, as presented by Mr Heng – developing a vibrant and innovative economy; building a smart, green and liveable city; fostering a caring and cohesive society, and preserving a fiscally sustainable and secure future.

Two days after the delivery of the Budget Statement, ISCA brought together key representatives from the trade associations and chambers, and business leaders, for a post-Budget focus group discussion. The consensus was that Budget 2018 is a prudent and future-oriented one, and the successful implementation of the measures would lie in its details. To help members gain a better understanding of Budget 2018 and its effects, our cover story presents the salient points of the focus group discussion, as well as the tax measures

that were announced.

In his 2018 Budget Round-up Speech in parliament on March 1, Mr Heng reiterated the concept of unity that would contribute to a successful outcome, with the Malay saying, "Serumpun bak serai, sesusun bak sirih" – we are stronger when we come together as one. This saying resonates well with ISCA. Just as Singapore's success depends on the unity and collective spirit of Singaporeans, the Institute exists because of our members. And it is due to the unwavering support from our members that ISCA's transformation journey has been steadfast and smooth.

ISCA, like Singapore, believes in being future-prepared. We want to develop a strong core of members with the right skill sets and know-how to thrive in a fast-evolving and complex future economy. It is vital to have a sturdy, resilient and close-knit accountancy community where there is strong support for everyone to achieve their professional goals. As the national accountancy body, we will continue to do our part to provide members with relevant training, whether it is to retrain or upskill them for the new economy; provide them with new competencies to assume new responsibilities, or equip members with specialist knowledge to step into emerging new areas of demand.

Increasingly in business, there is a need to possess more than domain knowledge, especially when operating in overseas locations. In January, we

expanded our Member Profile column to feature the personal experiences of members working in other ASEAN countries. In this issue, we are launching a new column called Doing Business ABCs (Actions, Behaviours, Cultures), to focus on the "soft" side of doing business. The column name describes our broad areas of interest from business culture to etiquette, from communications to the art of negotiation, and more. In the first article, ISCA member Phua Yung Keat shares his insights about what it takes to get things done in China.

China, the world's second largest economy, has been stepping up its global economic activities in recent years. In our second article on the Belt & Road Initiative, we feature the huge potential offered by the Yunnan-ASEAN chapter.

International Women's Day is celebrated annually in March, and this is an opportune time to shine the spotlight on our female members. We hear from three illustrious ISCA members who work hard and play hard, establishing a balance between their professional and personal lives. We hope their stories will inspire more women to strive towards a sustainable work-life harmony for themselves.

Elsewhere in this issue are resources that add value to your work. The Institute is committed to helping you in your accountancy journey, and together, we will move forward.



Gerard Ee
FCA (Singapore)
president@isca.org.sg

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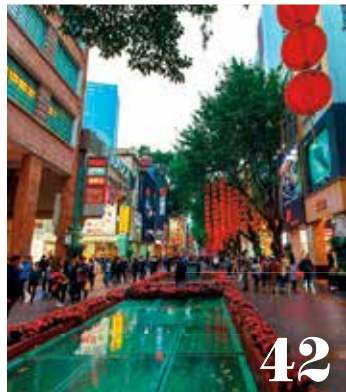
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PUBLISHING & DESIGN CONSULTANT



MCI(P) 030/05/2017
PPS 709/09/2012 (022807)
ISSN 2010-1864

ADVERTISING

Multinine Corporation Pte Ltd
Trevor Teh
Hp: 9829-6905
Email: trevor@multi9.com.sg

PRINTING COMPANY

Times Printers Private Limited

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ASEAN SMEs to Invest More in Technology: Survey

Small and medium-sized enterprises (SMEs) in Singapore and the ASEAN region recognise the need to invest more in technology in order to succeed under increasingly challenging conditions. These are the findings of the “ASEAN SME Transformation Study” by United Overseas Bank (UOB), EY and Dun & Bradstreet.

The study found that three in five (60%) of ASEAN’s SMEs will focus their investments on technology over other fixed assets in 2018 to help drive business performance. Singapore SMEs (63%) echo the same preference for technology over investments in assets such as factories and machinery.

Some 78% of ASEAN’s SMEs say they would invest specifically in software such as improving their websites and creating mobile apps. They believe such innovations would enable them to create better customer experiences and increase customer loyalty. Hardware and infrastructure investments rank second (65%) for the SMEs across the region. While SMEs see the need to innovate, they are still reliant on current tools such as licensed software, customer relationship management, and content and database management.

According to Liew Nam Soon, Managing Partner, EY Asean Markets, Ernst & Young Advisory, “There is significant opportunity for SMEs in the region to improve their digital agility.” SMEs have typically been cautious about adopting cutting-edge applications, but this is changing in the face of disruptive technologies.



“In time, we expect that SMEs will increasingly subscribe to web-hosted applications to free themselves from managing IT functions internally,” he said. As businesses continue to expand their digital activities, workers with experience in the digital space, such as data specialists and analysts, user experience or interface designers and digital marketers, will be in demand.

SaaS a viable option for small businesses

Despite the focus on technology, the study reveals that SMEs are not fully aware that pay-per-use or Software-as-a-Service (SaaS) could be a viable option, especially for small businesses, compared to traditional licensed software. Some advantages of SaaS are that it provides users the flexibility to pay only for what they use, and to scale the solution based on their business needs. As small businesses expand, they can add new functionalities or increase the number of users for their existing

solution, without the need for further significant investments. SaaS can be a cost-effective way to enhance efficiency through technology.

Optimistic growth expectations

The study found that the SMEs generally have an optimistic outlook despite global economic headwinds and challenges such as rising costs, flagging productivity and not harnessing new technologies. Around 52% of the ASEAN respondents anticipate revenue growth while 26% project a double-digit expansion. This optimism is highest among SMEs in the agriculture, manufacturing and financial services sectors.

The study was conducted in late 2017 with 1,235 SMEs across the six largest ASEAN countries (Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam) to understand how ASEAN SMEs are positioning themselves to participate in the region’s growth and to adapt to the changes ahead.



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Organisations Not Ready for Industry 4.0?

The Fourth Industrial Revolution (Industry 4.0) may be afoot but senior business executives and government agency leaders from around the world lack confidence in their organisations' readiness to influence and harness the opportunities offered. This is according to the research report, "The Fourth Industrial Revolution is Here: Are you ready?", by Deloitte Global.

Technologies driving Industry 4.0 are "bringing about social and economic change in an environment of unparalleled global connectivity and demographic change. It's a time of great opportunity, but also risk. We developed this research to better understand how executives are navigating the pervasive shift and to uncover areas where they can more effectively influence how the Fourth Industrial Revolution impacts their organisations and society," said Punit Renjen, Deloitte Global CEO.

The survey focused on four major topics – social impact, strategy, talent/workforce, and technology. The results indicate that while executives conceptually understand the changes Industry 4.0 will bring, they are less certain about how they should act to benefit from those changes. In each of the four areas of impact, the survey uncovered some degree of contradiction:

SOCIAL IMPACT:

Optimism versus ownership

While executives see a more stable future with less inequality, they are less confident about the roles they or their organisations can play in influencing society.

- Some 87% believe Industry 4.0 will lead to more social and economic equality and stability, and two out of three say business will have much more influence than governments and other entities in shaping this future.

- However, less than a quarter believe their own organisations can influence key societal factors such as education, sustainability and social mobility.

STRATEGY:

Static versus dynamic

While executives acknowledge that they may not be ready to harness the changes associated with Industry 4.0, their reservations have not compelled them to alter their strategies.

- Only one-third are highly confident that they steward for their organisations during this time of change. Just 14% are highly confident that their organisations are ready to fully harness the changes associated with Industry 4.0.
- Many executives continue to focus on traditional domains (that is, developing products and increasing productivity) instead of shifting their focus towards developing talent and driving competitive disruption that could spur innovation and create value.

TALENT/WORKFORCE:

Evolution versus revolution

Executives are not confident they have the right talent to be successful in Industry 4.0. However, they feel they are doing all they can to build the right workforce, despite talent ranking low on their list of priorities.

- Only a quarter are highly confident they have the right workforce composition and the skill sets needed for the future.
- Although 86% say they are doing everything they can to create a workforce for Industry 4.0, HR topics remain a low priority,

other than aiming to increase worker efficiency.

- Companies that have placed Industry 4.0 talent implications high on their priority list are exploring the potential for new roles that allow people to play to their strengths, while leveraging technology for greater innovation, alternative work environments, and new approaches to learning and development.

TECHNOLOGY:

Challenged versus prepared

While executives understand they need to invest in technology to drive new business models, they have a hard time making the business case to fully address Industry 4.0 opportunities because of a lack of internal strategic alignment and short-term focus.

- Executives acknowledge that their current investments in technology are strongly influenced by the desire to create new business models which they believe will have one of the biggest impacts on their organisations.
- However, very few of them say they are able to make a strong business case for investing in the technologies that define Industry 4.0, citing a lack of internal alignment, a lack of collaboration with external partners, and a focus on the short term.

The research reveals that overall, executives around the world are in the early stages of readying their organisations to harness the full potential of Industry 4.0. "I believe those who take a broad view will be the ones to succeed in this new era," noted Mr Renjen. "They will see connections between business and social needs; between financial outcomes and innovative strategies; between workforce productivity and people's sense of stability and well-being; between integrating existing technologies and creating completely new solutions."



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ISCA and SUSS Sign MOU to Collaborate on Business Analytics Pathway



▲ ISCA President Dr Gerard Ee (left) and SUSS President Prof Cheong Hee Kiat signed the MOU to collaborate on the ISCA-SUSS Business Analytics Certification Programme

Like other professions, accountancy must transform itself to stay relevant to changing market needs. As the national accountancy body, ISCA is working to prepare the profession for the future economy, by equipping members with future-ready skills. As identified by the SkillsFuture Skills Framework in Accountancy, data analytics is one of the in-demand skill sets which will continue to be sought after as the accountancy sector evolves.

On January 11, ISCA signed a Memorandum of Understanding (MOU) with the Singapore University of Social Sciences (SUSS) to offer the ISCA-SUSS Business Analytics Certification Programme. Under the MOU, ISCA members have the opportunity to achieve two certificates - ISCA-SUSS Certificate in Business Analytics, and ISCA-SUSS Specialist Certificate in Business Analytics. The modular courses offered in the Certification

Programme are highly relevant to accounting and finance professionals who play a key role in data-driven decision-making. Providing individuals with the fundamental knowledge of data mining, statistics and predictive modelling, to in-depth knowledge such as data visualisation, business forecasting, business analytics applications and data-mining models, individuals will benefit from the flexible, applied learning approach of the Certification Programme.

PROGRESSION PATHWAYS

As professional accountants, the expanded competencies in the area of business analytics will supplement their core technical competencies in financial and management reporting and analysis. Other than enhancing the value of professional accountants as business partners, individuals can move both vertically and horizontally in their careers, including taking on new roles such as scenario planning, risk analysis, consulting and business analytics.

Upon completion of the Programme, individuals who wish to further pursue the Bachelor's degree in Business Analytics from SUSS will be granted module exemptions.

CONTACT US NOW

For more information on the ISCA-SUSS Certification Programme, please contact ISCA Pathways Development and Qualification at 65975610 or iscapathways@isca.org.sg.

“We are pleased to partner the Singapore University of Social Sciences to offer the ISCA-SUSS Business Analytics Certification Programme. The Programme is in line with our goal to offer specialisation pathways for ISCA members to deepen their expertise in areas that are in demand. Course participants will acquire practical skills which can be applied directly at work, in areas such as customer relationship management and estimation of demand. They will learn to utilise insights gained through data mining, predictive modelling and business forecasting in data-driven decision-making analysis. We hope this collaboration with SUSS will kickstart our members' learning journey into the exciting world of data analytics.”

DR GERARD EE, ISCA President

“As a university for lifelong learning, SUSS is glad to use its capability in analytics to serve the accounting profession through ISCA, to meet the needs of the market. Data analytics will enhance and expand the capabilities of accountants and auditors, enabling them to give value-added service to their clients or companies. We are glad to partner ISCA and we hope that many will benefit from what our collaboration will offer.”

PROF CHEONG HEE KIAT, SUSS President

ISCA BREAKFAST TALK

Understanding Cryptocurrencies

The ISCA Breakfast Talk on February 7 centred on cryptocurrencies, where Ville Oehman, Cryptocurrency Fund Manager at Helvetic Investments, explained the differences between fiat and cryptocurrencies, their underlying technology, and how transactions posted on the distributed ledger are more transparent, while being protected by cryptography.

Commenting on the rally in the prices of cryptocurrencies in 2017, he shared some possible factors behind the rise. Firstly, Japan announced that it is recognising bitcoin as a form of legal currency. That is significant as the Yen accounts for about 50% of the global trade volume of bitcoin. Secondly, better clarity on the future of cryptocurrencies arising from new regulations contributed to the good showing of the cryptocurrencies

market. Lastly, economic distress situations have led to a “flight” from fiat to cryptocurrencies and assets that are portable and in the individual’s possession, rather than the national treasury or central bank.

Addressing a query about the difference between cryptocurrencies and initial coin offerings (ICOs), Mr Oehman said that cryptocurrencies have a tangible value proposition as they can be used for transactions with selected merchants. ICOs are crowdfunding exercises typically initiated by start-ups, with the intention to bypass regulations governing initial public offerings. The returns on investment from ICOs and the usability of the cryptocurrencies offered are questionable and he cautioned against investing in ICOs.



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IN TUNE

ISCA NEWS

MARK YOUR CALENDAR

**07
MAR**

ISCA Breakfast Talk - ISO 37001 Anti-Bribery Management Systems – Keeping Your House In Order

How are companies defending themselves against bribery and corruption during economic uncertainty? Globally, there have been various updates to bribery and corruption regulations, including a new certification program in Singapore, SS ISO 37001 Anti-Bribery Management Systems, to help Singapore companies strengthen their anti-bribery compliance systems.

Join us in this session to find out more about the recent regulatory updates as well as new areas the regulators are looking at.

