



INSIDER

News and
Information
for Members
and Friends
of GGI

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GGI is
ranked
again 6th
in the world

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Editorial

Dear GGI Members,
Dear Friends,

The summer holidays are fast approaching and some readers will perhaps already be enjoying a relaxing break. Stay up to date with INSIDER while soaking up the sunshine. In this issue, we introduce upcoming conferences, starting with the Spanish-speaking Latin American Regional Conference in Rio de Janeiro, Brazil. This is followed in September by the German-speaking chapter in Hamburg, Germany, and the Best Practices & Developing Leaders Conferences in Montreal, Canada.

Those who were unable to attend the Leadership Forum in Eisenberg, Austria, can also read an interesting summary, providing an overview of key content and the experiences.

This year's Accountancy Magazine ranking has placed GGI as the sixth strongest organisation. It is not only the figures that support GGI's success, but also the fact that our members are in continual contact with each other, as confirmed by the internship of Adeline Bays in Rothenburg o.d. Tauber. The French-speaking tax expert from the Canton of Valais in Switzerland was extremely pleased with her experiences at the German firm and highly recommends a staff exchange. GGI member firm Noland SA, South Africa, supports sporty youngsters and gets be-

hind the South African indoor hockey team for the 2015 World Cup. GGI member firms proudly present their latest achievements. Peter J. Scalise, Prager Metis International LLC, New York, USA, gives a "Practical guide to the department of treasury's amendment to utilise the alternative simplified credit methodology on amended tax returns". Dmitry Sklyarov, ADE Professional Solutions, Russia, informs on "Current trends of implementation and application of IFRS standards in Russia". Michael Wendler, Wendler Tremml Rechtsanwälte, Germany, shares the "latest developments in EU labour law" with readers and Armen Danielyan, Delovoy Profil, Russia, discusses "Prospects for the development of chemical industry in Russia". For the Private Equity & International Wealth Management Practice Group, Professor Robert Anthony, Anthony & Cie, France, analyses the French market, whilst Henry Charles, Citroen Wells Chartered Accountants, London, UK, contributed an article for the Trust and Estate Planning Practice Group on "Cross-border inheritance tax problems within the European Union".

We wish you an enjoyable read and a glorious summer.

Your GGI Team

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Diary

- **14-17 August 2014**
GGI Latin American
Regional Conference
Rio de Janeiro - Brazil
- **04-06 September 2014**
GGI Nordic-Baltic Meeting
Tallinn - Estonia
- **18-20 September 2014**
GGI North American
Developing Leaders Conference
Montreal - Canada
- **18-20 September 2014**
GGI Best Practices North America
Montreal - Canada
- **19-21 September 2014**
GGI German Speaking Chapter
Hamburg - Germany
- **15-16 October 2014**
GGI Middle East African (MEA)
Regional Conference
Cape Town - South Africa
- **16-19 October 2014**
GGI World Conference
Cape Town - South Africa
- **07-09 November 2014**
GGI EasyMeet
Budapest - Hungary
- **11-14 December 2014**
GGI Asia-Pacific
Regional Conference
Bangkok - Thailand
- **06-08 February 2015**
GGI Practice Group
Chairperson Meeting
Zurich - Switzerland
- **19-22 February 2015**
GGI ITPG Winter Meeting
Marbella - Spain

Please refer to our website
for actualised information
and additional events:
www.ggi.com, entry “Events”



Mercosur subregional meeting in Montevideo, Uruguay



GGI is moving forward in Latin America

Several years ago, GGI divided its Latin American Region into four subregions (Mexico, Central America, the Andes and Mercosur), in an effort to increase efficiency. This year Dr Miguel Mantelli, Regional CEO of the Latin American region, has organised subregional meetings. These meetings enabled members to get to know each other better and cement business partnerships or even friendships amongst GGI fellows, to exchange experiences, ideas and views and to create a sound basis for new business referrals. Subjects discussed during the subregional meetings included cooperation with North American GGI members, involvement in GGI Practice Groups, in-

ternational conferences and, last but not least, generating new business opportunities for GGI members.

Subregional meetings, hosted by GGI member firms, took place in four different locations. The Mercosur subregion met in Montevideo, Uruguay, on 7 February, which was hosted by the MDV Group and Carle & Andrioli. The meeting between the Central America and Caribbean subregions took place on the same day in Panama City, Panama, and was hosted by Quijano & Asociados. The Mexico subregion meeting was held in Monterrey, Mexico on 8 April and was hosted by Saldívar & Asociados. Finally, Vargas, Alencastre, García S.C. hosted the meet-

ing for the Andes subregion members on 28 April in Lima, Peru.

This year's **Latin American regional conference** will be held in **Rio de Janeiro, Brazil**, from **14-17 August 2014**, kindly hosted by GGI member firms Banco Fiscal, Monteiro e Monteiro and Grupo Work. The conference will be conducted in Spanish and will be held at the Sheraton Rio Hotel & Resort.

A combination of presentations and interactive work will form the event's agenda. Dr Miguel Mantelli will update the audience on the latest developments and planned projects in the region. Practice group meetings will enable delegates to exchange topic-related expertise, expe-



Central American subregional meeting in Panama City



Mexican subregional meeting in Monterrey, Mexico

periences and ideas. Presentations will be focusing on various subjects, for example transfer-pricing. Subregional meetings and workshops will take place on the Saturday. In the afternoon, a sightseeing programme will allow delegates to network and to meet in a relaxed environment. All conference documents (delegate programme, registration form and invitation) can be found on the GGI website (member login > events > Latin American Conference Rio de Janeiro).

For further information on this event, please contact Dr Miguel Mantelli by emailing mantelli@ggi.com.



The meeting for the Andes in Lima, Peru

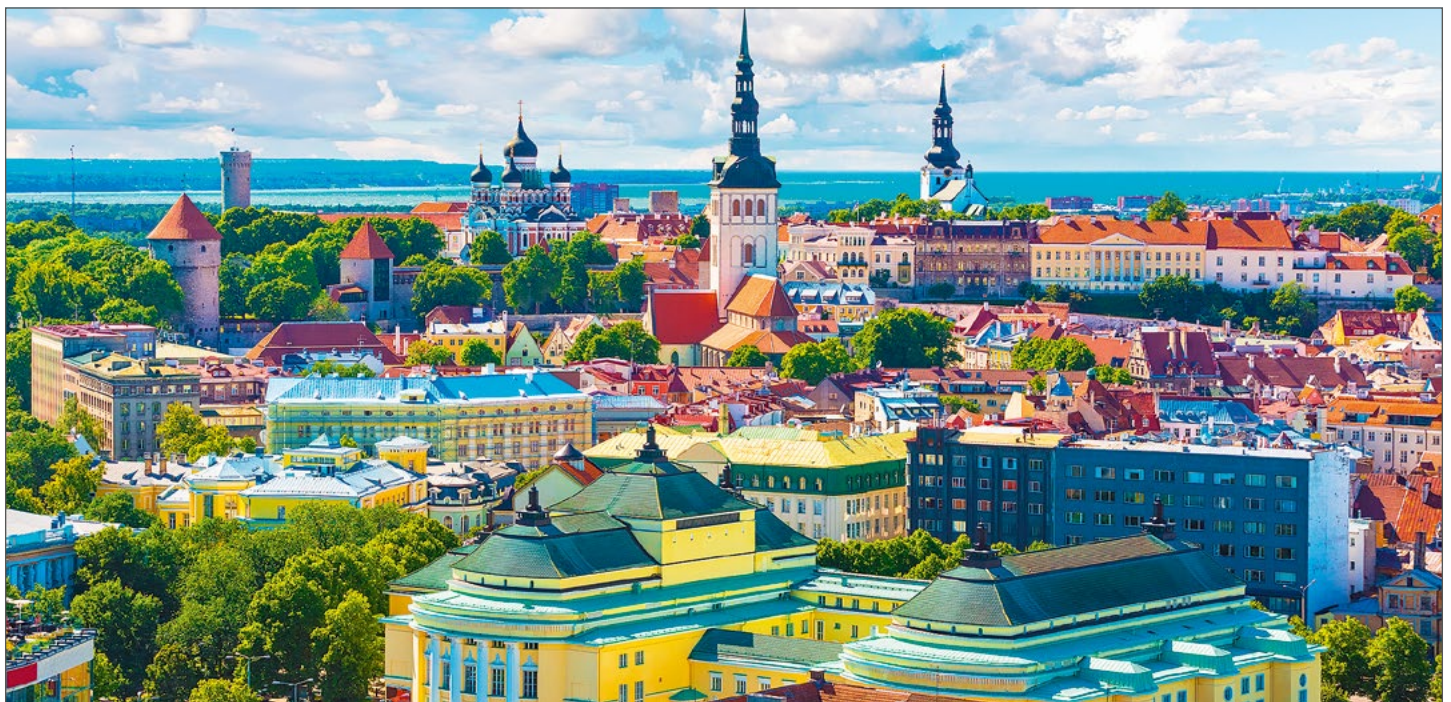
04-06 September 2014

Second GGI Nordic-Baltic Meeting in Tallinn, Estonia

The second Nordic-Baltic meeting will be kindly hosted by GGI member firm Sirel & Partners Law Firm and held in the Nordic Hotel Forum in Tallinn.

