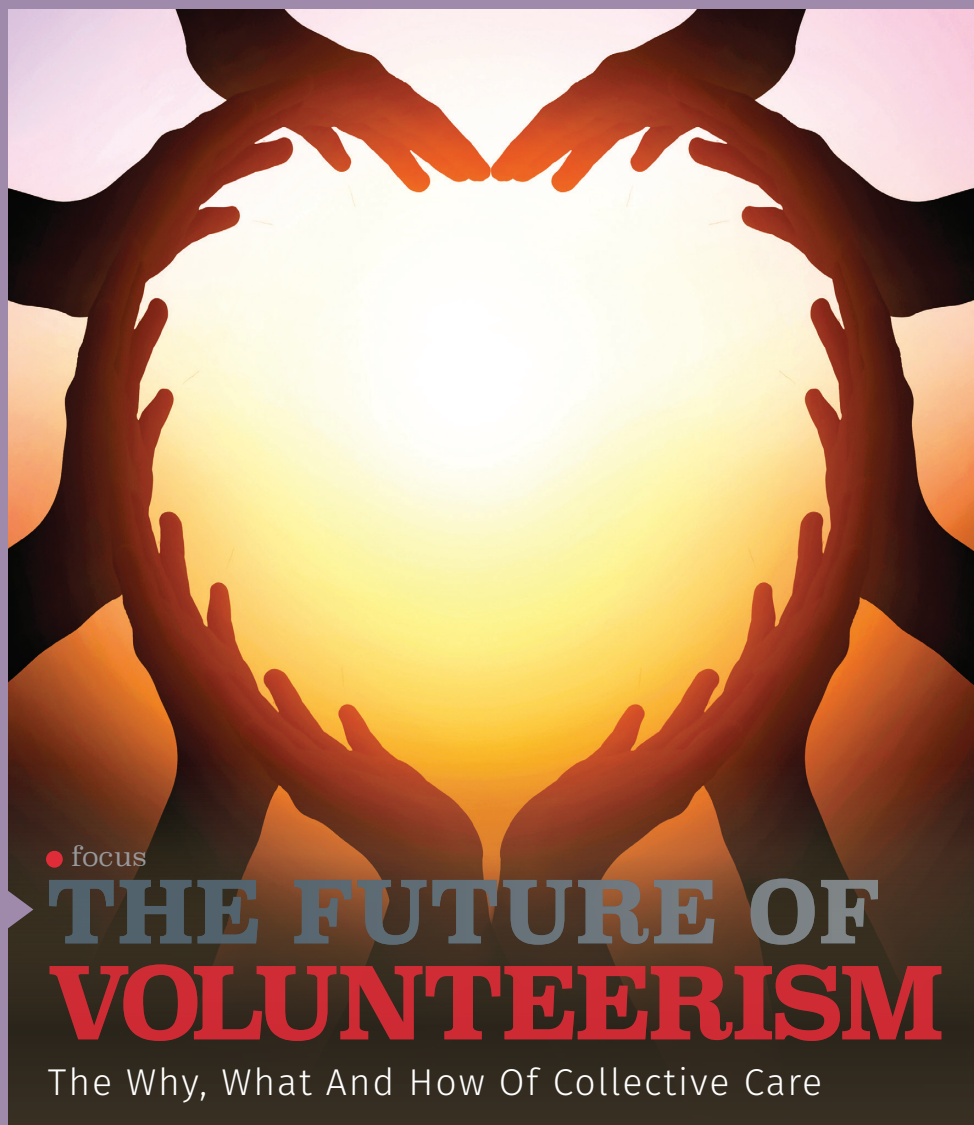


# IS Chartered Accountant Journal

DECEMBER 2021



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Dear members,

**THIS YEAR WAS FILLED WITH CHANGES AND CHALLENGES AS THE EFFECTS OF COVID-19 CONTINUED TO BE FELT.**

Amid the complexities in the business landscape, ISCA and our members were involved in several community activities and I would like to mention some of the “heart” work here. We held the inaugural ISCA Cares Charity Golf event – postponed from last year due to the pandemic – and raised over \$421,000 (including matching funds from the Tote Board) for ISCA Cares. As you know, ISCA Cares represents a collective effort of the accountancy profession to give back to society, and is also a platform for the profession to support worthy and meaningful causes. To expand the avenues for members to channel their “heart” work, ISCA signed an MOU with the Ministry of Culture, Community and Youth (MCCY) – Singapore Cares Office to drive skills-based volunteerism, with the aim for Social Service Agencies to benefit from the skills and expertise of professional accountants. At the ISCA Cares Bursary Awards Ceremony in early December, a total bursary amount of \$133,000 was awarded to 40 bursary recipients, known as ISCA Cares Ambassadors.

The festive season is a time of giving and the Institute, together with Bazaar Sponsors (Deloitte Singapore, EY, KPMG and PwC Singapore) and Outreach Partners from 14 accounting firms, came together to organise the “Counting On You” Giving Bazaar. This collective “heart” work by the profession enables us to generate even greater

social impact, and all proceeds from the sale of items will go directly to the beneficiary charities and organisations.

“Heart” work and volunteerism contribute to the common good. With December 5 being International Volunteer Day, our cover story, “The Future Of Volunteerism”, notes the crucial roles played by volunteers. It examines ways to deepen the culture of care, including building capabilities at the people and organisational levels, so that doing good becomes a whole-of-society approach. “The future state of volunteerism holds much potential and opportunities,” says FCA (Singapore) Dr Ang Hak Seng, who wrote the article, and members are invited to explore the possibilities; Dr Ang was Deputy Secretary, MCCY (2017–2021).

The Member Profile column continues with the theme of giving from the heart, as demonstrated by our three featured members – all long-time volunteers. Find out how their inspiring acts of doing good have made a real difference.

While the Institute does its part for the community, we are committed to serving our members, who are our top priority. To help members in these tough times, we unveiled an \$8-million ISCA Support Fund to cater to the diverse needs of accountancy professionals and small and medium-sized practices (SMPs). The Fund aims to support businesses, sustain livelihoods of accountancy professionals, and safeguard professional credentials. The article “2021: The Year In Review” showcases some of the key member programmes during the year. To build

capabilities and equip members with the requisite skills for tomorrow, we organised seminars, workshops and other events to provide them with relevant knowledge and updates. ISCA's flagship Singapore Accountancy and Audit Convention series continued to cater to the unique needs of our different member segments. We also rolled out programmes tailored for SMPs, and provided members with timely, quality resources to help them navigate the multifaceted business environment. The Institute's specialisation pathways and courses enabled members to acquire specialised skills in emerging areas of potential. To members who are still thinking about acquiring specialised skills, why not make it a New Year resolution to take the next step?

As the year draws to a close, to all our members, have a wonderful festive season and a happy 2022!

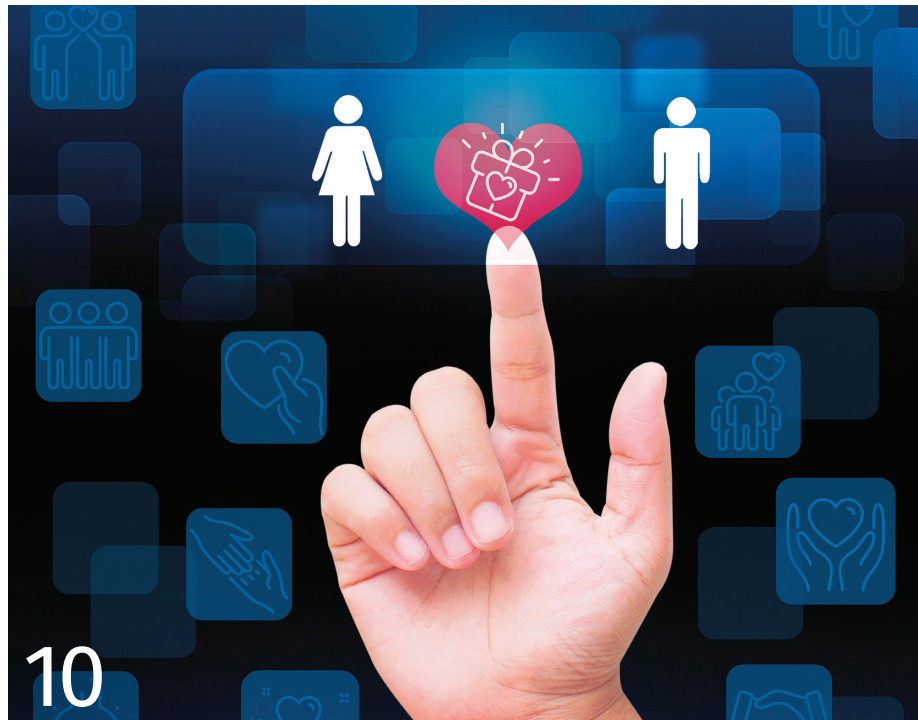


**Kon Yin Tong**  
FCA (Singapore)  
[president@isca.org.sg](mailto:president@isca.org.sg)

## Hard Work And “Heart” Work; Committed To Members And Community

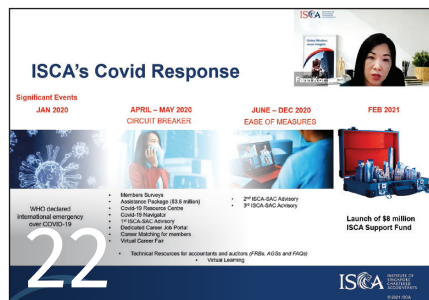
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# IFRS Foundation Announces Global Sustainability Disclosure Standards For Financial Markets

**“CAPITAL MARKETS CAN HAVE AN ESSENTIAL ROLE TO PLAY IN REACHING NET ZERO.** But that can only happen when sustainability information is produced with the same rigour, assurance of quality and global comparability as financial information,” said Erkki Liikanen, Chair of the IFRS Foundation Trustees (Trustees). He was speaking at the UN Climate Change Conference (COP26) Finance Day UK Presidency event titled “A Financial System for Net Zero” on November 3.

Mr Liikanen went on to announce three significant developments to provide the global financial markets with high-quality disclosures on climate and other sustainability issues.

## 1) Formation of International Sustainability Standards Board (ISSB)

The purpose of ISSB is to develop, in the public interest, a comprehensive global baseline of sustainability disclosures for the financial markets called IFRS Sustainability Disclosure Standards. This addresses what the G20, International Organization of Securities Commissions (IOSCO) and many others have been asking for. The ISSB will sit within the IFRS Foundation, alongside the International Accounting Standards Board (IASB), and will work closely with it.

## 2) Consolidation of sustainability standard-setters

The Value Reporting Foundation (VRF), which is home to the Sustainability Accounting Standards Board and International Integrated Reporting Council, and the Climate Disclosure Standards Board (CDSB), will become part of the IFRS family.

## 3) Publication of prototypes

Two prototypes will be published – one on climate-related disclosures, and the other on general sustainability disclosure requirements. This is the outcome of the work by the Taskforce for Climate-related Disclosures, VRF, CDSB, World Economic Forum and IASB, with the support of IOSCO. The aim is to consolidate key aspects of this content into an enhanced, unified set of recommendations for consideration by the ISSB.



The actions will together create the necessary institutional arrangements for a global sustainability disclosure standard-setter for the financial markets.

ISSB will focus on meeting the sustainability information needs of investors for assessing enterprise value and making investment decisions. Its standards will help investors understand how companies are responding to environmental, social and governance issues, such as climate, to inform capital allocation decisions.

The standards will form a comprehensive global baseline of sustainability disclosures. They can be used on a standalone basis or integrated into jurisdictional requirements to serve

broader stakeholder or other public policy needs. This global baseline approach provides investors with the high-quality global comparability they need, while jurisdictions incorporating the global baseline can go further if they wish. “We will introduce mechanisms for formal engagement with jurisdictions developing their own sustainability reporting requirements,” said Mr Liikanen, in his delivery.

The ISSB expects to benefit from a range of expert advice, including guidance from the International Monetary Fund, Organisation for Economic Co-operation and Development, World Bank, United Nations and other experts. Engagement with developing and emerging economies will be an important priority.

PHOTO SHUTTERSTOCK

## MARK YOUR CALENDAR

20  
DEC

### Crisis Management & Business Continuity Management (Live Webinar)



This programme equips participant with necessary foundation to understand the basis for crisis management and the primary concepts and processes employed to prepare for a crisis. This module include Enterprise Risk Management, Crisis Management, Business Continuity Management and the way we value business processes and fund them.

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DEC

### Key Considerations for a Successful M&A (Live Webinar)



- Provide participants an overview of a Merger & Acquisition (M&A) process from initiation to completion
- Highlight the critical success factors / key considerations at each stage of the process, including how finance department partners the business units in the entire M&A process
- Share practical examples in M&A deals to participants based on facilitator’s multiple deal experiences globally.

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### Key FRS of Financial Statements (Live Webinar)

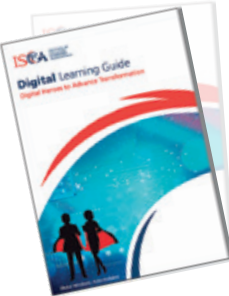
This seminar focuses on applying FRS in the preparation of financial statements for non-listed entities.

It will be a refresher for participants on the yearly preparation of financial statements, with the aim to increase both the quality and efficiency of the preparation.

### Digital Learning Guide

Explore the 5 areas to advance digital transformation. Match your role from 12 possible digital superhero roles. Which one are you? Find out more!

Download the Digital Learning Guide at <https://isca.org.sg/dlg>



28  
DEC

### Top 18 Lessons We Learn – Professional Conduct and Ethics in Preparing Financial Statements (Live Webinar)



This seminar is specially conceptualised and designed to provide you the top 18 lessons we learnt from the financial scandals that have rocked the world and the relevance of ethics, personal and professional skills that are expected in preparing financial statements. It also provides an opportunity to accountants and auditors to develop an independent mindset to compare and question different ethical perspectives.

07  
JAN

### Building Interactive Budget Tracking and Variance Analysis Model using Excel (Live Webinar)

- Build effective Budget Model quickly and systematically to meet business needs efficiently
- Prepare What-if analysis to support better Management Decision Making
- Understand the Do’s and Don’t’s in Building Financial Model using Excel
- Leverage on Excel Functions to enhance the models
- Use Macro recording to automate certain repetitive tasks efficiently

Enjoy Early Bird discount till 31 Jan 2022

**ISCA Budget & Tax Conference 2022**

10 Mar 2022 (1:00 PM - 6:00 PM)

**Highlights:**

- Tax implications arising from the 2022 Budget proposals
- Update of Recent Corporate and Individual Tax Developments
- Economic Outlook and Analysis of 2022 Budget
- Clarification of Budget proposals during the interactive Q&A session

SCAN ME

# COP26 Keeps 1.5 Degrees Alive And Finalises Paris Agreement



**AT THE END OF THE UN CLIMATE CHANGE CONFERENCE (COP26) IN GLASGOW FROM OCTOBER 31 TO NOVEMBER 12,** COP26 President Alok Sharma said, “We can now say with credibility that we have kept 1.5 degrees alive. But, its pulse is weak and it will only survive if we keep our promises and translate commitments into rapid action.”

The event concluded with the consensus on the urgent need to accelerate climate action. Nearly 200 countries agreed to the Glasgow Climate Pact which, when combined with increased ambition and action from countries, meant that 1.5 degrees remained in sight, but it can only be delivered with concerted and immediate global efforts. All countries agreed to revisit and strengthen their current

emission targets to 2030, known as Nationally Determined Contributions (NDCs), in 2022. This would be combined with a yearly political roundtable to consider a global progress report and a Leaders Summit in 2023.

The Paris Rulebook, the guidelines for how the Paris Agreement is delivered, was also completed, after six years of discussions. This would allow for the full delivery of the landmark accord,

after agreement on a transparency process which would hold countries to account as they delivered on their targets. This included Article 6, which established a robust framework for countries to exchange carbon credits through the United Nations Framework Convention on Climate Change. Singapore’s Minister for Sustainability and the Environment Grace Fu co-facilitated discussions on Article 6 with her Norwegian counterpart in Glasgow.

**“We can now say with credibility that we have kept 1.5 degrees alive. But, its pulse is weak and it will only survive if we keep our promises and translate commitments into rapid action.”**

COP decisions went further than ever before in recognising and addressing the loss and damage from existing impacts of climate change. There were also commitments to significantly increase financial support through the Adaptation Fund as developed countries were urged to double their support to developing countries by 2025.

The final COP26 text followed two years of intense diplomacy and campaigning undertaken by the UK Presidency to raise ambition and secure action from almost 200 countries. Work focused on driving short-term reduction of emissions to limit temperature rises to 1.5 degrees, mobilising both public and private finance, and supporting communities to adapt to climate impacts.

When the UK took on the COP26 mantle, in partnership with Italy, nearly two years ago, only 30% of the world was covered by net-zero targets. This figure now stood at around 90%. Over the same period, 154 Parties have submitted new national targets, representing 80% of global emissions.

For the first time, COP agreed to action on phasing down fossil fuels. Given the push to deliver emission reductions with a huge shift in coal, many more countries have committed to phase out unabated coal power and ending international coal financing. Alongside this was a marked commitment to protect precious natural habitats, with 90% of the world’s forests covered by a pledge from 140 countries, including Singapore, to

end deforestation by 2030.

The transition to zero-emission vehicles gathered pace, with some of the largest car manufacturers working together to make all new cars zero-emission by 2040 and by 2035 in leading markets. Countries and cities followed suit with ambitious petrol and diesel car phaseout dates.

“From here, we must now move forward together and deliver on the expectations set out in the Glasgow Climate Pact, and close the vast gap which remains,” said Mr Sharma. “It is up to all of us to sustain our lodestar of keeping 1.5 degrees within reach and to continue our efforts to get finance flowing and boost adaptation.”

## Singapore Reaffirms Commitment To Sustainable Development

Singapore showed its support with an endorsement of the Glasgow Leaders’ Declaration on Forests and Land Use, reaffirming the country’s commitment to sustainable development.

Even before COP26, Singapore was taking active steps to develop the city sustainably and protecting the nature that thrives in its midst. In February this year, Singapore launched the

Singapore Green Plan 2030, the national movement for sustainable development. One of the key pillars under the Green Plan is to transform Singapore into a City in Nature. “Sustainability and stewardship are core principles in our approach to land use planning. As a small city-state with many competing demands for our limited land, we will continue to develop our city sustainably while conserving nature within our urban environment,” said Desmond Lee, Minister for National Development.

