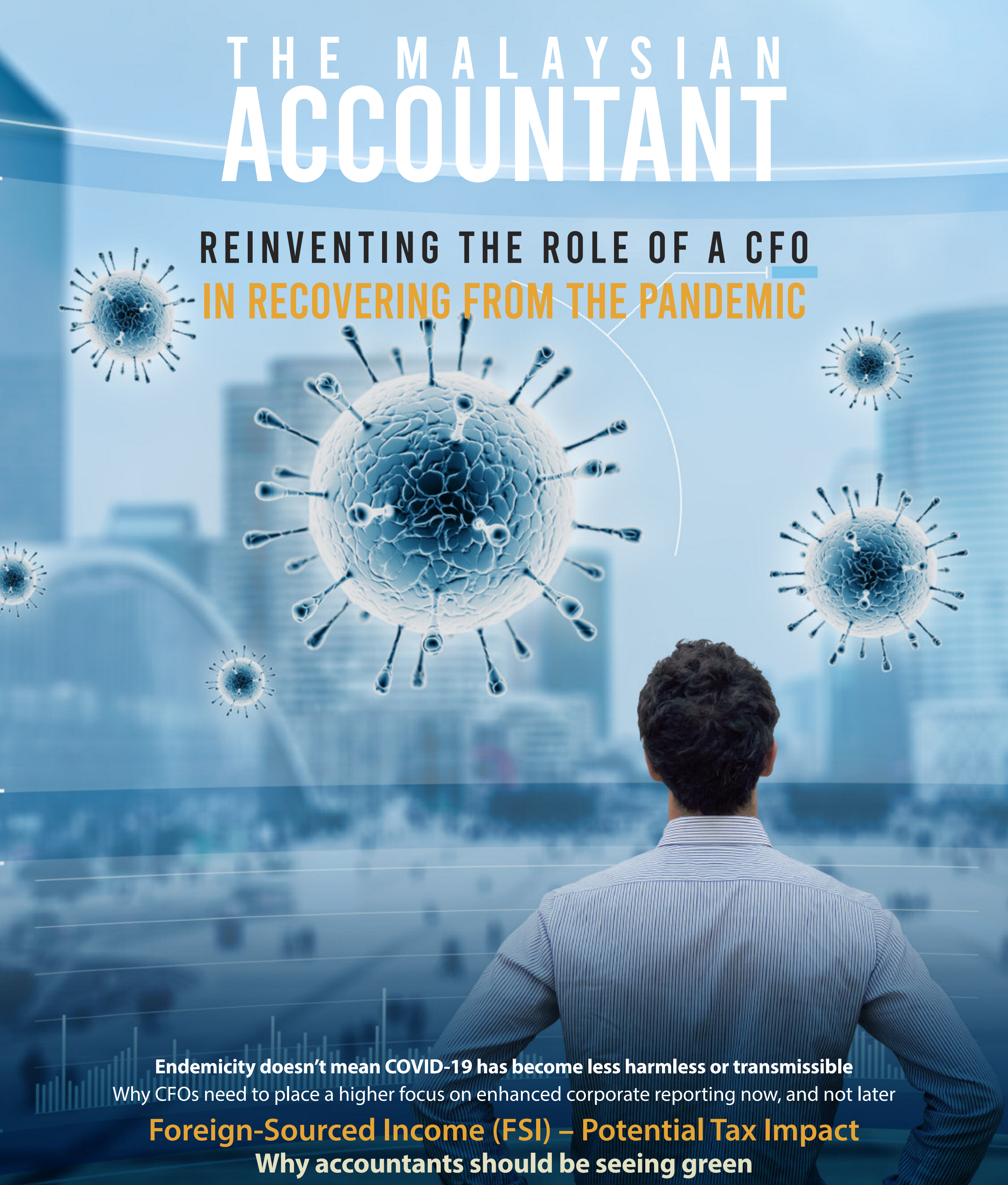
THE MALAYSIAN
ACCOUNTANT



REINVENTING THE ROLE OF A CFO IN RECOVERING FROM THE PANDEMIC

Endemicity doesn't mean COVID-19 has become less harmless or transmissible

Why CFOs need to place a higher focus on enhanced corporate reporting now, and not later

Foreign-Sourced Income (FSI) – Potential Tax Impact

Why accountants should be seeing green

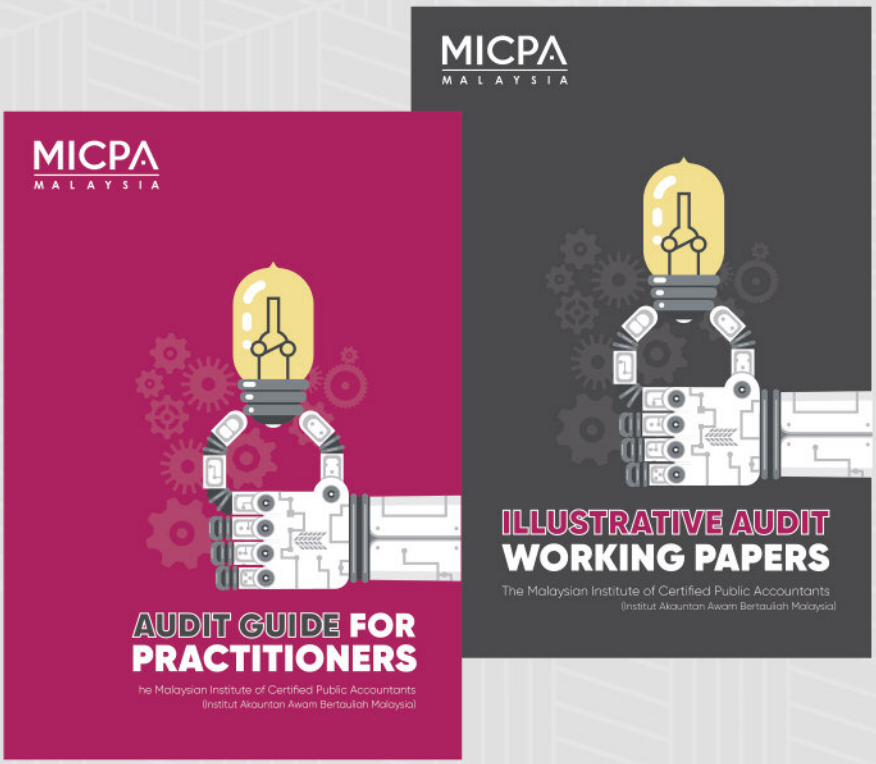
March - April 2022
www.micpa.com.my
PP 3809/03/2013 (031857)

Journal of The Malaysian Institute of Certified Public Accountants

MICPA
MALAYSIA

MICPA
MALAYSIA

AUDIT GUIDE FOR PRACTITIONERS & ILLUSTRATIVE AUDIT WORKING PAPERS



- **MICPA members :- RM300.00** per book, **RM600.00** per set for 2 books
- **Non-members :- RM400.00** per book, **RM800.00** per set for 2 books

*Purchases are limited to firms that have attended the **Practical Auditing Methodology training series**

For more information on the Practical Auditing Methodology training series, click the following link: https://bit.ly/3o3IVad

Contents

Feature

02 Reinventing the Role of a CFO in Recovering from the Pandemic

06 Endemicity doesn't mean COVID-19 has become less harmless or transmissible

Why CFOs need to place a higher focus on enhanced corporate reporting now, and not later 10

Foreign-Sourced Income (FSI) – Potential Tax Impact 14

19 Why accountants should be seeing green

Concept & Design
Digibook Sdn Bhd
Reign Associates Sdn Bhd

MICPA MALAYSIA

The Malaysian Accountant is published by:
The Malaysian Institute of Certified Public Accountants
195801000106 (3246-U)
15, Jalan Medan Tuanku
50300 Kuala Lumpur, Malaysia
Tel: 03-2698 9622 Fax: 03-2698 9403
E-mail: micpa@micpa.com.my
Website: www.micpa.com.my

Institute News

22 64th Annual General Meeting
23 ANZ Summer Break Programme 2022
25 Membership Update
26 Upcoming CPD Programmes

Young MICPA Corner

27 Hidden Figures - Women in Accounting

TechWatch

30 IASB Update
32 IFAC Update

Legal Update

34 #MeToo - Proving Sexual Harassment

Global Insight

36 News from Down Under
37 World News

Life

40 Easy Tips to Capture Perfect Selfies

Meet our Members

43 Sim Kwang Gek

Perspective

The COVID-19 pandemic has left a permanent scar on our everyday lives; individuals and businesses, both affected alike. Although most of the country's population is vaccinated, the road to complete recovery seems a long and complex journey. Businesses still face limitations and disruptions to their operations, impacting the Malaysian financial markets, resulting in accounting implications for many organisations.

To restore hope and further drive the recovery plan for the nation, Chief Financial Officers (CFOs) can play their part as leaders and provide a roadmap for their businesses to heal. With 2022 being the pivotal year to recover from the pandemic, MICPA highlights the role CFOs can play on the journey to recovery from the pandemic. Read the article inside.

Malaysia's recent re-opening of its borders on April 1 has been welcomed as it enables the economy to breathe once again, thus hastening its recovery. It is expected that Malaysia's transition to endemic status with further relaxation of COVID-19 restriction measures will further strengthen the expectation of local economic recovery, especially among the retail and travel/tourism industries which have been adversely impacted since the global outbreak of the pandemic.

However, the transition to endemicity is not the time yet to let our guard down, for the entire process can be a long and tedious one. There is still a need to rigorously observe restrictions and SOPs the moment we step out into the open. For more information, read the article inside.

The COVID-19 pandemic and the climate crisis have been identified as the two challenging disruptors that have impacted business performance and sustainability so much that ESG (environmental, social and governance) information has become as important as mainstream financial information. Boards and C-suite executives need to accelerate the transformation of their corporate reporting to build stakeholder trust and develop long-term value.

In today's climate, it is vital to focus on enhanced corporate reporting to elevate rigour and assure financial and non-financial information quality and comparability. Regulators and policymakers in Malaysia and the region are accelerating the development of guidelines and regulations to support sustainability objectives. Turn the pages and read the article that outlines the key policy initiatives to drive ESG in Malaysia.

For many, 2022 is when most countries worldwide are anticipating their state of the economy to be rejuvenated positively, following the unwelcomed visit of COVID-19 in the year 2020. The same goes for many taxpayers in this country, where the rakyat and businesses are starting to recoup from the COVID-19 effects and returning to the new normalcy.

Since the Budget 2022 announcement on 29 October 2021, one of the hottest topics in town was the withdrawal of Foreign Sourced Income (FSI) tax exemption for residents – following this surprise "Budget goodies", there were several developments on the subject matter which would be of interest, particularly for those who have significant investments abroad – be it companies or individuals. For more information, read the article inside.

Loss of biodiversity affects us all, including accountants and businesses. All businesses have impacts and dependencies on nature through their actions, purchasing decisions and investments. Business leaders and advisers need to know and understand these impacts and will be judged on how they manage them. The World Economic Forum has long ranked climate breakdown, biodiversity loss and ecosystem collapse as the top five threats to humanity.

Accountants are needed here for skills in reporting, verification, judgement and advice. Climate and biodiversity – crucial to human health, prosperity and survival – need help. For more, read the article.

Reinventing the Role of a CFO in Recovering from the Pandemic

By MICPA Technical Department

Introduction

The subject of COVID-19 is no longer of a foreign matter after 2 years, with the name triggering a sense of familiarity for individuals and businesses alike. The initial implementation of the Movement Control Orders (MCOs) in Malaysia, has undeniably resulted in significant business disruptions and heightened economic uncertainties. With the nature of the virus that is constantly evolving and the emergence of new variants, Malaysians continue to stay wary and cautious of their business activities as the strike of the COVID-19 pandemic has left a permanent scar on how we live our lives.

The Malaysian Government in realising its efforts to break the chain of infection, has taken stringent steps in ensuring maximum protection for the nation with the widescale administration of vaccinations and booster shots, in addition to the continuous development of the standard operating procedures (SOPs). Though times have proven to be looking up with over 70% of the population vaccinated, the road to complete recovery and to diminish the effects of the pandemic seems a long and complex journey. Businesses still face limitations and disruptions to their operations, posing a significant impact on the Malaysian financial markets, resulting in accounting implications for many organisations.

To restore the hope and further drive the recovery plan for the nation, Chief Financial Officers (CFOs) can play their part as leaders and provide a roadmap for their businesses to heal. With 2022 being the pivotal year to recover from the pandemic, The Malaysian Institute of Certified Public Accountants (MICPA) prepared this publication, aimed at highlighting the role CFOs play on the journey to recovery from the pandemic.

Effective Leading

Two-way effective communication with employees and other stakeholders, and being transparent in their expectations towards the progressive achievements of the organisational goals are key in leading the team effectively. However, while we are still absorbing the aftereffects of the pandemic, a CFO has to step up their game in monitoring the finance function. In these difficult times, it is important to provide the necessary support to employees and be prepared to address the needs of employees. In fact, this helps employees feel more motivated to ensure that productivity is restored, knowing that their well-being is being taken care of.

Though the pandemic has stripped organisations of the privilege of staff freely meeting up with one other and has instead boosted the use of virtual platforms, CFOs continue to play an important part to constantly remind team members of their roles and responsibilities. Working remotely in isolation and without in-person exchanges may lead people to misread signals and perceive positive or neutral feedback negatively. As such, regularly reminding team members about their work objectives and showing appreciation to them for their continuous efforts in keeping the business running are two key actions to mitigate negativity in these challenging times. This can potentially encourage brainstorming and ideas in open communication with the team members, subsequently leading to swifter action in problem solving. Additionally, the team will feel more comfortable to share their opinions and thoughts on any area as their voice is heard and valued.

It is also important for the CFO to stay connected with each team member at all times. In a group call, meeting durations often run long – the probability of CFOs missing out or overlooking important or critical discussion points from the team is likely. Hence, leaders need to connect with team members proactively through efforts such as weekly catch-up calls to be kept updated and up to speed on any issues faced by the team regularly.

Digital Transformation

With the modernisation of business operations, there is an increasing need for digitalisation and stable tools in running the business, such as business intelligence, robotic processes, electronic records management and digitised documents for and by banking channels for secure transactions. The pandemic has accelerated digital transformation. It has shifted the course of businesses, and the era of virtual meetings and events has taken off. It is now the new norm where stakeholders expect that with all these technologies in place, there will be more effective operations and the creation of a lean and agile business environment, considering the opportunity to network with a larger audience at a reduced cost.

The pandemic has also caused massive disruptions to global supply chains. The road to recovery has shifted the focus of businesses from being exclusively centred around proficiency to now representing strength and steadiness. In order to create a resilient business operating environment, CFOs need to digitise their core business processes as well as reduce the impact arising from these unprecedented times. In fact, CFOs are the best individuals to improve the cross functional collaboration with other departments by leveraging on technology. They are also the bridge to external parties, for example, to engage external experts in deploying digitalisation tools for the benefit of the organisation. Furthermore, digitalisation enables organisations to produce various reports such as financial modelling forecasts, revenue growth, recurring revenue and other detailed analyses – CFOs are the best individuals to understand the sources and objectives of these reports in assisting them to make informed business decisions.

