



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)



ACCOUNTING PROCESS OUTSOURCING -An Insight on Major Economies

Committee for Development of International Trade, Services & WTO

ACCOUNTING PROCESS OUTSOURCING

-An Insight on Major Economies



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The Institute of Chartered Accountants of India
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FOREWORD »»»



The new age complex business eco-system of global corporate world and society at large has cast huge responsibility on the professional practitioners to deliver quality services and ensure timely compliances. In the present business environment, which is primarily driven by technology, it became quite challenging for practitioners to operate with prudence, proficiency and professionalism while discharging their duties and responsibilities.

Government of India has identified “Accountancy and Finance Service” as one of the Champion Sector which has widens the scope for Indian Chartered Accountants. Accounting and finance services is ranked 4th in terms of its export potential out of these 12 sectors, being one of the largest and most critical sectors with the highest potential for global trade and investment, growth and employment.

Rapid and significant growth has been observed globally, increasing the demand for specialized professional providing accounting auditing and financial services. Accounting & auditing services constitute the core activities of accountancy firms, a wide range of additional services may also be offered, most notably evaluation of reliability and credibility of financial information, Bookkeeping, financial audits and consultancy services on accounting and finance, merger audits, insolvency services, tax advice, investment services & management consulting.

The Indian Accounting and Tax Consulting market space is going through a stage of rapid growth. In terms of revenue, the outsourcing market in India is estimated to expand at a CAGR of 7.25% during the 2020-2025 periods, considerably because of expanded international trade activities including Merger & Acquisition activities, relaxed regulatory regime for foreign investors and regularly changing global accounting and auditing standards which paves a robust pathway towards achieving the



vision of “Atmanirbhar Bharat” by our Hon’ble Prime Minister.

To provide a quick guide, an initiative has been taken up by the Committee for Development of International Trade, Services & WTO of ICAI to publish a booklet titled “**Accounting Process Outsourcing-An Insight on Major Economies**”. This publication will serve as a ready reference for Accounting professional, Firms and service providers wishing to export or are exporting their service in international market. The publication highlights on various outsourcing services, overview of global outsourcing market, emerging trends, tax compliance and various software knowledge requirement

to perform accounting process outsourcing services in global arena.

I congratulate and place on record my deep appreciation to CA. Hans Raj Chugh, Chairman; CA. Dheeraj Kumar Khandelwal, Vice-Chairman and other members of Committee for Development of International Trade, Services & WTO for bringing out this publication for members.

I am confident that this publication would be extremely helpful to accounting professionals aspiring to render these services in a global market and contributing their expertise towards Partners in Nation building by increased export earnings in accounting and financial services.

November 2020
New Delhi

CA. Atul Kumar Gupta
President, ICAI



MESSAGE FROM VICE PRESIDENT >>>



The Accounting Profession is undergoing rapid and transformational changes worldwide.

Tendency to move forward and keeping pace with the changes happening in and around has made our Chartered Accountancy Profession more significant over the years. Chartered Accountants act as complete business solution providers with the knowledge and skills acquired through comprehensive and continuous education. Chartered Accountants help to identify the issues and challenges faced by the global economy and accounting profession can play its due role in the society by providing solution to the issues and challenges. ICAI is a future-ready institution that contributes to the nation's economy and development.

As the world is re-aligning in accordance with the new-age economic, financial and digital forces, India has pushed up its rank in terms of ease of doing business. In the past few years, we have witnessed

significant reforms in relation to the processes of digitization. It is becoming common practice for International businesses to outsource their accounting and book keeping services to India. National borders have become arbitrary in today's world of rapid Globalization and Digitization.

As part of its initiative towards knowledge dissemination in the form of ready reckoner to prospective aspirants for tapping such promising opportunities, Committee for Development of International Trade, Services & WTO of ICAI has come up with the Publication on "Accounting Process Outsourcing-An Insight of Major Economies".

At this juncture, I would like to congratulate CA. Hans Raj Chugh, Chairman, CA. Dheeraj Kumar Khandelwal, Vice Chairman and other members of the Committee for Development of International Trade, Services & WTO of ICAI for their continuous pro-active initiatives to facilitate the members.

I am sure that members at large will gain substantially from this publication.

November, 2020
New Delhi

CA. Nihar Niranjan Jambusaria
Vice-President, ICAI



PREFACE >>>



The Indian accounting and finance service industry anticipated to see 8% CAGR over 2016-

2021 due to India's rapid economic development, proliferation of digital accounting, and changing business regulations. India has an edge over its competitors due to the comparative advantages offered in terms of levels of customer service and efficiency. India's outsourcing businesses match clients' requirements not only in terms of price, but also in terms of skilled professionals, enhanced productivity, service quality and business process excellence. Not only markets across the world becoming more knowledge inclined, but the demand for knowledgeable and skilled manpower is not met by domestic resources in various developed economies, making outsourcing a viable option.

The accounting and Finance services as a business is largely accelerating due to increased demand for expertise on accounting and auditing domains which is compelling enterprises to take services of external accounting and auditing services providers. Specially the tax compliance and

audit service segments companies have the majority share in given category. Stringent



audit-related regulations and frequent outsourcing of the services by various sectors have promoted the category growth around the globe. The demand for accounting services in the near future based on market trends is expected to increase significantly.

ICAI has undertaken various MRAs and MoUs with foreign accounting bodies for qualification recognition and technical collaborations. Further, three MoUs were being signed by ICAI under the aegis of this Committee with Invest India, Services Export Promotion Council (SEPC) and Export Promotion Council for EOUs and SEZs (EPCES); all the bodies are under the Ministry of Commerce and Industry, with an aim to work for promoting awareness on various initiatives of the Government of India in various countries towards action plan for Champion Sector, with regard to Accounting and Finance Services and for export promotion of such services.



In line with making India a global hub of accounting professionals showcasing the “Atmanirbhar Bharat” in service sector as well apart from manufacturing sector, Committee for Development of International Trade, Services & WTO of the Institute of Chartered Accountants of India (ICAI) has brought out the publication on “*Accounting Process Outsourcing- An Insight on Major Economies*” to facilitate ease of reference and to provide a bird’s eye view of the Accounting Process Outsourcing Services. This publication has been developed in a lucid language to address the need of concise book for Accounting professional, practitioners and other stakeholders to be used as ready reference.

This publication has been written and consolidated by the group formed under the aegis of this Committee and we heartily extend our appreciations to the group members- CA. Gaurav Aggarwal, CA. Pradeep Singla, CA. Rohit Vaswani, CA. Suhel Goel, CA. Sunil Kumar Rastogi, , CA. Jyoti Vason, CA. Mohan Chand, CA. Shreyance Modi for their contribution in research and compilation of such a

crisp publication. We also convey our special gratitude to CA. Sanjay Jain who has reviewed this publication and supported us in bringing out this publication.

We would like to convey our sincere gratitude to our Honorable President, CA. Atul Kumar Gupta, who had given this thought of developing a simple guide for various stakeholders to get a quick understanding on the Accounting and CA. Nihar Niranjana Jambusaria, Vice-President, ICAI , for providing us the discretion of bringing out this publication as an useful tool for all accounting professionals.

We would also put our appreciation to the Secretariat led by CA. Monika Jain, Secretary, Committee for Development of International Trade, Services & WTO and her team for their untiring efforts in bringing out this publication.

We hope that this publication would be useful for all the accounting professionals endeavoring to have their footprints in Accounting process outsourcing field in global markets.

CA. Hans Raj Chugh

Chairman
Committee for Development of International Trade
Services & WTO

CA. Dheeraj Kumar Khandelwal

Vice-Chairman
Committee for Development of International Trade
Services & WTO



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INTRODUCTION

About ICAI

The Institute of Chartered Accountants of India (ICAI) is a statutory body established by an Act of Parliament, viz. The Chartered Accountants Act, 1949 (Act No.XXXVIII of 1949) for regulating the profession of Chartered Accountancy in the country. The Institute, functions under the administrative control of the Ministry of Corporate Affairs, Government of India, has five Regional Councils, 164 Branches covering the length and breadth of the country, 37 Overseas Chapters and 26 Representative Offices all across the World. The Council constitutes of 40 members of whom 32 are elected by the Chartered Accountants and remaining 8 are nominated by the Central Government generally representing the Comptroller and Auditor General of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, Ministry of Finance and other stakeholders.

About Committee

Committee for Development of International Trade, Services & WTO is a non-standing committee set up by ICAI during the year 2018-19. The Committee was formed in line with the vision of the Hon'ble Prime Minister Modiji who has identified accounting and finance as one among the 12 champion sector services to boost export potential. This committee is being serving to professional across the world by Collaborating with ICAI Networks globally to harness potential opportunities, assisting the government in relation to ecosystem for the developing India a hub of accounting professionals. This Committee acts as a nodal committee for development of profession in International market and facilitating professional opportunities abroad for Indian Chartered Accountants by promoting export of accountancy and finance services.

About the publication

This publication captures Accounting Process Outsourcing Services, emerging trends in global market, brief about global Accounting bodies and pathway to get licenses of those bodies, covering different jurisdictions like United States, Canada, Australia, United Kingdom, Ireland and South America, business structure and taxation framework in particular country, skillset requirements and Infrastructure needs, a guide on Client management and market strategies to grow business globally.



About Accounting and Financial Services

The Indian services sector accounts for about 55 per cent of the economy and gross value added (GVA) growth, according to the Economic Survey 2019-20. The sector accounts for two-thirds of total foreign direct investment (FDI) inflows into India and about 38 per cent of India's exports.

Accounting and auditing services constitutes a major part of professional services covering wide range of activities like evaluation of reliability and credibility of financial information, Bookkeeping, financial audits and consultancy services on accounting and finance, etc. For enhancement of exports of these services, under current regulatory regime and subject to land of law of various countries, the broad bifurcation of the illustrative services which can be rendered under the Accounting and Finance Sector are:

Accounting Services

Reviewing annual and interim financial statements and other accounting information. Compilation of financial statements from information provided by the client.

- Preparation of business tax returns
- Compilation of income statements, balance sheets, etc. - analysis of balance sheets, etc.
- Other accounting services such as attestations, valuations, preparation of pro forma statements, etc.

Financial auditing services

- Examination services for the accounting records and other supporting evidence of an organization for the purpose of expressing an opinion as to whether the financial statements of the organization present its position fairly and accurately as at a given date and the results of its operations for the period ending on that date, in accordance with generally accepted accounting principles.

Bookkeeping services

- Classifying and recording business transactions in terms of money or some unit of measurement in the books of account.

Payroll services

- Payroll processing, including on-line



- Direct deposit or cheque preparation services
- Remission of taxes and other deductions
- Preparation, viewing and storage of payroll ledgers, reports and other documents

Tax consultancy and preparation services (Direct and Indirect tax)

- Providing advice and guidance concerning corporate taxes, as well as preparing and filing of tax returns of all kinds
- Tax preparation and planning services for unincorporated business & individuals

Financial management consulting services

- providing advice, guidance and operational assistance concerning decision areas that are financial in nature, such as:
 - ◇ Working capital and liquidity management, determination of an appropriate capital structure analysis of capital investment proposals
 - ◇ Asset management
 - ◇ Development of accounting systems and budgeting and budgetary controls
 - ◇ Financial consulting services related to mergers, acquisitions, etc. such as advice on methods of valuations, methods of payment, methods of control, international finance

Project management services

- Project management services, which can involve budgeting, accounting and cost control, procurement, planning of time scales and other operating conditions, coordination of subcontractors' work, inspection and quality control, etc.
- Assist in the preparation of feasibility studies of new project and expansion schemes

Business consulting services

- Providing advice, guidance and operational assistance concerning performance of the business.



Information technology (IT) consulting and support services

- Provision of technical expertise to solve specialized problems for the client in using a computer system, such as auditing or assessing computer operations without providing advice or other follow-up action including auditing, assessing and documenting a server, network or process for components, capabilities, performance, or security.

Mergers and acquisition services

- Services of counsellors and negotiators in arranging mergers and acquisitions
- Advising management on amalgamations, reconstructions, takeovers and expansion schemes.

Corporate finance and venture capital services

- Services of arranging corporate financing, including debt financing, equity financing and/or venture capital financing

Payroll Services & Tax Consultation & Preparation Services are the widest & venturesome areas where Indian Chartered Accountants can venture into and be the largest exporter of APO Services.





CHAPTER 1

History of Accountancy Profession in India

1.1 Brief Overview

Chartered Accountancy is the hallmark of the excellence, precision, quality and commitment. Chartered Accountants have evolved as a professional group with new concepts and procedures to meet the varied demand made by society on their skills. It is imperative for us to broaden our ambit and keep ourselves well acquaint with various developments. But, before we move ahead to explore the world of uncountable emerging opportunities, let's know our roots, i.e., how the Institute, our alma mater came into existence and its journey and service of past 71 years to the nation.

The origin of accountancy can be traced to the pre-Vedic period. The existence of accountancy dates back to 1857 when the first Company legislation came into existence in pre-independent India, thereafter the gestation period was followed by the establishment of Indian Accountancy Board. The Chartered Accountants Act, 1949 (Act No. XXXVIII of 1949) provided for the incorporation of the Institute of Chartered Accountants of India (ICAI) for regulation of the profession of Chartered Accountants. The affairs of ICAI are managed by a Council in accordance with the provisions of the Chartered Accountants Act, 1949 and the Chartered Accountants Regulations, framed therein under. "This Act received the assent of the Governor-General on 1st May 1949 and was published in Part IV of the Gazette of India Extraordinary dated 3rd May 1949 and further amended by –

The Chartered Accountants (Amendment) Act, 1959 (No. 15 of 1959) published in the Gazette of India dated 7th May 1960.

The Chartered Accountants (Amendment) Act, 2006 (No. 9 of 2006) which received the assent of the President on the 22nd March 2006 and was published in Part II Section I of the Gazette of India, Extraordinary dated 23rd March 2006.

The Chartered Accountants (Amendment) Act, 2011 (No. 3 of 2012) which received the assent of the President on the 8th January 2012, and was published in Part II Section I of the Gazette of India Extraordinary dated 9th January 2012

1.2 1949-1972 -Volume I

The History of the Accountancy Profession in India, Volume I authored by Shri Gopaldas P. Kapadia, the father of the Chartered Accountancy profession



was released at the 24th Annual Meeting of the Council of the Institute on 14th September 1973. Hon'ble Shri H. R. Gokhale, the then Minister of Law, was the Chief Guest at this function. The Volume I captured the real insight into the emergence of accountancy profession in India and it can be stated that the era from 1949-1972 were the formative years for the Institute. The country was also on a path of resurrecting the economy with foundation of a socialist democratic republic post-independence era. During this period, the membership of the Institute had increased from 1,685 to over 12,000. The student population had also grown from about 250 to over 4,000.

1.3 1973- 1999-Volume II

History of Accountancy Profession in India -Volume II, being the sequel to the first edition namely Volume I continued and captured from what has been stated in the first volume, picking up the thread from the pre-1972 developments. Volume II dealt with all major events that took place during the period 1973- 1999. The period from 1973 to 1999, was the epoch of financial reforms and economic diversification starting in nineties era and was considered as the time during which the activities of the Institute expanded in line with changing expectations. The changing world trade scenario and increasing globalization imposed much more responsibility on the professionals and raised the bar of rectitude and professional excellence. The membership crossed the figure of 95,000 and the students serving articles/ audit clerks to about 70,000.

Indian accountancy profession constantly evolved according to the changing needs of the dynamic environment. The Institute has always ensured and continues to ensure that the education and training of students was corresponding with the national as well as global requirements. During this period, the entire effort of the Institute was to ensure that its members professional work commands due recognition in the society. Today, a member of the institute is able to command respect in the society because his motto is "Pride of Service in preference to Personal Gain". He is expected to place public good above his personal gains and act in public interest.

1.4 POST-1999- Volume III

The Institute forayed in post-1999 era with a metamorphic history of achievements in the field of education, professional development, maintenance of high accounting and auditing.

In the sequel Volume-III, we landscape the next phase of the glorious history of the Institute of Chartered Accountants of India post-1999, incorporating the select milestones, significant decisions and remarkable events that have



helped shape the Chartered Accountancy profession in India. Decisions and events reflecting the incisive astuteness of the successive Councils have been instrumental in building a strong foundation and preserving the autonomy of the accountancy profession in India bestowed on it by Indian Parliament. Ever since Parliament and the founding fathers of the nation bestowed their trust on Indian Chartered Accountants in a broader national interest, the accountancy profession has constantly been evolving and so has been the Parliamentary Act governing the profession. Keeping the national and social interests in mind in tune with the times, the Act has further undergone changes many a time, after careful deliberations and debates in Parliament.

One of the epithets applied to the Institute of Chartered Accountants of India is Partner-in-Nation-Building. This is an exceptional depiction of the contribution of the profession of accountancy to the world. Regarded as the backbone of Indian financial system, ICAI continues to grow pan India and across the globe; number of members and students apart, the real stature has been its role as the key player in sustaining the economic momentum and vibrancy.

The Institute has also played a momentous role in providing policy inputs to the Government in the areas of fiscal reforms, financial sector reforms, public finance and economic and commercial laws. The Institute continues to enjoy a laudable repute with various Government and regulatory authorities and is time and again called upon to share its expertise, experience and expectations on the matters arising out of fiscal prudence, governance and alike. Also, noteworthy is that on most of such occasions, the Institute's viewpoints have not only been appreciated, but have also been largely accepted.

As part of our drive to continue to benchmark ourselves against the best available global practices, we have converged to global standards while keeping the Indian interests in picture. The Institute has also made extensive development in its core purpose as guardian of transparency and integrity in financial reporting and highest accounting and auditing standards.

Indian Economy is set to embark on a high growth trajectory. India's GDP is expected to reach US\$ 5 Trillion by 2024 against the backdrop of digitisation, globalisation, favourable demographics and reform. The Chartered Accountancy profession has been playing a proactive role in promoting the economic development by lending creditability to the financial structure. The profession has carved out a niche for itself and has been using its core competencies not only to act as an accountant and auditor, but also as an analyst, business solution provider, consultant, manager, reformist and catalyst of economic development. It has in true sense been and will be true partner in the India's economic development.



CHAPTER 2 A Glimpse of Chartered Accountants in India

2.1 Chartered Accountant in India

As on 1st April 2020, the total Membership of ICAI is 307238. New member added during the year 2019-20 count to 34155 from 273083 members as on 1st January 2019. The details are given in the Bar chart below:

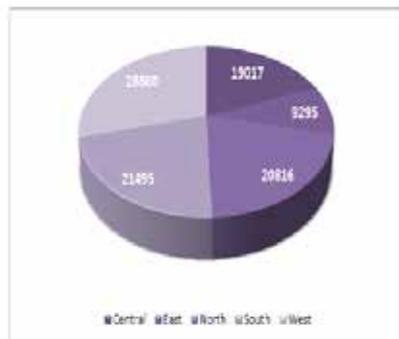


The below Pie charts shows the details of Member on 1st April 2020, as Total Associate members in Green pie chart while for Total Fellow members in purple pie chart bifurcated Region wise.

Associate Member



Fellow Member





2.2 Statistics at a Glance

Years(as on)	Particulars	Western Region	Southern Region	Eastern Region	Central Region	Northern Region	TOTAL
1st April, 2011	Associate	38608	22998	9154	12329	18547	101636
	Fellow	19831	15612	7406	11182	14943	68974
	Total	58439	38610	16560	23511	33490	170610
1 st April, 2012	Associate	45273	25505	11069	15963	23332	121142
	Fellow	20510	16132	7578	11720	15431	71371
	Total	65783	41637	18647	27683	38763	192513
1 st April, 2013	Associate	52846	28020	13258	20606	27743	142473
	Fellow	21522	16918	7815	12327	16051	74633
	Total	74368	44938	21073	32933	43794	217106
1 st April, 2014	Associate	56595	29401	14035	22978	29467	152476
	Fellow	22313	17460	8007	12915	16508	77203
	Total	78908	46861	22042	35893	45975	229679
1 st April, 2015	Associate	60229	30126	14514	24702	31137	160708
	Fellow	22838	17864	8137	13441	16986	79266
	Total	83067	47990	22651	38143	48123	239974
1 st April, 2016	Associate	64235	31919	15046	27353	32774	171327
	Fellow	23700	18495	8223	14071	17521	82010
	Total	87935	50414	23269	41424	50295	253337
1 st April, 2017	Associate	67746	33591	15580	30036	34632	181585
	Fellow	25742	19711	8718	15618	18933	88722
	Total	93488	53302	24298	45654	53565	270307
1 st April, 2018	Associate	70683	34733	15606	32094	36988	190104
	Fellow	26736	20280	8912	16494	19667	92089
	Total	97419	55013	24518	48588	56655	282193
1st April, 2019	Associate	72296	34352	15547	33522	37129	192857
	Fellow	28747	21437	9418	18337	20895	98841
	Total	101043	55789	24965	51859	58024	291698
1st April, 2020	Associate	74285	38405	15735	38453	40877	207755
	Fellow	28860	21495	9295	19017	20816	99483
	Total	103145	59900	25030	57470	61693	307238



CHAPTER 3

Accounting Process Outsourcing

3.1 Evolution of Outsourcing Industry

In the middle of 20th century, corporations followed the practice of adding management layers in order to support expansion for achieving economies of scale. As a result of it, corporations found that agility and added profits could be obtained by focusing on core strengths. This led to the rise of Outsourcing of non-core activities by the corporations.

The origin of outsourcing was simple and can be described as an agreement in which one company hires an external organization to perform non-core and non-strategic activities, who could do it at cheaper prices. After World War 2, outsourcing became a well-established practice, and in 1967, outsourcing was formally proposed as a business strategy by Morton H. Meyerson of The Electronic Data Systems Corporation. Outsourcing industry, however, made their first noticeable impact in the late-1980s, when Eastman Kodak decided to outsource its IT systems [Information Technology Outsourcing (ITO)]. This was unprecedented and for the first-time outsourcing was recognized as a legitimate business strategy for an organization's technological needs. Buoyed by Kodak's success and with transport and telecommunications channels becoming more affordable and convenient, many organizations began leveraging outsourcing services in the decade to follow. As per estimates, the share of value-added from outsourcing tripled from 20% during mid-20th century to 60% in 1996.

3.2 Impact of Globalization on Outsourcing Industry

Later with the advent of Globalization, businesses underwent drastic transformation. Once isolated markets now became part of the global marketplace. Historically restrictive trade barriers have opened up and due to globalization, outsourcing has become one of the main components of a business strategy. As organizations expanded their global footprints and with increase in competition, businesses started capitalizing the value from outsourcing services and began migrating their back-office operations in order to save costs.

Can you imagine a modern business ecosystem without Business Process Outsourcing (BPOs)? Today, the BPO industry has definitely gained solid traction. The BPO industry has revolutionized and proven itself more than being a cost cutting strategy. For instance, outsourcing is no longer limited to back office and support jobs such as contact centers. Internet access and opening up of cross border transactions allowed BPOs to diversify their



offerings manifold. They began managing everything, from accounting to data processing to human resources.

3.3 Diversification in Outsourcing Industry

The industry has grown exponentially since the 1990s and by the end of 20th century, Outsourcing industry reached to growth stage of business life cycle. Obviously, like any growth-oriented industry, they began to question how they could do more. *By adopting new technologies, the industry is evolving from a pure cost-optimization model to new innovative value-creation models.* Outsourcing industry began reassessing their place in the global supply chain and started taking the role of strategic partners to their clients

Many giant corporations established their foothold in the industry. Over the years, outsourcing service providers developed new competencies that enabled them to build more complex, high value and knowledge-intensive processes to their portfolio. This could be achieved by investing in adopting new technologies and enhancing the skill sets of their workforce to meet the rising needs of their clients. Industry players began to adopt process methodologies like Lean and Six Sigma to bring better efficiency and efficacy.

With the right systems and the right people in place, industry players started sourcing core business functions as well. Outsourcing was not just restricted to basic routine business processes. Many new concepts developed like Engineering Process Outsourcing (EPO), Legal process outsourcing(LPO), Recruitment process outsourcing (RPO) and Knowledge process outsourcing (KPO).

KPO in layman terms, refers to outsourcing core information-related business activities which form an integral part of a company's value chain. It requires advanced analytical/technical skills as well as high degree of expertise. KPO services include all kinds of research and information gathering; equity, business, and market research; legal and medical services; animation and design, etc. *Account Process Outsourcing (APO) is subset of KPO industry.*

3.3.1 Concepts similar to Outsourcing

Offshoring and shared services are concepts which have emerged from the base of outsourcing.

Offshoring means the practice of basing some of a company's processes or services overseas, so as to take advantage of lower costs.

Shared services are the provision of a service by one part of an organization or group, where that service had previously been found, in more than one part of the organization or group. Unlike outsourcing, shared services traditionally involves centralization of an organization's administrative and back-office



functions (e.g. finance & accounting, human resources, IT, procurement). Shared services have established a business model for itself wherein service activities are being delivered to internal customers at a cost, quality, and timeliness that is competitive with external alternatives.

3.4 Account Process Outsourcing (APO)

3.4.1 About APO

APO services play a crucial role in the present business environment. With an intense competition for survival and excellence, with profit margins getting thinner in recent times, business owners are under acute pressure to cut costs across all their business operations. As a result, in today's challenging business environment, an increasing number of companies are outsourcing their accounting services requirements.

APO service providers are consulting companies who provide end-to-end services to enhance, standardize, and automate core business processes in the F&A domain. These services primarily revolve around:

- Accounts payable
- Accounts receivable
- Bookkeeping Services
- Taxation services
- Internal Audit
- Financial statement preparation
- Treasury and cash management
- Valuation services
- Capital budgeting
- Payroll

All the organizations run with an Accounting/Finance department in their organization structure irrespective of the size of the organization. Following proper financial accounting procedures and bookkeeping is a pre-requisite to reveal true financial condition of an entity. Generally, account processing is done as an in-house operation which is highly expensive and intact with cumbersome procedures. Nowadays, many companies try to put down the burden and they prefer outsourcing companies to take care of their finance and accounting operations.

Traditionally under APO, transactional processes (such as accounts payable, travel and entertainment, accounts receivable, billing, cash management,



etc.) were the most popular to be outsourced. APO has undergone major transformation and has matured in terms of the type of work undertaken from routine, transactional work to delivering customized, complex and higher-value services such as statutory/regulatory accounting, financial reporting and taxation services. In some cases, more strategic processes such as management accounting, budgeting & forecasting and financial analysis are also being outsourced.

3.4.2 How APO services affect the valuation of a business?

Strategically using the APO services can have a favorable impact on the valuation of a corporation.

Let's take an example in order to explain the relation between APO and valuation of a business. Suppose a company is desirous of raising funds. In order to raise funds, valuation exercise need to be undertaken. Factors like growth prospects, earnings history, cash flow to future performance and financial leverage play crucial roles in the valuation of company. The valuer appraising the value will want to examine company's financial records to look at historical income trends, to identify potential for future growth, to determine credit risk, etc. Therefore, outdated and inefficient transactional processing of financial records and lack of financial controls can hurt the valuation of a company. Not just that the investor will always look at the financial health of the company before investing.

Consistent maintenance of accurate financial records is crucial to a company. With accurate finance and accounting records, management of the company can make timely and crucial business decisions. Since the finance and accounting function is vital to the success and growth of a company, an accurate documentation and records, timely processing, proper support, formal policies, and financial controls are required. Unfortunately, not all companies, particularly fast-growing businesses, have the time, expertise, or leadership to ensure their finance and accounting department keeps them competitive.

Turnover, outdated systems, lack of talented in-house finance staff and inadequate budget to hire a strategic CFO can put the company's valuation at risk. For these reasons, companies outsource their finance and accounting functions. APO service providers can assist companies to fill these gaps.

3.5. Advantages of APO services

Cost-effectiveness

One of the biggest advantages of APO is obviously the cost advantage. The company does not have to set up any infrastructure or bear any operational or running costs. Savings can result from the following:



- a) Availability of cheap labor resulting in reduction in high costs of maintaining a salaried accounting staff
- b) Since companies do not need to maintain full time employees, it can save on additional costs of workers' benefits like payroll taxes, medical insurance, vacation and sick days, and retirement plans.
- c) Reduction in costs associated with recruitment and training
- d) Savings in huge rental cost required to place employees.
- e) Savings in buying expensive bookkeeping software and upgrading as per changing laws and regulations

Increased innovation

Outsourcing low value, non-core processes and activities to APO allows companies to release internal resources to focus on more strategic activities. The APO handles the peripheral functions while the company can use their valuable time and energy to lead the organization towards growth and innovation.

Strategic and competitive advantages

Organizations are resorting to outsourcing to get competitive advantage of multiplying performance (speed, quality), reduce capability as well as capacity gaps, increase agility, access intellectual capital and reach new markets.

Economies of Scale

Outsourcing can deliver significant economies of scale by using standardized processes and leading-edge technology. APO service providers can perform finance and accounting functions far more cheaply and efficiently than companies working on their own.

On-time completion

When the entity opts for APO, it is sure to get their work done in the stipulated time period. APO service providers streamline client's specified accounting process within the deadline.

Access to superior capabilities and best talents of the APO

Businesses get the benefit of their work being effectively handled by talented professionals using top-notch technology. Mostly skilled financial analysts, statisticians, chartered accountants will be teamed up in the outsourcing entity who are always updated with latest trends. Such domain experts know better to provide the cutting-edge accounting services.



Contractual Job

In case the company does not like the services of their APO provider and wants to withdraw their services, it could be done in a comparatively easier manner and in short period of time unlike firing employees in accounting department.

Access to Global Talent

Hiring an in-house team can limit talent choices to those who are either local or willing to relocate to work at your office. While APO provides access to a vast talent pool that may exist anywhere in the world.

Reduced errors

Umpteen mistakes may happen when all the accounting and finance works are dumped to internal staff. However, the automated processes and highly experienced professional service providers can minimize such common errors.

3.6 Prerequisites for finding a good APO service provider

Now, we all can agree that APO plays a strategic role in the success of an organization. Thus, it becomes paramount to select a good APO service provider. The right APO service provider should not only understand the financial side of your business but also have the knowledge and insight into your industry. They should be able to fill your finance and accounting gaps with modern software solutions and best practices and should be prepared to learn the complexities and uniqueness of your business along with its specific financial goals. The following factors can be useful when deciding on the right APO service provider:

Access to Latest Technology

The APO service provider you outsource should be equipped with advanced tools and software that automate these tasks. To benefit the most from automation, company need a solution provider that can help to centralize, standardize, and automate its system.

Proven, Streamlined Processes and Controls

The right outsourced service provider has a proven track record in designing and managing finance and accounting. Only the best systems, processes, and controls can provide meaningful insight into financial performance and help to eliminate silos, fill gaps, and improve productivity. They should also be able to guarantee internal controls for risk mitigation and data security. An ideal service provider should have developed methods and established metrics and KPIs that measure success and identify errors.



Experienced Team

Evaluate quality, industry knowledge, business intelligence, and their ability to leverage and manage technology-based solutions effectively.

Collaborative and a Good Culture Fit

You will work best with a service provider that is willing to align its service culture and value proposition with your company's vision.

Data Security

The service provider should have state of art data security measures installed so that there is no breach of data security.

3.7 Should a Company outsource its Business Accounting Process

A big question which comes to the mind of management of a company Whether to take your accounting to an outside professional, instead of handling it yourself or hiring an in-house accountant or bookkeeper.

It raises the following questions, which will have a definite impact in the current global situations:

Question: It may result into Lesser control?

It is easier to communicate with an in-house accountant when you have finance-related questions. This isn't the case when you have an outsourced team handling your accounting function, in which you don't have direct control on how things are being handled.

Resolution

This issue can be resolved when policies and procedures are set during the initial stages of the engagement.

Question: It may have Add-on costs which you're not aware of?

Unreliable outsourced accounting firms can sometimes put hidden costs in the form of additional tasks that weren't in your arrangement in the first place.

Resolution

It is important to settle the cost of service at the early stages of the engagement to avoid such scenarios.

Question: Can You rely on Outsourcing partners completely?

Dependence on your outsourced accounting department may spell disaster when the firm suddenly goes bankrupt or if there is a security issue that may put your financial records at risk.



Resolution

Should you choose to go for the services of an outsourced accounting department, be meticulous in your hiring process to be able to ensure that you get the services you need without compromising the financial state of your company.

The best outsourced accounting services firm won't put your business in jeopardy but will instead help you manage your company to be able to realize its full potential.

Question: There are limits to your ability to communicate with and control someone outside your company?

Resolution

There are ways to build a communicative relationship with those outside of an organization. While remote teams and work-from-home policies are increasingly popular, it also makes sense that availability would be high on a list of priorities when it comes to your financial information.

Client-vendor communication tools are getting more and more robust—especially for smaller and more flexible businesses. As you're deciding what's right for your business, be sure to ask both potential teammates and outside vendors or contractors about communication styles.

Question: You may feel like you're losing oversight of business spending when you stop doing it yourself.

Your financial performance is a great place to uncover insights that have broader implications for your business's efficiency. This is why it's good to maintain transparency by having regular conversations with your accountant or CPA. We recommend scheduling a check-in each month, or at the very least each quarter. The goal of outsourced accounting and bookkeeping is to relieve you and your team from the manual data entry and report building, which is ultimately not the best use of your time. It's not to keep you in the dark. An experienced small business accountant should be even better at identifying key business takeaways from your company's financials and bringing them to your attention.

Account Process Outsourcing- A right step in the right direction

The right accounting provider will help your business thrive, and there have never been more options for outsourcing your accounting, taxes, payroll, and other back office duties. Before you jump into a contract with the first business accountant you meet, take the time to research all of your different options to identify what will work best for your specific business.



3.8 Future of Outsourcing Industry

The global BPO market is expected to grow at a compound annual growth rate of 8.0%² from 2020 to 2027. The outsourcing industry has exhibited this in the past and will continue to do so in future. With reduced cross border barriers due to globalization, improved telecommunication and IT has entirely transformed and enhanced the way outsourcing industry operate. In recent years, innovations and advancements have given rise to new exponential technologies, leading to the digital disruption and transformation. Of these, cloud computing, robotic process automation, blockchain and artificial intelligence are taking hold in the outsourcing industry and anticipated to have a significant impact going forward. From tapping into economies of scale to pooling resources and expertise, service providers can now provide services they could not before, far faster and more cost-effectively.

