

Spring 2014

## MSME News

PRECISE . PROVEN . PERFORMANCE

## US FED Tapering:

In simple terms tapering means reducing its \$85 billion per month asset purchase program. "Tapering" is a term that exploded into the financial lexicon, when U.S. Federal Reserve Chairman Ben Bernanke stated in testimony before Congress that Fed may taper the bond buying program known as Quantitative Easing (QE) in the coming months.

Quantitative Easing: The Fed, or any central bank for that matter, enacts quantitative easing by creating money and then buying bonds or other financial assets from banks. The banks then will have more cash available to loan.

In the midst of the 2008 financial crisis, slow growth and high unemployment forced the Fed to stimulate the economy through its policy of quantitative easing in the interval from November 25, 2008 through March 2010. The program had little impact initially, so the Fed announced an expansion of the program from \$600 billion to \$1.25 trillion on March 18, 2009.

The Fed moved in with a second round of quantitative easing, which became known as "QE2" (ran from November 2010 through June 2011) and involved the purchase of \$600 billion worth of short-term bonds. On September 13, 2012, the U.S. Federal Reserve launched its third round of quantitative easing.



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Fed has adopted what has been called "QE Infinity," a plan to purchase \$85 billion of fixed-income securities per month, \$40 billion of mortgage-backed securities and \$45 billion of U.S. Treasuries. Unlike QE1 and QE2, the current program has no set end date. However, the consensus is that the Fed will begin to wind down the size of its purchases before 2013 is over, with the goal of ending the program by 2015. At the present time, QE is fluid and subject to change based on economic conditions

Understanding the impact of tapering: Most believe that tapering will result in an increase in interest rates, especially at the longer end of the yield curve. This could have two detrimental effects. The first would be higher mortgage rates. Another issue has to do with the federal budget.

Impact of tapering on Emerging Markets: Before the financial crisis, emerging markets relied on debt-fueled consumption by the US and other Western countries, emerging markets are still too reliant on relatively narrow bases of economic activity: manufactured exports, cheap credit, and domestic investment in China, high oil and gas prices in the Gulf Middle East and Russia, and mineral and agricultural commodity demand in South America. These sources of growth are already unsustainable: inflation, asset bubbles and overcapacity are increasingly problematic, the outlook for commodity prices is negative, consumption in the US and Europe is flat, and monetary tightening is inevitable.

Impact of tapering in the MENA region: In the Mena region those markets most vulnerable to the tapering are those that have benefited the most from the asset purchasing. According to industry experts less favourable global liquidity conditions or emerging market risk appetite would mean greater scrutiny of credit risk in the Dubai Inc space. Dubai and its stable of companies have an estimated US\$60 billion of debt falling due between this year and 2017, estimates the IMF.

The withdrawal of cheap cash and the gradual setting in of a risk sentiment is likely to make capital less abundant than before and investors more selective. The other loser from the QE tapering could be Egypt. The Fed's announcement, together with fresh political tensions and delays to a US\$4.8 billion loan deal have contributed to a sell-off in Egyptian assets. The benchmark stock market has tumbled by 22 per cent since its peak at the start of the year and bond yields have reached a post-Arab Spring high. The government had been pinning its hopes on the securing of an IMF loan deal to tempt back foreign investors. But the end of QE could threaten those aspirations. Longer term, as the Fed starts to move interest rates higher, economies in the GCC with pegs to the US dollar will start to do the same. During previous rounds of QE, oil prices have tended to rise before falling back once the purchases came to an end.

Source: Public Media

## AMENDMENTS IN THE CODE OF CORPORATE GOVERNANCE

The Securities and Exchange Commission of Pakistan has amended clauses of the Code of Corporate Governance, 2012 pertaining to Audit Committee, Chief Financial Officer and Chief Internal Auditor.

Under these amendments, it is no more mandatory that the Audit committee be chaired by an independent member only, though it continues to remain preference of the regulator. The minimum number of years of experience for CFO and CIA has been reduced from 5 years to 3 years with relaxation in the nature of work experience as well. In case of CFO, the earlier requirement of working in a listed company or a bank or a financial institution has been done away with and now handling of financial and corporate matters of any company or experience with an audit/accounting firm would suffice. In case of CIA, besides audit, working in finance and compliance functions would also help fulfill the eligibility criteria.