In any case, the utilisation of digitalisation to assist the organisation in dealing with any emergency arising from the pandemic, ought not be viewed as a one-off occasion. CFOs and their finance functions should play a role in upholding digitalisation even post-pandemic, given the recent technology disruption, benefits of digital transformation and increasing demand for it. Hence, CFOs are encouraged to collaborate with the Chief Information Officer (CIO) to provide more efficient support for digital transformation of finance functions and operations. Simultaneously, CFOs are expected to be cognisant of the prevalent cyber risks and threats due to the heavier reliance on technology and digitalisation. Given that information and data assets of the business are critical and sensitive in nature, leaders have to safeguard them by educating each team member on cyber risks and threats, and deploying resources to mitigate such risks and manage cybersecurity effectively.

Mental Health

Traditionally, in large organisations, CFOs are highly authoritative figures in the organisation that most employees do not have direct communication with unless required. Undeniably, it is not common to see CFOs that are in touch with employees' psychological needs as the hierarchy of the business creates an invisible barrier between leaders and employees. The pandemic has broken that stigma as now, times are very trying and employees may be struggling financially, physically and mentally to meet the demands and expectations placed on them. They are under high pressure due to health risks, remote working, and the fear of losing their job or being subject to a salary cut, which may have a severe impact on their mental health. If an authoritative figure such as the CFO addresses their concerns by protecting their employees from the effects of the pandemic, it will give a sense of security and peace of mind to the employee and allow them to channel their focus onto their work, knowing that the organisation recognises their setbacks and allows room for it.

From the finance perspective, CFOs play a big role in ensuring that a budget is allocated for the "right" to disconnect from work. The pandemic has blurred work life balance and this has led to a variety of mental health issues such as overwork, job insecurity and stress. CFOs play a role in allocating funds to provide employees with appropriate support. This can also be promoted through collaboration with counselling support centres in order to provide free counselling sessions to team members who require external expert support. Additionally, CFOs are also encouraged to allocate a budget for virtual teambuilding events such as a virtual run and other team bonding events aimed at promoting a stronger team spirit outside the work environment.

On the road to recovery from the pandemic, CFOs can also advocate a hybrid working mode to allow employees a change of scenery. In 2022, most companies have advocated a hybrid working mode where most employees are back in the office physically, which is important for team members to re-establish stronger communication and enhance their teamwork. CFOs need to create a positive culture by providing more feedback to the team. Throughout the feedback session, CFOs should encourage team members to share their thoughts openly. This can also enable them to identify and address any mental health issues amongst team members in a timely manner.

Financial Stability

Some companies faced a liquidity crisis when the pandemic initially took effect. In order to kickstart the right action plan to manoeuvre through this crisis, CFOs need to focus on maintaining a healthy cash flow and sufficient cash for the daily operations of the company. After weathering through these difficult times, CFOs may want to produce a framework to account for the potential impact of the pandemic and allocate resources to monitor the conditions of the pandemic on a timely basis including setting up plans for other possible scenarios that may unfold in the near future. While planning for the unexpected turn of events, CFOs should progressively follow up on the impact that cash transactions are having on the company's capacity to brave the unprecedented times. CFOs should revisit the cashflow model in order to have more up-to-date information on the liquidity of the company arising from the pandemic, for example, the direction of the company should be pre-determined in the event that another MCO is implemented by the Government.

It is also important to refresh their understanding of loan arrangements and formulate action plans for any potential breaches of loan covenants that may affect the company in getting funding in the near future. Therefore, for CFOs to further embed security for their company, they may want to get into a discussion with financial institutions to secure new lines of credit while also taking advantage of relief measures initiated by the Government to ease the economic recovery. In addition, CFOs should closely monitor the collection and credit control processes. In view of the economic conditions that have affected businesses nationwide, a delay and slight hiccups in customer payouts is expected. Hence, CFOs, with the right basis of actions can negotiate with customers for a more efficient payment process, including appropriate terms and conditions. Conversely, if suppliers are struggling to meet their expected returns, CFOs can always negotiate to extend the repayment terms. In the event that negotiations fail to be initiated, CFOs can seek alternative suppliers to ensure the continuity of supply.

In times where assets and liabilities are in a tight limbo, CFOs can take the opportunity to inspect the balance sheet items and filter out unnecessary subjects in the company's accounts. With this, the CFO can firmly assure stakeholders of the company's financial adaptability in the evolving pandemic, while accounting for key material matters. To further amp up the capabilities of the company to mitigate the effects of the pandemic, CFOs can also leverage on their network to bring in highly qualified and versatile individuals who are capable of executing tasks from digital, finance to business operations. This can lead to a higher quality of work which will in return, generate the ideal cashflow for the company.

Value Driven

The pandemic has emphasised the importance of value towards stakeholders. Businesses are expanding beyond financial information to involve business strategies tackling value creation for its stakeholders especially in these unprecedented times. CFOs are expected to drive and report on how the business deploys resources i.e. multiple capital approach to perform its business activities in order to produce the intended outputs with an aim of achieving planned outcomes. To fulfil such goals, CFOs need to change their mindsets to embrace value creation.

Traditionally, the focus is always placed on financial key performance indicators (KPIs). There is a need for a change to a multiple capital approach, managing other capitals of a business including natural, human, social and relationship, manufactured and intellectual capitals. In addition to KPIs, CFOs are involved with setting and measuring non-financial KPIs including innovation, customer satisfaction, employee engagement and quality of services. The deployment of a multiple capital approach helps organisations move away from reporting silos and embrace integrated thinking. Integrated thinking refers to communicating the interconnected and interdependent nature of these capitals. Such thinking needs to be cascaded down from top to bottom as part of the DNA of the organisation. A CFO is expected to manage value and drive strategies, culture and mindsets, processes and organisational elements towards value.

Environmental, Social and Governance (ESG) Agenda

Value creation includes initiatives relating to ESG. ESG has prevailed to show its importance upheld through investors and stakeholders who are approaching companies to reveal their efforts to showcase their social, sustainable and environmental responsibility. ESG is working its way up the agenda of boards of directors as a result of investors across the globe pushing and driving the practices in their business decisions. The pandemic has also re-emphasised the importance of transparency towards stakeholders in an organisation's business operations. ESG reporting contributes to a large chunk of the demand, as the report covers the organisation's efforts in building a safe, clean and sustainable future. It is important for organisations to uphold an interest which succeeds on being environmentally-friendly and ethical towards the planet. Undeniably, ESG reporting has become a material matter to organisations. In light of this, companies are expected to formulate a list of strategies in addressing climate risk and tackle such material matters.

The climate crisis relating to greenhouse gas emissions has been the key focus. The Government has recently committed to reduce its greenhouse gas emission intensity of Gross Domestic Product (GDP) by 45% by 2030 and achieve a carbon neutral nation by 2050. In light of this development, many organisations have also geared towards this agenda. CFOs have a role in navigating the way to achieve net zero emission targets including:

- raising and allocating funds needed for adaptation;
- providing information and data to drive the reduction of greenhouse gas emissions agenda;
- embedding the reduction of greenhouse gas emissions in the decision-making process and devising strategies to achieve those targets;
- interacting with capital markets to meet the targets; and
- reporting performance against greenhouse gas targets.

Henceforth, in paving the way for a greener future, CFOs have a key role to play by assuring that the information provided in the ESG reports are relevant and material, and ensuring the ESG reporting techniques are complied with, and generally, reassuring all levels of stakeholders on the execution of the ESG strategies. With the key position and knowledge that the CFOs possess, they can offer their skills to guide the organisation in risk analysis, governance as well as add value to both the finance and sustainability measures taken by the organisation. In fact, CFOs can delegate their expertise to support the organisation in finding the right balance between achieving targeted profits while accounting for their responsibility in being environmentally-friendly and addressing the alarming climate risk. It is fundamental for CFOs to gain a broad overview of relevant frameworks that can contribute to a positive ESG report. For example, they can allocate more resources to research and development (R&D) to uncover insightful information that can benefit the organisation to produce products or services that are in line with the climate action plan. Notwithstanding, CFOs can also create a culture that thrives on incentives to drive all stakeholders in the direction beneficial for ESG. Without a doubt, CFOs are not only essential to this area of work, they prevail to be the best fit to take the stand on ESG reporting as they have the privilege of their position in the organisation to oversee cross-divisional information, possess a large network that can help the organisation bring in experts to further develop the organisation's ESG journey, and ensure compliance with the professional guidelines while integrating the ESG agenda into the organisation's profitability targets.

Conclusion

The finance function is facing great pressure due to the sudden change in the mode of working, increasing stakeholders' expectations, as well as the greater business environment impact. CFOs have to take the stand and recognise the need for agility and flexibility to welcome any uncertainties that the pandemic might bring to the finance function and operations of the organisation. Though it is not an easy journey to recovery from the pandemic - in fact all organisations are still working to adjust to the new conditions, CFOs play a key role in weathering through this crisis for the betterment of the organisation and sustainable future.

Endemicity doesn't mean COVID-19 has become less harmless or transmissible

By Roy Chen

The term *endemicity* has become a post-pandemic buzzword whereby human beings are deemed to co-exist with the COVID-19 virus while lives and livelihood resume in the new normal, with each infection assumed to be nothing more than the flu or common cold.

This is despite the World Health Organization (WHO) on January 11 warning that half of the European population could be infected with Omicron within the next two months as the continent has been "a way off" by treating the coronavirus as endemic.

WHO's regional director (Europe) Hans Kluge went on to express concern that "because of the unprecedented scale of transmission", Europe was now seeing rising rates of hospitalisation. This could eventually be "challenging health systems and service delivery in many countries where Omicron has spread at speed and threatens to overwhelm many more".

To the uninitiated, *endemicity* is one of the two core strategies to combat the COVID-19 pandemic – the other is the zero-COVID path which involves lockdown, border closure, and strict preventative measures successfully being implemented by countries like China and New Zealand, among others.

On the other side of the coin, *endemicity*, whose proponents include Singapore, Malaysia and many European countries, is another approach based on the notion that the virus is here to stay for the long haul.

However, critics have raised fears that the *endemicity* approach hinges on one basic premise – a truly endemic state is reached when the virus is circulating among the populace without being a threat and without a large number of hospitalisations. According to the critics, the danger lies in the fact that the proponents of *endemicity* are clueless about what *endemicity* is all about and hence, fail to distinguish between the process and the end result.

As an example, proponents of *endemicity* have never specified the digit of daily transmission that constitutes a non-threatening situation. This failure to specify has led to many saying that the daily infection number is not important. What is important is that serious cases are below 1% of the total daily cases. But what if the daily infection number is in the six digits, as has happened in many European countries in recent times?

Assuming the daily case is 100,000 and 0.5% of these are serious cases, that would mean 500 serious cases needing ICU (intensive care units) beds, oxygen supplementation and ventilators.

Assuming that a hospital would normally have 1,000 beds, out of which about 300 to 500 are ICU beds, 500 serious cases are manageable only if the six-digit daily case is a one-off event.

But as experienced in many countries during the height of the pandemic in 2020, once the five or six-digit figure is hit, it will go on and on for at least a week – or sometimes longer – with those who are hospitalised (usually people with comorbidities) unlikely to be discharged for the next three to four days.

This will put tremendous pressure on the healthcare system, resulting in poor care of the patients, which will have a knock-on effect in simultaneously raising the death rate and the transmission rate, even among the frontliners.

Re-opening of borders

Moving away from the perils of *endemicity*, Malaysia's recent re-opening of its border (with effect from April 1) has been welcomed as it enables the economy to breathe once again, thus hastening its recovery. Kenanga Research expects Malaysia's transition to *endemicity* with further relaxation of COVID-19 restrictions to further strengthen the expectations of local economic recovery and corporate earnings, especially among retail and travel/tourism industry players who have been adversely impacted since 1Q 2020 following the global outbreak of the pandemic.

"This, alongside elevated crude oil and crude palm oil (CPO) prices as well as foreign fund penetration, could serve as both buffer and market catalysts for the FBM KLCI in view of two potential "market dampeners" in (i) US interest rate hike and (ii) the unabated Russia-Ukraine conflict," opined research head, Chan Ken Yew, in a 2Q CY2022 investment strategy commentary dated April 1.

Recall that currently, all fully vaccinated travellers only need to undertake a pre-departure negative Polymerase Chain Reaction (PCR)/ Rapid Test Kit Antigen (RTK-AG) test (within 48 hours of departure to Malaysia) and on-arrival RTK test (within 24 hours of arrival in Malaysia) under a certified professional.

Unvaccinated travellers will be subjected to a five-day quarantine. Non- Malaysians must purchase travel insurance coverage of minimum US$20,000.

However, exemption from the COVID-19 tests has been granted upon arrival in Malaysia for travels between Malaysia and Singapore for fully vaccinated travellers as part of the specific safety protocols between the two countries.

Notwithstanding this, Malaysia Airports Holdings Bhd (MAHB) has recently clarified that the Government's latest standard operating procedure (SOP) states that international travellers are only required to take their COVID-19 RTK-AG tests within 24 hours upon arrival in Malaysia at any private health facilities including clinics and hospitals of their choice.

"There is no requirement for travellers to do the RTK-AG (tests) on-site at the airports as claimed by some media reports," the airport operator said in a statement.

Despite the still high number of cases, treating COVID-19 as endemic – given the less severe Omicron variant has a manageable impact on the healthcare system – augurs well for the border re-opening strategy, which aims to fuel economic recovery, according to Hong Leong Investment Bank (HLIB) Research.

"Airlines are planning towards reinstating their international capacities back to pre-pandemic levels," observed analyst Daniel Wong in a commentary on MAHB dated April 1.

"MAHB will be a key beneficiary from the re-opening of borders. We have seen domestic demand recover strongly back to 60% of pre-pandemic levels since gradual domestic relaxation in October 2021."

All systems go

To the Malaysia Healthcare Travel Council (MHTC) – an agency tasked to facilitate and promote the growth of Malaysia's healthcare travel industry globally – the decision to fully re-open Malaysia's borders is itself a positive indicator of the recovery of Malaysia's healthcare travel industry in step with revitalising the nation's economy.

It views the full re-opening of the Malaysian borders would allow for seamless continuity of care and access to world-class quality and affordable healthcare services for international patients.

In this regard, MHTC will continue to intensify its efforts in showcasing Malaysia Healthcare's capabilities and strengths by solidifying its position as the fertility and cardiology hub of Asia, cancer care centre of excellence as well as the Hepatitis C treatment hub of Asia, among others via synergistic public-private partnerships, hence paving the way for more innovative industry service offerings.

To ensure that Malaysia's shift to *endemicity* is all-encompassing, the Women's Aid Organisation (WAO) has rightly pointed out that policy changes need to be adopted to support women (or single fathers) returning to and retaining them in the workforce.

Apart from the introduction of work from home policies that have granted caregivers flexibility, retaining flexible work-from-home arrangements will enable them to plan their schedules around those under their care while still ensuring productivity.

After all, a survey by McKinsey has highlighted that two-thirds of parents reported that hybrid models and flexible work schedules could alleviate the stress associated with returning to work.