Early arrivals can join a game of golf at Estonian Golf and Country Club. The conference will officially start on Thursday evening with a dinner in a typical

Estonian restaurant in the beautiful old town of Tallinn. On Friday delegates can listen to presentations on the topic of
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Tallinn, Estonia

E-society and exchange experiences, plans and ideas. In the afternoon there is an opportunity for a guided Tallinn sightseeing, which gives delegates the chance to discover the city and its sights, but also to network with GGI fellows in a relaxed atmosphere. Friday will conclude with a gourmet dinner at restaurant Bordoo. On Saturday delegates meet for post-conference discussions before they depart individually from the hotel. We look forward to welcoming our GGI members in Estonia. GGI members not yet registered can still do so. The invitation documents can be found on www.ggi.com > member login > events > Nordic-Baltic Meeting.



Tallinn – Restaurant Bordoo

German-speaking chapter in Hamburg, Germany

Host firm Nörenberg Schröder and GGI are pleased to extend an invitation to the German-speaking chapter in Hamburg, Germany, from 19 to 21 September 2014. The event will take place at the Hotel Scandic Hamburg Emporio.

In addition to a varied conference programme, the meeting will involve animated exchanges of experience and knowledge. The conference will conclude at the Überseeclub, which was founded in 1922 to “promote Hamburg’s position in the world”. To this day, the club is one of the top places to go in the Hanseatic city, attracting exceptional minds from the worlds of business, politics, culture and science.

GGI is looking forward to welcoming many German speaking GGI members in Hamburg. It is not too late for GGI

members who have not yet registered to do so. Please use the online registration tool at www.ggi.com (member login > Events). The conference programme is also available on the website.



Überseeclub Hamburg



Hamburg downtown



Montreal Fall

Best Practices & Developing Leaders Conferences in Montreal, Canada

The North American **“Best Practices” & “Developing Leaders”** Conferences will take place in Montreal, QC, Canada on September 18-20. The event will be most warmly hosted by GGI member firms, Lehoux Boivin LLP and Ravinsky, Ryan, Lemoine LLP.

This conference features two event tracks that will run in parallel. The “Best Practices” program is designed to connect managing partners and senior leaders in an open forum; and the “Developing Leaders” program presents content that is relevant to the rising leaders within the firm. All general sessions, meals, and networking events will be jointly held.

The conference and accommodation have been arranged at Hotel Nelligan, a luxury hotel located in Old Montreal, that houses traditional brick walls that

are over a hundred years old. The hotel is at the center of the historic part of Montreal, just behind the Notre Dame. The surrounding area is meant as a walking district with numerous bars, cafés and French bakeries.

Montreal was named after “Mount Royal”, the triple peaked hill in the heart of the city. It is the largest city in the Canadian province of Quebec, and was surpassed as the largest city (based on population and economic strength) in Canada by Toronto in the 1970s. With a metropolitan population of nearly 4 million, it remains an important center of commerce, aerospace, finance, pharmaceuticals, technology, design, culture, tourism, gaming, film, and world affairs.

After Paris, it is the second largest French-speaking city in the world, with

approximately 65% of the population claiming French as their first language. Four out of every five French speakers speak at least a little English; and staff at restaurants, hotels, and shops will greet in French but can easily switch to English, as necessary.

Montreal has a humid continental climate, bringing in warm summers, and at the other extreme, very cold winters. The late Summer and Autumn seasons bring in cool winds, pushing the temperatures down quite significantly.

Online registration is currently open on the GGI website. To register for the conference, you will first need to log in to the internal area of the GGI website. When registering for the event, please choose the appropriate track (“Best Practices” or “Developing Leaders”).



Cape Town, South Africa

Cape Town, South Africa, is the host Middle-East African (MEA) Regional and World Conferences in Cape Town

By Errol Denman and Clive Noland

This year's host firms of the GGI Middle-East African Regional (15-16 October) and World Conferences (16-19 October) are GGI member firms Nolands South Africa, a national auditing and advisory firm and Heyns & Partners Inc, a firm of attorneys.

Clive Noland and Darryl Fordham of Nolands SA, together with Cornelia van Heerden from Heyns and Partners, extend a warm welcome to fellow GGI members, and we look forward to everyone participating in a rewarding confer-

ence and also taking time out to enjoy the "Mother City" of South Africa. If you have never been to South Africa before, and particularly Cape Town, prepare yourself for the trip of a lifetime!

Nolands began some 38 years as a single office, based in Cape Town. In a period of rapid growth, the firm now has offices across the country as well as in Mauritius. Nolands offers a range of services from public company audits to specialised advice across the financial spectrum. The company has a full Forensics capability, able to apply its skills at a variety of levels and projects. Similarly,

the tax offering includes international tax consulting. The recent addition of the Mauritius offices will offer international clients the ideal gateway to Africa, via Nolands Advisory Services International.

Heyns and Partners Inc was founded by JH Heyns in 1958 in the Western Cape. The firm represents a diverse and extensive client base, both corporate and individual. We know that while GGI's professional program will occupy much of your time, we hope that you get the chance and make most of the opportunity

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to explore at least some of what Cape Town has to offer.

Cape Town has a rich history, dating back to 1652 and the first Dutch settlers. A trip to the government gardens, just above the city centre, and the Cape Town Castle on Darling Street speak of this time. Nearby is the City Hall where Nelson Mandela gave his first speech as a free man, after 27 years in prison.

The city is vibrant, cosmopolitan and has something for everyone. Exceptional, affordable restaurants offering a variety of cuisine are plentiful. Seafood lovers in particular are spoilt for choice. For wine enthusiasts, there is the opportunity for tasting and buying wine at estates both within the city surrounds and at nearby Stellenbosch, Franschhoek and Paarl – don't miss this optional tour on Sunday.

One of the unique things about Cape Town is its peninsula location which has on the one side the Indian Ocean and, on the other, the cold and wild Atlantic. Where they meet is, of course, at Cape Point, the very tip of Africa and a memorable day trip out. Then there is Table Mountain, one of the natural wonders of the world. At Nolands' offices, situated to the east of the city, we see the Devil's Peak side of the mountain, spectacular and beautiful in itself. But to get the world famous view, and to really understand why it's called Table Mountain, one can journey for 30 minutes around Table Bay to the aptly named Table View and Bloubergstrand. In fair weather, a trip to the top in the cable car is unforgettable. Remember the camera!

For those with the time to explore fur-



Safari in Kruger National Park South Africa

ther afield, South Africa is ready to show why it has been called "a world in one country". Approximately 5 hours driving time from Cape Town is the incomparable Garden Route, a stretch of coast with the second most temperate climate in the world, hundreds of bird species and amazing ecological diversity. Further up is the unspoilt beauty of the Wild Coast and the sub-tropical coast of Kwa-Zulu Natal.

Inland, approximately 2 hours flying time from Cape Town plus transfers, are numerous safari options, such as in the Sabi Sands and the Kruger National Park. Anyone who has ever seen wild animals in their own habitat will know it's an experience remembered forever.

Please do not hesitate to contact us for any further information and recommendations related to your stay in Cape Town. We look forward to meeting many of you at the Cape and we will do our

best to make your stay a perfect memory for you!

GGI is looking forward to welcoming many GGI members in Cape Town. It is not too late for GGI members who have not yet registered to do so. Please use the online registration tool at www.ggi.com (member login > Events). The detailed conference programme is also available on the website.

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Nolands SA

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The Stellenbosch wine lands region near Cape Town



Audience at the GGI Leadership Forum in Eisenberg, Austria

GGI Leadership Forum in Eisenberg, Austria

What makes a good manager?

These and other management issues were discussed at this year's Leadership Forum in Eisenberg, which was held in Burgenland in Austria from 19-22 June 2014 with more than 60 managers from GGI member companies present.