As part of the City in Nature vision, core biodiversity areas will be conserved and protected, natural habitats will be enhanced and restored, and Singapore’s ecological resilience will be strengthened. Given Singapore’s tight physical constraints and the many competing demands for land, a science-based approach is adopted to balance development and conservation in the country’s land use planning, explained the minister. For example, as part of the planning process, the ecological value of sites is assessed, and this is taken into account when selecting sites for development. For sites identified for development, the potential environmental impacts are carefully studied and mitigated. Natural elements will be conserved and integrated within developments where possible, to facilitate ecological function. The tensions notwithstanding, Singapore’s commitment to conserve and restore core forests and other terrestrial ecosystems is a key component of its approach to long-term planning, reaffirmed Mr Lee. In this regard, Singapore stands together with the international community in taking global climate action for sustainable urban development and the protection of biodiversity and carbon sinks.

**“Sustainability and stewardship are core principles in our approach to land use planning. As a small city-state with many competing demands for our limited land, we will continue to develop our city sustainably while conserving nature within our urban environment.”**



PHOTO SHUTTERSTOCK

● isca breakfast talk

# Transforming Your Finance Function By Leveraging Process Change And New Technologies

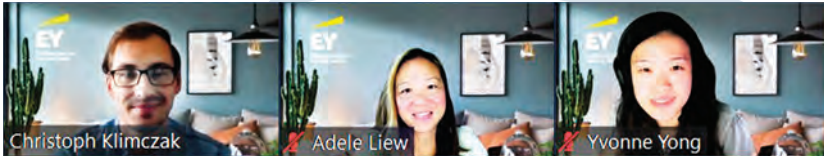
**AS THE FINANCE FUNCTION TRANSITIONS TO ITS ROLE AS A STRATEGIC BUSINESS PARTNER**, there is increasing demand for the finance system to be more integrated, agile and transparent, with streamlined and efficient processes. With the continued disruption to work environments, it is critical to establish a flexible financial close and robust planning process.

At the ISCA Breakfast Talk webinar on October 13, speakers from the EY Financial Accounting Advisory Services team – Adele Liew, Yvonne Yong and Christoph Klimczak – shared insights on how process changes and finance technology can be used to optimise the financial close and planning processes as well as avoid common pitfalls along this journey.

Drawing from recent research involving more than 160 finance leaders about their views on building a digital culture as the key to unlocking innovation and transformation, the speakers highlighted that for digital transformation to be successful, the finance teams need to understand not only the technology development environment but also the culture, and work behaviours.

Additionally, as part of any transformation journey, the finance teams need to understand how and why processes become complex and inefficient, so that they can deploy the right levers and enablers to overcome the challenges.

In a typical transformation journey, a four-step approach is recommended. It starts with a reimagine phase, in which teams have to consider a range of questions pertaining to challenges for the financial



**BT2110 : ISCA Breakfast Talk:**  
**Transforming Your Finance Function By Leveraging Process Change And New Technologies (Live Webinar)**  
**13 October 2021, Wednesday**  
 Global Mindset, Asian Insights

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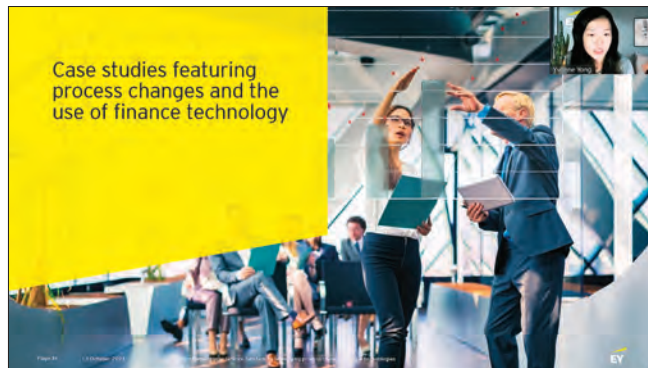
closing and planning processes, and identify the root causes for current challenges and pain points. At this stage, the finance teams should also create a vision of a reimaged finance function and the capabilities that should be in place. In the second step, teams should identify current capability gaps vis-à-vis the new vision and design a target operating model, taking into account the pillars of people, processes and technology. In the third step, the finance teams need to prioritise initiatives and develop a roadmap, mobilise resources, consider external consultants where required, and begin the execution. Finally, ongoing monitoring and improvement steps need to be formalised in any transformation process.

Techniques like team workshops, structured and comprehensive gathering and validation of requirements as well as

holistic technology research with vendor evaluation can be effective for planning the future operating model, particularly in the reimagine phase.

Rounding off the session, the EY team shared a number of case studies relating to last-mile reporting and financial planning and reporting, based on their experiences working with various finance teams in this region. The case studies pertained to companies at different stages of the finance transformation journey. They reiterated that transformation at any stage can be successful as long as companies leverage the robust techniques discussed, and adopt a digital mindset.

Please reach out to the speakers if you have any questions or if you are interested in the materials that were shown during the ISCA Breakfast Talk.



## Do Your Part For A Good Cause: “Counting On You” Giving Bazaar

**ISCA, TOGETHER WITH FOUR BAZAAR SPONSORS** (Deloitte Singapore, EY, KPMG and PwC Singapore) and Outreach Partners from 14 accounting firms, have come together to organise the “Counting On You” Giving Bazaar.

The online Bazaar is being held on the Fairmarch platform till 31 December 2021. Featuring items from close to 60 social enterprises and charities, such as Alzheimer’s Disease Association, Arts at Metta, St Andrew’s Autism Centre and ISCA Cares (<https://www.fairmarch.com/vendors/isca>), Fairmarch is an online marketplace for socially and environmentally responsible businesses, where consumers and businesses can shop while doing good, and where every dollar spent contributes to a better world.

All proceeds raised through the sale of products via Fairmarch will go directly to the respective social enterprises and

charities, to support their beneficiaries and causes.

“I commend ISCA for rallying the accountancy profession to come together to organise the “Counting On You” Giving Bazaar 2021 in support of SG Cares Giving Week,” said Edwin Tong, Minister for Culture, Community and Youth, and Second Minister for Law. “The funds raised virtually will help to cushion the impact of the COVID-19 pandemic on social enterprises and charities, and will allow them to focus their efforts on the good work they do. My appreciation to ISCA for leading the way and inspiring the accountancy profession to give back to society in the spirit of SG Cares.”

“Through the collective efforts of the accountancy profession, we aim to generate even greater social impact. By ramping up the scale of the virtual charity bazaar, we hope more companies and individuals will be encouraged to contribute towards

meaningful causes, especially during these challenging times,” said ISCA President Kon Yin Tong.

ISCA and the Bazaar Sponsors, together with BDO, Baker Tilly, Crowe, Foo Kon Tan, Grant Thornton, Helmi Talib, JBS, Kreston ACA, Mazars, Moore, Nexia TS, One SMP, PKF and Precursor have kickstarted the charity bazaar by promoting the initiative on various networks and platforms, including through their staff, clients, business associates and on social media.

You, too, can be part of this meaningful initiative by helping us spread the word. Post about the Bazaar on your social media accounts. Start shopping at Fairmarch (<https://www.fairmarch.com/counting-on-you-giving-bazaar/>) today!

If you need to find out more or would like to be part of this good cause, please reach out to [events@isca.org.sg](mailto:events@isca.org.sg).



BY ANG HAK SENG

# THE FUTURE OF VOLUNTEERISM

The Why, What And How Of Collective Care

**THE STRENGTHENING OF A CARING CULTURE IS CENTRAL TO MAKING SINGAPORE A PLACE THAT WE CAN PROUDLY CALL HOME.** To achieve this, there is a need for a whole-of-society effort, with everyone caring for each other and leaving no one behind.

For our society to collectively care for one another, there are three steps:

- 1) Inspire will: “Why” – We need to inspire people to care;
- 2) Build capabilities: “What” – People should have the skills to meaningfully contribute;
- 3) Facilitate actions: “How” – We need to provide opportunities to care.

To this end, volunteerism is a key mode for rallying and empowering society to care. When non-profit organisations (NPOs) provide volunteering opportunities, action is facilitated for people to care. Furthermore, as volunteers are engaged and trained, they build capabilities. This would inspire more people to step forward as seeing others contribute provides that social nudge.

In addition to building a caring society, volunteerism is also crucial

in ensuring good delivery of social services. Based on the 2020 Census Report<sup>1</sup>, the proportion of Singapore’s resident population aged 65 and over grew from 9% to 15.2% from 2010 to 2020. An aging population comes with a rise in more complex issues as seniors are more prone to illnesses. If volunteers are engaged, managed, trained and retained well, they will become a key manpower resource for the non-profit sector.

### CURRENT STATE OF PLAY

The SG Cares Movement (SG Cares) is a national movement that seeks to put values into action through active volunteerism, ground-up efforts and everyday acts of care. As a whole, SG Cares looks at three areas to grow volunteerism:

- 1) Building structures for coordinated volunteerism;
- 2) Uplifting volunteer management capabilities;
- 3) Providing everyone with a convenient way to volunteer.

<sup>1</sup>Singapore Department of Statistics. (2020). Key indicators of resident population (census report). <https://www.singstat.gov.sg/-/media/files/publications/cop2020/sr1/keyindicators.pdf>



**... there are greater societal expectations for corporates to not only do well but to also do good. Hence, corporates would need to ingrain volunteerism as part of their business model.**

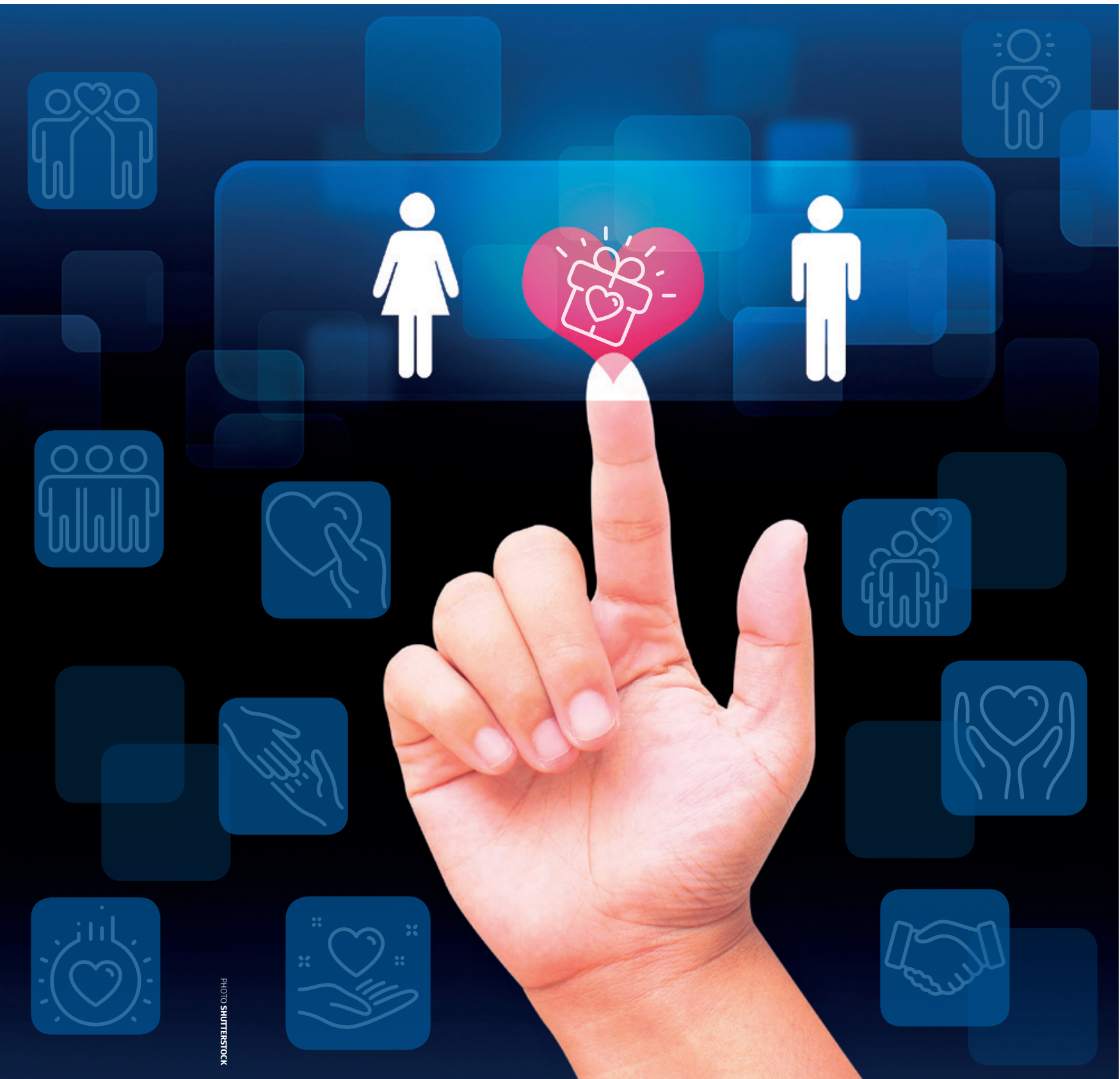


PHOTO SHUTTERSTOCK

**Volunteers must be viewed as a key resource and there must be dedicated efforts to manage, train and retain volunteers... volunteering opportunities must also be carefully designed to meet needs, tap on the skills of volunteers and provide a sense of purpose for the volunteer.**



**Building structures for coordinated volunteerism**

With each town in Singapore facing different needs (for example, due to different demographics), and with the presence of many NPOs providing similar services, there was a need for coordination. Hence, the SG Cares Volunteer Centres (VCs)<sup>2</sup> were established to serve as a central node in each town to ensure that volunteering opportunities are well coordinated. SG Cares VCs are NPOs appointed by the SG Cares Office to grow and coordinate volunteer supply, build volunteer management capabilities, and broker partnerships between demand and supply at the town level. There will be an SG Care VC in each town by March 2022.

**Uplifting volunteer management capabilities**

As volunteers are a key resource to the non-profit sector, there is a need for strong volunteer management capabilities to engage, train, deploy and retain volunteers.

Owing to this importance, the SG Cares Office signed a Memorandum of Understanding with Singapore University of Social Sciences (SUSS)

to launch the Centre of Excellence for Social Good (CESG)<sup>3</sup>. CESG aims to provide a platform for different communities to advance social good, which includes providing education, multidisciplinary research and collaboration that enhance the non-profit sector's capabilities and practices.

The National Council of Social Service also produces good resources<sup>4</sup> for volunteer managers and NPOs to uplift their capabilities. Some of these include:

- 1) Volunteer Management Toolkit;
- 2) Volunteer Continuity Planning Guide;
- 3) Volunteer Management System Roadmap;
- 4) Learning Opportunities for Volunteer Managers.

**Providing everyone with a convenient way to volunteer**



▲ The SG Cares mobile app is a convenient touch point for everyone to volunteer, donate or contribute to the community



PHOTO SHUTTERSTOCK

At the individual level, there is a need to provide everyone with a convenient, assured and personalised way to give. To this end, the SG Cares App<sup>5</sup> was developed in 2018 to publish volunteering opportunities for all to view and take action. The opportunities are also curated based on the volunteer's preference and past activities.

To date, the SG Cares App has close to 90,000 downloads and has listed about 8,500 volunteering opportunities for everyone.

**FUTURE OF VOLUNTEERISM**

The future state of volunteerism holds much potential and opportunities. As Singapore forges ahead in building a more caring society, there is both a stronger demand for volunteers and an increasing supply of volunteers. Moving forward, we see four key shifts in volunteerism:

- 1) A shift from transactional to relational;
- 2) A shift from balance to integration;
- 3) A shift from offline to hybrid;
- 4) A shift from NPO-centric to system-centric.

**A shift from transactional to relational**

With issues becoming more complex, there is a greater need to forge synergies among services and proactively involve the service users to co-create solutions.

To achieve this, volunteers need to be a key resource in providing strong service delivery that not only addresses needs, but also empowers those in need. This denotes a shift from transactional to relational volunteerism, where volunteers are the glue that connects the caring ecosystem.

To do so, engagement efforts are crucial. There is a need for more intentional efforts to reach out to service users, understand their situation, and offer help that addresses the root of their issues. Volunteers can be the ears and eyes of the sector by engaging service users and conducting joint needs analysis with them.

<sup>2</sup> SG Cares. <https://go.gov.sg/sgcaresmovement>  
<sup>3</sup> Singapore University of Social Sciences. (6 Nov 2020). SUSS launches CESG to build stronger capabilities and promote collaboration in the non-profit sector. <https://www.suss.edu.sg/news-and-events/media-resources/media-releases/suss-launches-cesg-to-build-stronger-capabilities-and-promote-collaboration-in-the-non-profit-sector>  
<sup>4</sup> National Council of Social Service. (9 Sept 2021). Resources for volunteer managers. <https://www.ncss.gov.sg/donate-volunteer/volunteer-for-volunteers-practitioners-social-service-agencies/resource-for-volunteer-managers>  
<sup>5</sup> Google Play or App Store. SG Cares app. <https://go.gov.sg/sgcaresapp>

**A shift from balance to integration**  
Traditionally, people view volunteerism as a distinct part of their lives. Moving forward, volunteerism should not be viewed as a “balancing act” where one needs to dedicate time to volunteer. Instead, volunteerism should be viewed as an integral part of one’s lifestyle.

From a corporate standpoint, the impetus for this is clear – there are greater societal expectations for corporates to not only do well but to also do good. Hence, corporates would need to ingrain volunteerism as part of their business model. For example, accountants could use their skills in financial knowledge to improve the financial reporting capabilities of NPOs and impart financial literacy to service users.

In doing so, corporates will send a signal to customers that they are socially responsible. This increases trust among customers which could result in higher customer engagements. From an internal standpoint, engaging in volunteerism is also beneficial for employees. When employees volunteer, they are able to hone soft skills such as communication and empathy. These are important skills in the professional setting and could also lead to a better work culture.

In addition, volunteerism is not only about the giving of time but also the giving of skills. With a rise in the gig economy, volunteerism could be adapted into job-based volunteerism. For example, volunteers could take on certain tasks set by NPOs at a pro-bono or low-bono rate. This could include tasks like website redesign to marketing campaigns. Through this, volunteerism could be positioned as part of one’s life.

**A shift from offline to hybrid**  
COVID-19 has brought to the fore a rise in technology adoption. In



**NPOs should focus on their key areas of expertise, and adopt and aggregate shared services for other functions. This could help increase capacity and also lead to higher compliance as these shared services could be centrally managed by a trusted partner.**



addition, the pandemic gave fresh impetus for people to innovate and change the way they work and interact. The volunteerism scene is no exception.

For example, there has been a rise in virtual volunteerism, with services such as befriending and mentoring going online. Virtual volunteerism allows for more accessible service delivery to service users. It also provides more convenience for volunteers as they do not need to travel to provide such services. This trend will likely continue as more opportunities start to take on a hybrid approach spanning both physical and virtual realms.