COMPLIMENTARY

**08
MAR**

Preview Session for Practical Accounting Essentials

If you are involved in financial accounting in a Small & Medium Enterprise (SME) and you have basic accounting and finance skills, attending this talk will help you to appreciate some areas of complexity and/or judgment areas required of SME accountants in applying the financial reporting standards.

This 1-hour preview will also demonstrate how the new Practical Accounting Essentials can support SME accountants in their professional development.



**15
MAR**

Budget 2018 How Does It Affect You?

Join us at the Budget 2018 seminar to gain views and insights from industry leaders on how the Budget measures will impact Companies and Individuals.



**14
MAR**

Steps to Develop an Effective Cyber Security Strategy

Cyber-security is an enterprise must. This training outlines how organizations of all sizes can identify and manage cyber security risks. It focuses on key features increasing the business' ability to protect assets, intellectual property (IP), employees and customers.

**15
MAR**

Property Tax: Determining the "Right" Amount Accountants Should Pay

Learn the concepts of the Goods & Services Tax (GST), its rules and regulations as well as learn to administer the registered entity's compliance with the various rules and regulations.

**20
& 21
MAR**

Cyber Forensics and Cybersecurity for Decision Makers

This blended learning and experiential programme provides middle-senior management the understanding and application of the different aspects of cyber forensics and cybersecurity knowledge and skills.

**03
APR**

GST: Self Managing GST Risks Through ASK

To ensure that you or your business can stay ahead of the situation when you have a choice and leverage the assisted programmes for the purpose of self-managing GST risks, this half-a-day session aims to share with you the insights of ASK.



Dates and events are subjected to change without prior notice.
For more details, visit www.isca.org.sg

Disciplinary Findings

UPON FINDING that **Mr Yong Tai Kok**, CA (Singapore), had contravened Rule 64.1 read with Rule 65.2, of the Membership and Fees Rules, in that he had been convicted by the State Courts of the Republic of Singapore on 27 April 2017 of one charge of abetment, by intentionally aiding Robofusion

Asia Pte Ltd ("Company") to, without reasonable excuse, give to the Comptroller of Income Tax information under Section 371(2) of the Income Tax Act (Cap. 134, 2008 Revised Edition) ("The Act") that was false in a material particular, pursuant to Section 37J(2) of the Act read with Section 109 of the Penal Code (Cap. 224), and was

sentenced to pay a fine of \$4,000, in default two weeks' imprisonment, and a penalty of \$120,000, in default four months' imprisonment, the Disciplinary Committee ordered that pursuant to Rule 137.1.2 of the Institute (Membership and Fees) Rules, he be suspended for a period of six months with effect from 29 November 2017.



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IN TUNE

ISCA NEWS

► Participants sought out Accredited Tax Advisor (Income Tax) Chai Wai Fook, Tax Partner at Ernst & Young Solutions LLP, with questions on FRS 109 tax treatment



▲ Liu Hern Kuan, Consultant, Tan Peng Chin LLC, sharing his experience arguing the Section 10(1)(g) case of *GBU v Comptroller of Income Tax*

A Step Up on the Latest in Tax with SIATP

Dynamism seems to have risen a notch or two with the various tax developments and recently-concluded tax cases, not just in Singapore but the world over. Rising above the vibrancy of the international tax scene, the Singapore Institute of Accredited Tax Professionals (SIATP) kicked off the year with a wave of tax clarity on various fronts for the tax and business community.

Dissecting the tax implications of in-force FRS 109, Accredited Tax Advisor (Income Tax) Chai Wai Fook, Tax Partner, and Accredited Tax Practitioner (Income Tax) Toh Shuhui, Director, both from Ernst & Young Solutions LLP, guided participants through the world of complex financial assets and the corresponding tax treatment through various illustrations.

Moving from financial reporting standards to tax provisions, SIATP's Tax Excellence Decoded session also cut deep into the Income Tax Act

(ITA)'s Section 10(1)(g) as it discussed the first case involving gains derived from the disposal of a company's share counters. Facilitated by Liu Hern Kuan, Consultant at Tan Peng Chin LLC, who successfully argued the *GBU v Comptroller of Income Tax* case, the session had participants in front-row seats as he shared his insights on this "catch-all" provision in the first

non-property related case involving Section 10(1)(g).

Tax laws all the way from the United States were brought right into the heart of Shenton Way by Accredited Tax Advisor (Income Tax and GST) S. Sharma, Partner at Malkin & Maxwell LLP, as he explained the recent US case involving information sought by the Internal Revenue Service of account holders of Bitcoin transactions and contrasting it with Section 65 of Singapore's ITA.

"A good deep dive on the application of S65 of the ITA," commented participant Jack Wong, Director of WHM Consulting Pte Ltd, of the session as Mr Sharma shed light on pointers to note when tax authorities come a-knocking requesting information.

Readers who also wish to ride the wave of tax clarity are invited to email enquiry@siatp.org.sg.



▲ A discussion on handling information requests by tax authorities was facilitated by Accredited Tax Advisor (Income Tax and GST) S. Sharma, Partner at Malkin & Maxwell LLP

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IN TUNE

ISCA NEWS



Membership Privileges

ISCA Members' Privileges Programme (MPP) is a platform where various merchants of different industries offer their respective services and products as a form of privilege to our esteemed members. Membership benefits now extend beyond signing up for CPE courses at members' rates and accessing the Technical Knowledge Centre as ISCA members can ride on and take advantage of the various discounts or deals that are offered throughout the year.

Our newly-revamped ISCA MPP allows our members to enjoy special deals and discounts from various merchant partners, enhancing our value to you as an esteemed member of the Institute.

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NEW

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SUPPORTING ENTERPRISES, CAPTURING NEW OPPORTUNITIES

Budget 2018 And Reactions From Businesses



BY
LOKE HOE YEONG AND VERNICE NEO



against the backdrop of Singapore's GDP growth of 3.6% for 2017, which exceeded even the government's forecast, Minister for Finance Heng Swee Keat delivered the Singapore Budget on February 19. The thrust of Budget 2018 was

based on the three major shifts that will affect the Singapore economy over the coming decade. These were identified by Mr Heng as the shift in global economic weight towards Asia, the emergence of new technologies, and the issue of ageing. While the expected increase in the Goods and Services Tax (GST) loomed large for most observers, the government framed this and other measures in Budget 2018 as part of its "strategic and integrated plan" to position Singapore for the future.

This vision was shared by key representatives from trade associations and chambers (TACs) and business leaders, who gathered for a post-Budget focus group discussion organised by ISCA on February 21. They found Budget 2018 to be prudent and future-oriented, while noting that the successful implementation of the Budget measures would lie in its details.

SUPPORTING ENTERPRISES, IMPROVING GRANT APPLICATION PROCESSES

To help Singapore businesses capture future opportunities in response to the two global shifts identified in Budget 2018 – the shifting of economic weight to Asia and the emergence of new technologies – the government is offering more targeted support to foster pervasive innovation throughout the Singapore economy, help build deep capabilities in businesses and people, and forge strong partnerships both locally and abroad.

Specifically, to help businesses build digital and enterprise capabilities, there will be a consolidation of such initiatives, which the government has made in response to feedback from the business community that the multiplicity of grants for businesses is appreciated but confusing. The Productivity

Central Business District, Singapore




The thrust of Budget 2018 was based on the three major shifts that will affect the Singapore economy over the coming decade... the shift in global economic weight towards Asia, the emergence of new technologies, and the issue of ageing.

Solutions Grant (PSG), announced this year, will streamline existing grants that support the adoption of off-the-shelf technologies into a single scheme. Additionally, International Enterprise (IE) Singapore's Global Company Partnership grant will be combined with SPRING Singapore's Capability Development Grant, to form an integrated Enterprise Development Grant (EDG).

How have businesses reacted to these measures? They believe the government is generally on the right track, but the technicalities of the grant application processes could be further improved. They feel that there should ideally be a one-stop shop for all grant applications as far as possible, rather than multiple agencies and even multiple portals within them. In this vein, the merger of SPRING Singapore and IE Singapore, effective this April, was lauded as the right move for consolidating grants relating to internationalisation. On a related point, there should not be a portal such as for the Innovation & Capability Voucher (ICV) that is separate from other grant schemes that are currently offered by SPRING Singapore.

Another feedback is that businesses often require the specialised services of consultants to assist them in completing voluminous grant application forms. This is a drain on valuable time and resources for them, and is not economically efficient. Businesses noted that the quality of an applicant's business plan is captured in only about 30% of a typical grant application form, while 70% of it comprises basic information of the applicant – even though such basic information does not add value to the evaluation process. Furthermore, the basic compliance information usually refers to information on the company itself, which can be pre-filled through data that the Accounting and Corporate Regulatory Authority (ACRA), Inland Revenue Authority of Singapore (IRAS) and the CPF Board already hold. It was suggested that the



...the government now looks to TACs, to be supported by the existing Local Enterprise and Association Development (LEAD) programme, to play a key role in implementing the measures in Budget 2018.

government re-designs its grant forms such that the applicant's compliance-related information are automatically collated and extracted from its various agencies. This will simplify the grant application process by reducing the time and effort spent by businesses in filling the forms.

INFRASTRUCTURE OFFICE AND INTERNATIONALISATION

Budget 2018 announced the setting up of an Infrastructure Office, amid the buzz surrounding programmes such as China's Belt and Road Initiative, among others. It is envisaged that this office will bring together local and international firms from across the value chain to develop, finance and execute infrastructure projects. It will also enable infrastructure players to better tap on opportunities in the region, while supporting Asia's infrastructure development and economic growth.

NEW INFRASTRUCTURE OFFICE



To help firms tap into infrastructure opportunities in Asia

Our focus group participants regarded the proposed Infrastructure Office as possibly the best catalyst for Singapore companies to form consortia to internationalise by "hunting in packs" – a phenomenon which has not caught on in Singapore, unlike in Japan or South Korea. They hope that the office can help incentivise larger Singapore companies to form consortia with capable and qualified SMEs, for the purpose of better positioning Singapore businesses for projects in overseas markets. Measures such as the enhanced Double Tax Deduction for Internationalisation (DTD) in this year's Budget was deemed helpful. However, businesses would also like for the proposed Infrastructure Office to "take the driver's seat" and actively push for projects to be undertaken by Singapore enterprises in overseas markets. This move is seen as the next step in helping Singapore businesses internationalise further.

BUILDING DEEP CAPABILITIES: TECHNOLOGY AND INNOVATION

The Budget rightly emphasised that digital capabilities are key to transforming the Singapore economy. Mr Heng stated that more than 650

SMEs have benefitted since the SMEs Go Digital Programme was started last year to support companies in digitalising. To improve labour productivity, Mr Heng announced that the government would expand the National Robotics Programme (NRP) to encourage wider use of robotics in the built-environment sector, especially in construction.

Not all businesses, however, see robotics and automation as the silver bullet to solve their productivity or other challenges. In a sector like construction, for instance, robotics is still regarded as being "far-fetched" because the value chain is yet to be set up for them to harness this aspect of productivity. For a start, workers in the sector would have to be retrained, for which time and additional investments are needed. Taken together, currently, there are few push factors for firms to make these additional investments in robotics. Market forces may prove to be a more powerful agent of change, but they may be too late if firms are pushed out of the game by more advanced foreign competitors in future. Such competition from these large foreign players may come very fast as they have the resources to adopt the latest technologies quickly. Smaller local players will find themselves with insufficient time to respond.



Jurong East, Singapore



In research & development (R&D), the government is seeking to take advantage of Singapore's research capabilities to enhance economic competitiveness. The National Research Foundation (NRF)-Temasek IP Commercialisation Vehicle, designed to translate public sector research efforts into commercially-viable applications, will be launched later this year. Businesses welcome this initiative, but express the hope that innovation efforts would not be hindered by form-filling exercises. Some participants have given feedback that field studies or pre-project groundwork is necessary before business ideas can be developed. In the interest of fostering pervasive innovation, there should be a balance struck between having businesses fill up onerous pre-claim approval/evaluation forms in order to claim for groundwork that is integral to a project; they should be allowed to claim for the pre-project groundwork costs even after the field studies pre-project groundwork has commenced or has been completed. This is also because it may not be possible for them to present a full and feasible business plan at the pre-claim approval stage.

NRF-TEMASEK IP COMMERCIALISATION VEHICLE **Grow companies that draw on IP from publicly-funded research**



SKILLS, TALENTS AND THE POPULATION QUESTION

To plug the skills gaps quickly in a fast-changing economy, the government announced the Capability Transfer Programme to support the transfer of skills from foreign specialists to Singaporean trainers and trainees. However, one focus group participant felt that Singapore should not distinguish where talent comes from, that is, whether they are from foreign or domestic sources, as the government's goal, after all, is to anchor Singapore as a Global-Asia node of technology, innovation and enterprise.

For the marine shipyard and process sectors, which continue to face cyclical weakness, the government will defer the increases in foreign worker levy rates for another year. Unfortunately, employers in sectors such as construction and marine are forced to scout for talent from overseas, given that students tend to gravitate towards professions like law, medicine and accountancy. However, such employers are then restricted by foreign manpower quotas. The consensus was that the government should be more flexible with regard to the recruitment of foreign talent in sectors that Singaporeans shun.

CONCLUSION: THE ROLE OF THE TACS

Our focus group participants supported the government's emphasis on the important leadership role that TACs play in forging partnerships and driving industry-level advancements. It was highlighted though, that as business chambers cater to a very wide spectrum of members, they may have a more limited role than trade associations in promoting and pushing for the Industry Transformation Maps (ITMs) – the government's S\$4.5-billion programme of roadmaps for 23 industries – given the vast diversity of their members' sizes and industries. It is difficult for chambers to work out what an ITM means for each of its members in a targeted way. Equipped with the specific industry knowledge, trade associations are better positioned to jointly implement the ITMs together with the government agencies.

Nevertheless, the government now looks to TACs, to be supported by the existing Local Enterprise and Association Development (LEAD) programme, to play a key role in implementing the measures in Budget 2018. **ISCA**

Read about the tax measures of Budget 2018 in the second part of this cover story titled "Tax Measures in Budget 2018".