Moreover, businesses are focusing on reducing the cost of conducting business in order to thrive in competitive market. As a result, businesses are continuing to leverage the benefits of outsourcing and are focusing on core competencies, thereby generating avenues in the market for outsourcing industry to continue growing.

There is little doubt that as outsourcing service providers continue to invest in advancements, they will continue to fulfill their customer's ever-growing requirements at lower costs, greater speeds and more innovative solutions in times to come.

² - Source: Business Process Outsourcing Market Size, Share & Trends Analysis Report by Service (Finance & Accounting, Human Resources, KPO, Procurement & Supply Chain), By End Use, By Region, And Segment Forecasts, 2020 – 2027



CHAPTER 4

Emerging Trends in Accounting

4.1 Trends in International Finance and Accounting Industry

Real-time Accounting

Actionable real-time accounting data is more important than ever. In current liquidity-focused environment, accounting function of a company needs to support the business – monitoring collections, controlling cash burn, supporting critical decisions about investments, proposals and the profitability of activities.

Fortunately, cloud accounting technology has advanced to the point where it is easy and cost-effective to outsource accounting functions. Costs are kept down because the technology makes data capture and reconciliation much easier by eliminating the need for manual data entry.

This has manifold benefits for an accounting firm, particularly given the intensely competitive industry where data-driven decisions may need to be reached, and clients requirements have to be addressed promptly.

Global Skill Shortages

According to the research, 54 per cent of companies reported skill shortages with businesses in 36 out of 44 countries finding it more difficult to attract skilled talent than in 2019. This problem has only increased in 2020.

91% of finance leaders in the U.S. reported challenges finding skilled accounting professionals, with unemployment in the sector standing below the national average.

Due to unprecedented events caused by the pandemic, there is a lack of in-house talent and right skill sets in many developed countries and this talent shortage can be filled by surplus talent in many developing countries like India. Companies may have to outsource their services to more attractive locations like India due to the shortage of skilled professionals in their own countries.

For example, the lack of in-house engineering talent will be one of the main drivers of the IT outsourcing industry. According to the latest survey, over 70% of technology employers in the UK expect to face a talent shortage over the next 12 months. We are seeing nearly 600,000 vacancies in digital technology, which will cost the country £63 bn a year.

Security Concerns Tightens

Financial services organizations have been amongst the biggest targets for



hackers in recent years. Given the extreme sensitivity of the data being stored and processed each day, it is critically important for firms in the accounting sector to protect internal information systems, including electronic communication between and among staff and clients.

Accounting firms need clients to thrive, but data breaches of any size can do significant harm to their ability to retain them. A recent IBM report shows firms are more likely to lose clients to a competitor if they experience a data breach. Businesses experience higher customer turnover in high-risk industries.

Data privacy laws and compliances such as GDPR, HIPAA & ISO enables accounting firms around the globe to follow the best practices to protect information and reduce cyber threats.

Shared Service Centers

Many companies looking to consolidate and centralise their finance and accounting functions are typically stepping forward for the Shared Service Centres (SSC). For instance, Big consulting firms are engaging in large tax return processing; M&A advisory/ transaction processing/ Knowledge Centres etc.

Major benefits enjoyed under this model are:

- a) **Process standardisation and efficiency:** with standard processes, it's easier to design and update the control environment and build consistent input and output reports. Review work is streamlined, and iterations reduced.
- b) **Cost savings:** this is no-brainer. Automation and process improvement can reduce costs substantially.
- c) **Business insight:** companies with a de-centralised accounting function spend a significant amount of time collecting data – but don't analyse it. By the time management information is collected and reports are available, it might be outdated and irrelevant.
- d) When considering a move to SSC, it's a good idea to start the transition process with a less complex region and get specialised advice to identify the output reports that can be standardised and country-specific variations that must be considered.

Remote Working

In the current scenario, everyone around the world is working from Home. As this trend becomes the new normal, workforces will become dispersed and diverse. But it takes time for 'new normal' to take hold. At this inflection point, leaders must help navigate uncharted waters and enable a smooth transformation.



Many companies are also facing the challenges of staff working from home. Hence companies are sending more work to Outsourcing firms in India where there is talent surplus.

An outsourcing provider already has expertise in working remotely for a team from abroad, enabling smooth workflow and uninterrupted operations.

As more employees connect to corporate PCs remotely, users can face bandwidth and latency issues with increased traffic. Business leaders should assess which processes can be outsourced to prevent network congestions. This will help optimize existing resources and ensure that critical processes remain uninterrupted.

Business Continuity

Business continuity planning is an extensive, ever-changing process that has many potential pitfalls for the unprepared to re-establish productivity, secure key assets and continue operations despite the disruptions. They build confidence, cultivate resilience, and provide valuable business data to safeguard the business during challenging times.

Business continuity is at front and center of the enterprise, working to survive. Globally, Business that are looking to be prepared for such events and to ensure that their operations can continue uninterrupted, will look for partners in a geographically different location =>Outsourcing.

Business Process Outsourcing can be a key element in your business continuity plan. Partners who offer day-to-day support services may be able to take on greater responsibility in a disaster recovery situation for example, you may choose to put relationships in place that are ready to take on critical functions should you be unable to continue them in-house. The more planning you do before disaster strikes, the faster you and your partners can respond when the unexpected happens.

Increased Talent Demand

Now more than ever, the skills of an Accountant are needed on both sides of the spectrum. They can help clients refocus their portfolios to develop strategies and roadmaps to assess risk and opportunity.

High employee absenteeism during pandemic can put a lot of pressure on your business to deliver in a smooth manner. This can result in greater delays, errors and, ultimately, customer dissatisfaction. Sharing the workload with a professional third-party agency will keep your business running smoothly without compromising on quality.

In order to revive back from this hard hit time, demand for qualified accounting professional would increase, as a result there would be an increased number



of employment opportunities for the accountants possessing qualified professional degrees along with the prevailing skills in the industry.

Traditional finance department models are largely considered as inefficient and out of date and should be replaced by models that enable them to fulfil their day-to-day demands while still managing to deliver greater business value

Artificial Intelligence (AI) is the key to modernizing the finance functions, the idea of accounting automation began to gain momentum as cloud-based accounting software gained traction. Until recently, typical automations primarily existed only within the walls of individual applications. However, companies with teams of developers could leverage the software's Application Programming Interfaces (APIs) to create integrations involving multiple applications.

New technology has also made it possible for accountants and financial planners to create more accurate financial models than ever before. Financial modelling is incredibly important—without an accurate cash flow forecast, your business may run into future issues or surprises. By creating models with a wider array of inputs, you will be able to see the future more clearly and also plan accordingly.

Disruptive Outsourcing

Disruptive outsourcing will enable organizations to reimagine and transform their business. It is challenging traditional outsourcing and driving competitive advantage. Many organizations are adopting, or considering adopting, disruptive solutions to drive performance, improve speed to market, and increase innovation.

Outsourcing-led transformations can address both business and IT challenges. They have the potential to bring about a dramatic change to the outsourcing industry like never earlier.

This will result in cost reductions, though many organizations expect to invest some of those savings into business investments, particularly when doing so can eradicate costs elsewhere. With disruptive outsourcing, the only limit is imagination.

Disruptive outsourcing followed by Cloud and Robotic Process Automation (RPA) has increased. According to a survey, 93% of organizations are considering or adopting cloud solutions, and 72 per cent are considering the advantages of adopting RPA solutions. In addition, 70% of respondents believe their service providers have opportunities and abilities to implement disruptive solutions.



In the coming year, there will be several challenges in terms of data migration, security requirements, application optimization, organizational resistance, highly fragmented processes, and regulatory compliance.

Shrinking Revenues

This traditional driver of accounts outsourcing has returned with full pace as this pandemic has wreaked economic havoc on small businesses, and it is critical for them to give the topmost priority to business continuity and liquidity functions of their businesses.

Corporate profits in the United States plunged 14.2 percent in the first quarter. It's the sharpest decline in corporate profits since the last quarter of 2008. Amid coronavirus crisis, undistributed profits have slumped by 52.3 percent.

While revenues and cash collections have slowed, business processes must continue. Bills must be paid, local taxes must be filed, and receivables must be billed and collected, and financial analysis is more paramount now than ever. Businesses that are equipped with an outsourced accounting solution are well positioned to keep financial operations running smoothly amid local restrictions.

The economic recovery will present a great opportunity for businesses that are willing to adapt, positioning them for quicker rebound and eventual growth. These forward-thinking, adaptable organizations will find themselves in a unique short-term landscape with reduced competition. The ability to be agile to meet the evolving demand will be a leading indicator of business growth and success. A trusted accounting outsourcing provider can help businesses remain agile and take advantage of economic opportunity.

4.2.1 Training approach to adapt to the recent Industry Trends

Learning & Development

Employees are the greatest asset who assists in achieving business objectives. To get best from employee's it is essential that they are provided with appropriate training on all aspects of their work. Training is the way for employees to learn new skills and knowledge and to apply them at their workplaces and learn and implement best work practices. This can bring change in workplace behaviour of employees even in tensed conditions.

Learning and development is the field which is concerned with organisational activity aimed at improving the performance of individuals and groups in organisational settings. Training and development (T&D) encompass three main activities: training, education, and development.

- a) **Training:** This activity is both focused upon, and evaluated against, the job that an individual currently holds. It is the acquisition of knowledge,



skills, and competencies as a result of the teaching of vocational/practical skills and knowledge.

- b) **Education:** This activity focuses upon the jobs that an individual may potentially hold in the future and is evaluated against those jobs.
- c) **Development:** This activity focuses upon the activities that may partake in the future and is almost impossible to evaluate.

It is highly important to design and conduct time-to-time training and development programs for an outsourcing firm through specially trained or in-house trainers in place.

Companies try identifying the strengths and weaknesses and are emphasizing more on their personalities, problem-solving skills, and leadership skills. With constant change in accounting processes, technologies, techniques, methods, software etc., there is a constant need of updating, training and development of outsourcing employees to consistently deliver client goals.

On-the-job training

On-the-job training is the most prevalent type of training approach preferred by the outsourcing companies. The main aim of this training is to impart to new entrants the basic knowledge and skill they need for an intelligent performance of definite process, to ensure that each employee is equipped with capabilities to perform various tasks associated with his role.

Under this method, the worker is given training at the workplace by his immediate supervisor. In other words, the worker's learn in real work environment. It is based on the principle of learning by doing. It is most effective method. It is also known as workers/operative training method.

Sometimes where many employees must be trained at the same time for the same kind of work, the most prevalent method used is to provide them classroom-type training and then utilizing it while working. Their emphasis tends to be on learning rather than production. I. The trainees avoid confusion and pressure of the work situation and concentrate on training.

Internship Training

Under this method of training, the educational or vocational institutes enter into an arrangement with an industrial enterprise or an organization which can provide practical knowledge to its students. Internship training is usually meant for such vocations where advanced theoretical knowledge has to be backed up by practical experience on the job. For instance, CA students are sent to industrial enterprise for getting practical work experience. The period of such training varies from 6 months to 3 years.



The trainees do not belong to the business enterprises, but they come from the vocational or professional institute. It is quite usual that the enterprises giving their training absorb them by offering suitable jobs after completion of their internship

Working at established outsourcing companies that provide outsourcing certifications is a great value addition to an individual's profile and skill set. They get exposure of how accounting industry of international markets work and operate and there's so much to learn, grasp knowledge and update skills.

Secondment Staff

Secondment is a temporary phase of arrangement where an employee is transferred from one job to another, either in the same group of company or some other company for a definite period of time for the mutual benefit of all parties involved in the arrangement.

Secondment help employees develop their skills, broaden their horizons and improve their CV. The seconded individual's employer benefits from the additional skills and experience that is brought back into the business. While working in the Global Outsourcing Division, deserving staff frequently get opportunities to be seconded to client's offices in abroad to learn directly from client. Career development – A secondment is a fantastic way to develop new skills, exchange experiences and develop onsite skills working live with clients to help in their personal and professional development.

Client Training

Under this method either the client visits the outsourcing company or some selected employees visits the clients' office (it could be anywhere around the globe) to learn & develop the recent changes or skills to be added in the process, software etc.

If we take an example of Global Outsourcing firms, they prefer this type of training when there are substantial changes in the work processes, laws or in the software on which they were working on, indicated by the clients.

This immensely helps the outsourcing staff to grasp the required skills and work as per the client demands with immediate effect.



CHAPTER 5

Global Accounting Bodies and Pathway to get Licenses

Globally, there are various professional bodies and organizations that seek to provide the framework for self-regulation and oversight over individuals and firms operating in the world of accountancy. These professional bodies are also responsible for administering training and examinations for students and members.

In this section, we will discuss about some of the leading accounting bodies of the world and the pathway to obtain their membership/licenses.

5.1 United States of America

5.1.1 About the AICPA

In the United States of America, the American Institute of Certified Professional Accountants (“AICPA”) is the world’s largest member association representing the accounting profession, with more than 431,000 members, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting.

The AICPA sets ethical standards for the profession and U.S. auditing standards for private companies, nonprofit organizations, federal, state and local governments. It develops and grades the Uniform CPA Examination, and offers specialty credentials for CPAs who concentrate on personal financial planning, forensic accounting, business valuation, and information management and technology assurance.

5.1.2 About NASBA

NASBA refers to National Association of State Boards of Accountancy.

Since 1908, NASBA has served as a forum for the nation’s 55 State Boards of Accountancy, which administer the Uniform CPA Examination, license more than 650,000 Certified Public Accountants and regulate the practice of public accountancy in the United States.

International Administration of the Uniform CPA Examination

In conjunction with the AICPA and Prometric, NASBA provides the opportunity



for international administration of the Uniform CPA Examination (Exam) to be offered in England, Scotland, Ireland, Germany, Japan, Brazil, Bahrain, Kuwait, Lebanon and the United Arab Emirates.

To test in an international location, you must

- first select a participating U.S. jurisdiction,
- contact the Board of Accountancy (or its designee) in that jurisdiction to obtain application materials and submit a completed application and required fees as instructed.
- **After receiving the Notice to Schedule (NTS)**, you may then use the NTS to apply to take the Exam in an international location.

Testing Centers at which the CPA Exam candidates can appear for US CPA Exams

Testing Center located in:
India



Citizens or long-term residents of:

Bangladesh	India	Myanmar	Sir Lanka
Bhutan	Maldives	Nepal	U.S.



United States of America
All eligible CPA exam candidates may test in the United States and Guam. There is no residency or citizenship requirement for candidates who wish to test at centers located in this country.



5.1.3 Uniform CPA Examination

In the USA, a Certified Public Accountant (CPA) is a trusted financial advisor who helps individuals, businesses and other organizations reach their financial goals. Becoming a CPA is often a challenging journey, but one that reaps big rewards for those who choose to pursue it.

The CPA license is the foundation for all of the career opportunities in accounting. To get the license, keep 3 E's in mind: Education, Examination and Experience. State Boards of Accountancy determine the laws and rules for each state/jurisdiction.

5.1.4 More about Uniform CPA exam

Consists of 4 sections

- Financial Accounting and Reporting (FAR)
 - Auditing and Attestation (AUD)
 - Regulation (REG)
 - Business Environment and Concepts (BEC)
- a) Computer based format
 - b) Passing score is 75 on a 0-99 scale
 - c) All the parts to be cleared within 18 months from the date of credit of first exam
 - d) Question types include multiple choice, simulation and written communication
 - e) Eligibility to sit for exam depends on the state requirements.

5.1.5 Obtaining CPA License

Once a candidate passes all the 4 parts of the Uniform CPA Examination, he/she becomes eligible to apply for the Licensure. CPA license gives the right to practice public accounting. Many states require the candidate to have 1-2 years' experience under a CPA. Other States may consider the prescribed number of working hours in the field of accounting, auditing and taxation etc. Some state also requires passing the ethics exam conducted online. One must always comply with rules of professional conduct.

5.1.6 Renewal of CPA License

CPA licenses are renewed every year or once in two years. In order to renew the license, one should complete the required number of hours of Continuing Professional Education (CPE). CPE requirement also varies from state to state. Typically, one needs to complete 40 hours in a year to be done through



computer based and group/classroom learning.

For more details on Uniform CPA exam, please visit AICPA website for CPA candidates –www.aicpa.org/Membership/Join and NASBA website –www.nasba.org

5.1.7 Tentative cost of completing US CPA

Nature of Fees	Tentative Expenditure (in USD)
Registration and Evaluation of Credential Fees	350
Examination Fees	975
International Testing Centre Fees (For appearing in India)	1425
Study Material and online Coaching (Optional)	1500

5.1.8 ICAI India and AICPA US

There is no formal Memorandum of Understanding or MRA between ICAI India and AICPA USA. However, a qualified chartered accountant in India can qualify CPA exams of USA with dedicated efforts. Having qualification of CPA US along with CA gives an extra edge for globally competing the Accounting market.

5.2 Canada

5.2.1 About the CPA Canada

Chartered Professional Accountants of Canada (CPA Canada) is one of the largest national accounting organizations in the world and is a respected voice in the business, government, education and non-profit sectors.

Chartered Professional Accountants of Canada (CPA Canada) is the national organization representing the Canadian accounting profession through the unification of the three largest accounting organizations:

- The Canadian Institute of Chartered Accountants (**CICA**),
- The Society of Management Accountants of Canada (**CMA Canada**) and
- Certified General Accountants of Canada (**CGA-Canada**), as well as
- The 40 national and provincial accounting bodies.

It is one of the largest organizations of its type in the world, with over 217,000 Chartered Professional Accountants **in Canada and around the world.**



Historically, Canada had three nationally recognized accounting classifications until 2013: Chartered Accountant (CA), Certified Management Accountant (CMA), and Certified General Accountant (CGA). In January 2012, after eight months of discussions between members and stakeholders, CICA, CMA Canada and CGA-Canada published *A Framework for Uniting the Canadian Accounting Profession*. Today all recognized provincial and national Canadian accounting organizations are unified under the CPA designation.

CPA Canada is a progressive and forward-thinking organization whose members bring a convergence of shared values, diverse business skills and exceptional talents to the accounting field. Domestically, CPA Canada works cooperatively with the provincial and territorial CPA bodies who are charged with regulating the profession. Globally, it works together with the International Federation of Accountants and the Global Accounting Alliance to build a stronger accounting profession worldwide. As one of the world's largest national accounting bodies, CPA Canada carries a strong influential voice and acts in the public interest.

5.2.2 Pathways to becoming a Chartered Professional Accountant (CPA)

Different pathways can be taken to gain or earn entry to the CPA Professional Education Program depending on the educational background.

One must have both an undergraduate degree and specific subject area coverage to be admitted to the new CPA Professional Education Program (CPA PEP).

CPA Canada has signed Membership Recognition Agreements (MRA) with International Accounting bodies that allow Canadian CPAs to apply for membership in those bodies and permit their members to apply for the Canadian CPA designation.

5.2.3 Memorandum of Understanding (MoU) between Institute of Chartered Accountants of India (ICAI) and Chartered Professional Accountants of Canada

The Institute of Chartered Accountants of India (ICAI) and the Chartered Professional Accountants of Canada (CPA Canada) has signed the Memorandum of Understanding, leading the Membership Pathway Arrangements, which would facilitate mutually recognizing the qualification of each other's and admit the members in good standing by prescribing a bridging mechanism between the two Institutes.

The MoU applies to members in good standing who have gained membership in ICAI or one of the Canadian Provincial CPA bodies by meeting the



education, experience and practical experience requirements of the ICAI or Canadian Provincial CPA bodies. ICAI and CPA Canada share common and strong interests in the advancement of the profession of accountancy, especially in relation to the maintenance and strengthening of professional and educational standards in all sectors, as well the internationalization of the profession.

Under the terms of MoU, ICAI members in good standing with requisite experience are eligible for exemption from practical training requirements of CPA Canada as well as appearing in CPA Professional Education Program (CPA PEP), Capstone 1 and Capstone 2 modules and can acquire the CPA qualification by passing the final examination of CPA Canada i.e. the 3 day's Common Final Examination (CFE) only.

The members are advised that they are required to maintain their respective home body membership. The MoU does not provide the members of ICAI and CPA Canada any rights access to public accounting and to other regulated services requiring provincial registration or licensure.

5.2.4 Eligibility Criteria for the members of ICAI to become the member of CPA Canada

Education and Examination

ICAI members seeking their Canadian CPA designation under this agreement are: Exempted from all CPA Professional Education Program (CPA PEP) modules, but are encouraged to complete Capstone 1 and Capstone 2 (completion of these modules is not mandatory). Required to pass the Common Final Examination (CFE). Details regarding CFE can be obtained from

<https://www.cpacanada.ca/en/become-a-cpa/cpa-certificationprogram-evaluation/cpa-certification-capstone-1-cfe-cases>

The Common Final Examination (CFE) is a three-day examination requiring candidates to demonstrate depth and breadth of competency development in accordance with the CPA Competency Map.

You will be required to:

- participate in a three-day examination
- demonstrate the depth and breadth of your abilities according to the CPA Competency Map
- draw on learning from your Capstone 1 case to complete the examination



3 DAY SCHEDULE

DAY 1	4 Hours of Capstone-1 to be completed
DAY 2	5 hours of CFE exam focussing on Financial Accounting (IFRS+ Canadian AS), Management Accounting and one subject of your choice
DAY 3	3-4 Case studies handling

Basic Requirements

- 1) Case study-based Exam
 - 2) Open book Exam i.e. you are allowed to keep your study material with you while appearing for exams.
 - 3) You need to choose a province in Canada for registration, but you can appear for exams in any of the Provinces in Canada.
 - 4) Exams only held in Canada i.e. you will have to visit Canada.
 - 5) Computer Based Exam: so, you need to write your exams in Canada on a prescribed testing centre.
- Experience Assessment of experience for certification is determined by post qualification experience as an ICAI member.
 - All members with :
 - more than five years of post-qualification experience and no recognized university degree are exempt from assessment of experience
 - more than two years of post- qualification experience and a recognized degree are exempt from assessment of experience

Applicants with less than specified post-qualification experience will be subject to a review of their practical experience obtained pre- and post-qualification. All relevant experience must have been gained as a member or student at the Institute of Chartered Accountants of India.

- Other Requirements
- To remain registered with CPA Canada as a CPA designate after initial admission, one need to:
 - a) Maintain membership of the ICAI.
 - b) Comply with CPA Canada's and ICAI's Continuous Professional Development (CPD) obligations



- For more details on CPA Canada program, please visit www.cpacanada.ca

5.2.5 Tentative cost of completing CPA-Canada

Nature of Fees	Tentative Expenditure (in CAD)
Registration and Evaluation of Credential Fees	125
Annual Fees	678
Exam Fee (One attempt)	1500
Study Material and online Coaching (Optional)	1500
Travelling and Other costs	2500

5.3 Australia

5.3.1 About the CPA Australia

CPA Australia is one of the world's largest accounting bodies with a global membership of more than 166,666 members (as of 31 December 2019) working in 100 countries around the world.

5.3.2 Chartered Professional Accountant (CPA)

A Certified Practicing Accountant (CPA) is a finance, accounting and business professional with a specific qualification. Being a CPA is a mark of high professional competence. It indicates soundness in depth, breadth and quality of accountancy knowledge. It provides members with an internationally recognized qualification as well as the opportunity to complete specialist training and CPD

5.3.3 Pathways to becoming a Chartered Professional Accountant (CPA)

To use the CPA designation, a member must:

- Complete a degree or a postgraduate award recognized by CPA Australia
- Complete the CPA Program, including three years of professional experience in finance, accounting or business.
- Undertake CPD activities each year
- Comply to a strict code of conduct set by CPA Australia.

To offer public accounting services, CPAs must also complete CPA Australia's Public Practice Program and hold a public practice certificate in accordance with the CPA Australia's By-Laws.



5.3.4 Mutual Recognition Agreement (MRA) between Institute of Chartered Accountants of India (ICAI) and CPA Australia

ICAI has executed a Mutual Recognition Agreement with CPA Australia, wherein the members of ICAI can become members of CPA Australia.

5.3.5 Eligibility Criteria for the members of ICAI to become the member of CPA Australia

To become eligible for CPA Australia Associate membership, the following conditions are required to be fulfilled, the applicant: -

- should be a member of good standing with ICAI and not currently subject to any disciplinary sanctions or investigations.
- did not gain entry to ICAI through any another mutual recognition agreement
- have successfully completed:
 - the ICAI exams
 - the ICAI practical experience requirementsand
- hold a university degree recognized by the Australian Government Department of Education and Training as being at least equivalent to Australian bachelor's degree level. This will be determined during the verification of your application or
- have at least five years' work experience in professional accounting

After the eligibility criteria are fulfilled, complete the online application and submit with the required documentation, including the application and membership fee.

Once you become an Associate member of CPA Australia you must complete the following two subjects:

- **Better Practice in Governance and Accountability**
- This is an online exam. Recommend completing this subject first. Learn the application of ethical principles, together with a strong knowledge of key corporate governance principles and mechanisms.
- **Global Strategy and Leadership:**
- In this subject, you will use strategic analysis to address complex business



issues in a competitive and uncertain business environment. This requires logical thinking and a bit tough to clear, but not impossible.

Upon successful completion of both subjects, the applicant will automatically advance to CPA status. They will receive a CPA certificate and will then be eligible to use the CPA designation.

5.3.6 Public Practice in Australia and New Zealand- Requirements

Members wishing to sign audited financial statements, conduct public accounting services and act as a tax agent in Australia or New Zealand must obtain a public practice certificate to meet the additional requirements. If they have migrated to Australia within the last five years, they must also complete Australian specific company law and taxation law from a recognized university before they are eligible to apply for a public practice certificate. If they are in New Zealand, they must also complete specific New Zealand company law and taxation law subjects before they are eligible to apply for a public practice certificate.

5.3.7 Other Considerations

The members who have acquired the membership of CPA Australia are not required to complete additional continuing professional development (CPD) hours. They will need to report CPD hours to CPA Australia. ICAI to meet 120 hour requirement over the triennium (minimum of 20 hours each year) as stipulated by the International Federation of Accountants.

Maintaining dual membership is a requirement of any MRA. Therefore, the membership of ICAI should be maintained all the time.

Members admitted to CPA Australia under an MRA will be able to maintain their membership even if the MRA expires. Members must maintain the membership subscription payments to both bodies.

5.3.8 Onsite information sessions

CPA Australia conducts on-site/online information sessions which provide opportunity to learn about the CPA Program. The prospective applicants can network with peers, have their questions answered, learn how to fast track their application and hear from successful working members about how becoming a CPA has enhanced their career.

For more details on CPA Australia program, please visit

www.cpaaustralia.com.au



5.3.9 Tentative cost of completing CPA-AUSTRALIA

Nature of Fees	Tentative Expenditure (in AUD)
Registration and Evaluation of Credential Fees	164
Online Exam Fee	240
Main Exam Fee (One attempt)	1290
Study Material and online Coaching (Optional)	500
Travelling and Other costs	200

5.3.10 Chartered Accountants Australia and New Zealand

The Chartered Accountants Australia and New Zealand (CA ANZ) is the operating name for the Institutes of Chartered Accountants in Australia and New Zealand. CA ANZ was created in 2014 by the merger of the Institute of Chartered Accountants Australia (ICAA) and the New Zealand Institute of Chartered Accountants (NZICA). Both organizations were over a century old. The merger boosted both institutes' global influence, and gave them greater policy, advocacy and education capability.

Chartered Accountants Australia and New Zealand (CA ANZ) represents 125,802 members in Australia, New Zealand and overseas. CA ANZ focuses on the education and lifelong learning of members and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

The Pilot International Pathway Program of CA ANZ is a unilateral offer by CA ANZ to ICAI members based in Australia and New Zealand.

Under the International Pathway Program (IPP), the Chartered Accountants Australia and New Zealand has provided mechanism to the experienced members of ICAI who are living in Australia or New Zealand and are seeking membership of CA ANZ. Once completing the IPP, the ICAI members residing in Australia and New Zealand can apply for Certificate of Public Practice (CPP) and Audit Rights in Australia and New Zealand.

Eligibility Criteria

To apply for the membership to CA ANZ through International Pathway Program (IPP), you need to have:

- Member of Good Standing of the ICAI and comply with CPE requirements
- Minimum of 5 years' post membership with the ICAI



- Currently living in Australia or New Zealand
- Have a minimum of 5 years post membership relevant experience including a period in a senior position i.e. Manager, Senior Manager, Partner or Director etc.

FEES STRUCTURE

The following fees must be paid by credit card upon IPP application and include online learning materials, assessment fees, a study guide and workshops. There is no additional fee charged for registration.

Australian-based Applicants - \$1500 AUD + GST

New Zealand-based Applicants - \$1590 NZD + GST

5.4 United Kingdom

In UK, the professional bodies which provide the accounting credentials: -

- The Institute of Chartered Accountants in England and Wales (ICAEW)

5.4.1 About the ICAEW

- The Institute of Chartered Accountants in England and Wales (ICAEW) is a professional membership organization that promotes, develops and supports chartered accountants and students across the world. In 2019, it has over 181,000 members and students in 148 countries. The ICAEW was established by royal charter in 1880.

5.4.2 Membership and qualifications

- In order to become an ICAEW Chartered Accountant, it is necessary to achieve the Associate Chartered Accountant (ACA) qualification.

The ACA comprises four core elements that must be successfully completed:

- a) practical work experience,
 - b) ethics and professional skepticism.
 - c) accountancy, finance and business modules; and
 - d) professional development.
- There are 15 computer-based exams, spread across the Certificate level (first round), the Professional level (second round), and the Advanced level (third and final round).
 - Members of the Institute of Chartered Accountants of India (ICAI) are eligible for credit for prior learning for 12 of the 15 ACA exam modules.



- In India exams are held at the British Council and all exams must be pre-booked.
- The Pathways to Membership scheme application consists of three main elements, which need to be completed and then submitted all together.
- The requirements are:
 - a) The Examination of Experience
 - b) A Letter of Good Standing
 - c) A Signed Sponsor Form (Who knows the candidate and a full and current member of IFAC body)

For more details on ICAEW examinations, please visit www.icaew.com

5.4.3 Memorandum of Understanding between ICAI and ICAEW

The Institute of Chartered Accountants of India renewed its Memorandum of Understanding (MOU) with the Institute of Chartered Accountants in England and Wales on historic day of October 02, 2019 at London, UK to recognize the qualification, training of each other and admit the members in good standing by prescribing a bridging mechanism.

The renewal of the MOU demonstrates the strengthening ties and further commitment of ICAI and ICAEW to work even more closely to build a World of Strong Economies with the best professional skills.

5.4.4 Eligibility Criteria for the Members of ICAI to become the Member of ICAEW

ICAEW agrees that appropriately qualified ICAI members will be eligible to apply for ICAEW membership subject to passing the ICAEW's Advanced Level examinations (Corporate Reporting, Strategic Business Management and Case Study) and by completing the ICAEW's Ethics Learning Program, or an alternative ethics program agreed by ICAEW to be equivalent.

To facilitate above, ICAEW will grant credit to appropriately qualified ICAI members for all papers of the ICAEW's Certificate and Professional Level examinations and for the ICAEW's practical work experience and professional development requirements for membership.

An 'appropriately qualified member' is one who has gained membership of the ICAI as an associate member or fellow member through completion of ICAI's education and training route.

ICAI members who are members of ICAI by virtue of an advanced credit MoU or mutual recognition agreement with another professional body will not be eligible for ICAEW membership under this agreement unless specifically



approved by ICAEW.

5.4.5 Practicing rights for ICAI members joining ICAEW

ICAI members joining the ICAEW will be eligible for an ICAEW practicing certificate on the same basis as ICAEW members if they have two or more years of membership with their home body, have relevant work experience, and are compliant with ethical, CPD and Professional Indemnity Insurance (PII) requirements.

5.4.6 Audit rights for ICAI members joining ICAEW

UK statutory audit rights are not covered under this MoU and will not be conferred on ICAI members joining ICAEW under the terms of this MoU.

UK statutory audit rights are controlled by the UK Financial Reporting Council and are dependent, among other things, on achievement of the 'audit qualification' under the Companies Act, 2006.

An ICAI member joining ICAEW and wishing to obtain UK audit rights would be required to undertake a period of re-qualification in order to gain a UK audit qualification. This would involve three years of supervised work experience within an ICAEW authorized training employer, achievement of specified minimums of approved audit work, and passing a minimum of the ICAEW's Advanced Level examinations and Principles of Tax and Law examinations from the ICAEW's Certificate Level examinations.

5.4.7 Tentative cost of completing ICAEW Membership

Nature of Fees	Tentative Expenditure (in GBP)
Registration and Evaluation of Credential Fees	1158
Case Study Module	500
Exam Costs per sitting	600
Study Material and online Coaching (Optional)	300
Travelling and Other costs	200

5.5 Ireland

5.5.1 About CPA Ireland

CPA Ireland is one of the main Irish accountancy bodies, with 5,000 members and students. CPA Ireland was founded in 1926 and its members



work in accountancy firms, the public sector, the financial services, and other private sector businesses. CPA Ireland headquarters are based in Dublin.

As CPA Ireland is a recognized body, it has a statutory obligation to oversee the professional activities of its members in practice, ensuring that education and training standards are maintained.

5.5.2 Pathways to becoming a CPA Ireland

- There are four stages of examinations with the CPA Institute: Formation 1 and 2 and Professional 1 and 2.
- Students must complete three years of training to apply for membership of the CPA.
- Training can take place in practice, industry or both. Students may first study for the CPA exams and obtain the required training at a later date.

5.5.3 Public Practice and Audit

CPA Members who wish to engage in public practice must hold a practicing certificate, which requires completion of a Practice Orientation Course and examination, and two years' experience in their intended practice area after admission to membership.

To be eligible to act as an auditor, CPA members must hold an audit certificate, requiring a practicing certificate and an audit qualification. To obtain this, members must have three years' experience supervised by a registered auditor.

5.5.4 Mutual Recognition Agreement between ICAI and CPA Ireland

The Institute of Chartered Accountants of India (ICAI) and the Institute of Certified Public Accountants In Ireland (CPA Ireland) has signed the Mutual Recognition Agreement, leading the Membership Pathway Arrangements, which would facilitate mutually recognizing the Qualification of each other's and admit the Members in good standing by prescribing a bridging mechanism between the two Institutes.

ICAI and CPA Ireland share common and strong interests in the advancement of the profession of accountancy, especially in relation to the maintenance and strengthening of professional and educational standards in all sectors, as well the internationalization of the profession.