**A shift from NPO-centric to system-centric**

Finally, as volunteerism involves more groups of people to tackle more complex issues, there is a need for more coherence in the way services are provided. To this end, there is a need to ensure that we view the non-profit sector as one system and not a collection of many different NPOs. This will promote synergies and coherence in the services provided to meet needs. One way to address this is to start measuring success from a sector-level perspective through sector impact outcome measurements. NPOs could be grouped together to form a value chain of services and be assessed based on their collective efforts in meeting needs.

**THE WAY FORWARD**

SG Cares, as the national movement, will continue to work with partners to provide the structures to deepen our culture of care. This can be done through capability building at the people level as well as the organisation level.

**Building capabilities at the people level**

There is a need to build the capabilities of volunteers and volunteer managers. From the perspective of NPOs, volunteer management and volunteering opportunity design are crucial skills to develop. Volunteers must be viewed as a key resource and there must be dedicated efforts to manage, train and retain volunteers. In doing so, volunteering opportunities must also be carefully designed to meet needs, tap on the skills of volunteers and provide a sense of purpose for the volunteers.

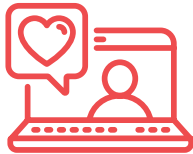
From the perspective of volunteers, there is a need to increase their capabilities in needs identification and service delivery. Volunteers can also be involved in assessing needs and designing solutions, in addition to delivering services. Volunteers need to have the capabilities to ensure that the care ecosystem is connected and strengthened. Therefore, having a dedicated platform to build the capabilities of both volunteers and volunteer managers is vital for the sector to adapt to the future of volunteerism.



PHOTO SHUTTERSTOCK



☛ The SG Cares Office signed a Memorandum of Understanding with Singapore University of Social Sciences on 6 November 2020 to launch the Centre of Excellence for Social Good



**With growing needs and opportunities, NPOs must have the capabilities to innovate and redesign their services so that needs can be effectively met.**

CESG in SUSS needs to be positioned as a key node in the non-profit sector that builds the capabilities of the non-profit public and private sectors to do good. CESG can also become a thought leader in advancing social good, sharing of best practices, conducting multidisciplinary research, and forging collaborations. Beyond the classroom, volunteers and volunteer managers will also need to have on-the-job training for people to apply their learnings and capabilities to solve real problems.

**Building capabilities at the organisation level**

At the organisation level, corporate functions such as human resources, finance and procurement might not be a key area of expertise for NPOs. Instead of using up bandwidth and resources to invest in these areas, shared services could be considered as a potential solution for the sector.

Using the tagline “Do what you do best, outsource the rest”, NPOs should focus on their key areas of expertise, and adopt and aggregate shared services for other functions. This could

help increase capacity and also lead to higher compliance as these shared services could be centrally managed by a trusted partner.

Apart from corporate functions, there is also a need for NPOs to build their capabilities in productivity, system thinking, and impact outcome measurements. With growing needs and opportunities, NPOs must have the capabilities to innovate and redesign their services so that needs can be effectively met. This will lead to a more connected, needs-driven and outcome-driven non-profit sector. Due to the sophistication of the content, this is best done through structured shared services.

SG Cares could play a role in facilitating the development of such services and work with 3P partners (people, private, public sectors) to identify and bridge skills gaps.

**CONCLUSION**

To conclude, the building of a caring society requires a whole-of-society approach. Every one of us can be a volunteer and we can work together to build a Singapore that we can proudly call home.

As our society changes, social needs will evolve. We must see this as an opportunity to improve, adapt and be more effective in meeting needs.

Our time and skills are valuable resources; when put to good use, we can touch the lives of many. I urge everyone to step forward and be part of the SG Cares Movement – together, because SG Cares. **ISCA**

Dr Ang Hak Seng, FCA (Singapore), is Deputy Secretary, Ministry of Culture, Community and Youth (2017–2021), and champions the SG Cares movement.





BY MARTIN LIM

# ANTI-MONEY LAUNDERING DUE DILIGENCE DURING COVID-19

Threats, Vulnerabilities And Mitigation Measures

**COVID-19 DESCENDED UPON THE WORLD WITH VERY LITTLE WARNING AND SUDDENLY**, people are combating the pandemic and lives are turned upside down. In Singapore, we have gone through a “circuit breaker” from 7 April to 1 June 2020, and on-off safe distancing controls through “heightened alert” phases. Through it all, professional firms have adjusted their business models to deal with the new uncharted business landscape. This article discusses the money laundering threats and vulnerabilities that are presented due to the pandemic, and what professional firms can do to mitigate these risks.

**WHAT ARE THE THREATS?**  
**New typologies to move criminal proceeds**  
Pandemic lockdowns affect all businesses, including those set up by criminals. As businesses are closed and travel is curtailed, criminal organisations are also finding new ways to carry out their illegal businesses.

<sup>1</sup> Interpol. (30 Apr 2020). Dealers using food delivery services to transport drugs during COVID-19 lockdowns. <https://www.interpol.int/en/News-and-Events/News/2020/Dealers-using-food-delivery-services-to-transport-drugs-during-COVID-19-lockdowns>  
<sup>2</sup> SPF. (10 Sep 2021). Police investigate 312 scammers and money mules in island-wide enforcement operation. [https://www.police.gov.sg/media-room/news/20210910\\_police\\_investigate\\_312\\_scammers\\_and\\_money\\_mules\\_in\\_islandwide\\_enforcement\\_operation](https://www.police.gov.sg/media-room/news/20210910_police_investigate_312_scammers_and_money_mules_in_islandwide_enforcement_operation)  
<sup>3</sup> SPF. (28 Aug 2021). Transnational job scam syndicate crippled through joint operation by Singapore Police Force and Royal Malaysia Police. [https://www.police.gov.sg/media-room/news/20210828\\_transnational\\_job\\_scam\\_syndicate\\_crippled\\_thru\\_joint\\_ops\\_by\\_spf\\_and\\_royal\\_malaysia\\_police](https://www.police.gov.sg/media-room/news/20210828_transnational_job_scam_syndicate_crippled_thru_joint_ops_by_spf_and_royal_malaysia_police)  
<sup>4</sup> Customs and Excise Department, Hong Kong SAR. (15 Dec 2020). Hong Kong Customs detects money laundering case with \$880 million involved. [https://www.customs.gov.hk/en/publication\\_press/press/index\\_id\\_3104.html](https://www.customs.gov.hk/en/publication_press/press/index_id_3104.html)  
<sup>5</sup> SPF. (30 Aug 2021). Mid-year crime statistics for January to June 2021. <https://www.police.gov.sg/-/media/64A8EB6D3C8F45A2A762690BFA5B1400.ashx>

In April 2020, Interpol issued an alert to member countries to warn that criminal organisations are using food delivery services to transport drugs during lockdowns. Cases have surfaced in Ireland, Malaysia, Spain and the United Kingdom, where delivery riders are used, either knowingly or unwittingly, as couriers to deliver orders for illicit drugs.<sup>1</sup>  
Criminal organisations are also exploiting other avenues of laundering proceeds from crime. This is because money laundering through businesses like casinos and real estate is now less obscure due to the falling volume of business as these sectors are affected by the pandemic. Criminals have been known to recruit financially vulnerable persons as money mules to facilitate the transfer of money using their bank accounts. A recent scheme targets jobseekers by promising high-paying jobs to push sales on online platforms by ordering goods. The victims are asked to order goods online and pay for the goods to various bank accounts; they are then reimbursed by the criminal organisation through “commissions”.<sup>2,3</sup>  
Likewise, failing businesses affected by the pandemic are also more vulnerable and are thus more likely to be targeted by criminal organisations for money laundering. For instance, service providers

like money changers<sup>4</sup>, who are severely hit by the drop in the number of travellers, may be tempted by criminal organisations to launder money to stay afloat.  
**Scams which exploit COVID-19 uncertainties**  
Criminals spare no effort to capitalise on the widespread uncertainties and fear caused by the pandemic. At every stage during the outbreak, there have been scams centred around fake masks, fake personal protective equipment, fake equipment, and fake vaccine. There are also job scams and loan scams which target victims who are financially affected by the pandemic. The Singapore Police Force (SPF), in its mid-year (January to June 2021) crime statistics, reported a 16% rise in scam cases over the same period last year. This was significantly lower than a year before, when SPF announced a 108.8% increase in scam cases in the first half of 2020 compared to the same period in 2019. The top 10 scam types cheated victims of a whopping S\$168 million in the first half of 2021.<sup>5</sup>  
Besides individuals, there are also scams targeting companies supplying COVID-19-related medical supplies. In February 2021, a Singaporean man was charged for helping a criminal syndicate

**Given the increase in non-face-to-face interaction with customers, professional firms should review the onboarding processes, and enhance the processes with additional measures to verify the customers’ identities.**



PHOTO SHUTTERSTOCK

transfer money believed to be from a scam – a French company was deceived into paying €6.64 million to buy surgical masks and hand sanitisers which it did not receive. These illegal proceeds from the scams will eventually need to be laundered to be reinjected back into the economy.

New technologies enable creation of fake identities

In 2018, digital media company BuzzFeed teamed up with American actor Jordan Peele to produce a fake video of ex-US President Barack Obama giving a short speech.<sup>6</sup> The 72-second clip was produced using 14 hours of the ex-President’s real video, and replacing his mouth with Jordan’s mouth using a commercially available software and an open source deepfake artificial intelligence software. The whole process took about 56 hours. While the technology is still not perfect to produce a real-time video to mimic another person, it is good enough for simple fun and pranks. It is a matter of time before deepfakes can be used in real time to impersonate someone else for nefarious purposes.

While deepfake technologies are emerging threats on the horizon, current technologies allow one to create a personality on the Internet using social media platforms like LinkedIn, Instagram and Facebook. With some patience, one can present oneself in the social media as someone else. For instance, one can impersonate another person by using someone else’s photo, associate oneself with reputable organisations, and/or manage the content of the accounts to show interest in certain topics, thus “creating” a whole new persona. As the pandemic makes face-to-face interactions more difficult, over-relying on technological platforms for non-face-to-face due diligence has its inherent weaknesses when trying to ascertain the identity of a person.

... re-evaluate the risk of the customers, paying special attention to cash-intensive businesses which are deeply affected by the pandemic ... to spot any abnormal business transactions.



Cybersecurity threats

As organisations move their employees to work from home, telecommuting presents a lucrative target not to be missed by cyber criminals. Besides phishing and scams, Interpol, in July 2020, reported that 36% of the COVID-19-inflicted cyber threats arise from malware and ransomware attacks. Such malware and ransomware typically mask themselves in the form of email attachments, and they are deployed when unsuspecting recipients click on them. As work-from-home employees typically have weaker security in their home computers and networks, malware and ransomware can be installed undetected.

Malware, like Emotet, can open doors for cyber criminals to steal personal data, deploy trojans or ransomware. Ransomware, like Ryuk, are specially designed to scan organisations for shared files and encrypting them so they become

inaccessible to the users. Only when a ransom is paid to the cyber criminal will the files be decrypted.

WHERE ARE THE VULNERABILITIES?

The bulk of the vulnerabilities relating to anti-money laundering (AML) due diligence that surfaced due to the pandemic arose from the travel restrictions, and from organisations’ transition to telecommuting.

Increase in non-face-to-face customer due diligence checks

The Accounting and Corporate Regulatory Authority (ACRA), in the 6th Corporate Service Providers (CSPs) E-Conference on July 29, revealed that the proportion of CSPs obtaining a “compliant rating” has dropped in 2020/2021 compared to the 2019/2020 period.<sup>7</sup> The key weaknesses observed lay in insufficient due diligence checks on customers due to the difficulties in arranging face-to-face meetings. Understandably, this is due to the travel restrictions which limited face-to-face meetings with customers to obtain proper verification documents. Customers are also facing difficulties in getting their

documents certified by the notaries public. The inability to verify the customers’ identities may expose the professional firms to higher money laundering risks as customers themselves may be proxies hired by criminal syndicates to engage the professional firms.

Vulnerabilities due to telecommuting

Over the past year, professional firms have mostly become used to a hybrid model where employees telecommute to comply with the safe distancing measures imposed by the government. However, as the change took place over a very short period, many professional firms may not be adequately prepared for telecommuting, which in turn may expose them to cybersecurity threats. Some vulnerabilities include:

- Weak security in home network and computers

As most employees are now working from

<sup>6</sup> BuzzFeed. (17 Apr 2018). You won’t believe what Obama says in this video! (video). <https://www.youtube.com/watch?v=cQ54GDM1eL0>

<sup>7</sup> Accounting and Corporate Regulatory Authority (ACRA). (29 Jul 2021). Building resilience for the CSP sector. Keynote address by ACRA Chief Executive Ong Khai Hong. CSIS 6th Corporate Service Providers Conference 2021. <https://www.acra.gov.sg/news-events/news-details/id/620>

home, the home networks have become an extension of the corporate network. Employees are also likely accessing the company resources through their home computers. As most companies would have previously invested in the network and computer security within the company when telecommuting was not commonly practised, the growing use of external networks and computers potentially exposes the business to higher cybersecurity threats.

- Use of cloud-based software services

Cloud-based software services that are hosted by third parties have been widely available since the 2000s, starting with email services. The pandemic has hastened many professional firms to digitalise their operations. Critical information stored with third parties could expose professional firms to data leakage of personal information collected during the customer due diligence process.

WHAT CAN PROFESSIONAL FIRMS DO TO MITIGATE THE RISKS? Step up supervision of customer onboarding process

Given the increase in non-face-to-face interaction with customers, professional firms should review the onboarding processes, and enhance the processes with additional measures to verify the customers’ identities. For instance, to mitigate the risk of not being able to sight original documents, professional firms could prearrange in-country professional firms to help them verify the documents of their customers. Other measures could include more frequent (and ad hoc) video conferences (and insisting videos be turned on) to “meet” customers or beneficial owners. Red-flag indicators in the AML/CFT Internal Policies, Procedures and Controls document could also be updated, to include a checklist of things to look out for in a fake social media account.

Step up ongoing monitoring of customers

After onboarding, the next line of defence would be in the ongoing monitoring of customers. During the review of customers,

re-evaluate the risk of the customers, paying special attention to cash-intensive businesses which are deeply affected by the pandemic – for example, travel-related, retail, and food and beverages businesses – to spot any abnormal business transactions. Even medical supplies companies may now require more scrutiny as they may be abused for COVID-related fraud.

Tighten information security

Professional firms should look at information security to cover home network and computers, to protect the personal data of their customers collected during customer due diligence. Anti-virus software does not address all cybersecurity threats. Products such as endpoint security and Cloud Access Security Broker (CASB) allow companies to restrict access of sensitive information stored in the cloud to only company-issued devices.

Step up training

Employee training needs to be reviewed to cover new money laundering typologies that surfaced due to the pandemic. Training should cover new procedures for mitigating non-face-to-face interactions with customers. Equally important, awareness training on cyberhygiene practices need to be conducted to protect the personal information of the customers. In this respect, a good resource to tap into is the Cyber Security Agency of Singapore.

CONCLUSION

Just as COVID-19 will not stop because of vaccination, criminal activities will continue to propagate and discover new ways to overcome the anti-money laundering measures. By constantly scanning the money laundering trends, professional firms can at least keep up with the threats and work towards preventing their businesses from being abused by criminal organisations. ISCA

Martin Lim is Founder and Director, Ingenique Solutions.

# 2021: YEAR IN REVIEW

Advancing With Confidence And Commitment

**N 2021, AS ISCA JOURNEYS INTO OUR NEXT CHAPTER OF GROWTH**, we are directed by the Institute's refreshed vision and mission. Our vision is to be a world-class accountancy body of trusted professionals, contributing towards an innovative and sustainable economy. Our mission, which supports the vision, is expressed in four statements or RISE for short (Figure 1).

This year continued to be a time of change and challenge as economies and businesses faced a volatile and complex business environment. From the disruptions caused by COVID-19 and digital transformation to Singapore's ongoing structural reforms and the emergence of megatrends like sustainability and climate change, the accountancy profession, like other professions, had to adapt to new ways of doing things. To this end, the Institute rolled out a myriad of initiatives to assist members in managing the immediate issues, as well as to equip them with enhanced competencies to position them for the future. Here are some of the initiatives.

## SUPPORTING THE INDUSTRY

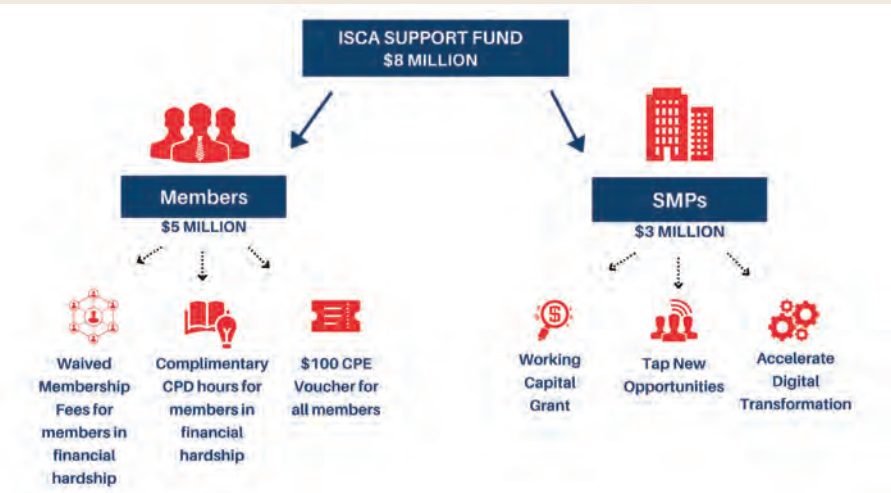
It is crucial for the accountancy profession to adapt quickly to the evolving business landscape so that members can help steer businesses towards a post-pandemic recovery.

### ISCA Support Fund

To give the profession that essential push, the Institute unveiled the \$8-million

ISCA Support Fund in February to support businesses, to sustain livelihoods of accountancy professionals and to safeguard professional credentials. To help strengthen and transform businesses, \$3 million goes towards accelerating the digital transformation and upskilling efforts of small and medium-sized enterprises (SMPs), as well as provide working capital to SMPs affected by the pandemic. To date, close to 140 SMPs have benefitted from the scheme, which supports them in tapping new opportunities and building digital capabilities.