### COMMERCIAL PAPERS REGULATIONS 2013

The Securities and Exchange Commission of Pakistan has approved regulations for issuance of Commercial Papers for procuring unsecured short term debt, by companies and other body corporates. The main features of these regulations are as follows:

1. The Issuer should be authorized by its Memorandum and Articles of Association, shall have a minimum equity of Rs. 25 million, a clearance from the Central Bank and credit rating of "A-" for medium long term and "A2" for short term.
2. The size of the issue should be at least Rs. 10 million. There is no limit for the maximum, however the total liabilities of the issuer, after issue of the commercial paper, should not exceed four times of its equity.
3. The paper can be issued to general public and, as well as, be placed privately. The minimum maturity period has to be 30 days; maximum is one year. There is roll-over option upto two terms and an option of early redemption as well. The discount value shall be determined by the issuer on the basis of the interbank rate prevalent and its credit rating.
4. The paper can be issued in tranches, as well, over a period of 12 months. The Issue will be in scrip less form and transferable under the mechanisms of stock exchanges.
5. The appointment of an Issuing and Paying Agent is mandatory. However, underwriting of issue is at the discretion of the Issuer subject certain conditions.



## AMENDMENTS IN THE INCOME TAX LAW

### Tax relief for Goods Transporters

The income tax authority has announced 60% reduction in tax rates for good transporters which is levied based on their laden weight.

### Reduction in Penalty

The Income Tax Authority has also reduced the minimum penalty for non-filer of monthly and annual tax statement from 50k to 10k.

### No Advance Income Tax on Government School & College fees

The Income Tax Authority has amended that advance tax shall not be recovered on fees in cases of educational institutions owned by the Federal or Provincial Government or by an individual entitled to privileges under the United Nations Privileges and Immunities Act, 1948, a foreign diplomat or a diplomat mission in Pakistan. A Non-resident studying in Pakistan has also been exempted from this advance income tax.

### Advance Income Tax on Functions and Gathering

The Income Tax Authority has introduced advance income tax on all functions bill of a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for the same purpose. The exemption is given to the functions of Federal or Provincial Government of an individual entitled to privileges under the United Nations Privileges and Immunities Act, 1948, a foreign diplomat or a diplomat mission.

### Conflicts regarding Workers Welfare Fund (WWF);

An old rift has been brought up by the Income Tax Authority after a head lock between two high courts here in Pakistan about the levy and collection of WWF. The bone of contention is that as to whether WWF is "tax" or "fee". Judgment of Supreme Court is awaited pending which the whole scenario is compelling the taxpayers to pay for 37% tax on its profits instead of 35%.

### Amnesty for New Investor

The Income Tax Authority has introduced the Tax Amnesty scheme for new investors who are willing to invest in Greenfield, under which the source of investment will not be questioned if the investment made on or after January 01, 2014 and commercial production commences on or before June 30, 2016.

## Updates in Sales Tax / GST Laws

### Enactment of Khyber Pakhtunkhwa Sales Tax Laws

Pursuant to passage by Khyber Pakhtunkhwa Assembly, the Khyber Pakhtunkhwa Finance Act, 2013 (KPFA) has been enacted w.e.f. 01 July 2013 for collection of sales tax on services in respect of services provided, supplied, rendered, initiated, originated, executed, received, delivered or consumed within the territories of Province of Khyber Pakhtunkhwa. Such tax collection will be administered by Khyber Pakhtunkhwa Sales Revenue Authority (KPRA).

At present, no new service has been taxed under KPFA and taxable services would remain the same as were earlier covered under repealed NWFP Sales Tax Ordinance 2000. They include hotels, marriage halls, lawns / clubs, beauty parlours, telecommunication services, customs agents, ship chandlers, stevedores, advertisements on TV and radio, courier services, insurance services, services provided by stock brokers, banking companies or non-banking financial institutions.

KPRA has started issuing notices to all related service providers to transfer their registration particulars from FBR to KPRA for e-enrolment and e-payment of sales tax to KPRA. Such notices suggest that necessary instruction have been issued to Pakistan Revenue Automation Limited (PRAL) to automatically register such service providers with KPRA on the basis of their earlier sales tax registration number (STRN) but with "K" added as a prefix. Such notices also suggest that service providers based in Khyber Pakhtunkhwa are required to submit monthly tax returns with KPRA w.e.f. 01 July 2013. For procedure for e-filing and payment of tax, assistance may be sought at <https://kpra.kp.gov.pk>.