Additionally, the recently passed Employment Act amendments give employees the right to request flexible work arrangements (Section 60P), which employers are required to respond to with reasons as to why or why not. Therefore, employees should take advantage of this new provision.

Below are other practical viewpoints from WAO:

Testing policies: Though not required by the Government, introducing regular testing policies – notably through the provision of RTK testing kits – may help ease caregivers' concerns, especially in transitioning to *endemicity*. These policies can be gradually lifted as the country nears *endemicity*.

Adjusting leave policies: Given that the hallmark of *endemicity* is the fact that the populace will have to co-exist with the virus, this realistically means that spouses, children and parents will fall sick.

As cases in Malaysia remain high, flexibility in allowing for leave can help support caregivers as they adjust to the change. For example, alternative types of leave (carer's leave) can be introduced, which do not entail a deduction from an individual's own sick or annual leave.

Integrating childcare policies for work: Employers can play a role. This could be by providing childcare support to parents either through allowances or by introducing childcare facilities onsite. These changes pay off in the long run.

Findings worldwide indicate that women's ability (or single parents, for the matter) to place children in subsidised childcare enabled them to earn a higher income without needing to work more hours. Separately, another study found that parents with access to onsite facilities can focus better at work, are more likely to remain at a job, and could more effectively balance their work and family commitments.

Smoothly introduce the Employment Act Amendment policies: The new Employment Act amendments guarantee seven days of paternity leave for fathers and 98 days of maternity leave for mothers.

According to the Health Minister, it remains uncertain how long this transition into *endemicity* will last, but it will be a slow one. Undeniably, Malaysians will face new challenges in this transitory phase.

But, by adopting the above measures and mainstreaming care into our work policies, we can prepare for some of these challenges to ensure a successful transition into *endemicity* for everyone.

Conclusion

Health director-general Tan Sri Dr Noor Hisham Abdullah has reminded the public to remain vigilant against the spread of COVID-19 in the transition to the endemic phase by continuing to wear a face mask to prevent infection.

Wearing a face mask is one of the better (and cost-efficient) preventive measures that could reduce the spread of the virus, especially in high-risk areas such as indoor places with poor ventilation, crowded places, and places where individuals have close-range interactions.

The transition to *endemicity* is not the time yet to let our guard down, for the entire process can be a long and tedious one. There is still a need to rigorously observe restrictions and SOPs the moment we step out into the open.

Why CFOs need to place a higher focus on enhanced corporate reporting now, and not later

By Ahmad Siddiq

With two challenging disruptors, namely the COVID-19 pandemic and the climate crisis, and their impact on business performance and sustainability, ESG (environmental, social and governance) information has now become as important as mainstream financial information. Hence, boards and C-suite executives need to accelerate the transformation of their corporate reporting to build stakeholder trust and develop long-term value.

In managing today's disruptions and stakeholder expectations, stepping up focus on enhanced corporate reporting can elevate rigor and assure the quality and comparability of both financial and non-financial information. Furthermore, leveraging advanced technologies can help optimize reporting efficiencies and enable real-time analyses of business performance for agile business actions.

Regulators and policymakers in Malaysia and the region are accelerating the development of guidelines and regulations to support sustainability objectives. Among the key policy initiatives to drive ESG in Malaysia include:

- Bank Negara Malaysia's Financial Sector Blueprint 2022 – 2026 (FSB3), which identified finance for sustainability as one of the three strategic thrusts to facilitate an orderly transition to a greener economy
- The Securities Commission's revised Malaysian Code of Corporate Governance (MCCG) 2021 which incorporates ESG areas of focus
- The Ministry of Finance's 12th Malaysia Plan which includes objectives to advance sustainability and promote the green economy through setting priorities on enhancing green finance and incentives, driving investment in renewable energy and promoting the circular economy

With the increasing regulatory focus on ESG, Chief Financial Officers (CFOs) and finance leaders will need to deliver an enhanced reporting approach to bridge the disconnect between corporates and investors.

The *EY 2021 Global Corporate Reporting Survey* highlighted the need to focus on three areas to hasten the delivery of an enhanced reporting approach:

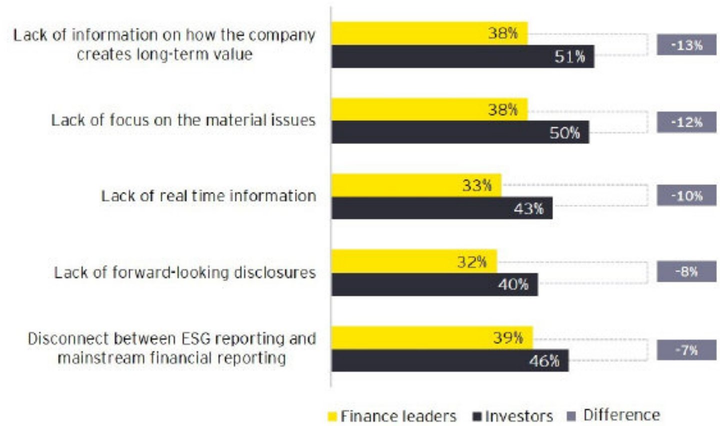
- Accelerate the pace of change in corporate reporting to close the investor disconnect
- Rethink finance's approach to talent and spur C-suite collaboration to drive a cohesive ESG approach
- Advance data analytics to build an enhanced reporting future

1. Accelerate the pace of change in corporate reporting to close the investor disconnect

Major investors and stakeholders are increasingly prioritizing ESG factors in their investment selection and portfolio allocations. The *EY 2021 Global Institutional Investor Survey* identified that investors, who apply a structured and methodical evaluation of companies' non-financial disclosures, have more than doubled, from just 32% in 2018 to 78% in 2021[1]. This has elevated the need for corporates to step up and improve on their ESG reporting, which includes connecting financial disclosures with enhanced material ESG disclosures that factor in external business challenges such as regulatory changes.

Linking the *EY 2021 Global Corporate Reporting Survey* and the *EY 2021 Global Institutional Investor Survey*, findings show that investors are generally more concerned about the usefulness and effectiveness of companies' ESG reporting. The top three gaps identified include the lack of information on how a company creates long-term value (13%), the lack of focus on material issues (12%) and the lack of real time information (10%).

Investors are more concerned than finance leaders about the usefulness and effectiveness of companies' ESG reporting



Question: Thinking generally about the ESG reporting your organization discloses, which of these aspects challenges its usefulness and effectiveness?
Note: Data on investors surveyed were extracted from the EY 2021 Institutional Investor Survey
Source: How do you transform data into insight? Eighth Global Corporate Reporting Survey, EY, December 2021

CFOs and finance leaders need to clearly define the role of finance in ESG reporting to better address the reporting gap. In 2021, seven out of ten finance leaders (70%) surveyed said that ESG reporting is a "very significant" or a "significant" part of their roles and responsibilities, a 7% increase from the previous year. It is also crucial for finance teams to play an increasingly central role in ESG reporting, from the collection and analysis of data to providing assurance and reporting.

Additionally, finance leaders should focus on enhancing the credibility of information provided and instill the same levels of precision and control in ESG reporting as in financial reporting. This would help build a strong connection between an organization's financial and ESG reporting to help measure the true costs and opportunities for the business. In doing so, it would help businesses to rethink how they use ESG data to inform strategic choices, drive innovation and communicate how they create long-term value.

To bridge the gap between the expectations of investors and the current level of usefulness of corporate ESG disclosures, both the investors (89%) and finance leaders (74%) surveyed agreed that mandating ESG reporting measures against a set of global consistent standards would be crucial in assessing the corporates' long-term value. To further support the transition towards the green economy, the International Financial Reporting Standards (IFRS) Foundation announced the establishment of a new board – the International Sustainability Standards Board (ISSB) at the 2021 United Nations Climate Change Conference (COP26). The ISSB is tasked to create a global baseline of sustainability disclosure standards to meet investors' information needs and in turn, provide the much-needed consistency and comparability to ESG reporting standards. The ISSB will complement the existing IFRS Foundation's International Accounting Standard Board (IASB) that sets mandatory accounting standards for most of the listed entities in over 140 jurisdictions[2] .

Similarly, in Malaysia, the National Annual Corporate Reporting Awards (NACRA), jointly launched a new framework with Bursa Malaysia, the Malaysian Institute of Accountants (MIA) and The Malaysian Institute of Certified Public Accountants (MICPA) in early 2020. Themed "Towards Accountability & Excellence", the framework will act as a guideline which aligns the assessment standards for annual reports with current reporting requirements and the latest global standards to ensure continuous enhancement in the transparency of disclosure and the quality of Malaysia's corporate reporting.

While it takes some time for standards to be developed and national regulators to decide when and how to adopt them, finance leaders can seize an advantage by getting ahead of the game, which could ultimately result in better systems, processes, controls and most importantly, improve the quality of data reported.

With significant increase in the scrutiny of ESG performances by institutional investors, financiers, buyers and other stakeholders – boards, employees, customers and communities, CFOs and finance leaders are required to reshape their finance's approach to talent and spur C-suite collaboration and advanced data analytics capabilities to build a finance function that can deliver enhanced corporate reporting.

2. Rethink finance's approach to talent and C-suite collaboration to drive a cohesive ESG approach

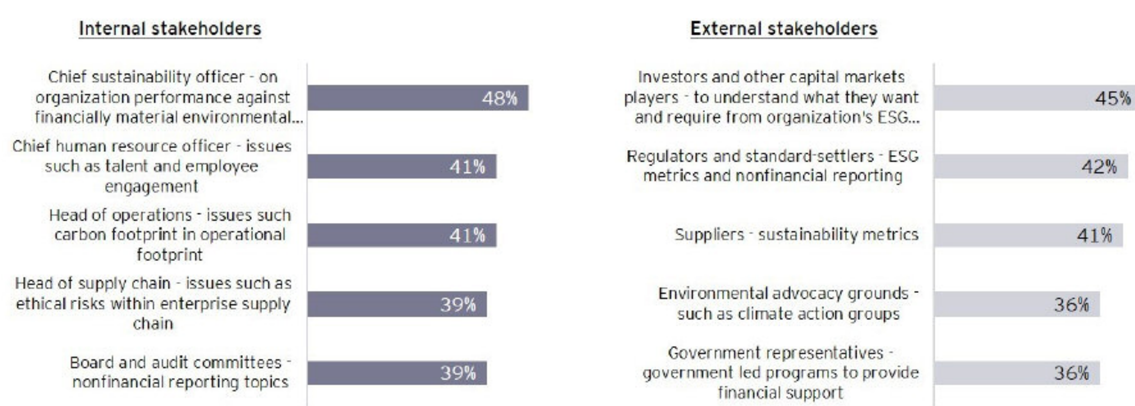
In the *EY 2020 DNA of the CFO* survey, finance leaders indicated there was resistance to change and the lack of innovation culture to drive the future of the finance function. Seven out of 10 finance leaders (71%) surveyed felt that "traditional back-office behaviors and mindsets in finance are slowing the modernization of the function"[3].

However, the series of cataclysmic events in the last two years, has disrupted the traditional working models for the long-term, bringing new expectations, changing people's behavior and encouraging the digitization of processes.

In fact, the *EY 2021 Global Corporate Reporting Survey* reported more than half of finance leaders surveyed (56%) believe **hybrid working models**[4] are likely to dominate the finance working environment in a post-COVID-19 pandemic era. Business leaders are actively looking to build an agile operating model that places people at the center of decision making, including offering flexibility in work experiences that is critical in attracting, retaining and motivating future talents. It is pertinent to note that, 54% of employees surveyed earlier in 2021 said they would consider leaving their current job if flexibility in schedule and work location is not extended post-pandemic, with millennials two times as likely to quit compared to baby boomers[5]. Flexibility is key moving forward and leaders need to define the future of work by rethinking operations, conceptions of productivity and culture.

Collaboration is also vital in driving effective ESG reporting to demonstrate the economic impact of different ESG strategies and their related targets to investors and other stakeholders. A significant amount of ESG data is owned and controlled by different business functions. This demands greater cooperation and collaboration between finance leaders and other leaders and functions within the

Finance leaders are working with a broad cross-section of stakeholders



Question: Over the past 12 months, have you had any significant interactions with the following internal and external stakeholders in terms of measuring or disclosing nonfinancial or ESG performance or risks?
Source: How do you transform data into insight? Eighth Global Corporate Reporting Survey, EY, December 2021

organizations. As the "connector" role, finance leaders opined that the most valuable contribution includes providing strong connection and consistency between non-financial information and financial reporting disclosures into a coherent reporting framework. This integrated approach would help investors understand and allow corporates to demonstrate how ESG can be embedded into the wider culture of the organization.

3. Advance data analytics to build an enhanced reporting future

Digital transformation is inevitable. Since the start of the COVID-19 pandemic, many organizations including large companies and micro, small and medium enterprises (MSMEs) have accelerated their digitalization efforts and technology innovation. With enhanced technology adoption, the "understanding of advanced technologies" and "data analytics" emerged as the top two skills crucial for the future of the finance team.

Over the next three years, finance leaders surveyed noted that the top three main priorities in terms of technology investments are advanced analytics or predictive analytics (39%), cloud-based enterprise planning and forecasting tools (38%) and artificial intelligence (36%). These capabilities are particularly important to enhance corporate reporting as they will help organizations to structure, synthesize, interpret and derive insights from large volumes of data, and create credible and useful ESG reporting.

Additionally, the research also identified "adapting to fast-changing business drivers, such as changing customer behaviors and modeling the implications" as the main advantages of a more agile approach to scenario planning and strategic modelling capabilities. Greater agility can be achieved by shifting away from a traditional data analytics method to more advanced approaches, which include predictive and prescriptive analytics. However, it is vital for finance leaders to overcome fundamental data issues, such as the lack of timely data and inefficient data integration.

Next key actions

There are three key actions for CFOs and finance leaders to build trust, enhance transparency and reporting insights:

Narrow the ESG reporting gap with investors and stakeholders	Take the lead in advancing the ESG agenda	Transform and drive innovation across operating models, talent and data analytics
CFO and finance leaders should assess organization's current approach to ESG performance measurement and reporting standards, to better understand what is material to organization and how they can move forward to drive long-term value.	CFOs and finance leaders need to be proactive in working with boards, other leaders and function to advance ESG and sustainability performance as an important strategic objective. This includes linking ESG and long-term value and encompasses both strategic growth and risk management.	C-suites can drive innovation and transformation: • build more agile operating models • set a technology roadmap for transforming financial analytics • provide enhanced and trusted reporting, including the use of advanced tools (e.g., AI) • develop a future talent strategy based on continuous and dynamic learning to attract and motivate the next generation of leaders

With challenging externalities, investors are propelled to place higher value on ESG disclosures and this will accelerate the transformation of corporate reporting. For businesses and organizations, the reality to build transparency into ESG performance in building and securing trust with investors and stakeholders is not a future option but an integral prerequisite.

Note: Survey findings in mentioned throughout article are extracted from the EY 2021 Global Corporate Reporting Survey, unless otherwise stated.

Ahmad Siddiq is a Partner in Ernst & Young Consulting Sdn Bhd. The views reflected in this article are the views of the author and do not necessarily reflect the views of the global EY organization or its member firms.