The remaining \$5 million goes towards supporting ISCA members, of which \$2 million will aid members who are facing financial difficulties. Each member facing financial hardship will get their membership fees waived and will receive complimentary training, enabling them to acquire new skills to enhance



The ISCA Support Fund was launched to support businesses, sustain livelihoods of accountancy professionals and safeguard professional credentials

Figure 1 ISCA's refreshed vision and mission

Our Vision		World-class accountancy body of trusted professionals, contributing towards an innovative and sustainable economy
Our Purpose		What it means
R	Represent members and profession	Represent our members on matters affecting and of interest to the profession
I	Influence development of profession and ecosystem positively	Influence the development of the accountancy profession and ecosystem positively
S	Serve public interest with sound values and ethical standards	Serve the public interest by helping to instil sound values and ensuring right ethical standards among our members and the profession
E	Enable members to achieve professional aspirations	Enable our members to achieve their professional aspirations

employability. The other \$3 million goes towards upskilling and reskilling members for the post COVID-19 environment. Since the launch, more than 500 members have received financial help through membership fee waivers and complimentary CPD hours.

### ISCA COVID-19 Resource Centre

The Institute continued to populate the online ISCA COVID-19 Resource Centre with curated materials and updates of schemes from the government as well as ISCA, bringing timely support to individuals and businesses affected by the pandemic. The 2021 ISCA COVID-19

Navigator, for example, has incorporated the latest announcements from Budget 2021. ISCA and the Singapore Accountancy Commission (SAC) have also jointly issued **sector-specific advisories** to clarify the compliance requirements for accountancy practices, following government announcements of new measures to mitigate the spread of infection. From the ISCA Pre-Budget 2022 survey to members conducted in September, more than half of the respondents indicated that they found the COVID-19 Resource Centre initiatives to be useful. In particular, 71% of them considered e-learning (live webinars and e-learning courses offered by ISCA) to be most useful to them.

### Career Support

The members-only **job-matching service** allows job-seeking members to profile themselves to potential employers by posting their career history, on an anonymous basis, on the job-matching site. Employers seeking to hire were able to search for suitable candidates, and request ISCA to link them up. This year, we have fulfilled more than 420 employer requests to connect with members who were looking for career opportunities. Together with Workforce Singapore, ISCA brought back the **Virtual Career Fair (VCF)** for accounting and finance professionals from July 19 to August 9. The VCF aimed to match job-seekers and employers with the right accounting and finance talents for organisations, especially for roles in advisory and tax services, assurance and risk management, financial and management accounting and technology.

To help members seeking other opportunities, in April, ISCA invited industry experts to conduct a **career workshop** to share tips in resume writing as well as ways to develop a professional online presence through self-profiling. The session, which was

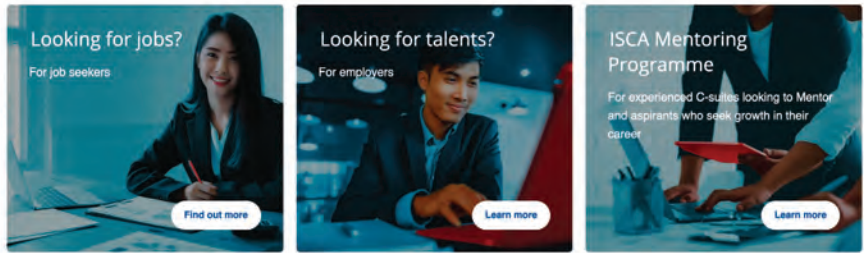


The annual ISCA Career Pathways Talk was livestreamed to a 400-strong audience

attended by over 300 members, also enlightened job-seekers on the key essentials of virtual interviews especially during the pandemic. To help employers who may have difficulties attracting the right talent, ISCA organised a **webinar** in June to distil actionable insights and best practices that employers can put in place as part of their recruitment process. More than 300 members attended the webinar, which included a short sharing of the various government programmes which companies can tap on for their recruitment needs.

This year's **ISCA Career Pathways Talk** was livestreamed virtually to a 400-strong audience. Catering to the needs of our younger members, the event, supported by the Young Professionals Advisory Committee, showcased a diverse panel of speakers who epitomised the spectrum of roles that Chartered Accountants can develop and grow into. The panellists candidly shared insights, experiences and personal anecdotes, and offered an insider's take of the tech industry and skill sets which accountants should strive to attain while navigating their careers. They also urged participants to be bold, to continue learning and adapting, and to adopt a growth mindset in order not to limit themselves from venturing into the tech space.

Throughout the year, ISCA continued to support members' career aspirations through a myriad of initiatives. The **ISCA Mentoring Programme**, now in its third run, provides aspiring Chief Financial Officers with access to experienced C-suite executives to learn, network and grow.



The Institute provided members with various career support initiatives



▲ The Budget Update Seminar provided insights into the implications of Budget 2021 and the economic outlook for Singapore

DEVELOPING CAPABILITIES  
Singapore Accountancy And Audit Convention (SAAC) Series 2021

ISCA’s flagship SAAC Series, which is designed to meet the unique needs of our different member segments, features thought leadership, business insights, technical knowledge and other trending topics of significance. The **Budget Update Seminar** in March, themed “In It To Ace It”, was the first in the SAAC Series. The presenters delved into the tax implications of the Budget proposals and shared their views about the economic outlook for Singapore in light of the trying business environment.

Next up in the SAAC Series was the **PAIB Conference** in August. Bearing the theme “Sustainability And Trust: Taking Centrestage In A New Era Of Business”, the event focused on the major trends which would have a profound and longer-term impact on accountancy – sustainability, financial forensics, and intelligent automation.

In her keynote address, Guest-of-Honour Grace Fu, Minister for Sustainability and the Environment, spoke on the importance of sustainability for the overall economy. She said that sustainability can become a competitive advantage for Singapore’s economy, especially in relation to the Singapore Green Plan 2030. Also addressed at the event were the topics fundamental to the work of accountancy and business professionals, such as financial reporting, auditing and assurance, and quality management. A panel session zoomed in on the benefits and challenges faced by issuers in applying the new Listing

Rule 705(3A); another segment focused on the sharing of practical application issues in valuation.

At the conference, the speakers dispelled the misconception that sustainability was a distant aspiration, and proceeded to explore how finance professionals could empower businesses to capitalise on sustainability opportunities. As shared by Minister Fu, accountants play a pivotal role in assessing the environmental, social and governance (ESG) costs or benefits in all major business decisions. They must increasingly consider risks brought on by climate change, including new regulatory requirements as a result of national climate policies on their companies. Accountants are well placed to help their companies understand and mitigate these risks.



▲ Giving the keynote address at the PAIB Conference was Guest-of-Honour Grace Fu, Minister for Sustainability and the Environment



The **Practitioners Conference** in October, themed “At The Lead of Change”, reinforced the role of auditors as leaders in the face of change. Delivering the keynote address was Permanent Secretary for Finance Tan Ching Yee, who outlined how our auditors are well positioned to be at the forefront in the midst of adversity and challenges. In the face of COVID-19 and climate change, she highlighted how auditors can take the lead in boosting a country’s “trust premium” by ensuring high audit quality, and in providing investors with reliable information by ensuring credibility of sustainability disclosures. She urged participants to work together to uplift audit quality both at the system and individual practitioner levels, embrace the key trends of technology and sustainability, and keep pace with the developments to shape a future high-growth practice area, step up to the challenge, and take the lead in the face of change. Auditors need to be adaptable and move quicker than the changes in the business environment as organisations look to them for counsel in their change agenda.

▲ Panellists at the PAIB Conference forwarded the view that accountants can galvanise businesses to capitalise on sustainability opportunities



▲ At the Practitioners Conference, Guest-of-Honour Tan Ching Yee, Permanent Secretary for Finance, called on the accountancy profession and industry to rise up to the challenge to lead change in the evolving corporate landscape

The ISCA SAAC Series aligned with our commitment to serve our members and contribute to the profession and ecosystem positively. For the second consecutive year, the events were broadcast live and made available to accountants around the world, which underlined our vision to be a world-class accountancy body.

**Specialisation Pathway**  
Singapore’s global standing as a trusted hub for business and finance demands a zero tolerance for financial crimes. In February, ISCA signed a Memorandum of Understanding (MOU) with the Corrupt Practices Investigation Bureau (CPIB) to explore a pathway for eligible CPIB officers to become ISCA members, and be conferred the ISCA Financial Forensic Professional (FFP) credential. To ensure that what is taught is timely and relevant to fulfil industry needs, the programme contents are periodically refreshed, following feedback from our stakeholders and the industry.



▲ The Memorandum of Understanding was signed between ISCA and CPIB to explore a pathway for eligible CPIB officers to attain the ISCA FFP credential

As the digital adoption rate accelerates amid the global pandemic, the **ISCA Financial Forensic Accounting (FFA) Qualification** continues to be highly sought after by professionals who want to strengthen their knowledge in financial forensics.

**Strengthening The Role Of The Audit Committee**  
With changing business demands and a rapid advancement of technologies along with the resultant risks, there is greater emphasis on the vital role that audit committee members play in the governance and oversight of companies. On that front, we have launched the **ISCA Audit Committee Programme**, which aims to equip members with essential financial reporting skills to strengthen the overall quality of financial reporting disclosures, reinforce participants’ knowledge on evolving financial reporting requirements and issues

to improve financial statements disclosures, and strengthen best practices in corporate governance and risk management. The programme is delivered by industry subject matter experts, including industry leaders who are ISCA Financial Statements Review Committee members.

**Going Digital**  
To partner members in their digital transformation journey, the Institute launched the **Digital Learning Guide**, which identifies 12 potential roles amid five focus areas of digital transformation. The guide facilitates the matching of roles and relevant courses, making it easy for members to select the right courses to meet their upskilling requirements. The digital-related courses feature over 70 topics ranging from introduction-level insights to on-trend ones like data management, analytics and visualisation, and emerging technologies and their applications.

In view of the changing business environment and the pervasive use of technology, there is greater need for businesses to understand and manage technology-related risks. ISCA, with the support of SAC, worked with industry experts to develop the **ISCA Information Systems Risk Management (ISRM) Certificate** to upskill the industry and increase the capabilities of service providers in the area of information systems risk management. This five-day programme is delivered through virtual workshops, with formative and summative assessment components.



▲ The Digital Learning Guide identifies 12 potential roles amid five focus areas of digital transformation

RPA Challenge

Disruption can lead to innovation and in July, ISCA launched the **RPA Hackathon** to challenge finance and audit professionals to develop a robotic process automation (RPA) script to optimise existing processes including audit and finance, planning and treasury; there was also an open category to encourage innovation in other areas relating to finance and audit professionals' areas of work.

The winners displayed strong passion and drive to solve industry challenges faced by the accountancy profession. The champion developed a suite of robots to automate repetitive audit procedures to allow audit professionals to focus on value-adding tasks. The five robots developed were used to automate essential but mundane audit procedures including the know-your-customer due diligence screening process, audit confirmations circularisation, sales audit, XBRL financial statements filing, preparation of timesheets and practice management procedures. When deployed, these RPA robots would reap average productivity gains of more than 80%. Another winning solution automated a tedious monthly financial closing process which involves verifying thousands of recurring transactions. The trio from the inhouse finance team embarked on this RPA automation, which saves them around 80 hours a month. The final winning solution was a robot developed to help tax teams complete the tedious corporate tax form filing exercise to be directly saved in the Inland Revenue Authority of Singapore (IRAS) portal for submission. This tax solution, which could help a company improve up to 85% efficiency, will be suitable for use by all inhouse or outsourced finance teams.

CPD Courses And Complimentary Webinars

To further support members, ISCA organised more than 40 complimentary



Complimentary webinars drew over 17,000 signups with their coverage of a wide range of topics

webinars on topics such as strengthening governance, fighting climate change and supporting green finance, driving finance transformation and trends, mitigating financial fraud risk, and coping with stress and anxiety in uncertain times. The highly popular sessions cumulatively garnered 17,195 signups. The Institute has also organised close to 500 CPD courses which received about 23,000 signups.

Research Insights

Our research initiatives are aligned with ISCA's strategic priorities to be a major influencer of key components in the ecosystem, share relevant insights with our members and uphold professional excellence. In January, ISCA launched a joint study with the Singapore Institute of Technology, Accounting and Corporate Regulatory Authority (ACRA), Singapore Exchange (SGX) and Singapore Institute of Directors titled "A Study On The Profile Of Audit Committees Of Listed Companies In Singapore 2020" – the fourth such study we have done. The report features a comprehensive and holistic view of the audit committees of listed companies in Singapore as at end-2019, and serves as a reference for what regulators and listed companies could further think about, to improve the effectiveness of audit committees .



ISCA's research studies presented members with relevant and timely insights

With intelligent automation (IA) solutions becoming more affordable and the COVID-19 pandemic accelerating the pace of digitalisation in organisations, the Institute undertook a collaborative study with AI Singapore and National University of Singapore (NUS) Business School, which sought to understand the state of play of IA in the finance function. Launched in August, "The State Of Play Of Intelligent Automation In The Finance Function" explored the importance of upskilling and training for finance employees, and what the C-suite could consider before, during and after IA implementation. Featuring the responses of a cross-

section of industry players, the findings would prove indispensable for companies considering or embarking on their IA journey. The salient findings were also shared at the PAIB Conference and in this journal.

SMP Development

ISCA is committed to supporting the SMP sector and our initiatives to drive quality, digitalisation, upskilling and growth are guided by the ISCA Quality Assurance Framework. Our Framework presents four strategic pillars:

(a) Quality Assurance

This year, ISCA expanded its current database of On-the-Job Training Blueprints and launched a new set featuring 10 new audit topics, followed by a series of workshops on its use. To support firms in the implementation of the new quality management standards, ISCA developed a quality management toolkit comprising implementation help tips, practical examples, suggested policies and procedures, and templates. Discussion-based quality management workshops were also rolled out to guide firms in the development of their customised quality management manual with the use of the toolkit. ISCA will continue to provide support to firms in the implementation of the new requirements under its Quality Assurance Review Programme. The Institute also continues to update technical publications to drive technical excellence and best practices. These include the "ISCA Audit Manual For Standalone Entities" and "The Illustrative Financial Statements".

(b) Digital Capability

The Institute maintained its momentum to support firms in building digital capabilities via the virtual SMP Centre. Besides the regular tech talks, RPA workshops and digital advisory support to assist firms in their digital transformation, this year, ISCA brought together solution vendors to showcase accounting and audit-related digital tools in our first-ever virtual technology fair. Held over two days in September, the ASEAN Tech Fair featured 13 plenary sessions of thought-leadership knowledge sharing and tech talks, and played host to 15 virtual booths showcasing live demonstrations of innovative digital solutions for the accounting sector. Close to 1,500 participants from both Singapore and the ASEAN region visited the fair, and more than 1,100 viewers tuned in to the



The ASEAN Tech Fair featured 13 plenary sessions of thought-leadership knowledge sharing and tech talks, and played host to 15 virtual booths

event being livestreamed per day, with an average satisfaction rating of 4.2 out of 5. This inaugural event, which was offered on a complimentary basis to the accounting community in Singapore and the region, was also made successful with the support of strategic partners ASEAN Federation of Accountants (AFA) and the Vietnam Association of Certified Public Accountants (VACPA).

(c) Knowledge Circle

In addition to a full suite of CPD courses curated specially for SMPs, ISCA rolled out a new certification programme. The ISCA ISRM Certificate aims to upskill the profession and enable participants to tap new business opportunities.

(d) Opportunities Creation

Border closures have put a dampener on firms' internationalisation plans. To address this, ISCA collaborated with the VACPA to host the first Virtual Business Networking session in July. In total, 16 SMP participants from each country joined the session. After being briefed about the business and regulatory environments in each country, they entered breakout rooms to network and explore potential collaborations with their overseas counterparts.



ISCA and the Vietnam Association of Certified Public Accountants organised the Virtual Business Networking session for SMPs

ENHANCING PROFESSIONAL EXCELLENCE

Technical competencies are fundamental to accountancy and finance professionals, which is why the majority of the Institute's programmes are directed at broadening and deepening our members' domain knowledge.

Financial Reporting

In January, Singapore Exchange Regulation (SGX RegCo) added **Listing Rule 705(3A)**, which requires issuers reporting under Singapore Financial Reporting Standards (International) (SFRS(I)) to apply SFRS(I) 1-34 *Interim Financial Reporting* in their interim financial statements. To aid issuers in understanding the implications of the Listing Rule and to highlight the key areas to take note of when preparing the financial statements, ISCA issued **Financial Reporting Guidance (FRG) 3** and two sets of **accompanying illustrative condensed interim financial statements** in May. As the implications of this new requirement are wide-ranging, we dedicated a panel session on this topic at the ISCA PAIB Conference, and investigated it further in the September issue of this journal.

To prepare members early for the **Interbank Offered Rate (IBOR) reform**, the Institute set up the IBOR Working Group to provide guidance on the accounting issues. We issued **Financial Reporting Bulletin (FRB) 9** in October, to share the accounting considerations to assist entities in their understanding of the accounting for financial instruments and hedge accounting, which are affected by the replacement of interest rate benchmarks.

Ethics

A hallmark of the accountancy profession is its commitment to serve the public interest by upholding professional conduct and adhering to the highest ethical standards. ISCA members are required to abide by EP 100 *Code of Professional Conduct and Ethics*. In July, ISCA revised **EP 100**, bringing it in line with the International Ethics Standards Board for Accountants (IESBA)'s Revisions to Part 4B and Role & Mindset provisions. ISCA also issued **EP 100 IG 4 (Revised)** in July, to reflect the changes to the definition of a financial institution in EP 100 (Revised on 7 July 2021).

Auditing And Assurance

To raise the bar for quality management in audit firms, ISCA issued several new and revised auditing and assurance standards including three interrelated standards: **Singapore Standard on Quality Management (SSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements; SSQM 2, Engagement Quality Reviews, and Singapore Standard on Auditing (SSA) 220 (Revised), Quality Management for an Audit of Financial Statements**. The Institute also issued **SSA 315 (Revised 2021)**,

*Identifying and Assessing the Risks of Material Misstatement*, as well as **SSRS 4400, Agreed-Upon Procedures Engagements**. As the new and revised auditing and assurance standards are expected to create a paradigm shift in the way audit firms approach quality management, we provided more guidance to members on the potential challenges in implementation, at both the ISCA Practitioners Conference and in this journal. During the year, the Institute also issued **Audit Guidance Statement (AGS) 13, Data Analytics in a Financial Statements Audit**, and **SAP 2 (Revised 2021), Auditors and Public Offering Documents** to provide clarity and guidance. In addition, there were revisions made to some of the illustrative reports in **AGS 1, Sample Independent Auditor's Report**.