### Third Schedule S.R.O 895 (I)/2013 dated 4th October 2013

In the Finance Act 2013, the Government had brought 15 classes / types of goods under the Third Schedule mechanism. Later on, vide SRO 681(I)/2013 dated 26th July 2013, finished or made up or articles of textiles and leather including garments, foot wear and bed wear sold in retail packing and other goods and products sold in retail

packing appearing in Serial 22 & 36 respectively in Third Schedule were omitted.

The Government has now announced that except for fertilizer and cement sold in retail packing, the following goods added in the Third Schedule vide Finance Act 2013, have been omitted:

- ☒ Household electrical goods, etc.
- ☒ Household gas appliances, cooking range, etc.
- ☒ Foam or spring mattresses, etc
- ☒ Auto parts / accessories in retail packing
- ☒ Lubricating oils, etc. in retail packing
- ☒ Tyres and tubes
- ☒ Storage batteries
- ☒ Arms and ammunition
- ☒ Paints, distempers, etc. in retail packing
- ☒ Tiles sold in retail packing
- ☒ Biscuits, confectionary, etc.

With the deletion of above items from Third Schedule, sales tax will be assessed @ ex factory price or value of supply instead of retail price of the products. However, the Government has simultaneously introduced extra tax @ 2% on all the above goods (see below).

### Special Procedure for Payment of Extra Sales Tax on Specified Goods S.R.O 896(I)/2013 dated 4th October 2013

In terms of amendments made in Sales Tax Special Procedure Rules 2007, the Government has levied an extra tax of 2% on all the foregoing goods listed in the above table which were previously taxed under retail price mechanism. It is notable that to date, only specified electrical goods were subject to an extra tax @ 0.75%. Now, the ambit of extra tax regime has been enlarged to certain goods as well with an enhanced tax rate of 2%.

The salient features of amendments are as follows:

- ☒ Sales Tax @ 17% alongwith extra tax @ 2% (total 19%) will be computed and payable @ value of supply (ex factory price) only when such goods are supplied by importers or manufacturers. Previously such goods were taxed to sales tax @ 17% of retail price.
- ☒ Goods specified in SRO 896 will not attract further tax under Section 3(1A) of Sales Tax Act 1990 (the Act). Accordingly, the incidence of sales tax will be 19% both in case when sales are made to registered as well as unregistered persons.
- ☒ Tax Invoice to carry a disclosure of 2% extra tax alongwith sales tax @ 17%.
- ☒ All commercial imports of specified goods will attract value addition tax @ 3%.
- ☒ If extra tax @ 2% is paid by importer / manufacturer, the specified goods will not be exposed to sales tax at any subsequent stage(s).
- ☒ The importers and manufacturers engaged in supplies of specified goods need to file monthly tax returns while the remaining supply chain will need to file quarterly tax returns.
- ☒ The registered buyer of specified goods, not otherwise engaged in subsequent supplies of such goods, is entitled to claim input tax in terms of Section 7 of the Act. However, adjustment of extra tax @ 2% is not permissible to him under Section 8 of the Act.



# Sales Tax Special Procedure (Withholding) Rules 2007

## SRO 897(I)/2013 dated 4 October 2013

The Government amended the Sales Tax Special Procedure (Withholding) Rules 2007 (WHT rules). The following are the salient features of such amendments:

☒ Presently all withholding agents, other than recipients of advertisement services are liable to hold 1/5th of the total sales tax passed onto them on their purchases. Sub Rule 2A has been inserted after Sub Rule 2 of Rule of WHT rules whereby invoices issued by registered wholesaler, dealer (including petroleum dealers or distributor) will undergo tax withholding @ 1/10th of the total sales tax involved. The apparent spirit of the amendment appears to provide concession provided to persons exclusively registered as wholesaler, retailer or distributor. Accordingly, persons holding multiple registration status may not be able to enjoy such benefits.

