IAESB Releases Revised Standard on Assessment of Professional Competence

The International Accounting Education Standards Board (IAESB) recently released the revised International Education Standard (IES) 6, *Initial Professional Development—Assessment of Professional Competence*. The revised education standard will help IFAC member bodies and other professional accountancy organisations understand the learning and development requirements for assessing professional competence, and their obligations in upholding the standards. The revised standard addresses elements that are essential to assessing professional competence of an aspiring professional accountant. The IAESB has undertaken a project to redraft all eight of its IESs in accordance with its new clarity drafting conventions, as outlined in its 2010-2013 Strategy and Work Plan. Recently, the IAESB released its clarified IES 7, *Continuing Professional Development*, which identifies the requirements for continuing professional development of professional accountants. Also related to the revision project is the proposed revision of IES 8, *Competence Requirements for Audit Professionals*, which has a deadline for comments of 11th December, 2012. The current timetable envisages that all IESs will have been revised and redrafted, or redrafted only, by the end of 2013.

(***Source:*** *http://www.ifac.org/*)

US in Talks with 50 plus Nations on FATCA Tax Enforcement

The Treasury Department said it is engaging with more than 50 countries and jurisdictions across the globe to improve international tax compliance and implement the information reporting and withholding tax provisions in the Foreign Account Tax Compliance Act. FATCA, which was included as part of the HIRE Act of 2010, requires foreign financial institutions to report on the accounts of US taxpayers to the IRS. As part of the effort to enforce FATCA, the US has been signing information-sharing agreements with other countries allowing US financial institutions to share account information with other countries about their own citizens as well. So far, the US has announced it negotiated model agreements with five other countries: the United Kingdom, France, Germany, Italy and Spain, and signed a deal with the UK. The recent announcement from the Treasury Department that it is "engaging" with more than 50 jurisdictions would potentially open such exchanges more than tenfold, even without formal agreements in place. Enacted by Congress in 2010, the FATCA provisions target noncompliance by US taxpayers using foreign accounts. The Treasury Department's engagement with this broad coalition of foreign governments to efficiently and effectively implement FATCA marks an important milestone in establishing a common intergovernmental approach to combating tax evasion. This summer, Treasury published a model intergovernmental agreement for implementing FATCA and announced the development of a second model agreement. These models serve as the basis for concluding bilateral agreements with interested jurisdictions. The Treasury Department said it plans to continue its outreach to interested jurisdictions that wish to consider an intergovernmental approach to implementing FATCA, including participation in a meeting hosted by the Qatar Central Bank in early December to provide information about FATCA and the intergovernmental agreements to invited senior government officials and financial institutions in the Gulf Cooperation Council.

(***Source:*** *http://www.accountingtoday.com/*)

IAASB Proposes Standard Enhancing Auditor Responsibilities for Disclosures beyond the Financial Statements

The International Auditing and Assurance Standards Board (IAASB) recently released for public comment proposed International Standard on Auditing (ISA) 720 (Revised), *The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor's Report Thereon*. The proposed standard clarifies and enhances the scope and focus of auditor efforts on "other information"–that is, information included in documents containing or accompanying the entity's audited financial statements. The proposals recognise that significant changes in financial reporting have occurred over the last two decades regarding the information issued in connection with an entity's financial statements and the manner in which it is shared with users. Under the proposed standard, the auditor is required to read and consider the other information in light of the understanding of the entity and its environment the auditor has acquired during the course of the audit, and to respond appropriately when the auditor identifies a potential material inconsistency in the other information or a material misstatement in the audited financial statements. The proposed ISA 720 expands the documents considered as "other information," and clarifies and enhances the nature of the auditor's responsibilities with respect to

reading and considering other information. In addition, it includes guidance to assist auditors in determining the nature and extent of their work in considering the other information. Proposed ISA 720 (Revised also introduces reporting obligations to explain in the auditor's report the nature of the auditor's responsibilities relating to the other information and the findings from the auditor's work, to enhance transparency. The proposals do not extend the scope of the auditor's opinion on the financial statements to cover the other information. The IAASB invites all stakeholders to comment on its proposals. To access the Exposure Draft or submit a comment, visit the IAASB's website. Comments on the exposure draft are requested by 14th March, 2013.

(***Source:*** *http://www.ifac.org/)*

Indirect Tax Changes Increased Worldwide in Q3

There were 62% more indirect tax changes worldwide in the third quarter of this year than during the same period last year, according to a new report. The ONESOURCE Indirect Tax rate report from the world's leading source of intelligent information for businesses and professionals found there were 525 tax code changes in Q3 2012, compared with 324 in Q3 2011, including 146 changes in the US alone this quarter, compared with 202 in Q3 2011. In the rest of the world, there were 379 international indirect tax code changes, up 310% from 122 in Q3 2011. The quarterly ONESOURCE Indirect Tax rate report summarises changes in sales, use and value-added taxes— providing a high-level look at information that is incorporated monthly in detail in Thomson Reuters' ONESOURCE Indirect Tax global software suite.

(***Source:*** *http://www.accountingtoday.com/)*

SEC Still Has Reservations about IFRS

Officials with the Securities and Exchange Commission are taking a wait-and-see attitude toward incorporating International Financial Reporting Standards into the US financial system, even as an increasing number of foreign companies file their financial reports with the SEC using IFRS. A pair of SEC officials spoke about the status of IFRS in the US during a recently held panel discussion at Financial Executives International's 31st Annual Current Financial Reporting Issues conference in New York, while adding the standard disclaimer that they are only speaking for themselves and not for the SEC. The acting chief accountant in the SEC's Office of the Chief Accountant, reviewed the results of the SEC's staff reports on IFRS, including the final report which outlined many of the problems with IFRS. So far, the SEC commissioners for whom the reports were prepared have not yet made any formal decision about whether to move forward with incorporating IFRS.The SEC staff also looked at the burden of conversion. Among those drawbacks are fostering a greater consistency in application and enforcement, maintaining US influence in the standard-setting process, and the funding mechanism for the International Accounting Standards Board. The SEC staff acknowledged in their final report that there have been some notable steps to try to increase global application and enforcement of IFRS. The European Securities and Markets Authority, which oversees all 27 security regulators in Europe, has made efforts to foster greater comparability amongst preparers. In terms of independent standard-setting for the benefit of investors, both the IFRS Foundation and the Monitoring Board of financial regulators overseeing it have both undergone some corporate governance reviews in the last two years, Beswick noted.

Britain Opens Inquiry on HSBC Accounts in a Tax Haven

HSBC's legal troubles are growing. The British tax authorities recently said that they were looking into a list of HSBC clients with bank accounts in the tax haven of Jersey. Her Majesty's Revenue and Customs, Britain's tax authority, is investigating more than 4,000 accounts in Jersey that belong to British clients after receiving details from a whistle-blower. The list includes a drug dealer and a man convicted of possessing more than 300 weapons at his home in the south of England, The Daily Telegraph reported. A tax authority spokesman wrote in an emailed statement that they have received the data and they are studying it. Jersey, the largest island in the English Channel, is a British dependency with its own tax system. HSBC, Britain's largest bank, is already part of an investigation into money laundering. The bank said earlier this month that it set aside an additional $800 million to cover potential fines from the money-laundering case, bringing the total to $1.5 billion. The bank, which is negotiating a settlement with the American authorities, added that the actual fine could be even bigger. In addition, HSBC, like other major British banks, has had to set aside cash to reimburse British customers who were sold inappropriate insurance products.

(***Source:*** *www.timesofindia.com)*