It is ISCA's mission to serve the public interest by helping to instil sound values and ensuring right ethical standards among members and the profession. The **ISCA Quality Assurance Review Programme and Practitioner's Package** continue to enhance quality by facilitating the professional development of the accountancy firms. Additionally, the Institute offers ongoing support to firms in their implementation of standards through its **quality management workshops and toolkit**.

Advocate For Profession And Business Community

Being an advocate for members and the profession aligns with the Institute's strategic priority to be a major influencer of pivotal components of the ecosystem, such as in standard setting and sharing of business insights with those that matter. This year, the **ISCA Pre-Budget Roundtable** remained a key platform to gather feedback from the business leaders of trade associations and chambers (TACs), and accountancy firms, regarding the Singapore Budget. The insights and recommendations gathered from the roundtable, and the pre-Budget focus group discussion held in October 2020, were submitted via a comment letter to the Ministry of Finance (MOF) for consideration in its preparation of the Singapore Budget 2021.

After the Singapore Budget 2021 was announced, ISCA also convened a virtual post-Budget focus group discussion in February, involving representatives from selected TACs and accounting firms, to provide feedback to MOF on the announced Budget via a comment letter.



The ISCA Pre-Budget Roundtable remained a key platform to gather feedback from the business leaders regarding the Singapore Budget

To ensure that our voices were heard, we provided 15 **comment letters** to Consultation Papers, Discussion Papers, Exposure Drafts, Request for Information and Stakeholder Questionnaire issued by international standard-setters such as the International Accounting Standards Board (IASB), International Auditing and Assurance Standards Board (IAASB), IESBA, and IFRS Foundation, as well as those issued by our local regulators. On the global front, the topics ranged from financial reporting to auditing and assurance, ethics, quality management and more. At home, we responded to the SGX RegCo's consultation papers on climate and diversity, and ESG factors; we also responded to ACRA's proposed amendments to the Accountants Act.

The virtual **ACRA-ISCA Dialogue Session** in October was attended by more than 30 practitioners. The platform enabled participating practitioners to provide feedback on ACRA's Practice Monitoring Programme (PMP), an important regulatory instrument in promoting audit quality and providing assurance to the market on the quality of work of public accountants. Prior to the session, ISCA had rolled out a survey to all practitioners to obtain preliminary feedback on the PMP, which helped set a meaningful agenda for the dialogue. At the dialogue session, ISCA shared the findings, as well as the feedback and suggestions received. ACRA also clarified on the regulatory regime and shared more on the PMP inspection process and outcomes, before providing a peek into the future PMP enhancements.

In October, MOF and ACRA issued for public consultation the **proposed amendments to the Accountants Act**. To solicit meaningful feedback on these

important changes, ISCA organised two focus groups to seek views from accounting entities. The focus groups were attended by representatives from large, medium and small public accounting firms. The **comment letter**, which was submitted to MOF and ACRA, included views raised from these focus groups, as well as feedback provided to the Institute through our other communication channels.

GROWING A HEALTHY PIPELINE OF ACCOUNTANTS

To support our vision to be a world-class accountancy body of trusted professionals, it is vital to grow a sustainable pipeline of accountants in partnership with SAC.

Outreach To Students

To enhance our student outreach efforts and raise awareness of the ISCA brand among accountancy undergraduates, the Institute created multichannel student engagement platforms via collaborations with the universities. In the annual university orientation activities, ISCA was also invited to share on the membership benefits and career pathways with the freshmen. As of December 7 this year, we have 2,260 ISCA Youth Associates, since the launch of the **Youth Associates student membership programme** in 2019.

In November, the Institute engaged over 500 participants at the annual **ACCTraordinary event**. Organised by the five polytechnics and Institute of Technical Education, and supported by SAC and ISCA, the webinar featured several ISCA members who shared their professional journeys and perspectives on emerging areas of



The ACCTraordinary webinar was themed "Difference Makers"

demand, as well as the required skill sets for accountants of the future. The session addressed the participants' misconceptions and they learned that the role of accountants is very much geared towards adding value with the help of automation and digital transformation. A post-event survey found that 74% of the student-participants expressed an interest in exploring a career in accountancy after they knew more about the profession.

Enhancement To Singapore CA Qualification

The Institute is keenly aware of industry developments. As the demand for more highly skilled accountants grows, SAC launched three new initiatives to compress the time taken to complete the **Singapore CA Qualification (Professional Programme)**. From January 2021, Bachelor of Accountancy students from NUS, Nanyang Technological University (NTU) and Singapore Management University (SMU) can sign up for the Professional Programme when they are in their final year of study. The number of examinations for the capstone module has also been increased to twice a year from one previously, and undergraduates who took the Advanced Taxation module at NUS, NTU and SMU are exempted from taking the Taxation module of the Professional Programme.

The Foundation Programme of the Singapore CA Qualification helps to widen the funnel of entry for undergraduates or graduates with recognised non-accountancy degrees who wish to read the Professional Programme. By expanding the talent pool as well as ensuring a timely flow of qualified accountants to meet industry demand, ISCA works together with SAC on the development of the accountancy profession and ecosystem positively, as well as smoothing the way for new entrants into the profession.



Through the "Difference Makers" video, the campaign aims to convey the message that Chartered Accountants have the breadth of skills, commitment to ethics and global expertise to help businesses thrive

"Difference Makers" Campaign

Increasingly, accountants are involved in businesses' strategic development and decision making at the highest levels. To reinforce accountants' capabilities and the value they bring, ISCA ran the **"Difference Makers" campaign** from September to mid-December on various digital and social media platforms. The campaign featured a 30-second video, plus a series of Q&A interviews showcasing ISCA members who embody the characteristics of a "difference maker". The timing was significant because in times of crisis, such as amid the COVID-19 disruption, ensuring organisational financial health is critical for business survival – and Chartered Accountants are the people businesses and governments can and will trust to get businesses and economies moving again.

Recognising New CAs (Singapore) and Members' Accomplishments

The annual **ISCA Members Recognition Ceremony** resumed this year after a hiatus in 2020 due to the pandemic. The October event marked the first time that more than 200 new and senior members were brought together online, where they celebrated the achievements of one another. Sharing the limelight were newly minted CA (Singapore) and FCA (Singapore) members, professionals who received the ISCA FFP, Infrastructure & Project Finance Professional (IPFP), and Professional Business Accountant (PBA) credentials, and long-term ISCA members. This year saw the first cohort of members receive their PBA credential, giving them a competitive professional advantage. The event bore testimony to our members' commitment to excellence, which would put us in good stead to achieve our vision to be a world-class accountancy body of trusted professionals.



ISCA President Kon Yin Tong facilitated a session on the future of reporting in view of the global trend towards mandatory sustainability reporting at the AFA Conference



Members taking the ISCA Oath at the ISCA Members Recognition Ceremony

By being in tune with what is happening around us, the Institute can continue to design initiatives that contribute to the development of the accountancy profession and ecosystem positively, and help our members build capabilities so that they can stand out from the crowd.

RAISING REGIONAL AND GLOBAL PROMINENCE

ISCA engages in activities that improve our professional standing regionally and globally, including taking the lead to raise the collective standard of the profession in the region. As a founding member of AFA, we actively contribute towards AFA's mission to develop and promote the growth of the accountancy profession in ASEAN. At the November biennial virtual **AFA Conference**, a key platform for ASEAN accountants and stakeholders to glean quality insights from global experts on current topics of relevance, ISCA President Kon Yin Tong facilitated a session on the future of reporting in view of the global trend towards mandatory sustainability reporting, while ISCA CEO-designate Fann Kor presented on the requisite technological skills and competences to future-proof an SMP practice.



ISCA CEO-designate Fann Kor presented on the requisite technological skills and competences to future-proof an SMP practice, at the AFA Conference

In December, Hans Koopmans, Chairman of the ISCA Auditing and Assurance Standards Committee, shared Singapore's views on IAASB's Proposed Standard for Audits of Less Complex Entities at the **IFAC-IAASB-AFA Roundtable**, which was jointly organised by IFAC, IAASB and AFA. Among other comments, Mr Koopmans suggested for IAASB to consider the inclusion of audits of group financial statements within the scope of the proposed standard.

The Institute also participated in several webinars organised by the **Jeju Group**. The Jeju Group is a coalition comprising ISCA, the Japanese Institute of Certified Public Accountants (JICPA) and Korean Institute of Certified Public Accountants (KICPA). The first webinar, in April, was delivered by Board members and staff of IASB. The topic of **Business Combination under Common Control** (BCUCC) attracted about 200 attendees who participated in discussions on two key aspects of BCUCC, namely, which methods to apply, and how to apply book value and acquisition method. The webinar was supported by AFA, the Confederation of Asian and Pacific Accountants (CAPA),

and South Asian Federation of Accountants (SAFA). Former ISCA Professional Standards Deputy Director Lim Ju May represented the Institute at the webinar as a panellist.

IFAC and the Jeju Group co-hosted the **Sustainability Assurance Roundtable** in August, where speakers from the Asia-Pacific region shared about the current practice for assuring sustainability information. The event was attended by IFAC, JICPA, KICPA, ISCA, The Chinese Institute of Certified Public Accountants, The Institute of Chartered Accountants of India, Indonesian Institute of Accountants, The Hong Kong Institute of Certified Public Accountants, CPA Australia, The Institut Akuntan Publik Indonesia, and Chartered Accountants Australia and New Zealand (CA ANZ). ISCA's representative was Simon Yeo, Ernst & Young Partner, Climate Change and Sustainability Services, and member, ISCA Sustainability and Climate Change Committee. Mr Yeo shared his view that professional accountants are well positioned to take the lead in the provision of sustainability assurance services, along with a multidisciplinary team with complementary skills and experiences. However, he highlighted that a challenge that needs to be addressed is the diversity in practice on what gets assured in a sustainability report, and the level of assurance.



Ernst & Young Partner for Climate Change and Sustainability Services Simon Yeo presented at the Sustainability Assurance Roundtable

The key takeaways from the Sustainability Assurance Roundtable were shared with 200 participants at the September Jeju Group webinar on **“Sustainability Reporting and Assurance”**. The session also provided the IFRS Foundation Trustees’ report on the progress of forming the International Sustainability Standards Board, and facilitated discussions on the current status and main issues of sustainability reporting and assurance in order to meet the investors’ needs for sustainability-related information. The webinar was supported by AFA, CAPA, and SAFA.

The Institute was again represented by Former ISCA Professional Standards Deputy Director Ms Lim as a panellist. She emphasised the need for a universal sustainability language, and a sustainability statement that reveals an entity’s sustainability performance and condition. She also proposed for IFAC to develop a comprehensive assurance framework to address the various assurance aspects such as ESG risk management, data collection, materiality and stakeholder engagement.



Participants of the “Sustainability Reporting and Assurance” webinar

A December webinar by the Jeju Group, titled **“Exposure Draft Subsidiaries without Public Accountability: Disclosures”**, provided a presentation on the Exposure Draft Subsidiaries without Public Accountability: Disclosures, and addressed technical questions from the IFRS experts from JICPA, KICPA and ISCA, and from the audience. Reinhard Klemmer, Chairman of ISCA Financial Reporting Committee, represented the Institute as the IFRS expert at the discussion session, where he shared ISCA’s views that projects on climate-related risks and pollutant pricing mechanisms should be ranked as high priority, and to be addressed together.

Ang Pei Fen, ISCA Director of Executive Office and Practice Monitoring, represented the Institute at the **Statements of Membership Obligations (SMO) 6 – Investigation and Discipline Workshop** in December. Organised by AFA and IFAC, the workshop enabled representatives from AFA member organisations to share their strategies, challenges and fulfilment status in addressing the IFAC SMO 6. Ms Ang shared ISCA’s strategies and actions in complying with the requirements of SMO 6. Making ISCA’s actions and perspectives known served to further elevate ISCA’s prominence and stature among accountancy bodies in the ASEAN region.

ISCA On The Global Stage

As a member of IFAC, the Institute is part of a global network of established and competent professional accountancy organisations (PAOs), with seamless access to the latest information, resources and support to help strengthen our profession. By adopting and adapting the international standards set by IFAC and sharing them with our members, we enhance their professional competences and international mobility. The IFAC membership also moves us closer to our vision to be a world-class accountancy body. In 2019, ISCA Council member Professor Chan Yoke Kai was appointed to the **IFAC International Panel on Accountancy Education (IPAE)** for a two-year term. That IPAE has recommended his reappointment for a second term from 2022 to 2024 is testimony to IFAC’s confidence and trust in ISCA as a valued strategic partner contributing to the development of the profession; it also places the Institute in a position of influence on accountancy education.



ISCA President Mr Kon was invited to address an UNCTAD-ISAR session on sustainability reporting

In November, Mr Kon was invited to the United Nations Conference on Trade and Development (UNCTAD), where he addressed the delegates at the **International Standards of Accounting and Reporting (ISAR)** meeting. ISAR is the United Nations’ focal point on accounting and corporate governance matters, and it was on this prominent platform that Mr Kon spoke on the state of sustainability reporting in Singapore, providing Singapore’s perspectives on an important global topic for the accountancy profession. The exposure raised our standing as a leading PAO of repute on the international stage.

The accounting profession can support development in a number of ways under the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity (CCI). With

the deepening cooperation between the two cities, especially on financial services under the CCI, the demand for accounting talents is continuously increasing. A December **tripartite meeting** among ISCA, Institute of Chartered Accountants in England and Wales (ICAEW) and The Chongqing Institute Of Certified Public Accountants (CQICPA) saw discussions on talent cultivation, such as training for members; membership structure, and membership pathways. The ISCA team in attendance consisted of Mr Kon; Ms Kor; Director of Professional Development and Qualifications Soh Suat Lay; Director of Members Experience and Communications Jennifer Toh, and Deputy Director of Members and Stakeholders Engagement Fua Qiu Lin.



Tripartite meeting among ISCA, Institute of Chartered Accountants in England and Wales and The Chongqing Institute Of Certified Public Accountants

Reciprocal Agreement

By elevating our members’ professional credentials so that they are recognised wherever they go, we open more doors for our members and give them a competitive advantage beyond Singapore’s shores. In May, ISCA concluded our **fourth reciprocal agreement** – with CA ANZ – which allows eligible CA (Singapore) members to obtain the CA ANZ CA designation without having to fulfil additional professional or educational requirements, and vice versa. This latest agreement adds to our similar arrangements with Chartered Accountants Ireland, ICAEW, and Institute of Chartered Accountants of Scotland.



The Reciprocal Recognition Signing Ceremony between ISCA and CA ANZ opened more doors for members overseas, giving them a competitive edge



All proceeds raised will go directly to the respective social enterprises and charities to support their beneficiaries and causes

CARING FOR THE COMMUNITY

Low-income families tend to be among the hardest-hit groups in times of crisis. Thus, despite the challenging business outlook, ISCA and its members continued to support the community. The inaugural **ISCA Cares Charity Golf** event took place in March under strict safe management measures, and raised over \$421,000 including matching funds from Tote Board for ISCA Cares.



The ISCA Charity Golf event, postponed from last year, was a fund-raiser in support of ISCA Cares

Our members, who already contribute to the community in many ways, now have another avenue to do so. In May, ISCA and the Ministry of Culture, Community and Youth (MCCY) – Singapore Cares Office signed an **MOU** to grow skills-based volunteerism, with the aim for Social Service Agencies to benefit from the skills and expertise of professional accountants.



With the signing of the MOU, ISCA will serve as a key SG Cares national-level intermediary to grow skills-based volunteerism within the accountancy profession. (From left) Signatories ISCA President Mr Kon and Dr Ang Hak Seng, Deputy Secretary, MCCY (2017-2021); the ceremony was witnessed by Edwin Tong, Minister for Culture, Community and Youth & Second Minister for Law (centre)

At the **ISCA Cares Bursary Awards Ceremony** in early December, a total bursary amount of \$133,000 was awarded to 40 bursary recipients, known as ISCA Cares Ambassadors. The hybrid awards ceremony was held at EY Wavespace and attended by close to 80 guests in person

and virtually, including family members of the student beneficiaries, donors, representatives from government agencies and institutes of higher learning, ISCA Council members and ISCA Cares Board members.



ISCA Cares Chairman Max Loh gave the welcome address at the ISCA Cares Bursary Awards Ceremony 2021, with ISCA Cares Board members (seated, from left), ISCA CEO-designate Ms Kor, John Teo, Noor Quek and ISCA President Mr Kon and students listening on

In conjunction with SG Cares Giving Week in December, ISCA, together with four Bazaar Sponsors – Deloitte, EY, KPMG and PwC – and Outreach Partners from 14 accounting firms, have come together to organise the **“Counting on You” Giving Bazaar**. The bazaar is held online via Fairmarch’s platform – an online marketplace for socially and environmentally responsible businesses, till end-December 2021. The bazaar features items from close to 60 social enterprises and charities including Alzheimer’s Disease Association, Arts at Metta, St Andrew’s Autism Centre and ISCA Cares. All proceeds raised through the sale of products via Fairmarch will go directly to the respective social enterprises and charities to support their beneficiaries and causes.

CONCLUSION

Over the past year, all our initiatives have been directed at advancing the ISCA vision to be a world-class accountancy body of trusted professionals, contributing towards an innovative and sustainable economy. With your support, we know we can RISE to the tasks ahead and achieve our goals. Guided by our mission statements, we will forge ahead with confidence and commitment. ISCA



**MAX LOH**  
FCA (Singapore),  
EY Singapore and Brunei  
Managing Partner;  
EY ASEAN IPO Leader



**SARJIT SINGH**  
FCA (Singapore),  
Chief Executive Officer, Singapore,  
In.Corp Global

# A PASSION FOR COMPASSION

The Giving Of “Heart” Work

**I**N A *FORBES* ARTICLE, Professor Karl Moore from McGill University in Canada wrote this, “Every individual has gifts and talents that can make a lasting impact. However, only a minority of people utilise those gifts and talents to live up to their full potential. Tying your gifts and talents with your personal purpose not only leads to a more successful career, but a significant one.”

In this sound piece of career advice lies a truth that can be applied to all pursuits, for there is power in connecting passion with purpose, and this is especially true in community service. With December 5 being International Volunteer Day, we

celebrate three extraordinary individuals in the field of accountancy whose community service work is guided by the needs of those they serve, yet driven by their personal convictions and interests. For Max Loh, EY Singapore and Brunei Managing Partner and EY ASEAN IPO Leader, it extends beyond purely making monetary donations into putting his efforts where he can create maximum impact for the underprivileged. In the case of Sarjit Singh, Chief Executive Officer, Singapore for In.Corp Global Pte Ltd, a focus on education and mentorship sees him tirelessly contributing to youth development. There’s also Genevieve Chua, CEO of OVOL Singapore Pte Ltd, whose

passion for promoting health among young and old alike has led her to contribute in a wide range of initiatives, from national programmes to an organisation of senior volunteers.