The event started on Thursday afternoon with a welcome event including a BBQ and cocktails served in the hotel wine cellar. The casual dinner promptly kick-started the event and was a great occasion for the GGI delegates to meet each other. The conference programme started on Friday morning with a welcome speech delivered by Claudio G. Cocca, President and founder of GGI, who then left the floor to the two keynote speakers: Jane Scaccetti and Prof. Dr Teodoro Cocca.

Ms. Scaccetti's contribution addressed the topic "Today's Changing Board Dynamics", providing inside knowledge on board structure and culture, as well as current issues and concerns. She discussed the composition of boards and how they operate, board culture and balancing perspectives and experience that align with company strategy, current issues and concerns includ-



Keynote speaker Jane Scaccetti receives the GGI XLNC Award from GGI Founder and Chairman Claudio G. Cocca and GGI Global CEO Michael Reiss von Filski

ing the problem of "short-termism", the challenge of information quality addressing the "asymmetric information risk", and the evolution of board diversity. She underlined the importance of committees and received interesting feedback from the audience. Ms. Scaccetti went on to discuss the gender ratios within boards, producing interesting figures

which suggested that boards with a more even mix of gender representation tend to register better performances.

Jane Scaccetti began her public accounting career in 1977. Since then, she has gained extensive experience in tax and financial services for the family-owned and entrepreneurially-driven business. As part of her practice, she consults

with public and privately owned companies and provides both corporate and individual business and financial counseling. In 1990, Ms. Scaccetti became one of the founding shareholders of Drucker & Scaccetti. She was previously a partner in the national accounting firm Laventhol & Horwath, becoming the first woman tax partner of any national accounting firm in Philadelphia in 1987. Ms. Scaccetti is CEO of this boutique firm of over 50 professionals with three active affiliates and related business operations. She is responsible for strategic initiatives, business development and professional career development, in addition to servicing complex family-owned and closely-held businesses. She serves on the advisory board of one client: Com Tex Interactive LLC. Jane is a trustee of Temple University and is Chair of the Health Enterprise Committee. She also sits on the Government Relations & External Affairs Committee. The Board of Trustees is Temple's governing body, responsible for the educational mission and fiscal policies of the university. Her expertise has been recognised by her peers many times over the years, demonstrated by the fact that she has been awarded with many industry prizes. Ms. Scaccetti is also a member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants.

Prof. Dr Teodoro Cocca was keynote speaker during the GGI World Conference held in Rome in 2012, during which he had addressed the topic "Euro on the brink". During this year's Leadership Forum, he talked about the current situation of the capital markets and its out-



Exchanging ideas in a relaxed environment

look. The outcome of the presentation showed that even though the worst of the financial crisis seems to be over and the list of indicators pointing to expansion continues to swell, the banking market still appears fragile and likely to cause further concerns in the future. This situation is not helped by warning signs which are already pointing towards the next big bubble. Combining fundamental data and market psychology, Prof. Cocca addressed these issues and presented possible scenarios for the future. Prof. Cocca, Vice Chairman of the Board of Directors of GGI, is Professor of Asset Management and member of the Research Institute for Banking and Finance at the Johannes Kepler University in Linz, Austria. He is also Adjunct Professor at the Swiss Finance Institute in Zurich. In the past, he worked at Citibank for several years, where he was involved in investment and private banking, conducted research at the Stern School of Business in New York and taught at the Swiss Banking Institute of the University of Zurich. As an adjunct lecturer for banking and finance

at the University of Zurich, he is a coveted speaker at academic conventions and international conferences, as well as performing an advisory role for a number of financial institutions. In October 2011, the banking expert was selected as the Dean of Faculty of Social and Economic Sciences at the Johannes Kepler University. Prof. Cocca was born in Switzerland and has Italian roots. He is the Chairman of the annual European Private Banking Summit, which takes place in Zurich. He is a member of the Board of Directors of VP Bank and an advisor to various finance companies in Switzerland and abroad.

The two keynote speakers helped create a highly animated morning session, which came to a conclusion with a presentation about GGI's upcoming conferences, delivered by Adam Crowson, CEO of GGI North America. The afternoon session was dedicated to an engaging panel discussion led by GGI's global CEO, Michael Reiss von Filski, who brought hotly debated topics such as the labour market

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Teambuilding



Teambuilding Awards Ceremony



Kornberg Castle



Dinner at Kornberg Castle

and the difficulties faced by international (and local) firms in recruiting the right professionals to the table. The attendees were all keen to offer their views on these subjects, providing lively debate. The subject of gender was once again addressed, as Ms. Scaccetti provided the audience with further insights following on from her presentation during the morning session. The day's programme ended with dinner followed by the evening's entertainment, a musical, at Kornberg Castle, a breathtaking venue imbued with the artistic and culinary culture of the region.

The Saturday morning programme featured two workshop sessions held by Jane Scaccetti and Adam Crowson. Ms. Scaccetti addressed the topic of "leadership" exploring the characteristics a true leader should possess and what brings people to follow certain persons and certain ways of thinking. Moreover, the nine Cs of leadership, a famous concept developed by Lee Iacocca, was discussed on the suggestion of Claudio Cocca. Adam Crowson held a workshop regarding getting the most from and giving your best

to GGI; a rapidly expanding company which is constantly looking to improve its service portfolio on offer, with the aim of providing members with the best conference experience. During this session, Mr. Crowson explained the benefits brought by the introduction of Developing Leaders Conferences and Best Practice Conferences, and the importance of debating international issues. The afternoon session featured a series of teambuilding activities at the Adventure World Welten where the delegates, divided up into small teams, had the chance to practice archery, drive tractors, excavators and pedal karts and saw wooden poles, all the while savouring the relaxed and friendly atmosphere. The conference came to an end with a dinner at the Artist's Village Neumarkt, a beautiful location featuring typical houses with thatched roofs. The attendees all savoured a meal of wild boar, which was roasted to perfection over the course of eight hours, sampled selected wines and enjoyed the live music.

An optional tour had also been sched-



Musical moments at Kornberg Castle

uled for Sunday morning, when the attendees could enjoy an exclusive exhibition tour of the artist Helmut Swoboda in the "Grenzkunsthalle" located in the village of Jennersdorf.



Dinner at Kornberg Castle



An evening at the Artist Village Neumarkt

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**Leonard
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WE WISH TO EXTEND A VERY WARM WELCOME TO OUR NEW DISTINGUISHED MEMBERS.

Rank	Network or association /UK affiliates	Fee income (\$m)	Member firms	Offices	Countries	Partners	Female partners	Professional staff	Year end	Status	
1 (2)	Deloitte Deloitte LLP	32,400	31,300	47	677	150	10,189	2,038	157,505	May 13	N
2 (1)	PwC International PwC UK LLP	32,088	31,510	n/a	776	157	9,597	1,583	174638	Jun 13	N
3 (3)	Ernst & Young Ernst & Young LLP	25,829	24,420	n/a	700	150	9,468	n/a	140,037	Jun 13	N
4 (4)	KPMG KPMG UK LLP	23,420	23,030	155	n/a	155	8,664	1,646	155,000	Sep 13	N
5 (5)	BDO BDO LLP	6,453	6,016	104	1,264	144	4,908	n/a	48,369	Sep 13	N
6 (6)	Geneva Group International (GGI) Citroen Wells, Haines Watts, Lawrence Grant	4,593	4,386	448	651	114	3,157	n/a	22,188	Dec 13	AIF, M

GGI is ranked again 6th in the world

The latest survey of international networks and associations carried out by *Accountancy Magazine* in London, firmly positions GGI Geneva Group International in 6th place in the World.

As the biggest global multidisciplinary alliance, Zurich-based GGI's cumulative fee income has reached USD 4.593 billion. GGI currently has over

650 offices in more than 115 countries and a total professional staff of 22,188 that takes care of the accounting, legal, taxation and consulting matters of its growing international clientele.

Michael Reiss von Filschi, Global CEO of GGI, said, "We are proud to be the largest multidisciplinary organization worldwide. As a true global

institution with Swiss roots, we will continue growing and setting standards underlining high quality and professionalism." Every year, *Accountancy Magazine*, the official journal of the Institute of Chartered Accountants in England and Wales, publishes an annual survey of the top 25 international networks and associations.

Valais meets medieval romanticism at Rothenburg

At GGI's ITPG Winter Meeting in Milan, the exchange of staff between Jakoby Dr Baumhof, Rothenburg ob der Tauber, Germany, and Fiduciaire Fidag SA, Crans Montana, Switzerland became an actual reality. Brigitte Jakoby of GGI member

firm Jakoby Dr Baumhof and Laurent Tschopp of GGI member firm Fiduciaire Fidag SA laid the foundations for the exchange proposed in less than 10 minutes during a break in the conference. They already knew one another quite well, having

first met at the European Conference in Zurich in spring 2002, forming a genuine friendship during the course of the years.

