IFAC commits support for developing world

The International Federation of Accountants has expressed firm commitment to help developing nations to further build and uplift the accountancy profession. "Over the next two years, we will focus on helping developing nations to build an accountancy profession characterized by adherence to high standards and IFAC's core values of integrity, transparency and expertise," says Mr Graham Ward, who has been named IFAC president for a two-year term (till November 2006).

"We will support them (developing nations) in developing strong infrastructures that protect the public interest, thereby promoting employment, health and stability," Mr. Ward said commenting on his appointment as new IFAC president.

Mr. Ward is also currently a member of Executive Council of UK's Parliamentary Group for Energy Studies as well as a member of the Board of the Indo-British Partnership.

"Recognizing the vital importance of small and medium-sized enterprises to driving economic growth we will also provide practical support to the small and medium-sized practices that serve them, in both developed and developing countries," he said.

He further explained: "IFAC will work in the public interest with our member bodies, international regulators and standard setters to strengthen further our transparency and accountability, to ensure that sound financial structures are in place and to promote convergence to international standards.

We will also encourage strong governance and corporate codes of ethics so that management embraces its public interest responsibilities".

(www.ifac.org)

IFAC exposes global Guidelines on EMA

To eliminate confusion and help clarify the definition, benefits and applications of environmental management accounting (EMA), the International Federation of Accountants has exposed for comment International Guidelines on Environmental Management Accounting. This exposure draft is aimed at accountants and organizations interested in the potential economic and other internal management benefits of EMA and will be helpful to public accountants and auditors who are responsible for tracking or verifying environment-related information in financial and other reports.

The document was commissioned by IFAC and supported by Division for Sustainable Development of the UN Department of Economic and Social Affairs. As pointed out in the document, there are several core reasons for the current level of international interest in EMA:

- Increasing pressure from stakeholders interested in environmental issues;
- Increasing importance of environment-related costs; and
- Increasing recognition of problematic accounting practices.

The ED brings together some of the best existing information on EMA from a variety of authoritative bodies. It provides a general framework and set of definitions for EMA that is consistent with other existing, widely used environmental accounting frameworks with which EMA must coexist. In addition, the ED addresses both the physical accounting side and monetary accounting side of EMA and includes a number of real-world examples of EMA applications and links. The ED may be viewed at *www.ifac.org/EDs*. Comments on ED are requested by February 28, 2005. Comments may be submitted to *EMAComments@ifac.org*.

Centre plans reforms to enhance services exports

In a bid to enhance the country's share in global services exports, Government is working out a package to unleash reforms in the sector apart from bring about regulations for all listed services.

Some suggestions have been mooted by Commerce Ministry and sent to various Ministries for their views. These reforms are aimed at enhancing quality, efficiency and delivery of services with a view to increase exports. *(Business Standard)*

Most states ready for VAT under '3-tier system'

In a major step towards tax reforms, the Government has agreed on a 3-tier system of compensation to states implementing the value-added tax from April next year after all the states except Uttar Pradesh and two others, said they were ready with necessary legislations.

However, the 4 % Central Sales Tax would continue in the first year (2005-06), but eventually it would be phased out, for which a time-frame would be worked out by VAT panel. But there would be change in CST in 2005-06 even as the VAT panel would work out a timeframe for CST phase-out.

The 3-tier package would be 100 per cent compensation for revenue loss in the first year, 75 per

cent in the 2nd year and 50% in the third year. President's assent for the bills was likely to be obtained by December and the legislations will be in place by January 2005.

The Centre would continue to collect special additional duties (SAD) on sugar, tobacco and textiles and share it with the states in the next fiscal. States have finalized the VAT rates for about 500 items with 250 essential commodities - agro products, medicine, manufacturing inputs slated to attract a 4 per cent while 217 other items would attract 12.5% tax. About 41 items like petrol, diesel, ATF, agriculture equipment and newspapers would be exempt from VAT while precious metals like gold and silver would attract only 1 per cent tax.
(Hindustan Times)

RBI to consider small companies for debt revamp

The RBI has said that the proposed debt restructuring mechanism for small and medium enterprises would consider those stressed or sub-standard assets for restructuring where more than one lender has on outstanding exposure between Rs 5 crore and Rs 20 crore. Termed as Medium Sector Restructuring System, the mechanism would undertake debt restructuring of SMEs on the lines of Corporate Debt Restructuring system.

According to a report prepared by a special group constituted by RBI, the proposed MSR structure will be a two-tier structure, comprising the MSR standing forum at the national level and MSR empowered group at the state level. Initially the MSR system will be extended to the SME sector. However, after reviewing the system for one year, it may be extended to cover partnership/proprietorship firms also. *(ENS Economic Bureau)*