As corporate leaders with their own share of work, family and personal commitments, each of them is a time-strapped individual juggling multiple responsibilities. Yet, all make time to give in ways that are meaningful not just to those they serve, but to themselves. For as industrialist and philanthropist John D. Rockefeller once said, “Giving is not a duty, but a privilege.” And to these three ISCA members, it is also a source of joy.



**GENEVIEVE CHUA**  
FCA (Singapore),  
Chief Executive Officer,  
OVOL Singapore Pte Ltd

# IMPACT MATTERS

Max Loh, FCA (Singapore), EY Singapore and Brunei Managing Partner; EY ASEAN IPO Leader

**GROWING UP IN A MIDDLE-CLASS FAMILY,** Max Loh asserts that while his family was never very rich, he never wanted for anything. That said, he remembers his Hakka mother to be extremely thrifty. “Why should one carefully consider one’s spending when one can afford what one wants? Because it’s about saving for the future and not spending all on yourself, but also giving back to society,” he shares, reflecting on the family values instilled in him from an early age. Naturally, when he started contributing to social causes, he did what many people in his position would: donate money. He continues to do so today, such as when he and his family donated a portion of what they saved from not being able to go on overseas holidays during the pandemic, instead of spending it all on alternative forms of recreation or wants.

His motivation to give stems from an awareness of his position of privilege. “I think we all aspire to be better and, invariably, wish to have the things others have,” he explains. “But as I tell my children, for each of your wants and desires, there are many people out there who wish for what you already have.” To him, just being a Singaporean, and living in a safe, stable and prosperous country is a privilege in itself. “And among the privileged, I am even more so, having been given the opportunity to work in a global organisation, and to lead,” he admits. “This realisation makes me want to give back to society and help elevate others.”

Recalling a fundraising initiative where EY donated money to build a gym and a science laboratory in various schools for underprivileged kids, Mr Loh

says, “I was invited to speak at these schools and saw for myself how these facilities and tools would help the children on their life journeys. That was a very moving moment for me, when I witnessed how giving an amount that might not seem significant can mean so much to another who is underprivileged.”

These days, he also considers the broader aspects of giving back, and has come to look at it not just in terms of financial contributions.

## BEYOND DOLLARS AND CENTS

As Managing Partner at EY Singapore since 2011, Mr Loh has been instrumental in directing the organisation’s corporate social responsibility (CSR) initiatives. These are built around the impact pillars of developing the next-generation workforce, working with impact entrepreneurs and accelerating environmental sustainability. While he makes the call on the organisation’s financial contributions to deserving recipients within these three core areas, Mr Loh goes way beyond merely signing off on the donations.

It was with EY that he started doing volunteer work. One previous effort was rallying staff to take part in the Walk for Rice initiative by the South East Community Development Council and NTUC FairPrice (where, for every 100 metres completed by a participant, one bowl of rice is donated by NTUC FairPrice to needy residents in the South East District). He also rounded up his family to help out at The Boys’ Brigade Share-A-Gift initiative, during which EY employees

contributed by purchasing, packing and distributing gifts and hampers to needy families.

Apart from lending financial and physical muscle, EY also has initiatives that allow their staff to leverage on their financial, accountancy and business skills to aid the underprivileged, so as to help them move up in life. “Such initiatives might not have a definitive financial value tied to them, but they go some way to help level the playing field between the haves and have-nots,” Mr Loh points out. He speaks also from his experience of being the Chairman of ISCA Cares, a charity set up by ISCA that provides a platform for the profession to support meaningful causes. “Education and life skills such as financial planning are critical social mobility tools and social levellers. As part of ISCA Cares, we contribute by both helping to finance the education of young, aspiring accountants from underprivileged families as well as providing mentorship.”

Mr Loh shares that talking to the ISCA Cares bursary recipients always brings a tear to his eye. More importantly, they have also made him and his fellow members more aware of the struggles of the underprivileged – struggles that cannot be solved just with money. “Mentorship is thus important in that it helps these youths navigate their way and gives them a guiding light as they make the choices that can lead them to a successful career and, hopefully, progress to moving their entire family up the social ladder.”

Looking at giving back beyond dollars and cents also allows Mr Loh to zero in on the long-term impact of his contributions. “When I started giving back to society, I focused more on the financial value of things,” he reveals. “But along the way, I gained a different perspective of social work – that it should be about impact, and what resonates with you.” This is one of the reasons why, beyond donating as a family, he also engages his sons, who are aged nine and 15 years, in his social work. “When my boys join me in the Share-A-Gift distribution events, such as packing the gifts and distributing them, walking up the stairs with me and seeing for themselves what a one-room flat looks like, the experience can help them build values of their own, which is more than



what donating a sum of money as a family would do for them.”

## STRONGER TOGETHER

Having been an ISCA Cares Mentor since

**CAREER HIGHLIGHTS**

**1986 to 2002**  
Partner,  
Arthur Andersen

**2011 to 2019**  
Managing Partner,  
Singapore and ASEAN, EY

**2019 to Present**  
Managing Partner,  
Singapore and Brunei, EY

“... you realise that a single person’s effort is not enough and that you should rally others to do it with you, and so you build a core volunteer group ... You need every member of that group to reach out to others just as you have, and only then can you harness the true power of the ripple effect. Do good, and don’t do it alone.”

its founding, Mr Loh’s interactions with his mentees have given him a greater appreciation of the struggles of those with different life circumstances. “That knowledge allows one to empathise. It also gives you a deeper desire to help and give more,” he shares. “That is when you realise that a single person’s effort is not enough and that you should rally others to do it with you, and so you build a core volunteer group. But even that ultimately isn’t enough. Nor is building a group of say, 50 to 100 volunteers. You need every member of that group to reach out to others just as you have, and only then can you harness the true power of the ripple effect. Do good, and don’t do

it alone.” While he steers the EY’s broad directions for CSR initiatives, Mr Loh encourages the teams to come up with their own ideas centred around the core themes. Meanwhile, as Chairman of ISCA Cares, he is actively expanding the charity’s reach and fundraising capabilities through collaborating with new partners. “No one has all the answers and the capacity or capability to solve all the problems of the underprivileged,” says Mr Loh. “But through teaming up with partners and collaborators, we can find ways and means to bring the work of ISCA Cares to another level.”

# SERVICE AS A WAY OF LIFE

Sarjit Singh, FCA (Singapore), Chief Executive Officer, Singapore, In.Corp Global Pte Ltd



**THOSE WHO DO VOLUNTEER WORK ARE OFTEN ASKED, “WHAT MOTIVATES YOU?”**

For Sarjit Singh, it is simply a way of life, and something that was instilled in him as a young boy. “My father was my role model. He ignited my passion for community work. When I was about five, my father suffered a stroke that paralysed the right side of his body. Yet, he continued his commitment to serve the community as a grassroots leader during the day, while supporting the family as a night watchman at a school.” As a child, Dr Singh used to accompany his father on his walks around the neighbourhood, helping him note down issues that needed to be resolved for the residents. Dr Singh’s father would then call the relevant authorities to resolve these issues, which could be anything from

faulty streetlights to choked drains. “I saw the happiness on the faces of the residents when they thanked my father for his help. From him, I learnt how a single person can positively touch the lives of many.” Although his father passed away when Dr Singh was 10, the boy carried on his legacy of serving the community. “I was fortunate to have had many role models, such as my grandparents, mum, siblings and their spouses who helped shape my character and values. As a result, I graduated from Nanyang Technological University (NTU) and went on to win an overseas post-graduate scholarship with PricewaterhouseCoopers.” Another source of inspiration was his grandfather. “He was a watchman in Singapore, with limited income sources. But he sold our landed

**+ CAREER HIGHLIGHTS**

- 1991 to 2007**  
Financial Services Practice,  
PricewaterhouseCoopers Singapore and Sydney
- 2007 to 2011**  
Chief Financial Officer,  
AIA Singapore
- 2010 to 2016**  
Adjunct Associate Professor,  
Nanyang Technological University
- 2011 to 2014**  
Chief Financial Officer,  
Aviva Asia
- 2015 to 2018**  
Executive Chairman,  
Ardent Associates LLP
- 2018 to Present**  
Chief Executive Officer, Singapore,  
In.Corp Global Pte Ltd

“Community service is about planting trees under whose shade I do not expect to sit. Happiness comes from giving, not getting.”

house in Singapore to start an English-medium school in his village in India, for which he took 18 months of leave from work to supervise the construction project. He never had the opportunity to learn English, but he wanted to enrich the lives of others in his village.” With community service being such a big part of the family, serving seemed a natural thing to do for Dr Singh. He took on leadership roles in school and university, and progressed to joining the Central Singapore Community Development Council (CDC), where he is currently a District Councillor and Chairman of the Finance Committee. He is also the CDC’s representative on OnePeople.sg, which champions racial and religious harmony. In addition, he serves as Chairman of the Learning and Assessment Committee – Foundation Programme at the Singapore Accountancy Commission, which aims to build a vibrant and future-ready accountancy profession in Singapore, and is Vice President of the Singapore Indian Development Association (SINDA). For his community work, Dr Singh was conferred the Public Service Star (Bar) – the BBM(L) – by the President of the Republic of Singapore in 2021. This is his fourth award conferred by the President of the Republic of Singapore, after the Public Service Medal (PBM, 2007), Public Service Star (BBM, 2011) and SkillsFuture Fellowship (2019). But while others might be dazzled by awards, his view is, “Community service is about planting trees under whose shade I do not expect to sit. Happiness comes from giving, not getting.”

**THE GIFT OF INSPIRATION**  
Walking in the footsteps of his grandfather, Dr Singh has taken leave from work to raise funds for underprivileged students. Together with his wife, he also created the Sarjit Singh and Kiranjeet Kaur Book Prize in 2010 – an endowment fund to inspire outstanding students at Nanyang Business School, NTU – as a way of leaving a legacy to benefit future generations. As one who deeply believes in the power of education as a way to uplift the

underprivileged, Dr Singh is a lifelong learner himself. “My various community leadership roles have provided me an opportunity to understand and appreciate issues from a different perspective, which further fostered my interest in continual learning.” This has spurred him to constantly reinvent himself throughout his career as he took on different roles ranging from audit professional at PricewaterhouseCoopers to Chief Financial Officer of AIA Singapore and Aviva Asia, business owner, and now, Chief Executive Officer of Singapore for In.Corp Global – a leading professional services firm headquartered in Singapore. He has also completed three professional qualification courses over the past two years, including the Advanced Management Program at Harvard Business School, all while juggling a full-time professional practice and family commitments of being father to four-year-old twin girls, Ashlyn and Jaslyn. The student is also the teacher: Dr Singh served as an Adjunct Associate Professor at NTU from 2010 to 2016. The experienced CEO doesn’t just impart professional knowledge. “I worked extraordinarily hard to ignite the passion in my students to live their dreams, learn more, do more, share more and become more. It was priceless to see the joy and smiles of my students at the end of every class. My wish is for my students to exceed me,” he says of his teaching stint. As President of the Nanyang Business School Alumni Association for over 12 years and Advisor to various youth organisations including the NTU Investment Interactive Club and SINDA Youth Club, he further developed strong bonds with a network of students and graduates. “I have also contributed my time and effort as a mentor to graduating students, and have encouraged others to do the same,” he adds. “I truly enjoy mentoring and supporting everyone around me to achieve success in the way defined by them. We always rise by lifting others. We are rewarded by peace, in knowing that we did the right thing in service and

in significance.” Beyond uplifting youths, he also works at imparting the values of good citizenship through acting as a role model. “I was fortunate to have role models who shaped my values and passions in life, and I would like to play that part for others, so that our youth are actively engaged and connected to the community,” he says.

**PAYING IT FORWARD, PLANNING FORWARD**  
Looking back at 2021, Dr Singh shares that it has been a year of new highs, from graduating from Harvard University and receiving an honorary doctorate to being conferred the national honours of the Public Service Star (Bar). “Many good things have come my way this year resulting from years of hard work. We often overestimate what we can do in a year, but underestimate what we can achieve in 10 years!” he quips. Dissecting his strategy – developed through his years of professional work and community service – he shares, “The idea behind the strategy is to plan the changes you would like to see in incremental steps, and that’s how you progress.” But first, he adds, one has to find his/her own purpose, set goals and strive to achieve them. “Goal setting has played a huge part in ensuring that I get things done effectively in my life. I have big-picture goals that give me a clear line of sight and keep me motivated, while everyday goals help me learn something new each day,” he reveals. Secondly, he stresses the importance of finding one’s own passion and developing one’s talent, for only then can one make possibilities happen. “Surround yourself with people who inspire you, who mean the best and want the best for you,” adds Dr Singh. Finally, it is vital to then share this passion for giving back. He also points out that giving back can be as simple as sparking joy. “For me, success is when I spread a smile to others around me,” he says. “A smile has the power to improve the day of those around us. The positive peaceful vibes bounce back, making me much stronger than ever before. That’s when magic happens. That’s my secret sauce. Let your smile change the world, but don’t let the world change your smile.”

# DOING GOOD IS THE BEST MEDICINE

Genevieve Chua, FCA (Singapore), Chief Executive Officer, OVOL Singapore Pte Ltd

**PROVING EARLY ON THAT AGE IS NO OBSTACLE WHEN IT COMES TO GIVING BACK,** Genevieve Chua started doing volunteer work as a secondary school student – by choreographing dances for the hearing-impaired at the request of the Canossian sisters of her school. “I enjoyed dance back then, so it was turning an interest into something more meaningful for others,” Ms Chua recalls of that experience in the late 1970s. That first foray into volunteerism made her realise that she could make a difference to the lives of others, even if it is in small ways. “It was a very humbling and gratifying experience interacting with these wonderful people who could still move and feel the music even if they could not hear it.”

**CONTRIBUTIONS FROM THE HEART**  
This belief that every little effort counts has guided Ms Chua throughout her life, and she motivates herself through

combining personal passions with her volunteer work. “Just as it began for me with an interest in dance and finding a way to go beyond my own enjoyment, I have developed a passion for health and wellness, particularly over the last few years,” shares the CEO of paper distributor OVOL Singapore. “I stay very active and keep healthy. Health is the true wealth, and health and wellness is a key and immutable priority in my life.” She believes that we all owe it to ourselves to take control of our health. “Some might attribute their health issues to genetics, but it is also said that while our genes load the gun, it is our choices that pull the trigger.” Given that many chronic diseases stem from modifiable lifestyle factors, her maxim is, “It’s never too early and never too late to start taking small steps to make a difference in our lives.”

As a passionate advocate for healthy living, Ms Chua was invited in 2017 to join the Ministry of Health’s first Citizen’s Jury – War on Diabetes, which was part of a nationwide effort to rally various stakeholders to come up with community-driven recommendations to combat the problem of diabetes. This led to other volunteering opportunities where, through the South West CDC, Ms Chua gave several health talks to primary schoolgoing children, emphasising healthy eating and avoiding too much sugar and refined carbohydrates. In 2017, Ms Chua also joined RSVP The Organisation of Senior Volunteers and the National Centre of Excellence for Senior Volunteerism. “We have a rapidly aging society and, while we are living longer, there is a serious upward trajectory in chronic diseases,” she observes. Her plan was to not just enhance the life span of the elderly, but also their “health span”, drawing from her insights on health advocacy. From serving as RSVP’s Honorary Treasurer, she is now its First Vice-Chair. “Over time, I was involved in the setting up of RSVP as one of the AWE (Age Well Everyday) centres recognised by NUS Mind Science Centre. The AWE programme is an evidence-based, volunteer-driven community

programme that aims to prevent or delay the onset of dementia and improve the quality of life of the elderly. And we get seniors to help seniors! There are many other programmes and initiatives at RSVP including Befriending, Guiding and Training activities, but this dementia prevention programme remains near and dear to my heart.”

**LENDING HER EXPERTISE**  
Ms Chua is also a Board Member with RSVP Singapore, but to anybody who aspires to work towards contributing at that level, her advice is simple – start with a genuine interest to contribute to the cause that you support. “It goes beyond the title, that resume statement and a good story to tell,” she emphasises. “Not all NPOs (non-profit organisations) are well-resourced, so there may be a need to roll up your sleeves and get your hands dirty. It is imperative to think of the appointment as a call to serve, rather than to be served.”

From that starting point, she reiterates that the role of a Board Member in any organisation is a fiduciary one, with responsibility in overseeing and providing direction for governance, strategic direction, risk management and sustainability. She elaborates that an NPO will have its own challenges due to sustainable funding requirements and adequate and capable resourcing, talent recruitment and retention. “Hence, it will require a strong commitment to the mission, and it might require more personal time and effort such as tapping into one’s network for support.” She is of the opinion that chartered accountants like herself can contribute by lending their professional insights and expertise. “Skills-based volunteerism is an area where individuals can combine their professional pursuits with philanthropy, and companies which support this can leverage their employees’ skill sets for social impact,” she says. Ms Chua notes that the unique skill sets of an accountancy professional can definitely help the charity sector, where many could benefit from better reporting systems, management of information, setting up



**“Skills-based volunteerism is an area where individuals can combine their professional pursuits with philanthropy, and companies which support this can leverage their employees’ skill sets for social impact.”**

and tracking of performance targets, incorporation of IT and processes for more efficient workflow, and improved internal controls which contribute to good governance. These, she feels, are all familiar territory to an accountancy professional. But she stresses that what cannot be overlooked, and is required, are the soft skills – the people management abilities and persuasiveness – to engage and communicate one’s proposals and recommendations to the Board, senior management and various committees.”

Accountancy professionals can maximise their impact by being directly involved with the Finance Committee and Investment Committee, and in the strategic planning discussions that would be required to fulfil the vision and mission of the NPOs. “Controls and procedures need to be put in place to monitor the organisation’s programmes and services in support of the mission and strategic plans,” Ms Chua advises. “Sustainability is always of critical importance, and ensuring adequate resourcing,

cashflow projection and planning is required for people development, organisational growth and changes.” She also highlights the importance of keeping an open mind when volunteering at an NPO, especially in the capacity of a Board Member. “Those of us from the corporate world might be used to a certain way of working, such as in terms of action plans, response times and standard operating procedures,” she says. “Things in the charity organisations can be different though not necessarily negative, so we will need to manage our own expectations and understand the culture and specifics of the organisation.” What is vital is for such volunteers to bring with them not just expertise and experience but a sense of understanding, patience, people management skills and an openness to listening and learning. “For example, one might need to spend more time understanding how the accounting and reporting are managed and the understanding and expectations of the Board before making and explaining the recommended changes.”