Recognizing that global portability is becoming increasingly important for professional accountants around the world, and that the development of quality content will be increasingly important to Members in the future, ICAI and CPA Ireland wish to jointly undertake a range of activities and initiatives on the terms set out in this Agreement.



The MRA does not provide the members of ICAI and CPA Ireland any rights to:

- Conduct Public Accounting Services
- Sign Audited Financial Statements
- Act as a Tax Agent

5.5.5 Eligibility to become Member of CPA Ireland

An ICAI member seeking admission to CPA Ireland should have successfully completed:

- Be a holder of a recognized degree.

OR

- Have at least five years' work experience.

AND

Have successfully completed: -

The ICAI examinations

The ICAI Practical experience requirements

Any other requirement as may be prescribed by ICAI from time to time

AND

- Be a member in Good standing and not currently subject to any disciplinary sanctions or investigations and have not been subject to any disciplinary sanctions in the past five years.

5.5.6 Steps to join the CPA Ireland Program

- a) Complete Online Application form
- b) Complete and pass two on-line courses
 - Overview of Irish Taxation
 - Overview of Irish Law
- c) Complete and Pass on-line Strategy course
- d) Pay Administration Fee
- e) Send all relevant documentation (Scan or Hardcopy)
 - Letter of good standing
 - 2 References
 - ID (Copy of Passport or Driving License)



- Copy of the Membership Certificate

5.5.7 Other Considerations

CPA Ireland is not obliged to admit as its Member any Member of ICAI who:

- a) is a Member of ICAI by virtue of an MRA or any other mutual recognition arrangement with another professional body;
- b) is the subject of a current investigation into his or her professional conduct?
- c) has been subject to any disciplinary sanctions within the five years prior to their application.

For more details on CPA Ireland Program, please visit www.cpaireland.ie

5.6 South African

About South African Institute of Chartered Accountants

The South African Institute of Chartered Accountants (SAICA) is a professional accountancy body in South Africa.

The institute has over 36,000 members. SAICA provides support, advice and services to its CAs throughout their professional lives. SAICA members are business advisors, business leaders and entrepreneurs. SAICA members can use the CA(SA) designation.

5.6.1 SAICA Membership

The following policy is applicable to all the SAICA examinations/assessments which are as follows:

- Initial Test of Competence (ITC)
- Assessment of Professional Competence (APC)

Assessment of Professional Competence (APC) is the second part of the qualifying examination, which assesses professional competence. As per MRA between ICAI and SAICA, the ICAI Members need not to go for ITC. They can directly go for APC.

5.6.2 MRA between ICAI and SAICA

Eligibility Criteria for the Members of ICAI to become the Member of SAICA

1. Eligibility Requirements To register with SAICA as a CA(SA) you need to:
 - a) Have obtained membership of ICAI by complying with its Education, Training and Examination requirements.



- b) Provide a Letter of Good Standing from the ICAI in support of your application. The Letter of Good Standing must be dated not more than three months prior to the date of application and must confirm that:
- You acquired the full membership status by completing the normal training and education route.
 - You are a member in good standing; and
 - You are up to date with ICAI's CPD requirements.
- c) Have gained at least two years' relevant post-qualifying experience after first registering with ICAI; and
- d) Write and pass the SAICA APC examination

<https://www.saica.co.za/LinkClick.aspx?link=3405&tabid=472&language=en-ZA>

OR

e) Apply for exemption from the APC examination: Where an individual applicant, who is a member in good standing of ICAI, meets the requirements stipulated in paragraphs a) and b) and c) above, is able to show that he or she meets the competency requirements of the SAICA Competency Framework, membership of SAICA may be granted without completing the SAICA APC examination.

In these circumstances the SAICA Recognition Panel will assess the competence of the individual. The panel will require evidence of competence to be submitted which may take the form of:

- academic transcripts.
- details of work experience.
- portfolio of work.
- evidence from employers and associates.
- self-evaluation of competence by the applicant (the competencies applicable to the APC examination are available here: <https://www.saica.co.za/Portals/0/LearnersStudents/Examinations/DetailedGuidanceCompetencyFrameworkAPC2015.pdf>); and
- any other evidence considered by an applicant as relevant and in support of the application. The Panel may also require an applicant to present him/herself for an interview.



5.6.3 Other Requirements

To remain registered with SAICA as a CA(SA) after initial admission, you need to:

- a) Maintain membership of the ICAI.
- b) Comply with SAICA's and ICAI's CPD obligations; and
- c) Comply with SAICA's Code of Professional conduct.

1. How to apply for registration with SAICA as a CA(SA)

- Download the Membership Application Form and Annexure
2. Audit rights Registration with SAICA as a CA

(SA) does not automatically grant you audit rights in South Africa. If you wish to engage in public practice as a Registered Auditor (RA), you need to contact the Independent Regulatory Board for Auditors at www.irba.co.za.

5.7 Rest of World

5.7.1 Important websites of accounting regulators

The detailed list of official websites of Accounting Regulators across the world has been exhibited in **Annexure II** at the end to know more about their Education Requirements, Examination and Licensing Requirements.





CHAPTER 6

Scope of Global Work

6.1 Accounting and Areas of Accounting

6.1.1 What is Accounting

Accounting, in general, is defined as an organized method to keep records of business and financial transactions, summarize those transactions, and analyze, verify, and report financial results. It is an information system designed to identify, measure, record, and communicate reliable, relevant, and consistent information about the economic activities of an organization.

6.1.2 Who is a Chartered Accountant

An “Accountant” who is founded or having its rights and privileges established by means of a charter.

An Accountant in general sense means “a person whose job is to keep or inspect financial accounts.”

So A Chartered Accountant is a specialist in the field of Accounting and also gets its rights and privileges through a Government Charter like in India, Chartered Accountants are governed by Chartered Accountants Act, 1949 and managed by The Institute of Chartered Accountants of India, the apex body of accountants in India.

6.1.3 How do Chartered Accountants work?

All financial activities of individuals, business concerns, non-trading concerns, government, semi-government organizations, doctors, advocates, accountants, and other professionals come under the scope of accounting. Accountants work with individuals, small businesses, large corporations, non-profits and government agencies to prepare and organize financial and tax documents.

Apart from preparing financial books and statements, there are many other roles that accountants play for their clients: -

- Auditing the financial statements
- Reporting and maintaining financial records to the stakeholders
- Evaluating financial operations and making recommendations to management about best financial practices. Examining financial statements to make sure they are accurate and meet legal requirements
- Examining account books and accounting systems to make sure they are efficient and conform to accepted standards and accounting procedures



- Guiding in the field of Direct and Indirect Taxation.
- Preparing tax returns, Appellate work and Opinion making.
- Specialists in Cost Reduction, Revenue maximization and sustainable growth
- From the above discussion it is very much clear that the fields of Accounting are very wide, that is, it spreads in all walks of social life.

6.1.4 Careers in Different Areas of Accounting

Today is the world of opportunities across the globe and thereby every field needs specialization. The Chartered Accountants must be aware which field to choose out of the multiple areas of specialization. It emphasizes the person to plan for the following things: -

- Type of Educational and professional certification required
- Personal Interest of an Individual
- Mindset to work in Private Sector or Government Sector
- To choose between the Nature of Industry i.e. Manufacturing, Service (Banking, Insurance etc.), Consulting, Self-employment and many other areas.
- Continuing Professional Education and Updating of Accounting systems worldwide.
- Focused plan in a particular region and Area of work.

As per Accounting Process Outsourcing Industry on the rise and due to COVID-19, its demand is increasing at a pace, we can understand the Global scope of work in two dimensional areas: -

- 1) Account Processes that are subject to outsourcing
- 2) Account Processes not purely subject to outsourcing

6.2 Account Processes (Outsourceable)

The concept of Account Process outsourcing, which cannot be outsourced is mainly the Governmental jobs. Due to the nature of the Government job and confidentiality of data attached to it, they are not usually subject to Outsourcing.

But there comes the role of specialization. When you get specialist in a particular field, you are free to use your skills in a particular expert area in the outsourcing world. *So almost all the areas of accounting are subject to outsourcing, whether from inception or after an individual becomes expert in it.*



So, we will discuss all the areas of work available to an accountant, whether on his home turf or in global outsourcing world.

6.3 Global Scope of Work for Chartered Accountants

One of the biggest challenges in choosing a right career comes after qualifying the Chartered Accountancy Course. There are numerous options before the qualified person, but a big question comes what to do.

As in Auditing, while performing an Audit, the auditor must be aware of the scope of work. As a Qualified accountant, one must always understand

- the options of career available
- the nature of work
- the scope of work/assignment
- Technological advancements globally
- Historical Methods of Accounting Profession
- Recent Trends in Global Accounting Work

Until a Qualified accountant makes the proper research which field, he should opt, it may create disinterest in his work down the line of career and lead to hampering his growth. Almost all the global areas of work under Accounting are possible in Outsourcing world also. Out of the various Scopes of Global work available, please understand it in the following context.

6.3.1- BOOKKEEPING, AUDIT ASSISTANTS, ACCOUNTS RECEIVABLE/ ACCOUNTS PAYABLE MANAGEMENT, PAYROLL MANAGEMENT SYSTEMS

BOOKKEEPING, AUDIT ASSISTANTS, ACCOUNTS RECEIVABLE/ ACCOUNTS PAYABLE MANAGEMENT, PAYROLL MANAGEMENT SYSTEMS	
Meaning	<ul style="list-style-type: none"> • Bookkeeping is the recording of financial transactions, on a day to day basis and is part of the process of accounting in business. • It ensures that records of the individual financial transactions are correct, up-to-date and comprehensive. • reporting a company's financial information in such a way that the business can make informed decisions about how to use its capital



<p>Thrust Area</p>	<p>The finances of most small businesses can be looked at as being comprised of three main components:</p> <ul style="list-style-type: none"> • Accounts payable, • Accounts receivable and • Payroll • Managing Cash Flow Statements for better management of Daily operations of business
<p>Organisation Structure</p>	<p>Organization structure defines the role of these service providers</p> <ul style="list-style-type: none"> • Very small businesses may need a bookkeeper only a few hours a month to manage bank statements, pay expenditures and reconcile income and deposits, thus need a part time accountant. • Larger businesses need debit and credit balancing completed on a daily basis and therefore need the support of a full-time accountant. • For big organizations, where the financial complexity reaches at greater levels, Accounting is sub-divided into many parts
<p>Roles & Duties</p>	<p>These are the specific roles an Accountant may play in any organizations. These roles also required specific knowledge and experience to manage the particular area of work.</p> <ul style="list-style-type: none"> • Daily Recording of Accounting Transactions • Paying expenditures • Billing services • Recording income and deposits • Balancing accounts • Reconciling statements • Managing past-due accounts • Preparing financial statements • Managing payroll • Withholding and filing taxes



	<p>Audit Assistants</p> <p>organization comprises are as follows-</p> <ul style="list-style-type: none">• Verifying records and financial statements created by other employees• Reviewing accounting records and financial data to check for accuracy• Compiling financial data and creating reports• Ensuring compliance with company policies and the law <p>Accounts Receivable Manager</p> <p>organization comprises are as follows-</p> <ul style="list-style-type: none">• Accounts receivable manager accomplish this objective by performing the following tasks:• Preparing and mailing invoices to customers• Posting payments to customer accounts• Aging the Accounts Receivable as per Company Policy• Reconciling cash receipts and deposits• Cash Flow Analysis <p>Accounts Payable Manager</p> <p>Accounts payable managers need to accomplish following tasks</p> <ul style="list-style-type: none">• Updating and maintaining records of expenditures• Responding to vendor invoices• Ensuring that all payments are made in accordance with company policy• Ensuring that all payments are sent on time• Resolving payment discrepancies and disputes on behalf of the company
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	<p>Payroll Accounting</p> <p>Payroll accounting includes following tasks</p> <ul style="list-style-type: none"> • Regular payroll processing and issuing of paychecks • Keep track of employee timecards, requests for paid and unpaid leaves of absence, as well as other factors that are essential to accurate payroll calculation. • Recording of pay and benefits into the company's accounting ledger • Ensuring accurate withholding of payroll taxes • Making payments to tax authorities • Managing withholdings for employee benefit contributions • Keeping the business in compliance with payroll reporting regulations
<p>Software</p>	<p>To become a global leader, the Accountant should be well versed with the International Accounting Software. So, a hands-on experience on the following software is a must: -</p> <ol style="list-style-type: none"> 1. QuickBooks 2. Zoho Books 3. Xero 4. NetSuite ERP 5. Saasu 6. Debitoor 7. SAGE <p>These are the few examples of International software mainly in subsistence. The main idea is to have a basic knowledge of working on this software so that when an accountant gets into international APO, he may be able to handle the assignments.</p>



<p>United States of America</p>	<p>You may need a license for a special role in larger organizations.</p> <p>Certified Bookkeeper</p> <p>The American Institute of Professional Bookkeepers (AIPB) offers the credential “Certified Bookkeeper.”</p> <ul style="list-style-type: none"> -Two years of full-time experience in the field -Passing an examination and -Abide by the AIPB code of ethics. <p>Certification by the AIPB demonstrates proficiency in the areas of adjustments, error control, payroll, inventory management, internal controls and fraud prevention through its testing program</p> <p>The National Association of Certified Public Bookkeepers (NCAPB) offers several levels of certification and licensing. In addition to bookkeeper certification, the NCAPB also offers certification in the areas of payroll. Certification is granted for Certified Public Bookkeepers, Certified Payroll Specialists and Certified QuickBooks Advisors. All certifications are issued through a testing process.</p>
<p>Canada</p>	<p>The bookkeeping profession is currently unregulated in Canada, and anyone can advertise their services as a bookkeeper. Colleges and business schools typically offer certificate programs in bookkeeping that require completion of courses in record keeping and accounting software such as Simply Accounting and QuickBooks.</p> <p>The Institute of Professional Bookkeepers of Canada (CPB) offers certification for bookkeepers. The Certified Professional Bookkeeper (CPB) designation requires at least two years of professional experience as a bookkeeper and completion of an exam.</p> <p>The site of CPB is as under: -</p> <p>https://cpbcan.ca/</p> <p>Certified Professional Bookkeepers of Canada (CPB Canada), legally known as the Institute of Professional Bookkeepers of Canada (IPBC), is a member-based association, a national certifying body, and the leading professional and career development organization for bookkeepers in Canada.</p>



<p>Australia</p>	<p>Institute of Certified Bookkeepers, Australia (ICB) In Australia, The Institute of Certified Bookkeepers promotes and maintains the standards of bookkeeping as a profession, through the establishment of a series of relevant qualifications and the award of grades of membership that recognise academic attainment, working experience and competence. ICB is a member based, not for profit, professional association: bookkeepers helping bookkeepers.</p>
	<p>Website: https://www.icb.org.au/ Membership of ICB, Australia ICB offers alternate pathways in verifying an individual's skills and knowledge combined with acknowledgement of experience</p> <p>Entry to Membership via Qualifications The most relevant Bookkeepers qualifications available are the Certificate IV Bookkeeping or Certificate IV Accounting, provided by TAFEs and other Registered Training Organizations within Australia. ICB recognizes the achievement of these Certificate IVs as a membership pathway.</p> <p>Entry to Membership via Experience</p> <ul style="list-style-type: none"> • Affiliate Membership requires successful completion of the ICB assessment "Certificate of Bookkeeping Knowledge - Affiliate". Affiliate membership is available to new or inexperienced bookkeepers. • Associates Membership requires successful completion of the ICB assessment "Certificate of Bookkeeping Knowledge - Associate". For Associate membership, you are required to provide evidence of at least 12 months of current 'hands on' experience from 2 independent sources. • Full Members require successful completion of the ICB assessment "Certificate of Bookkeeping Knowledge - Member". full Member membership you are required to provide evidence of at least 24 months of current 'hands on' experience from 2 independent sources. • Successful completion of the assessments requires a pass mark of at least 70% <ul style="list-style-type: none"> - Experience statements can be provided by clients, accountants or employers to support your application. - The registered Bookkeeper needs to pay an annual fees ranging from \$432 to \$480 AUD.



	<p>Practice in ICB, Australia</p> <p>Member in Practice</p> <p>Sometimes called outsourced bookkeeping services or contract bookkeeper. You provide bookkeeping services to other businesses. Just like a part time accountant having its own office in India. Members in practice have access to all relevant sections of the ICB resources, website, support services, marketing opportunities and receive leads for work generated through ICB. They are granted the use of the ICB crest in relation to their personal business card and marketing. They are permitted to use the term “Certified Bookkeeper”.</p> <p>Member in Employment</p> <p>A person working within a business, performing bookkeeping duties for that business alone (and not for clients of their own or the business). It seems more like a Full time accountant in any organisation. They have access to all ICB Resources and can use the term “ Certified Bookkeeper”</p>
<p>United Kingdom Bookkeeping</p>	<p>Bookkeeping is a regulated profession following the establishment of the Money Laundering Regulations (MLR) in 2007.</p> <p>Bookkeepers are required by law to be monitored by an HM Treasury appointed supervisory authority such as ICB and to put in place anti-money laundering controls to help them identify, prevent, and report money laundering offences.</p> <p>Website: https://www.bookkeepers.org.uk</p>



	<p>Practicing Rights of Members of ICB, U.K.</p> <p>A member of ICB, U.K. can practice in the following manner:-</p> <p>1) Payroll Agent Payroll Agents are qualified to manage the payroll for micro and small businesses and offer a payroll service to clients.</p> <p>2) Associate AICB (Assistant Bookkeeper) Associate members have a full understanding of the concepts of double-entry bookkeeping. Associate member understands bookkeeping software and calculation of UK VAT.</p> <p>3) Member MICB Self-employed bookkeeper Members have a firm understanding of the basics of IFRS and UK GAAP. They have the knowledge subset to produce final year-end accounts for internal use by sole traders, partnerships, not-for-profits and Limited Companies and LLPs.</p> <p>4) Fellow FICB (Financial Manager) Fellows provide management information and make recommendations, file self assessment and/or corporation tax returns and company accounts for micro and small businesses</p>
<p>Bookkeeping In UAE</p>	<p>For starting a Bookkeeping business in UAE or Dubai, one needs to fulfil the following requirements:-</p> <ol style="list-style-type: none"> 1) It is important that you have a degree in accounting or relevant fields in order to own an accounting firm in Dubai. 2) To start an accounting firm in Dubai you have to apply for a professional license in Dubai which is issued by the Dubai Economic Department(DED) 3) Professional License is the only kind that allows expatriates to have 100% ownership of an organisation in Emirates. However, you need to have one Emirati citizen as your service agent, who would offer assistance in obtaining a license and handling other legal activities. This agent does not have any direct interference in the business. Also the License holder will be liable for all types of its debts. <p>Website: https://eservices.dubaied.gov.ae/</p>



	<p>Additional Information</p> <p>As per Dubai Economic Department, the Bookkeeping License will include the offices specialized in setting and designing accounting systems for companies and firms, designing accounting documents, records and books, setting documentary cycles or other accounting processes. These offices offer services against fixed fees, but may not examine or audit accounts.</p>
Additional information	<ul style="list-style-type: none"> • Complete understanding of Technological advancements • Complete knowledge of software (particular) • What is your scope of work? • How software will help you perform your task. • Complete understanding of Legal framework of a country where you are providing services. • Understanding of Financial Modelling. • Google Presence • Professional presence in online/social media • Data Security Compliances • Certifications like ISO, GDPR, HIPAA etc.

Many bookkeepers also offer tax preparation services, which create an annual surge in business for bookkeepers. Finances and taxes go hand in hand, so a bookkeeper that pursues education in the area of tax preparation offers a full-service business. Bookkeepers who want to become tax preparers need to register with the IRS, pass an examination and complete annual continuing education requirements to stay current on tax laws.

6.3.2 Tax Consultant (Direct Tax / Indirect Tax)

TAX CONSULTANT (DIRECT TAX OR INDIRECT TAX)	
MEANING	<p>A tax advisor is a financial expert with advanced training and knowledge of tax accounting and tax law. A person who advises other people and companies on tax affairs, especially on legal ways of paying less tax.</p> <p>A good tax consultant understands tax laws, and is able to advise strategies that minimize obligations</p> <p>A tax advisor may also be known as a tax consultant.</p>



ROLE	<p>Income Tax consultancy Goods and Service Tax Consultancy (In some countries it is VAT Consultancy e.g. in U.K.)</p> <ul style="list-style-type: none"> • Estate Tax and Planning • Corporate Tax and Planning • International Tax Planning and Research
USA	<p>Taxation Practice in USA</p> <p>Tax practice regulated by IRS (Internal Revenue Service) can be visited at irs.gov</p> <p>Anyone who prepares a tax return for clients must get a Preparer Tax Identification Number (PTIN) from the IRS.</p> <p>Efiling Identification Number (EFIN) also required from IRS, if to become an online filer of paid Returns</p> <p>Tax professionals who work as CPAs or enrolled agents (EA) must earn specific credentials. CPAs need a license from their state boards of accountancy, which requires passing the CPA exam. EAs must register with the IRS and pass a three-part special enrollment exam and a background check.</p> <p>For VAT, State Taxes and Business Taxes purposes one can register and enroll at https://www.usa.gov/taxes</p>
	<p>The United States (US) does not have a national sales-tax system. Rather, indirect taxes are imposed on a sub-national level. Each state has the authority to impose its own sales and use tax, subject to US constitutional restrictions.</p> <p>In many states, local jurisdictions (e.g. cities and counties) also impose sales and use taxes.</p> <p>Important Associations and their websites of USA</p> <p>National Society of Tax Professionals (nstp.org)</p> <p>National Association of Registered Tax Return Preparers (nartrp.com)</p> <p>National Association of Tax Preparers(natptax.com)</p> <p>National Association of Enrolled Agents(naea.org)</p> <p>National Society of Accountants(connect.nsaacct.org)</p>



<p>Canada</p>	<p>Taxation Practice in Canada</p> <p>Official website of Canadian Income Tax Office https://www.canada.ca/en/services/taxes.html</p> <p>You do not need to get a certificate to start tax preparation business in Canada.</p> <p>You need software (EFILING Software) and register with CRA. CRA runs a suitability check for all such applications.</p> <p>Once you are approved and have an EFILING software you can set up your office. BUT you definitely need a detailed knowledge and ideally some tax training if not a tax certificate.</p> <p>Canadian indirect taxes include:</p> <p>GST, HST, QST, provincial sales tax (PST)</p> <p>Payroll taxes (e.g., CPP, EI, Ontario EHT, and WSIB)</p> <p>https://www.atapcanada.org/</p> <p>Association of Tax & Accounting Professionals</p>
<p>Australia</p>	<p>Tax Accountant in Australia</p> <ul style="list-style-type: none"> • By having participation in the CPA program, an individual becomes a member of a recognized accounting institution, like the Institute of Public Accountants or the Institute of Chartered Accountants of Australia • Besides, there are numerous other options for Tax Accountants as consider becoming a Taxation Consultant or stepping into management. <p>Role of a Tax Accountant in Australia</p> <ul style="list-style-type: none"> • Preparation, submission, and management of tax and financial statements and BAS statement when required. • Having communication with ATO (Australian Tax Office) and regulatory bodies whenever there is a need. <p>Australian Tax Practitioner</p> <p>If anyone provides tax agent services for a fee or other reward, they must be registered with the Tax Practitioners Board (TPB).</p>



Requirements for registration

1. You must be at least 18 years of age to be eligible to apply.
2. You must be a fit and proper person

Fit and proper requirements for tax agents

To be eligible for registration an applicant must satisfy a fit and proper person requirement. The fit and proper person requirement applies to:

- individual applicants
- each partner and director in respect of partnership and company applicants.

In deciding whether an individual is a fit and proper person, we must consider:

- whether the individual is of good fame, integrity and character
 - whether any of the following events have occurred during the previous five years:
 - o the individual has been convicted of a serious taxation offence
 - o the individual has been convicted of an offence involving fraud or dishonesty
 - o the individual has been penalized for being a promoter of a tax exploitation scheme
 - o the individual has been penalized for implementing a scheme that has been promoted on the basis of conformity with a product ruling in a way that is materially different from that described in the product ruling
 - o the individual has had the status of an undischarged bankrupt
 - o the individual has been sentenced to a term of imprisonment or served a term of imprisonment in whole or in part.
3. You must satisfy the qualification and experience requirements.

Tertiary qualifications in accountancy

- A degree or a post-graduate award from an Australian tertiary institution (or a degree or award that is approved by the Board from an equivalent institution) in the discipline of accountancy



	<ul style="list-style-type: none"> • Board approved course in Australian taxation law • Board approved course in commercial law • The equivalent of 12 months of full-time, relevant experience in the past five years. <p>4. You maintain, or will be able to maintain, professional indemnity insurance that meets our requirements. PI insurance is a consumer protection mechanism to compensate your clients in the event they suffer loss due to an act, error or omission as a result of tax agent services you provide.</p> <p>e.g. You need to take a cover of AUD 500000 if your gross receipts are ranging from AUD75001-500000.</p> <p>5. Complete an online application and provide all supporting documents.</p> <ul style="list-style-type: none"> • Australian-issued identity documents e.g. Australian visa (if using a foreign passport) • Electronic copies of certificates, academic transcripts and course outlines <p>6. Statement/s of relevant experience from a supervising tax agent or employer to demonstrate you have the required amount of experience</p> <p>Official Website of Australian Tax Department</p> <p>https://www.ato.gov.au/</p> <p>https://www.tpb.gov.au/</p> <p>For learning and getting Tax Agent Certification other than CPA</p> <p>https://www.publicaccountants.org.au/education/tax-agent-certification-course</p>
<p>United Kingdom</p>	<p>Tax Practice in United Kingdom</p> <p>HM Revenue and Customs</p> <p>https://www.gov.uk/topic/personal-tax/income-tax</p> <p>Her Majesty's Revenue and Customs (HM Revenue and Customs or HMRC) is a non-ministerial department of the UK Government responsible for the collection of taxes, the payment of some forms of state support and the administration of other regulatory regimes including the national minimum wage and the issuance of national insurance numbers.</p>



	<p>The department is responsible for the administration and collection of</p> <ol style="list-style-type: none"> 1) direct taxes including Income Tax, Corporation Tax, Capital Gains Tax (CGT) and Inheritance Tax (IHT), 2) indirect taxes including Value Added Tax (VAT), excise duties and Stamp Duty Land Tax (SDLT) <p>Role of a Tax Accountant in UK</p> <ul style="list-style-type: none"> • Researching, analyzing and interpreting of changing tax legislation in relation to their services • HMRC enquiry work / Tax Tribunals <p>Workings of UK tax law and HMRC provisions</p> <p>UK Tax Practitioner</p> <ul style="list-style-type: none"> • Chartered Institute of Taxation(https://www.tax.org.uk/homepage) • The Association of Taxation Technicians (https://www.att.org.uk/) <p>regulates the Taxation practice mainly in UK.</p> <ul style="list-style-type: none"> • Entry without a degree is possible as a tax trainee or apprentice, usually working for an independent firm or one of the smaller practices. • Indirect entry is possible for those who have a professional qualification in chartered or certified accountancy from one of the UK professional accountancy bodies - preferably one that covers taxation. • Following Institutes support these qualifications <p>Institute of Chartered Accountants in England & Wales (ICAEW)</p> <p>Chartered Institute of Management Accountants (CIMA)</p> <p>Chartered Institute of Taxation (CIOT)</p>
<p>UAE</p>	<p>Taxation Practice in UAE</p> <p>UAE do not impose corporate or income tax on the individuals or the companies, however, very recently indirect taxes were imposed on all residents of UAE be it a natural or a legal person.</p> <p>Steps to Becoming a Tax Agent</p> <p>The FTA has laid down standards for people to meet before they can be registered tax agent in Dubai.</p>



	<p>An individual who is looking to be a tax agent needs to meet a couple of conditions. A list of what they require for an individual to meet is as follows:</p> <ul style="list-style-type: none"> • The individual needs to have practical experience of three years in taxation, accounting, or the law. • The person needs to be fluent in Arabic and English. • The individual needs to have a bachelor's or master's degree in tax, accounting, or the law. These certificates should be from an accredited educational institution. • The individual needs to take the FTA tests and pass them. • The person needs to be physically fit for them to be able to perform the tasks needed to be done. • The person also needs to hold professional indemnity insurance. • The individual needs to have good records in terms of conduct, without any stains of crime or misdemeanor in the record. <p>Tax agents can greatly help in ensuring that you are on the right track and not delaying what needs to be submitted like tax returns.</p>
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6.3.3 Educators

Accountants can become educators at the College level, schools of businesses, and universities. Earning a PhD is usually required for college-level professorships in accounting along with recognition from University Grants Commission.

We know many of the Chartered Accountants who are imparting knowledge and education through satellite channels to the different sections of the society. Education is not restricted to the students at a particular Institute or Body. With the presence of 4G/5G technology and with the spread of pandemic COVID_19, the system of education is completely changing its wings. The classroom coaching is becoming outdated. Plethora of knowledge is available through online web applications in use. Widespread use of online channels like Zoom, Cisco WebEx, Google Meet, Microsoft Teams etc. has made it very easy to disseminate information and knowledge sitting online.

So, if you are really have a command over a subject, you may get to start making tie up with International College, Universities, Professional Institutes to educate people around the world on the area of your interest. E.g. Becker Institute, a US institute giving online courses of study for US CPA completely



educates you through webinars. There is no classroom teaching. And all the teachers sitting online are CPAs including Indian CAs also.

As per a study made by Google in 2017, India's online education market is set to grow to USD 1.96 billion and around 9.6 million users by 2021 from USD 247 million and around 1.6 million users in 2016.

The E-learning in India is changing at a rapid pace due to the following factors:

1. Growth in Internet & Smartphone Penetration
2. Cost of Online Education Is Low
3. Traditional Model Unable to Fulfill the Additional Capacity
4. Digital-Friendly Government Policies like Digital India and Skill India

6.3.4 Freelancer/ Consultants

Professionals with backgrounds in special area of accounting may choose to become a freelancer or Consultant for Operational / Performance Audits of an organization. They may enter into Opinion making on a subject of Direct or Indirect Taxation. They can also choose to work in non-profit organizations in jobs that are similar to those found in the corporate world.

6.3.5 Public Accounting

Public accounting covers a wide range of services, including preparing and issuing the public financial reports for a company, providing business consulting services or personal financial planning services, and preparing tax returns.

Public accounting includes several types of accounting:

- Financial accounting involves preparing a company's public financial statements.
- Forensic accounting involves examining financial records looking for fraud and other illegal activities or reconstructing missing financial records.
- Tax accounting focuses on individual and business taxes, typically with the intent of limiting the tax obligation as much as possible.
- **External auditing** involves the review of financial statements to determine that they were prepared correctly.

6.3.5.1 Public Accounting Firms

6.3.5.1.1 The Big Four Indian Accounting and CA Firms

Prime Minister Narendra Modi addressed on creating *four big Indian accounting firms* that are counted among the world's Big-8 by 2022. The



CA community looks after the economic health of the society, having a big responsibility as they form a key pillar of the Indian economy.

6.3.5.1.2 Big 100 Accounting Firms

Top 100 firm of Public Accounting Chartered Accountant firms in India is also a dream you can fulfill by establishing high standards of services, Accountability, Integrity and ethics. There are few public accounting firms which have national and global presence. However, their presence in the country and services are more efficient and they have dedicated partners to cater to their clients.

6.3.5.1.3 Medium, Small and Micro Scale Accounting Firms

There are also hundreds of small to medium-sized professional accounting and CA firms in cities across the country, most of which practice within one state or within a targeted region.

6.3.6 Management Accounting

Management accounting is the process of preparing reports about business operations that help managers make short-term and long-term decisions. It helps a business pursue its goals by identifying, measuring, analyzing, interpreting and communicating information to managers.

Management accountants prepare detailed reports and forecasts for managers inside the company. These reports are not intended for public review.

Management accountants track and analyze internal financial information by designing, implementing, and managing internal financial management systems that assist with performance management, strategic management, and risk management.

As accountants gain experience, they can move into senior positions in any of the areas, taking on more responsibility and more complicated tasks. Accountants may eventually move into management positions as Financial Accounting & Reporting Managers, Management Accounting Managers, Tax Managers, or Internal Audit Managers. An accountant could also become the Chief Financial Officer (CFO) who advises the President or CEO in matters related to financial strategy and financial reporting.

6.3.7 Internal Auditing

The **COSO (the Committee of Sponsoring Organizations of the Treadway Commission)** model defines internal control as “a process effected by an entity’s board of directors, management and other personnel designed to provide reasonable assurance of the achievement of objectives in the following categories:



- Operational Effectiveness and Efficiency
- Financial Reporting Reliability
- Applicable Laws and Regulations Compliance

Internal audits evaluate a company's internal controls, including its corporate governance and accounting processes. They ensure compliance with laws and regulations and help to maintain accurate and timely financial reporting and data collection.

Internal auditors provide an independent, objective examination of an organization's finances. Internal auditors mainly identify financial mismanagement or fraud or identify ways to improve financial management and reduce waste. Corporate and retail investors use the information revealed through internal audits to decide which securities are worth purchasing.

A Big area of work for new age Accountants. A complete study of a business venture, its SWOT analysis, Methodology to reduce internal control weaknesses and then practical implementation of the processes.

6.3.7.1 The Institute of Internal Auditors (The IIA)

Incorporated in 1941, The Institute of Internal Auditors (The IIA) is an international professional association with global headquarters in, Florida, USA. The IIA is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator. Members work in internal auditing, risk management, governance, internal control, information technology audit, education, and security.

IIA-India is a non-profit professional organization dedicated to the advancement and development of the internal auditing profession in India, in sync with the highest standards propagated by its parent body. Presently IIA India and the six Chapters activities in Bengaluru, Delhi, Hyderabad, Kolkata, Madras and Mumbai. Some of the Chapters have in addition, 'Audit Club' attached to it (with less than 100 members in each Audit Club), which operate from cities falling within their respective geographical region. This process facilitates local programs/meetings, minimal time/cost on the part of the members, given the size and spread of the country. The present membership strength is around 3,000, which includes members drawn not only from trade, industry and practice, but also comprises internal auditors with multi-disciplinary professional skills so as to fully meet the diverse business challenges.

Admission to membership is through a Joint Application form whereby membership is granted to The IIA, IIA India and the Local Chapter together thereby allowing the member to access and enjoy the Member benefits at the International, National and Local Level.