The exchange took place on 4 May 2014. Adeline Bays of Fiduciaire Fidag SA

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arrived in Rothenburg ob der Tauber. Adeline Bays is a Swiss tax expert working in French-speaking Switzerland. She aims to use her three-month stay in Germany to improve her knowledge of the German language and German tax law. Brigitte Jakoby says, "Right from the off, we saw that Adeline Bays was extremely open-minded and interested and likes dealing with people." At the end of May, Laurent and Bettina Tschopp visited Rothenburg with their son Jonas to see where Adeline was working in Germany for themselves, spending a short but varied weekend together. The particularities of German tax law have not yet discouraged Adeline, so she will keep working in Germany until the end of July 2014. Eugen Jakoby says, "She's working really well, and her German has improved remarkably." Jakoby Dr Baumhof's staff were also enthusiastic to benefit from this opportunity by gaining a direct insight into Swiss tax law.

Adeline Bays' visit is viewed as a win-win situation for both firms involved. Both firms would highly recommend being involved in the GGI Staff Exchange.

Adeline Bays herself says, "My internship at Jakoby Dr Baumhof was very beneficial: it enabled me to improve my German at a firm which is known for its outstanding services in tax and legal advice and to create strong, lasting relationships. I'd like to thank Fiduciaire Fidag SA for this opportunity and Jakoby Dr Baumhof for their hospitality."



Staff exchange between Jakoby Dr Baumhof and Fiduciaire Fidag SA

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The Lawyer Awards 2014

Memery Crystal Wins "Litigation Team of the Year"

GGI member firm Memery Crystal LLP has been named "Litigation Team of the Year" at The Lawyer Awards 2014 for its resounding litigation success on behalf of Gulf Keystone Petroleum Limited

("Gulf"). The awards were presented on 25 June at a ceremony at the Grosvenor House Hotel in London. The team has already been named "Dispute Resolution Team of the Year" at the Legal Business

Awards 2014, which were presented on 13 February. This marks the first time a firm has won both awards in the same year.

The team successfully defended Gulf against a \$1.65 billion claim brought by

Excalibur Ventures LLC for an interest in Gulf's four oil fields in the Kurdistan region of Iraq. The strategy set by Memery Crystal and tactics developed and executed achieved an overwhelming victory dismissing all of Excalibur's claims and recovery of very substantial costs. The 57-day trial was the longest in the Commercial Court's judicial year (2012-2013).

In addition to achieving complete success at trial, the team won a series of strategic victories which put Excalibur on the back foot from the start. On 13 December 2013, the Court awarded indemnity costs of £17.5 million, a payment on account of the Defendants' costs, and gave permission for Gulf to pursue Excalibur's funders.

The Memery Crystal team was led by partner Harvey Rands and included partner Nicholas Scott and solicitors Peter Reynolds and Anne McMahon.

Harvey Rands commented: "I am very proud of the team's hard work, ingenuity and determination in delivering this resounding victory for the client. I am grateful for the client's unswerving trust and confidence over more than 3 years of unrelenting litigation."



Awards Ceremony

Memery Crystal is recognised as a leading firm for dispute resolution by Chambers UK and The Legal 500 UK. It has a wealth of experience in handling complex High Court litigation, and also appears regularly before English and foreign arbitral bodies including LCIA, ICC, ICSID, AAA, LMAA and WIPO. Memery Crystal has specialist groups handling financial services and regulatory issues in the public and private markets (including FCA) for institutions and individuals, as

well as disputes in the natural resources sector.

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GGI member firm Acender named the Financial Due Diligence provider for 2014

GGI member firm Acender in Santiago, Chile, has been named the Financial Due Diligence provider at the 2014 M&A Awards by Acquisition International (www.acquisition-intl.com). Acquisition International is a monthly magazine issued by AI Global Media Ltd, a publishing house that has reinvigorated corporate finance news and reporting. Since 2010, Acquisition International Maga-

zine's annual awards have been celebrating excellence, innovation and performance across the business, financial, investment and legal communities. Each series is designed to reward those most deserving in this very global and highly challenging environment. They provide a comprehensive analysis of the industry and a complete overview of the cream of the crop in terms of industry experts.

Methodology

The award is based on an international survey for which AI approached M&A and corporate finance clients that have been involved in transactions in recent years, asking them to vote and suggest nominees. The leading dealmakers are then recognised and

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honoured in an awards supplement for the different categories, including M&A advisory, due diligence, hedge funds, start-up advisory, finance, international funds and more.

The award winners are determined through a rigorous process, which starts with ballot boxes and distribution of voting forms through AI partners within the industry. Countries from all continents

are included and the awards are presented in different categories and countries on each continent. AI combines the votes received – alongside supporting evidence – with its in-house research to establish the final winners list. This comprehensive selection process ensures that the awards are a true representation of the market and that the winners are genuinely at the cutting edge of their fields.

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Growing Health Care M&A practice with Representation of Krueger Gilbert

Business law and transactions attorney Michael N. Mercurio served as specialty Mergers and Acquisitions counsel to the shareholders of Krueger-Gilbert Health Physics, Inc. (KGHP). The company was recapitalized by Seneca Creek Partners, an Atlanta-based Private equity firm. KGHP is a respected leader in the diagnostic medical physics industry within the Mid-Atlantic region KGHP is comprised of expert medical physicists who make it their mission to provide high-level support, optimal imaging quality and radiation safety services for

their clients to ensure patient safety.

As the medical industry continues to expand, the recapitalization is an opportunity for KGHP to grow in current and new regions and provides an opportunity for them to continue to provide their clients with a high level of service.

“We are pleased to serve as the trusted legal advisor to KGHP shareholders,” said Mercurio. “Helping sellers like the KGHP shareholders successfully make liquid their business investment is something that my firm takes very seriously and something I personally take much pride in assisting.”

Mr. Mercurio is a Principal and Chair of the Business Law and Transactions Practice Group at Offit Kurman Attorneys at Law. He serves as outside general counsel to clients on matters related to corporate and business law, commercial transactions, government contracting and real estate. At Offit Kurman



Michael N. Mercurio

the Mergers and Acquisitions Practice Group has earned a strong reputation for handling the gamut of business combinations and sale transactions regularly faced by private enterprises with skill, expertise and efficiency. They regularly represent mid-market companies in deals varying in size and complexity.

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Krueger-Gilbert Health Physics, Incorporated

Nolands SA gets behind 2015 World Cup South African Indoor Hockey team

GGI member firm Nolands has supported Indoor Hockey in South Africa for several years, mainly through its various sponsorships of Pro Series Indoor (PSI) an organisation focussed on getting youngsters into the game across the country. PSI has been very successful in growing the game in the 12 – 18 year-old group and at the annual national tournament last year over 1000 boys and girls took part.

In April this year an opportunity arose to sponsor the men's national team, at the African qualifying tournament in Namibia. South Africa duly qualified as the African representative for the World Cup in 2015, wearing Nolands proudly on their chests.

In 2015 the tournament returns to Leipzig Germany, where the first tournament was held. It will take place from February 3rd to 8th.

Indoor hockey became popular in South Africa in the 1970's as a late summer game and as a "warm up" to the outdoor hockey season. It originated in Germany and has been played competitively in Europe since the 1950's. With its very quick surface (it's usually played on concrete or wood flooring) indoor hockey sharpens the player's reflexes, spatial awareness and stick skills.

The game is played between two teams of five - four field players and a goalkeeper, but the squad can be as big as 12, encouraging frequent, unlimited substitutions.

The playing venue is termed a "court" and is much smaller than an outdoor field, as are the goals at just 2 x 3 meters. Probably the most important difference, other than the physical



Dale Isaac, SA Indoor Hockey captain with Nolands Chairman Clive Noland

scale of the 2 games, is the fact that an indoor court is perimeter marked with raised boards, allowing for play to continue without the ball regularly going out. This adds to both the speed and the excitement, the boards sometimes working like an extras "player" for the attacking team.

From its early beginnings, indoor hockey is a fully fledged, independently functioning sport internationally and players selected to their national teams earn full national colours.

The indoor tournament is based on similar lines to the outdoor World Cup and 12 teams qualify from every part of the world to make it globally representative.