Loke Hoe Yeong is Manager, and Vernice Neo is Executive, Insights & Intelligence, ISCA.



TAX MEASURES IN BUDGET 2018

**Planning Ahead, Towards Greater Inclusiveness
And Progressiveness**



BY
FELIX WONG

REFINING SINGAPORE'S CORPORATE TAX REGIME, SUPPORTING ENTERPRISES

Budget 2018 saw the recalibration of the long-standing Start-Up Tax Exemption (SUTE) and Partial Tax Exemption (PTE) schemes. Effective from Year of Assessment (YA) 2020, the tax exemptions under both schemes will be reduced from the first \$300,000¹ to \$200,000 of normal chargeable income, and the tax exemption for start-ups under the SUTE will be reduced from 100% to 75% for the first \$100,000 of normal chargeable income.

To alleviate rising business costs, the Corporate Income Tax (CIT) rebate has been enhanced and extended. For YA 2018, the CIT rebate has been doubled to 40% of tax payable and the cap increased from \$10,000 to \$15,000. The CIT rebate is also extended to YA 2019 at a rate of 20% and capped at \$10,000. While the CIT rebate comes as a welcome relief for all tax-paying companies, the relatively low cap suggests that it is targeted at smaller businesses.

¹ All amounts are in Singapore dollars

DOUBLE TAX DEDUCTION FOR INTERNATIONALISATION SCHEME ENHANCED



**Cap for double tax deduction
(without prior approval)
raised to
\$150,000
per YA, from YA 2019**

“Unlike the PIC scheme, this new enhanced R&D tax deduction scheme is not subject to an annual expenditure cap of \$400,000, and will be useful in encouraging local businesses to be innovative and undertake R&D. At the same time, it also encourages larger businesses to undertake large R&D projects in Singapore.”



PROFESSOR SUM YEE LOONG
ISCA HONORARY TECHNICAL ADVISOR
AND SIATP BOARD MEMBER



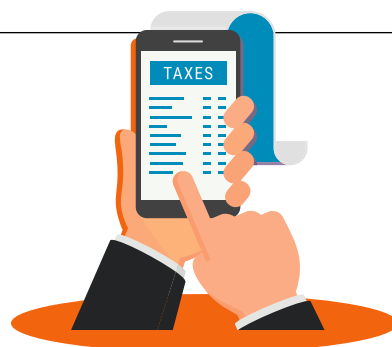
The Double Tax Deduction for Internationalisation (DTD_i) scheme has also been enhanced. To encourage internationalisation, the cap for double tax deduction (without prior approval) will be raised from \$100,000 to \$150,000 per YA. This enhancement, which takes effect from YA 2019, will no doubt aid businesses in being more nimble as they tread new waters and internationalise.

INVESTING IN OUR FUTURE THROUGH INNOVATION

The sentiments of various industries and tax professionals were echoed in Budget 2018, with the announcement that tax deduction for qualifying expenses incurred on R&D conducted in Singapore will be raised from 150% to 250%, from YA 2019 to YA 2025. This fills the void left behind by the expiry of the Productivity and Innovation Credit (PIC) scheme.

Professor Sum Yee Loong, ISCA Honorary Technical Advisor and SIATP Board Member, commented, "Unlike the PIC scheme, this new enhanced R&D tax deduction scheme is not subject to an annual expenditure cap of \$400,000, and will be useful in encouraging local businesses to be innovative and undertake R&D. At the same time, it also encourages larger businesses to undertake large R&D projects in Singapore."

To further spur companies to invest in innovation, Finance Minister Heng Swee Keat also proposed to double the tax deduction on licensing payments made to unrelated parties for the commercial use of intellectual property (IP) to 200%. This enhanced deduction is capped at \$100,000 per year. In addition, to help companies protect their IPs, the tax deduction for IP registration fees will also be doubled to 200%, capped at \$100,000



TAX DEDUCTION FOR QUALIFYING R&D EXPENSES

Raised to
250%
from YA 2019 to YA 2025

TAX DEDUCTION FOR IP REGISTRATION FEES

Doubled to
200%
(capped at \$100,000 per year)

per year. These changes will take effect from YA 2019 to YA 2025.

The enhanced tax deduction for R&D and IP expenditures will further support businesses in their innovation journeys.

TOWARDS GREATER INCLUSIVENESS

In line with the government's commitment to foster the spirit of giving among Singaporeans, the 250% tax deduction for qualifying donations made to Institutions of a Public Character (IPCs) will be extended for three years until end-2021.

In addition, the Business and IPC Partnership Scheme (BIPS), under which a 250% deduction is available to businesses that support their staff to volunteer and provide services to IPCs, will also be extended for three years until end-2021. Mr Heng cited in his Budget Speech how accounting

firms are taking advantage of the BIPS to receive enhanced tax deductions while enabling their staff to volunteer meaningfully, for example, by providing pro bono services (such as reviews of internal controls, risk assessment and audit) to charities.

PLANNING AHEAD TO MEET FUTURE NEEDS

To meet future needs arising from expected rising expenditure in healthcare, security and other social spending, Mr Heng has proposed to raise the GST rate from 7% to 9% some time between 2021 and 2025.

While the proposed impending GST rate hike is unlikely to bring cheer, especially for retailers who are particularly worried about how an increase in GST may dampen consumer sentiments, its early announcement is welcomed as it allows businesses at least three years to prepare for it. It is also heartening to know that the government will continue to absorb GST on publicly-subsidised education and healthcare, as well as its plans to help the lower- and middle-income households cope with the GST rate hike through the transitional offset packages and the permanent GST Voucher scheme.

TRANSITIONAL OFFSET PACKAGES, GST VOUCHERS



To help **lower- and middle-income households** cope with GST hike





ENHANCING PROGRESSIVENESS

Singapore has always taken pride in its progressive tax system. Over the years, minor tweaks have been made to the regime to ensure Singapore's tax system stays relevant, fair and resilient.

As the digital economy continues to transform global consumption patterns, it is necessary to ensure that Singapore's tax system remains robust and fair. To this end, Mr Heng announced the imposition of GST on imported digital services from 1 January 2020. Meanwhile, no change was proposed on the current exemption limit of \$400 for the importation of goods. However, the government has indicated that it is closely monitoring the on-going international discussion on e-commerce tax on low-value imported goods.

GST will be collected differently for business-to-business (B2B) and business-to-consumer (B2C) imported services. GST on B2B imported services will be collected through a reverse charge mechanism, under which a local business customer will account for GST on the services it imports and claim the GST accounted for as its input tax, subject to GST input tax recovery rules. To avoid imposing unnecessary administrative burden on businesses, the proposed reverse charge mechanism will only apply to businesses that are not entitled to full input GST recovery.

GST on B2C imported digital services will be collected through Overseas Vendor Registration (OVR). Under the OVR, overseas vendors and electronic marketplace operators which provide B2C digital services (such as apps, music and e-books) to Singapore consumers will be required to register with the Inland Revenue Authority of Singapore (IRAS). OVR will apply to overseas suppliers with global turnover exceeding \$1 million and provision of digital services to Singapore consumers exceeding \$100,000. Once registered, such overseas vendors will have to charge

GST FOR ONLINE TRANSACTIONS



Imposed for B2B and B2C imported services

TOP MARGINAL BUYER'S STAMP DUTY RATE

**Increased from
3% to 4%
on value of residential
property above
\$1 million**

GST for the provision of digital services to non-GST registered Singapore consumers. Going forward, a local individual buying an e-book from a GST-registered overseas vendor will be charged GST on his purchase.

Following the Budget announcement, IRAS published two consultation papers on charging GST on e-commerce transactions for purchases of digital services from overseas providers, as well as how it intends to implement the reverse charge mechanism for B2B transactions.

The Minister also proposed raising the top marginal Buyer's Stamp Duty rate from 3% to 4% on the value of residential property in excess of \$1 million. The new 4% rate is another measure that the government is implementing to make the overall Singapore tax system more progressive. ISCA

Felix Wong is Head of Tax, SIATP.



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Dr Ee predicts a bright future for ISCA, guided by a far-sighted Council that sets ISCA's vision and provides the necessary support and resources for the management team to implement the said vision and strategies.

MEMBER PROFILE

PASSING THE BATON

ISCA President Dr Gerard Ee, FCA (Singapore)

By WANDA TAN

On 21 April 2018, after the ISCA Annual General Meeting, Dr Gerard Ee, FCA (Singapore) will be stepping down from the role of ISCA President after four years at the helm. The four-year period has been an eventful one for the national accountancy body, as it has been for Dr Ee himself. In this special Member Profile column, we speak to Dr Ee, 69, shortly before the end of his term, as he reflects on his tenure as ISCA President and muses on what lies ahead.

If one thinks about it, the responsibilities held by the conductor of an orchestra are not unlike those held by the leader of an organisation. “The conductor must ensure that the different sections of the orchestra – string, woodwind, brass and percussion – work well together and play in harmony. Everyone has to play their own instrument at the right tempo and volume, and not stray from the conductor’s interpretation of the score,” says Dr Gerard Ee, ISCA President since 2014. While conducting is not his forte, Dr Ee has,

figuratively speaking, wielded a baton through his leadership of ISCA, and even before that.

Dr Ee’s arguably most high-profile role to date is also, in his words, “the biggest challenge I’ve faced” – chairing the embattled National Kidney Foundation (NKF) in 2005, after its board and senior management had resigned in the wake of a corruption scandal. He was called upon by then-Health Minister Khaw Boon Wan to lead NKF through the crisis, just two weeks following his retirement from EY.

“I went into NKF not knowing what to do or what the situation was. It felt like I was venturing into the darkness,” he recalls. However, the former EY Partner’s nearly 30-year experience as an auditor and his combination of audit expertise and people skills, as well as his presidency of the National Council of Social Service (NCSS), meant that he was the right person for the job.

For the next seven years, Dr Ee worked hard to improve NKF’s governance and accountability standards and restore public confidence in the charity. That meant having to change established attitudes in the workplace. “I had to work with the remaining people in the organisation to craft a new vision, get everyone to gel together and make them excited about the new vision,” explains Dr Ee, again invoking the role of the conductor.

LOOKING OUTWARD

When Dr Ee was elected as President of ISCA in April 2014, the situation was very different from that at NKF.

He was assuming the leadership of a globally-recognised professional accountancy body. Continuing its growth trajectory, Dr Ee guided ISCA to become more outward-looking over the past four years. “By promoting our brand and collaborating with other organisations, ISCA is now widely known by countries across ASEAN and Europe, and by the likes of the United Nations Conference on Trade and Development (UNCTAD),” he says.

Highlights include ISCA’s admission to the Chartered Accountants Worldwide network, first as an associate member in 2015 and then as a full member two years later, as well as the various reciprocal membership agreements and memoranda of understanding signed with overseas accountancy bodies such as the Institute of Chartered Accountants in England and Wales, Chartered Accountants Ireland, Institute of Chartered Accountants of Scotland, Lao Chamber of Professional Accountants and Auditors, and Myanmar Institute of Certified Public Accountants. In 2016, Dr Ee was also appointed Deputy President of the ASEAN Federation of Accountants, in addition to chairing the 33rd session of the UNCTAD Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), further raising ISCA’s global profile.

At the same time, he has made notable achievements in advancing Singapore’s accountancy profession and supporting members in their professional development. For

example, in 2014, he inaugurated the Singapore Accountancy Awards, a biennial event honouring exemplary individuals and businesses in the local accountancy sector. "ISCA is essentially a service organisation. We have to serve our members and understand their needs and expectations," says Dr Ee, under whom ISCA's membership base expanded from 28,000 to 32,000 in the span of four years.

Foremost in the minds of accountants today is how to stay relevant, or future-ready, in the age of technology disruption. To help them keep up-to-date with technological and business trends, ISCA has rolled out a number of continuing professional education (CPE) courses in emerging fields such as data analytics and blockchains. Specialised training pathways, like the ISCA Financial Forensic Accounting Qualification and the ISCA-SUSS (Singapore University of Social Sciences) Business Analytics Certification Programme, have also been launched to equip members with in-demand skills.

"We have helped our members move away from an emphasis on compliance – just making sure that they complete the required CPE hours – to focus on ensuring that CPE courses are rolled out to meet the needs of members, where they learn new skills that have surfaced in recent years, to keep pace with changes in the industry," says Dr Ee.

With the future of work so uncertain these days, how can accountants equip themselves well? "Befriend technology. Find ways to use it to your advantage," advises Dr Ee. Accountants also need "broad-based knowledge" as they are increasingly being asked to act as business advisors for their clients, while still remaining independent or impartial. "Read widely and attend more courses. Don't limit yourself to courses in the traditional field of accounting; you also need to understand the client's business."

THE NEXT CHAPTER

Dr Ee predicts a bright future for ISCA, guided by a far-sighted Council that sets ISCA's vision and provides the necessary support and resources for the management team to implement the said vision and strategies. "The structure of ISCA is well in place. I am confident my successor will take it to greater heights," says the outgoing President. He urges members to continue supporting the organisation, whether by serving on the ISCA Council and its committees, giving feedback about its services, or by sharing valuable expertise and knowledge in specific areas such as the use of different technologies.

As for what he plans to do after he relinquishes the presidency, Dr Ee is looking forward to being more active in the social service sector, calling it "a blessing" to be able to give back to society. His involvement in the third sector stretches back decades, having been inspired by his late father, Dr Ee Peng Liang, an accountant-turned-businessman and philanthropist who founded NCSS – originally named the Singapore Council of Social Service – in 1958.

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"The true measure of success is not how much money you have, but whether you have brought joy to other people and touched their lives."

The younger Dr Ee's charitable endeavours range from supporting Canossian schools and overseas mission trips to chairing the Eastern Health Alliance, Changi General Hospital and the Charity Council. He was also instrumental in setting up ISCA Cares, a charity that aims to build a compassionate and caring accountancy community that actively contributes towards the betterment of society, in 2015.