Other than her volunteer work at RSVP, Ms Chua has also offered her accounting expertise pro bono in other capacities – she was the Honorary Treasurer in organisations such as Financial Planning Association of Singapore and Print and Media Association Singapore, and was also involved as a Board Member with Programme for the Endorsement of Forest Certification, a Geneva-based non-profit international organisation that supports sustainable forest management.

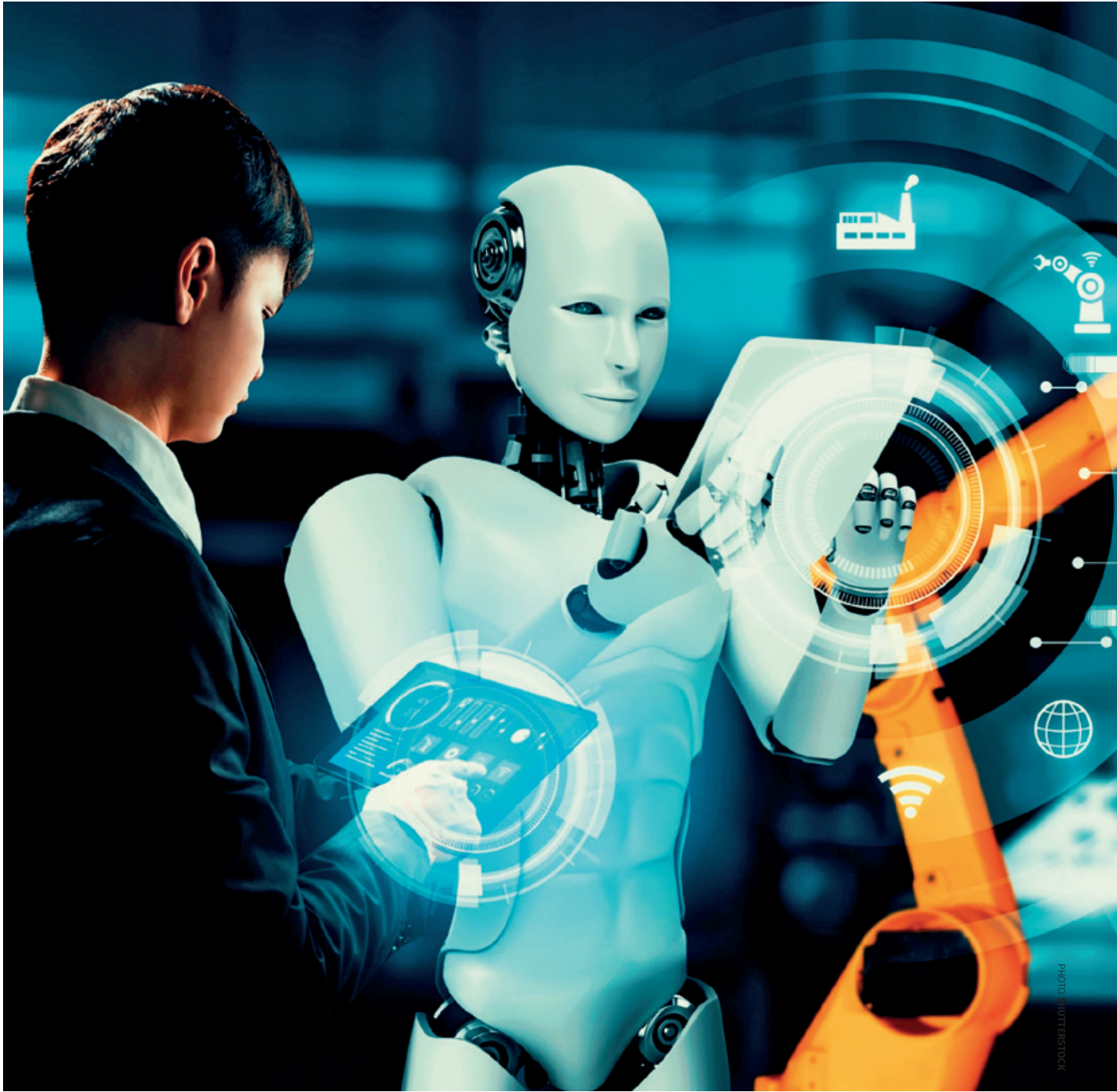
Although she always yearns to do more, she also bears in mind never to spread herself too thin. “I need to take care of myself in order to be able to go the distance with all my various commitments,” she reveals. “Placing high priority on my health ensures that I have the boundless energy to engage myself positively in various activities, while meticulous planning allows me to schedule my time productively – though I do use up a great deal of my annual leave for such activities,” she quips. That said, she highlights that studies have shown that volunteering has cumulative positive impact leading to better mental and physical health, life satisfaction, and social well-being. “Beyond the fulfilment and sense of purpose that volunteerism provides, we get healthier as a result!” ISCA

**CAREER HIGHLIGHTS**

- 1986 to 1990**  
Audit Supervisor,  
KPMG Singapore
- 1990 to 2019**  
Managing Director,  
Spicers Asia
- 2010 to 2020**  
Board Member & Co-Vice Chair,  
Programme for the Endorsement  
of Forest Certification
- 2010 to Present**  
Honorary Treasurer,  
Print & Media Association Singapore
- 2012 to 2014**  
Council Member,  
ISCA
- 2015 to 2016**  
Honorary Treasurer,  
Financial Planning Association of Singapore
- 2017 to Present**  
First Vice Chair,  
RSVP Singapore The Organisation  
of Senior Volunteers
- 2019 to Present**  
Chief Executive Officer,  
OVOL Singapore Pte Ltd
- 2021 to Present**  
Independent Non-Executive Director,  
Tye Soon Limited



BY STEVEN M. MILLER AND THOMAS H. DAVENPORT



# ARTIFICIAL INTELLIGENCE AND WORK (PART 2)

Two Perspectives

THIS IS PART 2 OF A TWO-PART ARTICLE. PART 1 WAS PUBLISHED IN THE NOVEMBER ISSUE OF THIS JOURNAL.

**THE MIT TASK FORCE ADDRESSED NOT ONLY THE ISSUE OF WHETHER AND WHEN HUMAN WORK WILL BE REPLACED BY TECHNOLOGY,**

but also addressed important aspects of the future workforce. One conclusion in this area highlighted the necessity of cultivating and refreshing worker skills. They stated:

- **Fostering opportunity and economic mobility necessitates cultivating and refreshing worker skills.**

Enabling workers to remain productive in a continuously evolving workplace requires empowering them with excellent skills programs at all stages of life: in primary and secondary schools, in vocational and college programs, and in ongoing adult training programs.

We also found that frontline workers, in order to collaborate effectively with smart machines in their work, needed new skills. However, in contrast to the MIT report, we did not find that those skills had been acquired through “excellent skills programs” sponsored by schools, colleges, and employers. Instead, most of the new skills were acquired on the job, or by employees who were personally motivated to acquire new skills on their own.

Leading higher education institutions have already started to adopt new AI-related skills programmes, but there are still many education institutions that have not done so yet. While some progressive employers have internally implemented AI-related skills programmes, many have not. As such, the majority of existing employees in most countries are largely on their own to develop these skills. The situation in Singapore is an exception due to the SkillsFuture national initiative to provide continuing education for the existing workforce, and also due to the AI Singapore educational outreach programmes.

The MIT report also does not emphasise the importance of hybridised business and IT skills that we found in many of our case studies. In the context of these 30 case examples, organisations had to deepen their internal capabilities in IT and expand into related areas

for digital transformation and data science/AI. Frontline system users had to learn how to work with the systems. Supervisors and frontline managers had to work through the process changes and learn how to manage in the new setting. Technology staff had to hybridise their skills in the direction of business and domain understanding. Business users had to hybridise in the direction of technology capabilities and digital thinking and savviness. In addition, people needed to move into new types of roles which spanned and integrated business and technology (for example, product management, data governance, ethical AI practices).

While both self-motivated learning and IT/business hybridisation are not easy to accomplish, they are relatively straightforward to do successfully for those in the workforce with the highest levels of education (undergraduate

**The MIT report emphasises that augmentation is both a more desirable and more common outcome than large-scale automation. Augmentation is where employers create workplaces that combine smart machines with humans in close partnerships – symbiotically taking advantage of both human intelligence and machine intelligence.**

While some progressive employers have internally implemented AI-related skills programmes, many have not... Singapore is an exception due to the SkillsFuture national initiative to provide continuing education for the existing workforce, and also due to the AI Singapore educational outreach programmes.

degrees and post-graduate degrees), and in fact, the MIT Task Force report shows that in recent decades, at least in US labour markets, those in the workforce with highest levels of education have mostly done well.<sup>1</sup>

The MIT report emphasises that augmentation is both a more desirable and more common outcome than large-scale automation. Augmentation is where employers create workplaces that combine smart machines with humans in close partnerships – symbiotically taking advantage of both human intelligence and machine intelligence. Most of our 30 case studies were examples of augmentation and, from what we observed, AI augmentation is largely quite successful. A few of our case studies involved some degree of full automation. Even for these few examples, there was still a need for augmentation in the sense that humans still have to supervise as well as support the continuous improvement of these fully automated tasks or processes, as well as handle special cases and disruptions.

The MIT Task Force effort included an imaginative and increasingly plausible view of how augmentation can be taken to even higher levels and expand into new types of applications. These ideas come from the Task Force research brief on “Artificial Intelligence and the Future of Work”.<sup>2</sup> The research brief authors

Tom Malone, Daniela Rus and Robert Laubacher emphasise “thinking less about people *or* computers and more about people *and* computers.” They elaborated as follows:

By focusing on human-computer groups – superminds – we can move away from thinking of AI as a tool for replacing humans by automating tasks, to thinking of AI as a tool for augmenting humans by collaborating with them more effectively. As we’ve just seen, AI systems are better than humans at some tasks such as crunching numbers, finding patterns, and remembering information. Humans are better than AI systems at tasks that require general intelligence – including non-routine reasoning and defining abstractions – and interpersonal and physical skills that machines haven’t yet mastered. By working together, AI systems and humans can augment and complement each other’s skills.

The possibilities here go far beyond what most people usually think of when they hear a phrase like “putting humans in the loop”. Instead of AI technologies just being tools to augment individual humans, we believe that many of their most important uses will occur in the context of groups of humans. As the Internet has already demonstrated, another very important use of information technology – in addition to AI – will be providing hyperconnectivity: connecting people to other people and often, to computers, at much larger scales and in rich new ways that were never possible before.

That’s why we need to move from thinking about putting humans in the loop to putting computers in the group.

While we did not find an explicit objective to put computers *in the group*



PHOTO SHUTTERSTOCK

in the work settings we described, using technology to attain new levels of collective coordination and intelligence is not at all far-fetched. We already see this occurring to some extent in real-world situations in our Singapore LTA Smart City rail network management case study as well as in our Certis Jewel Changi Airport example (especially the smart operations centre role). Both of these examples are in Singapore – an entire city-state economy and society making the future happen now. Over time, we expect to see more examples where smart-machine augmentation happens at the level of teams, departments, and entire business groups and organisations, and not just at the level of individual employees.

A WARNING ABOUT POLARISATION OF LABOUR MARKETS

Our research was case study-based and did not address long-term economic and labour market issues. But the MIT Work of the Future Task Force analysed US economy and labour market trends over prior decades up to the present, highlighting the stark realities of employment polarisation and diverging job quality. They spotlighted the decline in the proportion of “middle-skill jobs” in the US labour market and the fact that wages for those in low-skilled occupations have stagnated for several decades. The Task Force explained the situation as follows<sup>3</sup>:

This ongoing process of machine substitution for routine human labor tends to increase the productivity of educated workers whose jobs rely on information, calculation, problem-solving, and communication – workers in medicine, marketing, design, and research, for example. It simultaneously displaces the middle-skill workers who in many cases provided these information-gathering, organizational, and calculation tasks. These include sales workers, office workers, administrative support workers,

<sup>1</sup> Auto D., Mindell D. & Reynolds E. (Nov 2020). Section 2 – Labor Markets and Growth. The work of the future: building better jobs in an age of intelligent machines. And Autor, Mindell & Reynolds. (Nov 2019). Section 2 – The Paradox of the Present; Section 3 – Technology and Work: A Fraught History, and Section 4 – Is This Time Different?.

<sup>2</sup> Malone, T. W., Rus, D. & Laubacher, R. (Dec 2020). Artificial Intelligence and the future of work (research brief). MIT Work of the Future Task Force. <https://workofthefuture.mit.edu/research-post/artificial-intelligence-and-the-future-of-work/>

<sup>3</sup> Autor, Mindel & Reynolds. (Nov 2020). Section 2.3, Employment Polarization and Diverging Job Quality.

and assembly-line production positions. Ironically, digitalization has had the smallest impact on the tasks of workers in low-paid manual and service jobs, such as food service workers, cleaners, janitors, landscapers, security guards, home health aides, vehicle drivers, and numerous entertainment and recreation workers. Performing these jobs demands physical dexterity, visual recognition, face-to-face communications, and situational adaptability, which remain largely out of reach of current hardware and software but are readily accomplished by adults with modest levels of education. As middle-skill occupations have declined, manual and service occupations have become an increasingly central job category for those with high school or lower education. This polarization likely will not come to a halt any time soon.

The Task Force’s observation that US labour market employment polarisation has been the *status quo* situation for over four decades now – and that it is more extreme in the US than in other advanced economies that have experienced positive productivity growth over past decades – led to their three additional conclusions:

- 1) Rising labor productivity has not translated into broad increases in incomes because labor market institutions and policies have fallen into disrepair.
- 2) Improving the quality of jobs requires innovation in labor market institutions.
- 3) Investing in innovation will drive new job creation, speed growth, and meet rising competitive challenges.

These three MIT Task Force conclusions address economy-wide issues that were beyond the scope of our more focused set of company-specific case

<sup>4</sup> Autor, Mindell & Reynolds. (Nov 2020). Introduction.  
<sup>5</sup> Autor, Mindell & Reynolds (Nov 2020) go on to explain in their introduction, “Four decades ago, for most US workers, the trajectory of productivity growth diverged from the trajectory of wage growth. This decoupling had baleful economic and social consequences: low paid, insecure jobs held by non-college workers; low participation rates in the labor force; weak upward mobility across generations; and festering earnings and employment disparities among races that have not substantially improved in decades. While new technologies have contributed to these poor results, these outcomes were not an inevitable consequence of technological change, nor of globalization, nor of market forces. Similar pressures from digitalization and globalization affected most industrialized countries, and yet their labor markets fared better.”  
<sup>6</sup> Autor, Mindell & Reynolds (Nov 2020). Introduction.



Over time, we expect to see more examples where smart-machine augmentation happens at the level of teams, departments, and entire business groups and organisations, and not just at the level of individual employees.

studies. However, we feel these additional national policy-oriented conclusions are important to highlight here for the following reasons. These conclusions, when combined with their other conclusions discussed above, set the stage for what is perhaps the strongest statement in their final report:<sup>4</sup>

Yet, if our research did not confirm the dystopian vision of robots ushering workers off of factory floors or artificial intelligence rendering superfluous human expertise and judgment, it did uncover something equally pernicious: amidst a technological ecosystem delivering rising productivity, and an economy generating plenty of jobs (at least until the COVID-19 crisis), we found a labor market in which the fruits are so unequally distributed, so skewed toward the top, that the majority of workers have tasted only a tiny morsel of a vast harvest.<sup>5</sup>

These conclusions are the foundations of important warning statements made by the MIT Task Force team that need to be heeded by senior managers, C-suite executives and Board of Director members in the private sector as well as by civil servants and elected government officials. Even though their statements are directly aimed at the situation in the US, the threats associated with excluding major segments of the workforce from sharing the fruits of productivity improvement and wealth creation apply to managers and government officials in all countries. The Task Force final report stated:<sup>6</sup>

Where innovation fails to drive opportunity, however, it generates a palpable fear of the future: the suspicion that technological progress will make the country wealthier while threatening livelihoods of many. This fear exacts a high price: political and regional divisions, distrust of institutions, and mistrust of innovation itself.

The last four decades of economic history give credence to that fear. The central challenge ahead – indeed the work of the future – is to advance labor market opportunity to meet, complement, and shape technological innovations. This drive will require innovating in our labor market institutions by modernizing the laws, policies, norms, organizations and enterprises that set the “rules of the game”.

CONCLUSION

For our forthcoming book, we focused on case studies of people collaborating with smart machines that were examples of successful deployment and usage of AI systems in work settings. We interviewed people who were gainfully employed, highly engaged with all of the technology and process changes that had taken place in their work setting and, for the most part, enthusiastic about working with or managing the new AI-enabled systems in their workplace. The strength of our case studies is that they provide real-world examples in actual operational everyday work settings of what it is possible to achieve in terms of people collaborating with smart machines in ways that improve business capabilities.

At the same time, as AI and other forms of advanced automation continue to diffuse across an entire economy, there are other aspects of the story. The MIT Work of the Future Task Force provides a broad view of these changes. It focuses on the multiple sides of this unfolding journey from an economy-wide and labour market perspective. ISCA

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# RCEP BENEFITS FOR SINGAPORE BUSINESSES

## (PART 2)

Trade In Services, Investment And E-Commerce

**PART 1 OF THE ARTICLE, PUBLISHED IN THE NOVEMBER ISSUE,** provides an overview of how Singapore businesses can benefit from the Regional Comprehensive Economic Partnership (RCEP) in the area of trade in goods and rules of origin. In this article, we look at the ways RCEP can benefit Singapore businesses in services, investment and e-commerce.

### SINGAPORE’S TRADE IN SERVICES

Singapore’s trade in services with other RCEP countries is a significant factor of the national economy. In 2019, Singapore’s total export of services to the world was S\$296.3 billion. Out of this, S\$111.7 billion was with RCEP countries, representing 37.7% of global services export. The biggest RCEP markets were Japan (25%), ASEAN (24%), China (23%) and Australia (22%). Singapore’s most in-demand services are management and consultancy services, research and development, technical and trade-related services, transport, financial services, telecommunications services and insurance.

### INVESTMENTS

Singapore’s investors have made substantial investments in neighbouring Asian countries. As of 2019, Singapore invested S\$416.7 billion into RCEP countries. This represents 45.6% of its total direct

investments abroad. The top investment destinations were China (S\$147 billion), Indonesia (S\$64.5 billion), and Malaysia (S\$54.4 billion).

### BENEFITS OF THE RCEP TO SINGAPORE BUSINESSES

Singapore service providers and investors are eligible for benefits related to trade in services, investment and the temporary movement of persons. These new rules are set out in Chapters 8, 9 and 10 of RCEP.

The following benefits await Singapore service providers and investors in RCEP countries, within the sectors that they have committed to liberalise.