☒ In terms of another amendment in Rule 2(3)(i) of WHT rules, purchase of taxable goods by federal and provincial Government department, autonomous bodies, public sector organizations from persons liable to be registered but not registered will undergo the withholding @ 100% of the applicable tax rate on such supply.

☒ Rate of withholding tax on taxable purchases made from unregistered person by withholding tax agents like companies, recipients of advertisements services and registered exporters has been reduced from 17% to 1% of the value of taxable purchases.

However, 3rd Schedule Goods and Goods Supplied by Commercial Importers have been exempted from withholding tax regime.

### Taxation of Textile Goods SRO 898(I)/2013 dated 4 October 2013

The Federal Government has again amended SRO 1125(I)/2013 dated 31 December 2011 with respect to import and sales of fabric. Now, import and supply of all kinds of fabric shall attract sales tax @ 3% and value addition tax @ 2% on commercial import of fabric.

Previously, supply of fabric usable as industrial input to the person of five sectors was subject to sales tax @ 2% in terms of Clause (vi) of SRO 1125. However, the same was subject to debate among certain quarters of textile sector with respect to classification of fabric either as "industrial raw material" or "finished goods". Through the recent amendment, blanket rate of sales tax @ 3% on import and supply of fabric has been notified with value addition tax @ 2% on import stage. Consequently, rate of sales tax on purchase of fabric as industrial input has been increased from 2% to 3% which may adversely affect the textile sector.

The restriction placed vide SRO 221(I)/2013 dated 19 March 2013 on refund of input sales tax against local supplies has now been reviewed and abolished. However, refund against local supplies has now been made admissible only if value addition on local supplies is not less than 10%. The refund filers are also required to undergo pre-refund audit for the processing of refund under the said SRO besides furnishing revolving bank guarantee of the amount



equivalent to average monthly refund claimed by them. After the sanction of refund claims, post refund audit will also be conducted by the concerned tax office.

The aforesaid requirements and pre conditions set out by the Federal Government appear to be quite complex and involve substantial cost of documentation.

### New Mechanism of Sales Tax Registration Announced by FBR

In view of growing complaints and backlog in sales tax registration applications, the Federal Board of Revenue (FBR) has issued SRO 79(I)/2014 dated 31 January 2014 whereby significant amendments have been made in Chapter-I of Sales Tax Rules 2006 (the Rules). According to amendments, the following amendments have been made in the Rules:

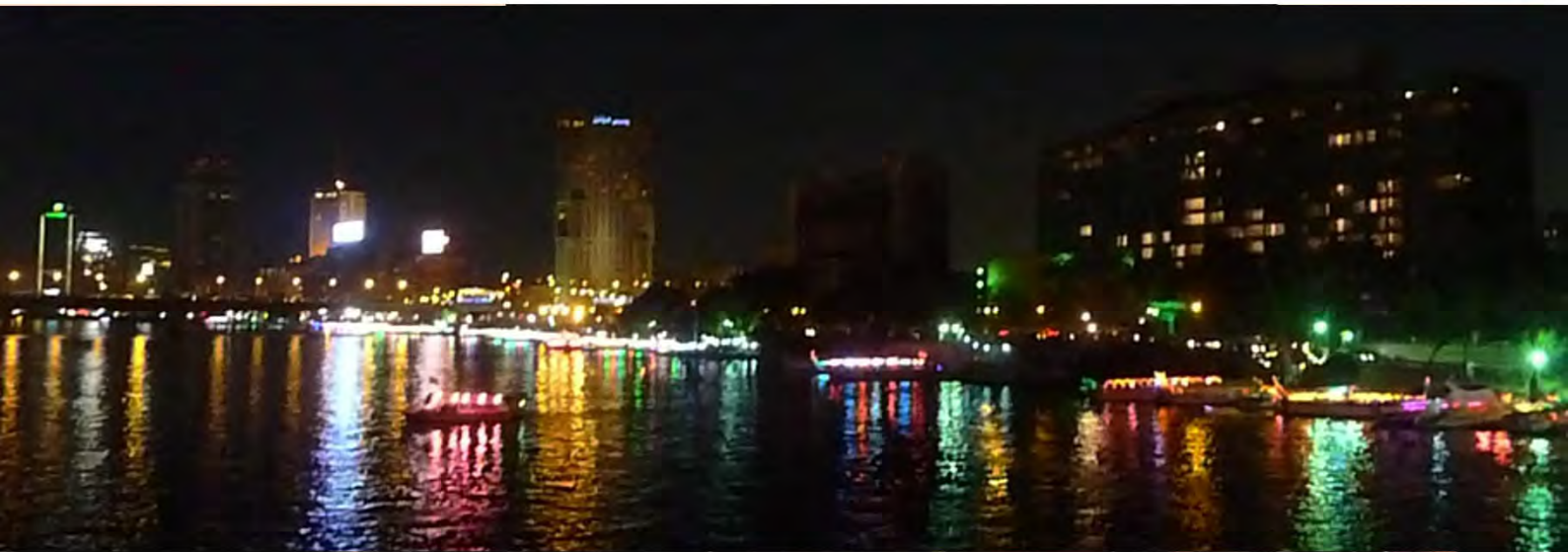
☒ A new system 'REGSYS' has been introduced for electronic registration under Sales Tax Laws. REGSYS will handle filing and processing of sales tax registration for taxpayer's facilitation.

