IFAC Encourages Accountancy Profession to Engage Accountants in Business

Recognising the essential role of professional accountants in business in strong and sustainable organisations, financial markets, and economies, the International Federation of Accountants (IFAC) has released *Engaging Professional Accountants in Business: How to Build a More Relevant PAO and Profession.* The guidance will assist professional accountancy organisations (PAOs) in strengthening engagement with accountants in business, the public sector, and academia as a means to expand their reach, influence, and contribution. "Professional accountants in business drive sustainable organisational success," said Alta Prinsloo, IFAC Executive Director, Strategy, and Chief Operating Officer. "Their engagement at the global, regional, and local levels will enhance the relevance of the profession and help build a deeper engagement with business and government, ultimately supporting the profession's contribution to stronger economies." Professional accountants in business represent a broad spectrum of expertise and work in many sectors across all types and sizes of organisations. Their diversity is strength and an opportunity, but can make it difficult for PAOs to connect with them. This lack of connection is a detriment to the individual accountants, the profession, the PAO, and—ultimately—the public interest. This guidance supports a stronger connection by incorporating these members into the PAO's governance and decision-making structures. The guidance was developed as part of the PAO Capacity Building Series with the help of the IFAC Professional Accountants in Business Committee.

IPSASB Publishes IPSAS 39, Employee Benefits

The International Public Sector Accounting Standards Board (IPSASB) has published IPSAS 39, *Employee Benefits,* which will replace IPSAS 25, *Employee Benefits,* on January 1, 2018, with earlier adoption encouraged. This limited-scope project was part of the IPSASB's strategy to maintain its existing standards, including updating them for relevant changes made to the equivalent International Financial Reporting Standards (IFRS). The main differences between IPSAS 39 and IPSAS 25 are:

- Removal of an option that allowed an entity to defer the recognition of changes in the net defined benefit liability (the "corridor approach");
- Introduction of the net interest approach for defined benefit plans;
- Amendment of certain disclosure requirements for defined benefit plans and multi-employer plans;
- Simplification of the requirements for contributions from employees or third parties to a defined benefit plan when those contributions are applied to a simple contributory plan that is linked to service; and
- Removal of the requirements for Composite Social Security Programs.

The first four changes above reflect those made by the International Accounting Standards Board to its equivalent standard, International Accounting Standard (IAS) 19, *Employee Benefits,* up to December 2015. The fifth change, removal of the Composite Social Security Programs section, reflects the IPSASB's conclusion that the section was unnecessary in practice. "IPSAS 39, *Employee Benefits,* ensures that financial statements provide faithfully representative and relevant information about the financial impact of employee benefits, particularly defined benefit pension plans, while maintaining convergence with IFRS," said IPSASB Chair Ian Carruthers. "The issuance of a new standard is intended to present the new accounting requirements more clearly."

IESBA Redefines Accountants' Ethical Role When Laws and Regulations Broken

The International Ethics Standards Board for Accountants (IESBA) has released a new standard, *Responding to Non-Compliance with Laws and Regulations.* The standard sets out a first-of-its-kind framework to guide professional accountants in what actions to take in the public interest when they become aware of a potential illegal act, known as non-compliance with laws and regulations, or NOCLAR, committed by a client or employer. The standard applies to all categories of professional accountants, including auditors, other professional accountants in public practice, and professional accountants in organisations, including those in businesses, government, education, and the not-for-profit sector. It addresses breaches of laws and regulations that deal with matters such as fraud, corruption and bribery, money laundering, tax payments, financial products and services, environmental protection, and public health and safety. "This standard not only raises the ethical bar for the global accountancy profession but

also provides an opportunity for it to demonstrate its unflagging commitment to act in the public interest," said IESBA Chairman Dr. Stavros Thomadakis. "The standard reinforces the public interest role that professional accountants play in stimulating more trustworthy and accountable organisations, and in helping to protect stakeholders and the general public from substantial harm that may stem from breaches of laws and regulations." Among other matters, the new standard provides a clear pathway for auditors and other professional accountants to disclose potential non-compliance situations to appropriate public authorities in certain situations without being constrained by the ethical duty of confidentiality. It also places renewed emphasis on the role of senior-level accountants in business in promoting a culture of compliance with laws and regulations and prevention of non-compliance within their organisations. "The board carefully calibrated the standard based on the rich and diverse input from a wide range of stakeholders to ensure that it is proportionate and, importantly, globally operable," said IESBA Technical Director Ken Siong, adding, "The standard fills a gap in jurisdictions where legislation or regulation does not address professional accountants' responsibilities in these situations, and by providing helpful guidance it may well complement legislation or regulation in jurisdictions that do address it." The standard is the result of an extensive six-year consultative process, including two Exposure Drafts, three global roundtables in Hong Kong, Brussels, and Washington, DC, and extensive outreach to the global regulatory community. To access the standard, visit the IESBA website: www.ethicsboard.org. The standard will be effective July 15, 2017, with early adoption permitted.

IPSASB Issues Impairment of Revalued Assets

The International Public Sector Accounting Standards Board has published *Impairment of Revalued Assets* (Amendments to IPSAS 21, Impairment of Non-Cash-Generating Assets, and IPSAS 26, *Impairment of Cash-Generating Assets*), which brings property, plant, and equipment and intangible assets on the revaluation model within the scope of IPSASB's two standards on impairment, IPSAS 21 and IPSAS 26. These amendments provide users with relevant information on impairment losses to property, plant, and equipment and intangible assets on the revaluation model. They also clarify that impairments to individual assets, or a group of assets within a class of property, plant, and equipment, in IPSAS 17, *Property, Plant, and Equipment*, do not necessitate a revaluation of the entire class to which that impaired asset or group of assets belongs. The amendments have an effective date of January 1, 2018.

IPSASB Publishes Consultation Paper on Public Sector Specific Financial Instruments

The International Public Sector Accounting Standards Board (IPSASB) has recently released for comment a Consultation Paper (CP), *Public Sector Specific Financial Instruments*. IPSASB do not currently provide guidance on how to account for a number of monetary items that the IPSASB has termed "public sector specific financial instruments." The lack of guidance leads to reporting that is inconsistent between entities and, as a result, users may not have the information they need for accountability and decision-making purposes. "For entities responsible for public sector financial instruments, the topics in this Consultation Paper are critically important because users need better information to evaluate the impact of these significant items on government finances," said IPSASB Chair Ian Carruthers. "This Consultation Paper is the first step in developing consistent financial reporting for public sector specific financial instruments." To access the Consultation Paper and the At-a-Glance document, which provides a summary of the Consultation Paper, or to submit a comment, please visit the IPSASB website at www.ipsasb.org/. Comments on the Consultation Paper are requested by December 31, 2016.

Belgium Introduces Transfer Pricing Documentation Requirements

Belgium has introduced transfer pricing documentation requirements through a Program Law of 1 July 2016 which was published on Monday in the Belgian State Gazette. While it was in practice already strongly recommended to keep the necessary transfer pricing documentation (as emphasised in Administrative Circulars on the matter), the establishment thereof and its format were so far not formally imposed by Belgian law. In the context of the minimum standard imposed by OECD BEPS Action 13 on Transfer Pricing Documentation and Country-by-Country Reporting (issued in October 2015) and taking into account EU initiatives in this context, the Belgian legislator now adheres to this minimum standard by introducing transfer pricing documentation legislation in line with what is required by the OECD.