To enhance professionalism and promote internal audit, the Certified Internal Auditor (CIA) examination conducted by The IIA around the world can also be given from India. This certification represents the hallmark of excellence in internal auditing worldwide and is a must, considering today's fast-paced dynamic and evolving business environment and requirements. CIA Certification is currently the commonly recognized international professional qualification for internal auditors.

The main websites for further information are

<https://global.theiia.org>

<https://www.iiaindia.org>

6.3.8 Accounting Information System Career

Accounting information systems specialists are familiar with both accounting and the software and systems accountants need to perform their jobs.

In large business and organizations AIS specialists are found within the accounting department working with the IT department to customize and implement commercial accounting software and integrate it into their network.

Accounting information systems (AIS) are becoming increasingly complex as companies seek to extract the most useful information available from mountains of data. Today's accountants rely on specialized accounting software and IT infrastructure, and they also rely on specialists for its creation, implementation and use.

A career has emerged from the need to address the very specific IT concerns within accounting. They effectively function as the link between the IT and accounting departments. In smaller organizations, AIS specialists are also responsible for all general accounting functions.

With increased demands for data accuracy and usefulness comes an increased demand for automation, and AIS specialists bring both IT and accounting skills to the table to offer solutions. While IT and software engineers can easily envision how the tools can be developed, accountants have requirements for how data should be entered and how it all fits together. AIS specialists bridge this gap with a full understanding of accounting principles as well as an understanding of what accounting information systems are capable of. By having expertise in both areas, AIS specialists ensure the best possible system are developed and used in operations.

The Applied Use of Accounting Information Systems

Moving beyond financial statements to the precise numbers needed to make sound decisions requires the ability to manipulate data. As used here, data



manipulation means to extract what matters most and then apply the correct accounting principles needed to deliver the most accurate financial picture possible to make fully informed business decisions.

Accounting software is widely available and used by businesses of all sizes. Small businesses commonly use QuickBooks or Zoho to help them with their accounting functions. These tools allow them to record all of their financial transactions and create statements with only a few clicks. Larger businesses will want expanded functionality. Commercial software is available, and is required to perform many functions:

Auditing Traditionally, auditors have manually examined processes, receipts, and inventories. As processes have become more automated, skilled programmers develop software to accomplish some of these tasks, and AIS specialists ensure the software operates in a way that complies with generally accepted accounting principles.

Reporting is done for internal and external use. Internally, reports are created on everything from market trends to the performance of a company's sales department. External reporting is used for tax and compliance reporting to federal agencies. Accounting information systems are used to extract data that is most relevant to a given application.

General ledgers are where all financial transactions are recorded as either debits or credits. Accounting software automates this process, so the accountant's focus is on content review rather than data entry.

Accounts payable and accounts receivable track invoices that come in for business operating expenses, and conversely, keep track of who owes the company for products and services delivered.

Sales and Billing systems interact directly with accounting information systems to ensure that the company knows what products and services it needs to deliver, and to see to it payment is received in a timely manner.

Inventory and Production is tracked through accounting systems to ensure management has a complete picture of production rates and available inventory.

6.3.9 Actuary Job Description

Actuarial accounting is a statistics-based accounting method primarily used in the insurance industry, and for that reason is often referred to as insurance accounting. Actuarial accounting methods are also commonly used in the management of government regulated pension plans, the creation of financial products and the assessment of the risks associated with financial investments.



Actuarial accountants are statisticians who use formulas applied to statistical information in accordance with statutory and generally accepted accounting principles to assess the probability of a specific risk event taking place within a given time period. Essentially, actuarial accountants gather and analyze data factors, including financial and social data, and make recommendations that will allow a corporation, government entity or insurance agency to maintain a solid financial standing.

6.3.9.1 Actuarial Accounting in the Insurance Industry

Actuarial findings are used by the insurance industry for two primary purposes:

- a. To set the cost of insurance policy premiums and
- b. to ensure that insurance companies maintain adequate loss reserves with which to pay benefits.

Insurance companies are required to set aside a certain amount of money in **loss reserves** to be available to policyholders or beneficiaries to cover liabilities in the event that benefits need to be paid.

Insurance companies use their actuaries to help arrive at an accurate estimate of what their yearly liabilities are likely to be. Using the same data that is collected in determining the level of risk for individual policyholders, actuaries can arrive at an accumulative total amount likely to be paid out in benefits each year, which allows them to maintain an adequate loss reserve to cover these liabilities.

6.3.9.2 Actuarial Accounting in Pension Plans

The purpose of a pension plan is to set aside funds that appreciate over time and provide the plan holder with a moderate to substantial compensation package that can be accessed upon retirement. The goal of an actuarial accountant is to determine how much funding these programs will need to ensure the plans have enough funds to cover their future liabilities as they become due. National Pension Scheme (NPS) or Atal Pension Yojana (APY) could not have been possible without the involvement of actuaries.

6.3.9.3 Actuarial Accounting in Financial Service Industry Risk Assessment

Actuarial accountants also play an important role in the financial services industry by assessing the risks involved with investments and financial products. Actuarial accountants use statistical information and actuarial tables to estimate the potential rate of return on an investment. Some investments carry a high rate of risk, such as stocks and securities, but also carry a high return potential. Other investments such as government-backed bonds are considered to be less risky, but also offer a lower potential return



on investment. An actuarial accountant works to determine the potential risk involved with a specific financial product or investment, and whether the company can absorb that risk.

6.3.9.4 Important websites of Actuarial Courses

Indian Institute of Actuarial	http://www.actuariesindia.org/
Society of Actuaries (USA)	https://www.soa.org/institutions/
Institute and Faculty of Actuaries (UK)	https://www.actuaries.org.uk/
Actuaries Institute (Australia)	https://www.actuaries.asn.au/
Actuarial Association of Europe (Europe)	https://actuary.eu/

6.3.10 Environmental Accounting

Environmental accounting, also called green accounting, refers to modification of the System of National Accounts to incorporate the use or depletion of natural resources. Environmental accounting is a vital tool to assist in the management of environmental and operational costs of natural resources.

Industries were neither clean nor green and gave little consideration to the environmental impact of their business. Today businesses face a ladder of environmental regulations and industries from manufacturing to technology must now consider their ecologic and social impact. Businesses are seeing it as their responsibility to be ecologically and socially responsible, also economically feasible and financially beneficial.

Environmental Accounting – Environmental accounting is the practice of incorporating principles of environmental management and conservation into reporting practices and cost/benefit analyses. Environmental accounting allows a business to see the impact of ecologically sustainable practices in everything from their supply chain to facility expansion. It allows accountants to report on the economic impact of those decisions to stakeholders so as to allow for proactive decision making about processes that simultaneously meet environmental regulations while adding to the bottom line.

Through environmental accounting, an industry is mainly focused on the following aspects of Environment:

- 1) Environmental accounting encourages consumers and helps them purchase environmentally friendly products, i.e., green products produced by the corporate, and as such, both consumers and corporate benefit.
- 2) Corporate sectors can show their commitments towards introduction



and change, and thus seem to be responsive to new factors.

- 3) Environmental accounting is of the utmost importance in answering certain queries, such as the extent of natural resources available in countries, what are the incomes arising out of them, what are the expenses incurred to protect the resources, what is its importance from the view of the nation, and at what values should they be shown in the nation's balance sheet, etc.?
- 4) Environmental accounting is beneficial in another sense, which offers an idea about industrial development, a nation's economic progress and social welfare and the fulfillment of responsibility towards society.
- 5) Environmental accounting improves environmental performance through better management of environmental cost and thus, benefits the natural and human environments.
- 6) By minimizing environmental impacts through improved design of products, packages and processes, environmental accounting takes the competitive advantage. Inter and intra firm comparison reveals whether environmental costs are adequate or not.
- 7) Multinational bodies like the IMF, World Bank, UNO, etc., are looking for countries seeking their assistance to meet their environmental requirements.
- 8) Government can use the data through the changes in financial budget and by other measures to achieve optimal allocation of scarce resources in the economy of a country.

Environment Accounting is a specialized job which involves application of sustained efforts by the Accountants in the particular sphere of Environment Accounting. Here one can study impact of different types of production process of Industries on Environment, Consumption of Resources, Allocation of resources, Cost benefit analysis for the industry, Budget suggestions and Corporate Social Responsibility. An area of work which needs lot of research and dedicated efforts.

6.3.11 Sustainability Accounting and Measurement

Sustainability is the principle of engaging in practices that will not deplete a resource, and sustainability accounting and measurement is to engage in practices that allow a business to measure and assess the environmental impact of its activities. Sustainability measurement is a quantitative basis for management of sustainability practices. When a business makes a decision to use green packaging (a sustainable practice), it needs to know how that increased cost is offset with decreased waste disposal costs or increased consumer interest, in addition to the environmental implications (sustainability measurement).



Sustainability measurement and accounting can also be applied to areas of social impact, especially for those businesses engaging in international commerce where materials and workforce considerations become a matter of public scrutiny. The United Nations launched an educational program expressly for promoting sustainability practices, which was aptly named *Sustainable Consumption and Production*. This program promotes resource efficiency while creating opportunity by way of jobs in new and expanding markets.

Here is wide variety of consultancy and opinion making jobs in the above are for seasoned accountants. They are the persons who can really calculate the impact and cost benefit analysis to the corporates for its applicability.

6.3.12 Social accounting

Social Accounting is defined by Richard Dobbins and David Fanning as “the measurement and reporting of information concerning the impact of an entity and its activities on society”.

Objectives of Social Accounting

The concept of social accounting gained prominence and momentum as a result of high level of industrialization that had necessitated the corporate to invest substantial amount in the social activities. Main objectives of social accounting are to help society by providing different facilities by enterprise and to record them like:

1. Effective utilization of natural resources
2. Help to employees by providing the facility of education to children of employees, providing transport free of cost and also providing good working environment conditions.
3. Help the society e.g. companies' factories spread the pollution in natural society which is very harmful for society .So, enterprise can help to society by planting the trees, establishing new parks near factory area and also opening new hospitals.
4. Help to customers If company provides goods to customers at lower rate and with high quality also benefits the society.
5. Company can help to investors by providing transparent accounting information to investors.

Corporate Social Responsibility

India is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to the Companies Act, 2013 in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger as part of any CSR compliance.



Amid the COVID-19 (coronavirus) outbreak, the Ministry of Corporate Affairs has notified that companies' expenditure to fight the pandemic will be considered valid under CSR activities.

Role of Accountant

Though the area of expenditure in CSR is mandated by the Board of a Company, the Expert Accountant on the subject has a vital role in guiding the board as to how to route the amount allocated for CSR activities in the country so that the real beneficiary may be benefitted.

The Institute of Chartered Accountants of India has come up with a Guidance note on how to make treatment of expenditures made for CSR activities by the Corporates. It particularly guides the accounting treatment and its Presentation and disclosure in the financial statements of the corporates along with the Notes to Accounts. So, it being a specialized job, is a widely workable area for new accountants.

Industry contribution to CSR Activities

Corporate India increased its prescribed amount for CSR expenditure from Rs 5,779 crore in 2014-15 to Rs 7,096 crore in 2017-18, the CSR work of 100 companies. So, it depicts the size of industry in which accountants play a crucial role.

6.3.13 Budget Analyst

Budget analysts' main responsibility is to analyze the budget and look for ways to use resources more efficiently so as to increase profits. They identify budget issues that need to be addressed, notify management, and then make recommendations for new budgeting strategies.

Role of Budget Analysts

- Provide advice and technical assistance in the preparation of annual budgets
- Develop the organization's budget
- Review managers' budget proposals for completeness, accuracy, and compliance with laws and other regulations
- Explain their recommendations for funding requests to others in the organization, legislators, and the public
- Help the chief operation officer, agency head, or other top managers analyze the proposed plan and find alternatives if the projected results are unsatisfactory
- Monitor organizational spending to ensure that it is within budget



- Inform program managers of the status and availability of funds
- Estimate future financial needs

Tools Used by Budget Analysts

Budget analysts use spreadsheet, database, and financial analysis software. Many organizations now use Enterprise Resource Planning (ERP) programs as part of the budgeting process. By bringing together all of an organization's operating information into a single computer system, ERP programs help analysts estimate how a change in the budget will affect each part of the organization.

In addition to financial and technical skills, budget analysts need strong verbal and written communication skills. This is because the job involves preparing, presenting, and often defending budget proposals when presenting them to decision makers.

Scope of Budget Analysts in India

In India Budget analysts work in mergers & acquisitions and help a company restructure itself through the purchase and/or sale of companies. Also known as Money market analysts they focus mainly on knowing financial instruments such as stocks, shares, bonds and debentures.

They are employed by media houses to analyze the budget every year. They also work in companies and corporates to study the data and information and help them restructure their business model.

They work as Budget Analyst, Budget Officer, Budget and Policy Analyst, Chief Financial Officer (CFO), Budget Coordinator.

6.3.14 Financial Controller

The chief financial officer (CFO) is officer of a company that has primary responsibility for managing the company's finances, including financial planning, management of financial risks, record-keeping, and financial reporting. In some sectors, the CFO is also responsible for analysis of data. Some CFOs have the title CFOO for chief financial and operating officer.

In the United Kingdom, the typical term for a CFO is finance director (FD). The CFO typically reports to the chief executive officer (CEO) and the board of directors and may additionally have a seat on the board. The CFO supervises the finance unit and is the chief financial spokesperson for the organization. The CFO directly assists the chief operating officer (COO) on all strategic and tactical matters relating to budget management, cost-benefit analysis, forecasting needs, and securing of new funding.

Most CFOs of large companies have finance qualifications such as a Chartered



Accountant, Master of Business Administration (MBA), CFA or come from an accounting background such as a Certified Public Accountant. A finance department usually consists of qualified accountants such as Certified Public Accountant, , Certified Management Accountant, Chartered Certified Accountant.

Financial controller is the title held by the financial manager in a private business or publicly traded company. Financial control officer (FCO) is used to designate an executive position, while functionally having the same responsibilities as a financial controller. Comptroller is the title more commonly used to designate these positions within government. Other job titles typically held by professionals who work as financial controllers include treasurer and finance director.

Specific tasks performed by financial controllers

Legislation exists that requires the external and internal auditing of publicly traded companies to protect consumers and investors against fraud and error. A company's financial controller is responsible for overseeing the completion of internal control audits and facilitating changes to the controls when error, or the potential for error or fraud is identified. The controller also manages fiscal operations and has responsibilities that include:

- Monitoring and controlling cash flow
- Developing and maintaining a company's financial policies and procedures
- Creating and completing financial reporting systems (daily/weekly/monthly/quarterly/annual)
- Selection and maintenance of financial software
- Overseeing payroll and accounts receivable and payable
 - Completing audits and financial compliance activities
- Monitoring debit/credit
- Reporting to the SEBI (for publicly traded companies)
- Managing any outsourced financial activities

Virtual CFO

Virtual CFO stands for virtual chief financial officer. A virtual CFO is an outsourced service provider offering high skill assistance in financial requirements of an organization, just like a chief financial officer does for large organizations. A virtual CFO may be a single person or an entity.

The mushrooming of the startup ecosystem has generated specialized service



providers which fit the requirement of startups normally do not have the resources to hire a full-time CFO. Startups like to keep fixed costs low and having outsourced service provider provides them the flexibility of choosing services as and when required. A Virtual CFO provides strategic, value add services to a startup which cannot be provided by an accountant.

In the United States, VCFO services are typically used by small to medium businesses with annual sales in excess of \$1 million.

6.3.15 Cost Accounting Jobs

Cost accounting is defined as «a systematic set of procedures for recording and reporting measurements of the cost of manufacturing goods and performing services in the aggregate and in detail. It includes methods for recognizing, classifying, allocating, aggregating and reporting such costs and comparing them with standard costs.»

Often considered a subset of managerial accounting, its end goal is to advise the management on how to optimize business practices and processes based on cost efficiency and capability.

The Role of a Cost Accountant

While most cost accountants work in government organizations or large companies, some will work as consultants either through public accounting firms or their own independent practice. Private consultants will often be called upon to perform services for small or mid-sized businesses that cannot substantiate the full-time employment of a cost accountant. Those who are employed full-time will perform a wide variety of duties:

- Providing data for stable budget developments
- Using software to allocate indirect costs to internal processes
- Detailed analysis on suitable cost drivers
- Evaluation of potential business ventures

Cost accountants should be familiar with all of the methods of cost accounting, as well as the software programs that support cost accounting functions. There are four primary methods of cost accounting, each of which allocates indirect costs to individual product lines and / or services:

Standard Costing System assigns an average cost to each direct cost (labor, material, overhead, etc.) associated with a product so as to standardize the cost accounting system. This is one of the more popular methods of cost accounting used by small and medium sized businesses because of its simplicity.

Activity-based Costing determines fixed and variable costs in proportion to



the direct cost associated with a product line.

Throughput Accounting focuses on the expansion of an organization's efficiency, by reducing production bottlenecks and/or limitations and thereby maximizing throughput.

Cost-Volume-Profit (CVP) Analysis determines total fixed and variable costs based on the total quantity of products produced. It uses this information to calculate a company's breakeven point, or the production level at which it will begin to earn a profit.

While many software packages are specific to particular industries, popular programs include SAP, Oracle, and JD Edwards. Familiarity with these packages will strengthen a cost accountant's ability to perform and analyze data at foundation levels. Cost Accountants should stay abreast of new developments in accounting technology and trends, to ensure efficiency and effectiveness.

6.3.16 Forensic Accounting

Forensic accounting is a specialty practice area where accounting, auditing and investigative skills are used to analyze information that is suitable for use in a court of law.

Forensic accountants are often engaged to quantify damages in instances related to fraud and embezzlement as well as on matters involving insurance, personal injury, business disputes, business interruption, divorce and marital disputes, construction, environmental damages, cyber-crime, products liability, business valuation and more.

In USA, the fraudulent financial statements and corporate scandals of the early 2000s began to focus the public's attention on what forensic accountants can do in uncovering financial irregularities and tracing illegal financial activities.

General areas of Forensic Accounting

Investigative accounting involves using auditing, quantitative methods, and related skills to reconstruct financial records and determine if fraud or other illegal financial activities have occurred. Investigative accountants are sometimes called fraud auditors or fraud examiners.

For example, an investigative accountant might reconstruct a business's financial records, or a business might call in an investigative accountant if it suspects an employee is embezzling money. Investigative accountants also work for law enforcement during fraud investigations.

Scope of Forensic Accounting in Global Network

Almost all the countries of the world are doing a network of activities through Forensic Accounting to mitigate the impact of frauds and detection of frauds



Forensic accountants may be involved in either civil disputes or criminal investigations. Civil matters might include:

- Tax Dispute matters from Government agency side to verify the authenticity of books of accounts of Company.
- Asset tracing: Forensic accountants may work with law enforcement to locate the financial assets of criminals or may work in a divorce case to find assets one spouse is attempting to hide from the other. This work usually involves a paper or digital trail of financial transactions.
- Bankruptcy, insolvency, and reorganization
- Business valuations, including transactions such as acquisitions, mergers, buy-sell agreements, and initial public offerings, forensic accounts can help arrive at a fair market value.
- Employee crime: Forensic accountants may work with businesses to find employees who steal property, use accounting records to disguise a misappropriation, or take kickbacks.
- Financial statement fraud
- Embezzlement or theft by employees
- Money laundering or other use of money in non-financial crimes
- Securities fraud and embezzlement
- Fraud investigation and prevention: This large area may include anything from insurance or securities fraud to businesses that produce fraudulent financial statements
- Litigation services and expert witness: Lawyers hire forensic accountants to evaluate the financial aspects of a case and often to testify in courts about their findings.

Forensic accountants also conduct compliance audits. A compliance audit reviews how well an organization is complying with legal and regulatory guidelines. Forensic accountants review organizational policies, documentation management, user access controls, compliance and risk management procedures. This type of audit includes interviewing corporate management as a component of the investigation, which is a practice unique to forensic accounting.

Forensic Accounting Education

The Institutes governing Accounting education in any country, generally offers Post qualification courses in Forensic Accounting as is done by ICAI.

Certificate courses in Forensic Accounting make a CA proficient in particular



field of Forensic, the most dynamic and cherishing field in Accounting.

Global Forensic Audit Market Opportunities and Strategies Report 2019-2022

As per Global Forensic Audit Market Opportunities and Strategies Report 2019-2022, The global forensic audit market reached a value of nearly \$11.4 billion in 2018, having grown at a compound annual growth rate (CAGR) of 5.8% since 2014. It is expected to grow at a compound annual growth rate (CAGR) of 7.2% to nearly \$15.0 billion by 2022.

Financial services were the largest segment of the forensic audit market by end use industry in 2018 at 38.5%. As per the report, Asia-Pacific will be the fastest-growing region in the forensic audit market, at a CAGR of 11.0%

6.3.17 Business Valuers

What Is a Business Valuation?

Valuation refers to the process of determining the present value of a company or an asset. It can be done using a number of techniques. Analysts that want to place value on a company normally look at the management of the business, the prospective future earnings, the market value of the company's assets, and its capital structure composition.

Business valuation is a process and a set of procedures used to estimate the economic value of an owner's interest in a business. Business valuations depend on the set of key areas which are:

- The general industry outlook for the individual business
- Economic background and outlook for the local community
- The competitive position of the business, addressing both competitive advantages and disadvantages
- Earnings history
- Balance sheet and cash flow summaries
- Risks that impact the business, including macroeconomic influences, potential regulatory changes, and business specific financial factors

Reasons for performing a Business Valuation

- 1) Litigate
- 2) Exit Strategy Plan of the Board
- 3) Buying/ Selling of a Running Business
- 4) Strategic Planning or Fund raising



Why CAs Are Well Positioned to Become Business Valuation Analysts

Financial statements, often prepared by a CA, serve as the starting point of a valuation. The CA/CPA who prepares these statements is probably the best person to assess whether the business meets the going concern assumption, based not just on the financial statements but also on their personal knowledge of the owner's role in the business.

Knowledge of the operations, gained in conversations over tax preparation, will allow the CA to present an honest business valuation, including the likelihood that the business will fare better or worse without the current owner stewardship. Other professionals will have to develop this knowledge through extensive interviews with the owner, in addition to conversations with customers and suppliers of the business.

Education Required

The Institutes governing Accounting education in any country, generally offers Post qualification courses in Valuations as is done by ICAI.

Certificate courses in Registered Valuer make a CA proficient in particular field of Forensic, the most helpful to an accountant for mergers and acquisitions.

6.3.18 Financial Analyst

Financial analysts are also known as investment analysts, securities analysts, research analysts, and equity analysts. They are financial market experts that evaluate investment options and present reports used by upper level business management to make sound investment decisions. Analysts work for banks insurance companies, mutual and pension fund brokers, securities brokers, and financial services firms that provide consulting, advisory or research services.

Financial analysts follow market movements and industry trends to assess the performance of investments and analyze data used to forecast future performance. This is done by reviewing public records and filings and analyzing financial statements of businesses to determine their earnings, liquidity, earning potential, and overall financial strength. Staying current on market trends also involves spending a lot of time reading industry and company profiles, as well as following current events closely in financial publications.

Financial analysts practice financial modeling, which involves using mathematical equations to predict future performance based on past performance taking variables such as inflation into account. Most all modeling is done using software programs developed for this express purpose.

Portfolio Managers

Experienced financial analysts can become portfolio managers or fund



managers for hedge funds and mutual funds. Portfolio managers are responsible for selecting the mix of products, industries, and regions for a company's overall investment portfolio. Portfolio managers supervise a team of analysts. These managers need to be able to make decisions on-the-spot to buy or sell when market conditions change rapidly. They also act as company representatives to shareholders who make presentations about investment decisions and strategies at investor meetings.

6.3.19 Financial Planning

As per the field of study of a Chartered accountant, we all know the various aspects of Financial Planning. However, we start advising our clients on Planning their financials, without being aware of the Investment options.

Financial Planning is a specialized area of work. In US, Europe or Australia, you need to be licensed for imparting wealth creation or financial planning knowledge. One needs to go through those knowledge areas. As a Chartered Accountant, we can analyze the operations of a company and future prospects by just studying their financial statements and Directors Report.

India is fast growing as an investment hub. Cross border Clients' financial planning is a big area where the CA/CPA is not putting efforts. Most of us get into compliance work, thereby ignoring the value of Financial Planning. It is a big area to ponder upon by the young CAs.

Financial planners guide clients by identifying what they hope to do with their money, and then determining what strategies and financial products will be best suited to accomplishing these goals. Financial planners have a detailed knowledge of financial products, which allows them to determine the right mix of annuities, mutual funds, stocks, bonds and insurance options necessary for clients to meet their objectives.

6.3.20 Management Consultancy Company (MCC)

A Chartered accountant in practice can also practice in corporate form. The Council permits a Chartered Accountant in practice to practice in Corporate Form also subject to compliance of Guidelines for Practice in Corporate Form. He can operate both the entities simultaneously. This is to empower the members to face the emerging challenges in the service sector as well as to equip themselves for the opportunities in the non-audit service area.

The Council at its 261st meeting held from 1st to 3rd August 2006 decided to allow members in practice to hold the office of Managing Director, Whole-time Director or Manager of a body corporate within the meaning of the Companies Act, 1956 provided that the body corporate (*Management Consultancy Company*) is engaged exclusively in rendering "Management



Consultancy and Other Services” permitted by the Council in pursuant to Section 2(2)(iv) of the Chartered Accountants Act, 1949 and complies with the conditions(s) as specified by the Council from time to time in this regard. The guidelines in this regard have been issued w. e. f. 01.10.2006.

Non-Audit Services can be provided through MCC

A set of services as enumerated below is allowed by the ICAI to its members to act in the form of a company thereby not making any conflict of interest in the professional capacity. So, there is a number of services apart from Attestation work that can be handled by a CA while also keeping its Certificate of Practice.

Management Consultancy & Other Services permitted by the Council in pursuance to Section 2(2)(iv) of the Chartered Accountants Act, 1949. The definition of the expression “Management Consultancy and other Services” as appearing at pages 8-10 of Code of Ethics, 2005 edition, is as under:

The expression **“Management Consultancy and other Services” shall not include the function of statutory or periodical audit, tax (both direct taxes and indirect taxes) representation or advice concerning tax matters or acting as liquidator, trustee, executor, administrator, arbitrator or receiver, but shall include the following:**

- Financial management planning and financial policy determination.
- Capital structure planning and advice regarding raising finance.
- Working capital management.
- Preparing project reports and feasibility studies.
- Preparing cash budget, cash flow statements, profitability statements, statements of sources and application of funds etc.
- Budgeting including capital budgets and revenue budgets.
- Inventory management, material handling and storage.
- Market research and demand studies.
- Price-fixation and other management decision making.
- Management accounting systems, cost control and value analysis.
- Control methods and management information and reporting.
- Personnel recruitment and selection.
- Setting up executive incentive plans, wage incentive plans etc.
- Management and operational audits.
- Valuation of shares and business and advice regarding amalgamation,



merger and acquisition.

- Business Policy, corporate planning, organization development, growth and diversification.
- Organization structure and behavior, development of human resources including design and conduct of training programs, work study, job-description, job evaluation and evaluation of workloads.
- Systems analysis and design, and computer related services including selection of hardware and development of software in all areas of services which can otherwise be rendered by a Chartered Accountant in practice and also to carry out any other professional services relating to EDP.
- Acting as advisor or consultant to an issue, including such matters as: –
 - Drafting of prospectus and memorandum containing salient features of prospectus. Drafting and filing of listing agreement and completing formalities with Stock Exchanges, Registrar of Companies and SEBI.
 - Preparation of publicity budget, advice regarding arrangements for selection of
 - 1) ad-media,
 - 2) center for holding conferences of brokers, investors, etc.,
 - 3) bankers to issue,
 - 4) collection center,
 - 5) brokers to issue,
 - 6) underwriters and the underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure and deciding on the quantum of issue material (In doing so, the relevant provisions of the Code of Ethics must be kept in mind).
 - Advice regarding selection of various agencies connected with issue, namely Registrars to Issue, printers and advertising agencies.
 - Advice on the post issue activities, e.g., follow up steps which include listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work.

Explanation: For removal of doubts, it is hereby clarified that the activities of broking, underwriting and portfolio management are not permitted.

- (xx) Investment counseling in respect of securities [as defined in the Securities Contracts (Regulation) Act, 1956 and other financial



instruments.] (In doing so, the relevant provisions of the Code of Ethics must be kept in mind).

- (xxi) Acting as registrar to an issue and for transfer of shares/other securities. (In doing so, the relevant provisions of the Code of Ethics must be kept in mind).
- (xxii) Quality Audit.
- (xxiii) Environment Audit.
- (xxiv) Energy Audit.
- (xxv) Acting as Recovery Consultant in the Banking Sector.
- (xxvi) Insurance Financial Advisory Services under the Insurance Regulatory & Development Authority Act, 1999, including Insurance Brokerage.
- (xxvii) Further The Council at its 263rd meeting held from 12th to 14th October 2006 clarified that the expression "Management Consultancy & Other Services" already includes such services as rendered by a Certified Filing Centre under MCA 21 e-governance program of the Ministry of Company Affairs, Government of India

6.4 What Way an Accountant should Go?

A big question mark arises before every accountant at different stages of life arises, which way should he/she go? What is the right option amongst the wide variety of Global arena? **Every accountant has different questions in mind:**

- a) Whether to start Outsourcing company in the field of Accounting.
- b) Whether I should start my own office.
- c) Whether I should start with a Corporate Job.
- d) Whether to study another International course and start career abroad
- e) Whether to get into Government Services e.g. Civil Services, Officer cadre etc.
- f) Whether to join a consulting firm or other to get perfection in a particular area of expertise in Accounting world.
- g) Whether to get into family business and utilize skills in own business.

There is multiplicity of questions that tinker in the mind of the accountants, fresh or experienced, at different stages of life. However, there is no simple answer to this question as your qualification is a required field in every sphere



of business throughout the world.

One can answer this question with his mindset since once we get into a specified field of Accountancy, we will be successful if keep on practicing it and become a best in it. Global Acceptability of Accounting profession in different streams of business world reminds one thing **“Sky is the limit if you are passionate and having thorough knowledge of your expert area”**.

One thing is clear. Whatever way you want to go as an accountant, you have the option of practicing it globally through Online channels and using Account Process Outsourcing techniques.





CHAPTER 7

Business Structures and Taxation Framework in Global Economies

7.1 Business Structures in the World

One of the key decisions you'll make when starting a business is its structure. Your choice of structure will depend on the size and type of business and how you want to run it. Each structure may have an impact on key areas such as tax you're liable to pay, asset protection and costs to set up. There are a number of structures that you can choose from when starting or expanding your business.

7.2 Important factors to consider for choosing business structures

Here are some important factors to consider as you choose the legal structure for your business

- **Flexibility**

Where is your company headed, and which type of legal structure allows for the growth you envision? Your entity should support the possibility for growth and change, not hold it back from its potential.

- **Complexity**

When it comes to startup and operational complexity, nothing is simpler than a sole proprietorship. You simply register your name, start doing business, report the profits, and pay taxes on it as personal income. However, it can be difficult to procure outside funding. Partnerships, on the other hand, require a signed agreement to define the roles and percentages of profits. Corporations and LLCs have various reporting requirements with state governments and the federal government.

- **Liability**

A corporation carries the least amount of personal liability since the law holds that it is its own entity. This means that creditors and customers can sue the corporation, but they cannot gain access to any personal assets of the officers or shareholders. An LLP offers the same protection, but with the tax benefits of a sole proprietorship. Partnerships share the liability between the partners as defined by their partnership agreement.

- **Taxes**

Tax incidence is one of the important factors that help a business to ascertain which form of business structure is best for a person. Tax though is a



compulsory thing to be remitted to the Government, but it otherwise reduces the amount of profits left with the business.

- **Control**

If you want sole or primary control of the business and its activities, a sole proprietorship or an LLP might be the best choice for you. You can negotiate such control in a partnership agreement as well.

A corporation is constructed to have a board of directors that makes the major decisions that guide the company. A single person can control a corporation, especially at its inception, but as it grows, so, too, does the need to operate it as a board-directed entity. Even for a small corporation, the rules intended for larger organizations – such as keeping notes of every major decision that affects the company – still apply.

- **Capital investment**

If you need to obtain outside funding, such as from an investor, venture capitalist, or bank, you may be better off establishing a corporation. Corporations have an easier time obtaining outside funding than sole proprietorships.

Corporations can sell shares of stock and secure additional funding for growth, while sole proprietors can only obtain funds through their personal accounts, using their personal credit or taking on partners. An LLP can face similar struggles, although, as its own entity, it is not always necessary for the owner to use their personal credit or assets.

- **Licenses, permits and regulations**

In addition to legally registering your business entity, you may need specific licenses and permits to operate. Depending on the type of business and its activities, it may need to be licensed at the local, state and federal/Central levels.

7.3 Country wise business structures and their taxation structure

7.3.1 United States of America

Types of business entities

The most common types of business entities include sole proprietorships, partnerships, limited liability companies, corporations and cooperatives. Here's more about each type of legal structure.

1. Sole proprietorship

This is the simplest form of business entity. With a sole proprietorship, one



person is responsible for all a company's profits and debts.

Proprietorship costs vary, depending on which market your business is part of. Generally, your early expenses will consist of state and federal fees, taxes, equipment needs, office space, banking fees, and any professional services your business decides to contract. Some examples of these businesses are freelance writers, tutors, bookkeepers, cleaning service providers and babysitters.

Here are some of the advantages of this business structure:

- Easy setup. A sole proprietorship is the simplest legal structure to set up.
- Low cost. Costs vary depending on which state you live in, but, generally, the only fees associated with a proprietorship are license fees and business taxes.
- Tax deduction. Since you and your business are a single entity, you may be eligible for certain business tax deductions, such as a health insurance deduction.
- Easy exit. Forming the proprietorship is easy and so is exiting one. As a single owner, you can dissolve your business at any time with no formal paperwork required.

2. Partnership

This entity is owned by two or more individuals.

There are two types:

- a general partnership, where all is shared equally; and
- a limited partnership, where only one partner has control of its operation while the other person (or persons) contributes to and receives part of the profits.

Partnerships carry a dual status as a sole proprietorship or limited liability partnership (LLP), depending on the entity's funding and liability structure.

This entity is ideal for anyone who wants to go into business with a family member, friend or business partner. A partnership allows the partners to share profits and losses and make decisions together within the business structure.

