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**MONTHLY
TECHNICAL UPDATES**

ON ACCOUNTING, TAXATION & LAWS

INSIDE

- ✓ Committee Activities
- ✓ News on AML Supervision
- ✓ Pakistan Stock Market – KSE-100 Index Fluctuations
- ✓ Rupee-Dollar Parity
- ✓ Corporate Updates
- ✓ Taxation Updates
- ✓ International Updates
- ✓ Topic of the month
Consolidated list of the Red-Flags

“Coming together is a beginning, staying together is progress, and working together is success.”

Henry Ford

Message from the Chairman:

I am delighted to present the Monthly Technical Updates by TSPD Committee for the month of December, 2021. This issue covers a variety of topics related to AML/ CFT, Stock Market, Corporate Sector and Taxation. I believe that members will find it informative and helpful in discharging their professional assignments/ responsibilities.

Moreover, Worthy Members are requested to frequently visit the website of the Institute to keep themselves abreast with the latest developments in the AML/ CFT regime. I also want to request all members to share their valuable suggestions for further improvement in the Monthly Technical Update and identify topics of technical interest, which the Committee may consider for arranging seminars, workshops and training programs beneficial for the practicing members in terms of their capacity building and value addition.

Please do share your comments on tspd@icmap.com.pk

Shehzad Ahmed Malik, FCMA

Vice President & Chairman
TSPD Committee ICMA Pakistan



Committee Activities

Seminar on “Current Economic Challenges of Pakistan”

Technical Support and Practice Development (TSPD) Committee, in collaboration with the CPD Committee and Islamabad Branch Council (IBC) of ICMA Pakistan, organized a Seminar on “Current Economic Challenges of Pakistan” on Tuesday, December 14, 2021, wherein the experts and professionals of the Industry had a thread bare discussion on this important issue. Mr. Shehzad Ahmed Malik Vice-President, ICMA Pakistan and Mr. Adil Ameen, Chairman Islamabad Branch Council ICMA Pakistan also graced the session. Among the distinguished guest speakers were; Mr. Nadeem ul Haq, Vice Chancellor, Pakistan Institute of Development Economics; Mr. Muhammad Sakib Sherani, CEO, Macroeconomic Insights (SMC-PVT) Limited; Dr. Sajid Amin Javed, Research Fellow, Sustainable Development Policy Institute; Dr. Mahmood Khalid, Professor of Economics, Pakistan Institute of Development Economics. The goal of this session was to deliberate on the Current Economic Challenges of Pakistan and to prepare a concrete and practical roadmap to cope up with these challenges.



AML Supervision



Outreach Session for AML/CFT Reporting Entities in collaboration with UNODC

The United Nations Office on Drugs and Crime (UNODC) organized a series of outreach sessions in collaboration with the Institute of Cost & Management Accountants of Pakistan (ICMA Pakistan) to build awareness on the risks and controls against money laundering and terrorist financing. In the planning and delivery of these outreach sessions, UNODC has worked closely with key governmental institutions of Pakistan that are central to the framework of AML and CFT of the country including Financial Monitoring Unit (FMU), Ministry of Foreign Affairs (MoFA), National Counter Terrorism Authority (NACTA), SECP and ICMA Pakistan.

The outreach sessions was aimed at providing expert information of the legal framework, institutional activities and international standards on AML/CFT with special emphasis on counter measures for Targeted Financial Sanctions (TFC), Proliferation Financing (PF) and Beneficial Ownership (BO) among other topics. Worthy members of Reporting Firms were invited to these events.

Mr. Aamir Ijaz Khan, Secretary AML Supervisory Board joined the sessions as Presenter on the “Supervisory Structure and Updates along with sectoral risk analysis and sanctions regime”.



Last Reminder to submit Form “A”

ICMA Pakistan designated as an AML/CFT Regulator/Supervisor of its members, obligated to prescribe regulatory and supervisory measures for the cost and management accountants in practice falling under the scope of this Framework, for customer due diligence and record keeping as well as ensuring compliance with the provisions and obligations specified under the AML Act.

The Members are time and again advised to comply with the obligations under the AML/ CFT Regime. Non – compliance with these obligations will be subject to actions under the AML / CFT Sanction Rules, 2020 and the relevant AML / CFT Legislations.

Worthy Members are required to timely submit all the information under this regime including submission of Form-A and B, which are to be submitted on annual basis.

Worthy Members who have not yet submitted information related to Form-A, are again reminded to submit Form-A through the online AML Portal which is accessible from the members’ secured login area as well as through the following link:-

http://www.icmap.com.pk/login.aspx?page=Surveys/Form_A.aspx

Please note that the information is required under the AML Act, 2010 and the non – compliance will be subject to actions under the relevant AML / CFT Legislations.