ISCA Cares has two main objectives – to provide financial and non-financial aid to needy local accountancy students, and to engage in community-development projects that harness the expertise of accounting professionals. The profession can also utilise its unique skill set in volunteering for social service organisations, adds Dr Ee. "Management, organisational and analytical skills are very much part of being an auditor or accountant."

Career Highlights

1978 to 1985	Partner, Ee Peng Liang Co.
1986 to 2005	Partner, EY
2002 to 2006	President, National Council of Social Service
2005 to 2012	Chairman, National Kidney Foundation
2008 to 2009	Council Member, Institute of Certified Public Accountants of Singapore (former name of ISCA)
2010 to 2011	Vice President, Institute of Certified Public Accountants of Singapore
2011 to Present	Chairman, Eastern Health Alliance and Changi General Hospital
2014 to 2018	President, Institute of Singapore Chartered Accountants
2015 to Present	Chairman, Charity Council
2016	Chair, 33 rd session, UNCTAD-ISAR
2016 to 2017	Deputy President, ASEAN Federation of Accountants



ACTIVE AGEING, HIS WAY

"The only way to age well is by keeping your mind and body pliable," says Dr Ee. Besides keeping busy with his various commitments in the social service sector, Dr Ee is an avid practitioner of the Chinese martial art of tai chi. It helps maintain core muscle strength and enables the flow of qi (life force) through one's body, he explains. Getting regular physical exercise also allows Dr Ee to stay healthy while enjoying another favourite pastime – tucking into Asian dishes like mee rebus, sup kambing and wanton mee.

If we help charities to improve their governance and do proper accounting, they will be stronger and more sustainable."

In recent years, he has been devoting more effort toward championing healthcare and currently also sits on the boards of MOH Holdings, SingHealth and the Agency for Integrated Care. "I am a big believer in active ageing," says Dr Ee, who will soon turn 70. "Especially with our rapidly-ageing population, I want to help people access healthcare more affordably and easily."

While Dr Ee feels very strongly about improving healthcare in Singapore, he points out, "There is no one avenue to follow when it comes to volunteering. The key is to do something you are passionate about, so that it won't feel like work." For example, some accountants may want to lend their expertise to help charitable organisations comply with accounting rules and regulations, while others may prefer to reach out to vulnerable groups or volunteer for arts initiatives. "The true measure of success is not how much money you have, but whether you have brought joy to other people and touched their lives." ISCA

Wanda Tan is a contributing writer.



BELINDA NEO
CA (Singapore),
Managing Director,
PwC Myanmar

STRIKING A BALANCE

**Three Women In Accounting Share How They Lead Busy
And Fruitful Lives**

BY
WANDA TAN AND KOH YUEN LIN



GOH SIEW MIN

CA (Singapore)
Business Development Analyst,
SIA Engineering Company

ANGELIQUE TEO

CA (Singapore)
Regional Finance Analyst (APAC),
Criteo

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he theme for this year's International Women's Day, which falls on March 8, is "Press for Progress". It is a call to action for everyone – both men and women – and everywhere, to progress and press forward for gender parity.

It encourages friends, colleagues and whole communities to think, act and be gender-inclusive. While Singapore has definitely made some headway in closing the gender gap, the fact is, the gap still exists.

Let's start with the good news. According to government statistics, the labour force participation rate (LFPR) for women has hovered at 60% in recent years, up from 54.3% in 2006. However, female participation in the labour force pales in comparison to that of men, whose LFPR has remained steady at about 76% over the past decade.

The 2017 Hays Asia Salary Guide, an annual survey by leading global recruitment firm Hays, showed a 4% year-on-year increase in the number of Singaporean women in managerial positions, rising to 31%. The survey also revealed that the number of women holding management roles in Singapore, albeit on the rise, still lags behind those in other Asian markets like Malaysia, China and Hong Kong.

Those who do succeed in their careers and reach senior-level positions often do so at great cost to their personal lives, as many women give up their hobbies and interests to spend whatever time they have outside the office with their families.

In recent years, the Singapore government has rolled out a number of initiatives to support a better work-life balance. The Ministry of Manpower's Work-Life Grant, for example, provides funding and incentives for companies to offer flexible work arrangements for employees. The aim is to help employees better manage work and family responsibilities, and enhance the pro-family environment in the city-state. Women, who tend to take on the bulk of caregiving duties, stand to benefit the most from such family-friendly policies as flexi-time and telecommuting.

To the women who feel that juggling work and family commitments with personal passions is not possible, or too difficult to even attempt, hopefully the three ISCA members featured in this article will inspire them to think otherwise. Indeed, a good work-life balance – though not always easy to attain – is what keeps these three women physically and mentally healthy, and brimming with brio.

A GOOD SPORT

**Belinda Neo, CA (Singapore),
Managing Director, PwC Myanmar**

For many people, unwinding means partaking in a leisurely meal, going for a massage, or perhaps just a stroll around the mall. But for Belinda Neo, it's all about working up a sweat. "Time for myself means time with family, friends and to exercise! Work keeps me very busy, so prioritising time for personal and sports activities helps me to destress, stay healthy and keep a work-life balance." So says the 42-year-old managing director, who has an extensive portfolio spanning global and regional audits of local multinational corporations to initial public offerings and internal control reviews. Having previously been part of PwC's Singapore Assurance service group for government and public sector entities, she now shuttles between the Lion City and Myanmar to support the PwC Myanmar firm that was set up a few years back.

The all-round sports enthusiast played badminton, was in the air rifle and track and field teams and also did long-distance running in school. Ms Neo also played football competitively in Singapore's women's football league after starting work, and did so for more than 10 years. Today, she jogs regularly, and has also added cycling to her exercise routine. "I started cycling only in 2010 when my colleagues started an unofficial cycling club in the office. Most cyclists like to head out early in the morning when there is less traffic on the roads, and I remembered wanting to turn my colleagues

Career Milestones

2007	PwC Singapore's Sports Club President
2008 to 2009	Secondment to PwC Hong Kong
2012	Associate Director, PwC
2016 to Present	Secondment to PwC Myanmar
2017	Managing Director, PwC Myanmar





★
"I never felt like my career has prevented me from pursuing my interests. Generally, everyone at work is supportive that we have interests and hobbies outside of work."

down when I realised I had to be awake before sunrise at 5am," she recalls with a laugh. However, the first cycling trip turned out to be so enjoyable that she invested in a new bike and accessories. After that, cycling trips around the island became a regular thing for Ms Neo, and she has participated in numerous cycling events and even pedalled around Bintan. "It is quite therapeutic to be out riding early and have your exercise all done before most people are awake," she says.

Apart from decompressing through exercise, Ms Neo derives personal satisfaction and a sense of achievement when she performs well in a game or competition. "I definitely see my sporting pursuits as personal challenges – and I can be very competitive!" The corporate leader who prefers team sports for their social aspects also shares that many of the skills and values – such as leadership, working as a team, and perseverance – cultivated through playing social sports, can also be applied in the work environment.

SERIOUS ABOUT PLAY

That PwC has a very active Sports Club certainly helps Ms Neo in keeping herself busy with the sporting and leisure activities organised for staff. She also participates in five to six events at the annual ISCA Games, representing the company. "I have always felt great encouragement and support from the firm for us to enjoy a balanced and healthy lifestyle," shares Ms Neo. "The regular company games and practice sessions help to connect me to other sports enthusiasts and keeps me exercising. Some of the teams practise and train for up to six months before the competition, so this makes for a regular workout!" Naturally, there are peak periods at work when the

sports activities slow down, but the pace is always picked up.

"I never felt like my career has prevented me from pursuing my interests. Generally, everyone at work is supportive that we have interests and hobbies outside of work," she says. And just as her company promotes an active lifestyle, she happily shares her love for sports with others. As an active and long-serving member of the firm's sports club, she mentors staff members who are trying to juggle their sporting passions and work commitments. "Some of my colleagues play for national teams and come to me for advice on how to balance work and going for training," she shares. And as the ex-president of the sports club, she's always supportive and encouraging. "I encourage all to take time out for their family and themselves, because it is what I believe in."

ACTIVE ABROAD

Ms Neo certainly practises what she preaches. In recent years, she has been spending more than three-quarters of her time in Myanmar. "Recently, my work has brought me overseas and I started to travel to Myanmar extensively. I still try to work out at least two to three times a week, whether with a leisurely ride when I am in Singapore or jogging around a lake when I am in Yangon. I even organised football sessions at the apartment carpark with my neighbours in Yangon!" she enthuses. "I will feel uneasy and lethargic if I do not get a regular workout, so even when I am busy with work, I will always put in the effort to make time, whether early in the morning or at night, to exercise."

Ms Neo observes that playing sports has taken a backseat for many friends who have become increasingly busy with work or family commitments, but she intends to maintain her active lifestyle. "Never give up!" is her mantra. "That is what I remind myself when the going gets tough. Being in the professional services industry, our work can be hectic and intense at times, and long hours are unavoidable." So just as she never gives up on finding solutions to work challenges, she works equally hard on finding time for her interests and family.

CLIMB EVERY MOUNTAIN

**Goh Siew Min, CA (Singapore),
Business Development Analyst,
SIA Engineering Company**

Her love affair with hiking started from a spontaneous decision to hike at Rainbow Falls, Kuantan, over recess week in 2011. "My friend and I chanced upon the NTU Sports Club booth (and decided to sign up)," says Goh Siew Min, 28. "We didn't know anyone else in the group when we joined, but there was a strong sense of camaraderie. Today, my friend and I still hike with the friends that we got to know from the Rainbow Falls trip."

This sense of togetherness, coupled with her love for nature, got Ms Goh hooked on the activity. "It may sound weird, but I love the smell of the forest," she says. "Often we would be trudging grudgingly up the slopes thinking, 'Why am I doing this to torture myself?' Yet the views from the summit never fail to wow us." This was certainly the case for her most challenging hike to date – a four-day, three-night hike up Gunung Rinjani in Lombok, Indonesia over the National Day holiday in 2016. The mountain – the second highest volcano in Indonesia – rises 3,726 metres above sea level, and ascending it was particularly punishing. "You wake up in the



mornings feeling sore all over, yet you still have to push on! Also, there are no basic amenities in the mountain. To freshen up, we simply do a 'powder

bath' as it is done in the army, in a shed put up by the porters!"

The euphoria of reaching the summit, however, compensates for the hardship. And since then, Ms Goh has gone on more expeditions with the same group of friends – a mix of university mates and colleagues – she had scaled Rinjani, Bromo/Ijen and Huangshan, with. "As of March, we had already done four weekend hikes, and have just come back from Mount Ophir in Malaysia, actually," she enthuses.

Her love for hiking is almost palpable, and Ms Goh highly recommends it as a way to

Career Milestones

2013	Accountant, Financial Planning and Analysis Department, Maritime and Port Authority of Singapore
2016	Deputy Manager, Incentives Management Department, Maritime and Port Authority of Singapore
2016	Attained CA (Singapore) certification
2017	Member, Young Professionals Advisory Committee, ISCA
2017	Business Development Analyst, SIA Engineering Company



★
... Ms Goh highly recommends (hiking) as a way to recalibrate. With no cellular reception, she can simply focus on talking to her hiking companions and allow herself to be immersed in nature.

recalibrate. With no cellular reception, she can simply focus on talking to her hiking companions and allow herself to be immersed in nature. "It makes me feel alive." She adds that she is lucky that her parents are healthy and independent, which allows her the freedom and peace of mind to go on her overseas trips.

THAT TOP-OF-THE-WORLD FEELING

In her professional capacity, the business development analyst has plenty on her plate. Having just left Maritime and Port Authority of Singapore for the private sector, she

describes the move as "a dive into the deep" as she has much to learn. Hiking thus becomes a way for her to escape the intensity of her work life.

Ms Goh, who had a short stint in softball during her university days, has always enjoyed the challenge of physical activities. So when she needs to destress, the most natural thing is to get into workout mode. "I love the outdoors and the exercises that make me sweat buckets," confesses the sports enthusiast, who can always be found at the gym on Saturday mornings. "I try to exercise two to three times a week, and will always join my friends at the gym;

it is much easier when you have an exercise buddy."

That said, Ms Goh admits that forming a sizeable group for hiking expeditions has become increasingly difficult, with the growing work and family commitments that she and her friends face. "I try to make time by planning for weekend hikes in Malaysia or short trips to Indonesia over the public holidays. I join interest groups such as SGTrek for short trips that can fit into everybody's schedules. SIAEC's Sports Recreation Club also organises occasional weekend hikes to Malaysia at a subsidised rate for staff."

Despite her love of action, she recognises the importance of "me" time. "Time alone allows me to be myself. There is an African proverb that says, 'If you want to go fast, go alone. If you want to go far, go together.' Certain things like shopping and eating are faster when done on my own."

For those thinking of going on their first-ever hike, Ms Goh emphasises that it is an activity that almost anybody can pick up. "Start by going for long walks that last about three to four hours, just to see how you enjoy it," she advises. She also recommends joining outdoor travel platform SGTrek to meet like-minded hikers, or simply to participate in their free walking tours around Singapore. And when you finally make the decision to go on your first hike, take it easy. "There are many different mountains to hike. Pick an easy one to start with, and soon, you might find yourself taking on the more challenging hikes."

THE BONDS OF SISTERHOOD

Angelique Teo, CA (Singapore), Regional Finance Analyst (APAC), Criteo

Between mentoring a female student at the Institute of Technical Education (ITE) College Central and teaching women from lower-income households how to better market their handicrafts to earn more money, Angelique Teo was an active volunteer on several fronts last year. And all this because of a Facebook advertisement that had caught her eye in 2016.

"I saw the Young Women's Leadership Connection (YWLC) advertisement on Facebook at a time when I was looking for a meaningful activity to dedicate myself to," says Ms Teo, 28. The Nanyang Technological University graduate had been heavily involved in co-curricular activities while pursuing a double degree in Accountancy and Business. For example, she was travelling abroad for debating and business competitions and volunteering at the Student Counselling Centre, and she was similarly eager for new experiences outside the office. YWLC's work in nurturing the next generation of female leaders in Singapore was exactly that – new and meaningful.