The South African side is presently at a Nolands - sponsored camp in Durban to finalise the squad for Germany. Nolands is very proud to be taking this

big step forward in supporting this exciting and growing sport and particularly honoured to be able to help send our national team to the prestigious World Cup tournament.

GGI member firm

Nolands SA

Auditing & Accounting, Tax, Advisory, Fiduciary & Estate Planning

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A Practical Guide to the Department of Treasury's Amendment

By Peter J. Scalise

The United States Research and Experimentation Tax Credit (hereinafter "RTC") Program was added to the U.S. Internal Revenue Code (hereinafter "I.R.C.") in 1981 to incentivize qualified research and development expenditures within the United States and its possessions (e.g., United States Virgin Islands, Puerto Rico, Guam, etc.). As a direct result of the overwhelming success of the program at the Federal-level, most states now offer a research tax incentive (e.g., credit or deduction) as well. These combined Federal and Multi-State research tax incentives exponentially help companies tax effect their actual expenditures to design and develop their next generation "best in class" products as well as their manufacturing process improvements.

Research Tax Incentives can apply to virtually any industry including, but certainly not limited to, Aerospace & Defense; Life Sciences (e.g., Pharmaceuticals, Bio-Technology, Medical Devices, etc.); Food Science & Bio-Flavoring; Financial Services (e.g., for both 3rd party sale, lease or license software and internal use software); Energy, Oil & Natural Gas; Metals & Mining; Semiconductors; Software & Electronics; Transportation (e.g., Airlines; Automotive; etc.); and Utilities.

While the RTC serves as a highly valuable tax incentive for business entities conducting qualified research activities it is imperative that the RTC be methodically documented on a contemporaneous basis both from a qual-

itative and quantitative perspective to ensure a sustainable result should an Internal Revenue Service (hereinafter "the Service") examination come to fruition.

A paradigm shift recently occurred on June 2, 2014 when The Department of Treasury released both taxpayer favorable Temporary Treasury Regulations (T.D. 9666) and taxpayer favorable Proposed Treasury Regulations (REG-133495-13) in connection to the Alternative Simplified Credit (hereinafter "ASC") methodology for purposes of the RTC that opens up a world of opportunity for many taxpayers who conduct qualified research and development. By way of background, the RTC is generally calculated under the Regular Methodology by multiplying the difference between the current year qualified research expenditures and the base amount by 20%.

However, calculating the base amount is oftentimes both too arduous and highly impracticable because it requires businesses to identify, gather and document gross receipts and qualified research expenditures from years as early as 1984 to the present.

In contrast, the ASC methodology allows taxpayers to calculate the RTC by only considering the qualified research expenditures from the prior three years. Previously, however, taxpayers were required to elect to claim the ASC methodology only on an originally filed tax return and taxpayers were therefore limited in how they could claim the RTC, if even at all.

ASC Synopsis

The ASC methodology is an elective method for computing the RTC. A taxpayer that elects to utilize the ASC is allowed a credit equal to 14% of the amount by which its Qualified Research Expenditures (hereinafter "QREs") for the taxable year exceed 50% of its average QREs for the three preceding taxable years. An electing taxpayer that does not have any QREs in one or more of the three preceding taxable years is allowed an ASC equal to 6% of its QREs for the taxable year.

An election to utilize the ASC remains in effect until it is revoked with the consent of the Service. It should be duly noted that the statute does not prescribe the time or manner of making or revoking the election. However, the Treasury Regulations clarify that the ASC methodology is elected by filing Form 6765, entitled "Credit for Increasing Research Activities", and utilizing that methodology to calculate the RTC on a timely filed tax return. The election is revoked by properly computing the RTC utilizing a different method on Form 6765 that is filed for a taxable year.

In addition, pursuant to the Final Treasury Regulations released back in June of 2011, the manner of making a proper election and corresponding calculation of the ASC requires that Form 6765 be attached to a timely filed tax return (i.e., including extensions) for the taxable year to which the election applies. As discussed under Tre-

as. Reg. § 301.9100-3, a taxpayer was not allowed to make an ASC election on an amended tax return.

The preamble to the June 2, 2014 release of the Temporary Treasury Regulations explains that the Service received a number of requests by lobbying groups to amend the June 2011 Final Treasury Regulations so as to allow taxpayers to make an ASC election on an amended tax return.

Proponents of this change explained that the burden of substantiating expenditures including the associated costs of documenting a taxpayer's fixed base period percentage (e.g., often times going as far back to 1984 and rebuilding through the current year under review such as 2013) under the regular credit methodology can be too arduous and highly impractical.

In response to these direct requests and issues, the June 2nd set of Temporary Treasury Regulations and Proposed Treasury Regulations remove the rule prohibiting taxpayers from making an ASC election on an amended tax return, and now permit taxpayers to make an ASC election for a taxable year on an amended return.

As a caveat, the Temporary Treasury Regulations also provide that a taxpayer that previously claimed a RTC on an original or amended tax return for a taxable year may not then go back and make an ASC election for that tax year on an amended tax return. The preamble specifically notes that permitting changes from the regular credit to the ASC on amended tax returns may result in more than one examination by the Service of a taxpayer's RTC for that taxable year.

Scope & Application

These Treasury Regulations apply to elections with respect to taxable years ending on or after June 3, 2014 which is the date when these Treasury Regulations were published in the Federal Register. The Temporary Treasury Regulations expire on June 2, 2017.

However, a taxpayer may rely on these Treasury Regulations to make an



ASC election under I.R.C. § 41(c)(5) for a taxable year ending prior to June 3, 2014, if the taxpayer makes the election before the period of limitations for assessment of tax has expired for that year. The Temporary Treasury Regulations leave in effect the earlier admonition that 9100 relief will not be granted to make an ASC election beyond the time permitted by these regulations.

Comments and requests for a public hearing with respect to the Proposed Treasury Regulations are due 90 days after June 3, 2014.

Peter J. Scalise serves as the Federal Tax Credits & Incentives Practice Leader for Prager Metis International LLC, a GGI independent member services firm. Peter is a highly distinguished BIG 4 Alumni Tax Practice Leader and

has approximately twenty years of progressive public accounting experience developing, managing and leading multi-million dollar tax advisory practices on both a regional and national level.

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Implementation and application Current trends of IFRS standards in Russia

By Dmitry Sklyarov

The national transition to the IFRS programme started in Russia in 1998. It was initiated and driven by the National Council on the financial standards.

The significant step towards the convergence and implementation of International Financial Reporting Standards (IFRS) in Russia was enforced in 2010 by Federal Law #208 concerning “consolidated financial statements”.

The law obliges public companies and their sub-holdings to prepare consolidated financial statements in accordance with IFRS and disclose them publicly within 120 days of the reporting date with the audit opinion enclosed.

The majority of financial institutions (banks, insurance companies, investment companies) had already been obliged to report on IFRS due to previously accepted Russian Central Bank regulation, so this was not a big issue for financial companies.

However, this law was a big issue for many non-financial industrial companies and groups of companies which have publicly traded obligations on the Russian stock exchange market or shares traded on the Russian stock exchange (MICEX). The problem with such companies was that they were completely unprepared to produce consolidated financial statements, to undergo independent audit of these statements and, most importantly, are reluctant to disclose the group's figures in their entirety (all entities which are controlled, consolidated revenues and cash flows and consolidated tax outcomes). In addition, 90% of these companies faced difficulties in disclosing their consolidated IFRS results and organising an independent audit on time because the Russian statutory fast

closing requirements are not very severe – companies have until 31 March in the following year to disclose their annual statutory financial statements.

Based on ADE Professional Solutions statistics, almost half of Russian industrial public or semi-public groups which were obliged to disclose IFRS consolidated financial statements in 2012 and 2013 were two to three months late. For 40% of companies, 2012 was the year of transition to IFRS.

In 2011, the Russian Government officially accepted 63 IAS and IFRS standards and corresponding interpretations on the territory of Russia. Every IAS standard was translated into the Russian language and disclosed on the Ministry of Finance's website.

In reality, most Russian companies who are not legally obliged to prepare and disclose consolidated financial statements, apply statutory rules of accounting; IFRS principles are only partially included in their accounting policies.

The most typical or significant problems which Russian companies faced during their transition to IFRS were:

1. Recognition of non-current assets

Statutory historical cost of property, plant and equipment (PP&E) cannot be utilised as deemed cost in accordance with IFRS 1 due to PP&E being purchased or constructed before 2002 and containing significant items classed as “very old” (average age equal 30-40 years and often exceeds normative economic useful life age based on their technical documents). In this case an independent appraisal is required. Many companies



Dmitry Sklyarov

tried to use their valuation reports which were prepared for banks in connection with borrowings, attracted loans and collateral provision, but the value per these reports could not ordinarily be used as deemed cost for an IFRS application due to improper valuation methods applied by the appraiser (in most cases the cost approach was used, while the comparative and discounted cash flow approach were not applied).