☒ Earlier, no list of documents was prescribed under Rule 5 of the Rules for registration purposes. Now, an exhaustive list of documents has been prescribed which need to be sent to FBR electronically in scanned form. A person who is unable to file application for registration or change in particulars of registration directly in REGSYS, may submit the prescribed application and required documents to the concerned LRO, which shall ensure entry of the application and documents in REGSYS within 03 days.

☒ Instead of physical verification of business premises, GPS-tagged photographs of business premises, installed machinery, electricity / gas meter will be submitted to REGSYS. However, physical verification of business premises will be made of persons desirous of getting registration as 'manufacturers'.

☒ Incomplete application or documents will result in electronic issuance of an "Objection Memo", which needs to be removed within 10 days from date of issuance.

☒ "Low Risk Score" or "High Risk Score" will be defined for processing of registration applications on the basis of application along with all requisite documents. Low risk score applications shall be approved without any physical verification and sales tax registration certificate will be sent at the registered office of the taxpayer through courier. The High Risk Scorer applications will be forwarded to concerned LROs for detailed inquiry and physical verification.



## EGYPT

### Tax Update

As the tax filing season started it is important to highlight the changes introduced by law No11 Year 2013:

Article (87), states that if the tax stated in the tax return is less than the final estimated tax due, following tax inspection the shortfall or additional tax is to be added to the tax stated in the tax return to arrive at the final tax payable as amended. If there is a shortfall in the final estimated tax due, the taxpayer is required to pay this shortfall as follows:

- 5% of the tax not stated. If the difference between the tax stated in the return and the final tax due ranges between 10% and 20% of final tax due
- 15% of the tax not stated. If the difference between the tax stated in the return and the final tax due ranges between 20% and 50% of final tax due
- 40% of the tax not stated. If the difference between the tax stated in the return and the final tax due is more than 50% of final tax due

The provisions of Article (87) is applied on the net differences resulting from corporate tax inspections on a sample basis only, where taxpayers maintain regular accounting records & books .

The changes to penalties for non-compliance are as follows:

- 1- Article (78) stipulating the non-issuance or delivery of an invoice as tax evasion has been cancelled and a penalty of EGP 2,000 to EGP 10,000 has been imposed
- 2- All taxpayers are exempted from salary and sales taxes including any penalties due for the previous periods prior to applying the provision of this Law provided the two conditions are met:
  - A- The taxpayer has not previously registered or submitted any tax return
  - B- The taxpayer has approached the relevant tax authority, within one year of the effective date of this Law, with a request to register and open a tax file





## Moore Stephens Qatar Awarded a "Privatization / IPO Project"

Moore Stephens Qatar had a good start for 2014. The company has been awarded a job in the Privatization / IPO field with a project dubbed as "Black Shield" for a Doha-based public firm.

The scope of work for this particular project includes the following:

- Review of the Entity's Strategic Framework to Align with IPO; and the Development of the IPO's strategic goals and objectives;
- Proposal of financial structures;
- Evaluation of the pros and cons of the privatization concept;
- Development of the Privatization Concept Study;
- Conducting detailed Financial Due Diligence;
- Development of company Business Plan
- Conducting Business Valuation;
- Development of IPO prospectus;
- Coordination with all regulatory authorities (Ministry of Economic & Trade (MET), Qatar Financial Markets

Authority (QFMA) and advisors'

- Conduct the IPO audit;
- Advise on appointing an Investment bank; and
- A legal advisor for the new established company.