The cost of a general partnership varies, but it is more expensive than a sole proprietorship, because you want an attorney **to review your partnership agreement.**

An example of this type of business is Google. In 1995, co-founders Larry Page



and Sergey Brin created a small search engine and turned it into the leading search engine globally. The co-founders first met at Stanford University while pursuing their doctorates and later left to develop a beta version of their search engine.

Here are some of the advantages of this business structure:

- **Easy to form.** Like a sole proprietorship, there is little paperwork to file. A business license is usually needed as well.
- **Growth potential.** You're more likely to obtain a business loan when there's more than one owner. Bankers can consider two credit lines rather than one, which can be useful if you have a less-than-stellar credit score.
- **Special taxation.** General partnerships must file federal tax Form 1065 **and state returns, but, usually, they do not pay income tax. Both partners report their shared income or loss on their individual income tax return.**

3. Limited liability company (LLC)

A limited liability company (LLC) is a hybrid structure that allows owners, partners or shareholders to limit their personal liabilities while enjoying the tax and flexibility benefits of a partnership. Under an LLC, members are shielded from personal liability for the debts of the business if it cannot be proven that they acted in an illegal, unethical or irresponsible manner in carrying out the activities of the business.

The cost of forming an LLC comprises the state filing fee and can range from \$40 to \$500, depending on the state you filed in. For example, if you file an LLC in the state of New York, there's a \$200 filing fee and \$9 biennial fee. Further, you must file a biennial statement **with the NY Department of State.**

4. Corporation

The law regards a corporation as an entity separate from its owners. It has its own legal rights, independent of its owners – it can sue, be sued, own and sell property, and sell the rights of ownership in the form of stocks. Corporation filing fees vary by state and fee category. For example, in New York, the S corporation and C corporation fees are \$130, while the nonprofit fee is \$75.

There are several types of corporations, including C corporations, S corporations, B corporations, closed corporations **and** nonprofit corporations.

- **C corporations**, owned by shareholders, are taxed as separate entities. Since C corporations allow an unlimited number of investors, many larger companies, including Apple Inc., Bank of America, and Amazon, file for this tax status.



- **S corporations were designed for small businesses and avoid double taxation, much like partnerships or LLCs. Owners also have limited liability protection.**
- **Closed corporations**, typically run by a few shareholders, are not publicly traded and benefit from limited liability protection. Closed corporations, sometimes referred to as privately held companies, have more flexibility compared to publicly traded companies.
- **Non-profit corporations exist to help others in some way and are rewarded by tax exemption. Some examples of non-profits are the Salvation Army, and American Red Cross. These types of business structures have one sole purpose: focusing on something other than turning a profit.**

Here are some of the advantages of this business structure:

- **Limited liability.** Stockholders are not personally liable for claims against your corporation; they are only liable for their personal investments.
- **Continuity.** Corporations are not affected by death or the transferring of shares by its owners. Your business continues to operate indefinitely, which is preferred by investors, creditors and consumers.
- **Capital.** It's much easier to raise large amounts of capital from multiple investors when your business is incorporated.

5. Cooperative

A cooperative (co-op) is owned by the same people it serves. Its offerings benefit the company's members, also called user-owners, who vote on the organization's mission and direction and share profits. Advantages that cooperatives offer include:

- **Lower taxes.** Like an LLC, a cooperative doesn't tax its members on their income.
- **Increased funding.** Cooperatives may be eligible for federal grants that help them get started.
- **Discounts and better service.** Cooperatives can leverage their business size, thus obtaining discounts on products and services for their members.

Forming a cooperative is complex and **requires you to choose a business name that indicates whether the co-op is a corporation, such as incorporated (Inc.) or limited. The filing fee associated with a co-op agreement varies by state. In New York, for example, the filing fee for an incorporated business \$125.**

Tax rates 2020 (USA)



Individual Tax Rates Applicable for Calendar Year 2020 In USA

Tax rate	Single filers	Standard Deduction
10%	\$0 – \$9,875	Standard Deduction = \$12,400 Every Individual will get a Standard Deduction of \$12,400 from the Calculation of Individual Income and then the rates of taxes mentioned in the left column will apply.
12%	\$9,875 – \$40,125	
22%	\$40,126 – \$85,525	
24%	\$85,526 – \$163,300	
32%	\$163,301 – \$207,350	
35%	\$207,351 – \$518,400	
37%	\$518,401 or more	

Tax Rate for Partnership and LLC

IRS calls Partnership and LLC a “pass-through entity”. The IRS treats LLCs as partnerships for tax purposes. Partnerships and Co-owned LLCs themselves do not pay taxes on business income; instead, the LLC owners each pay taxes on their lawful share of the profits on their personal income tax returns. All of the profits and losses of the LLC “pass through” the business to the LLC owners (called members), who report this information on their personal tax returns. Each LLC member’s share of profits and losses, called a distributive share, is set out in the LLC operating agreement.

This means that each LLC member must pay taxes on his or her whole distributive share, whether or not the LLC actually distributes all (or any of) the money to the members.

Effective Tax Rate for Partnership and LLC in USA	NIL (Taxable as Pass through Entity)
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Corporate Tax Rate in USA

The United States taxes the profits of US resident C-corporations’ **21 percent**. The Tax Cuts and Jobs Act (TCJA), in 2017, reduced the top corporate income tax rate from 35 percent to 21 percent and eliminated the graduated corporate rate schedule and the corporate alternative minimum tax.

Corporate profits can also be subject to a second layer of taxation at the individual shareholder level, both on dividends and on capital gains from the sale of shares, ranging from 10% to 37% as applicable to Individuals.



Corporate Tax Rate	21%
Qualifying Dividend and LTCG	Max at 23.8%
Non-Qualifying Dividend and STCG	Individual Tax Rate ranging from 10% to 40.8%

State Taxes in USA

Most individual U.S. states **collect a state income tax in addition to** federal income tax. The two are separate entities. Some local governments also impose an income tax, often based on state income tax calculations.

State income tax is imposed at a fixed or graduated rate on taxable income of individuals, corporations, and certain estates and trusts. The rates vary by state.

Each state administers its own tax system. Many states also administer the tax return and collection process for localities within the state that impose income tax. Forty-three states impose a tax on the income of individuals, sometimes referred to as personal income tax.

Among the 41 states that tax income, North Dakota has the lowest maximum rate at 2.9%. California has the highest top tax rate, topping out at 13.3%.

7.3.2 AUSTRALIA

Common business structures

The 4 most common types of business structures in Australia are:

- Sole Trader
- Company
- Partnership
- Trust

Choose a structure

When you decide on a structure for your business, choose the one that best suits your business needs. Consider each option carefully, as there are key factors and rules to consider for each structure.

Your business structure can determine:

- the licenses you require
- how much tax you pay?
- whether you're considered an employee, or the owner of the business



- your potential personal liability
- how much control you have over the business?
- ongoing costs and volume of paperwork for your business

You can change your business structure throughout the life of your business. As your business grows and expands, you may decide to move to a different type of business structure.

Before deciding which business structure to use, seek advice from a professional business adviser, lawyer or accountant.

Sole Trader

A sole trader is the simplest form of business structure and is relatively easy and inexpensive to set up. As a sole trader you are legally responsible for all aspects of your business including any debts and losses and day-to-day business decisions. If you are looking at starting your business as a sole trader, consider the following key elements. A sole trader business structure:

- is simple to set up and operate
- gives you full control of your assets and business decisions
- requires fewer reporting requirements and is generally a low-cost structure
- allows you to use your individual Tax file Number (TFN) to lodge tax returns
- doesn't require a separate business bank account, although this is recommended to make it easier to keep track of your business income and expenses
- requires you to keep financial records for at least 5 years
- has unlimited liability and all your personal assets are at risk in case any adverse situation comes in.
- doesn't allow you to split business profits or losses made with family members
- makes you personally liable to pay tax on all the income derived

Partnership

A partnership is a business structure made up of 2 or more people who distribute income or losses between themselves. There are 3 main types of partnerships:

- **General partnership (GP)** – is where all partners are equally responsible for the management of the business, and each has unlimited liability for the debts and obligations it may incur.



- **Limited partnership (LP)** – is made up of general partners whose liability is limited to the amount of money they have contributed to the partnership. Limited partners are usually passive investors who don't play any role in the day-to-day management of the business.
- **Incorporated Limited Partnership (ILP)** - is where partners in an ILP can have limited liability for the debts of the business. However, under an ILP there must be at least one general partner with unlimited liability. If the business cannot meet its obligations, the general partner (or partners) become personally liable for the shortfall.

If you're looking at setting up a partnership structure, consider the following key elements.

Partnerships:

- are relatively easy and inexpensive to set up
- have minimal reporting requirements
- require separate tax file numbers (TFN)
- must apply for an Australian business number (ABN) and use it for all business dealings
- share control and management of the business
- don't pay income tax on the income earned -- each partner pays tax on the share of the net partnership income each receives
- require a partnership tax return to be lodged with the Australian Taxation Office (ATO) each year
- require each partner to be responsible for their own superannuation arrangements
- must register for Goods and Service Tax (GST) if turnover is \$75,000 or more

Company

A company business structure is a separate legal entity, unlike a sole trader or a partnership structure. This means the company has the same rights as a natural person and can incur debt, sue and be sued.

As a member you're not liable (in your capacity as a member) for the company's debts. Your only financial obligation is to pay the company any amount unpaid on your shares if you are called on to do so. However, directors of the company may be held personally liable if found to be in breach of their legal obligations.



Companies are expensive and complicated to set up. This form of business is generally preferred by those people who expect their business income to be highly variable and would like to utilize the option to use losses to offset future profits.

There are key features you should know if you are looking at starting your business as a company.

A company:

- is a separate legal entity
- is a more complex business structure to start and run
- involves higher set up and running costs than other structures
- requires you to understand and comply with all obligations under the Corporation Act 2001
- means that business operations are controlled by directors and owned by the shareholders
- means company members have limited liability
- means the money the business earns belongs to the company
- requires an annual company tax return to be lodged with the ATO
- requires you to complete an annual review and pay an annual review fee
- directors are required to complete a declaration of solvency each year
- means wider access to capital

Your company must register for GST if your turnover is \$75,000 or more. The registration threshold for non-profit organizations is \$150,000. The Australian Taxation Office (ATO) has more detailed information on your tax obligations as a company.

Companies and directors have key legal and reporting obligations they must comply with. Some of the more common obligations include:

- update Australian Securities and Investment Commission (ASIC) within 28 days of key changes to company details
- keep financial records
- understand and comply with all your obligations as a director

Trust

A trust is an obligation imposed on a person (a trustee) to hold property or assets (such as business assets) for the benefit of others, known as



beneficiaries.

If you want to set up a trust, keep in mind that trust structures:

- can be expensive to set-up and operate
- require a formal trust deed that outlines how the trust operates
- require the trustee to undertake formal yearly administrative tasks

If you operate your business as a trust, the trustee is legally responsible for its operations. A trustee of a trust can be a company, providing some asset protection.

Here is a snapshot of the key differences between each type of business structure:

	Sole Trader	Partnership	Company	Trust
Complexity of business structure	Simple	Moderate	Complex	Highly complex
Cost	Low	Medium	Medium to high	High
Legal obligations	Low	Low to medium	High	Medium
Tax obligations	Low	Low	Medium	High
Separate legal entity	No	No	Yes	Yes
Liability	Unlimited	Unlimited	Limited	Limited (with a corporate trustee)

Taxation Structure in Australia

- 1) Individual Income Tax:** Income taxation of an individual would include the income tax and the capital gain tax depending on the income's source. Taxation starts from 18.2k AUD. For annual incomes higher than this amount of money, the rate is applied, and it grows as the income grows.
- 2) Company Income Tax:** The same as an individual, a company, which usually has a limited liability in Australia, must pay taxes for its earned income in accordance with principles of tax residency and the source of income. The difference is that companies enjoy a flat rate of corporate tax (30%) irrespective of the amount of income.



- 3) Goods and Services Tax:** GST is applied when goods and services are being sold in Australia or imported. Exemptions are salaries, unprocessed food, real estate, education, health products and services, and export. The tax is also imposed on new residential and non-residential properties, but resale is free of the GST. The flat rate for the GST down under is 10% (for comparison: it is 20% in the UK and France and 25% in Norway, Denmark and Sweden, but 7% in Singapore).
- 4) Medicare Levy and Surcharge:** In order to get covered by the national healthcare and insurance scheme called Medicare, all citizens and residents have to pay a levy of 1% from their taxable income. People with low incomes (less than 20.896k AUD per annum), as well as foreigners, are exempt for this tax. Those individuals whose annual income ranges from 20.896k AUD to 26.121k AUD (33.044k AUD and 41.306k AUD accordingly for seniors/pensioners) can get the levy reduction.
- 5) Fringe Benefits Tax:** All cashless benefits obtained by the employee from their employer are subject to the Fringe Benefit Tax. The tax must be paid by the employer at the rate of 46.5% from their taxable income.
- 6) Withholding Tax:** If a special payment (such as royalty, interest, rental, and so on) is made by a company or an individual to a non-resident, a withholding tax is imposed on the payer. They must withhold a certain percentage of the payment and submit it with the ATO afterwards. This way, the Australian tax authority ensures that Australia-sourced profits are taxed. The rate of this tax depends on the payment and is unique in every situation. Double tax agreements are taken into consideration while setting the rate for the Withholding Tax.
- 7) Transfer Pricing:** It is applied in international trade for related parties (companies of one group) that handle the cross-border selling of goods and services. In this case, selling is conducted not at the market price (like it would be in the case with an arm's length transaction), but at the "transfer pricing" (a lower intra-group price). This allows distributing the income in the favor of those parties that have lower taxes in their countries.
- 8) Customs Duty:** It is imposed on goods imported to Australia at approximately 5% (not a fixed rate but depends on the kind of a good). It is calculated from the goods' customs value which is defined depending on the country of origin, the purpose of import and the type of a product. Due to the complexity of rules concerning the Customs Duty, for importers, it is crucial to ask for advice in every particular case.



9) Excise Duty: It is the tax Australian manufacturers (or distributors) of tobacco, alcohol, and petrol pay. If the mentioned products are imported rather than produced inside the country, the Customs Duty equal to the relevant local excise is imposed. Although the excise rate is flat, it isn't fixed and can increase during a year due to inflation changes on the market.

Tax rates 2019–20 (Australia)

The following rates of tax apply to companies for the 2019–20 income year.
Companies

2019–20 tax rates – Companies (see note 1)	
Income category	Rate (%)
Base rate entities	27.5
Otherwise	30

Residents

These rates apply to individuals who are Australian residents for tax purposes.

Resident tax rates 2019–20

Resident tax rates 2019–20	
Taxable income	Tax on this income
0 – \$18,200	Nil
\$18,201 – \$37,000	19c for each \$1 over \$18,200
\$37,001 – \$90,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$90,001 – \$180,000	\$20,797 plus 37c for each \$1 over \$90,000
\$180,001 and over	\$54,097 plus 45c for each \$1 over \$180,000

The above rates do not include the Medicare levy of 2%.

7.3.3 Canada

Entrepreneurs who want to activate on the Canadian market should, first of all, choose the type of business entity that suits their needs. In Canada, one can set up a:

- Sole proprietorship,
- Partnership (general or limited),
- Corporation or a Cooperative,



- Company.

The main types of structures in Canada

The Canadian Company Law provides for various types of entities that can be registered by both local and foreign investors, natural persons and companies. These are:

- The cooperative which is a simple business form created by members sharing the same interests.
- The partnership which is a rather popular type of entity in Canada and which requires at least two members.
- The corporation which is the most popular type of company in Canada, often selected by foreign investors.
- The sole proprietorship is the simplest legal entity created by single investors seeking to run small businesses.
- The limited liability company is not often met in Canada; however, it is similar to the partnership.
- The extra-provincial corporation is a popular business form employed by foreign investors coming to Canada.
- The public company operates like joint stock companies in other countries and can issue shares for public trading.
- The branch is a business entity employed by foreign companies seeking to expand their operation in Canada.
- The subsidiary is usually registered as a corporation and will serve the purposes of foreign companies expanding here.

How to choose the type of company to register in Canada

Choosing the right business form in Canada is not complicated and foreigners can follow the next steps in order to ease their decision:

- decide based on how large the business will be – the corporation is usually a good choice for small and medium-sized entities.
- choose based on the province where the company will operate (one can also register the company at the federal level).
- choose based on the costs generated by the management of the company and the liability the owner will have in case of bankruptcy, for example.

Cooperative in Canada

A cooperative in Canada can be registered if certain rules are met. For instance, the owners can entirely manage the business, they have democratic control and limited liability. The revenues are distributed equally because the resources have also been gathered equally. Even though a cooperative is



not a preferred type of entity among businessmen, one should know that it puts the accent on common needs, whether in investment matters or other important decisions, like employment or the sale of services and goods.

Partnership in Canada

Partnerships in Canada are limited or general and they are registered with two or more individuals. When setting up a limited partnership, the entrepreneurs will agree on the responsibilities and rights of each partner. The extent of profit share and liability might vary, but all the details are mentioned in the agreement. As for a general partnership in Canada, each individual can manage the business, and he/she is responsible for the debts and obligations of the partnership.

Corporation in Canada

From the beginning, it is good to know that a corporation is a separate legal entity from its proprietors. The stockholders are not responsible for the company's obligations or debts, as the only interest regards the value of their investments. A private corporation in Canada can be registered by one or more individuals, but it is good to know that the majority of the directors should domiciliate in Canada. Such an entity cannot trade shares freely. As for the public corporation, this is subject to listed shares to the public, in accordance with the rules and regulations mentioned in the Ontario Securities Act. No matter the type of company you are interested in, our company formation agents in Canada can guide each entrepreneur when preparing the documents and applying for special permits and licenses. Corporations must also register for VAT in Canada.

Sole proprietorship in Canada

Another type of business structure is the sole proprietorship, and, as the name says, this is owned and controlled by a single person. Such business is subject to lower start-up costs and paperwork compared to the company structures mentioned above. A sole proprietor is in charge of the business management, responsibilities, and debts.

The limited liability company in Canada

Most of the time, the limited liability company is found in European countries, which is why foreign investors might be tempted to ask for the incorporation of such a business form. However, in Canada, the limited liability company is regarded as an unincorporated entity with the benefits of the corporation.

The Canadian limited liability company is a hybrid between the sole trader and the partnership, but it offers limited liability to shareholders. With a vast experience in company formation matters in Canada, our consultants can



offer more information on the limited liability company.

The Canadian extra-provincial corporation

A business form that can only be found in Canada only is the extra-provincial corporation. This type of Canadian company is very popular among foreign investors who can operate in various provinces across the country. The particularity of the extra-provincial corporation resides in the fact that it needs to obtain a license in each province it operates and that it requires a registered agent.

The public company in Canada

The public company is usually set up for completing large projects in Canada, however, its most important feature is that it can trade its shares to the general public. This way, this type of company can easily and quickly raise capital.

A Canadian corporation can become a public company once it meets the requirements of the Income Tax Law. This business entity is also suitable for setting up a subsidiary in Canada.

Tax Structure in Canada

There are different types of taxes in Canada including income, sales, property, and corporate tax. Income tax in Canada makes up the largest portion of the federal government's revenue. In fact, it generally funds almost half of the federal government's budget. Both Corporate tax and Sales tax each account for about fifteen percent of the federal government's revenue.

Income Tax System

Canadian taxation is based on your residency and runs from January 1st to December 31st. If you are residing in Canada, you should file a tax return each year by the deadline of April 30th. You are required to include income earned both inside and outside of Canada. If you are living outside of Quebec, you must file one tax return which will include provincial and federal taxes. If you are living in Quebec, you will file two returns separately for federal and provincial taxes. Similar to other countries, income taxes in Canada are progressive. This means that the more you earn, the more taxes you will pay.

Property Tax System

Property tax is a tax on an asset. If you own a home in Canada, you will need to pay property tax on it. Similar to other tax programs in Canada, the amount you pay will vary by location. Property tax is collected on a local level. Although no one enjoys paying taxes, property taxes cover several services including water, snow removal, garbage collection, policing, and fire protection.



Corporate Tax System

Corporations in Canada, including non-profits and inactive corporations, pay tax on both profits and on capital. Corporate taxes are levied at the federal level, as well as the provincial level. The corporate tax rate therefore varies not only by the type and size of the corporation, but also by its province of operation.

Sales Tax System

Canadians are also taxed on the consumption of most consumer goods and services. The federal government's Goods and Services Tax (GST) and provincial governments' Provincial Sales Tax (PST) are both applied to the majority of goods and services consumed in Canada. In some provinces, the GST and PST are combined to form a Harmonized Sales Tax (HST). In other provinces, there is no PST. Because both the federal and provincial governments levy sales taxes, the tax rate on any consumer good or service may vary by province.

One thing many people find shocking or confusing when they arrive in Canada for the first time is the price of an item at checkout. This is because in Canada, unlike many other countries, sales tax is usually not included in the advertised price. Depending on the province and type of good or service, consumers can end up paying around five to fifteen percent more than the listed price in taxes.

Individual - Taxes on personal income

Individuals resident in Canada are subject to Canadian income tax on worldwide income.

Personal income tax rates

2020 federal tax rates are as follows:

Federal taxable income (CAD*)		Tax on first column (CAD)	Tax on excess (%)
Over	Not over		
0	48,535	0	15.0
48,535	97,069	7,280	20.5
97,069	150,473	17,229	26.0
150,473	214,368	31,115	29.0
214,368		49,644	33.0

* Canadian dollars

Provincial/territorial income taxes

In addition to federal income tax, an individual who resides in, or has earned income in, any province or territory is subject to provincial or territorial income tax.



Federal income tax on Corporates

The following rates apply for a 12-month taxation year ending on 31 December 2020.

	Federal rate (%)
Basic rate	38.0
Less: Provincial abatement (1)	(10.0)
Federal rate	28.0
Less: General rate reduction or manufacturing and processing deduction (2)	(13.0)
Net federal tax rate (3, 4)	15.0

Notes

1. The abatement is available in respect of taxable income allocated to Canadian provinces and territories.
2. The general rate reduction and manufacturing and processing deduction do not apply to the first CAD 500,000 of active business income earned in Canada
3. Provincial or territorial taxes apply in addition to federal taxes. Provincial and territorial tax rates are noted below.

7.3.4 United Kingdom

Different types of business structures in UK

There are 4 main types of business structures in the UK and each has various tax and liability implications for owners and shareholders:

- Sole trader
- Partnership
- Limited liability partnership
- Limited company

Sole trader

This is the simplest and easiest form of business to register. You are a self-employed sole trader if you start working for yourself and you must register this business with HMRC. As a Sole Trader, the business is run by you.



You are therefore entitled to keep all the profits as income but will be liable to pay tax and national insurance by filling out a Self-Assessment Tax Return. There is no maximum amount you can earn, but it can become less tax efficient in the higher tax brackets.

You will be responsible for all liabilities and this includes all personal assets as well as those jointly owned with another person.

Partnership

A Partnership involves two or more individuals that agree to share in the profits or losses of the business. They share the risks, costs, benefits and responsibilities of running an organization. Partnerships are referred to as unincorporated entities in that the partners are self-employed. They are personally responsible for the losses or debts that the business undertakes.

Each partner is also responsible or liable for other partner's negligence or misconduct. The profits or losses from a partnership will be shared between the partners. This will be in the agreed profit-sharing ratio and each partner pays tax on their share of the profits.

Separate entities:

Limited Liability Partnership (LLP)

An LLP is similar to a partnership except that the partner's liability is limited to the amount of money they invest in the business. The LLP must be registered at Companies House and with HMRC. Annual accounts also have to be prepared and filed.

An LLP can be incorporated with 2 or more members and a member can be an individual or a company. Members responsibilities and share of the profits are set out in an LLP agreement and all members must submit a personal Self-Assessment Tax Return every year, pay income tax on their share of the partnership's profits and pay National Insurance to HMRC.

Limited Company

A limited company is a privately managed business, owned by its shareholders and run by its directors. The company is a separate legal entity with its own legal rights and obligations. This means the company is responsible for everything it does, and its finances are separate to the personal affairs of its owner(s).

Any profits generated are retained by the company, after it pays Corporation Tax. Only then can the profits be distributed to shareholders in the form of dividends. Limited companies can be limited either by shares or by guarantee which is explained below, plus they have annual reporting and filing requirements with both Companies House and HMRC.



The benefits of this are:

- You can decide on remuneration packages at your discretion (if you are the controlling shareholder)
- The business can retain profits
- You can protect your brand
- You can claim back expenses on the business

1. Limited by shares

Most limited companies are limited by shares which means the shareholders responsibilities for the company's financial liabilities are limited to the amount that the shareholder has agreed to pay for the shares.

2. Private company limited by guarantee

A company limited by guarantee does not usually have share capital or shareholders, but instead has members who act as guarantors.

Incorporation

For both the sole trader and the partnership you don't need to go through any formal processes to set the business up. Both of these don't require the formation of a separate entity. However, you will need to register with HMRC and comply with the associated rules.





The formation of a separate entity required for a Limited Liability Partnership and a Limited Company is a more complex process. You will firstly need to register the company at Companies House and draft the company's Memorandum and Articles of Association.

Tax Structure in UK

Income tax rates in the UK

What you owe in UK tax depends on your specific situation. Income tax in the UK is levied at progressive rates, i.e., higher rates of income tax apply to higher bands of income. Tax is charged on total income from all earned and investment sources after deductions and allowances are subtracted.

Most individuals are entitled to a personal allowance that they do not need to pay tax on. This is £12,500 in 2020/21. There is no personal tax allowance on incomes over £125,000.

The table below summarizes the British tax rate for 2020/21:

England/Wales/Northern Ireland tax band	Taxable income	Income tax rate
Personal allowance	Up to £12,500	0%
Basic rate	£12,500–£50,000	20%
Higher rate	£50,001–£150,000	40%
Additional rate	£150,001+	45%

Scotland tax band	Taxable income	Income tax rate
Personal allowance	Up to £12,500	0%
Starter rate	£12,501–£14,585	19%
Basic rate	£14,586–£25,158	20%
Intermediate rate	£25,159–£43,430	21%
Higher rate	£43,431–£150,000	41%
Top rate	£150,001+	46%

Allowances

UK residents have tax-free allowances for:

- Savings interest.
- Dividends, if you own shares in a company.



- The first £1,000 of income from self-employment (the so-called trading allowance).
- The first £1,000 of income from property you rent.
- A marriage allowance to reduce your partner's tax if your income is less than the standard personal allowance.

UK taxes on property and wealth

Property taxes in the UK

There are two forms of property tax in the UK. When you buy a property in the UK over a certain threshold you must pay Stamp Duty Land Tax (SDLT). SDLT only applies to residential properties valued more than £125,000, or to non-residential land and properties bought for more than £150,000.

Stamp duty is payable in England and Northern Ireland; Scotland has its own Land and Buildings Transaction Tax, and Wales operates a Land Transaction Tax. Each country also operates surcharges for people buying buy-to-let investment properties and second homes.

UK dividend tax

If you own shares in a UK company, you may get a dividend tax payment. You are not required to pay UK dividend tax on the first £2,000 of dividends you receive in the tax year.

Wealth taxes in the UK

Wealth taxes, such as capital gains and inheritance tax, account for about 4% of GDP as of 2019, and are relatively under-represented in Britain, as compared to France and Spain.

Capital gains tax in the UK

Capital gains tax (CGT) is charged on the difference between the sale price and purchase price on a number of different assets. You pay CGT on the gain you receive from these assets, not on the entire sale price. CGT may arise from the sale of a business, shares, an heirloom or a property.

Chargeable assets include:

- Personal possessions valued at £6,150 or more (excluding vehicles).
- Real estate that is not your main home.
- Your main home if you let it out, use it for business or it's very large,
- Shares that are not in an ISA or PEP.
- Business assets.



- **Crypto assets (in certain cases)**

You're obliged to pay CGT on all UK assets, whether or not you are a resident. However, if you are a resident, you may owe CGT even on your non-UK asset dispositions.

CGT is only payable on your overall gains above your tax-free allowance (called the Annual Exempt Amount). The CGT-free allowance for 2020/21 is:

- £12,300.
- £6,150 for trusts

Company taxes and VAT rates in the UK

Businesses operating in the UK must pay corporation tax on any profits accrued. For the year 2020/21, the normal rate of corporation tax is 19%. A lower rate of 10% is applied when the profits can be attributed to the exploitation of patents, while specific corporation taxes apply in certain cases.

In general, companies operating in the UK will also need to charge and pay VAT at 20%, although there are some exceptions. VAT returns must be filed every month or every three months, depending on the size of the company.

On the other hand, non-resident companies are subject to UK corporation tax only on profits accrued from and connected to trade through a permanent establishment, or in developing UK land. With effect from April 2020 however, non-resident companies are liable to UK corporation tax (rather than income tax) on income received from UK property.

Taxes on goods and services in the UK

Value-Added taxes (VAT) in the UK apply to almost all goods and services. These may also be applicable to goods from outside the European Union if you exceed the limits.

The standard commercial tax rate in the UK is 20%, although certain goods and services are subject to lower UK commercial tax rates. VAT exemptions are also offered on certain items, for example, long-term medical supplies.

The current UK commercial tax rates are:

Applicable rate	UK VAT rate	What the rate applies to
Standard	20%	Most goods and services
Reduced rate	5%	Some goods and services (e.g., baby car seat and home energy)
Zero rate	0%	Zero-rated goods and services (e.g., food and children's clothes)



Some things are exempt from VAT, such as postage stamps, financial and property transactions.

7.3.5 United Arab Emirates

Dubai keeps attracting more and more foreign investors due to the excellent facilities and infrastructure. UAE is a considered a tax-free country. However, great attention must be paid when opening a company in Dubai because each step must be planned carefully to handle the company registration procedure.

Both local and foreign entrepreneurs can choose the types of companies they are interested in and register them in accordance with the legal requirements imposed in Dubai. It should be noted that these requirements are slightly different for local and foreign investors coming to Dubai.

The Company Law in Dubai

The creation of various types of companies in Dubai falls under the provisions of the Company Act which covers a wide range of business forms.

Foreign investors interested in opening companies in Dubai should know that the requirements for a specific business form will depend on where the company is located – in mainland Dubai or one of its free zones.

In case a foreign entrepreneur decides on a Dubai onshore company, he or she will need a local partner or sponsor. In the case of a free zone company, full foreign ownership is allowed.

Types of business licenses in Dubai

Foreign investors can set up several types of companies in Dubai depending on their business objectives. Before deciding on the type of company they must select the category of business license as the Dubai Department of Economic Development regulates three types of business licenses. These are:

- the commercial license,
- the industrial license,
- the professional license.

The commercial license is available for types of companies involved in trading activities, among which sales. The industrial license applies to companies involved in manufacturing, processing and packaging activities. The professional license applies to personally offered services such as consultancy and is suitable for sole proprietors in Dubai.

The same business license categories apply in case the entrepreneur decides to open a company in one of Dubai's free zones.



Types of Business Structure

- Sole Proprietorship
- General Partnership
- Simple Limited Partnership
- Joint (Participation) Venture
- Public Joint Stock Company
- Private Joint Stock Company
- Limited Liability Company
- Partnership Limited with Shares
- Civil Companies
- Branch and Representative Offices

1) Sole Proprietorship / Establishment

A Sole Proprietorship is the establishment exclusively owned by one individual, who is personally liable without limit to the full extent of his assets for the liabilities of the entity. This type of entity can either conduct commercial activities or professional activities the Emirate where it is registered. In accordance with the existing laws, only UAE nationals and nationals of GCC countries (subject to certain conditions) are permitted to form Sole Establishments for carrying out commercial activities. However, expatriates are also allowed to form Sole Proprietorships for conducting professional activities, such as medical services, engineering consultancies, management consultancies, legal consultancies, IT consultancies and similar services. A professional firm of foreign sole proprietor is required to appoint a local service agent. A Sole Establishment owned by a foreigner must appoint a UAE national as a local service agent, who will be engaged in the company's dealings with government departments while applying for work permits, employment visas and other government approvals.

2) General Partnership / Joint Liability Company

General Partnership is the agreement between two or more partners whereby each of them is equally liable for the company's obligations to the full extent of all their assets, in accordance with the Article 23 of the Commercial Companies Law. Only UAE nationals are permitted to incorporate this type of partnership. This opportunity is not extended to non-nationals as probably the majority of their assets are usually located outside the UAE.



Simple Limited Partnership / Sleeping Partnership

Simple Limited Partnership is composed of one or more jointly – associated partners responsible for the company’s liabilities to the extent of all their assets together with one or more sleeping partner (s) liable for the company’s obligations only to the extent of their respective participation in the capital (Article 47 of Company Commercial Law). This type of partnership is also limited only for UAE nationals.

3) Joint Venture

Joint Venture is also a contractual agreement between two or more partners to share profits or losses of a commercial business. In Joint Ventures, the business is carried out in the name of one of the partners. The local equity participation in the joint venture must be at least 51%, but the profit and loss distribution can be mutually agreed. Joint Ventures are suitable for companies working together on short term basis or for a specific project. Joint Venture Agreement regulates the relationship b/n partners. In practice, there is no registration formality for this type of partnership in the government departments, as the partnership will operate using the license and name of one of the partners.

4) Public Joint Stock Company

Public Joint Stock Company is defined as an organization whose capital is divided into negotiable shares of equal value and a partner therein shall be liable only to the extent of his share in the capital of the company (Art. 64 of Company Commercial Law). The Law requires a minimum share capital of AED 10,000,000 of which a minimum of 25 percent must be settled on subscription. A minimum of 55 percent of the shares of a public shareholding company must be offered to the general public. Furthermore, it should have at least 10 founding members, except in cases where the government entity is involved. Also, any company in which the State or Public Institutions hold any share should be formed as Public Joint Stock Company. The Board of Directors must have a minimum of three and no more than twelve board members. The chairman, as well as a majority of the board, must be UAE nationals.

5) Private Joint Stock Company

Private Joint Stock Company has the same characteristics as the Public Joint Stock Company. However, it has three exceptions as follows:

- The minimum share capital is AED 2,000,000
- The shares cannot be offered to the public



- Only minimum of three founder members are required to incorporate such company.

It can be converted into a Public Joint Stock Company by fulfilling its requirements.