2. Accruals and matching concept

In statutory Russian accounting, the application of accruals, provisions and conditional obligations became mandatory from 2011 onwards. However, 99% of statutory accounting policies do not apply to Russian firms and adjustments cannot be made without the primary documents being available, i.e. accruals and provisions are very rarely made.

The reason is very simple and relates to the simplification of accounting and minimisation of differences with tax accounting, which is more significant in Russia compared to financial accounting. In tax accounting, all income and expenses recorded without primary document are not tax deductible or taxable. When the conversion to IFRS is completed, these adjustments may have a significant impact, most likely resulting in companies posting decreased financial results.

3. Group structure

The real problem for Russian holdings is to define which entities should be included in the group in accordance with the 2010 IFRS "consolidated financial statements" regulations. Typical problems include the following: no direct shareholding, but existence of control (for example, chief accountant of the Group holds shares in the name of the real beneficiary) and complex joint ventures with non-transparent decision-making process (not clear who makes critical decisions and whether to account this entity as subsidiary or JV).

4. Related parties disclosure

Business dealings often lack transparency in Russia due to inconsistent governmental policies in relation to private business, as well as the general corporate culture. This leads to significant risk of non-disclosure of relations with related parties. It can sometimes be a very sensitive issue as special disclosures of related party transactions may attract the attention of various governmental bodies (tax, customs and other authorities) or competitors.

5. Other accounting issues

The other difficult accounting areas include accounting for share options, pension plans, asset impairment analysis and amortised cost of financial assets and liabilities calculation, i.e. the areas where Russian accountants and finance-related employees lack competence. The penalties or negative consequences from the regulatory bodies for non-com-

pliance with IFRS in relation to disclosure of financial statements are poorly defined. This explains the fact that only financial organisations and legal entities with public debt or who are active internationally have fully completed the transition to IFRS. IFRS financial statements are generally published on a biannual or quarterly basis and using conversion on the reporting date method. Very rarely do companies perform parallel or daily accounting in accordance with IFRS.

Taking into account the current trends seen in Russia, it may well be another five to ten years before IFRS is adopted fully in Russia. The situation could change with an increase of foreign investments inflow in Russia and stricter statutory policies towards non-compliance of financial statements to IFRS.

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Prospects for the development of chemical industry in Russia

By Armen Danielyan

Present condition of Russia's chemical industry: facts and figures – The Government of the Russian Federation made a strategic decision in 2013 regarding raising state support for enterprises in the

chemical industry. What forced the government to turn its attention toward the Russian chemical industry?

Experts of «DELOVOY PROFIL», an Audit and Consulting Group (ACG), made an analysis of the general condition of the chemical industry and tried giving

an answer to this question: why increase the state support for the enterprises of the chemical complex while the statistical data background of their operation is quite positive?

Dry statistical data tells us that this
...next page

sector of the industry is far from lagging – it was one of the driving forces of Russia's economy between 2012 and 2013. Its contribution to GDP accounts for around 10%, or RUB 10.25 trillion (EUR 223 billion). In comparison with 2012, growth in money terms was 23%, and growth in terms of production volume was over 4%.

The chemical industry was one of the few sectors in Russia that increased production in 2013 against the background of overall stagnation in the Russian economy. In fact, it was one of the three leading industrial sectors, behind only the two traditional “monsters”, namely the fossil fuel extraction and non-fossil-fuel mineral resources industries.

The export structure in 2013 showed a 5.8% share for the delivery of the chemical industry and rubber output, or EUR 22 billion in monetary terms.

Problems existing for chemical industry enterprises in the Russian Federation

– Despite economic indicators displaying such optimism, the ACG «DELOVOY PROFIL» experts noted a number of serious problems which exist in this branch of the industry and which may lead not only to stagnation in the future, but also to a deterioration of the situation.

Even today, the share Russian chemical output sold on domestic market dropped



to less than 50%, which is a record-breaking low. The reasons for the deteriorating position on the internal market are a reflection of a complex series of problems that have accumulated over the last few decades.

Having examined the situation that exists in the Russian chemical industry today, the ACG experts came to the conclusion that at present the main problems for the industry enterprises are as follows:

- High degree of wear for industry's fixed assets reaches, on the whole, critical values of 80% throughout this branch. Most of the “juggernauts” of Russia's chemical industry were built from the 1960s through to the 1980s. Many of them still use run-down equipment and ineffective, energy-intensive technology;
- Low profitability resulting from using outdated, energy-intensive facilities while fuel and utilities prices keep going up;
- High proportion of output in low and medium added-value products, while only high added-value products are truly competitive;
- Low level of investment activity in the industry, high cost of research and development work, as well as a lot of red tape hindering the process of developing and implementing new technology;
- Limited availability of qualified personnel magnified by lack of sophisticated policy for human resources at chemical industry enterprises, and all of that against the background of steady decline in status of chemistry as a subject in higher education.

Measures of state support for Russian chemical industry – State support for the Russian chemical industry complex is both necessary and long overdue. The Russian government has previously made many attempts to improve the situation and create favourable conditions for setting up new and knowledge-intensive facilities. Providing state support predominantly to technological clusters and innovation incubator centres was identified as a high priority issue and a main focus of government spending, but mostly fell short of expected results



Armen Danielyan

and did not assure due returns, even though government officials were forecasting better stimuli for R&D activities and implementation of nanotechnology. Ineffectiveness of applied measures can be explained by a lack of the necessary investment by private capital into this branch of industry. In this respect, the decision for the government to fund some part of interest charges on capital loans seems to be quite rational and justified. It should result in a higher level of investment business activity within the industry and in creating stimuli for setting up high-end, knowledge-intensive industrial facilities.

At the same time, subsidising costs of credit that are issued for implementing investment projects in the chemical industry is evidently an insufficient measure, despite being effective. One of the major problems for investors is that there are still too many bureaucratic obstacles involved in proceeding with permits and related paperwork. Today, there are more than four thousand various regulatory documents in the Russian legislation pertaining to industrial and environmental safety. Obligatory fulfilment of all requirements as stipulated by law makes investors' activities difficult and delays deadlines for capital spending projects. It would have been a logical step, against this background, for the Russian government to make a simultaneous decision to both stimulate the demand for investment loans and to simplify the procedures for receiving permits, licenses and

approvals necessary for such projects.

Another effective measure of state support for the chemical industry would be a decision to pinpoint the stimuli for specific enterprises within the industry. However, since Russia became a member of World Trade Organisation in 2012, such a manner of support could be regarded as preferential treatment of certain internal producers. At the same time, China, which has been a WTO member since 2001, has been actively using such measures in its own chemical industry, resulting in an almost six-

fold increase of production volume over the period of 10 years.

Looking to the future with optimism?

– In assessing the prospects of development in Russia's chemical industry over the next few years, most experts are of the opinion that the success of implementing the agreed Strategy of Russia's Chemical and Petrochemical Complex by 2030 will depend on the ability to attract the necessary investment for this sector. This would enable facilities to be modernised and re-equipped on a large scale.

Experts of the ACG «DELOVOY PROFIL» are in complete agreement with them on this issue.

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EU strengthens rights of posted employees

By Michael Wendler

On 28 May 2014, the Official Journal of the European Union No. 159 published Directive 2014/167/EU of the European Parliament and of the Council of 15 May 2014 on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No. 1024/2012 on administrative cooperation through the Internal Market Information System (the IMI Regulation).

New measures include

- Directive for improved collaboration between national authorities responsible for the posting (set deadlines to ensure rapid response to requests for information);
- Clearer definition of the term "posting" in order to prevent expansion to "letter-box companies";
- Specification of obligations of posting companies (indication of contact person, stating identity and number

of employees being posted, start and duration of employment, address of workplace and type of service);

- Information on the periods for which documents have to be retained (employment contracts, pay slips, time sheets);
- Guidelines for improved legal protection of posted workers.

The member states are obligated to ensure that posted workers are subject to the regulations or administrative provisions of the host country with regard to the provisions for maximum working hours/minimum rest periods, minimum paid annual holidays, minimum rates of pay, including overtime rates, the conditions of hiring out workers (especially those hired out by temporary employment undertakings), health, safety and hygiene at work, protective measures as well as equality of treatment between men and women and other non-discrimination.

In accordance with Article 23, the implementation of national law must be completed by 17 June 2016 in order to comply with the obligations set out by this Directive as of 18 June 2016.