Being a member of YWLC, and joining its Executive Committee in June 2017, has been an "amazing" journey for Ms Teo. She has expanded her circle of friends beyond work colleagues and schoolmates, given back to society through multiple volunteer projects, and learnt valuable lessons on her way to becoming "a better me".

LEADING WITH EMPATHY

Nasdaq-listed US\$2-billion valuation technology company Criteo is definitely an exciting place to work in, having consistently attained double-digit revenue growth in 2016 and 2017. But its Regional Finance

Analyst (APAC) Ms Teo is equally enthused about her volunteer work with YWLC. Founded in 2008, YWLC connects and empowers young women leaders aged 21 to 35 in Singapore via four pillars – mentorship from female trailblazers in various sectors; masterclasses and workshops on leadership development; community engagement initiatives supporting under-served segments of the female population, such as those staying in women's shelters, and networking opportunities to connect like-minded women.

As YWLC's Business Development Director, Ms Teo is charged with building and maintaining relationships with external partners, sponsors and speakers. "I currently lead an 11-person team. It is a good challenge learning to better motivate my team, especially when everyone is busy with their own work and personal lives," says Ms Teo, about her improved leadership skills. Serving on event organising committees has also helped her to be more "situationally alert" in the planning of events, while taking part in community projects has strengthened her sense of empathy.

"When I volunteer, I learn to be more empathetic and to better communicate with people from different backgrounds," she explains. For example, last year's Y-Ignite Mentorship Programme saw YWLC

members guiding female students at ITE College Central. "My mentee was preparing for polytechnic applications, and I provided feedback on her essay submission and helped her practise for the admission interviews. We also served as a sounding board or 'older sisters' (to the students)."

A JOURNEY OF SELF-DISCOVERY

There are some days when juggling work and YWLC commitments leaves

A BONA FIDE FRANCOPHILE

Another pastime of Ms Teo's is learning French. Her love for the language and culture was first sparked during an undergraduate business competition in Paris. Since then, she has attended short language courses in France as well as regular classes in Singapore, gone to the French Film Festival here, participated in workshops on French fashion and history, and also joined a French choir. Recently, she passed the DELF B2 higher intermediate French exam, qualifying her to study in French in a French university should she wish to. "I am very proud of the achievement because it is a recognition of the effort I have put into learning the language over the years. I think I still have a lot to learn though, and will keep working to truly master the language."

Career Milestones

2013	Audit Associate, KPMG Singapore
2015	Regional Finance Analyst, GRUNDFOS
Apr 2017 to Present	Regional Finance Analyst (APAC), Criteo
Jun 2017 to Present	Director, Business Development, Young Women's Leadership Connection



“When I volunteer, I learn to be more empathetic and to better communicate with people from different backgrounds.”

Ms Teo feeling stressed and tired. But interacting with the beneficiaries of community projects is enough to energise and remind her how worthwhile her efforts are. Being able to turn to fellow members-turned-friends is also something she treasures.

“Business development is not what I do at work, and sometimes, I might lack the experience needed. It helps that everyone is very helpful and willing to share (their knowledge), so we learn a lot from each other,” says Ms Teo. YWLC members also come together for interesting and varied activities like sharing sessions with mentors, classes on handling tough negotiations and other leadership issues, wine appreciation workshops and Chinese New Year cookie-making classes.

Ms Teo’s time with YWLC has been one of tremendous personal growth. “In trying activities that are different from the ‘pages full of numbers’ that I dive into at work, I have discovered more about myself and my abilities in other areas,” she says. She hopes other female accountants will find time for a meaningful life outside of work too. “Make choices that you will not regret in the future. Keep learning and growing,” she says. “Find activities that energise you, and people who inspire you.” ISCA

Wanda Tan and Koh Yuen Lin are contributing writers.

CHINA'S BELT AND ROAD INITIATIVE

The Yunnan-ASEAN Chapter



BY

SUAN TECK KIN AND HO WOEI CHEN

The Belt & Road (B&R) Initiative, first mooted by China's President Xi Jinping in September 2013, has created enormous business potential and possibilities. Through linking countries along the "Silk Road Economic Belt" and "21st-Century Maritime Silk Road", the B&R Initiative encompasses connectivity and cooperation among the participating countries.

In the January issue of this *IS Chartered Accountant* journal, I wrote about the B&R Initiative and what it means for the countries involved. In this article, the spotlight shines on the Yunnan-ASEAN (Association of Southeast Asian Nations) connection.

The Yunnan province, strategically located in the southwestern region of China, shares borders with the emerging economies of Myanmar, Laos and Vietnam. This enables the province to act as a land-based connector between China and the members of ASEAN – one of the fastest-growing and populous economic regions in the world.

THE B&R INITIATIVE

The B&R Initiative's strength lies in its potential involvement of more than 65 countries, 40% of global GDP, 4.4 billion of population, and 34% of global trade. With the successful conclusion of the Chinese Communist Party's 19th National Congress in October 2017, the B&R Initiative is expected to see continued strong support from the Chinese government in President Xi's second five-year term, as the country ushers in a new era.

Through linking countries along the Silk Road Economic Belt and 21st-Century Maritime Silk Road, the B&R Initiative encompasses connectivity and cooperation among the participating countries via policy coordination, facilities connectivity (such as infrastructure investment), trade and investment, financial integration, and cultural exchanges among peoples.

Within China, the B&R Initiative stretches from coastal provinces in the east to western provinces that

connect to countries and economies in central, southeast and south Asia.

YUNNAN PROVINCE: GROWTH AND INVESTMENT OPPORTUNITIES

In the southwestern region of China, Yunnan's shared borders with emerging ASEAN economies of Myanmar, Laos and Vietnam stretch some 4,060 kilometres. This natural advantage enables the province to assume the role of a land-based connector between China and the 10-member ASEAN bloc, which is one of the fastest-growing and populous economic regions in the world.

In addition, the province is also within close proximity of India, Bangladesh, Thailand and Cambodia. Together with Chinese regions including Guangxi and Chongqing, Yunnan is naturally positioned as an important passage to both Southeast Asia and South Asia by land, having strategic roles to play in enhancing border stability and cooperation with the neighbouring countries. Needless



Kunming, Capital of Yunnan, China



a key bridgehead for the opening up of southwest China.

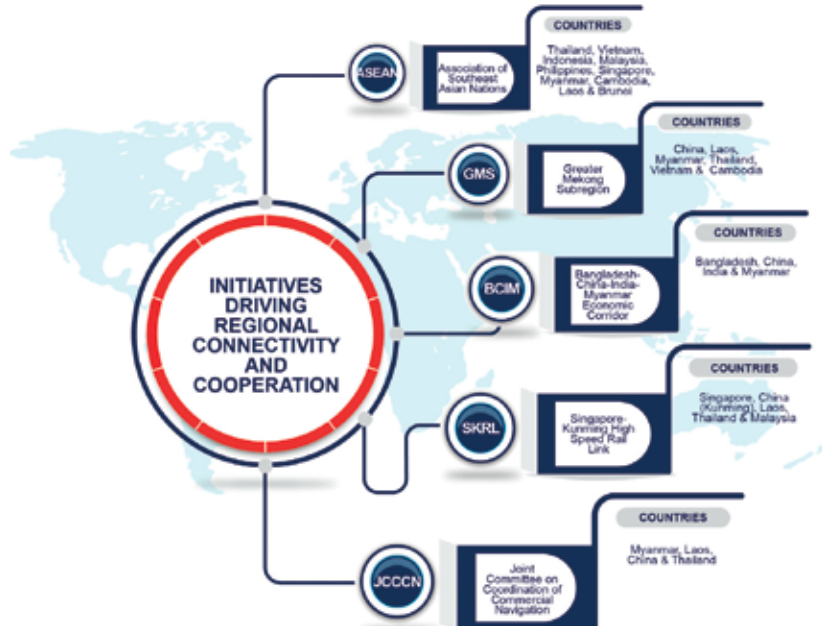
Yunnan province had been able to generate one of the highest economic growth rates among the Chinese provinces/cities. Its real GDP growth had averaged 10.9% per annum between 2010 and 2016, well above the national average of 8.1% in the same period. Developing regions such as Yunnan are increasingly attractive to investors due to their growth potential.

Yunnan recorded US\$21.3 billion total trade in 2016, with export at US\$12.7 billion and import at US\$8.5 billion, a near-60% increase from US\$13.4 billion in 2010. Following two preceding years

OVERVIEW OF YUNNAN PROVINCE



YUNNAN CROSS-BORDER CONNECTIVITY



to mention, Yunnan is one of the core areas within China's B&R Initiative.

Yunnan province achieved GDP of US\$223 billion (RMB1.48 trillion) in 2016, equivalent to 2% of China's GDP. With a population of 47.7 million, the per capita GDP of the province is around US\$4,700 in 2016; the average national income is US\$8,100.

In 2015, China's State Council approved the establishment of the Yunnan Dianzhong New Area in Kunming. Covering 482 square kilometres, it is China's 15th state-level New Area since the first one was launched in Shanghai in 1992. The Yunnan Dianzhong New Area focuses on mid- to high-end industries such as automobile and equipment manufacturing, electronic information and biology.

In line with the central government's aim to reduce income inequality in the country, there had been persistent and strong efforts to expand economic development towards inland and western China. Since 2011, the central government has adopted a national strategy to develop Yunnan province as

of contraction, Yunnan's total trade has rebounded strongly in the first nine months of 2017, at 10.2% year-on-year, in line with the national trade growth of 10.4%. Key merchandise exports for Yunnan are agricultural products and fertilisers as well as labour-intensive manufactured goods, while imports are chiefly energy-related and commodities.

Trade facilitation efforts have contributed to the expanding trade links with ASEAN, which is Yunnan province's largest trading partner. Merchandise trade between ASEAN and Yunnan totalled US\$6.0 billion (RMB39.84 billion) in the first half of 2017, accounting for 63.1% of the province's trade. The services sector will become increasingly important with the rise of the tourism industry, which contributed almost a quarter of Yunnan's GDP in 2016; this was up sharply from 14% in 2010.

Over the past 10 years, fixed asset investment (FAI) in Yunnan province has grown rapidly. Despite the slowdown in China's economic growth, total annual FAI in Yunnan province rose to US\$242.7 billion (RMB1.6 trillion) in 2016, nearly three times the amount in 2010. Projects and opportunities arising from the B&R initiatives and rising border cooperation are expected

CORE CHINESE AREA INVOLVED



Source: The Straits Times

to drive greater investment flows to Yunnan in the coming years.

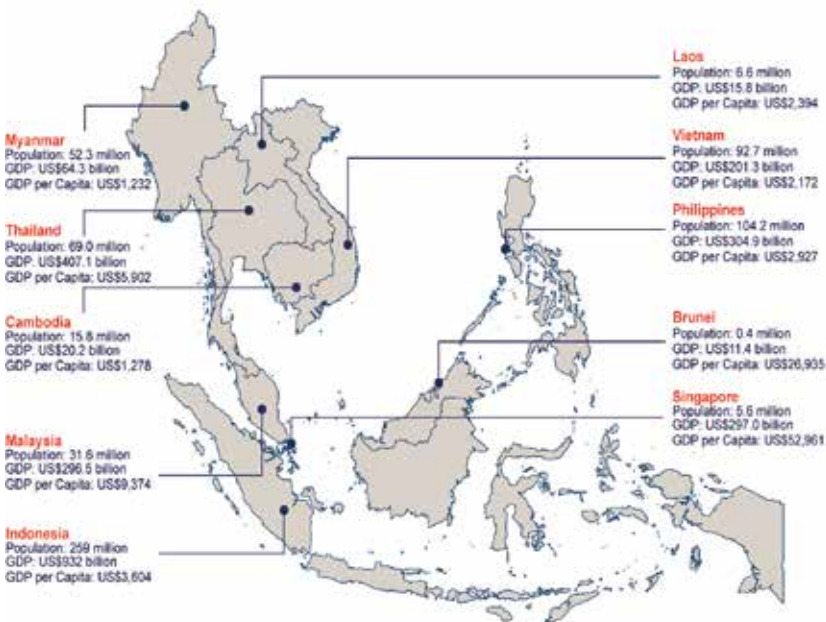
By sector, real estate, transport, utilities and manufacturing accounted for the largest amount of Yunnan's FAI in 2016. Half of the investments were self-raised while domestic loans and state budget accounted for 18% and 13% of the FAI respectively, suggesting strong private-sector initiative in seizing business opportunities.



Reflecting the close cooperation between Yunnan and ASEAN as well as rising business opportunities on both sides of the border, data from the Yunnan Provincial General Chamber of Commerce showed that the government of Yunnan has so far invested US\$10 billion in Myanmar while private investments from Myanmar into Yunnan totalled US\$100 million to date.