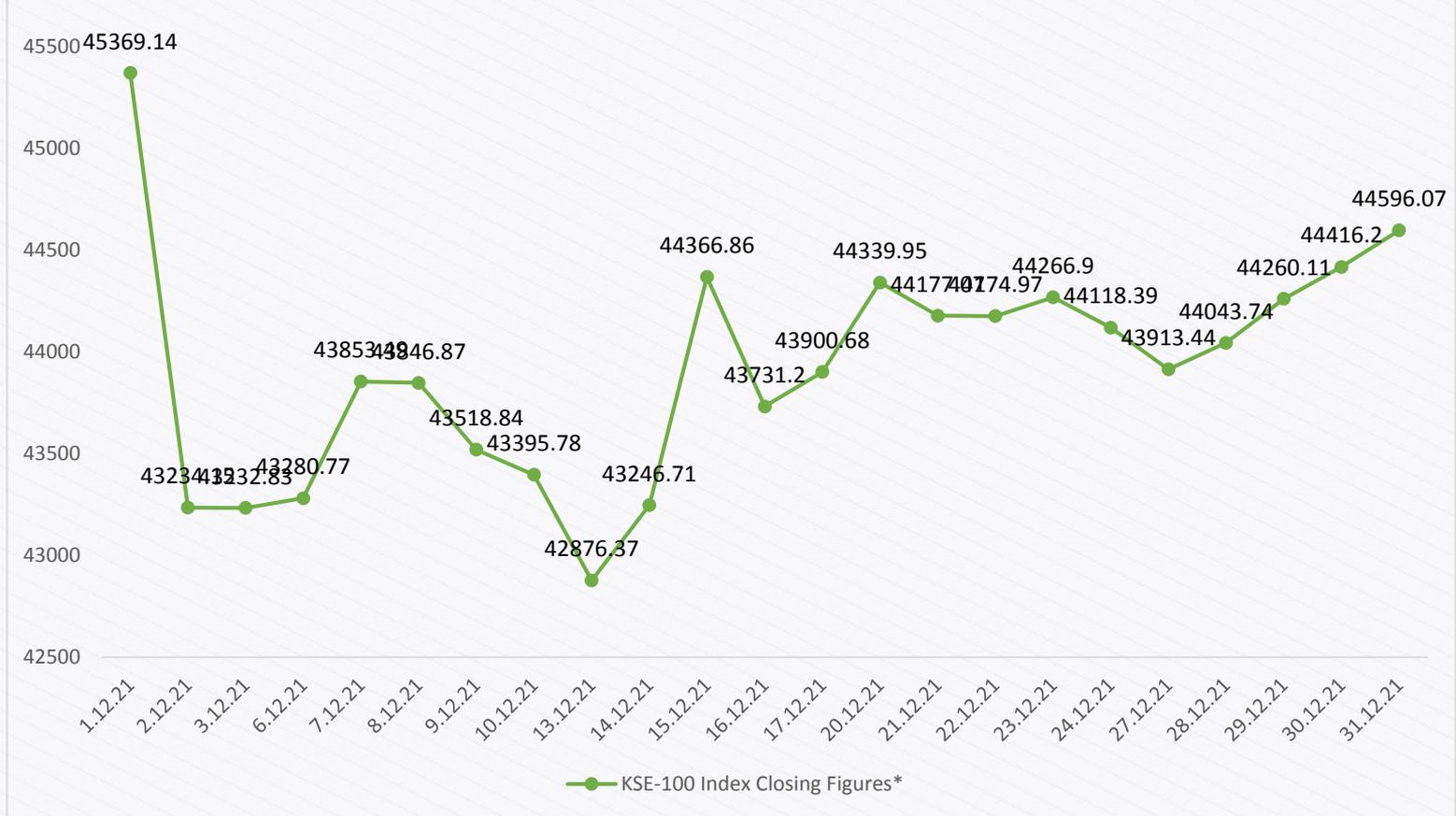
Pakistan Stock Market

Pakistan Stock Market – KSE-100 Index Fluctuations during December, 2021

Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*
1.12.21	45369.14	13.12.21	42876.37	23.12.21	44266.90
2.12.21	43234.15	14.12.21	43246.71	24.12.21	44118.39
3.12.21	43232.83	15.12.21	44366.86	27.12.21	43913.44
6.12.21	43280.77	16.12.21	43731.20	28.12.21	44043.74
7.12.21	43853.49	17.12.21	43900.68	29.12.21	44260.11
8.12.21	43846.87	20.12.21	44339.95	30.12.21	44416.20
9.12.21	43518.84	21.12.21	44177.07	31.12.21	44596.07
10.12.21	43395.78	22.12.21	44174.97		