1 *Is your ESG data unlocking long-term value? Sixth Global Institutional Investor survey, EY, November 2021*
2 *What to watch as global ESG reporting standards take shape, EY, 11 November 2021*
3 *How the CFO can balance competing demands and drive future growth, EY, 3 November 2020*
4 *Hybrid model refers to mix of office-based and remote working models*
5 *Work Reimagined Employee Survey 2021, EY, April 2021*

Foreign-Sourced Income (FSI) – **Potential Tax Impact**

By Anston Cheah, Executive Director-Tax, RSM Malaysia

What's trending – the END of FSI exemption for residents with effect 1 January 2022

Many of us are looking forward to the year 2022 – a year where most countries around the world are anticipating their state of economy to be rejuvenated positively, following the unwelcomed visit of COVID-19 since the year 2020.

The same goes for many of the taxpayers in this country where the rakyat and businesses are starting to recoup from the COVID-19 effects and returning to the new normalcy.

Since the Budget 2022 announcement on 29 October 2021, one of the hottest topics in town was the **withdrawal of FSI tax exemption for residents** – following this surprise "Budget goodies", there were several developments on the subject matter which would be of interest, particularly for those who have significant investments abroad – be it companies or individuals.

Background

Malaysia adopts a territorial-based taxation regime where only income accruing in or derived from Malaysia would be subject to Malaysian income tax, except for resident companies carrying on the business of banking, insurance, shipping and air transport which would be taxed on a world scope basis.

Since 1974, Malaysian residents are subject to tax in respect of all income derived from within Malaysia and also income received in Malaysia from outside Malaysia.

Exemption on FSI

Non-resident persons have been exempted in respect of FSI since 1974. What about Malaysian resident persons who have FSI?

For resident companies, the tax exemption on FSI has been in place since 1998 (encouraging taxpayers to repatriate their foreign income back to Malaysia) – this was one of the measures adopted by the government back then to mitigate the economic impacts arising from the Asian financial crisis during 1997 and 1998.

In 2004, such FSI exemption was extended to all taxpayers, including individuals.

An end to the FSI exemption for residents

The tax exemption on FSI received in Malaysia (by a resident person – be it a company, an individual, trust, association etc.) under Paragraph 28, Schedule 6 of the Income Tax Act 1967 (ITA) had been withdrawn with effect from 1 January 2022.

What are the implications?

Basically, this would mean that all FSI (whether business or employment income, dividend, interest, royalties or rental) remitted into Malaysia would be subject to Malaysian tax, effective 1 January 2022. Taxpayers are obliged to report the remitted amount as their income for the relevant year of assessment (YA) and subject to the prevailing income tax rate.

Potential scenarios

Impact on companies

Scenario 1: A Malaysian tax resident company receives dividend income from its overseas subsidiary

With effect from 1 January 2022, dividends received in Malaysia by Malaysian tax resident companies from foreign subsidiaries would be subject to tax in Malaysia.

Foreign dividend which has suffered withholding tax may qualify for deduction against the Malaysian tax payable. Where Malaysian tax is higher than the foreign tax, additional top-up tax would occur – i.e. the Malaysian tax resident would need to top-up the net additional tax and pay the difference (as Malaysian tax) to the Malaysian government.

Scenario 1(a) – receiving dividend income from a subsidiary in Indonesia

Under this scenario, the dividend paid by the subsidiary in Indonesia would have suffered Indonesian withholding tax and when the foreign dividend is remitted to Malaysia (on or after 1 January 2022), such income would be subject to Malaysian tax – a credit for the withholding tax suffered on the foreign dividend can be claimed against the Malaysian tax imposed on the dividend income remitted to Malaysia and only the differential is paid to the Malaysian government.

Scenario 1(b) – receiving dividend income from a subsidiary in Singapore

In certain countries (e.g. Singapore), dividends paid are subject to single-tier system (similar to Malaysia) and no tax is imposed on the dividends credited to the shareholders.

Under such scenario, the dividend income (received by the Malaysian company) may not receive any tax credit on the dividend as the dividend has not suffered any tax in Singapore. Accordingly, Malaysian tax would be imposed on the dividend income (remitted to Malaysia) without any tax credit.

Scenario 2: A Malaysian tax resident company receives foreign interest income arising from money lent to borrowers outside Malaysia

Effective 1 January 2022, any foreign interest income derived outside Malaysia would be subject to Malaysian tax upon remittance to Malaysia. This would include interest income arising from intra-group lending to related companies outside Malaysia.

Impact on individuals

Scenario 3: A Malaysian individual who is a tax resident derives rental income from properties held outside Malaysia

Prior to 1 January 2022, rental income derived from properties located overseas would represent an FSI and would not be subject to Malaysian tax.

With the removal of the FSI exemption, rental income earned by a Malaysian tax resident from properties held outside Malaysia (and remitted to

Malaysia) would be subject to Malaysian tax.

In the event that there is any foreign tax suffered overseas, a tax credit can be claimed against the Malaysian tax imposed on such rental income remitted to Malaysia – foreign tax credit may be claimable against the Malaysian income tax under: -

- Section 132 of the ITA [bilateral credit] for countries which have signed double tax agreements (DTAs) with Malaysia; or
- Section 133 of the ITA [unilateral credit] for countries without DTAs with Malaysia.

Note: Bilateral credit cannot exceed the total amount of Malaysian income tax charged on the FSI. As for unilateral credit, such credit is limited to one-half of the foreign tax paid or the Malaysian tax chargeable on the same income, whichever is lower.

Scenario 4: A Malaysian individual (Mr Sad) who lives in Johor Bahru and works in Singapore

Under this scenario, Mr Sad will pay tax on his employment income in Singapore. Prior to 1 January 2022, he can remit his salary into Malaysia without paying Malaysian tax.

Effective 1 January 2022, any remittance by him to Malaysia would be subject to Malaysian tax. Tax suffered in Singapore would be eligible to claim as a tax credit against the Malaysian tax imposed. However, he would need to top-up the net additional tax (if any) and pay the differential as Malaysian tax.

Key issues to take note

These are some of the key issues which Malaysian tax residents should take note of when considering the implications arising from the removal of FSI exemption –

(1) Definition of "received"

It is important to note that FSI which is not received in Malaysia would not be taxed. The word "received" is currently not defined under the ITA.

Generally, FSI would be regarded as "received" in Malaysia when the income is remitted to, transferred into or brought into Malaysia. There is also a possibility that certain foreign income may be deemed to be "received" in Malaysia without an actual transfer or remittance into Malaysia – e.g. contra transactions between related companies.

On 17 December 2021, the Inland Revenue Board of Malaysia (IRBM) has issued FAQs in relation to the *Special Income Remittance Program (Program Khas Peremitan Pendapatan)* where the IRBM has clarified in its FAQs that only income remitted, brought in or transferred into Malaysia via (i) physical manner, or (ii) through banking system would be considered as FSI "received" in Malaysia.

(2) Income vs Capital

It is also imperative to note that only "income" in nature would be subject to Malaysian tax if remitted into Malaysia. Foreign-sourced capital gains (received in Malaysia) remain not taxable under the ITA.

Tax residents would need to ascertain whether their receipt would fall within the category of "income" or "capital" and be supported with relevant supporting documents.

Practically, it will be challenging for taxpayers to substantiate the nature of a receipt to the IRBM's satisfaction – particularly, if such receipt in Malaysia arises from funds which have been maintained outside Malaysia and accumulated over a long period of time.

Special Income Remittance Program (PKPP) for residents with FSI

On 16 November 2021, the IRBM offered a form of "relief" to residents with FSI – PKPP was introduced to Malaysian taxpayers (including individuals and companies) who have FSI to enjoy a promotional tax rate of 3% for FSI remitted to Malaysia from 1 January 2022 to 30 June 2022.

Any FSI remitted into Malaysia after 30 June 2022 will be subject to tax at the prevailing income tax rate.

Under the PKPP, all FSI income will be accepted in good faith without any review or investigation to be conducted by the IRBM.

Salient points of the PKPP: -

Category	Qualifying conditions
Period of entitlement	1 January 2022 to 30 June 2022
Definition of foreign income received in Malaysia	Income deemed as "received" in Malaysia when the income is remitted / brought in / transferred into Malaysia physically or through banking methods.
Person eligible to participate	Companies, Limited Liability Partnerships (LLPs), trust bodies, associations and others which are resident in Malaysia.
Types of income	Income that is held overseas and remitted to Malaysia by a resident, i.e. business income, employment income, rental income, interest income, royalties or others (including Malaysian-sourced income from YA 2020 and YAs prior to 2020 which has not been reported).
Special tax rate	3% of gross foreign income received in Malaysia.
Eligibility for foreign tax credit	For foreign income which has suffered foreign tax, taxpayers can claim foreign tax credit (bilateral credit or unilateral credit) against the Malaysian income tax. *Note: Foreign tax credits in respect of the FSI received in Malaysia have to be claimed within 2 years from the end of the relevant YA in which the FSI is declared.*
Method of declaration	Taxpayers can submit an online application using a special form (Borang PKPP) which can be accessed through MyTax (https://mytax.hasil.gov.my) from 1 January 2022.
Timing of declaration	The declaration can be made: - • at any date upon the income being brought in / remitted into Malaysia; or • all at once on or before 30 July 2022, provided the income must be remitted into Malaysia from 1 January 2022 to 30 June 2022.
Reporting in the income tax return forms (ITRFs)	Taxpayers are still required to report the foreign income received in Malaysia in their respective ITRFs for YA 2022 or YA 2023, where applicable.
Payment of tax	The payment of tax for the foreign income has to be accounted for in determining the: - • estimate of tax payable (CP204) for that YA; • revised estimate of tax payable in the 6th / 9th month, or 11th month (for YA 2022 only); or • tax payment via revised notice of tax instalment payment (CP502) for YA 2022, depending on the category of taxpayers. Please note that the foreign income will be taken into account in the determination of any underestimation of tax and also the computation of the 10% increase in tax (i.e. penalty) for underestimation of tax, if applicable.

Note: On 11 March 2022, the IRBM issued a media release announcing the termination of its PKPP with immediate effect. The IRBM has explained that the termination of the PKPP was made following the announcement by the Ministry of Finance on 30 December 2021 (see below for details). The IRBM has also clarified that FSI remitted within the period 1 January 2022 to 30 June 2022 will be subject to the 3% concessionary tax rate.

Surprise, surprise – an unexpected U-turn on taxation of FSI

On 30 December 2021, the Malaysian government made a surprising U-turn on the taxation of FSI in Malaysia.

The Malaysian government has agreed to exempt taxation on the following types of foreign income received in Malaysia by Malaysian tax residents (subject to the eligibility conditions – further details to be issued by the IRBM): -

The above exemption would be effective from 1 January 2022 to 31 December 2026. For individual taxpayers, the exemption would apply to all individuals, except for those in a partnership business in Malaysia.

It should be noted that the **taxation of FSI has not disappeared** – other than those resident individuals, companies and LLPs (receiving dividend income), all other taxable persons (e.g. cooperatives, societies, clubs, trade associations, etc.) would be subject to Malaysian tax when they receive FSI in Malaysia effective 1 January 2022. This would also include resident companies (and LLPs) receiving foreign-sourced rental income, interest income etc.

For non-resident taxpayers (individuals, companies and others), they would remain exempted under Paragraph 28, Schedule 6 of the ITA.

Category of taxpayer	Type of foreign income exempted from tax
Company / LLP	Dividend income
Individual	All types of foreign income

Be prepared

Resident taxpayers who have FSI should undertake the following (if you have not done so) –

- Keep good records of foreign investments and funds to differentiate between "income" and "capital" – there is a need to ascertain and assess the FSI which has been accumulated over the years;
- Retrieve and compile relevant supporting documents to substantiate that foreign taxes have been paid in respect of the income which you are planning to remit as FSI into Malaysia – this will help to facilitate the claiming of tax credit in the future.

Taxpayers should also assess the quantum of any incremental tax liability (which may arise) after factoring the availability of tax credits.

Be prepared – no one can guarantee that there would not be any change in the policy again in future.

Summary – Taxation of FSI in Malaysia

Category of taxpayer	Will FSI be taxable (when received in Malaysia)?
Resident individuals	• Exempted from 1 January 2022 to 31 December 2026
Resident companies / LLPs	• Exempted for foreign-sourced dividend income only (from 1 January 2022 to 31 December 2026) • Any other FSI (e.g. foreign-sourced rental or interest income) would be taxable upon remittance to Malaysia – effective 1 January 2022
Other resident taxpayers (i.e. non-individual / non-company / non-LLP)	• Taxable (effective 1 January 2022)
Non-resident taxpayers	• Remain exempted under Paragraph 28, Schedule 6 of the ITA

As of now, resident individuals, companies and LLPs (receiving dividend income) will have more breathing space during the concessionary exemption period whilst other resident taxpayers (who intend to remit FSI into Malaysia) would need to look into this seriously, considering all the relevant tax implications and assessing their FSI which had been accumulated over a number of years – good luck!

Moving forward, resident taxpayers will need to be more diligent in maintaining their records on FSI. Taxpayers should also keep a lookout for any developments pertaining to Malaysian taxation on FSI (including reporting obligations) to ensure that they remain compliant with the latest rules.

FEATURE

Nature-related financial disclosures are the next step in valuing biodiversity – it's a win-win for business and nature.

Why accountants **should be seeing green**

More than a century ago, conservationist John Muir wrote: "When one tugs at a single thing in nature, he finds it attached to the rest of the world." It's a lesson we are still learning today. The loss of one species, for example, could trigger a series of other losses, or maybe an explosion of pest species.

There are strong attachments, too, between biodiversity loss and climate change. Drought and wildfires can destroy ecosystems and wildlife, leading to further heating, drought and deaths.
The World Economic Forum has long ranked climate breakdown, biodiversity loss and ecosystem collapse in the top five threats to humanity. Already, humans have annihilated 83% of wild mammals and half of all plants, and another million species are at risk. Last year, the G7 climate and environment ministers reported that "the unprecedented and interdependent crises of climate change and biodiversity loss pose an existential threat to nature, people, prosperity and security".

Importantly, a solution to one of these problems might help address the other. Restoration of wetlands or other ecosystems, for example, could store carbon, reduce erosion, restore biodiversity, protect human health and enhance adaptation to climate change. The interconnections mean that win-win outcomes are possible.

Economies depend on biodiversity

Loss of biodiversity affects us all, including accountants and businesses. All businesses have impacts and dependencies on nature through their actions, their purchasing decisions and investments. Business leaders and advisers need to know and understand these impacts and will be judged on how they manage them.

A chemical company near my town discharged waste to the air and waterways for years, poisoning fish and wildlife. It finally lost its social licence to operate and closed abruptly, abandoning its highly toxic site. Incredibly, it had recorded profits right up to its closure, with no provision for remediation.

Because its impacts had never been disclosed, the business had developed on a totally unsustainable model. Better reporting, together with non-financial information, would have resulted in far better outcomes here, for both the business and for nature.

But in a nearby wilderness area, a group of tourism operators I worked with are paying a voluntary levy to help protect and restore biodiversity. Their collaboration required sound judgment and a longer view into the future, to boost the viability of tourism and wildlife here. The birdsong is back and vibrant again, and business owners, staff and visitors are delighted.