6) Limited Liability Company

Limited Liability Company is one of the widespread companies formed in the UAE. The main reason for its prevalence is that foreigners can participate as partners in the company and their liability is limited only to the extent of their share in the capital. According to Article 22 of the Commercial Companies Law, 51% of the shares should belong to the UAE national partner, and accordingly, 49% of the share can be owned by the expatriate partner. Distribution of profits and losses can be mutually agreed by the parties. L.L.C. can be formed by partners of not exceeding fifty but should not be less than two. The Law requires the minimum amount of AED 300,000 share capital divided into equal shares with a minimum face value of AED 1,000.

7) Partnership Limited by Shares

Articles 256 to 272 of the Commercial Companies Law allow another type of commercial company known as Partnership Limited by Shares. Partnership Limited by Shares is very similar to Simple Limited Partnership as it is defined by Article 256 of the Commercial Companies Law as “a company formed by general partners who are jointly liable to the extent of all their assets for the company’s liabilities and participating partners who are liable only to the extent of their shares in the capital.” The partners whose liability is not limited must be UAE nationals in accordance with Article 257 of the Commercial Companies Law. The minimum share capital requirement for this type of company is AED 500,000.

8) Civil Companies

Civil Company is an association wherein two or more persons agreed to be bound to carry out professional works and to be liable thereafter to third parties against payment of consideration. Professional activity means those that are being conveyed using intellectual abilities, acquired information or professional skills. Civil Companies are regulated by Federal Law No. 5 of 1985 on Civil Transactions Law (the Civil Code). Unlike Commercial Companies, Civil Companies can be owned 100% by foreigners, subject to certain conditions, and only Local Service Agent should be appointed. HR consultancies, Legal consultancies, Management consultancies are some of the professional and artisan activities that can



be conducted. Civil Company is similar to the General Partnership in form and legal status wherein the partners are jointly liable for the company's obligations to the full extent of all their assets.

9) Branch & Representative Office

Other type of legal entities is a branch or a representative office. Both foreign and local companies can establish their branch or representative office in the UAE. In terms of legal form and registration processes both a branch and a representative office are similar to each other; however, there are certain variations between them. For instance, a branch can do the same business activities as the parent company; however, the representative office can only be engaged in promoting or marketing its parent company's products or services and thus are not permitted to engage in actual trading or service provision. Furthermore, a representative office cannot obtain credit facilities while a branch has such capacity.

Tax Structure in UAE

Income tax

The UAE does not levy a tax on income. There is, therefore, no need for an income tax return in the UAE as there is no applicable individual tax within the country. The same applies to freelancers and self-employed individuals who are residents of the Emirates.

Individual tax

Employees in the UAE who are GCC nationals (this includes the UAE) are subject to a social security regime of 17.5%. Those who are UAE nationals pay 5% (automatically deducted off their paycheck) and the employer pays the further 12.5%. Those who are residents of other GCC nations may be subject to different social security contributions relative to their home country.

Corporate tax

Corporate taxes are only levied on oil companies and foreign banks in the UAE however, there are over forty free zones in the country and businesses registered here are exempt from paying tax for a period that can be extended. There are no capital gains taxes unless the company is taxable under other income tax.

Double taxation

The United Arab Emirates has 94 agreements in place with other countries to avoid double taxation on overseas investments.



Tourist facility tax

Restaurants, hotels, and resorts (among others) may charge the following taxes:

- 10% on the room rate
- Service charge (10%)
- Municipality fee (10%)
- City tax (6–10%)
- Tourism fee (6%)

Property transfer tax

A transfer charge applies to the transfer of property in the UAE. This varies by Emirate (it is 4% in Dubai). Although the buyer and seller both share the burden of this, the buyer generally pays the transfer fee.

Inheritance tax

There is no regime for inheritance tax. If there is no will, inheritance is dealt with according to Islamic Shari'a principles.

State/regional taxes in the UAE

Free trade zones

There are free-trade zones in the UAE that have special tax, customs, and import regimes within themselves. There are over 40 zones throughout all the Emirates. Within these special areas, companies can be exempt from paying corporate tax for up to 50 years and they have 100% exceptions on import and export taxes.

Rental tax

Taxes on rented properties vary between the Emirates. In Dubai, residential tenants pay 5% of their annual rent in rental tax, while 10% is added onto commercial tenants. However, in Abu Dhabi, UAE citizens are not taxed on their properties, but their expat counterparts pay 3%. In Sharjah, all tenants pay a rental tax of 2%.

Taxes on goods and services (VAT) in the UAE

There are two taxes on goods and services in the United Arab Emirates: VAT and excise duty.

VAT

The VAT rate of the UAE is 5%. It is charged at 0% for:



- Exports and goods and services to outside the GCC
- International transportation
- Investment-grade precious metals
- Newly constructed residential properties
- Some education and healthcare services

Excise tax

The excise tax came into being in 2017. It is an indirect tax that is levied on goods that are deemed to be harmful to human health or the environment. Goods to which this tax applies are:

- 50% on carbonated drinks (except for unflavored carbonated water). It may also apply to items that can be the basis of a carbonated beverage.
- 100% on energy drinks that contain stimulating substances which include caffeine, taurine, ginseng, and guarana. It may also apply to items that can be the basis of an energy drink.
- 100% on tobacco and tobacco products to include all items listed within Schedule 24 of the GCC Common Customs Tariff.

Refunds of VAT in the UAE

VAT is charged at the point of sale, so tourists, expats, and residents all pay. Since 18 November 2018, eligible tourists have been able to request refunds on goods purchased with VAT. To do so, they fulfill these conditions:

- Goods must be purchased from a retailer participating in the Tax Refund for Tourists Scheme.
- Goods aren't excluded from the Refund Scheme of the Federal Tax Authority.
- They must have the intention of leaving the UAE within 90 days of supply along with the purchases.
- They must export the goods out of the UAE within three months of supply.
- The process and purchase and export of goods must be carried out according to the requirements and procedures determined by the Federal Tax Authority.

Tourists can submit tax invoices for their purchases from outlets registered in the scheme along with copies of their passport and credit card.

UAE tax system for foreigners

The UAE does not have any income tax for those working in the UAE, regardless of their residency status. Those who are not tax residents of the UAE may still



have to pay income tax in their country of residence depending on their own taxation laws.

The UAE has double tax treaties with all the major economies of the world including India.

There are no taxes levied to UAE residents on international pension plans.

The UAE has signed up to the Common Reporting Standard (CRS), which is the global standard for the Automatic Exchange of Information (AEOI) system. CRS is a legal standard allowing countries to exchange tax data between participants. This is useful for example to investigate tax evasion.

Tax on property and wealth in the UAE

Capital gains tax

Generally, there is no capital gains tax in the UAE, unless they are derived from the sales of a company that is liable to pay income tax or banking tax.

Transfer tax

A transfer charge is applied to the transfer of property in the UAE. This varies by Emirate (it is 4% in Dubai) and although the buyer and seller both share the burden of this, the buyer generally pays the transfer fee.

Municipality/Rental tax

As previously mentioned, taxes on rented properties vary between the Emirates. Residential tenants in Dubai pay 5% of their annual rent in rental tax, while 10% is added onto commercial tenants. Meanwhile, in Abu Dhabi, UAE citizens are not taxed on their properties, but their expat counterparts pay 3%. In Sharjah, all tenants pay a rental tax of 2%.





Stamp duty

There is no stamp duty in the United Arab Emirates.

Inheritance tax in the UAE

There is no inheritance tax in the UAE. For cases where the deceased did not leave a will, inheritance is dealt with according to Islamic Sharia principles, regardless of the nationality of the deceased.

Company taxes and VAT rates in the UAE

Most businesses in the UAE pay no corporation tax. In theory, most emirates are able to impose a corporate tax up to 55% – but this is only applied to foreign oil companies and branches of foreign banks.

Excise tax for businesses

Businesses must register for excise tax if they partake in:

- The import of excise goods into the UAE.
- The production of excise goods to be consumed in the UAE.
- Stockpiling of excise goods in the UAE (sometimes).
- Those overseeing an excise warehouse or designated zone

VAT for businesses

VAT is 5% for the UAE. Businesses must register for VAT if their taxable supplies and imports exceed AED 375,000. Businesses may join the register voluntarily if they do not meet the AED 375,000 limit – if they meet a threshold of AED 187,500. Generally, VAT-registered businesses must:

- Charge VAT on the taxable goods they supply.
- Reclaim VAT on any business goods and services they purchase.
- Keep records for government purposes
- Foreign businesses may recover VAT costs while in the United Arab Emirates.

Import and export taxes in the UAE

Customs duties

For most items, customs duties are calculated at 5% of the Cost, Insurance and Freight (CIF) value. Some categories are exempt, and alcohol has a 50% duty, while tobacco products have a 100% customs duty added.

VAT is applied at 5% to gasoline.



Chapter 8

Skillset Requirements for Chartered Accountants

8.1 International qualifications

International Accountancy Qualifications

One of the best ways to stay one step ahead in this competitive world is to keep track of the skills that are most relevant and profitable for a business and to ensure that you have such skill set in your workforce. That may mean constantly investing time and money to acquire such talent, but the rewards will make it worthwhile. Businesses look for top talent and will pay larger salaries to recruit and retain professionals with the right abilities. Apart from professional qualification of ICAI, Members can also pursue courses like CPA Canada, CPA Australia, CIMA, ACA etc.

Professionals with any of these qualifications are going to be the most important people to accounting firms because they will be the ones who will help firms thrive and come out of this crisis. We know the skill set in accounting is varied and it is a trusted role. This is the time to let the communications and strategy skills that so many Accountants possess shine.

There is opportunity to help in the short term, but also to prove long-term value and help businesses not only cope but come out of this more resilient and flexible than ever.

AICPA (American Institute of Certified Public Accountants)

The American Institute of Certified Public Accountants is the national professional organization of Certified Public Accountants in the United States, with more than 418,000 members in 143 countries in business and industry, public practice, government, education, student affiliates and international associates.

You can take on this qualification as part of a training agreement or independently. The AICPA is integral to rule-making and standard-setting in the CPA profession, and serves as an advocate for legislative bodies and public interest groups. This qualification would assist professionals and accounts outsourcing firms for gain a competitive edge in India while providing services to their clients in US and many other countries.

CIMA (Chartered Institute of Management Accountant)

The Chartered Institute of Management Accountant (CIMA) is a UK-based professional body focused on accounting for business. They offer training and qualifications in management accountancy and related subjects to their



203,000 members and students in 173 countries.

you can work towards this qualification independently or through a training agreement with your employer. There is no limit on the training period, you just need to ensure you pass your exams and rack up three years of work experience.

As a CIMA management accountant, you are more likely to be employed within a business rather than at a specialized accountancy firm.

ACA (Associate Chartered Accountant)

This is the professional qualification from the Institute of Chartered Accountants in England & Wales (ICAEW), globally recognized as a premier business diploma. ICAEW counts 140,000 members and students in 160 countries.

In order to start your ACA qualification, you must enter into a training agreement with an authorized employer. You then have five years in which to complete the course, taking on 450 days of relevant work experience while you study.

Once you've completed your training, you will be a chartered accountant and can pursue a career with any accountancy firm or accounts outsourcing firm, including those in audit. You could also join a private or public sector organization, or you could even start your own practice.

CPA Australia

CPA Australia is a professional accounting body in Australia founded in 1886. As of 31 December 2018, it has over 164,695 members working in 150 countries and regions around the world.

You can take on this qualification as part of a training agreement or independently. This qualification would assist professional and accounts outsourcing firms while providing services for their clients in Australia.

Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents 125,802 members in Australia, New Zealand and overseas. CA ANZ focuses on the education and lifelong learning of members and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

Recognized Employer Accreditations

Employer accreditations are provided by professional qualification bodies to companies and organizations that they have gone through the accreditation



or screening process with the said professional bodies and those companies provide a designated support environment to their employees including the training & development needs of the employee.

As an approved employer from any or more of these qualifications, they can attract more qualified personnel in their workforce, and can benefit from the training and development programs organized by these international qualification bodies. These programs can help outsourcing service providers and their employees to stay updated on various international skills they should be acquiring for their companies and profiles respectively.

ACA for employers

ICAEW Chartered Accountants are recognized around the world as leaders in accountancy, finance and business. ICAEW provides authorization for employers to attract, train and retain the best accountancy talent, and to become authorized to offer ACA training and the support and guidance on offer.

ACA training creates accountancy, finance and business professionals with the technical knowledge and high-level professional skills to future-proof your business. We constantly evolve the ACA qualification to ensure it is flexible and meets the needs of the market now and in the future.

This accreditation enables your organization to achieve its ambition by joining thousands of employers around the world who train ICAEW Chartered Accountants. More than 6,000 different types and size of organizations around the world already benefit from ACA training.

INVESTORS IN PEOPLE

Investors in People is a community interest company and an agent of change, calling for a movement that puts people first – for the benefit of every person in every workplace, for increased productivity across organizations, and for a stronger, healthier and happier society.

They have accredited more than 50,000 organizations and their We invest in people accreditation is recognized in 66 countries around the world, making it the global benchmark when it comes to people management. They provide various other accreditations also but We Invest in People is the most prevalent one.

We Invest in People: Doing your best work, knowing you're in a place where you can grow, to get to the end of the day feel like we've achieved something. That's what it means when We invest in people. We invest in people accreditation which has been developed and refined over nearly 30 years to help companies, leaders and employees work together to create better, more productive workplaces.



Recognized Employer Partner of CPA Australia (REP)

CPA Australia's Recognized Employer Program consists of a select group of organizations who are committed to providing their employees with the highest standard in professional development and support.

Being a Recognized Employer Partner puts your name in front of thousands of candidates, builds your employer brand, assist organizations to develop their employees through our industry leading training and development options and makes it easier to attract and retain top employees. The Recognized Employer Program is one of the most prestigious professional development partnerships, and it's a powerful demonstration of an organization's commitment to developing their employees. Recognized employer partners are required to demonstrate this commitment through an application, assessment and recognition process. Subject to a successful application, employers are welcomed into the program.

CIMA Training and Development accreditation scheme

The CIMA Training and Development accreditation scheme recognizes and promotes organizations who support the lifelong learning of CIMA students and members. The scheme helps your organization attract and retain CIMA students and members by supporting their learning and by ensuring their professional development. The CIMA Training and Development accreditation scheme includes four awards. Each award requires employers to verify that they meet specific training and development standards. Assessment for CIMA Training & CIMA Development partners is rigorous but balanced with the needs of your particular organization.

Accreditation sends a clear message that your business benefits from access to best practice insights into how to support your finance professionals. This is a partnership which will help your business to get ahead, and stay ahead, of the competition

8.2 Software skills

Need of Software for Accounting firms

Time is equals to money. Hence, if the major portion of your work time is spent on spreadsheets, manual tasks, and databases – which commonly comprises accounting, you hamper your business growth as your attention is away from driving your business forward. In a study by Silverfin, **67% of accountants** think tech in accounting enables them to be more efficient and finish their work faster. By utilizing technology to focus on work that grows your business, you can boost your revenue potential.



Investing in the right accounting software enables you to gain more value in terms of growing your business and increasing your revenue. With this trend among tax and accounting professionals, adapting is crucial, so your processes won't get left behind.

Accountants benefit from accounting software, especially software that integrates with trusted financial tools and online systems. By automating tedious tasks, accountants are better able to focus their efforts and expertise on tasks that require more creativity or complex thinking.

A quality outsourced accounting software automates bookkeeping and payroll, facilitates tax compliance, assists in tax preparation, and provides financial insights to help business owners make important decisions. The confidence that these tasks are being done correctly and in a timely fashion minimizes financial risks, while ensuring quick turn-around-time and more informed decision making.

Need of Software for Outsourcing firms

Rather than opting for hiring a new employee business enterprise choose to go for outsourcing. As outsourcing practice is an economical approach which results in diminishing the overhead costs for the firm like recruitment process, training, employing accounting systems, installation for accounting software and so on. Therefore, it is necessary for the outsourcing firms to invest in installation of accounting and billing software to fulfil the needs of their clients.

Also, when we talk about the Global outsourcing firms delivering accounts outsourcing services to their clients across the globe, they need to keep abreast of the latest and most functional software prevailing in their countries.

Cloud-based Accounting Software

Cloud computing is a term used to refer to a model of network computing where a program or application runs on a connected server or servers rather than on a local computing device such as a PC. This hosted application can be accessed by any internet enabled device such as PC, tablet or a smartphone.

- **User:** An organization in Cloud based Accounting Software can have multiple users.
- **Role:** In Cloud based Accounting Software, we have standard roles like Admin, Staff, Staff for particular customers, and Timesheet staff.
- **Add User:** When you create a Cloud based Accounting Software account, you become the default admin of your organization. Once you are an



admin, you can add multiple users with different roles to your organization.

- After doing so, an email will be sent to the new user, from where they have to verify the link and set up a login password to access your Cloud based Accounting Software organization.
- **Custom Roles:** Apart from the standard roles (such as Admin, Staff, etc.) in Cloud based Accounting Software, you can add additional roles with different levels of access. These roles are called Custom Roles.
- **Additional Fields for Users:** By default, the details about a user in Cloud based Accounting Software includes their name and email address. If you want to add more details apart from this, you will have to create additional fields for users.
- **Mark User as Inactive:** Sometimes, you might want to restrict a user from accessing your organization. In such a case, you can mark a user as inactive. You can make the user active again if you wish.

As the business firm looking for the outsourcing company for accounting and bookkeeping function, they look forward to online/cloud-based accounting system as their first priority. Online accounting software enriched the outsourcing accounting and bookkeeping services provided by outsourcing firm. All business organizations are aware of the advantages deliver by online accounting system.

Short-list of benefits imparted by online accounting software to the business is discussed below:

Economical: Using the accounting online software may results to be economical in terms of money and time. The installation and operational cost are preferably in the budget of the user and owner. These are the time saving investment. They can provide you with full automation in accounting and bookkeeping procedure left you with plenty of time to focus on other aspects of business.

Accessibility: The online accounting software provides the facility to operate it from any place and at any time access to access to data and information stored in it. Additionally, peers can utilize online mobile program of software form anywhere for better insight of business.

Security & Safety: The online accounting software has the inbuilt facility of automatic backup and setting up of security passwords to protect the data from any particular theft, misuseage or hacking.

Efficiency & Productivity: Faster processing in the online system automatically increases overall efficiency and productivity of the employee/accountant.



Personnel can please you with maximum output in the minimum input. Automation diminishes the total time taken by staff to accomplish one assignment.

Better Control and Planning: Online accounting software always provides some little extra than you have asked. Their advance features will help the owner for better grasping his grip over his business with effective planning for future and even he can make better control over the policies which are already framed.

Storage: There will be decline in the paper storage when you choose the online accounting and bookkeeping Paper storage has a lot of disadvantages. Online storage may help you to keep safe data/information even from the last 10 years, and still you didn't find the storage full.

Easy to Operate: All the accounting and bookkeeping software are user friendly. They are very easy to access. You didn't need for the expertise knowledge. There are several numbers of software used in this field and their basic functions and features are the same up to some extent. So, no one will find difficulty in operating any software.

Streamlined operations: Cloud based Accounting Software helps companies streamline their back-office operations and manage all financial transactions from a single hub. From the client's perspective, this means unrestricted payments from all locations, receiving timely payment requests and reminders on recurrent bills, and even auto-charge options.

Timely billing: Another important benefit all users should have in mind is the possibility to adjust finance management to their project structure, and designate tasks and projects from any device. Cloud based Accounting Software guarantees all work will be completed on time, monitored both during and after office hours, and that clients will be billed with only few clicks.

Automated Payments: The real blessing in disguise is when it comes to this system are automated bank feeds, which companies avoid manual data entry, and can import transactions easily from any account or credit card. Banking rules are considered in advance, and transactions are grouped automatically.

Client insights: The one of the most important steps in taking your business ahead. Send estimates to your clients and let them know what to expect. Create and send estimates, update them, bulk email them as PDFs, and send via snail mail—all in one place in Cloud based Software.

Track expenses and manage bills: Cloud based software helps you record



all your expenses and bills and see where you spend your money. Generate reports for bills and expenses, follow your spending patterns, identify your top vendors, and always stay updated on the money that goes out.

Manage and track multiple projects: Manage multiple projects effortlessly in Cloud based software. Add tasks for projects and assign particular users to complete them. Choose appropriate billing methods and set budgets based on the projects' needs. Generate project centric reports and get a clear picture of the time and money you spend on your clients' projects.

Here are some most efficient accounting software used by Outsourcing firms globally:

XERO: Xero is accounting software developed by a New Zealand based software company (Xero), which has established itself as one of the most sought after cloud accounting software providers for small and medium-sized businesses in UK, Australia and New Zealand.

Xero is complete online business accounting software application that any business can use because of its sound financial principals and excellent features. It also provides an impressive amount of CPA support. Xero can be integrated with a large number of add-ons, and you can also invite multiple users into the system.

Xero also offers mobile versions of its software for Android and iOS. If your business is on the lookout for a powerful and fairly priced online accounting software solution which can help your business with standard accounting functions, then Xero is your best bet.

QuickBooks: QuickBooks software has emerged as a tool of choice for accounting professionals worldwide. With a simple, easy to use interface, this software automates manual tasks involved in accounting and bookkeeping. However, it doesn't fully take out manual intervention and a trained professional or team is necessary to use QuickBooks service.

QuickBooks is perhaps the most popular accounting software available to small businesses (75% + market share in US). It is available as a standalone service and software as a service (SaaS), making it accessible anywhere through the web. As noted earlier, it helps in easy maintenance and automation of regular accounting tasks while also bringing in advanced features such as accounting payroll management.

Sage: Sage, the popular line of accounting software is beneficial for any type of business, be it small, mid-sized or large. Over 800,000 businesses in the UK have voted for Sage as the number one finance software and payroll software.



From start-ups to stock exchange giants, almost every company can enjoy excellent business accounting solutions with Sage.

With all your information at one place, it is extremely simple to record payments or create invoices with Sage. Moreover, Sage software has excellent CRM and ERP features that make it more robust and user-friendly.

MYOB: MYOB is a popular accounting software tool that powers large chunk of businesses, primarily in Australia and New Zealand. It had humble beginnings when started in 1991, but has now been adopted by bookkeepers, accountants and small businesses. It now offers desktop, browser, cloud and web-based accounting solutions that are touted to be user-friendly, robust and scalable.

Here are some most efficient Tax software used by Outsourcing firms globally:

Xero tax:

- Create and lodge returns for all types of returns from 2014 onwards
- Tax forms are updated each year and new ones added
- Electronically lodge forms and schedules from Xero Tax
- Lodge up to 1000 Income Tax returns a calendar month
- Submit tax returns for individuals, companies, partnerships, trusts and self-managed superannuation funds
- Lodge statements and schedule including business activity statements (BAS)

Sage HandiTax Cloud

Proven reliability of Sage HandiTax is now in the cloud. Sage HandiTax Cloud is a powerful tax preparation and lodgement solution that is cloud enabled allowing access to real time data from anywhere at any time on a compatible device. It allows for faster preparation and lodgement of returns and anywhere, anytime access to client data to free up your time so you can concentrate on value added services.

Turbo Tax Software (US and Canada)

TurboTax is an American [tax preparation](#) software package.

There are a number of different versions, including TurboTax Deluxe, TurboTax Premier, etc. TurboTax is available for both federal and state income tax returns. The software is designed to guide users through their [tax](#)



[returns](#) step-by-step. The TurboTax software provides taxpayers additional support for their self-prepared returns.

8.3 Other Skills

Apart from Software skills and International qualifications, there are a few more undervalued skills which help you to sail through smoothly while performing your business operations.

Time and Billing Software

Mere working is not enough; one has to analyze the time spent on work done and the efficiency out of it. Therefore, time and billing software in place for tracking jobs and their related efficiency is one important aspect.

ERP Packages

Basic exposure to ERP packages like SAP, Oracle, HFM etc. can turn out to be a good deal for those working in Outsourcing Industry

Data Analytics, Business Analytics

Business analytics provides a wide array of benefits: Enable data-driven decision making that has the potential to increase profits and improve efficiency. With predictive analytics, allow businesses to plan for the future in ways that were previously impossible. Helps a company make informed business decisions.

Knowledge of Global Financial Markets

Possessing a good understanding and knowledge of the financial markets can help individuals and companies achieve success. Strong knowledge of how the markets work can help you improve your business in effective ways to increase its share price and gain more investment. This in turn can be used to grow the company.

Remote Working, Communication & Presentation Tools

One of the most recent trends which came out of necessity in the pandemic is working remotely from home on Zoom, GoToMeeting, Google meets, Teams etc. This is the most critical skill required during the time of social distancing. As companies who are hiring, look forward for efficiency of the candidate while working remotely.

Cloud Computing Tools Certification

Certifications in computing software such as Xero extends your learnings to



take advantage of all the efficiencies in Accounting and Taxation software, develop specializations, and become an expert advisor.

Payroll processing software

If hiring the right team is one of the key pillars of your business, then having a good system in place that helps you manage the team efficiently is another. Keeping track of the salaries you pay your employees is as important as paying them on time. A payroll management system is a tool - predominantly a software program - that enables your business to handle all your employee's financial records in a hassle-free, automated fashion. This includes employee's salaries, bonuses, deductions, net pay, and generation of pay-slips for a specific period.

The most prominent features of a payroll processing software are configuration of accounts, setting up of statutory components, processing pay runs, direct deposit of salaries and an employee portal.

Once you've set up your payroll, you can configure the accounts with which the accounts in which you want the payroll transactions to be recorded in. For instance, you can either choose to track all statutory deductions under a single account, or track EPF, ESI and PT under different accounts. You can also create sub-accounts to track them based on your requirements.





CHAPTER 9

Infrastructure

9.1 Infrastructure Needs

Whenever there is a discussion regarding infrastructure of an Accounting firm arises until a few years back, we were discussing like: -

- 1) Well built up Office space
- 2) Computers
- 3) Telephone Lines
- 4) Facsimile (Fax)
- 5) Printers
- 6) Human Infrastructure

But with the advent of new era, the business terminology and technology are changed and thus the Accounting firms needs are changed.

Apart from maintaining the abovesaid basic requirements in an Accounting outsourcing firm, the focus has been shifted to other infrastructure requirements which may be envisaged as: -

- Secured Cloud base Computing (preferably paid)
- Disaster Recovery Plan for Data Management and Security
- Dedicated Website (Dynamic)
- Google Business Presence
- Office Management Software
- Time zone online support
- Web based International Accounting Software
- Social Media Professional Presence (LinkedIn, YouTube, WA Business, Twitter)
- Quality Control Policies

Though the initial infrastructure remains the same, however the costliest part of a well-built office space is no more required in an outsourcing space. Work from home (WFH) in the Covid-19 times, has established that anyone can manage services sector accounting work from remote locations also.



9.2 Modern World Infrastructure Needs

Let us discuss the today's world Infrastructure needs: -

9.2.1 Secured Cloud base Computing (preferably paid)

Cloud accounting is the practice of using an accounting system that's accessed through the internet. Cloud accounting software are hosted on the centralized servers. Users can just open their web browsers and start using the application without installing anything on their PCs.

Cloud accounting is the most exciting thing that had happened to the accounting industry in recent years. This has enabled the bookkeepers and business owners to work on the same system simultaneously regardless of their location. Bookkeepers and chartered accountants no longer need to go through the pain of importing client's data files into their systems.

9.2.1.1 How Cloud Accounting Can Help Small Businesses

- Business owners can access their data anytime from anywhere
- It brings the entire team together.
- Cost of ownership is lower as compared to traditional accounting software
- Cloud Accounting is secure
- Online Accounting Softwares are integrated with other services
- Access to real-time information
- Live Bank feeds that speeds up bank reconciliation and gives you a more accurate view of your bank balance.

9.2.1.2 Cloud computing

Cloud computing has been around for approximately two decades and despite the data pointing to the business efficiencies, cost-benefits, and competitive advantages it holds, a large portion of the business community continues to operate without it.

According to a study by the International Data Group, 69% of businesses are already using cloud technology in one capacity or another, and 18% say they plan to implement cloud-computing solutions at some point. At the same time, Dell reports that companies that invest in big data, cloud, mobility, and security enjoy up to 53% faster revenue growth than their competitors. As this data shows, an increasing number of tech-savvy businesses and industry leaders are recognizing the many benefits of the cloud-computing trend. But more than that, they are using this technology to run their organizations more efficiently, better serve their customers, and dramatically increase their



overall profit margins.

9.1.1.3 Market Size of Accounting Software

As per a study done by Fortune Business Insights on Accounting software market size “The global accounting software market size, valued at USD 11071 million in 2018 is projected to reach USD 20408 million by the end of year 2026, exhibiting a CAGR of 8.02%” It clearly envision the growth in Accounting world in Cloud based software which in turn reflects that Accounting service sector will move to this direction at a very high pace.

9.2.2 Disaster Recovery Plan for Data Management and Security

Business Continuity and Disaster Recovery Plans (DRP) are backup strategies to reinstate the data and applications at the earliest and with the minimum loss during the event of a disruption.

Business Continuity & Disaster Recovery Plan will aim to keep the most recent version of applications and data on a remote site that can allow quick access when the need arrives

Disasters can strike in many forms:

- Disgruntled Employees
- Server – computer crashes
- Hurricanes
- Fire
- Flood

Accounting Firm Disaster Recovery Planning

Your clients trust you to have their financial data in your records year after year. A reliable disaster recovery plan is essential for your accounting firm.

If there was a disaster today and your primary operations center went down, would your team know how to get the data back online? And are you certain that there are recent backups waiting for you when you need them? If you have anything other than a backup in the cloud, there are simply too many risks that your data will not be up to date and easy to recover.

For Recovering out of a Disaster that may happen to your data Centre either big or small, you need to have following systems of Disaster Recovery:

- Offsite backup for your most precious but unseen asset — your data!
- Know your company functions. Determine which staff, materials, procedures and equipment are essential to keep your business running.



- Have a list of your employees' phone numbers (work, home and cell). Have a person in charge of contacting people during a disaster, so your people know the status of your operations. Create a telephone call tree.
- Identify personnel who have physical disabilities, so proper arrangements can be made in assisting their needs (hearing impaired, blind, wheelchair, etc.).
- Determine your policy for payroll before an emergency.
- Secure important documentation that cannot be rebuilt.
- Have remote access capability so employees can work from anywhere, anytime (high speed Internet needed).
- Install anti-virus systems and keep them up to date. Firewall appliances (not software) are the first line of defense against unwelcome visitors to your network.
- Use "strong" passwords (eight characters with upper and lower case as well as numbers) to protect your computers. Don't share your passwords. Change passwords every 30 days.
- If you don't know from whom, what or where an e-mail came, don't open it!
- Create a checklist of responsibilities for your employees.

9.2.3 Dedicated Website (Dynamic)

Nowadays, the most effective way to showcase your expertise to the clients is through a website. The new-age users search for everything on the Internet.

Hence, it is imperative for accounting firms as well to have a strong online presence. A website helps in achieving the same, as every user who searches for an accounting firm can visit your website to get a clear idea of your services.

A dedicated website of your accounting firm is a pre-requisite in accounting world. It must not be a static website as is done in general websites. Today's worlds need a dynamic website i.e. an interactive website where the accounting firm owners can contribute latest industry and tax news, blogs, Messaging with clients, client's login to get their data.

Here is why a website is vital for an accounting firm-

- Consider a website as the mirror of your accounting firm. In this digital era, having an online presence is not just an advantage – it's an absolute necessity.



- Various accounting firms have expanded their operations across the globe. This is possible only if you have a website that can reach users worldwide.
- Your website should contain high-quality content for the benefit of the users. The content may be in the form of blogs, videos, case studies, and whitepapers. It should contain vital information regarding the accounting industry, the latest news and insights, tips, and more.
- An accounting firm looks after the critical financial data of clients. Hence, when it comes to choosing an accounting firm, the “trust” factor is most important. Generally, the accounting firms refrain from disclosing their clients on the website for testimonials.
- It is one thing to visit the website, another to convert the visitors into prospects. To get this done, there are various methodologies involved related to content as well as website design. However, if implemented properly, a website can be a source of significant lead generation.
- In this competitive world, a website can make all the difference between your accounting firm and other firms in the market. If you have a website that reflects your expertise and experience, there is a good chance that the users will choose you over others.

9.2.4 Google Business Presence

Google My Business is a free and easy-to-use tool for businesses and organizations to manage their online presence across Google, including Search and Maps. If you verify and edit your business information, you can both help customers find your business and tell them your story.

Benefits of Google My Business

Manage your information

Manage the information that Google users find when they search for your business, or the products and services that you offer. Businesses that verify their information with Google My Business are twice as likely to be considered reputable by consumers. When people find your business on Google Maps and Search, make sure they have access to information like your hours, website, and street address.

Interact with customers

Read and respond to reviews from your customers, and post photos that show off what you do. Businesses that add photos to their Business Profiles receive 42% more requests for directions on Google Maps, and 35% more clicks through to their websites than businesses that don't.



Understand and expand your presence

Find insights on how customers searched for your business, and where those customers are coming from. You can also find information like how many people called your business directly from the phone number displayed on local search results in Search and Maps. When you're ready, you can create and track the performance of Smart campaigns to spread the word about your work.

How to set up Google My Business

Use Business.google.com with your existing Gmail account

1. Sign up for an account

Start your Google My Business profile by claiming your business on Google. If your company has a Google My Business profile but doesn't own it, you can claim it via Google. For brand-new companies, you can sign-up and create your profile.

2. Enter your business information

After you sign-up or log into your Google My Business account, add your company's vital information:

- Name
- Address
- Phone number
- Hours
- Industry

You can also add pictures of your store, which can entice users to visit. For example, if you're a restaurant, you can include photos of your most popular dishes. Or, if you're a window tinting company, you can upload pictures from your portfolio.

All this information helps your clients connect with your business.

3. Verify your account

Verifying your account is another crucial step when signing up for Google My Business. Once you review all your information and ensure that everything is accurate, you're ready to verify yourself as the owner of your business.

You can verify your business **by email, mail, phone, or** Google Search Console. For fast verification, use Google Search Console — though this



option only works if you've previously confirmed your business in Google Search Console.

If you opt to verify your business via mail, email, or phone, Google will send a verification code. Once you receive the verification code, enter it in Google My Business. If you opt to verify your business via mail, a postcard with a verification code should arrive in 14 days.