The privatization of key public sector companies in Qatar has significantly helped to improve their efficiency and performance in a big way. It was at the same time crucial as it helped liberate key sectors from bureaucracy.

While there is a significant momentum moving towards this trend among public entities, MS Qatar emerge as one of the leading and trusted financial consulting firms among the pack to provide sound financial and managerial services to facilitate and expedite IPOs.

## Audit Pro® Training for the Moore Stephens Qatar Audit Staff

The introduction of Audit Pro® Software in Moore Stephens Qatar has made a significant boost in the company's performance and increased the efficiency in performing the Audit business operations.

Recently, MS Qatar hosted a two-day training session on the Audit Pro® Software between February 8 and 9, 2014 at MS Qatar Office headquarters.

The training was conducted by MS Dubai, headed by Managing Partner Mr. Farad Lakdawala, together with Audit Assistant Supervisor Ms. Maebel Grace Prado who has come to Doha to conduct the training. The session was attended by MS Qatar technical staff and head of departments as well.

The objective of the training was to demonstrate key features of the software such as Audit Scheduling, Audit Calendar, Audit tracking and other important functions and features. At the end of the course, the trainees were expected to have ample knowledge on how to define and customize audit forms and checklists, manage, schedule, assign, and monitor the status of the conducted audits.

MS Qatar is gearing up towards excellence that will leave behind legacy and bright foot prints of achievement in each project. The recent acquisition of the high end, web-enabled audit software shall play a vital role in the success of all MS Qatar future undertakings.



## Qatar National Sports Day 2014

Moore Stephens Qatar Staff, in the company with some family members, have celebrated once again this year's Qatar National Sports Day which was held in KATARA Cultural Village on February 11, 2014.

The celebration included a whole day of various sporting events such as cycling; swimming, football, basketball, beach volleyball, tennis, taekwondo, in addition to other free sporting sessions and social competitions.

Along with other extensive sporting events across the country, the National Sports Day also aims to spotlight on Qatari culture and sports using a traditional boat (Al Shawahef) rowing championship. A reminder for the people about Qatar's ancient sporting heritage and the role it has played in the country's most recent developments was the key message behind such activities.

It was a fun-filled and exciting activity, an opportunity for Moore Stephens Qatar to promote team spirit, healthy lifestyle, and an opportunity of appreciation of local culture among its staff members based on the sporting principles of team building, inclusion and unity, participation and fun, fitness and health.



## Moore Stephens Qatar Successful Presentation on KPIs

A Seminar on Key Performance Indicators (KPIs) conducted by Moore Stephens Qatar (MSQ) was given the opportunity to be featured in one of the news articles of Qatar News Agency (QNA), a government owned news entity established in the mid 70's by an Emiri Decree that later became the first Arab news agency dedicated to covering the Gulf region.

The Seminar cum workshop is part and parcel of a business proposal to the Ministry of Labour and Social Affairs of the State of Qatar and was presented by MSQ's Managing Partner Mr. Sami Zaitoon and Executive Partner Mr. Hassib M. Kay on March 8, 2014.

The focus of the presentation was to provide an in-depth explanation of the general strategic framework and specific KPIs, their role in management and governance of the organization, and procedures on implementing KPIs to serve as indicators for success/failure measurement.

In a well-attended lecture room, the presenters spoke on the following topics:

- ☒ Definition, types, objectives and the need for KPIs;
- ☒ Example of Balanced Score Card (BSC);
- ☒ Tips for Successful KPIs;
- ☒ Example of a Strategic Framework;
- ☒ How does KPIs serve the Strategy;
- ☒ A contribution to Strategy;
- ☒ Strategy Maps;
- ☒ Strategy Map Example;
- ☒ Identifying the KPIs;
- ☒ Advantages and Disadvantages of KPIs;
- ☒ How to design KPIs;
- ☒ Characteristics of a Good KPI;
- ☒ How are KPIs Evaluated;
- ☒ Best Practices for the Ministry of Labor (Sample KPIs); and
- ☒ Flow Chart - Case.