Globally, this issue is huge. Boston Consulting Group found that by providing services such as storing carbon and cleaning water and air, the world's forests are worth US$150 trillion a year – double the value of global share markets. The World Economic Forum reports that US$44 trillion of economic value generation – more than half the world's total GDP – is moderately or highly dependent on nature. A UK government report, the Dasgupta Review, confirms that our economic system is highly dependent on biodiversity – unpaid, underappreciated and greatly overused.

Accountants are needed here for our skills in reporting, verification, judgment and advice. We also have a duty to act in the public interest. Climate and biodiversity – crucial to human health, prosperity and survival – need help. There could be no clearer need for this public interest.

What we need to do now

Understand the connections: We should assess how nature affects the businesses we work with and how these businesses affect nature. The risk of pollination collapse is one example of nature-dependency. One-third of our food is reliant on pollination by bees but their populations are dropping rapidly worldwide.

In industries such as construction, farming or food and beverages, the impacts might be large and obvious. In areas such as fashion or finance, they may be less visible.

And there can be unanticipated impacts from commercial activities. A study into fishing practices, published in Nature in 2021, found that bottom-trawling releases greenhouse gas emissions equivalent to those produced by the global aviation industry.

Failure to address these sorts of impacts will carry a steep price for businesses and the planet. But companies that move to support biodiversity can develop new, more sustainable offerings.

Discover nature-based solutions: Nature-based solutions (NbS) are initiatives that harness the power of nature to protect, restore and sustainably manage land and ocean ecosystems. Restoring forests and soil health could provide one-third of the reductions in greenhouse gas emissions in coming decades.

The potential for NbS is massive. Nature4Climate, an alliance of leading conservation and business agencies, estimates that such projects could lift a billion people out of poverty, create 80 million jobs, boost economic growth and prevent trillions of dollars in climate change damage. It says these solutions are ready to deploy today, and are scalable. At COP26 in Glasgow, more than 90% of the Nationally Determined Contributions (national plans highlighting climate actions) submitted there included NbS.

Check for risks: There could be physical risks for a business from disruptions to supplies and ecological services, or reputational or legal risks from being linked to environmental damage. Check supply chains and investments for possible tainting from links to deforestation, ecosystem change or threats to vulnerable species.

Increasingly, banking, finance and advisory businesses are choosing to avoid such involvements. And as with climate issues, many bright young people will not invest in or work for businesses involved in damaging activities.

Consider becoming 'nature positive': Some companies seek to ensure that their negative impacts are more than offset by conservation measures. To achieve this status, develop an approach to managing impacts and set attainable, science-based goals. Support for conservation and at-risk species could be a part of the plan.

Report on risks and outcomes: Only 23% of companies whose activities are at risk from biodiversity loss are reporting that risk, KPMG International's Survey of Sustainability Reporting 2020 found. But with our planet losing species at a rate 1000 times greater than at any other time in recorded human history, the need for action is urgent. As with climate reporting in recent years, a sharp upward trajectory in nature disclosures is expected.

One example of nature dependency is pollination. One-third of our food crops must be pollinated by bees and, worldwide, bee populations are dropping rapidly..

Help is on the way. The Taskforce on Nature-related Financial Disclosures(TNFD) was launched last year with strong support from financial institutions and corporates and an endorsement from G7 finance ministers. It builds on the success of the Task Force on Climate-related Financial Disclosures (TCFD); the two will be comprehensive and complementary.

Ultimately, TNFD has the potential to divert flows of capital away from activities that destroy nature to others providing positive outcomes.

Nature counts

There are major challenges for businesses in becoming carbon neutral and nature positive, but both are crucial for human health and wellbeing. The journey is a vital one, and accountants' skills in guiding and reporting, in identifying risks and opportunities, are needed.

Nature is close to our hearts and our sense of identity. Many of our favourite species – koalas, kiwis, corals – and others we might not know and might never see, are worth working and fighting for. They, too, support and enrich us. For them and for ourselves, for young people and future generations, it's a matter of survival.

MICPA
MALAYSIA

64th Annual General Meeting

Members are informed that the **64th Annual General Meeting (AGM)** of the Institute has been set for **Saturday, May 28, 2022** at **10.00 a.m.** to be held at **Banyan & Casuarina Rooms, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara, Kuala Lumpur**. This will be a hybrid AGM (in-person and virtual attendance).

Notice of the AGM, minutes of the 63rd AGM and the Institute's Integrated Report will be made available for download on the Institute's website in the first week of May 2022.

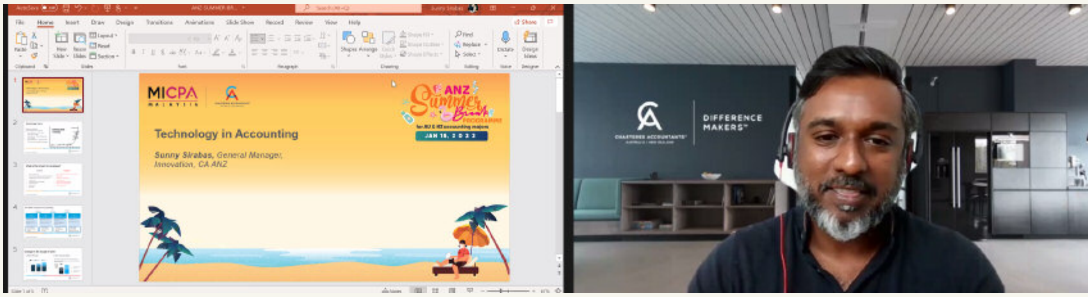
Nomination of candidates for election to the Council must be made by notice in writing, signed by ten members to be received by the Secretary not later than five weeks before the date of the AGM, i.e. by **April 22, 2022**. Such nomination must be accompanied by an intimation in writing from each candidate of his/her willingness to serve if elected.

Any member who wishes to bring before the AGM any motion not relating to the ordinary annual business of the Institute may do so provided the following conditions are complied with:

(a) Notice in writing of the proposed motion must be received by the Secretary not later than five weeks before the date of the AGM, i.e. by **April 22, 2022**.

(b) Not less than ten members entitled to vote at the AGM shall have sent notice in writing expressing their desire that the proposed motion be brought before the AGM to be received by the Secretary not later than four weeks before the date of the AGM, i.e. by **April 29, 2022.**

(c) The proposed motion should be related to matters affecting the Institute or the accountancy profession.



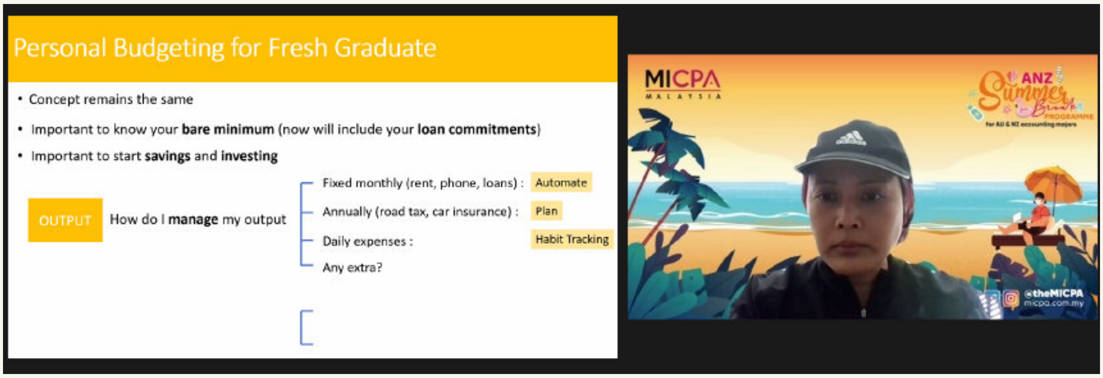
ANZ Summer Break Programme 2022

The Institute organised its 4th ANZ Summer Break Programme virtually for the 2nd year in a row on January 15, 2022. This event is organised annually especially for accounting undergraduates studying in Australian and New Zealand universities who are on their summer break, however students from all universities are welcome to join in.

The event featured Young MICPA members who shared insights into the accounting profession and gave the students a glimpse into what they can expect in their future careers. We also had a guest speaker from Chartered Accountants Australia & New Zealand (CA ANZ) who dialed in from Australia to speak to the participants.

The event kicked off with a series of four 15-minute power talks on various topics aimed at providing more insights and tips to students to prepare them for their future.

- Personal Budgeting for Students – Hafizah Shariff, Chief Financial Officer, BSN
- Develop Your Critical Thinking Skills – Husna Abdul Hamid, Senior Manager, Danajamin Nasional Berhad
- What Recruiters' Won't Tell You – Ace Tan Kian Kun, Manager – Corporate Strategy, Carsome
- Tech in Accounting - Sunny Sirabas, General Manager of Innovation, CA ANZ



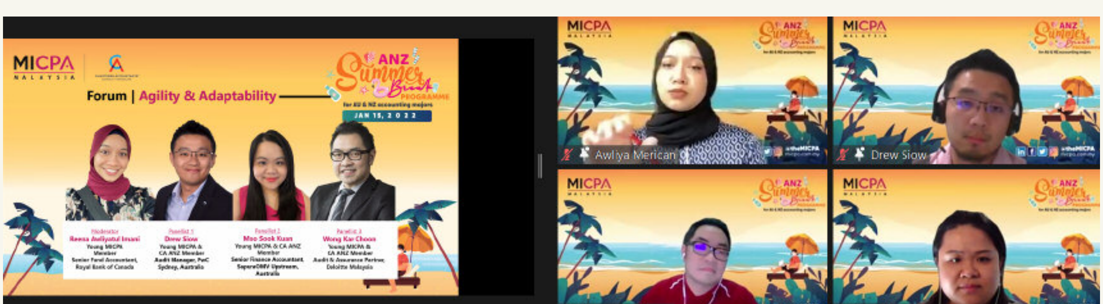
The highlight of the event was a forum titled "Agility & Adaptability" – 2 very important attributes that future professionals must have in order to thrive in this ever-changing world, especially when technology knowledge and skills are no longer a 'nice-to-have' as an accountant, but is fast becoming a 'need-to-have'. The panel comprised Young MICPA members based in Australia and Malaysia:

- Wong Kar Choon, Audit & Assurance Partner, Deloitte Malaysia
- Drew Siow Yi Huan, Audit Manager, PwC Sydney, Australia
- Moo Sook Kuan, Audit Assistant Manager, EY Melbourne, Australia

The lively forum was moderated by Young MICPA member, Reena Awliyatul Imani binti Reezal Merican who is a New Zealand graduate based in Malaysia and attached to the Royal Bank of Canada as a Senior Fund Accountant. The panellists shared some very interesting experiences they had in their work, both in Malaysia and Australia, giving their perspectives on how they adapted to the new environment and work culture.

The session ended with participants feeling inspired and excited about their future careers as accounting professionals.

Note: The recorded forum can be watched on MICPA's social media channels.



Upcoming Continuing Professional Development (CPD) Programmes

It is an integral part of the Institute to conduct CPD Programmes to enhance the skills and knowledge of the members. Our training covers a wide range of areas, including auditing, financial reporting, tax and more. The following CPD Programmes have been planned:

Programme Title	Speaker/s	Dates	Time	Type	Fees
ISQM 1 & ISA 220 (Revised)	Mr Ng Kean Kok	April 26, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA/CAANZ Members:- RM360.00 Non-Members:- RM480.00
MICPA-MIA Practical Auditing Methodology	Various Speakers	April 27, 28 & 29, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA MEMBERS • Days 1, 2 & 3 | RM1,100.00 • Days 1 & 2 only | RM700.00 • Day 3 only | RM500.00
Forecasting, Budgeting and Valuation	Mr David Ng and Ms Low Suet Cheng	May 9 & 10, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA/CAANZ Members:- RM600.00 Non-Members:- RM800.00
MICPA-MIA Practical Auditing Methodology	Various Speakers	May 11, 12 & 13, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA MEMBERS • Days 1, 2 & 3 | RM1,100.00 • Days 1 & 2 only | RM700.00 • Day 3 only | RM500.00
Workshop on Excel Dashboard	Mr Jack Lee	May 18 & 19, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA/CAANZ Members:- RM600.00 Non-Members:- RM800.00
Common Offences Commtted by Directors Under the Companies Act 2016 and Effective Fee Collection Strategy in the COVID Era	Ms Jessica Liew	May 20, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA/CAANZ Members:- RM360.00 Non-Members:- RM480.00
Taxation of Property Developers and Contractors	Mr Harvindar Singh	May 24, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA/CAANZ Members:- RM360.00 Non-Members:- RM480.00
MICPA-MIA Practical Auditing Methodology	Various Speakers	May 24, 25 & 26, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA MEMBERS • Days 1, 2 & 3 | RM1,100.00 • Days 1 & 2 only | RM700.00 • Day 3 only | RM500.00
Accounts Payables and Accounts Receivables Management	Mr Ng Kean Kok	May 25 & 26, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA/CAANZ Members:- RM600.00 Non-Members:- RM800.00
MICPA-MIA Practical Auditing Methodology	Various Speakers	June 7, 8, & 9, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA MEMBERS • Days 1, 2 & 3 | RM1,100.00 • Days 1 & 2 only | RM700.00 • Day 3 only | RM500.00
Workshop on Excel Dashboard	Mr Jack Lee	June 13 & 14, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA/CAANZ Members:- RM600.00 Non-Members:- RM800.00
Going Concern and Impairment Under COVID-19	Mr Ng Kean Kok	June 22, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA/CAANZ Members:- RM360.00 Non-Members:- RM480.00
MICPA-MIA Practical Auditing Methodology	Various Speakers	June 21, 22, & 23, 2022	09:00 a.m. – 05:00 p.m.	Webinar	MICPA MEMBERS • Days 1, 2 & 3 | RM1,100.00 • Days 1 & 2 only | RM700.00 • Day 3 only | RM500.00

- *All courses listed are subject to updates and changes*
- *If you are interested, head to https://www.micpa.com.my/calendar/training/ to download the course brochures.*
- *For more information, please contact the CPD Department: Tel No: 03-2698 9622 (extn: 206) or email: cpd@micpa.com.my*

Check out our website for the latest CPD Programmes by scanning this QR code.

YOUNG MICPA

Hidden Figures - Women in Accounting

I came from a small town where girls weren't supposed to have big dreams. We were taught to be polite, obedient, quiet – all the attributes of a "perfect wife". Individuality was out of the question. After all, a woman's greatest achievement was her husband. Thankfully, I was raised by parents who refused to have society diminish my spark. Despite the odds, I overcame the obstacles and biases that hindered my path to success.

However, now as I look back, I wonder how many other women faced similar plights and did not have the privileges I did - which brings me to the recent forum held in conjunction with International Women's Day 2022, themed #Breakthebias. I was more than thrilled to be accompanied by three formidable women – Cheryl Chee (Chief Financial Officer of Taylor's University), Shahnaz Al-Sadat (Chairperson of LeapEd Services Sdn Bhd) and Sim Kwang Gek (Managing Director of Deloitte Tax Services Sdn Bhd), who are all leaders in their respective fields as panel speakers.