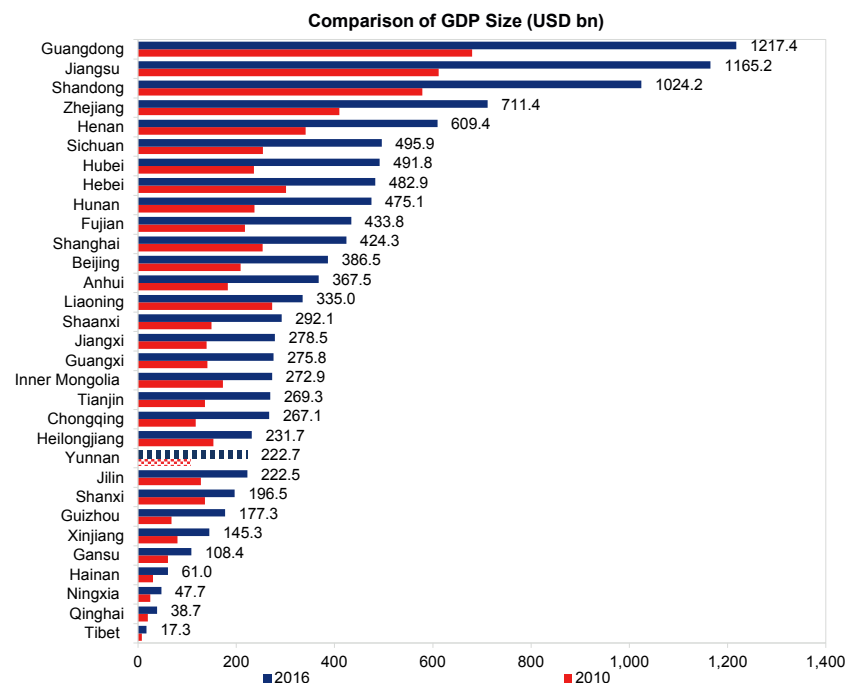
ASEAN: RISING ECONOMIC BLOC

ASEAN's 10-member bloc has a combined GDP of US\$2.6 trillion in 2016, which has nearly doubled since 2007. This is the seventh largest economy in the world. In terms of population size, the ASEAN population of 630 million not only makes



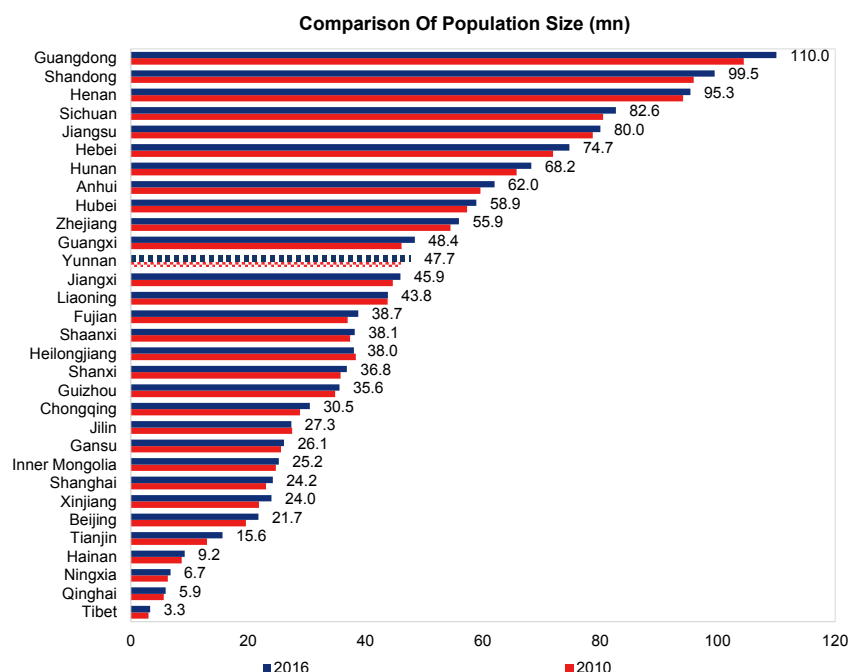
China: Yunnan's Nominal GDP More Than Doubled Between 2010 and 2016

Source: CEIC, UOB Global Economics & Markets Research



China: Large Population Size In Yunnan Will Be A Growth Driver

Source: CEIC, UOB Global Economics & Markets Research



it an attractive outsourcing market due to lower labour costs in countries such as Myanmar and Cambodia, it is also increasingly becoming a sizeable consumer market, given the rising income level (GDP per capita of US\$4,050).

With the establishment of the Asian Economic Community (AEC) in late-2015, trade and investment within its member countries is set to advance further as trade, investment, capital, and people flows increase. The favourable demographic and income trends will drive ASEAN economies to become one of the top economic regions for investment with its single production base and a large consumer market for global corporates. We expect the size of the ASEAN economy to be larger than Japan's economy by 2030.

ASEAN member countries are among China's top trading partners, with a 60% share. For ASEAN, outside of intra-regional trade, China is the largest trade partner accounting for 15% of ASEAN's trade share.

With the B&R Initiative, China's outward direct investment flows into ASEAN had doubled to US\$14.6 billion in 2015 from 2013. We see the potential for greater economic links between ASEAN and China as a whole.

YUNNAN-ASEAN CONNECTIVITY

Yunnan is a key part of the Greater Mekong Subregion (GMS) programme that is being funded by the Asian Development Bank. The GMS connects Cambodia, China, Laos, Myanmar, Thailand and Vietnam, targeting implementation of high-priority subregional projects in transport, energy, telecommunications, environment, human resource development, tourism, trade, private-sector investment, and agriculture.

The province is also a key part of the Bangladesh-China-India-Myanmar Economic Corridor. Despite initial delays in take-off, there is great potential for cooperation in connectivity, trade, investment and sustainable development. There is also a plan for a road linking Kolkata in India, and Kunming, the capital of Yunnan.

Various highways improve the land transport link between Yunnan and ASEAN. The 1,900-kilometre Kunming-Bangkok Expressway, which opened in 2008,

runs from Kunming to Bangkok via Laos. There are also plans for a Singapore-Kunming Rail Link – a high-speed railway linking China's Yunnan province to Singapore via Laos, Thailand, and Malaysia under the B&R.

Additionally, there are four national-level border cooperation zones in Yunnan – Ruili, Wanding and Lincang, which aim to promote trade and investment with Myanmar – and Hekou, which serves Vietnam. Preferential tax and other policies have helped to attract investments into these regions. A China-Myanmar Border Economic Cooperation Zone is currently being planned.

Yunnan has established various cooperative platforms with the bordering countries, including the Joint Committee on Coordination of Commercial Navigation on the Lancang Mekong River, Economic Cooperation Consultation of Yunnan and Four Provinces of Vietnam, Yunnan-North Thailand Cooperation Working Group, and Yunnan-Myanmar Economic and Trade Cooperation Forum, among others.

As the Yunnan-ASEAN connectivity gradually becomes stronger and more visible, more business opportunities will be presented on both sides of the border.

OPPORTUNITIES ARISING FROM DEEPENING COOPERATION

Yunnan is ASEAN's gateway into the enormous China market. Similarly, China can increase its presence in ASEAN through Yunnan. This constructive relationship will propel further trade and investment between the two regions.

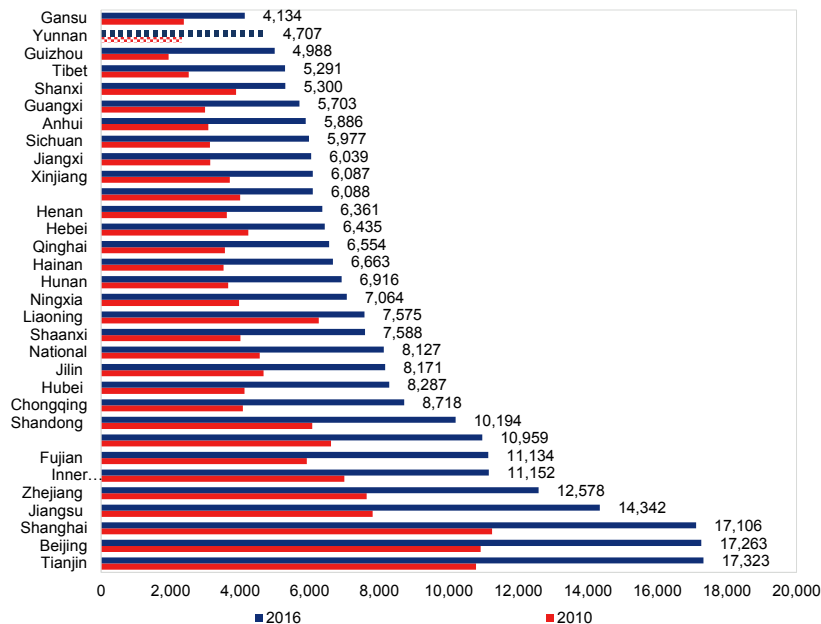
The potential in ASEAN makes for a compelling proposition for China, which is now propelling an outward orientation mindset. Initiatives such as the AEC will be complementary to, and further enhanced by, other programmes such as the Asian Infrastructure Investment Bank, B&R Initiative, upgrading of the China-ASEAN Free Trade Agreement, and Regional Comprehensive Economic Partnership.

The B&R Initiative presents huge growth opportunities and channels for deepening cooperation between Yunnan and ASEAN. The regions are set

China: Large Potential For Income Growth In Yunnan As Investments Rise

Source: CEIC, UOB Global Economics & Markets Research

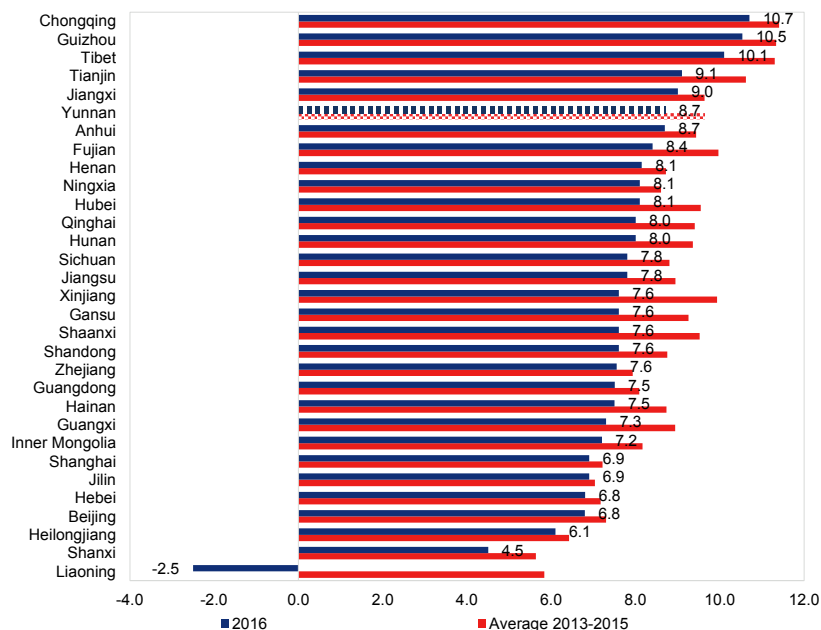
Comparison Of GDP Per Capita In 2016 (USD)



China: Yunnan Province Had Attained One Of The Fastest Growth Rates

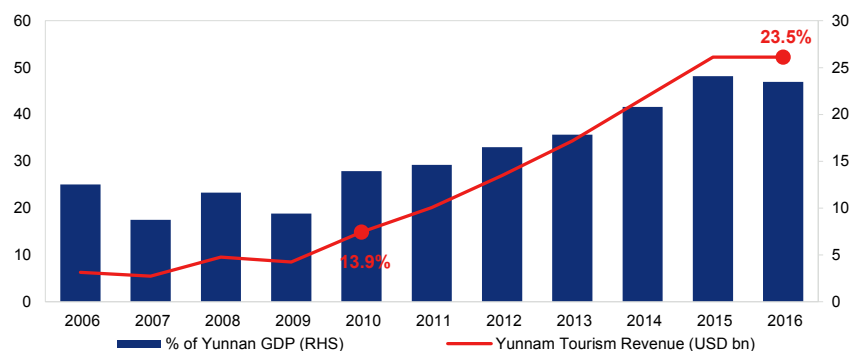
Source: CEIC, UOB Global Economics & Markets Research

GDP Growth By Province/Cities (%)



Yunnan: Tourism Has Become An Important Industry

Source: CEIC, UOB Global Economics & Markets Research



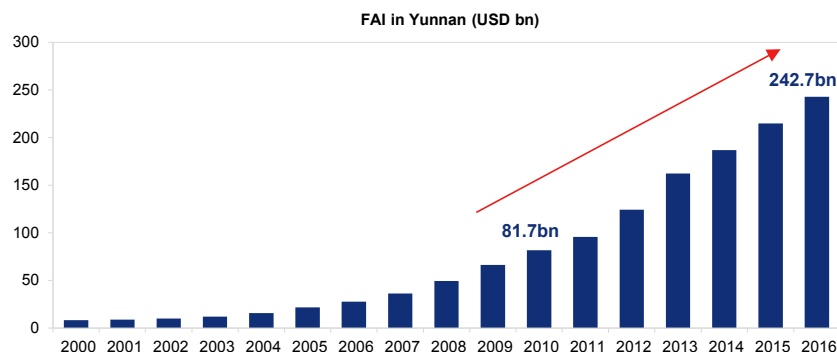
to benefit from two of the six economic corridors under the B&R Initiative – China-Indochina Peninsula Economic Corridor and Bangladesh-China-India-Myanmar Economic Corridor. Under B&R, China is seen as playing a crucial role in filling the infrastructure gap in the ASEAN countries.

The strong investment flows into transport, utilities, real estate, and manufacturing sectors in Yunnan is set to continue, and these are expected to drive the income growth of the province.

Tourism will be another key growth area in Yunnan, where there is potential for deepening cooperation with the ASEAN countries, in particular, the bordering countries. Other than trade and investment, the large population size in ASEAN and Yunnan will be one of the bases for rapid growth in consumption demand in the coming years.

Yunnan: Investment Registered Sharp Increase In Recent Years

Source: CEIC, UOB Global Economics & Markets Research



CONCLUSION

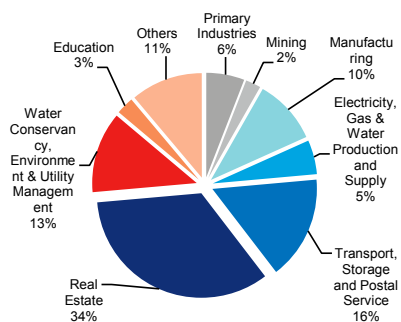
As the main land link between China and major emerging ASEAN states of Myanmar and Vietnam, both Yunnan province and ASEAN are set to benefit significantly from the B&R Initiative. Aside from geographical and historical links, this will be further enhanced by the economic potential in both Yunnan province and ASEAN.