The Seminar cum workshop ended with a question and answer portion. Participants were given the chance to draw additional information and/or further details of the topics discussed by the resource speakers.

## Approved Auditor with QFC

we would like to inform you that we became an approved auditor with Qatar Financial Center (QFC) effective 27th March 2014



## Moore Stephens Yemen officially started operating on January 1st 2014

Moore Stephens Yemen is one of the biggest professional services firms in Yemen. At present, the firm has two partners and one principal. The day-to-day operations of the offices in Yemen are coordinated and supervised by the Managing Partner, Mohamed Al-Qubati. The common ownership, control and supervision of the office in Yemen, ensures that the partners and staff team of more than 35 highly qualified and experienced professionals are bound together by common adherence to prescribed international standards and practices

Moore Stephens Yemen offers its services to a wide variety of clients providing audit and management consultancy services to the biggest clients in the country. The firm is justifiably proud of its client base ranging from telecom operators, airlines, financial institutions, manufacturing and trading companies, family business groups and government agencies. Moore Stephens Yemen has earned a reputation as one of the foremost accounting practices in the region, offering the whole range of services needed for the modern business climate



## Moore Stephens Yemen Celebrate a ceremony of accomplishment At Al-Bustan Hotel

Moore Stephens Yemen in collaboration with the Responsive Governance Project (RGP) the biggest NGOs in Yemen, funded by USAID, conduct the accomplishment ceremony of the first phase of the ISO 9001:2008 preparation program for the Local CSOs, Sana'a, January 30th, 2014, which was held in Al-Bustan hotel, with the attendance of some of the most important organizations and companies in Yemen as, UNDP, Save the children, Yemen Central Bank, MTN Yemen, Act...

During the ceremony a brief overview was given about Moore Stephens Yemen, Moore Stephens Middle East and Moore Stephens International. An overview about the accomplished project (goals of the project, the used methodology, challenges, expected results) was also given. The Responsive Governance Project, expressed her great satisfaction of Moore Stephens Yemen, saying that it was a very successful experience to work with Moore Stephens Yemen in the Assessment of more than 70 NGOs in Yemen and the standardization of the processes of 30 NGOs, as she urges other financiers and donors to go through such experience.



# Moore Stephens Oman celebrates 25 years



## The Moore Stephens office in Muscat, Oman

is celebrating 25 years of operations and is hosting a grand dinner for clients and friends in a leading Muscat Hotel on 6th May 2014.

The International Secretary of Moore Stephens, Mr. Richard Moore, will be in attendance together with all the Managing Partners of Middle East Offices.

John Adcock (Managing Partner) looks back over an exciting 25 years in which the office strength has grown from just 3 staff to over 40, the array of services developing from purely audit to a wide range of advisory and taxation services, and the name of the firm from being unknown to being a well recognized brand in the country and in the region generally.

The firm is currently active as auditors to a considerable number of listed companies and public interest entities, as well as for some 400 plus clients. John believes the secret of the successful growth and reputation is the maintaining of high quality technical and ethical standards, as well as adding a personal touch to relationships.

# Introduction To Moore Stephens Erbil



## Moore Stephens Erbil

has been operating in the Erbil Market since May 2013. In this short period of time Moore Stephens Erbil has managed to obtain an elite client portfolio. A variety of services are provided by Moore Stephens Erbil, such as Audit, Business Consultancy, Accounting Outsourcing, IT and administrative services.

## Moore Stephens Erbil

has grown in the Iraq market and strengthened its infrastructure that has supported its growth by its diverse client base. The Erbil Market has provided a wide industrial specialisation for Moore Stephens Erbil by obtaining audit and consultancy contracts in major industries such as the oil and gas market.



# PAYROLL TAX AND SOCIAL SECURITY REGULATIONS- KURDISTAN REGION



- **PAYROLL TAX**

Reference is made to article (6) of law (20) for the year 2011, basic salary of employees is subject to payroll tax, however, the payroll tax is 5% from all amounts above 1 million IQD.

The payroll tax should be paid on monthly basis.

- **SOCIAL SECURITY**

Reference is made to article (1) of law (4) for the year 2012, all employees in privat sector, local and expats must be enrolled at the social security.