The discussion boiled down to four main issues that we women face:

1) **Gender bias in the workplace, common barriers and how women can address those challenges**

Most people are of the view that females dominate the market when it comes to roles in accounting and finance. While that may be the case for more junior positions, the number of prominent female figures in the senior or executive positions is sparse and remains predominantly held by males. This may be the case as women are often perceived to prioritise their responsibilities towards their families over their jobs as they progress in their lives.

I know someone who continued to attend to emails and clear her pending workload amid childbirth. We never got to talk about why she felt the need to prioritise work at a time like that, but my gut feeling tells me that she probably did not want her pregnancy to be the reason for a poor performance review rating after months of hard work. It is sad to say, but the corporate world remains largely unforgiving towards the hardships of working mothers.

It is undoubtedly challenging and often results in burnout as women push themselves to do it all - working around the clock to meet tight project deadlines while battling office politics and attending to their family's every need.

So, what can we do to address some of these challenges? For starters, we should have more conviction and put our foot down. We should prepare ourselves to be comfortable discussing these uncomfortable topics with our bosses and superiors. Don't be afraid to ask for help – contrary to popular belief; it doesn't make us weaker.

2) Are females good leaders?

If you ask me for my opinion - which I promise you is unbiased despite what you think the agenda of this article may be - I would say females are simply born to lead. Why? Allow me to elaborate using the common taunts that we are all so familiar with.

We are **emotional** creatures. Despite the negative bearings this statement may have when it is slapped on our faces, I say this is one of our biggest strengths – it is simply a misnomer of the truth. In actual fact, we women are empathetic. This makes us more receptive to those around us; we can understand our employees better and provide them with a conducive environment to thrive.

We are **nitpicky** or **detailed-orientated**. Well, I hate to break it to you, but ensuring our financial statements are compliant with the relevant accounting standards and the Companies Act requirements is an extremely nitpicky-job and boy, believe me when I tell you proof-reading, tallying financial notes, casting and cross-casting hundreds of pages of the annual report requires a solid eye for detail.

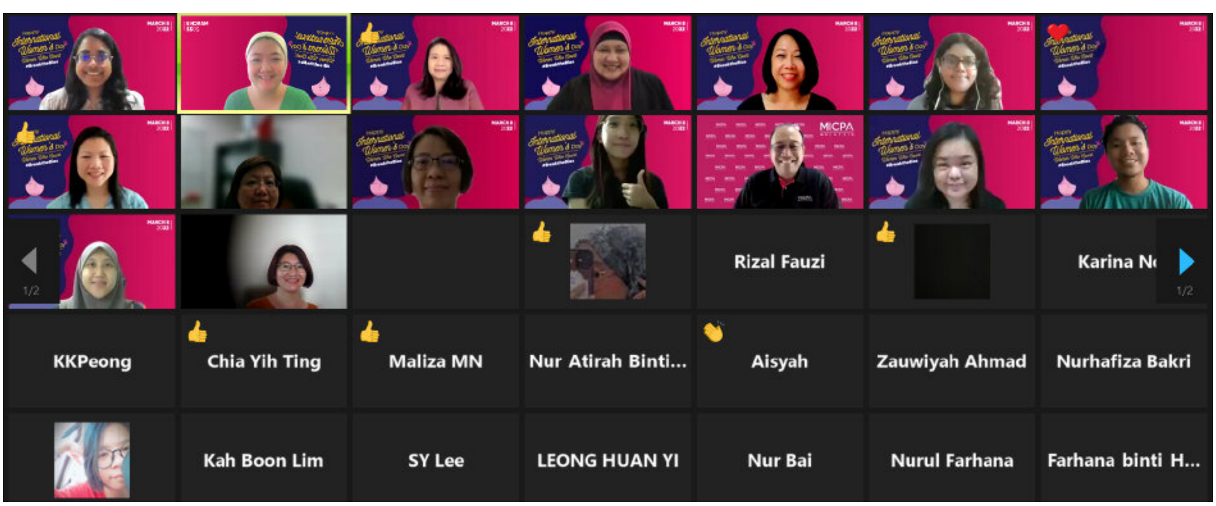
We are **too strict**. It's funny how when our male counterparts are strict, they are considered strong leaders with a good sense of business direction, but the minute a female leader tries to assert authority, she is labelled as a venomous snake. While I say this, I would like to clarify that authority does not equate to dominance.

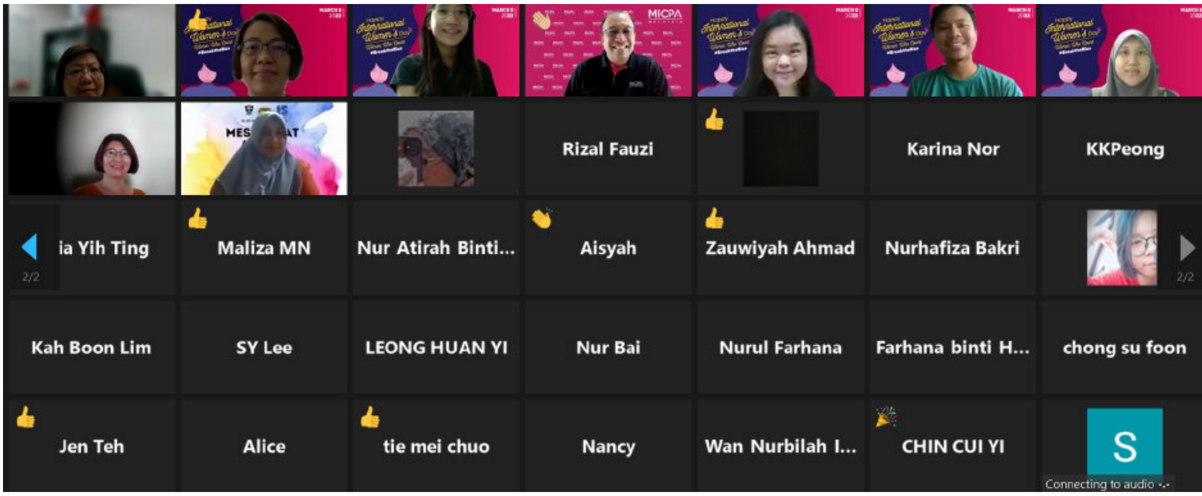
I could go on, but it seems pretty clear at this point why more women should be warming the big boss's chair. However, reality paints a different picture – sadly, opportunities play favourites. But this is hardly any reason to back down. We may have to fight and fight hard for our slice of the cake, but that is just what it takes to invoke change.

3) How the workplace can be inclusive towards a woman

Classically, the man has always been the breadwinner of the family; this has been an undisputed fact over centuries, so much so that even now, as we are well into the new age of feminism, it is still unfathomable to many that a family can have two breadwinners.

During the virtual forum, one of our panel speakers discussed how she would like for us to shift focus from gender equality to gender equity, and I can see why – gender equality focuses on providing men and women with equal opportunities while gender equity acknowledges that women are not on a level playing field as men and promotes the supply of resources and tools for women to succeed.





Most women or working mothers prefer jobs that allow flexibility. Pre-pandemic, the concept of working from home would have been inconceivable. Now, having been forced to do so has proven that working from home can be implemented effectively. Firms have also begun to introduce options for reduced workdays and short- to medium-term career breaks, which I find a great way to retain talent.

Some corporate companies are also taking it up a notch by establishing programs specifically to accelerate women into leadership roles. Women often look for role models in the workplace and are more likely to work in a company where there are female leaders with similar family responsibilities who manage to work their way up the career ladder.

Ultimately, the tone at the top is crucial in ensuring inclusivity towards women. Corporations can introduce an infinite number of sponsorship or assistance programs and not yield any results if top management does not believe in the cause.

4) Advice to the next generation of female professional accountants

Focus on building a strong foundation of value and skills – when you are a master at your craft, respect will come naturally.

Aim to give a hundred percent on all your projects or engagements and remain ethical while you are at it.

Be confident, but not arrogant – recognise that no one is perfect and be open to constructive criticism.

Although it may seem that accounting is for the introvert, communication and negotiation skills are crucial in our line of service, so start now.

As I have previously mentioned, we women innately have the potential to succeed, so all we need to do is believe in ourselves and channel it into our work.

Women have it hard, but history has proven that we are fighters – we refuse to wither away in the face of adversity. Come what may, we will brave through whatever storm comes our way. Some parts of this article may have been a little depressing, but the important takeaway from all this is how far we've come after generations of oppression. There are many more dragons to slay, but with time I believe reform is upon us. Change starts with us.

This article was written by Sangeetha Selladurai, Young MICPA Task Force Member & Financial Consultant at 3S Teguh Transport Sdn Bhd.

IFRS Foundation and GRI to align capital market and multi-stakeholder standards to create an interconnected approach for sustainability disclosures

The IFRS Foundation and Global Reporting Initiative (GRI) recently announced a collaboration agreement under which their respective standard-setting boards, the International Sustainability Standards Board (ISSB) and the Global Sustainability Standards Board (GSSB), will seek to coordinate their work programmes and standard-setting activities.

The IFRS Foundation, which announced at COP26 the establishment of the ISSB to develop a comprehensive global baseline of investor-focused sustainability disclosures for the capital markets, and GRI, the leading global standard-setter for multi-stakeholder focused sustainability reporting, further announced that they will join each other's consultative bodies related to sustainability reporting activities.

The agreement reflects the importance of ensuring compatibility and interconnectedness of investor-focused baseline sustainability information that meets the needs of the capital markets, with information intended to serve the needs of a broader range of stakeholders. The IFRS Foundation and GRI recognise the considerable public interest in aligning where possible their respective work programmes, terminology and guidance, helping to reduce the reporting burden for companies and to further harmonise the sustainability reporting landscape at an international level.

By working together, the IFRS Foundation and GRI provide two 'pillars' of international sustainability reporting—a first pillar representing investor-focused capital market standards of IFRS Sustainability Disclosure Standards developed by the ISSB, and a second pillar of GRI sustainability reporting requirements set by the GSSB, compatible with the first, designed to meet multi-stakeholder needs.

Commenting on the agreement, Erkki Liikanen, Chair of the IFRS Foundation Trustees said, "At COP26 we heard strong support for consolidation in the sustainability reporting landscape. The work of the ISSB and its global baseline concept will help deliver this objective for the capital markets, whilst this agreement with GRI will help ensure capital market standards are developed in a way that minimises the reporting burden for those companies also using GRI Standards."

Eelco van der Enden, Chief Executive Officer of GRI said, "The MoU between GRI and the IFRS Foundation is a strong signal to capital markets and society that a comprehensive reporting system, which combines financial and impact materiality for sustainability reporting, is possible on a global scale. Aligning GRI's established and widely adopted standards for sustainability impacts with the investor-focused standards being developed by the ISSB will benefit both companies and investors, as well as a wide range of stakeholders around the world."

Emmanuel Faber, Chair of the ISSB said, "For those interested in considering impact when assessing enterprise value, using the standards set by the ISSB and GSSB together will offer a complete and compatible suite of sustainability disclosures. This agreement will see the two standard-setting boards cooperate in pursuit of that objective."

Judy Kuszewski, Chair of the GRI GSSB said, "The collaboration between the GSSB and the ISSB demonstrates our shared commitment to the global alignment of disclosure requirements. This is crucial if we are to enable consistent reporting by companies, which increases accountability and drives responsible business practices. We look forward to aligning work programs and to making the two-pillar corporate reporting system a reality, with financial and sustainability reporting on an equal footing."

The agreement, in the form of a Memorandum of Understanding (MoU), represents the latest development in efforts to consolidate or align multiple international initiatives covering sustainability reporting into a more cohesive approach for the benefit of companies, investors and society at large.

The IFRS Foundation previously announced consolidation with the Climate Disclosure Standards Board and the Value Reporting Foundation (which houses Integrated Reporting and SASB Standards). The ISSB intends to publish next week proposed Climate and General Sustainability-related Disclosure requirements that, once finalised, will form the global baseline for climate-related disclosures. The global baseline concept has been welcomed by the G20 Leaders, the International Organization of Securities Commissions (IOSCO) and others.

As the leading global standard-setter for sustainability reporting that addresses an organization's impact on the economy, environment and people for a multi-stakeholder audience, the GRI Standards are adopted extensively by companies worldwide. Many jurisdictions look to the GRI Standards when developing their own multi-stakeholder sustainability reporting requirements. The GRI Standards are continually reviewed, with current developments including new Sector Standards and an updated Biodiversity Standard.

Bruce Mackenzie appointed as new Chair of the IFRS Interpretations Committee

The Trustees of the IFRS Foundation have recently announced the appointment of Bruce Mackenzie as the new Chair of the IFRS Interpretations Committee.

Mr Mackenzie has served as a member of the IASB since October 2020 and will continue to serve as an IASB member when he assumes the role as Chair of the Committee.

Before becoming a member of the IASB, Mr Mackenzie served as a member of the Committee from 2014 to 2020. He is taking over from Sue Lloyd, who is moving to the International Sustainability Standards Board as its inaugural Vice-Chair from March 2022, when she also steps down as IASB Vice-Chair.

The Trustees of the IFRS Foundation are responsible for the governance and oversight of the Committee, including appointing its Chair and members.

The Committee works closely with the IASB to support the consistent application of IFRS Accounting Standards by responding to application questions that arise in practice. It responds by publishing agenda decisions that often contain explanatory materials or by considering possible changes to the requirements.

The Committee comprises 14 expert members from around the world and from a variety of professional backgrounds. Its meetings are webcast on the Foundation's website. The Chair has a non-voting role.

Erkki Liikanen, Chair of the IFRS Foundation Trustees said, "I am pleased to welcome Bruce as the new Chair of the Committee. Just as it was with the outgoing Chair Sue, having an IASB member chairing the Committee ensures there is effective collaboration between the two bodies to serve our stakeholders well. I would like to also take this opportunity to thank Sue for her leadership of the Committee since 2017."

Andreas Barckow, Chair of the IASB said, "The wealth of experience in applying IFRS Accounting Standards that Bruce brings to the role will ensure that the Committee will continue to be successful in supporting companies in their application of IFRS Accounting Standards. I look forward to working with him in his new capacity."

Bruce Mackenzie said, "It is a privilege to be appointed Chair of this Committee which has a critical role to play both for the IASB and for all our stakeholders tasked with applying IFRS Accounting Standards. I am committed to continuing the good work that Sue has overseen and ensuring that the Committee continues to respond effectively to application questions."

IFAC Update (www.ifac.org)

IFAC welcomes U.S. SEC's action to enhance climate disclosures; continues support for global alignment

The IFAC welcomes the U.S. SEC's proposal on enhanced climate disclosures, as it continues its work in support of a global system for delivering consistent, comparable and assurable sustainability information. The SEC's action is one more important demonstration of the need to enhance and evolve corporate reporting.

Sustainability-related disclosure is now a core component of the corporate reporting ecosystem, as reflected in global and jurisdiction-specific initiatives. Climate and other ESG matters are decision critical. Regulatory frameworks must promote rigor, clarity, and consistency of information, both to meet investor demands and those of other stakeholders.

The SEC's proposal also acknowledges the importance of high-quality assurance—to bring confidence and trust to what is disclosed. This is consistent with the work of IOSCO at the global level, which has identified independent assurance as a "key element of building trust in sustainability reporting." See IFAC's Vision for High-Quality Assurance of Sustainability Information.