Michael Wendler

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TRUST & ESTATE PLANNING

Cross-border inheritance tax problems within the European Union

By Henry Charles

The European Commission is consulting in order to collect information on the progress made in European Union (EU) countries in tackling cross-border inheritance tax (IHT) problems.

What is the problem?

In the EU some people can effectively pay IHT twice or more in different countries.

Why is that?

EU countries have to respect EU treaties and in particular are not allowed to discriminate against EU citizens when imposing IHT. However, they are not obliged to harmonise or coordinate their policies on IHT and two or more countries can impose their taxes in parallel.

As a result there are a number of mismatches including:

- Some countries apply a tax on the heirs, whilst others levy IHT on the basis of the estate.
- There can be a variety of relevant factors including the residence, domicile or nationality of the deceased or heir, despite the EU requirement not to discriminate; and/or the location of the property.
- Different valuation methods.
- The different characterisation of assets depending on different ways

of holding property e.g. there is no clear English authority on whether a partner's interest in partnership land is an interest in moveable or immovable property.

- Different exemptions and reliefs.
- Different tax rates for certain groups of beneficiaries.
- Lack of double taxation agreements covering IHT.
- Unilateral relief not available or incomplete

What has been done?

In 2010 the Commission consulted the public on possible approaches to tackling cross border IHT obstacles for citizens and SMEs within the EU. It received contributions which it summarised in a report. Around half of the opinions concerned solutions at EU level ranging from an EU model double taxation relief provision, to the establishment of common rules to determine the basis of taxation. One third suggested the extension of the treaty network within the EU while a quarter expressed a preference for the application of unilateral relief mechanisms.

In 2011 the Commission asked EU countries to consider modifying their existing domestic rules for relieving double IHT such as by introducing a credit for tax paid in another EU country or exempting certain items of foreign property from the domestic tax base. The commission also recommended an order of taxing rights (i.e.



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which state has the primary right to tax the inheritance) based on the standards commonly accepted in international tax practice. Separately, the EU Court of Justice has heard an increasing number of cases in relation to inheritance and gift taxes.

What is happening now?

The Commission has launched a public consultation to receive contributions regarding the way its 2011 recommendations have been implemented in the legislative and administrative practice of EU countries together with any information on current problems, views on the principles proposed and feasible solutions.

It reiterates its 2011 recommendations which include the following proposals:

"... that EU countries in which immovable property and business property of a permanent establishment is situated should, as the country with the closest link, have the primary right to apply inheritance tax to such property. In respect of movable property the Commission has proposed to favour the personal links that the deceased or the heir may have with its EU country over the link that the movable property has with the EU country where it is located. The EU country where such movable property is situated should,

therefore, exempt the property from its inheritance taxation if such taxation is applied by the EU country with which the deceased and/or the heir has a personal link. In respect of the personal link the Commission has proposed to favour that which the deceased person had with its state rather than the link of the heir.

... proposed to solve potential conflicts of many personal links to several EU countries on the basis of a mutual agreement procedure involving tie-breaker rules to determine the closest personal link. The tie breaker rule is to some extent based on Article 4.2 of the OECD Model Tax Convention on Income and Capital. The tie breaker rule assumes that the person has closer links with one of two or more states, if that person has a permanent home available in one of those states. If that person has such homes available in more than one states, then the priority is given to a country with which his/her personal and economic relations are closer. If the above cannot help then the decisive factors would be the habitual abode (where the person usually lives) and, finally, the nationality.

... proposed a period of 10 years to use the tax relief since the timing for the application of inheritance tax may differ in the EU countries involved and cases with cross-border elements may take significantly longer to be resolved compared to domestic inheritance tax cases. The Commission has considered that in cross-border inheritance tax cases citizens deal with more than one legal and/or tax system and therefore EU countries should allow claims for tax relief for a reasonable period of time."

Looking forward

This article has gone to press just after the period of consultation ended. In a future edition of the Insider I will report on the Commission's findings. Increasing globalisation and in particular the free movement of people within the EU means that cross-border IHT is an increasingly important issue to consider. The fact that the EU is making recommendations to avoid double taxation serves to highlight the problem and is an area where GGI practitioners can liaise to help our clients.

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PRIVATE EQUITY AND INTERNATIONAL WEALTH MANAGEMENT

Should I go should I stay? Should I buy should I sell?

By Prof. Robert Anthony

Many people today are rather confused. They see a government in France that frightens them. Property seems difficult to assess. Everyone says it is a buyers' market. But how true is any of this? Taxation is becoming ever more complicated with each new finance act. Those living on retirement pensions see their net income falling and

are worried about the future.

France is a country which is slow to react. Despite serious warnings from Brussels, the government has simply raised taxes and carried out very few public spending cuts. Many of the government agencies are significantly overstaffed as are the large financial industry companies. Labour laws make it difficult to

change the situation. Unfortunately, the government has not yet understood that raising taxes in fact results in less tax being collected and also increases unemployment. Other countries in the European community such as Ireland, Portugal and Spain are resolving their problems whilst France just plods on as before. Does this really matter? If considering
...next page

the overall picture, perhaps it does not. Depending on the value of assets, it is possible to plan around the French bureaucratic issue and still have a great life in France. The health care system is superb, as is the food and lifestyle, if living a discrete life. The schooling is of a high standard and bringing up children is widely regarded as pleasant. However, there is certainly disparity in the financial means that are available to different people. It is clear that the tax system is currently going through a socialist period of legislation. Low income individuals are generally favoured over the wealthy. This does not mean that it is not possible to work around some taxes through careful planning prior to becoming resident. Wealth tax on non-French assets for new residents first becomes due after five years. Inheritance issues can be structured before residency, if that is the intention. Non-resident investors can protect their estate prior to acquisition. For those that have decided enough is enough, careful thought, advice and detail can prevent having to pay capital gains taxes and those who intend to buy can avoid purchase taxes if they follow the right advice.

I am often asked about the state of the market. Depending on the town, small properties are often in high demand. Rural isolated properties require a different market to that in large towns and can be difficult to sell so, provided there are spare resources, now can be considered a good time to buy. For those wanting



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to play it safe, it is better to purchase in the large towns where there is a higher liquidity to the market place. There have been artificial markets in some parts of France, with Russian and Eastern European buyers leading to excessive price increases in certain properties on waterfronts and in ski resorts. This is mainly in the high luxury end of the market. However, the price has fallen in other areas due to the lack of buyers. If a seller needs to sell, they are compelled to take lower offers or even reduce the selling price.

In certain areas, wealthy sellers who do not need to sell will not be obliged to reduce the price. Consequently, there are currently disparities in the market. Some properties are overpriced and can be 30% more expensive than a similar property that has recently come to the market. France has always lagged behind the UK in terms of transactions, sometimes by as long as two years. As the UK market becomes more active, a strengthening of the French property market can be expected, despite the French domestic issues. This would start in the key locations such as Paris and the South East of France, progressively spreading elsewhere.

Investing in property should not be a quick strategy. With a little patience and detailed research of the local demand and dynamics, the envisaged reward can be reaped. So where does the above debate take us? Buying property should not be based on politics in a developed country like France. Politicians and parties change, as do the tax rates. A quality of life and adequate disposable income is important in decision making. Taxes are due on realisation, if appropriate,

but not on gains, with the exception of wealth tax assets. This starts at EUR 1.3 million of taxable value being taxed from EUR 800,000. Budgeting the difference between countries can be a pleasant surprise. If it is simply a holiday home, then rates are due, and potential estate duties on death or gift taxes on restructuring.

So I suggest seeking advice before going further and it is possible to turn dreams into a reality and not a nightmare! Good luck. It is important to remember that regardless of the decision that is made, circumstances can always change, and exchange rates vary. Running costs need to be provided for and unforeseen unemployment with a poor market can cause quite a headache. Appropriate general insurance is necessary to cover future risks on the property and policies should be checked that they cover landslides, forest fires and earthquakes. If taking credit for larger files, ensure full understanding of the contract. Lastly, notaries are government officers and often represent both the buyer and the seller, who are introduced by the estate agent. So think about how independent they really are.

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Well Said!: Presentations and Conversations That Get Results

Whether you're making a formal presentation, wooing a client, closing a sale, or proposing an idea, persuasive communication can make the difference between success and failure. "Well Said!" shows readers how to put themselves in their audience's shoes and tailor their message to the needs of decision makers.