4. Make routine updates

While you may have claimed and created your Google My Business account, it's critical for your team or digital marketing agency **to continue to optimize it. Should anything about** your company change, like your hours, locations, or specialties, update your account immediately.

Review management **is another part of maintaining your Google My Business profile. A dedicated team member should check-in daily, responding to user questions and reviews. By interacting with commenters, your company can help existing customers and future ones.**

9.2.5 Office Management Software

Accounting Practice Management software helps professional accountants manage workflow, communicate with their clients, and automate their daily processes.

Benefits of accounting software include:

- simple data entry - it is typically fast, straightforward and only required once
- fast processes - delays, for example between a sale and invoicing, are minimal
- automation of reports and analysis – e.g. on profit and loss, debtors and creditors, customer accounts, inventory counts, sales, forecasting, etc.
- automation of tasks – e.g. calculating pay, producing pays slips, calculating VAT, etc.
- reduction of errors – e.g. transposition of figures, incorrect or incomplete recording of transactions, etc.
- integration with other systems, such as online banking and e-filing

Using accounting software can help you save time and money and offer you valuable insight into your business. If you choose the package carefully, investing in a computerized accounting system can be one of the best decisions you can make for your business.



9.2.6 Time zone online support

When you plan to work in a global outsourcing environment, you should be ready to serve the different time zones of the world. For example, there is a time difference of app. 12 hours between India and USA. So, there is a difference of day and night. You must plan your employees in such a manner that you must be able to serve your clients 24/7.

24/7 Operations Support

Around-the-clock work is possible when your workforce is distributed across the globe, which means different employees in different time zones.

The routine allows both the teams to submit and review at a time best convenient to them. As far as customer service is concerned, this too can be sorted if the teams work in different time zones. In such scenarios, customer queries are resolved quickly.

Robotic Process Automation

Robotic Process Automation, or RPA, offers interesting benefits for the financial services industry. It may offer solutions for companies who want to improve efficiency in their finance and accounting departments. The key is focusing on innovation within the company to cut costs and improve results.

When Should You Use RPA in Finance and Accounting?

The benefits of RPA in finance and accounting range from reducing operating costs to lowering the risk of human errors. The challenge is determining when to use RPA for your finance and accounting needs. As a general rule, you can use the technology and programs to handle paperwork and reports that waste the time of your employees.

You also want to use the technology for auditing paperwork and inputting data that is already available in your system. It will save time, cut back on operating costs, and limit the risk of errors.

For online support, Robotic processes are used to automate the generalized queries of your clients.

9.2.7 Social Media Professional Presence

LinkedIn, YouTube, WhatsApp Business, Twitter, Facebook and other types of Social media is a part of today's Business life. Social media presence is a must in the Outsourcing world. But it should be professional and not your opinions and likings about the Government/Politics.

Being active on social media has a number of benefits for business, and



there are many things you can accomplish with your social presence, such as performing customer service, engaging customers, generating leads, expanding your audience, driving sales, increasing web traffic, gaining valuable insights and feedback, and much more.

But As a professional, you must need to follow strategic measures also:

- Professional Ethics must not be hit. Advertisement guidelines of your respective Institute must be kept in mind while using Social media.
- You should also decide on your posting frequency and create a content calendar that will help you plan posts and make sure you don't miss days.
- Staying active and present on social media takes time and dedication.
- There are many ways you can engage with your clients/audiences, and they include:
 - ◊ Commenting on posts
 - ◊ Starting and participating in conversations
 - ◊ Sharing relevant information
 - ◊ Addressing complaints and criticisms
 - ◊ Showing appreciation for customers
- Social media isn't a one and done deal, and it takes time and patience to cultivate a reliable presence.

9.2.8 Quality Control Policies

The outsourcing firm must have policies and procedures in place for providing reasonable assurance that policies and procedures with respect to the system of quality control are adequate, relevant, compiled within the practice and is operating effectively. The policies and procedures must include a continuing consideration and evaluation of quality control system, including a recurring examination of the selection of completed engagements.

- Adhering professional standards and legal and regulatory requirements
- Whether the quality control policies and procedures of the firm is implemented effectively and applied appropriately
- Determining required corrective action to improve the system, including feedback

Documentation

Of equivalent importance is the documentation at each and every stage



of the activities. An outsourcing firm must have policies and procedures in place necessitating appropriate documentation for providing evidence of the operation of every element of the system of quality control.

Outsourcing Service provider must be ready to provide: -

- Quality control procedures adopted to safeguard the client data.
- Quality control procedures adopted to safeguard the client Confidentiality of Information.
- Availability of documents to clients as and when required.
- Education and Training Modules of the firm to ensure competency.

9.2.9 Other Infrastructure needs

There are many different aspects of IT infrastructure that you need to consider based on your business size, type, and specific needs.

Finding the best internet type and provider

In this day and age, businesses need to have some kind of internet capabilities in order to compete. You need to be present online, be active on social media (where prospective clients and customers are already), and you need to have access to quick methods of ordering supplies and getting information. In order to do any of this, you need to have a cost-effective, useable internet service that doesn't slow you down unnecessarily. Depending on where you live and what kind of business you are running, you may have several options available, such as cable, fiber optic, and satellite internet.

Meeting Rooms and Video Conferencing: Are these Options Necessary?

Your small business IT infrastructure should also work to help you interact with your clients, customers, and employees in the best, most effective ways possible. If you are a small business with clients all over the state or the country or even all over the world, you may want to consider video conferencing solutions for your company, which can carry a number of advantages over traditional calls and other methods of communication. If you are frequently holding employee or client meetings at your office, look into meeting and conference room technology solutions that can improve the overall experience. For example, you may want to look into content sharing devices, projectors, A/V equipment, or other options.

So, infrastructure needs of an accounting firm has changed with time, but the accounting processes almost remains the same. So, you need to be proficient in your field of expertise. A new and rising accounting firm must focus on these infrastructure needs to be present in the business world.



CHAPTER 10

Client Management

10.1 Client Information

10.1.1 Code of Ethics

The code of Ethics contains the rules that guide all the members of a Professional Accounting Body in the performance of their Professional responsibilities.

The Code of Ethics issued by ICAI has been derived from the International Ethics Standards Board for Accountants (IESBA) Code of Ethics, 2018 issued by the International Federation of Accountants (IFAC).

1. The *Code of Ethics for Professional Accountants* (“Code of Ethics” or “the Code”) sets out fundamental principles of ethics for professional accountants reflecting the profession’s recognition of its public interest responsibility. These principles establish the standard of behavior expected of a professional accountant.

The fundamental principles are:

1. Integrity,
2. Objectivity,
3. Professional competence and due care,
4. Confidentiality, and
5. Professional behavior.

Integrity

The principle of integrity imposes an obligation on all Professional accountants to be straightforward and honest in all professional and business relationships. Integrity also implies fair dealing and truthfulness.

Objectivity

The principle of objectivity imposes an obligation on all professional accountants not to compromise their professional or business judgment because of bias, conflict of interest or the undue influence of others

Professional competence and due care

The principle of professional competence and due care imposes the following obligations on all professional accountants:



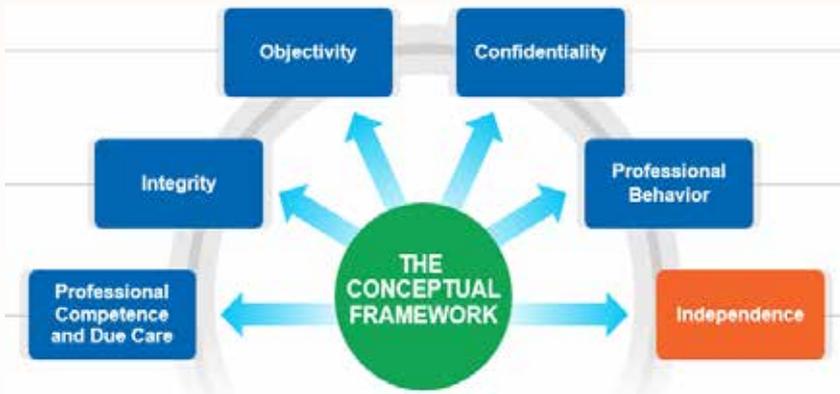
- To maintain professional knowledge and skill at the level required to ensure that clients or employers receive competent professional service; and
- To act diligently in accordance with applicable technical and professional standards when providing professional services

Confidentiality

The principle of confidentiality is not only to keep information confidential, but also to take all reasonable steps to preserve confidentiality. Whether information is confidential or not will depend on its nature. A safe and proper approach for professional accountants to adopt is to assume that all unpublished information about a client's or employer's affairs, is confidential. Some clients or employers may regard the mere fact of their relationship with a professional accountant as being confidential.

Professional behavior

The principle of professional behavior imposes an obligation on all professional accountants to comply with relevant laws and regulations and avoid any action that the professional accountant knows or should know may discredit the profession. This includes actions that a reasonable and informed third party, weighing all the specific facts and circumstances available to the professional accountant at that time, would be likely to conclude adversely affects the good reputation of the profession.



Code of Ethics Worldwide

Every Professional Accounting Body has issued Code of Ethics applicable for Accountants. This code of Ethics is generally the same for all across the globe. The Code normally contains:



Conceptual Framework

This includes the fundamental principles and the conceptual framework and is applicable to all professional accountants.

Professional Accountants in Service

This sets out additional material that applies to professional accountants in service when performing professional activities. Professional accountants in service include professional accountants employed, engaged or contracted in an executive or nonexecutive capacity in, for example:

- a) Commerce, industry or service
- b) The public sector
- c) Education sector
- d) The not-for-profit sector
- e) Regulatory or professional bodies
- f) Accountants in employment with a Public Accounting firm

Professional Accountants in Public Practice

This sets out additional material that applies to professional accountants in public practice when providing professional services.

10.2 Confidentiality of Client Information

The fundamental principles of Accounting Bodies emphasize on Confidentiality, which means and includes the confidentiality of information acquired as a result of professional and business relationships.

Confidential client information is any information obtained from the client that is not available in the public domain. A professional accountant shall comply with the principle of confidentiality, which requires an accountant to respect the confidentiality of information acquired as a result of professional and employment relationships.

An accountant in employment shall:

- Be alert to the possibility of inadvertent disclosure, including in a social environment, and particularly to a close business associate or an immediate or a close family member.
- Maintain confidentiality of information within the firm or employing organization.
- Maintain confidentiality of information disclosed by a prospective client or employing organization.



- Not disclose confidential information acquired as a result of professional and employment relationships outside the firm or employing organization without proper and specific authority, unless there is a legal or professional duty or right to disclose.
- Not use confidential information acquired as a result of professional and employment relationships for the personal advantage of the accountant or for the advantage of a third party.
- Not use or disclose any confidential information, either acquired or received as a result of a professional or employment relationship, after that relationship has ended; and
- Take reasonable steps to ensure that personnel under the accountant's control, and individuals from whom advice and assistance are obtained, respect the accountant's duty of confidentiality.

Public Interest

Confidentiality serves the public interest because it facilitates the free flow of information from the professional accountant's client or employing organization to the accountant in the knowledge that the information will not be disclosed to a third party. Nevertheless, the following are circumstances where professional accountants are or might be required to disclose confidential information or when such disclosure might be appropriate:

- Disclosure is required by law, for example:
 - ◊ Production of documents or other provision of evidence in the course of legal proceedings; or
 - ◊ Disclosure to the appropriate public authorities of infringements of the law that come to light.
- Disclosure is permitted by law and is authorized by the client or the employing organization; and
- There is a professional duty or right to disclose, when not prohibited by law:
 - ◊ To comply with the requirements of peer review or quality review of the Institute
 - ◊ To respond to an inquiry or investigation by a professional or regulatory body.
 - ◊ To protect the professional interests of a professional accountant in legal proceedings; or
 - ◊ To comply with technical and professional standards, including ethics requirements.



A professional accountant shall continue to comply with the principle of confidentiality even after the end of the relationship between the accountant and a client or employing organization whether by completion of particular assignment or otherwise.

When changing employment or acquiring a new client, the accountant is entitled to use prior experience but shall not use or disclose any confidential information acquired or received as a result of a professional or employment relationship.

Information Availability to Accountant

Professional accountants at all levels in an employing organization are involved in the preparation or presentation of information both within and outside the organization. This information might assist stakeholders in understanding and evaluating aspects of the employing organization's state of affairs and in making decisions concerning the organization. Information can include financial and non-financial information that might be made public or used for internal purposes.

Since the Accountants get the clients information due to their nature of activities involved in the organization, maintaining its confidentiality is a must and it must not be diluted at any cost.

A professional accountant shall not manipulate information or use confidential information for personal gain or for the financial gain of others.

10.3 Fidelity of an Accountant

An accountant, in public practice, has access to a great deal of information of his client which is of a highly confidential character. It is important for the work of an accountant and for maintaining the dignity and status of the profession that he should treat such information as having been provided to him, only to facilitate the performance of his professional duties for which his services have been engaged. To divulge such information would be a breach of professional confidence which may give rise to the most serious consequences, even to an action by the client for the loss suffered by him through such a breach.

Code of Ethics for Professional Accountants put a responsibility to show your fidelity to your client. In this process, an Accountant in public practice cannot perform the following duties for his client to avoid conflict of Interest.

1. Providing accounting and bookkeeping services to an audit client might create a self-review threat.
2. Providing administrative services to an audit client does not usually



create a threat. Administrative services involve assisting clients with their routine or mechanical tasks within the normal course of operations. Such services require little to no professional judgment and are clerical in nature.

3. A firm or a network firm shall not provide a valuation service to an audit client that is a public interest entity if the valuation service would have a material effect, individually or in the aggregate, on the financial statements on which the firm will express an opinion.
4. In India, A statutory auditor of an entity cannot be its internal auditor as it will not be possible for him to give an independent and objective opinion. Further, under companies Act, 2013, where applicable, the restriction also applies to the subsidiary company or holding Company of the audit client.

10.3.1 How to handle Ethical Dilemma

When there is an ethical dilemma to a member, he or she must follow the rules provided by Code of Ethics by Ethical Boards to safeguard the Integrity and Objectivity of the Profession. Here is the resolution for an ethical dilemma

Guidance on ethical conflict resolution

Relevant facts

Seek to establish the known facts of the situation and any limitations. It may not be possible to obtain all relevant facts, but the professional accountant may be able to obtain more background information to address the limitations by:

- Referring to the organization's policy, procedures, code of conduct and previous history.
- Discussing the matter with parties internal and external to the organization. For example, trusted managers and colleagues.

Relevant parties

Consider affected parties ranging from individuals, organizations to society. The parties to be considered include, but are not limited to, employees, employers, shareholders, consumers/clients, investors, government and the community at large.

Ethical issues involved

Analyze the professional, organizational and personal ethical issues of the matter

Fundamental principles related to the matter in question

Refer to the guidance contained in this Code in order to establish which



fundamental principles are affected by the situation.

Established internal procedures

Refer to the employing organization's internal procedures and also consider which parties ought to be involved in the ethical conflict resolution process, in what role and at what stage. Professional accountants may find it useful to discuss the ethical conflict issue within the organization with the following parties:

- Immediate superior.
- The next level of management.
- A corporate governance body, for example, the audit committee.
- Other departments in the organization which include, but are not limited to, legal, audit and human resources departments.

Alternative courses of action

In considering courses of action, the professional accountant is encouraged to consider the following:

- The organization's policies, procedures and guidelines.
- Applicable laws and regulations.
- Universal values and principles adopted by society.
- Long term and short-term consequences.
- Symbolic consequences.
- Private and public consequences.

When evaluating the suggested course of action, a professional accountant is expected to test the adequacy of the suggested course of action by considering the following:

- Have all consequences associated with the course of action been discussed and evaluated?
- Is there any reason why the suggested course of action will not stand the test of time?
- Would a similar course of action be undertaken in a similar situation?
- Would the suggested course of action stand scrutiny from peers, family and friends?

10.4 Delivery of Work

When you take up an assignment as an Account process outsourcing, there may be a possibility that you don't meet your client at any point of time since



the services are delivered in a completely online process. Timely delivery of work, thus, becomes a key aspect. If in an outsourcing venture, you make wrong commitments, it will lead to the end of the road. So whenever one takes up a specific assignment, he must assure the timely delivery of work. Ethical standards also suggest the same in following terms:

Competence: Each CA should assess professional competence by evaluating whether his or her education, experience, and judgment are adequate for the responsibilities to be assumed. If you are not capable of performing a particular task, do not accept it in Outsourcing world just because that you are a qualified accountant. You must try to get experience and education in particular area first and take up the task only when you are comfortable to perform it. If a member is unable to gain sufficient competence, the member should suggest in fairness to the client and public, the engagement of a competent person to perform the needed professional service either independently or as an associate.

Diligence imposes the responsibility to render services promptly and carefully, to be thorough, and to observe applicable technical and ethical standards.

Due care requires a CA to adequately plan and supervise professional activities. A member's agreement to perform professional services implies that the member has the necessary competence to complete those services according to professional standards and to apply the member's knowledge and skill with reasonable care and diligence.

According to a study conducted by United Kingdom Government Audit department, there are various benefits attached to the Timely delivery of financial statements, which is applicable in all spheres of delivery of accounting job:

Timely financial reporting creates benefits during the financial year and also when the accounts are prepared. It allows you to focus on current issues and develop future plans. It does this by improving financial systems and improving the quality of financial information.

Informing stakeholders: Stakeholders may be internal (e.g. staff) or external (e.g. contractors and the public). Stakeholders use financial information to decide how they will interact with the public body. Timely financial reporting makes the information you provide to stakeholders more relevant.

Improved financial management Timely financial reporting helps you to examine and correct any weaknesses in your financial systems. Publishing accounts with a clear audit opinion is an indicator of good financial management. Improved financial management allows you to focus on current financial matters and develop future plans.



Better resource management the systems and processes which you develop for timely financial reporting will improve your in-year financial management information e.g. through automating your processes. This allows you to make decisions based on up-to-date information and leads to improvements in the use of resources.

Work Program Timely financial reporting requires a more balanced work program with greater emphasis on in-year financial management.

Good Governance Timely production of accounts producing financial statements with a clean audit report provides everyone with assurance of good financial governance.

10.4.1 Planning a delivery work schedule

Timely delivery of work is not possible without a proper plan and concentration of energies on performance. There are many factors you need to control

1. Plan your daily schedule

With the given scope of work, you must plan your work schedule in a particular time frame. Then plan each day. Always list the jobs you want to accomplish in a day. **Stick to the plan as best as you can.**

2. Keep a time limit for each task

In your daily planner, mark each task with a **time limit**. Having a deadline should motivate you to work more efficiently.

3. Avoid Social Media while on work

Nowadays, social media distracts you a lot like Facebook, WhatsApp, TV, emails, or phone calls? **To focus better**, close your email, turn off your phone, TV and Social media.

4. Keep your workspace clean

An organized and tidy workspace will allow you to find things easily and get things in an orderly manner.

5. Take Breaks

You and your staff must take breaks and small moments of relaxation will not affect your productivity but should let you even do more. Even a tea break for ten minutes between tasks can **improve your work efficiency.**

6. Learn to say “no”

The most important key to accomplishing tasks that If you are already loaded with work, say NO for additional work. Consider your workload before accepting any more work.

7. Utilize [time management software](#)



A traditional pen and paper planner are one of the best ways to set a schedule but in this technology age, people might find you old-fashioned. **There are many apps, products, and sites** out there which will help you be more organized, productive and meet all your goals.

10.5 Communication with the Client

10.5.1 Client Information to be moved in Secured Channels

Secure communication is when two entities are communicating and do not want a third party to listen in.

Best practices for online communication

Merely choosing a secure channel may not be enough to protect you. You'll have to follow these best practices if you want to ensure your communication is as secure as possible:

Be Selective.

There are hundreds, if not thousands, of apps out there advertising their "security," but not all of them will offer you the same level of protection. Before you buy, download, or start using these apps, do your homework. Learn why they claim to be secure, read up on user reviews, and compare them to their competitors to make sure you're using the best option.

Use a VPN.

A virtual private network (VPN) will give you a secure tunnel through which you can send and receive information online, as if you were operating using a private server. Vypr VPN and IVPN are two of your best options here, but there are dozens of VPN options that cater to different needs, so choose carefully.

Avoid reliance on telecommunication.

Phone calls and text messages may seem like the straightforward way to communicate, but any form of communication that relies on a cell tower is inherently unsecure. For this reason, it's best to communicate when you're connected to a secured Wi-Fi network, rather than using your 4G network—and that also means avoiding publicly accessible Wi-Fi networks, like those in coffee shops or libraries.

Choose and rotate strong passwords.

It's a simple best practice, but one that you can't afford to neglect; choose a strong password for your login and create new passwords to replace it on a regular basis. Strong passwords include both upper-case and lower-case letters, numbers, and special characters—and the longer they are, the better.

Think carefully about what information you send.

As an added layer of security, don't send information unless you have to share



it, or unless you're perfectly comfortable with that information leaking. Even with the best security practices and apps in place, there's no reason to make yourself vulnerable unless you have to.

Every system has vulnerabilities, so there's no way to make your exchange completely hack-proof. However, you can eliminate vulnerabilities to make it far more difficult to gain access to your communication. Most of the time, making it difficult is enough—cybercriminals look for easy targets—so don't neglect these important steps.

10.5.2 Use a Password Protected Cloud

The primary step in keeping your data secure is to use a password-protected cloud that ensures maximum security. The recommended method is to use alphabets in lower and upper case, symbols and numbers in combination to share sensitive financial documents securely.

Using a perfect combination in a password makes it virtually impossible for hackers to hack into your device. It's always important to keep changing your password frequently. Use a good password management application to manage all passwords. Using strong passwords with an unusual combination of alphabet numbers and symbols is a great way to safely share financial documents.

The password can be shared with authorized individuals. You can put a restriction on the document as well. For example, you can limit the access of the records to a few trusted people.

10.5.3 Password protection for each document

In case you are required to share any document through email communication, you should make the attachment password protected. Always ensure to share the password in a separate email. This will ensure the confidentiality even if you inadvertently send the document to an unintended recipient.

10.5.4 Never Use the Same Password for Every Account

People make one major mistake when dealing with their financial information. They tend to use the same password for their different bank accounts. This practice can lead hackers straight to your entire finances.

10.5.5 Dropbox for sharing Financial Documents

Dropbox is a very secure method for sharing any kind of information online. It provides the user with an option to "share the link". The link allows specific people, to whom you sent the link, to view or download the file. A Dropbox Pro account is the most secure way to share sensitive financial documents securely. Dropbox has an option for you to delete the link whenever you want.



CHAPTER 11

APO Services – How to Market

A. Broad APO Market Scenario and Market Overview of Outsourcing Industry

11.1 Introduction

APO services are subset of the broad outsourcing and shared services (OSS) industry. The OSS Industry has been rapidly transforming the way businesses across the world operate since the late 1980s. Over the past few decades, the usage and application of OSS has become an effective and common business practice not just as a cost-cutting measure but also as a time-saver and enabler of innovation, acting as key to building a sustained competitive advantage.

11.2 Market overview and outlook

Globally, OSS has grown to become a mega multi-billion-dollar industry. Last year alone worldwide spend on OSS operations and services is estimated to have reached US\$ 688.4 billion (see figure 1). With this representing almost double the growth of previous years (8.3% from 2017 to 2018 vs. 4.8% from 2016 to 2017), OSS market demand and growth is significant and accelerating.

Historically, OSS largely focused on traditional BPO. Over the years, various waves of technology advancements have driven the mass entrepreneurship of IT, which has given rise to ITO. Today, ITO is estimated to represent 58.2% of OSS spend, representing the vast majority of the OSS market in 2019. This is followed by 24.4% of OSS spend on BPO and 17.4% on shared services.

Going forward, socio-economic turbulence and uncertainty across the world is anticipated to exacerbate cost and competitive pressures, especially on multi-national businesses and governments. Coupled with ongoing advancements in technologies, such as robotics and artificial intelligence enabling new levels of process and cost efficiency in parallel, consensus amongst industry analysts and experts is that this will fuel acceleration in OSS spend for a number of years. As such, the OSS market is forecast to grow at an over 7.4% compound annual growth rate (CAGR) from 2019 to reach US\$ 971.2 billion by 2023¹.² At this rate, the OSS industry will exceed US\$ 1.0 trillion, within the next 6 years.



11.3 Global Outsourcing Market

The countries which are particularly prominent in outsourcing include **India**, China, Philippines, Malaysia, Indonesia, Brazil, Chile and Eastern Europe, especially Poland, Romania, and the Baltic States.

The biggest share of revenue for outsourcing industry comes from the Americas, followed by Europe especially United Kingdom and the Middle East.

11.4 Indian Outsourcing Market

Owing to its advantageous factors like presence of world’s best intellectual and low cost manpower, easily accessible and low cost internet connectivity, multi-lingual capabilities, etc., India has emerged as the 21st century’s global powerhouse, offering many advantages as a global sourcing hub, especially for IT enabled Services and Business Process Outsourcing. Call centers have also mushroomed in India serving various foreign airlines and financial institutions.

The growth of Indian outsourcing industry has been phenomenal. As markets worldwide are becoming knowledge-intensive, India has evolved to become the most preferred destination for knowledge services. India has a large pool of skilled manpower– Chartered Accountants, MBAs, Doctors, Lawyers, Research Analysts, etc., which strengthens its position in the knowledge service industry.

¹ - Source: Technavio, Gartner, Monitor Deloitte analysis

Source of Chart 1 - Source: Technavio, Gartner, Monitor Deloitte analysis



11.5 Key growth drivers and trends

Cost reduction

Traditionally, the practice of OSS has long been adopted by organizations to achieve cost reduction through labor arbitrage and retain focus on core competencies. Naturally, these remain the ultimate drivers of OSS spend and growth.

Strategic and competitive advantages

In recent years, the OSS industry and its drivers have considerably grown as organizations, now it's looking towards achieving a multitude of strategic objectives beyond just cost reduction. While cost indeed remains a key driver, the ability for organizations to keep up and stay relevant in the modern age of disruption has become equally critical. Organizations recognizing this are now also investing in OSS to multiply performance (speed, quality), reduce capability as well as capacity gaps, increase agility, access intellectual capital, reach new markets and accelerate innovation across their business from back-office support to front-office product and service delivery.

Exponential technologies

The advent and adoption of new exponential technologies is now enabling organizations to formulate disruptive OSS solutions to achieve both core cost reduction and new strategic imperatives.

B. How to market Accounting Process Outsourcing ('APO') services to target customers?

Undoubtedly, the most important part of any business is to get the customers and then to keep servicing them to their satisfaction. There is an old saying that "Customer is King" and in this fast-paced digital age, meeting the desires and needs of customers is far more important than ever. In today's business landscape, competitors are only a few clicks away and just around the corner is social media, which provides an uncensored platform where customers can voice their dissatisfaction to masses by a single click.

When we are talking about how to market APO services to target customers, we are referring to creating the best marketing strategy and its effective implementation.

11.6 Planning of marketing strategy

In any business, it is very important to devise a marketing strategy in order to get the customers. In case of APO services too, it is important to devise a marketing strategy which can provide the way forward to market the outsourcing services and reach to the target customers. The marketing



strategy for APO service provider can comprise of the following –

- 1) Identification of target markets.
- 2) Identification of target customers.
- 3) Identification of services/areas under APO which may be of relevance/ interest to the target customers.
- 4) Ensure relevant skills and know how it is developed or acquired for delivering the desired services to target customers.
- 5) Marketing budget.

We may now discuss each of above aspect in greater detail to have better understanding of the concepts

Identification of target markets

It is very important to identify the target market where the APO service provider intends to target the customers. The location/region providing or having potential to provide great outsourcing opportunities should be identified. For identifying target markets, one has to analyze the following: -

- Market size.
- Expected future growth rate in APO business from that market.
- Type of outsourcing work flowing from that market.
- Cost arbitrage opportunity outsourcing services can provide in those market.
- Existing relationship in that market which could possibly help in getting more clients.
- Recovery rates and profitability; and
- Ease of delivery in terms of language and timing difference, etc.

One has to keep in mind that it is not practically possible for APO service provider to target multiple markets in one go because of different skill sets which may be required for delivering services in different locations/regions e.g. in case of tax filings and compliances, underlying laws would be different in different locations. Therefore, it is imperative for APO service provider to identify the target market/(s) and put efforts to capture the work therefrom.

Identification of target customers.

Various target customers can have different needs, size and work culture therefore it is important to identify the customers whom APO service provider



can target based on skill sets possessed by APO service provider, infrastructure & man power available, profit margins etc. Also, APO service provider has to keep in mind the requirements of specific customers, before identifying them as target customers, because different customers may have different requirements e.g.- a big corporate may be looking for APO service provider with local presence or SPOC available locally whereas it may not make any difference for small/mid-sized company looking for APO service provider.

For the purpose of the customer identification the potential customers for an APO service provider can be divided into following categories: -

- Existing accounting firms in the target market.
- Small size clients like individuals or small business.
- Startup business.
- Medium and large size customers.

All of these customers may have different requirements and expectations from an APO service provider. Therefore, one has to study the basic requirements of the different categories of customers and endeavor to match their requirements before identifying them as target customers.

Identification of services/areas under APO which may be of relevance/ interest to the target customers

There are various types of services under APO which can be provided. Here are some of the examples of services generally provided under APO-

- Bookkeeping/accounting.
- Preparation of Financial Statements.
- Audit Support.
- MIS Reporting.
- Virtual CFO.
- Accounts Payable
- Collection Accounting & Debtors reconciliation.
- Fixed assets accounting.
- Bank Reconciliations.
- Taxation calculation, payments & related reconciliations.
- Tax filing and compliances.

These services are discussed in greater detail in earlier chapters.



While determining the services to be provided in a target market for target customers following factors can be considered: -

1. **Best skilled services**, i.e. the services/ activities you are best at, should be highlighted/ focused while marketing.
2. **Existing competition** – Services with high competition should be avoided as an entry point.
3. **Value proposition** – Identify value proposition for the target customer and accordingly focus on the relevant service.

There is a need to identify the services/areas which may be of interest/ relevance to target customers in the target market. There may be demand for different services by different types of customers in different markets. Therefore, one strategy may not fit every customer or every market.

Ensure relevant skills and know how is developed or acquired for delivering the desired services to target customers

In order to convert the lead into assignment and gain confidence of target customers, it is pertinent for APO service provider to ensure that the relevant skills and know how required to deliver the desired services is developed or acquired before approaching the target customers. The potential customer would never want to award work to APO service provider who does not possess the relevant skill set and know how to efficiently deliver the work.

This not only include the knowledge of the subject but also include things relating to the service environment such as data security, tools/ software used for provision of service, cultural aspects relating to the targeted market etc.

Marketing Budget

APO service provider should identify the annual budget to be spent on marketing of services as it would help to identify the correct methodology to reach to the target customers. The different methods/ ways to be used for reaching to target customers may involve different costs. For example, an online advertisement over relevant digital platforms may have different cost as compared to offline advertisement.

11.7 Methods/ways to reach to target customers

The most important part of any marketing strategy is to reach to the target customers and to convert the leads into assignments. There may be various methods or options available to approach your targeted customers depending on marketing budget, size of business, existing relations, etc.

Some of the methods which APO service provider can follow for creating



market presence or approach the potential customers are as under-

11.7.1 Setting up marketing office in the target market

APO service provider may set up a physical marketing office in the desired location/region with competent person heading that office who is capable to generate the leads, meet target clients, and convert the leads into assignments. This option, if it suits the marketing budget of the APO service provider, can be said to be the most efficient one as big corporate prefers working with service providers having local presence. This option is practically followed by most of the big APO service provider in India.

The marketing office generally may not be engaged in delivery of services as the same would be done through delivery offices present in India for cost arbitrage.

11.7.2 Tie up with business development or marketing agencies in the target market

APO service provider can tie up with business development or marketing agencies in the desired location/region. These agencies can help in identifying the opportunities, getting the leads, and also assist in conversion of leads into business. This option can also act as a substitute to setting up of own marketing office if the latter option is not practically feasible for APO service provider on account of cost or other constraints.

11.7.3 Tie up with local accounting professionals in the target location/region

Another way to get the work is to explore the tie-ups with the local accounting professionals/ Chartered Accountants/ Certified Public Accountants etc. for outsourcing the finance and accounting work. This option is secondary to the option of creating own physical presence including through marketing agencies, but can prove to be beneficial if right type of tie-up is made by APO service provider as this model would be win-win situation for both local accounting professional and APO service provider because of cost efficiencies achieved by local accounting professional leading to increase in their profitability with the engagement of APO service provider.

In this option the margins may not be too high as the same would be shared between local accounting professional and APO services provider. However, this could be a good entry strategy specially for new APO service providers as they get hold on the nature of work in that target market and would be able to create an experience base for themselves.

11.7.4 Creating digital presence to market the APO services

Creating digital presence in the world of internet is of utmost important for



any business in today's times, and APO service business is not different. This is more relevant considering APO service provider is looking at the overseas/international business.

The digital presence can be created in the following manner-

- Creation of website highlighting the nature of services provided along with key USP's of the APO service provider.
- Businesses generally search for APO Services providers on various search engines or websites. Therefore, it is important to ensure Search Engine Optimization ('SEO') of the website. SEO is a tool to optimize your website in a manner so that it appears in top search results on search engine.
- Creating presence of the business on various professional platforms such as LinkedIn

11.7.5 Creating presence on work sourcing/ aggregator platforms

There are various work sourcing platforms wherein the service recipient posts their requirement for a work to be undertaken and the service provider bid for said projects. The APO service provider can create their presence or profile on such aggregator platforms and can bid for various projects submitted there.

Some of these platforms are Upwork, freelancer, true lancer, Guru, etc.

11.7.6 Digital marketing for the services provided

Once the APO Service provider has created digital presence of its business, it can digitally market it to the target customers through various digital marketing methods available.

Some of the options for digital marketing could be google advertisement or LinkedIn advertisement which can be done keeping in mind the nature of services provided by the APO service provider, target market and profile of target customers.

11.7.7 Getting reference from existing clients or relations in the target market

APO service provider can also explore possibility of seeking reference from existing clients served in the target market or existing relations in the target market.

APO service provider has to consider adopting suitable option(s) from various options available, depending on marketing budget, regulatory constraint, size of business etc.