Reference is made to article (27) of law (39) for the year 1971, the social security subscription is 17% of the basic salary, divided between the employee and employer as below:

☒ Employee: 5%

☒ Employer: 12%

Reference is made to Ministry of Labor and Social Affairs decision no. (12334) dated 22 November 2012, the minimum monthly salary is IQD 285,000.

Reference is made to article (29) of law (39) for the year 1971, the subscriptions should be paid on a monthly basis to the directorate of Social Security.

Reference is made to article (78) of law (39) for the year 1971, at the end of employee's service, the employee shall be rewarded the end of service indemnity calculated as below:

Average salary × number of months of service ÷ 12

- **General rules regarding expats employees:**

If expats employees are enrolled at the Social Security in his/her home country, the company isn't obliged to enroll him/her at the Social Security in the Kurdistan Region. However, a letter from the directorate of social security in home country and certified by Iraqi embassy must be submitted to the directorate of Social Security in Kurdistan region. However, the payroll tax will be deducted from his/her salary and paid to tax department in Kurdistan Region.

Should you wish to discuss the above or any other related matter, please do not hesitate to contact us.

## MST Development Plan

We are thrilled to share with you the trainings that Moore Stephens has introduced to its employees to identify their skills and capabilities and so that we can fill the gaps with training or appropriate experience required for the job.

Since Most of our employees handle two or more jobs at a time, Time management was a core skill to be considered and developed

On the 19 /4/ 2013, a Training on Time Management and how to use the leverage of time was accomplished where all MST employees participated and they learned how and when to delegate, how to prioritize, and that leveraging other people's time, can increase productivity to an extraordinary extent

On 27/9/2013 A Training course on Managers Management was introduced to all seniors and managers to acquire the competencies that are now seen to be needed for the present and the future.

MST has been always encouraging resources from within to be future leaders and managers in which it completely understands that rapid changes in technology, products, and business applications make it necessary to devote time to the ongoing training and development of its staff.

All these Training courses and yet to come contributes to a development plan already set by MST and for getting people trained for higher performance and to maximize potentials by gaining or refining management and leadership skills

What we are finding today is that the more invest and capitalize in our employees the more likely we retain them and build more profitable and meaningful connections with our employees, clients, mad prospects.



## Auditing Funds Of Non Profit Organizations

We are happy to be engaged with the UNHCR, one of the leading Humanitarian foundations, the United Nations High Commissioner for Refugees was established on December 14, 1950 by the United Nations General Assembly. The agency is mandated to lead and co-ordinate international action to protect refugees and resolve refugee problems worldwide. Its primary purpose is to safeguard the rights and well-being of refugees. It strives to ensure that everyone can exercise the right to seek asylum and find safe refuge in another State, with the option to return home voluntarily, integrate locally or to resettle in a third country. It also provides donations to local and international non- profit organizations such as Danish Refugee Council, Action Center La Faimé France, War Child Holland, Caritas Migrants Center Lebanon, Makhzoumi Foundation etc...



## A New Partner Joined MST Lebanon

We are very pleased to welcome Michel Dimas as a new partner in MST Lebanon . Now our big family “MST Lebanon” has a new member someone with a big heart and concrete devotion

Michel has joined us on Feb 2014, His expertise covers a wide range of businesses including ICT, Hospitals, Retail Luxury business, Technology, and others.



Name : Michel Dimas

Position : Partner

Experience :

Michel has almost 30 years of experience in Finance and Management and is currently Partner of the Moore Stephens Tabbal offices in Beirut, Lebanon.

Michel specializes in advising clients on financial and management policies and procedures, financial strategies, valuations and cost control as well as other corporate finance matters. He directs and coordinates client’s operations by establishing and implementing the strategy of the company, driving and monitoring the processes and leading and mentoring the team to help them commit to diligent and professional performance. His 30 years of experience have been in the Middle East and he is therefore familiar with the regional business environment and economy and well positioned to ensure these are understood and considered on all assignments.

Michel’s expertise covers a wide range of businesses including ICT, Hospitals, Retail Luxury business, Technology, and others. He is well versed in financial strategies, business planning, budgeting, business cases, costs and capex optimization, cash management, process implementation and re-engineering and re-financing.