IFAC CEO Kevin Dancey said, "This SEC proposal allows policymakers and stakeholders worldwide to compare and contrast important initiatives that are taking place on climate-related disclosure, including the work of the newly established International Sustainability Standards Board under the IFRS Foundation, that of the European Union, and others.

"Alignment among all these initiatives is imperative for decision-useful information. It's critical that we create a harmonized, global system of sustainability and climate disclosure and avoid a patchwork of standards and regulations emerging across jurisdictions. IFAC also supports regulations that promote narrative as well as performance-focused measurements and that better align sustainability disclosure with financial reporting."

IFAC releases new exploring the IESBA code instalment focused on technology

The IFAC released a new resource, Exploring the IESBA Code, A Focus on Technology: Artificial Intelligence. This two-page publication highlights *the application of the International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code), in particular, the relevance of the Code's fundamental principles and its conceptual framework to addressing ethics issues that might arise when artificial intelligence (AI) is used or implemented by professional accountants. Specifically, the instalment sets out an AI scenario to assist accountants in identifying, evaluating and addressing threats to compliance with the Code's fundamental principles.

Originally launched in 2019, the Exploring the IESBA Code is a unique resource developed in collaboration with the staff of the IESBA. This instalment focusing on AI has also benefited from input from the IESBA's Technology Working Group. The Exploring the IESBA Code series is intended to promote awareness of the Code and support its global adoption and implementation. It is non-authoritative and is not a substitute for reading the Code. Each instalment highlights important concepts and topics in the Code and seeks to help readers understand how to use and navigate the Code so that they can quickly identify and access the ethics and independence standards and guidance relevant to them.

Previous instalments have been translated into multiple languages. Topics previously covered by the series include: the fundamental principles, the conceptual framework, auditor independence, conflicts of interest, inducements, responding to non-compliance with laws and regulations (NOCLAR), pressure, the role and mindset expected of the professional accountant with a focus on bias, and the "building blocks" structure of the Code. Click here to access this and previous instalments.

New IFAC digital platform assists public sector transition from cash to accrual accounting: Pathways to Accrual

To contribute to and promote the development, adoption, and implementation of high-quality international standards, the IFAC launched a new digital platform, *Pathways to Accrual*, providing a central access point to resources helpful for governments and other public sector entities planning and undertaking a transition from cash to accrual accounting including adopting and implementing International Public Sector Accounting Standards (IPSAS).

Pathways to Accrual builds upon the work of the International Public Sector Accounting Standards Board (IPSASB)'s *Study 14, Transition to the Accrual Basis of Accounting: Guidance for Governments and Government Entities* with updated content and a modernized presentation with easier navigation.

To equip public sector entities with tools for a carefully considered and smooth transition, *Pathways to Accrual*:

- Outlines the benefits and implications of adopting and implementing accrual accounting including IPSAS;
- Lays out the fundamentals to quality public financial management (PFM), essential for effective and efficient delivery of public services, transparent public finances, and trust between government and citizens;
- Explores multiple transition pathways for incremental implementation of accrual;
- Identifies the main tasks associated with recognition of assets, liabilities, revenues, and expenses, including issues and challenges associated with the identification of, as well as measurement of, those elements in financial statements;
- Gives practical suggestions, guidance, and case studies based on the experience of other entities and jurisdictions; and
- Provides links to other useful guidance and resources to help entities make the best decisions for their unique circumstances.

The platform was developed by IFAC with content provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) and feedback from the International Public Sector Standards Board (IPSASB) and international community stakeholders.

"The benefits are clear: accrual accounting improves transparency, decision-making, and accountability in the public sector, but the path forward is less apparent," said IFAC CEO Kevin Dancey. "*Pathways to Accrual* will help accountants and public sector entities seize the opportunity of transitioning to accrual accounting by equipping them with the tools necessary to forge their own unique paths towards sound public financial management."

"There is significant accrual adoption and implementation activity underway across all regions of the world," said Ian Carruthers, International Public Sector Accounting Standards Board (IPSASB) Chair. "By 2025, 50% of the jurisdictions in the 2021 International Public Sector Accountability Index are forecast to report on accrual basis, and *Pathways to Accrual* will be instrumental in supporting both these transitions and the many others planned for subsequent years."

Explore the platform: https://pathways.ifac.org.

IFAC welcomes European Commission efforts to enhance corporate reporting

The IFAC welcomes the opportunity to provide input into the European Commission's work to enhance corporate reporting—including a focus on corporate governance, statutory audit, and supervisory aspects of the ecosystem that delivers relevant, reliable, and comparable information to stakeholders.

As the voice of the global accountancy profession, IFAC understands the crucial role that auditors, as well as professional accountants more broadly, play in high-quality corporate reporting. But no matter how skilled or well-resourced, auditors alone cannot overcome significant shortcomings in other key areas of the reporting ecosystem—especially the role of directors, audit committees, and those charged with governance.

IFAC believes that global standards promote global methodologies, which lead to enhanced and more consistent quality in both reporting and assurance. We support high-quality, globally-applicable standards for financial reporting developed by the IASB, sustainability disclosure developed by the ISSB, audit and assurance developed by the IAASB, as well as the IESBA International Code of Ethics. We also believe audit firms are best placed to provide not only audits of financial statements but also assurance on sustainability disclosures.

IFAC CEO Kevin Dancey said, "Corporate governance, audit, and supervision have historically focused on financial statement reporting for investors and other providers of capital. But now that sustainability-related disclosure is becoming mainstream, this information must also be high-quality and trustworthy. The accountancy profession, with its responsibility to act in the public interest, has an essential role to play in this evolution of corporate reporting."

#MeToo - Proving Sexual Harassment

By Leonard Yeoh and Caleb Sio

The #Me Too movement that started out as a way for survivors of sexual harassment and assault to feel that they are not alone, has evolved into a global social movement against all forms of sexual abuse.

Back in 1999, the Ministry of Human Resources sought to address sexual harassment in the workplace by introducing the Code of Practice on the Prevention and Eradication of Sexual Harassment in the Workplace 1999, which provides guidelines to employers to establish mechanisms to prevent and eradicate sexual harassment in the workplace.

In 2012, the Employment Act 1955 ("EA") was amended to recognise sexual harassment at the workplace. Sexual harassment was defined as any unwanted conduct of a sexual nature, whether verbal, non-verbal, visual, gestural or physical, directed at a person which is offensive or humiliating or is a threat to his well-being, arising out of and in the course of his employment. It became a statutory requirement for employers to investigate complaints of sexual harassment.

Sexual Harassment Bill is Long Overdue

To date, there is no specific statutory recourse for victims of sexual harassment in Malaysia. It was reported that the Sexual Harassment Bill may be tabled in Parliament this year. Other jurisdictions such as Singapore and Australia have specific statutes addressing sexual harassment. In Singapore, the Protection from Harassment Act 2014 was passed to protect persons against sexual harassment, create offences, and provide civil remedies. In

Australia, the Sex Discrimination Act 1984 was passed at the Commonwealth level which made sexual harassment unlawful.

Without a specific statute, the tort of sexual harassment was only introduced in Malaysia in 2016 through common law in the case of Mohd Ridzwan bin Abdul Razak v Asmah bt Hj Mohd Nor ("FC Decision"). The Federal Court allowed a victim's claim for civil remedies under the tort of sexual harassment. The Federal Court affirmed the definition in the EA. The Federal Court further held that the recognisable hallmarks of sexual harassment are that they are unwelcome, taking the form of verbal or even physical.

In civil proceedings, the burden of proof lies with the plaintiff on a balance of probabilities. The alleged victim is required to show the court that it is more likely than not that sexual harassment occurred.

These unwanted acts often happen in private, where there is unlikely to be any documentary or video evidence. When faced with a "he said/she said" scenario, judges have to carefully scrutinise the evidence before them. The trial judge may rely on the demeanour of the witnesses to arrive at a decision.

Generally, corroboration and circumstantial evidence may play an important role in such cases. Someone who witnessed the victim's contemporaneous reaction after the incident could be helpful in corroborating the alleged victim's testimony. However, the Federal Court in the FC Decision considered the anxiety and discomfort that the victim would go through against the fear of vindictive complaints. The Federal Court held that there is no necessity for corroborative evidence in a tort of sexual harassment, making it easier for the victims.

On the flip side, how can a civil claim of sexual harassment be resisted? It is important to note that the main element of a sexual harassment claim involves unwanted acts. The conduct complained of may not fall within the legal definition of sexual harassment. In establishing whether the conduct was unwanted, it is necessary to consider the context and the previous interaction between parties.

Whilst the availability of civil action is a breakthrough for victims who are subjected to sexual harassment, the Sexual Harassment Bill is still necessary to criminalise such unwanted acts. Following the global #MeToo movement and the show of solidarity with survivors of sexual harassment, will Malaysians finally see a comprehensive Sexual Harassment Bill?

Leonard Yeoh is a partner and Caleb Sio, an associate with the law firm, Tay & Partners.

from Down Under

By Amir Ghandar FCA, Reporting & Assurance Leader

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Accountants urged to act on 'uncomfortable numbers'

When Stem rural accountants in New Zealand introduced a 6-hour working day to attract more parents to the firm, it created a "life changing" fairer and more productive workplace, narrowed their gender pay gap and gave it a significant edge over other employers.

"They love it," says Martin Pipe CA, co-owner and director. "People are able to pick up their kids, go to appointments, exercise — all in working hours — but not disturb their own focused workday. Men and women can share caring responsibilities which reduces negative career impacts women face when they work part time."

Stem's experience is just one example included in Narrowing Your Gender Pay Gap, a new playbook by Chartered Accountants ANZ that shows what firms and organisations can do to narrow their gender pay gap and urges members to play their part in introducing employment practices to create fairer, more inclusive workplaces.

Uncomfortable numbers

CA ANZ's 2021 Member Remuneration Survey, as well as others in previous years revealed uncomfortable numbers. In Australia, female accountants earn 27% less than men on average, while in New Zealand women earn 34% less than their male colleagues.

"Sunlight is the best disinfectant," says Chartered Accountants ANZ CEO Ainslie van Onselen. "We are determined to be vocal, to track and to fix this issue as part of our broader strategy for Chartered Accountants to be a more diverse and inclusive profession."

Just being aware of the gender pay gap is not enough, van Onselen says. The new playbook lays out an agenda for action, so individuals, employers and the profession as a whole can take steps to make their organisation a more diverse, inclusive and innovative place to work.

Calling out doubters

The playbook addresses common misconceptions held by sceptics such as the gender pay gap not existing, it being too expensive to address, or it being a women's responsibility because they choose to have career breaks, work flexibly, don't negotiate well or don't speak up for themselves.

The playbook suggests organisations conduct a gender pay gap analysis to provide solid data to work with and provides direction on achieving this.

Leaders must also look for factors contributing to the gender pay gap in their organisation, which may be complex and many. One factor, for example, may be unconscious gender discrimination and bias in the hiring and promotion of women.

Women in the workplace may have lost out on compounded salary increases and bonuses over the years. They also may face "flexism" — a form of discrimination against those who work flexible times and miss out on opportunities — or they could be working part time and often suffering a 'part time penalty' and earning less than men overall.

There is also a clear business case for organisations to close their gender pay gap. As well as being the right thing to do, research shows that gender diverse businesses outperform businesses where women are not well represented.

Companies in the top quarter for gender diversity are 25% more likely to have above-average profitability, a survey by McKinsey & Co showed. Closing the gap improves your organisation's performance, workplace culture, makes you a more attractive employer and ultimately boosts your bottom line.

Flexibility and job sharing

Offering a detailed checklist, the playbook takes readers through actions that organisation can take to close the gap. It also includes examples of organisations that have assessed their gender pay gap and then took concrete measures to change their work culture and practices to make them more inclusive.

Sharesies, a financial company in New Zealand, adopted a job-sharing model for its CEO function to enable the executives to balance work with their parenting and personal lives.

When the CEO went on parental leave, two of the six co-founders shared her role. "They decided that the new '3EO' model was working really well and decided to implement the structure permanently," says Anna Liumaihetau Darling, Head of People Experience.

WORLD News

Hong Kong

Global accounting bodies urge profession-wide commitment to reverse nature loss

The chief executives of 10 of the world's leading accountancy institutes have joined together to support a new call to action in response to the nature crisis, ahead of the upcoming UN Convention of Biological Diversity (CBD) COP 15.

Working together as part of the Global Accounting Alliance (GAA), the CEOs are signing the call to action 'Nature is Everyone's Business' to signal the important role the profession plays in this crisis.

The member bodies of the GAA collectively represent over 1.4 million accountants and finance professionals in over 180 countries. The call to action involves advocating for and supporting the protection and restoration of nature through finance activities and investment decisions made by the business community. It ties in closely with the expectations of investors and other stakeholders for businesses to focus on environmental, social and governance issues – expectations that will only become stronger in the longer term.

The joint statement calls upon professional accountants to act now to reverse the process of nature loss by helping the organizations they work for or with to protect, restore and promote the sustainability of natural resources. The statement summarizes six key actions for professional accountants, including understanding how their organizations and clients impact and rely on nature. Professional accountants can also provide sound advice and services that contribute to an organization's positive effect on nature.

In a united statement, the GAA CEOs said: "We recognize that our planet is being impacted by a three-fold crisis of a climate emergency, dramatic nature loss and rising social inequality. Addressing these challenges will require integrated thinking as companies reallocate resources, reorient production and reimagine their business models. We all depend on nature, but it is the poorest in the world who are disproportionately affected by its loss and impacted by climate change. Protecting nature must be a key consideration as we collectively move forward."

At the UN Convention on Biological Diversity COP15 in April/May 2022, the world has the opportunity to adopt a transformative international agreement on nature, and both businesses and governments must be included.

"There is growing demand for sustainability and conservation," says Jim Knafo, Chief Executive Officer, Global Accounting Alliance. "We are at a pivotal moment and the global accounting profession must be part of the solution going forward because nature is everyone's business."

As part of their joint statement, the GAA CEOs are committing to: "Working with governments to establish and align coherent policy frameworks that accelerate business action to reverse the process of nature loss; build the profession's knowledge, understanding and awareness of nature loss; and provide professional accountants with training, support and infrastructure to value and embed nature in decision making and disclosure."

The CEOs are also supporting the alignment of consistent global regulation and globally accepted disclosure frameworks that integrate nature, people and climate into corporate reporting.

The Hong Kong Institute of CPAs Chief Executive & Registrar Margaret W.S. Chan said, "The loss of nature in the past decade poses an undeniable risk to the global economy, and one that profoundly affects all individuals and businesses. As a leading professional organization, the HKICPA is committed to empowering our members and wider group of local stakeholders to contribute to the protection, conservation, restoration and sustainable use of our natural resources.

The 10 accounting bodies that have

signed the statement are the Association of International Certified Professional Accountants representing AICPA & CIMA, Chartered Accountants Ireland (CAI), Chartered Professional Accountants of Canada (CPA Canada), Hong Kong Institute of Certified Public Accountants (HKICPA), Chartered Accountants Australia and New Zealand (CA ANZ), Institute of Chartered Accountants in England and Wales (ICAEW), ICAS (the Institute of Chartered Accountants of Scotland), Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW), The Japanese Institute of Certified Public Accountants (JICPA) and South African Institute of Chartered Accountants (SAICA).