CHAPTER 12

Post Covid Opportunities

12.1 Post Covid Opportunities for accounting professionals/firms

The COVID-19 pandemic has led to an unprecedented economic turmoil across the world and the outsourcing market in India is not expected to be fully resilient to its impact. However, the outsourcing industry can make their way through it by taking stringent measures to reduce discretionary spending which are projected to affect the conversion of new deals in pipeline, assignment of new contracts and delay contract renewals. For most businesses, the crisis has led, or will likely lead to at least a temporary decline in revenues – so companies that do not react to this situation will undoubtedly put themselves at risk.

Wherever there is change, there is opportunity. Clearly there are revenue opportunities for certain existing or new goods and services based on the impact of COVID-19 (i.e., hand sanitizer). However, there are also opportunities from an operations perspective. One of the advantages to a decrease in business activity is companies have time to fix those areas that never get attention.

Existing projects of many Outsourcing providers are likely to face or have faced reduction in billable employees, affecting price negotiations. However, as enterprises focus on business continuity plans (BCP) for remote working, the demand for Cloud infrastructure services and security software is expected to pick up.

With the turn of the twenty first century, India emerged as a global sourcing destination for BPO as well as IT-related functions. Low cost, technological competence, access to a competent talent pool, and a supportive policy framework are driving the Indian outsourcing market. In terms of revenue, the outsourcing market in India is estimated to expand at a CAGR of 7.25% during the 2020-2025 periods.

Key industries served by the Indian outsourcing companies include banking, financial services, and insurance (BFSI), hi-tech/telecommunication, manufacturing and healthcare. BFSI emerged as the largest industry segment, accounting for 55.65% of revenue share in FY 2019. India's aim of achieving a cashless economy with the aid of digital banking and fintech solutions has allowed steady growth of the BFSI segment.

The phenomenal enhancement of technological infrastructure in India played a pivotal role in driving the outsourcing market. Penetration of the internet



and high-speed internet connectivity, and establishment of innovation centers in software technology parks of India (STPI) units and special economic zones (SEZs) have propelled market growth. Furthermore, Indian outsourcing companies are offering training on disruptive technologies like automation, analytics, AI, machine learning and IoT in order to build a digitally skilled workforce.

Increased relevance of Outsourcing Industry

The '2020 Global Managed Services Report', based on a survey of 1,250 executives in 29 countries including India, said that 45% organizations will outsource more than insource in the next 18 months, with 57% citing security risks.

In this environment, the delivery of platform-enabled solutions at speed across the entire technology stack becomes even more important, it said. From cloud to networking, data center to security and more, breadth and depth of capability are essential to recover and restore operations and position organizations strongly for the coming years.

Demand for expertise in cloud infrastructure outsourced to service providers is set to increase in 18 months to 77% while new product development will be the most common impact on IT decision making in the next 12 months.

Hence, opportunities for the outsourcing sector has boosted due to the pandemic, and there will be a plethora of opportunities for accounting firms to transition into an Outsourcing firm to take advantage of these opportunities and make capital out of this crisis.

Business Process Outsourcing Market – Key Findings

- Banking, Financial Services, and Insurance (BFSI) industry is contributing significantly to market growth.
- Knowledge process outsourcing will observe an impressive growth rate through the forecast period.
- Asia Pacific will create remunerative opportunities for key players in business process outsourcing market.

Business Process Outsourcing Market – Key Driving Factors

- Soaring demand for cost-effective outsourcing is invigorating the market growth.
- Booming digital economy is strengthening the business process outsourcing market in Asia Pacific.
- BFSI sector is strengthening market growth on account of innovative financial technologies.



Clearly due to coronavirus, outsourced cloud accounting services has significant amount of benefits for the accounting firms. By their very nature, these solutions are designed to provide services remotely. With remote access to software and data, combined with transparent communications through email, text, telephone, and video conferencing. Firms will have access to a virtual accounting team that is available anywhere and anytime. Additionally, because outsourcing firms deploy teams, not individuals, and because they already leverage a work from anywhere model, their operations have a very low risk of being impacted by this crisis.

Online Client Onboarding approach

The outbreak of the COVID-19 pandemic has made it necessary for accountants to adopt digital ways of marketing and means of not only sharing documents but also getting clients on board. Thus, the key trend defining the future accounting profession would be to market accounting services online.

Traditionally, accountants have been hosting events publicly or sending direct emails in order to grow their business.

However, the future accounting profession would be marked by inbound marketing or content marketing which is a valuable tool to gather leads for services. Instead of pushing accounting services, future accounting professionals will have to demonstrate their expertise to give something valuable to prospective clients.

They will have to create value by giving advice via content pertaining to the challenges faced by prospects such as corporates, SMBs, or fellow accounting professionals.

Besides this, the accounting professionals can also consider running webinars, writing reports, white paper, or create financing tools in excel worksheets. Such engaging content would go a long way in triggering conversation with the website visitors, which can further help in converting the prospects into clients.

Shift to Cloud-Based Accounting

As viewed in the survey, 62% of the firms who were able to respond to COVID-19 successfully were using cloud-based technology. This indicates that there can be no better time than this to accept cloud-based accounting solutions which the Indian accounting industry has been side-lining until now.

Thus, accountants should take cloud as a big opportunity in order to grow their business in the future, though the transition to cloud-computing involves a drastic change in mindset and working culture. However, it would



permanently change the way accounting professionals have been working, making them more productive and cost-efficient.

Besides this, there are other ways in which accounting professionals would be benefited from cloud-based accounting solutions. For instance, it will provide an opportunity for the accountants to enhance the accountant-client relationship. This change would be in terms of:

- Servicing the clients on the go, anytime, anywhere.
- permission-based sharing of documents by the client, providing better control and security to the users
- helping accountants to invest less time on administrative tasks such as manual data entry and chasing clients for documents
- providing excellent security of data, thus reducing the chance of misuse of accounting data
- regular backup of accounting data, thus ensuring that accountants can restore it any time in case of data loss

Thus, cloud-based accounting is the future of the accounting industry.

As revealed in the survey, the biggest challenge faced by the least successful accounting firms while running their business during the pandemic were struggling with incorporating new operating model using new technology to enable remote interactions with clients while the most successful firms focus on advising their clients and keeping their clients informed with the financial reporting changes post COVID-19.

Therefore, post-COVID-19 it is observed that more accounting firms would embrace cloud-based accounting solutions that would allow them to do a more strategic job and offer more client-oriented and advisory services.

Virtual Communication and Collaboration

Since working remotely is a new normal in the current scenario, the accounting professionals will have to rethink their ways of working. Regular Communication and an effective WFH model are the key to sustain your ability to sail through this crisis.

Besides using technology for customer-related management, marketing, or invoicing, the accounting professionals would have to turn to technology to enable the remote working and staff communication a smooth process. This would not only help them in streamlining the workflows, but also help them in keeping a track of the employee's progress at work, collecting internal feedback, and facilitating day-to-day communications.



The future accounting profession would be marked by a virtual client meeting replacing the physical meetings. There are a host of tools that can help accounting professionals to conduct meetings and training with a large number of people at a particular time.

In addition to this, accounting professionals would have to switch to using cloud-based collaboration tools to upload and share documents and collaborate with multiple users to work simultaneously on such documents in real-time.

Use the break to make your business appealing for investment

Unfortunately, one of the pitfalls of coronavirus is a slowing of business in general as well as a slowing of investment inflow in business. There is no doubt that volume of transactions and revenues for most companies are down, and some investors are pulling back or delaying investment transactions. Raising debt will also be difficult, particularly for those organizations that need an infusion of working capital to weather the crisis. These facts are all part of a normal down business cycle triggered by the outbreak or any other crisis.

However, demand for investment might be hampered, but there is still a tremendous amount of wealth ideal in the economy looking for growth opportunities, both equity and debt. As the economy turns around, there will be great opportunities for a well-run business. Therefore, now might be a great time to use this break to clean up your business.

First, make sure your current operations are as efficient as possible. This action is a necessary step anyway to maintain profit with decreasing revenue. Second, clean up your historical financial data now. If an investment opportunity arises, don't let it slip through your fingers because you need time to clean up your books. Third, connect yourself with experts who understand your industry, your business, and the investment ecosystem.

Building Effective Remote Teams

Since the future working environment would be marked by social distancing, the accounting professional would have to think about building remote teams. This can be achieved by adopting measures such as:

- working from home
- allowing flexible working hours
- implementing alternate working shifts, etc.

Therefore, now, it is even more important for accounting professionals to have a proper staff communication strategy in place. An effective communication



strategy would go a long way in maintaining loyalty as well as employee retention.

This strategy must be defined by giving clear instructions with regards to deadlines, deliverables, whom to communicate with, frequency of communication, etc.



Furthermore, accounting firms need to ensure that their virtual team has all the necessary tools and best practices that support collaboration, productivity, and continuity of work.

Since personal visits to client offices were a significant part of the accounting profession, this would now be replaced by virtual meetings. The accounting firms need to ensure that their teams are familiar with the technology and tools.

Also ensure that they are apprised with the rules of conducting client meetings virtually like checking whether the technical equipment is working properly before the meeting, ensuring that all the participants log in via laptops in the meeting, etc.

In addition to this, attention also needs to be given on how the employees would manage the new routine of work as well as their personal life. Therefore, it is important for the accounting firms to check-in with their colleagues at regular intervals to ensure that they are able to focus on work and are taking scheduled breaks.



Annexure I

Important Links Related to International Organizations

Asia-Pacific Economic Cooperation (APEC)	https://www.apec.org/
Business and Industry Advisory Committee for the OECD (BIAC)	http://www.biac.org/
Economic Commission for Latin America and the Caribbean (ELAC)	https://www.cepal.org/en
Free Trade Area of Americas (FTAA)- Competition Policy	http://www.ftaa-alca.org/ngroups/ngcomp_e.asp
International Chamber of Commerce	http://www.iccwbo.org/
International Trade Centre UNCTAD/WTO	https://www.intracen.org/
The International Trade Forum-The Magazine of the International Trade Centre	http://www.tradeforum.org/
International Monetary Fund (IMF)	http://www.imf.org/
North Atlantic Treaty Organization (NATO)	http://www.nato.int/
OECD. Organization for Economic Co-operation and Development, Competition Law and Policy	http://www.oecd.org/competition/
Organization of American States (OAS) Trade Unit	http://www.oas.org/en/
United Nation Conference on Trade and Development (UNCTAD)	https://unctad.org/en/Pages/DITC/CompetitionLaw/Competition-Law-and-Policy.aspx
United Nations Commission on International Trade Law (UNCITRAL)	http://www.uncitral.org/
United Nations Economic and Social Development	https://www.un.org/development/desa/en/
United Nations Industrial Development Organization (UNIDO)	https://www.unido.org/
World Trade Organization (WTO)	https://www.wto.org/
World Intellectual Property Organization	https://www.wipo.int/portal/en/index.html



Annexure II Global Accounting Bodies

Country Name	Name of the Accounting Body	Website Address
Argentina	Federation Argentina de Consejos Profesionales de Ciencias Economicas	www.facpce.org.ar
Armenia	Association of Accountants and Auditors in Armenia	www.aaaa.am
Australia	CPA Australia The Institute of Chartered Accountants in Australia National Institute of Accountants in Australia	www.cpaonline.com.au https://www.publicaccountants.org.au/
Austria	InstitutOsterreichischer Wirtschaftsprufer Kammer der Wirtschaftstreuhander	www.kwt.or.at/iwp/frame.html www.kwt.or.at/ www.kwt.or.at/index.html
Azerbaijan Republic	The Chamber of Auditors of Azerbaijan Republic	www.audit.gov.az
Bahamas	The Bahamas Institute of Chartered Accountants	www.bica.bs
Bahrain	Bahrain Accountants Associations Accounting and Auditing Organization for Islamic Financial Institutions	http://www.bahaccountants.com.bh/ https://aaoifi.com/?lang=en
Bangladesh	The Institute of Chartered Accountants of Bangladesh. The Institute of Cost and Management Accountants of Bangladesh Bangladesh Accountants of Bangladesh	https://www.icab.org.bd/ www.icmab.org.bd
Barbados	The Institute of Chartered Accountants of Barbados	www.icab.bb
Belgium	Institut des Experts Comptables Institut des Reviseursd'Entreprises	https://www.iec-iab.be/fr www.ibr-ire.be



Bolivia	Colegio de Auditores de Bolivia	http://www.auditorescontadoresbolivia.org/
Bosnia and Herzegovina	Association of Accountants and Auditors of RepublikaSrpska	http://www.srrrs.org/?jezik=eng
Botswana	Botswana Institute of Accountants	www.bia.org.bw
Brazil	Instituto Brasileiro de Contadores Conselho Federal de Contabilidade	http://site.ibracon.org.br/ www.cfc.org.br
Bulgaria	Institute of Certified Public Accountants of Bulgaria	https://www.ides.bg/en/
Canada	CMA Canada The Canadian Institute of Chartered Accountants Certified General Accountants' Association of Canada Accountants	www.cma-canada.org www.cica.ca www.cga-canada.org/
Chinese Taiwan	Federation of CPA Associations of Chinese Taiwan	https://www.ifac.org/about-ifac/membership/members/federation-cpa-associations-chinese-taiwan
Colombia	Instituto Nacional de Contadores Públicos de Colombia	www.incp.org.co
Costa Rica	Colegio de Contadores Públicos de Costa Rica	www.ccpa.or.cr
Cyprus	The Institute of Certified Public Accountants of Cyprus	www.icpac.org.cy
Czech Republic	Chamber of Auditors of the Czech Republic Union of Accountants of the Czech Republic	www.kacr.cz www.svaz-ucetnich.cz
Denmark	Foreningen Registrerede Revisorer FRR	www.frr.dk
Dominican Republic	Instituto de Contadores Públicos Autorizados de la Republica Dominicana	https://www.icpard.org/
Ecuador	Federacion Nacional de Contadores del Ecuador	http://fnce.azurewebsites.net/



Egypt	The Egyptian Society of Accountants & Auditors	https://www.ifac.org/about-ifac/membership/members/egyptian-society-accountants-auditors
EL Salvador	Corporacion de Contadores de El Salvador Instituto Salvadoreno de Contadores Publicos	https://www.ifac.org/about-ifac/membership/members/instituto-salvadoreno-de-contadores-publicos
Estonia	Audiitorkogu (Estonian Auditing Board)	www.auditorkogu.ee
Federation of Republic of Serbia and Montenegro	Institute of Accountants and Auditors of Montenegro Society of Certified Accountants and Auditors of Kosovo (SCAAK)	https://www.ifac.org/about-ifac/membership/members/institute-accountants-and-auditors-montenegro https://www.scaak.org/
Fiji	Fiji Institute of Accountants	http://www.fia.org.fj/
Finland	KHT-yhdistys-Foreningen CGR ry HTM-tilintarkastajaty	Website address not available
Liberia	The Liberian Institute of Certified Public Accountants	https://licpa.org.lr/
Libya	Libyan Certified and Public Accountants Union	Website address not available
Luxembourg	Institut des Reviseurs d'Entreprises	www.ire.lu
Macedonia	Association of Accountants, Financial Experts and Auditors of the Republic of Macedonia	Website address not available
Madagascar	Ordre des Experts Comptables et Financiers et Des Comptables Agrées de Madagascar	https://www.ifac.org/about-ifac/membership/members/ordre-des-experts-comptables-et-financiers-de-madagascar
Malawi	The Society of Accountants in Malawi The institute of Chartered Accountants in Malawi	https://www.icam.mw/
Malaysia	Malaysian Institute of Accountants The Malaysian Association of Certified Public Accountants	www.mia.org.my https://www.micpa.com.my/



Malta	The Malta Institute of Accountants	www.miamalta.org
Mexico	Instituto Mexicano de ContadoresPublicos, A.C.	www.imcp.org.mx
Moldova	Association of Professional Accountants and Auditors of the Republic of Moldova	www.acap.ngo.moldnet.md
Mongolia	Mongolian Institute of Certified Public Accountants (MonICPA)	Website address not available
Morocco	Ordre des Experts Comptables du Royaume du Maroc (Morocco) (Certified Public Accountants Association)	https://www.oecmaroc.com
Namibia	The Institute of Chartered Accountants of Namibia	https://www.icancpd.net/
Nepal	The Institute of Chartered Accountants of Nepal	www.ican.org.np
Netherlands	Koninklijk Nederlands Instituut van Registeraccountants	www.nivra.nl
New Zealand	Accounting and Finance Association of Australia and New Zealand	https://www.afaanz.org/
Nicaragua	Colegio de ContadoresPublicos de Nicaragua	www.ccpn.org.ni
Nigeria	The Institute of Chartered Accountants of Nigeria	www.ican-ngr.org
Norway	Den norske Revisorforening (DnR)	Website address not available
Pakistan	Institute of Cost and Management Accountants of Pakistan The Institute of Chartered Accountants of Pakistan Pakistan Institute of Public Finance Accountants	https://www.icmap.com.pk/ https://www.icap.org.pk/ http://www.pipfa.org.pk/
Panama	Colegio de Contadores Publicos Autorizados de Panama Asociacion de Mujeres Contadoras de Panama	https://www.colegiocpapanama.org/ http://amucopa.org/
Paraguay	Colegio de Contadores de Paraguay	www.ccpy.org.py
Peru	Federacion de Colegios de ContadoresPublicos del Peru	Website address not available



Philippines	Philippine Institute of Certified Public Accountants	www.picpa.com.ph
Poland	National Board of Chartered Accountants Association in Poland National Chamber of Statutory Auditors	https://skwp.pl/en/
Portugal	Ordem dos Revisores Oficiais de Contas	https://www.oroc.pt/
Romania	Corpul Expertilor Contabilisi Contabililor Autorizati din Romania The Chamber of Financial Auditors of Romania	http://ceccar.ro/ro/ www.cafr.ro
Saudi Arabia	Saudi Organization for Certified Public Accountants	https://socpa.org.sa/
Sierra Leone	The Institute of Chartered Accountants of Sierra Leone	http://www.ica-sl.org/
Singapore	Institute of Singapore Chartered Accountants	https://isca.org.sg/
Slovakia	Slovenska Komora Auditorov	https://www.skau.sk/
Slovenia	The Slovenian Institute of Auditors	Website address not available
South Africa	The South African Institute of Chartered Accountants The South African Institute of Professional Accountants	www.saica.co.za https://www.saipa.co.za/
Spain	Instituto de Auditores-Censores Jurados de Cuentas de Espana	www.iajce.es
Sri Lanka	The Institute of Chartered Accountants of Sri Lanka Association of Accounting Technicians of Sri Lanka	www.icasrilanka.com
Swaziland	Swaziland Institute of Accountants	Website address not available
Sweden	Foreningen Auktoriserade Revisorer Svenska Revisorsamfundet SRS	https://www.far.se/in-english/ https://www.ne.se/uppslagsverk/encyklopedi/l%C3%A5ng/svenska-revisorsamfundet-srs



Switzerland	Treuhand-Kammer -Swiss Institute of Certified Accountants and Tax Consultants	www.treuhand-kammer.ch
Syria	Association of Syrian Certified Accountants	Website address not available
Tanzania	Tanzania Association of Accountants National Board of Accountants and Auditors (NBAA) Tanzania	https://www.taa.or.tz/ www.nbaa-tz.org/
Thailand	The Institute of Certified Accountants and Auditors of Thailand	Website address not available
Trinidad and Tobago	The Institute of Chartered Accountants of Trinidad& Tobago	icatt.org
Tunisia	Ordre des Experts Comptables de Tunisie	www.oect.org.tn
Turkey	Expert Accountants' Association of Turkey Union of Chambers of Certified Public Accountants of Turkey	Website address not available
Ukraine	Ukrainian Federation of Professional Accountants and Auditors	ufpaa.org
Uganda	Institute of Certified Public Accountants of Uganda	https://www.icpau.co.ug/
United Kingdom	The Chartered Institute of Management Accountants The Institute of Chartered Accountants in England& Wales The Chartered Institute of Public Finance and Accountancy The Association of Chartered Certified Accountants The Institute of Chartered Accountants of Scotland Association of Accounting Technicians	www.cimaglobal.com www.icaew.co.uk https://www.cipfa.org/ www.accaglobal.com www.icas.org.uk



United States	Institute of Management Accountants American Institute of Certified Public Accountants National Association of State Boards of Accountancy Information Systems Audit & Control Association The Institute of Internal Auditors	www.imanet.org www.aicpa.org www.nasba.org www.isaca.org www.theiia.org
Uruguay	Colegio de Contadores y Economistas del Uruguay	www.ccea.com.uy
Uzbekistan	National Association of Professional Accountants and Auditors of Uzbekistan	https://www.ifac.org/about-ifac/membership/members/national-association-accountants-and-auditors-uzbekistan
Venezuela	Federacion de Colegios de Contadores Publicos de Venezuela	www.fccpv.org
Vietnam	Vietnam Accounting Association	http://www.vaa.net.vn/
Yugoslavia	The Association of Accountants and Auditors of the FR of Yugoslavia	https://www.zica.co.zm/
Zambia	Zambia Institute of Chartered Public Accountants	https://www.zica.co.zm/
Zimbabwe	The Institute of Chartered Accountants of Zimbabwe	www.ica.org.zw



Annexure III

MoU/MRA/Joint Declarations signed with Foreign Bodies

Memorandum of Understanding with Chartered Professional Accountants of Canada (CPA Canada)	https://www.icai.org/post.html?post_id=4289&c_id=227
Memorandum of Understanding with The Institute of Chartered Accountants in England and Wales (ICAEW)	https://www.icai.org/post.html?post_id=16369
Memorandum of Understanding with the Institute of Certified Public Accountants of Kenya (ICPAK)	https://www.icai.org/new_post.html?post_id=15441
Memorandum of Understanding with Bahrain Institute of Banking and Finance (BIBF)	https://www.icai.org/new_post.html?post_id=15442
Memorandum of Understanding with the National Board of Accountants and Auditors (NBAA), Tanzania	https://www.icai.org/new_post.html?post_id=15443
Memorandum of Understanding with the Institute of Chartered Accountants of Nepal (ICAN)	https://www.icai.org/new_post.html?post_id=15444
Memorandum of Understanding between ICAI and College of Banking & Financial Studies (CBFS), Oman	https://www.icai.org/post.html?post_id=9283
Mutual Recognition Agreement with the Institute of Certified Public Accountants in Ireland (CPA Ireland)	https://www.icai.org/post.html?post_id=15250
Mutual Recognition Agreement with the South African Institute of Chartered Accountants (SAICA)	https://www.icai.org/post.html?post_id=14858
Mutual Recognition Agreement with Institute of Chartered Accountants of Nepal (ICAN)	https://www.icai.org/post.html?post_id=15444
Pilot International Pathway Program of Chartered Accountants Australia & New Zealand	https://resource.cdn.icai.org/49849ic-ai-ia39512.pdf
Pilot International Pathway Program of the Institute of Chartered Accountants of England & Wales (ICAEW)	https://www.icai.org/resource/55313ia44604.pdf
License Agreement with ISACA	https://www.icai.org/post.html?post_id=13023
Form 2A and FAQs - for Entry in ICAI Register as an Associate Member under MRA / MoU of a Foreign Accounting Body	https://www.icai.org/post.html?post_id=10488



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2. <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/how-cios-can-work-with-outsourcing-providers-to-navigate-the-coronavirus#>
3. <https://interactive.hello.global.ntt/story/ntt-2020-global-managed-services-report/>
4. <https://www.eisneramper.com/outsouced-accounting-covid-19-te-blog-0420/>
5. <https://www.bdo.com/insights/business-financial-advisory/business-services-outsourcing/covid-19-impact-on-critical-accounting-operations>
6. <https://www.initor-global.com/future-trends-in-accounting-outsourcing-industry/>
7. <https://www.eisneramper.com/covid-19-accounting-operations-0320/>
8. <https://quickbooks.intuit.com/in/resources/accountants/future-of-accounting-profession-post-covid-19/>
9. <https://3wnews.org/uncategorised/807776/post-covid-19-pandemic-growth-opportunity-analysis-of-it-outsourcing-market-in-india-2020/>
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17. <https://www.linkedin.com/company/investors-in-people>



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19. <https://www.cimaglobal.com/Employers/Training-and-Development/CIMA-Training-and-Development-Scheme/>
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23. <https://www.timecamp.com/>
24. <https://www.icaew.com/regulation/ethics/code-of-ethics-a>
25. <https://www.businessnewsdaily.com>
26. <https://www.accountingedu.org>
27. <https://www.Zoho.com/>
28. <https://www.pwc.com/>





Frequently Asked Questions

Q:1 How does Globalization impact APO industry?

Ans: Globalization has positively impacted APO industry. Due to Globalization, restrictive trade barriers have opened up and outsourcing has become one of the main components of a business strategy. As organizations expanded their global footprints and with increase in competition, businesses started capitalizing the value from outsourcing services and began migrating their back-office operations in order to save costs.

Q:2 What's the difference between outsourcing and offshoring?

Ans: Outsourcing refers to an organization contracting work out to a 3rd party, while offshoring refers to getting work done in a different country, usually to leverage cost advantages.

It's possible to outsource work but not offshore it - for example, hiring an outside law firm to review contracts instead of maintaining an in-house staff of lawyers. Vice versa is also possible - for example, an American company can setup customer service center in India to serve American clients.

Q:3 Which countries gets most of the Global outsourcing work?

Ans: The countries which are particularly prominent in outsourcing include India, China, Philippines, Malaysia, Indonesia, Brazil, Chile and Eastern Europe, especially Poland, Romania, and the Baltic States.

Q:4 Can APO services affect business valuations?

Ans: Yes, definitely. Strategically using the APO services can have a favorable impact on the valuation of a corporation. Read para 3.5.2 to know more.

Q:5 Besides cost reduction what are other advantages of APO?

Ans: Cost reduction is the primary objective. But that's not it, there are other advantages of APO as well. These are- economies of scale, fosters innovation, enhances business valuations, provide strategic and competitive advantage, assist organization in meeting deadlines and access to best talents of the world.



Q:6 What are the services primarily covered in the domain of APO?

Ans: The APO services primarily revolve around:

- Accounts payable
- Accounts receivable
- Bookkeeping Services
- Taxation services
- Internal Audit
- Virtual CFO
- Financial statement preparation
- Treasury and cash management
- Valuation services
- Capital budgeting
- Payroll

Q:7 What do you mean by Shared Service Centers (SSCs)?

Ans: SSC is primarily a spin-off of the corporate services to separate operational types of tasks from the corporate headquarters, which focuses on leadership and corporate governance types of role. SSCs traditionally involves centralization of an organization's administrative and back-office functions (e.g. finance & accounting, human resources, IT, procurement).

Q:8 How to Identify relevant market for APO Services?

Ans: An APO service provider should identify relevant market basis following:

- Market size.
- Expected future growth rate in APO business from that market.
- Type of outsourcing work flowing from that market.
- Cost arbitrage outsourcing can provide in those market.
- Existing relationship in that market which could possibly help in getting more clients.
- Recovery rates and profitability; and



- Ease of delivery in terms of language and timing difference, etc.

Q:9 How should we approach target customer for APO Services?

Ans: An APO service provider can approach the target customer by following ways: -

- Setting up marketing office in the target market
- Tie up with business development or marketing agencies in the target market
- Tie up with local accounting professionals in the target location/ region
- Creating digital presence to market the APO services
- Creating presence on work sourcing/ aggregator platforms
- Digital marketing for the services provided
- Getting reference from existing clients or relations in the target market

Q:10 What are various platforms available in the market for marketing of APO Services?

Ans: Some of the commonly used platforms by APO services provider are: -

- Upwork
- Freelancer
- True lancer
- Guru
- Fiverr
- Propeller head
- Outsourcery

Q:11 I'm thinking about turning my hobby into a business in Australia. Do I have to form a corporation?

Ans: No, you don't have to form a corporation to start a business. There are four basic business structures: sole trader, partnership, trust, and company. Most businesses start as sole traders, and then progress to becoming a partnership or a company later.



Q12: Are there any rules around how I name my business in Australia?

Ans: Your business's name (or trading name) is what your business operates under. If you have to register a business name, it will be connected to your Australian Business Number (ABN).

If you're the sole trader of a business, you only need to register your business's name if it isn't your full name. Otherwise, the legal name of your business will be your full name.

If you're forming a partnership, you only need to register your business name if it isn't your (and your partner's) first and last names. A trust follows similar rules to a partnership.

If you plan on trading as a company, you'll need to register a company name when you [register your company](#).

Q:13 How do I check if someone else is using my preferred business name in Australia?

Ans: You'll need to find out if someone else is already using your proposed name (or a very similar name) to market similar products or services.

You can check whether your proposed business name is available through the [Australian Securities and Investments Commission \(ASIC\) website](#).

If you find that your chosen name (or a very similar one) is registered as a trademark, you shouldn't use it.

Q:14 Must I register my business before I start up in Australia?

Ans: By registering your business, you're letting the Australian Taxation Office (ATO) know that your business will have tax obligations or entitlements. The earlier you register your business and make it legal, the easier it will be to comply with any regulations further down the road.

When starting your new business, you can register for an ABN, business name, and tax registration at the same time. You may need to get an AUS key to have dealings online with the ATO. Part of the ATO's job is to offer help and information, including to new businesses.

Q:15. What are the Fundamental Principles which a Professional Accountant is required to comply?

Ans: A professional accountant is required to comply with the following



fundamental principles:

- Integrity
- Objectivity
- Professional Competence and Due Care
- Confidentiality
- Professional Behavior

Q:16. If after completing my CA in India, I also qualify CPA from a foreign country through MRA/MOU/Otherwise. Do I get license of practice in that country also?

Ans: No, Doing CPA from countries having MRA with ICAI will lead you to get the CPA license only. For Attestation rights/ Auditing rights, you need to go training under a CPA of that particular country.

However, some countries grant you attestation rights also if you can prove that you have sufficient experience in public practice and that experience needs to be certified by the concerned country's practicing CPA.

Q:17 Whether there are any "Know Your Clients" norms for the members in practice? If, yes, to which assignments thereof are they applicable?

Ans: Yes, the institute has "Know Your Clients" (KYC) norms for the members, these are applicable to all the attest functions.

Q:18 Whether a member in service can represent before the Income Tax Authorities on behalf of other employees /colleagues of the company?

Ans: A member in service can appear as tax representative before tax authorities on behalf of the employer, but not on behalf of employees/ colleagues.

Q:19. Whether a member in practice can hold Customs Brokers License under section 146 of the Customs Act, 1962?

Ans: No, in terms of the provisions of Code of Ethics, it is not permissible for the member in practice to hold Customs Brokers License under section 146 of the Customs Act, 1962 read with Customs Brokers Licensing Regulations, 2013.



Q:20. Can a member in practice print QR (Quick Response) code on his visiting cards, facilitating easy access to information?

Ans: Yes, printing of QR Code on the visiting Cards is permissible, provided that it does not contain information that is not otherwise permissible to be printed on a visiting card.

Q:21 What types of Business Structures are prevailing in the world. Is there any special difference from Indian perspective?

Ans: The forms of Business Structures are almost same in different countries of the world as in India. However, their taxation structure differs. Main Business forms are:

- Sole Proprietorship
- Partnership, Limited Liability Partnership, Limited Liability Corporations.
- Private Companies and Public Companies
- Not for Profit Organizations
- Co-operative Organizations.

Q22: What are the latest techniques and Infrastructure requirements to operate in an Account Process Outsourcing system globally.

Ans: The present-day techniques are fully discussed in Chapter 9 and are as under:

- Secured Cloud base Computing (preferably paid)
- Disaster Recovery Plan for Data Management and Security
- Dedicated Website (Dynamic)
- Google Business Presence
- Office Management Software
- Time zone online support
- Web based International Accounting Software
- Social Media Professional Presence (LinkedIn, YouTube, WA Business, Twitter)
- Quality Control Policies



Q23: Are there any Web based International Accounting Software available?

Ans: Yes, International Accounting Software designed for International clients are

- QuickBooks
- Zoho
- Xero
- SAGE
- MYOB

This is not final list. One can use different software as per their individual needs.

Q24: Are there any Web based International Tax Software available?

Ans: Tax Software, like in India, are available for every country, which helps no need to remember tax rates. Few of them are:

- Turbo Tax
- Xero Tax
- Sage Handi Cloud
- ClearTax

Q:25 Is it compulsory to obtain CPA qualification from relevant country, where one wants to operate as Account Process Outsourcing.

Ans: No such requirement for Bookkeeping and Accounting work. However, there may be requirement to get some license for tax practice or other legal practice. One needs to have thorough knowledge of Legal framework of a particular country. If you are expert in other accounting fields, it is your expertise that counts.

Q26: Do US CPAs have to be members of AICPA?

Ans: No, AICPA membership is not mandatory for CPAs. The licensing authority and requirements for CPAs fall under the auspices of the Board of Accountancy for the state or jurisdiction in which a CPA practices.



Q27: Which country's CPA is better?

Ans: Although, US CPA is most widely accepted however you may pursue as per your preference and requirements. In case, you are looking forward to migrating to Canada or Australia, you must pursue CPA Canada or CPA Australia.

Q28: Is it possible to secure a job outside India directly after I pass CPA?

Ans: Passing CPA exams and obtaining the license will surely add an extra edge to your credentials both in India and overseas. However, you may not be able to secure a job while you are sitting in India. You need to review the immigration policy of a country in order to secure any kind of work visa or permanent residency.

Q29: Do US CPA exams expire after passing all the 4 parts? Or It directly leads to US CPA License.

Ans: Once you have passed all four sections of the Uniform CPA exam, your exam credits do not expire if you have written all parts in a testing center in the USA. However, in case you have written your exams from an International testing center (such as UAE or India etc.), then you must get your license within 36 months of passing all the four parts. Also, you can use the CPA designation after your name only if you are holding a valid CPA license.

- Also, you must pass the ethics examination which expires within 24 months of passing, so it is recommended that you take that examination close to the time you are ready to apply for licensure.
- Some states do have this requirement to work directly under the supervision of a US CPA for a period of 1-3 years. However, the other states consider your past experience in the field of accountancy, audit, taxation etc. In such cases, the work experience is required to be verified by a licensed US CPA.

Q30: Can an Accountant/CPA get into Account Process Outsourcing in particular fields only?

Ans: Whatever area of expertise you choose as an accountant, you have the option of practicing it globally through Online channels and using Account Process Outsourcing techniques. It may be Bookkeeping, Account payable Management, Educator, Tax services, Forensic, Software Development, Accounting Information System (AIS) or Virtual CFO. The important factors that count is the expertise of work and time management and marketing.



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