ASEAN is the third most populous economic bloc in the world, and the size of the economy is forecast to overtake Japan by 2030. As connectivity widens and deepens between Yunnan and ASEAN through policy coordination, facilities connectivity (such as infrastructure investment), trade and investment, financial integration, and cultural exchanges among peoples, it is reasonable to expect more business opportunities to arise as a result, which will in turn benefit both sides of the border as China ushers in the new era. ISCA

Yunnan: FAI By Key Sectors

Source: CEIC, UOB Global Economics & Markets Research

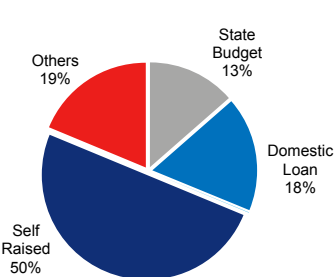
FAI In Yunnan By Key Sectors (2016)



Yunnan: FAI By Source

Source: CEIC, UOB Global Economics & Markets Research

FAI In Yunnan By Source Of Funds (2016)



Suan Teck Kin is Head of Research, UOB Global Economics & Markets Research. Ho Woei Chen is Economist, UOB Group. An edited version of this article was first published in "Macro Notes" by UOB Global Economics & Markets Research. Reproduced with permission.

DOING BUSINESS ABCS (ACTIONS, BEHAVIOURS, CULTURES)

DOING BUSINESS IN CHINA

A Singaporean's Experience



BY
PHUA YUNG KEAT

I used to be ambivalent about China. Like many Singaporean Chinese my age, I was educated with English as the main medium. Outside of school, my impressions of the country were shaped by a predominantly western-centric media. It was probably inconceivable to my school teachers and classmates that I would one day work in China.

And yet my work did take me to China, and I was based in Guangzhou from 2012 to 2016. I was the Deputy General Manager and Financial Controller leading the financial, marketing, sales and business development operations for a 24-hectare mixed-use real-estate project.

Having lived and worked there, I have come to view China as a vibrant, complex and multi-layered eco-system, different from the manicured garden city I grew up in. In this article, I share my observations on working and doing business in China and some insights into how you, too, can participate in China's growth story.

STEPPING OUT OF MY COMFORT ZONE

I began travelling occasionally to China a few years after I had started work and one experience, in particular, left

a deep impression on me. During a work trip, as my colleagues and I were enjoying an after-dinner stroll along Beijing Lu, a major shopping street, we were surprised to see the streets still teeming with people at about 9.30pm, in the middle of a work week. I recalled juxtaposing that scene against what most other countries were then experiencing (it was the height of the global financial crisis), and that provided me with a keen sense of the potential just waiting to be fulfilled. This was undeniably a key factor in my decision to take up a China posting in mid-2012.

Despite the strong "pull" factor, it was not an easy decision as the role required me to start a new project, at a greenfield site, in a foreign market. I also had to relocate my young family and make substantial lifestyle adjustments. Embarking on that journey was like getting on a rollercoaster ride; I was excited yet apprehensive, eager to give it a good go but uncertain of what the future would hold.

Looking back, I would say it was a time of many challenges, and also many valuable lessons. When market sentiment dived during China's equities

★
**Doing business in
Singapore is transparent,
with clear rules and
processes... In China, the
subtleties of connection
can sometimes go beyond
the obvious.**





market crash in mid-2015, we were badly affected. But we managed to ride out that storm with creative ideas that spurred sales. Thankfully, business stabilised by end-2016 when I was redeployed back to Singapore.

I am glad I had taken the plunge to go to China. While the finer side of doing business in China, such as business etiquette, can be picked up through active observation, certain subtleties are best “absorbed” through immersion. I would not have benefitted from such experiences had I not stepped out of my comfort zone in Singapore. Please allow me to illustrate this.

CONNECTING IN A MARKET WHERE CONNECTIONS ARE PEOPLE

Doing business in Singapore is transparent, with clear rules and processes. We tend to favour a conventional, direct approach when tackling issues. In China, the subtleties of connection can sometimes go beyond the obvious.

In one instance, we had tried for a long time to secure a face-to-face meeting with an important business prospect, but he would always find ways to politely decline or would postpone the meeting. We later learnt that he hailed from a particular district in China and thus, we convinced one of his fellow clansmen, whom he trusted, to facilitate an introduction. Our meeting materialised shortly after.

The lesson here is that despite having a clear business agenda, the endorsement of a fellow clansman was all that was needed to facilitate a meeting. Beyond the common understanding of the importance of relationships or *guanxi* (关系), one should explore the multidimensional aspects of relationships beyond the obvious, to seek commonalities in order to establish trust.

COMPETING ACROSS BOUNDARIES

Chinese companies tend to go all out to secure deals and can be tough



competitors. At one point, we were competing against the two leading developers in China. Competition within our micromarket was intense. To assert our credibility, it was important for us to be seen to be tough as well, but we knew where to draw the line.

Once, an erroneous article was published by a local news agency about our project. The misreporting about a fact undermined a key selling attribute for our product. While we spotted the error and got the agency to remove it within hours of it being published, the news had already circulated and the damage was done. We asked to meet with the editor immediately. He was apologetic and the agency published a correction. The editor also offered to make further amends.

Given the economic and reputational repercussions, we considered the option of escalating it as a legal case. We eventually decided against this in favour of not burning bridges with the media, which was a more strategic move in the long run. We took the editor up on his offer (of

making amends) and turned this around to build and evolve a working relationship.

The lesson learnt was that competition takes place across multiple domains, and companies need to be alert and think through how they want to engage others, and when to take a stand.

THE ART OF BEING PREPARED

As Sun Tzu once wrote, “He will win who, prepared himself, waits to take the enemy unprepared”. A defining difference between good businesses and the rest of the pack stems from the fact that they have mastered the art of being prepared (以虞待不虞者胜).

As situations are dynamic, good businesses know the local context and when to leverage their strengths to seize opportunities when the situation permits, and secure a good deal. For instance, during partnership negotiations, a cooperative joint-venture model could be structured to include intangible assets (such as valued intellectual property) as the equity



Guangzhou, China

contribution of a foreign entity. This may in turn enable a more favourable profit share for the foreign entity partner.

Being prepared also means putting in place safeguards to limit or prevent events that could severely impact the business (居安思危). To illustrate, documents stamped with the company seal are legally binding in China, committing the company to contracts and obligations. The seal's unauthorised use could put at risk the entire investment. As such, safekeeping of the seal with trusted associates, and having proper processes for its usage, is crucial. This is markedly different from the practice in Singapore, which relies on signatories.

FINDING SUPPORT IN A CONNECTED CHINA

There are many stories in the mainstream media of the adventures (and misadventures) of international companies in China. First-timers could consider easing your market entry by tapping on a relevant support

network and working from there to find a niche you can own. While China is a huge market, it is not monolithic, and different regions have different priorities and challenges, with their attendant opportunities.

As an example, with China moving from a "Made in China" to a "Created in China" model, industrial upgrading is a top priority for Guangdong which has traditionally relied on export-led manufacturing growth. Notably, Guangdong aims to grow its research and development spending to 2.8% of its GDP by 2021.

Singapore has a strong knowledge-intensive manufacturing sector after decades of working with multinationals based in Singapore. Recognising this, the Singapore Manufacturing Innovation Centre (SMIC) was established as a first-of-its-kind platform in Guangzhou, to connect members to opportunities that tap on the rising demand for smart manufacturing, and to co-create solutions with Chinese companies. SMIC, which I was instrumental in structuring,

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First-timers could consider easing your market entry by tapping on a relevant support network and working from there to find a niche you can own.

is a partnership between IE Singapore and Ascendas-Singbridge.

First-timers going into China could plug into an existing eco-system such as SMIC to help them navigate and connect with opportunities and network with like-minded people and partners. Companies do see the value in this. Since SMIC's launch in August 2017, it now has a community of six Singapore companies, with another new member joining in March 2018.

COMFORT IS RELATIVE, GROWTH IS ESSENTIAL

China's GDP grew 6.9% in 2017, which translates to an increase of US\$750 billion in economic size. To give this some context, it is equivalent to 2.5 times Singapore's annual GDP of around US\$300 billion. China's dramatic rise is not slowing down, and opportunities are growing for Singapore-China collaborations, as mentioned by Singapore's Finance Minister Heng Swee Keat, at the end of his five-day visit to Suzhou and Beijing last November.

The time spent in China has definitely made me appreciate the potential of one of the world's largest economies better. If you are contemplating working in China, be prepared to step out of your comfort zone. Be open to learning the different ways, and subtleties, of doing business. Ease your way in by joining a network that can provide relevant support and advice.

I believe the process of learning about China, cultivating the relationships along the way, and enhancing your resources would make the journey an enriching and rewarding one – one that is uniquely yours! ISCA

Phua Yung Keat is Vice President (Sustainable Urban Development), Ascendas-Singbridge. The views expressed in this article are the writer's and do not necessarily reflect the views of Ascendas-Singbridge.

PREPARING TEAMS TO LEAD INNOVATIVE CHANGE

A New Model Of Organisational Change



BY
HENRIK
BRESMAN

The auto industry may be in for a double upending in the near future. First, the tipping point for self-driving cars is expected to occur between 2020¹ and 2026², according to experts' estimates. Second, the rise of ride-sharing (otherwise known as "Uberisation") poses a potentially fatal threat to the prevailing business model. Looking ahead to the next decade, it's impossible to predict the future of cars, let alone that of an industry based around putting a car in every driveway.

Automakers aren't alone in confronting blinding, multi-levelled change. Before the iPhone, few anticipated that smartphones would essentially reshape the field of consumer electronics. Now, innovation is coming so rapidly that one in two consumers believes the smartphone itself will be obsolete by 2020³.

The state of play in today's most innovative, dynamic industries requires organisations to think

¹ Taming the Autonomous Vehicle: A Primer for Cities", March 2017, Bloomberg Philanthropies

² "Deep Shift: Technology Tipping Points and Societal Impact", September 2015, World Economic Forum

³ "10 Hot Consumer Trends for 2016", Ericsson





and adapt in new ways. The familiar paradigm of strategic change – wherein senior leaders dream up the vision and see it through to completion – is out of place in a world where no one, in or out of the C-suite, knows what the future holds. To remain innovative, strategic change itself needs to evolve from a top-down, linear process to a more democratised, open-ended process. The primary staging ground should shift from the organisation as a whole to its constituent teams. In a paper (co-authored by my INSEAD colleague Quy Huy), presented at the most recent Academy of Management Annual Meeting, we explore a new model of strategic change and attempt to answer some of the questions it raises.

ORCHESTRATING CHANGE

Our inter-team model would remove the pressure on top leaders to be industry prophets. Instead, the task of determining the organisation's future direction can be divided among frontline teams, each with its own area of expertise. Pooling the fruits of their parallel experiments, teams can develop collective knowledge resources that can be converted – with support from senior leadership – into innovative organisational routines. The cycle can be repeated any number of times. When innovative capacities start to run dry, they can be regenerated at the intersections of team activity.

Of course, without some form of discipline, the whole system would be in danger of collapsing into chaos. We use the analogy of a symphony orchestra:

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To remain innovative, strategic change itself needs to evolve from a top-down, linear process to a more democratised, open-ended process.

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As fast-moving market and tech trends capture more and more industries, we predict that our team-based schema will become increasingly pertinent.

The various sections and sub-sections of an orchestra each plays different music, yet the conductor's baton unites them. In our model, the "conductor" is the top team, whose role would include (among other functions) fostering a safe, empowering context for the frontline teams' experimentation, aiding horizontal coordination, setting behavioural norms, and guiding selection and implementation of appropriate strategic options.

Our orchestra analogy isn't perfect. There is no sheet music, that is, no predetermined plan, for the teams in our model. In this sense, they would be more like a well-rehearsed and experienced jazz combo, composing the piece in collaboration as they play it. Their improvisations, however, receive structure and shape largely from guardrails set down by senior leaders. It falls to the top teams to maintain harmony between team experimentation and overarching strategic goals.

Our model allows teams to assume task-appropriate roles at different points, instead of being made to march in organisational lockstep. They can even take a break, just as sections in an orchestra will "rest" as the music requires, while the work goes on around them. Teams need periods of slowdown and stillness to cope with a potentially exhausting environment of continual change.

THREE CRITICAL FUNCTIONS

Preparing teams to initiate strategic change will usually require strategic investments on the part of companies.

We isolate three areas of critical importance towards which companies should consider directing time and resources.

1 DISCOVERING

Teams focusing on this function prioritise and excel at what we call "scouting" tasks. In other words, they are silo-busters. By learning more about their wider terrain, they ensure the experimental process remains relevant to the real-world context. Before experimentation begins, a main concern for leaders will be whether team members are diverse enough in their abilities and approaches to tackle the task environment. Where

knowledge is lacking within the team, leaders will set up cross-team collaborations to compensate.

Top teams can help the frontlines perform these tasks better by fostering a holistic mindset – creating conduits for intra-organisational collaboration and providing frontline team leaders with a broader strategic orientation.

2 DELIBERATING

This function corresponds with an "ambassador" role in which politics (an organisational inevitability) comes to the fore. Once experimental results are in, teams will compete with one another to win scarce resources. In essence, this is a political process wherein actors





proffer contrasting change visions in hopes of swaying higher-ups. In making their case, teams should be sophisticated about the motivations – both overt and hidden – of all players concerned. Eventually, visions that fail to win widespread support will fade from consideration, while those that remain will come to inform the new strategic direction.

Top teams should be ready to ask pointed questions of frontline teams, in order to assess the relevance of proposals to the overall strategy. Also, senior leaders can alert frontline teams to political pitfalls (such as pockets of elite resistance) they may be unaware of, or unprepared for.

3 EMBEDDING

This function requires a “task coordinator” role whose purpose is to translate new strategic directions into manageable, sustainable routines. At the grassroots, it will take many forms – coordinating with various stakeholders to address their concerns about the change; collecting evidence to reinforce the legitimacy of the new direction, and conveying timely information both from and to higher-ups (to name a few).

Senior leaders will be under the microscope during the embedding phase. While being careful to keep words and actions consistent, top teams should tailor their

communication strategies to the demands of the moment. When they don’t have the luxury of time to elucidate an original or complex change narrative, simplicity will do. For example, former IBM CEO Louis V. Gerstner eschewed all embellishment as he began framing his change vision, encapsulating everything in the simple value of customer service that fuelled the company’s initial success.