- Equivalent treatment as that granted to domestic service providers.
- Open market access: Singapore companies will not face restrictions on the number of businesses, or Singapore citizens, working in RCEP countries in the services industry.
- Favourable treatment equivalent to that given to service providers from other RCEP members.
- Fair and equitable treatment, full protection and security in accordance with the minimum standard of treatment for foreign countries as outlined by customary international law.
- Singapore firms will have public access to key information on sectors affected by

existing and proposed regulatory measures.

- No requirement to maintain a local presence or representative office within an RCEP country.
  - RCEP’s Annex on Professional Standards will encourage parties to negotiate with one another for mutual recognition of professional qualifications, licensing and registration.
- No imposition of eight (8) types of business performance requirements.
- Limits on transfer of a particular technology and the imposition of a given rate or amount of royalty under a licence contract as conditions for an investment to take place.
- Free transfers without delay, on profits, capital gains, dividends, interests, and proceeds from the sale of any part of the investment.
- No demands for local nationals to serve in senior management.
- Investment losses suffered owing to armed conflict, civil strife, or state of emergency will be redressed using the same measures the country applies to its domestic investments.
- Ratchet mechanism (services and investment commitments) that ensures member countries may not backtrack or reverse any future liberalisation made.

### POSITIVE AND NEGATIVE LIST APPROACHES

Singapore companies looking to trade or invest in RCEP countries should understand the benefits offered by certain sectors in RCEP countries, as these differ from one member to another. It is necessary for them to understand where to find the relevant information on the applicable terms, limitations and conditions before supplying services or investing in another RCEP country. It is also important to know how to interpret each country’s service schedule.

The following services are expected to benefit the most from RCEP arrangement: **professional services, computer and related services, telecommunications services, logistics and distribution services and financial services.**



The services sectors of each RCEP country that will receive new benefits under the RCEP are maintained in schedules. These list the sectors or subsectors and conditions under which new Market Access, National Treatment, Most-Favoured-Nation Treatment obligations, and other RCEP rules apply. These schedules are maintained in positive or negative lists.

Positive list

In a **positive list**, the RCEP country indicates the sectors where they have committed to new market openings for foreign RCEP competition. This indicates where the RCEP member has agreed to grant Market Access, National Treatment, and Most-Favoured-Nation Treatment to foreign companies. Any unlisted sector or subsector is not eligible for new benefits under RCEP.

- There are three types of obligations:
- *Horizontal commitments*: general Market Access and National Treatment commitments and exemptions that an RCEP member applies to all sectors.
  - *Specific commitments*: as above but applied to certain sectors.
  - *Commitments and limitations* in the Most-Favoured-Nation Sectoral Coverage Appendix that affect sectors that are not listed.

The following countries employ the positive list approach: Cambodia, China, Laos, Myanmar, New Zealand, Philippines, Thailand, and Vietnam.

Negative list

In a **negative list**, the RCEP country indicates that all sectors are open to foreign competition unless explicitly stated otherwise. For investment, all RCEP members have opted to use negative lists. Negative lists stipulate the sectors and commitments which RCEP countries have excluded from certain obligations such as National Treatment and Most-Favoured-Nation Treatment. Unless a particular service is listed in an RCEP country’s schedule, businesses may assume that the member has committed to liberalising the service. Exempted sectors are portrayed in lists A and B:

List A	All existing measures (for example, laws, regulations) applied to sectors that do not conform with RCEP obligations.
List B	All sectors, subsectors, or activities on which a country reserves the right to apply new, more restrictive measures (for example, laws, regulations) that do not conform with RCEP obligations.



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The e-commerce chapter of the RCEP Agreement focuses on the adoption of digitalised solutions, **increasing the level of trust and confidence of e-commerce users and improving cooperation between member states on the development of e-commerce.**

The following countries employ the negative list approach: Australia, Brunei, Indonesia, Japan, South Korea, Malaysia and Singapore. Both lists indicate clearly the exempted sector, the conditions of the exemption and from where the exemptions originate. The difference lies in that for List A, countries may not apply new measures more stringent than those already laid out; conversely, in List B, the country reserves the right to do so.

IMPACT OF RCEP ON SERVICES AND INVESTMENT COMMITMENTS

RCEP provides new benefits for services and investment activities, especially when compared to existing FTA arrangements. The following services are expected to benefit the most from RCEP arrangement:

Professional services	Legal, accounting, architecture, and engineering
Computer and related services	Data processing, and other computer services
Telecommunications services	Value-added services, mobile voice and data services
Logistics and distribution services	Wholesale trade, freight by road, storage and warehousing, and freight forwarding agency services
Financial services	Insurance, and securities

For Singapore businesses, RCEP offers a host of benefits, including greater market access benefits and more business-friendly regulations, and more transparent regulatory regimes under a negative approach to listing exceptions provided for investment.


Improved labour mobility

The movement of people across borders to deliver services or manage investments is possible under RCEP on a temporary basis to provide services. All RCEP countries will have to provide business visitors and intra-corporate transferees with a specified duration of stay to conduct business activities and meetings and/or supply services domestically.

Enhanced e-commerce chapter

The e-commerce chapter of the RCEP Agreement focuses on the adoption of digitalised solutions, increasing the level of trust and confidence of e-commerce users and improving cooperation between member states on the development of e-commerce. ISCA

For more information on the RCEP Services, Investment and E-Commerce Chapters, visit <https://go.gov.sg/trade-in-services> or scan the QR code below:



Part 3 of the article, which centres on *Understanding the RCEP Intellectual Property Chapter: Benefits for Businesses*, will be published in the January 2022 issue of this *IS Chartered Accountant Journal*.

# TECHNICAL HIGHLIGHTS

## FINANCIAL REPORTING

### IFRS FOUNDATION ISSUES COMPILATION OF AGENDA DECISIONS – VOLUME 5

The IFRS Foundation has issued *Compilation of Agenda Decisions – Volume 5* which contains all the agenda decisions made by the IFRS Interpretations Committee from April to October 2021.

For more information, please visit <https://www.ifrs.org/news-and-events/news/2021/10/compilation-of-agenda-decisions-volume-5-published/>

### IASB FAQ WEBCAST SERIES ON EXPOSURE DRAFT MANAGEMENT COMMENTARY

The series of five bitesize webcasts will address frequently asked questions about IASB’s proposals for a new framework for preparing management commentary.

For more information, please visit <https://www.ifrs.org/projects/work-plan/management-commentary/new-webcasts-on-exposure-draft-management-commentary/>

### IASB VIDEO ON OVERVIEW OF EXPOSURE DRAFT SUBSIDIARIES WITHOUT PUBLIC ACCOUNTABILITY: DISCLOSURES

The video hosted by IASB member Jianqiao Lu provides an overview of IASB’s proposals set out in the exposure draft *Subsidiaries without Public Accountability: Disclosures*. The video can be found on the IASB website and YouTube Channel.

For more information, please visit <https://www.ifrs.org/projects/work-plan/subsidiaries-smes/overview-exposure-draft-subsidiaries-without-public-accountability-disclosures/>

### IASB ARTICLE: BUSINESS COMBINATIONS UNDER COMMON CONTROL – FILLING A GAP IN IFRS STANDARDS

IASB member Ann Tarca explains IASB’s preliminary views for accounting for business combinations under common control, an issue not currently addressed in IFRS Standards. Such combinations are widespread and the accounting for them is diverse. IASB’s preliminary views aim to reduce diversity in practice and improve the information provided to investors so they can understand the effects of these transactions and compare companies that undertake them.

For more information, please visit <https://www.ifrs.org/news-and-events/news/2021/10/article-business-combinations-under-common-control-filling-a-gap-in-ifrs-standards/>

### IASB UPDATE OCTOBER 2021

This Update highlights IASB’s discussions on topics such as Post-implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, and finalisation of agenda decisions relating to (i) Non-refundable Value Added Tax on Lease Payments under IFRS 16 and (ii) Accounting for Warrants that are Classified



as Financial Liabilities on Initial Recognition under IAS 32. The IASB work plan has also been updated.

For more information, please visit <https://www.ifrs.org/news-and-events/updates/iasb/2021/iasb-update-october-2021/>

### OCTOBER 2021 IFRS INTERPRETATIONS COMMITTEE PODCAST AVAILABLE

In this podcast, IFRS Interpretations Committee Chair and IASB Vice Chair Sue Lloyd, and Technical staff member Patrina Buchanan talked about recent activities to support the consistent application of IFRS Standards during the third quarter of 2021. Topics discussed include non-refundable VAT on lease payments and accounting for warrants that are financial liabilities on initial recognition. The recording can be found on the IASB website and YouTube Channel.

For more information, please visit <https://www.ifrs.org/news-and-events/news/2021/10/october-2021-ifrs-interpretations-committee-podcast-now-available/>

### OCTOBER 2021 ACCOUNTING STANDARDS ADVISORY FORUM MEETING PAPERS AVAILABLE

The meeting was held on 1 October 2021. Topics discussed included IASB’s research project into the application issues with the equity method in IAS 28, IASB’s proposals in the Management Commentary exposure draft, and updates on Primary Financial Statements project.

For more information, please visit <https://www.ifrs.org/news-and-events/calendar/2021/october/accounting-standards-advisory-forum/>

## SUSTAINABILITY & CLIMATE CHANGE

### IFRS FOUNDATION ANNOUNCES INTERNATIONAL SUSTAINABILITY STANDARDS BOARD (ISSB)

The IFRS Foundation Trustees (the “Trustees”) have announced three developments: the formation of a new ISSB to develop a global baseline of sustainability disclosure standards; a commitment by leading investor-focused sustainability disclosure organisations to consolidate into the new board; and the publication of prototype climate and general disclosure requirements developed by the Trustees’ Technical Readiness Working Group. ISSB will sit alongside and work in close cooperation with IASB.

For more information, please visit <https://www.ifrs.org/news-and-events/news/2021/11/ifrs-foundation-announces-issb-consolidation-with-cdsb-vrf-publication-of-prototypes/>



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Global Mindset, Asian Insights



BY ANGELINA TAN

# GST ON E-COMMERCE

Knowing The Rules And Issues Arising From E-Commerce

**A DECADE AGO, PURCHASING GROCERIES ONLINE WAS HARDLY EVER HEARD OF.** Today, it has become mainstream and it is not limited to only groceries – consumers are shopping online for everything and this trend of online shopping is here to stay.

Before the COVID-19 pandemic struck, e-commerce was already growing rapidly. The pandemic truly turbocharged this growth as COVID-19 restrictions drove even more consumers online and converted a good chunk of offline shoppers to online shoppers. E-commerce looks set to further proliferate, with Southeast Asia’s e-commerce gross merchandise value expected to nearly double to US\$254 billion in five years, from US\$132 billion forecast in 2021.<sup>1</sup>

Sharing his insights on what the e-commerce boom would entail from an indirect tax perspective was Accredited Tax Advisor (GST) Richard Mackender, Indirect Tax Leader, Deloitte Singapore and South-east Asia, in a webinar organised by the Singapore Chartered Tax Professionals. “With tax authorities, particularly in the Asia-Pacific region, introducing



**Accredited Tax Advisor (GST) Richard Mackender, Indirect Tax Leader, Deloitte Singapore and South-east Asia highlighted the practical considerations that GST-registered businesses involved in e-commerce should take note of**

unilateral measures to tax e-commerce, it is vital that businesses stay on top of their tax obligations in the countries they are exposed to,” he highlighted.

## TAX CHALLENGES IN THE DIGITAL ECONOMY

The booming digital economy has created challenges for GST/VAT regimes worldwide. An ongoing challenge that tax authorities face is defining the scope of what should be taxable and keeping up with the ever-changing technology, such that their indirect tax legislations and

<sup>1</sup>Prisca Ang. (31 Aug 2021). E-commerce sales in Singapore forecast to hit \$13.4 billion by 2026. *The Straits Times*. <https://www.straitstimes.com/business/economy/spore-e-commerce-sales-forecast-to-hit-134-billion-by-2026-report>

Overseas suppliers would have to consider their liability to register for GST on their supply of B2C digital services (including supply of non-digital services and LVGs starting from 1 January 2023) in the countries in which sales of such services were made.



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With the impending imposition of GST on LVG and B2C supplies of non-digital services, it is imperative that businesses start to get ready and put in place the necessary processes and systems to comply with any new rules.

definitions are capable of capturing the new aspects arising from the technology. Another challenge faced by tax authorities is simply ensuring that suppliers are aware of their tax obligations and are complying with them.

**Framework for taxing the digital economy**  
To address such tax challenges arising from the digital economy, the Organisation for Economic Co-operation and Development (OECD) has published a series of guidance papers on how countries can redesign their tax regimes in relation to e-commerce transactions. Essentially, the OECD laid out the basic principle that tax for cross-border transactions should ultimately be levied in the jurisdiction where the final consumption occurs. Singapore has also adopted, in some ways, the OECD's recommendations in taxing the digital economy.

**B2B services**  
The OECD endorses that the place of taxation for business-to-business (B2B) service transactions is where the customer is located. For such services, the reverse charge mechanism, where the service recipient (instead of the service provider) is liable to account for any GST to the local administration, is recommended, as it removes the need for offshore suppliers to register and account for GST in the various countries that they may sell into.

**B2C services**  
For business-to-consumer (B2C) service transactions, the OECD advocates that the place of taxation

is where the services are physically performed (for example, hairdressing services). For remote/other supplies which are not consumed on the spot (for example, e-services), the place of taxation should be where the customer has his usual residence. If the supply of services is directly connected with an immovable property (for example, a building), the place of taxation should be where the immovable property is located.

For such offshore B2C services, the OECD recommends the use of a simplified registration and compliance regime, where the foreign supplier registers and accounts for GST in the jurisdiction where the consumer resides.

**SINGAPORE'S APPROACH IN TAXING THE DIGITAL ECONOMY**  
Broadly, the same GST rules apply for supplies of goods or services made in Singapore regardless of whether they were made via the Internet or an electronic network (including electronic marketplaces) or through traditional means.

**Supply of cross-border goods**  
Where a local GST-registered business supplies goods over the Internet or an electronic network, the supply attracts GST if the goods are delivered locally to customers in Singapore. This is unless the goods are exported (with relevant export documentation retained) and zero rating (where GST is charged at 0%) applies.

Goods imported into Singapore are also subjected to GST (if not under any tax suspension schemes), except for low-value goods (LVGs). LVGs refer to goods that are supplied via post or

air, not being dutiable goods or where duty is waived, and with a value of less than S\$400.

This is set to change from 1 January 2023 when the overseas vendor registration (OVR) regime is extended to tax B2C supplies of LVGs. An overseas supplier of LVGs via air or post to customers in Singapore would then be required to charge and account for GST on the value of LVG goods supplied to non-GST registered customers in Singapore, if it is required to be GST-registered in Singapore under the OVR regime.

**Supply of cross-border services**  
A supply of services, including digital services, supplied over the Internet or an electronic network by a local GST-registered supplier to customers in Singapore would attract GST, unless they qualify for zero rating as international services under Section 21(3) of the GST Act (for example, the sale of air tickets).

**OVR regime**  
Since 1 January 2020, under the OVR regime, any supplier belonging outside Singapore that has an annual global turnover exceeding S\$1 million and making supplies of digital services to customers in Singapore exceeding S\$100,000 is required to register, charge and account for GST. Registration is also required if the overseas supplier expects that the above thresholds will be exceeded in the next 12 months.

Under certain conditions, a local or overseas operator of electronic marketplaces may also be regarded as the supplier of digital services made through its platform, on behalf of overseas suppliers, and be required to register, charge and account for GST on these supplies.

The scope of digital services includes supplies of digital products, subscription-based and licensed content, as well as support services via electronic means, but excludes cross-border telecommunications, advertising on intangible media circulated wholly outside Singapore, and professional services even if delivered electronically.

Effective 1 January 2023, the OVR regime will be expanded to include remote non-digital services on top of digital services. Non-digital services are services not within the definition of digital services that can be supplied and received remotely.

With the expanded scope, a provider of remote non-digital services (such as professional services and personal services) must also account for GST on the services provided to customers in Singapore, if it is required to be GST-registered in Singapore under the OVR regime.

Reverse charge mechanism

Since 1 January 2020, a GST-registered business that is subject to reverse charge (“RC business”) is required to account for GST on the value of his imported services as if he were the supplier, to the extent the imported services fall within the scope of reverse charge. The business would then claim the corresponding GST as input tax, subject to normal input tax recovery rules.

An RC business is either a GST-registered partially exempt business that is not entitled to full input tax credit or a GST-registered charity or voluntary welfare organisation that receives non-business receipts.

PRACTICAL ISSUES FACED ON ELECTRONIC SUPPLIED SERVICES AND HOW TO MANAGE THEM

Determining whether a supply is a B2B supply or B2C supply

Under the OVR regime, overseas suppliers are required to treat the services as supplied to a non-GST registered customer and charge and account for GST on their supplies. This is unless the customer provides his GST registration number. Operationally, this would mean that overseas suppliers must have the necessary processes in place to capture their customer’s GST registration details and status in order to determine whether a supply is a B2B supply or B2C supply, and accordingly, whether GST needs to be charged at the outset.

Determining belonging status of customers

A key issue for overseas suppliers is determining whether a customer belongs in Singapore and accordingly, whether they are required to charge GST on the supplies of services. Overseas suppliers must therefore examine indicators to determine if a customer belongs in Singapore. Generally, a business belongs in Singapore if it has a business



establishment or fixed establishment in Singapore, while an individual would belong in Singapore if his usual place of residence is in Singapore.

As such, overseas suppliers should ensure their systems can capture information that indicates the belonging status of the customer (for example, residential address or IP address), by ensuring that customers declare their belonging status during the order or checkout process.

Determining registration requirement

Overseas suppliers would have to consider their liability to register for GST on their supply of B2C digital services (including supply of non-digital services and LVGs starting from 1 January 2023) in the countries in which sales of such services were made. A good first step would be to identify and segregate customers that belong in each country and evaluate whether digital services provided to these customers fall within the definition of digital services defined by the local tax authority.

Once a potential GST liability in a country has been identified, businesses must establish whether their levels of sales exceed the registration thresholds, and where exceeded, prepare the relevant registration documentation.

WHAT’S NEXT?

With the impending imposition of GST on LVG and B2C supplies of non-digital services, it is imperative that businesses start to get ready and put in place the necessary processes and systems to comply with any new rules. Overseas suppliers would need to review their treatment of their supplies of goods and services to Singapore B2C customers, while suppliers of remote services and goods need to be ready to register, charge and collect GST. Finally, businesses must keep a close watch on the tax developments in the markets they sell to.

Angelina Tan is Technical Specialist, Singapore Chartered Tax Professionals

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