*As published in Daily Dawn

KSE-100 INDEX CLOSING FIGURES

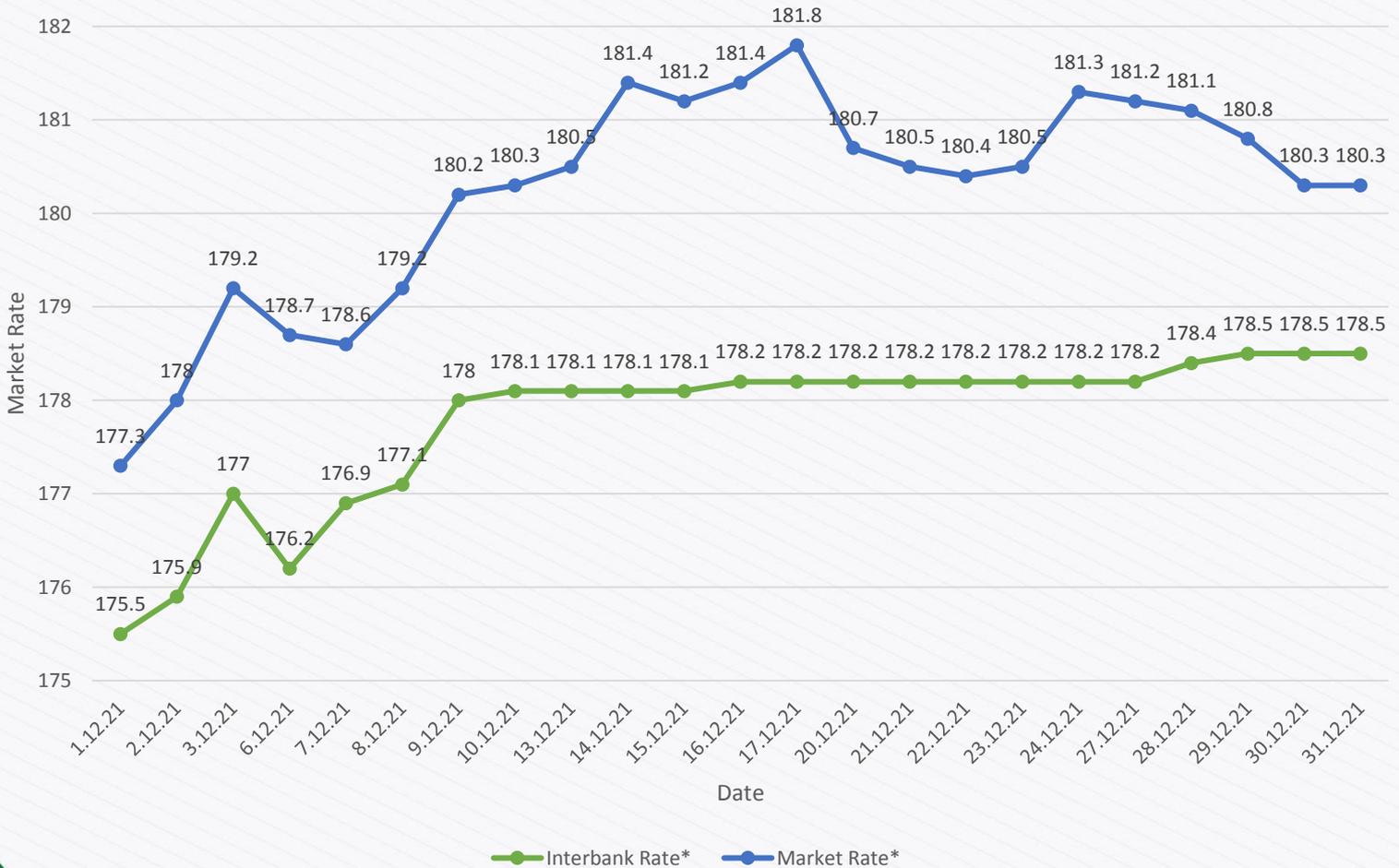


Rupee-Dollar Parity

Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*
1.12.21	175.5	177.3	13.12.21	178.1	180.5	23.12.21	178.2	180.5
2.12.21	175.9	178.0	14.12.21	178.1	181.4	24.12.21	178.2	181.3
3.12.21	177.0	179.2	15.12.21	178.1	181.2	27.12.21	178.2	181.2
6.12.21	176.2	178.7	16.12.21	178.2	181.4	28.12.21	178.4	181.1
7.12.21	176.9	178.6	17.12.21	178.2	181.8	29.12.21	178.5	180.8
8.12.21	177.1	179.2	20.12.21	178.2	180.7	30.12.21	178.5	180.3
9.12.21	178.0	180.2	21.12.21	178.2	180.5	31.12.21	178.5	180.3
10.12.21	178.1	180.3	22.12.21	178.2	180.4			