The three functions above are not entirely unique to our model. They are similar to components of past theories of organisational change. Our model differs in transferring them from a context where the three are performed in linear sequence to a (team-based) context where they are performed simultaneously by different work units, each at its own task-appropriate pace.

PUTTING IT INTO PRACTICE

The chief beneficiaries of our model would be incumbents experiencing fast-moving, existential change in their operative environment, example, automakers such as Daimler or Toyota. Organisations with a clearer notion of what the future holds are better able to execute strategic change using the familiar, top-down structure. As fast-moving market and tech trends capture more and more industries, we predict that our team-based schema will become increasingly pertinent.

A good starting point for implementation is to experiment, example, as part of a leadership development programme. Split into “frontline teams” reporting to the top team, participants could be asked to devise possible solutions to a strategy-related problem facing either the organisation or the industry as a whole. The inter-team competitive element could be either downplayed or accentuated, depending on organisational culture and demands. ISCA

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TECHNICAL HIGHLIGHTS

FINANCIAL REPORTING

ISCA ISSUES NEW TECHNICAL BITES ON TOPICAL ISSUES

In 2017, six new technical bites (Tech Bites) were issued and added to ISCA's Technical Bite-Size Guidance. These Tech Bites provide insights on some common topical issues encountered in the application of FRS 2, FRS 16, FRS 21, FRS 24, FRS 40 and FRS 110. They also feature the application of principles and the exercise of judgement in resolving those issues.

For more information, please visit
www.isca.org.sg/tkc/fr/techbites/

ASC ISSUES NEW SFRS(I)S

Singapore Financial Reporting Standards (International) or SFRS(I)s comprise Standards and Interpretations that are equivalent to International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. SFRS(I)s are applicable for annual reporting periods beginning on or after 1 January 2018.

Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I)s for annual periods beginning on or after 1 January 2018.

For more information, please visit
www.asc.gov.sg/firstvolume

ASC ISSUES AMENDMENTS TO FRS 109 AND FRS 28

The amendments to FRS 109: Financial Instruments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss.

The amendments to FRS 28: Investments in Associates and Joint Ventures clarify that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using FRS 109.

Both amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

For more information, please visit
www.asc.gov.sg/CEPafter1Jan2017



AUDITING AND ASSURANCE

EXPANDING SMP SERVICES: AGREED-UPON PROCEDURES ENGAGEMENTS

Agreed-Upon Procedures (AUP) engagements provide a great opportunity for small and medium-sized practices to grow and deliver a valuable client service. This IFAC publication, "Agreed-Upon Procedures (AUP) Engagements: A Growth and Value Opportunity", describes AUP engagements, when they are appropriate, and identifies key client benefits. It also provides short case studies with example procedures that can be applied.

For more information, please visit
<https://www.ifac.org/news-events/2018-01/expanding-smp-services-agreed-upon-procedures-engagements>

REGULATORY

ACRA ISSUES PRACTICE GUIDANCE AND GUIDE ON REVIEW PROCEDURES

To guide directors in reviewing their company's upcoming financial statements, ACRA has issued Practice Guidance No. 1 of 2018, which highlights eight financial reporting areas that may require more attention by directors when approving the companies' FY 2017 financial statements.

In tandem with ACRA's review under the Financial Reporting Surveillance Programme (FRSP), ACRA has published the Guide on Review Procedures to share information on the FRSP review procedures with directors and management.

For more information, please visit
<https://www.acra.gov.sg/components/templates/newsDetails.aspx?id=00ef297a-eae5-454f-9077-1a79a0b201bb>

Automated Invoicing Solution Eliminates Risk of Missed Billing

CHALLENGE

A Singapore-registered fund management company had to manually track vast volumes of transactional data in every billing cycle when each customer's invoice was manually prepared. As the demand grew, this time-consuming task became increasingly challenging and there was a problem of missed billing. Consequently, the firm turned to Stone Forest IT (SFIT) for a solution.

SOLUTION

SFIT integrated the Sage 300 Accounts Receivable module into the company's Sage 300 accounting system. This add-on module maintains billing schedules to help keep track of recurring payments due from customers, allowing users to generate invoices easily through the system.

In addition, SFIT introduced an automated utility that validates invoices generated according to the billing schedule and sends the user an email alert with the details of unbilled customers for the month.

RESULTS

After deployment, the client enjoyed the following benefits:

- Automated invoice preparation streamlines the billing process and increases staff productivity by 50%
- Peace of mind that payments due from customers are accurately and efficiently tracked, allowing invoices to be issued in a timely manner
- Eliminate risk of failure to invoice customers due to human error

The successful project was a result of SFIT's extensive experience in providing customised solutions for Sage 300 to meet the needs of businesses.

HIGHLIGHTS

Industry:

Fund Management

Location:

Singapore

Solution:

Sage 300 Accounts Receivable module and automated utility

Results:

- Greater staff productivity
- Peace of mind
- Eliminate risk of failure to invoice customers due to human error

CAPITAL OR REVENUE?

Gains On Disposal Of Shares And Section 10(1)(g)



BY
FELIX WONG

Singapore does not impose taxes on capital gains. Strictly, the Comptroller of Income Tax (CIT) can only impose tax on a gain if it is within the ambit of Section 10(1) of the Income Tax Act (ITA).

Sections 10(1)(a) to (f) pertain to specific taxable gains or profits, while Section 10(1)(g) acts as a “catch-all” provision that taxes “any gains or profits of an income nature” that do not fall within the heads of charge under the preceding paragraphs. Until the recent case of *GBU v CIT* [2017] (*GBU*) where the CIT sought to apply section 10(1)(g) to gains derived from the sale of shares, Section 10(1)(g) has only been applied in cases involving gains from the disposal of properties.

At a recent *Tax Excellence Decoded* session by the Singapore Institute of Accredited Tax Professionals (SIATP),

★
The judgement in *GBU* has shown that the intention to profit from a particular transaction did not mean that gains from that transaction will necessarily be caught under Section 10(1)(g).





Liu Hern Kuan, Consultant at Tan Peng Chin LLC, shared his insights on the first non-property related case involving Section 10(1)(g) of the Income Tax Act

Liu Hern Kuan, Consultant at Tan Peng Chin LLC, who successfully argued the *GBU* case, shared his insights on this “catch-all” provision in the first non-property related case involving Section 10(1)(g).

GBU V CIT [2017]

In *GBU*, the taxpayer is a company in the business of operating supermarkets. At the time of the acquisition of the shares, the taxpayer had substantial cash reserves of over \$76 million which was generating a meagre interest of 0.78% per annum in year 2008. To improve its rate of return from the cash reserve, the taxpayer made a series of buy-and-sell transactions in shares within a two-year period, which resulted in several millions of dollars in gains.

Relevant charging provision

Gains on sale of shares are traditionally brought to tax under Section 10(1)(a) of the ITA, which states that income tax shall be payable in respect of “gains or profits from any trade, business, profession or vocation for whatever period of time such trade, business, profession or vocation may have been carried on or exercised”.

Practically, gains are unlikely to be taxed under Section 10(1)(a) if the

TECHNICAL EXCELLENCE

SINGAPORE TAX CASES

transaction is an isolated transaction in the context of the taxpayer's business. The Court of Appeal remarked in *DEF v CIT* [1961] that the words, "trade" and "business" in section 10(1)(a) connotes "habitual and systematic operations, a continuity or repetition of acts in carrying on, or carrying out a scheme for profit-making".

As the taxpayer in *GBU* did not buy and sell shares as part of its principal business activity, its activities are unlikely to constitute a trade or business in shares under Section 10(1)(a). Instead, the CIT sought to subject to tax the taxpayer's gains under Section 10(1)(g).

The CIT's arguments

The CIT argued that as the taxpayer had the intention to make a profit when it acquired the shares, section 10(1)(g) applied, subjecting the gains to tax.

In justifying its assertion, the CIT submitted that the appropriate test, derived from two previous Income Tax Board of Review (ITBR) decisions, *IB v CIT* [2004] (*IB*) and *HZ & Anor v CIT* [2004] (*HZ*), is two-pronged. First, the gain derived from the transaction would prima facie be taxable under Section 10(1)(g) if the taxpayer had an intention to profit from the transaction at the time the transaction was entered into, and second, only if the taxpayer satisfied the ITBR that the acquisition was intended to be held as a long-term investment would it be considered a non-taxable capital gain.

The CIT went on to argue that there was a lack of intention by the taxpayer to hold the shares as long-term investments, as the taxpayer had bought the shares with the intention of selling them prior to listing on the Singapore Exchange (SGX) or after "sufficient" appreciation in value. The lack of intention to hold was further demonstrated by the fact that the taxpayer did not conduct any feasibility studies prior to their share purchase, and that some share

counters purchased by the taxpayer did not yield any dividends.

The taxpayer's arguments

The taxpayer argued that the main motivation behind the share purchases was to improve the rate of interest on the company's cash reserve than that offered by the bank. The shares were acquired with the intention of being held as long-term investments, and the resulting gains were therefore capital in nature.

On the CIT's proposed two-pronged test, the taxpayer reasoned that it could not be applied to the case of share portfolio investors, as practically any share portfolio investor would purchase shares in expectation of profit from appreciation and hence would be subject to tax under this test.

In addressing the CIT's assertion that it lacked the intention to hold the shares as long-term investments, the taxpayer argued that the absence of dividend yields would not make the share counters any less of an investment, and the lack of feasibility studies was also irrelevant in demonstrating its intention (as each share purchase was carefully considered).

The taxpayer also submitted that while it had the intention to sell the shares prior to its listing on the SGX, there was no definite timeframe to sell the shares at the point of purchase as the process of listing was "long, tedious, involving numerous stakeholders, and subject to volatile market conditions".

The ITBR's decision

On the CIT's proposed test, the ITBR commented that while both *IB* and *HZ* only identified the concept of "long-term investments" as being an exception to the rule, the ITBR did not take this to mean that if the taxpayer were unable to prove that the acquisition was for the purpose of a long-term investment, it must necessarily mean that the gain derived from the subsequent sale would be a taxable income gain.

In other words, the concept of "long-term investments" is merely a safe harbour to show that a gain was capital in nature. It does not automatically render a gain derived without the intention to hold the purchase as a long-term investment as being an income gain. All facts and circumstances of the case must be considered.

Given that the taxpayer's submissions on the facts of the case were that the shares acquired were for the purpose of long-term investment, the ITBR's assessment of the case did not turn on any dispute that may exist between the parties on the legal test to be applied. Instead,



PHOTO SHUTTERSTOCK



What may constitute a capital gain for a share portfolio investor may look different from what may constitute a capital gain for an investor in real property.

Intention is not all

The test laid down by *IB* and *HZ* (and adopted by the CIT in *GBU*), where a gain would be regarded as income gain (and therefore taxable) once there is an intention to make a profit when a transaction is entered into, while easy to apply, is not the sole test of taxability for Section 10(1)(g).

The judgement in *GBU* shows that the intention to profit from a particular transaction does not mean that gains from that transaction will necessarily be caught under Section 10(1)(g). All facts and circumstances have to be considered in determining whether a taxpayer had an intention to make an investment (or not).

“Long-term investment” as a safe harbour

The ITBR accepted in *GBU* that the concept of “long-term investment” is a safe harbour which would satisfy the Board that the gain was capital in nature.

In arriving at its decision, the ITBR also observed that the concept of “long-term” cannot be applied to the facts of any given case without taking into account the distinctions that may arise between different types of assets. What may constitute a capital gain for a share portfolio investor may look different from what may constitute a capital gain for an investor in real property. **ISCA**

the key question was whether the taxpayer intended to hold the shares as long-term investments which would render the gain derived from the disposal of the shares a capital gain. To this, the ITBR agreed with the taxpayer's submissions, and found that the gains derived from the sale of the shares did not fall within Section 10(1)(g) of the ITA.

KEY HIGHLIGHTS

Prerequisite for Section 10(1)(g)

While Section 10(1)(g) acts as a “catch-all” provision that taxes “any gains or profits of an income nature” even where such income does not fall

within the heads of charge under the preceding paragraphs, its prerequisite is that the gains or profits must be of an “income nature”.

The challenge remains that the term “income” is not defined in the ITA. There is also no extensive or authoritative case law clarification on the term. It is therefore noteworthy that the ITBR in *IB* has attempted to define the ordinary meaning of “income” as encompassing “the amount of money or its equivalent received during a period of time in exchange for labour or services, from the sale of goods or property, or as profit from financial investments.”

Felix Wong is Head of Tax, SIATP. This article is based on SIATP's *Tax Excellence Decoded* session facilitated by Liu Hern Kuan, Consultant, Tan Peng Chin LLC. For more tax insights, please visit www.siatp.org.sg.

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Moorad Choudhry
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3

Prizes Up for Grabs

Stand to win the book of your choice! Simply email your answers to the quiz questions to journal@isca.org.sg by 23 March 2018. Please provide your full name, NRIC number, mailing address, contact number and the book you're interested in.

QUIZ

1 In "China's Belt and Road Initiative", the Initiative's strength lies in its potential involvement of more than 65 countries, 40% of global GDP, 4.4 billion of population, and 34% of global trade.

A True
B False

2 In "Capital or Revenue?", while Section 10(1)(g) acts as a "catch-all" provision that taxes "any gains or profits of an income nature" even where such income does not fall within the heads of charge under the preceding paragraphs, its prerequisite is that the gains or profits must be of an "income nature".

A True
B False

3 In "Preparing Teams to Lead Innovative Change", preparing teams to initiate strategic change will usually require strategic investments on the part of companies. The three areas of critical importance towards which companies should consider directing time and resources are Discovering, Deliberating and Embedding.

A True
B False

CONGRATULATIONS

FEBRUARY QUIZ WINNERS:

Arief Lesmana Constantine
Sxxxx035J

Koid Shiau Sian
Sxxxx675D

Tan Tong Lain
Sxxxx946E

Answers for February quiz: (1) B, (2) A, (3) A



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