Source: www.hkicpa.org.hk

United States

TIGTA: IRS inefficiencies worsened backlog

While the pandemic and law changes were primarily responsible for the IRS's inability to meet timeliness standards for the majority of taxpayers' cases last year, inefficiencies in staffing, equipment, and procedures also contributed to the lag, the Treasury Inspector General for Tax Administration (TIGTA) said in an audit report.

The report, titled *Program and Organizational Changes Are Needed to Address the Continued Inadequate Tax Account Assistance Provided to Taxpayers*, focuses on the IRS's Accounts Management operation, which is responsible for processing returns and taxpayer correspondence. As of the end of the April to November 2021 audit period, the IRS had 7.8 million cases in Accounts Management, 56.8% of which were overaged, meaning they were past the 45-day processing period from receipt after which, for a return, interest is generally payable to the taxpayer on any refund or credit due.

Systemic problems in Accounts Management, TIGTA said, included that the majority of its personnel split their time between working cases and answering toll-free telephone calls. Another factor in the backlog was that much of Accounts Management's mail is received by the IRS's centres where returns are also processed, which lengthens the time for it to be ultimately scanned into a computer system by 53 days more than if it had gone to one of Accounts Management's own campus support sites, TIGTA said. Redirecting the mail accordingly would also help free the return processing centres to more quickly perform their main function. More than 14.6 million returns were awaiting processing on Nov. 20, 2021, TIGTA reported.

Amended returns and carryback claims

In an appendix, the report detailed the types and ages of cases Accounts Management held as of Oct. 30, 2021. The largest type by both volume and overaged percentage was amended returns and forms related to a carryback claim, such as resulting from a net operating loss. Of these nearly 2.3 million items, 73.7% were overaged, TIGTA found. After that in volume was general correspondence from taxpayers, including responses to IRS notices and letters. Of these 1.9 million items, 45.6% were overaged.

Many of the amended returns were filed to take advantage of pandemic-inspired taxpayer relief new law provisions, TIGTA noted, including the carryback claims. The employee retention credit, for example, was created by the Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136, to provide an employment tax credit for employers carrying on a trade or business that experienced a 50% decline in gross receipts during a quarter in 2020 from the same quarter in calendar 2019 or that fully or partially suspended operations due to orders from a government authority. Because the Consolidated Appropriations Act, 2021, P.L. 116-260, retroactively modified the 50% decline in gross receipts to 20%, many employers filed one or more amended returns, Form 941-X, *Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund.*

And while a retroactive measure by the American Rescue Plan Act, P.L. 117-2, that excluded up to $10,200 in unemployment compensation from income of taxpayers with modified adjusted gross incomes under $150,000 was largely handled by the IRS without those taxpayers having to file an amended return, some affected taxpayers did have to file Form 1040-X, *Amended U.S. Individual Income Tax Return*, to claim a tax credit that they became eligible for as the result of the unemployment exclusion, TIGTA noted.

Processing these amended returns (including some unrelated to the special provisions) was among the tardiest of Accounts Management's tasks, TIGTA found. Its inventory held 708,251 Forms 1040-X, of which 79% were overaged as of Nov. 27, 2021, and 411,610 Forms 941-X, of which 91% were overaged as of Nov. 30, 2021. Interest paid on the two forms combined totalled $166.4 million as of Aug. 26, 2021.

"We anticipate that the IRS will pay significantly more interest on Forms 1040-X and 941-X claims given the number of returns remaining to be processed," TIGTA said.
TIGTA recommended that the IRS dedicate adequate staffing to separate assignments of answering the phones or working the Accounts Management caseload, to which the

IRS agreed. Segregating those duties as of March 2021 could have enabled Accounts Management to clear its entire inventory by the beginning of October last year, TIGTA estimated.

Technology issues
Inadequate equipment also impeded timely processing, TIGTA found. For example, the IRS for the most part is unable to directly import a faxed document from a taxpayer into its computer systems but must print it out and scan it (it also generally scans all paper correspondence received). IRS managers in response to TIGTA's recommendation asked the Service's information technology office last October to implement an electronic connection for faxes, but as of early January this year, the technology had not been implemented, TIGTA reported.

Scanners also were not always deployed efficiently and generally lacked sufficient processing capacity, TIGTA reported.
In addition to recommending that taxpayer correspondence be received at Accounts Management's campus support sites, TIGTA recommended that the IRS develop and implement ways for taxpayers to correspond with the IRS electronically, including uploading documents directly.

"This could provide taxpayers instant confirmation that the IRS has received their documents and reduce the time it takes for the correspondence to reach Accounts Management," TIGTA said.

The IRS agreed with this recommendation and noted it has used electronic taxpayer communications in pilot programs.

TIGTA noted, however, that, while the IRS plans to expand such abilities under its Taxpayer Experience Strategy, that initiative "is being implemented for IRS enforcement functions first, and as of December 13, 2021, there is no planned date for implementation within Accounts Management."

Other recommendations focused on oversight and recordkeeping, including changes needed for the IRS to accurately know how much of its Accounts Management inventory is held at each of its sites, due to inconsistencies in how each site prepares its inventory report.

Source: www.thetaxadviser.com

European Union

ESMA publishes its final report on the EU Carbon Market

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has published its Final Report on the European Union Carbon Market (EU carbon market). The Report's analysis did not find any current major deficiencies in the functioning of the EU carbon market based on the data available. However, ESMA's analysis of the market has led it to put forward a number of policy recommendations to improve market transparency and monitoring.

Key Findings
The Final Report presents an in-depth analysis of the trading of emission allowances (EUA) and emission allowance derivatives based on data gathered from different sources, including EMIR reporting, MiFIR transaction reporting, MiFID II daily and weekly position reports, auction data and data obtained from the EU Registry. ESMA, in looking at trading in carbon markets and counterparties in this market, has identified the following:

- long positions in carbon derivatives are mainly held by non-financial entities for hedging purposes;
- short positions are mainly held by banks and investment firms providing liquidity and carbon financing;
- positions by investment funds remain limited, with positions principally held by third- country funds; and
- the share of high-frequency and algorithmic trading is significant in the carbon market, even if the relevant firms are only holding very small or no actual positions.

As far as recent developments are concerned, ESMA is aware that the war in the Ukraine has had a major impact on the carbon market, with EUA prices declining by 30% between 23 February and 4 March, which was the cut-off date for ESMA's analysis. ESMA notes that the carbon price by 22 March had recovered but appreciates that the situation remains volatile.

Policy recommendations
ESMA, based on its findings and observations, has formulated a number of policy recommendations on the transparency and monitoring of the EU carbon market from the securities regulators' perspective, for instance:

- extend position management controls to EUA derivatives;
- amend EUA position reporting;
- track chain of transactions in MiFIR regulatory reports; and
- provide ESMA with access to primary market transactions.

The measures proposed would provide more information to market participants, regulators and the public and are intended to contribute to the continued smooth functioning of the market, which plays an important role for the EU's transition to a low-carbon economy.

Source: www.esma.europa.eu

Easy Tips to Capture Perfect Selfies

Let's be honest, how much effort does it take for us to take and edit the perfect selfie? Don't forget the elimination process where we send the photos to our friends, asking them, "Which one should I post?" We are all guilty of spending too much time than needed on one single Instagram post.

Our lives would be easier if we could capture that one perfect selfie on the first try with very minimal edits. This is not impossible, fortunately. A perfect selfie does not mean an airbrushed-to-perfect selfie with lots of filters. The best selfies have less to do with your clothes, how your hair is styled, or even what makeup you've applied. Here are some tips on eternalising a perfect selfie while enjoying every moment.

Look for good lighting

Good lighting flatters people by highlighting their good features and complexion (for instance, solid jawline) while minimising any spots or blemishes. Make sure you're in a spot with ample natural light or sunlight for the camera to capture as many details as possible. The light you use will make or break your image. Keep an eye out for interesting lighting scenarios – it's the foundation you'll need to grab a great shot.

Here are some timings and/or places that have great natural lighting - in the shade of objects on a sunny day, such as trees and buildings, in the open of an overcast day, and during the golden hour

Even if you're not at a spot with good lighting, fret not – the smartphone cameras out in the market these days allow users to effortlessly capture true-to-life and stunning selfies.

Also, the diffused lighting you'll find pouring in through a window almost always yields promising results. These large natural light sources create a soft, even light that makes just about anyone look good.

When taking a selfie, avoid distracting shadows, especially when working with direct sunlight in the afternoons. When taking a selfie, pay close attention to where the highlights and shadows fall on your face. If something looks off, adjust your distance or position in relation to your main light source. Alternatively, waiting for softer golden hour light might be beneficial.
However, sometimes shadows aren't always such a bad thing. Work with the light you have around you, and sometimes it can produce interesting results.

Poses do not have to be boring

Some people insist that they be photographed on their 'good side'. There is some truth to that phase. Learning how to pose your face and position your camera is as important as finding good lighting. We are asymmetrical, and there is usually one side of your face that is more photogenic than the other. Some say that to bring out the best angle, try moving your smartphone slightly far away from your face and slightly above your eye-line.

However, finding the best angle that works best for you will take time, but stick to it once you discover your best pose. But there is work involved. Snap plenty of selfies with your head tilted up, down, left, right and in every direction. Compare the pictures, and find the angle that works best for you.

Remember to be confident while you're posing for a selfie. For the ladies, one way to look confident is to 'smile with your eyes, then put on a slight pout and voila, you're ready for a perfect selfie facial pose. Also, try to think outside the box. There are many ways to express your facial expression. Meanwhile, you may add some gestures and motions (like flipping your hair) for a more interesting selfie.

Be mindful of your background

Check out selfies by others. The best ones have an interesting background or really simple ones. The important thing is not to get photo-bombed.

Don't overthink it

Don't try too hard. Relax. You don't want selfies to be too serious. Your makeup can't look like you took an hour to do it, and if you look too posed, you're doing it all wrong. Be natural. Those are the best selfie poses. They should come naturally to you. Be free and confident.

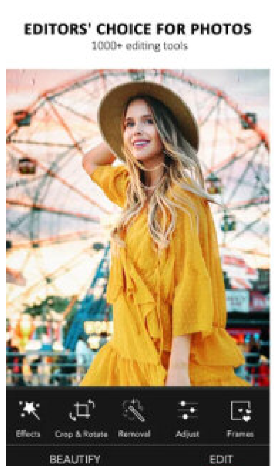
Use the phone's back camera

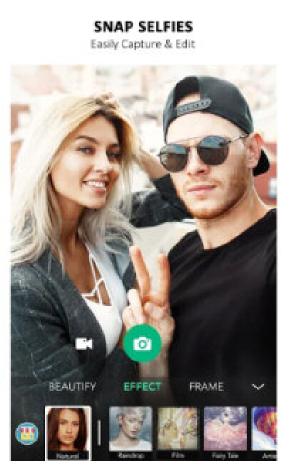
Most smartphones have more than one camera, one in the back and one in front. It would be better to take a selfie with the back camera instead of the front. This is because the back camera takes high-resolution pictures than the front camera. Turn the phone around; you won't be able to see your face when you take the selfie, but the result will satisfy the selfie king or queen in you.

Experimenting with filters

Taking a selfie is just the beginning. There are many other things that you can do with a smartphone these days. One of them is experimenting with the different filters. Feel free to test these filters that can change your selfies to sepia, black and white, vintage, romantic, dark, or even creepy, whatever suits your fancy.

Ultimately, taking a selfie is simply a fun way to show the world your personality and fashion sense. Everyone is doing it these days, so don't just point the camera to your face and take a shot without some planning.





Sim Kwang Gek

Tax Leader, Deloitte Malaysia & Business Tax Leader, Deloitte Southeast Asia (SEA)

Description of your role – what are the important roles you play professionally?

I am the Tax Leader of Deloitte Malaysia and the Business Tax Leader for Deloitte Southeast Asia (SEA). As Deloitte Malaysia's Tax Leader, I am responsible for the overall management and growth of the Malaysian tax practice in line with our vision and long-term goals. My role as Deloitte SEA's Business Tax Leader involves working alongside my colleagues within SEA and the Deloitte network to grow market offerings, share common practices and knowledge within SEA and our global office.

Your MICPA journey

I took MICPA upon graduation when I joined an accounting firm in 1997. At that time, MICPA was said to be one of the toughest professional exams, but I wanted to take up the challenge as I knew that having just a degree would not get me far. The journey was a stressful one as I needed to juggle work and study simultaneously. I failed twice, but the feeling when I passed MICPA was one of the most fulfilling moments. Having the CPA(M) qualification not only added value to my CV, but I see it as a prestigious qualification. The experience has undoubtedly enhanced my technical knowledge and taught me to be resilient.

Why should someone choose MICPA?

For those pursuing accountancy as a long-term career, an accounting degree is a ticket for getting started, but having a professional qualification like MICPA will certainly add value and provide you with more opportunities to progress further. I would strongly recommend taking MICPA as the Institute has long been recognised for producing high-quality professional accountants who progress and move up the ranks in various large organisations.

MICPA is not just a Malaysian CPA qualification. The MICPA & CA ANZ partnership provides excellent opportunities to network with international professional bodies and broadens the horizon of accountants who wish to practice internationally.

When faced with two equally-qualified candidates, how do you determine whom to hire?

I will want to know the reasons for applying for the position and whether they have the passion or interest in the job. I will be looking out for soft skills, e.g. ability to speak and articulate a subject matter, presentation and language capability, as well as writing skills. I will also try to assess the character of the individuals, e.g. whether the individual is a team player handling difficult situations.

What are you doing to ensure you continue to grow and develop as a leader?

Never stop learning. I believe learning is a continuous journey, and we have to get ourselves tuned to the latest developments so that we can proactively assist our clients and grow the business. I also feel strongly about talent development and giving the right opportunity to our people to grow so that we leave a strong legacy behind.

What do you enjoy doing outside of work?

I enjoy travelling with my family. Before the pandemic, I made it a point to travel overseas with my family at least once a year. I have the travel bug now and hope the pandemic will be contained soon. Apart from travelling, I take some time to have a 1-hour walk in the park at least 2 or 3 times a week.

What advice would you give to rising young accounting professionals?

Love what you do, and you will do well. Be patient and learn as much as you can to equip yourself with the right skills and knowledge. The rewards will follow naturally. It is also important to have good communication skills and the ability to articulate yourself. Having strong technical knowledge is a must, and complimenting it with good interpersonal skills will make you more rounded.

What is one characteristic that you believe every leader should possess?

I believe having a positive mindset is crucial and always seeing the glass as half full to keep the momentum going and inspire the people around you. Another important trait is to listen more and exercise your EQ.

What is the biggest challenge facing leaders today?

The "People" challenge. The great resignation phenomenon is giving organisations a hard time retaining good talents. Leaders will need to think of innovative ways to deal with this issue – from the hiring process to flexible employment, rewards and compensation and opportunities for progression.

Share your motto in life

"Success is not final; failure is not fatal: It is the courage to continue that counts." - Winston S. Churchill