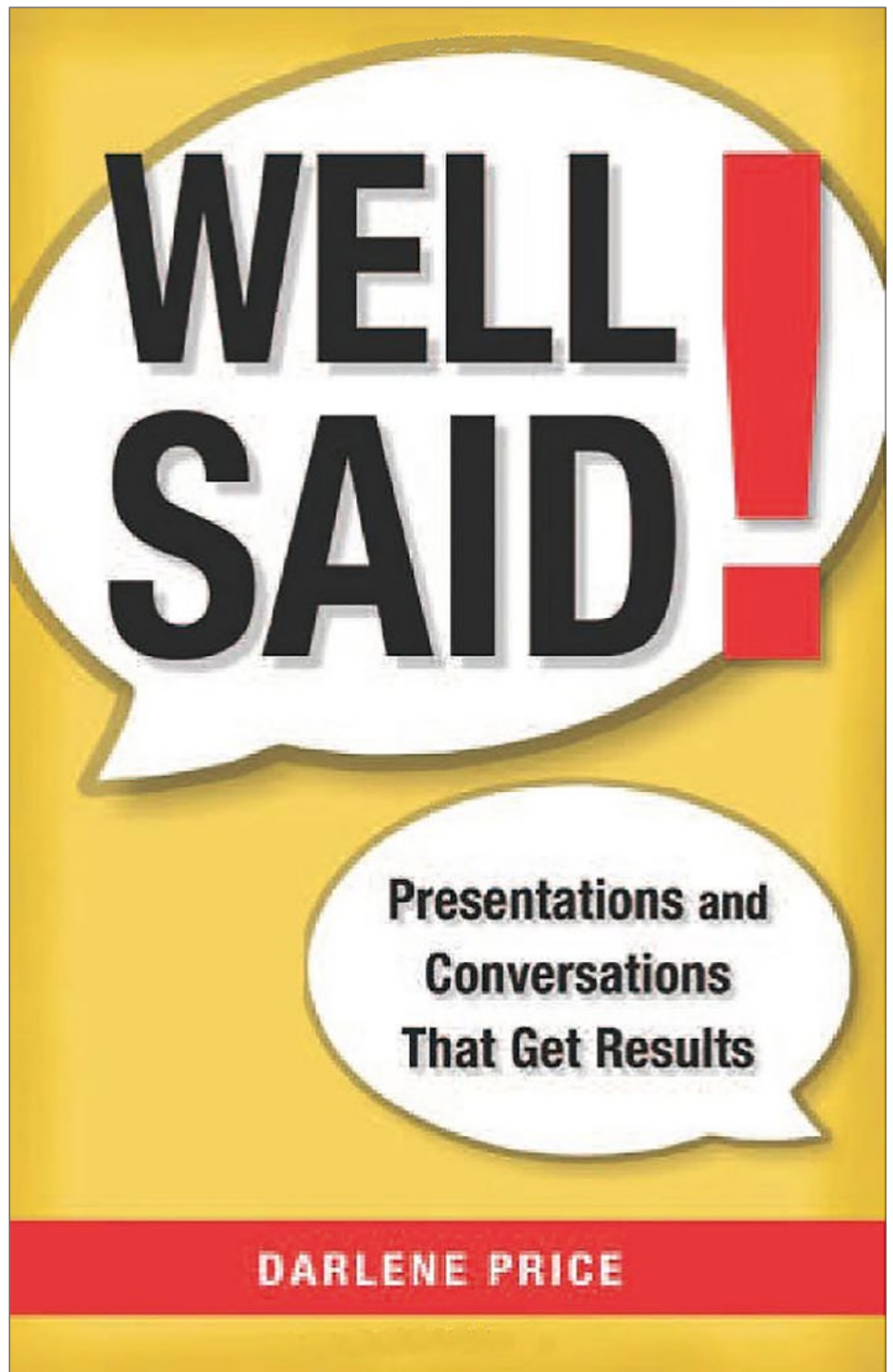
It reveals simple but powerful techniques anyone can use to prioritize, organize, and economize their words so that their communications are concise, clear, and - most importantly - convincing. Complete with real-life examples illustrating the concepts in action, this handy guide teaches readers how to: use the words and phrases that get people to listen; capture and hold attention; gain instant credibility with decision makers; optimize body language; handle Q&A with finesse; connect with the audience; shine with or without PowerPoint; perfect their elevator pitch; and much more. Engaging and practical, "Well Said!" is the one book on presentation skills every professional should own..

Darlene Price is the president and founder of Well Said!, a training and consulting company specializing in high-impact presentations and effective communication. She has coached thousands of executives and professionals at companies such as AT&T, IBM, Macy's, Microsoft, Motorola, UPS, and Xerox, among others. She lives in Atlanta, Georgia.

Well Said!: Presentations and Conversations That Get Results

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Further Conferences & Events

What: Auditing Governance, Strategy, Ethics and Risk

Where: Dubai, United Arab Emirates

When: 16-18 September 2014

Brief Description: Attend this course and you will:

- Learn how to provide assurance on risks to the achievement of your strategic objectives as required by the 2013 IIA Standards revision

- Understand how to comply with IIA standards on governance, ethics and risk management
- Appreciate the value of independent assurance on governance
- Discover which areas to audit - and how to do it
- Develop the business case for internal audit involvement
- Learn how to be a catalyst for improvement – without compromis-

ing your independence

- Gain insights into current best practice
- Take away practical checklists and sample audit programmes
- Network and share your experiences with other senior audit professionals

[MORE INFORMATION](#)

What: Internet Investigations

Where: London, United Kingdom

When: 22-24 September 2014

Brief Description: While the internet has become the single most widely-used tool across the globe, and a central hub for almost every single aspect of day-to-day life, it has also evolved

into the largest database of personal information imaginable. With that, internet search has become the most important investigative tool when it comes to gathering background information, evidence and intelligence. Information can be acquired from a wide range of public sources, via social media websites, search engines

and online archives. With the latest techniques, you can now search by image and even track which sites are reporting your visits and to whom.

[MORE INFORMATION](#)

What: Applying EU Anti-Discrimination Law

Where: Trier, Germany

When: 29-30 September 2014

Brief Description: The seminar will provide participants with an overview of the two European directives prohibiting discrimination on the grounds of race or ethnic origin in a number of areas, as well as on disability, age,

sexual orientation or religion/belief in employment and occupation.

Key topics

- EU anti-discrimination law and the wider EU, Council of Europe and United Nations human rights framework
- Definition of key concepts (direct discrimination, indirect discrimination, harassment)
- Burden of proof and access to evi-

dence

- Remedies and sanctions
- Different protected grounds, with special attention to the case law of the Court of Justice of the European Union

[MORE INFORMATION](#)

What: Hot Topics in Mergers & Acquisitions

Where: New York, NY

When: 2 October 2014

Brief Description: The M&A markets were relatively flat throughout 2013, punctuated by episodic but unsustained bursts of activity. The variability in deal activity creates uncertainty and rewards preparedness. Now more

than ever, it is critical for dealmakers and their counsel to stay abreast of the latest trends and forecasts. Will the tough markets of the last several years give way to greater stability and optimism in 2014? How will buyers and sellers adjust their behavior in response to recent experience? How will economic developments drive merger strategy and tactics? How should companies be preparing for approaches

by activists? Join our expert faculty of lawyers, general counsels, regulators and investment bankers as we explore the fascinating state of M&A and the trends you need to be aware of for the year ahead.

[MORE INFORMATION](#)

What: Implementing and Managing Total KYC

Where: Hong Kong, CHN

When: 8-10 October 2014

Brief Description: International standard setters and regional anti-money laundering (AML) bodies have highlighted the vulnerabilities in the sector to help banks and financiers reduce and contain their exposure to money

laundering and financing of terrorism. All banks, investment banks, Islamic banks, financial institutions and many other reporting institutions are required to comply with internationally established "Know Your Customer" policy. To prevent contraventions and sanctions for non-compliance, all players in the financial services industry need to adhere to the KYC policy and to implement and manage total

KYC. Thus, all employees, especially front-line employees, and client-facing institutions which handle money, precious metals, securities, credit and domestic and international fund transfers.

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Join the upcoming GGI Events

GGI Latin American Regional Conference
in Rio de Janeiro, Brazil | 14-17 August 2014

GGI Nordic-Baltic Meeting
in Tallinn, Estonia | 04-06 September 2014

GGI Best Practices & Developing Leaders Conferences
Montreal, Canada | 18-20 September 2014

GGI German Speaking Chapter
Hamburg, Germany | 19-21 September 2014

GGI Middle-East African (MEA)
Regional and World Conferences
Cape Town, South Africa | 15-19 October 2014



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