*forex.pk

RUPEE-DOLLAR PARITY DURING DECEMBER, 2021



Corporate Updates

1. PERMISSION TO RDA ELIGIBLE BANKS TO DISTRIBUTE UNITS OF CIS/ VPS OF MULTIPLE AMCS

Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 1581 (I)/2021 granted exemption to the banking companies licensed and authorized by the State Bank of Pakistan to open Roshan Digital Accounts (RDA) and performing the function of distributing units of Collective Investment Schemes (CIS) and/ or Voluntary Pension Schemes (VPS) of multiple Asset Management Companies (AMCs) to their RDA holders, from the requirement of obtaining license under sub-section (1) of section 64 of the securities Act, 2015 (III of 2015), to undertake regulated securities activity as securities advisor:

Provided that such banking companies shall comply with all other requirements prescribed under the applicable regulatory framework.

For further details, please visit the following link:-

<https://www.secp.gov.pk/document/permission-to-rda-eligible-banks-to-distribute-units-of-cis-vps-of-multiple-amcs/?wpdmdl=43833&refresh=61d2a80e47de31641195534>

Taxation Updates

1. AMENDMENT IN THE CUSTOMS RULES, 2001

Federal Board of Revenue (FBR) vide their S.R.O. 1660(I)/2021 made following further amendment in the Customs Rules, 2001, which, as required under sub-section (3A) of the said section 219, were earlier published vide Notification No. S.R.O. 1504(I)/2021, dated November 17, 2021, namely: -

In the aforesaid Rules, in rule 885:

- in sub rule (2), for the words "State Bank of Pakistan" the words "concerned authorized dealer or scheduled bank" shall be substituted; and
- in sub rule (3), for the words "State Bank of Pakistan" the words "concerned authorized dealer or scheduled bank" shall be substituted.

For further details, please visit the following link:-

<https://download1.fbr.gov.pk/SROs/2021123015124342273SRO1660-2021.pdf>

International Updates

1. NEW TECHNOLOGY-FOCUSED FAQ AVAILABLE

The Technology Working Group of the International Auditing and Assurance Standards Board (IAASB) released non-authoritative support material to help auditors understand how to plan an audit under International Standard on Auditing (ISA) 300, Planning an Audit of Financial Statements, when using automated tools and techniques (ATT).

The publication does not amend or override the ISAs, the texts of which alone are authoritative. Reading the publication is not a substitute for reading the ISAs.

For further details and to access the document, please visit the following link:-

https://www.iaasb.org/publications/non-authoritative-support-material-using-automated-tools-and-techniques-audit-planning?utm_source=Main+List+New&utm_campaign=2cd30bf209-IAASB-news-alert-ATT-December-2021&utm_medium=email&utm_term=0_c325307f2b-2cd30bf209-80674400

2. NEW STAFF Q&A: PUBLIC SECTOR SPECIFIC FINANCIAL INSTRUMENTS UNDER IPSAS

The International Public Sector Accounting Standards Board (IPSASB) issued a Questions and Answers (Q&A) publication to provide information on accounting for certain public sector specific financial instrument transactions.

Public sector entities may hold monetary items as units of exchange to achieve certain policy objectives. This publication highlights IPSAS guidance to aid constituents in accounting for certain public sector specific transactions including monetary gold, International Monetary Fund Special Drawing Rights (SDRs), concessionary loans, currency issued by the entity, and others.

For further details and to access the document, please visit the following link:-

<https://www.ipsasb.org/publications/public-sector-specific-financial-instruments-under-ipsas>

3. FIRST-TIME IMPLEMENTATION GUIDE FOR ISQM 1 UPDATED AND REISSUED

The International Auditing and Assurance Standards Board (IAASB) released an updated version of the First-time Implementation Guide for International Standard on Quality Management (ISQM)-1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which was previously issued on June 14, 2021.

The update was made in response to questions the IAASB received on the illustrative table on page 89 of the original guide illustrating some scenarios relating to the evaluation of the firm’s system of quality management and related possible conclusions in accordance with paragraph 54 of ISQM 1. The table was intended to illustrate how the combination of various factors outlined in the table may affect what conclusion is reached. It was not intended to be definitive on the conclusions reached in each circumstance.

IAASB further informed that the suite of quality management standards come into effect on December 15, 2022. This guide, and the first-time implementation guide for ISQM 2, do not amend or override the International Standards on Quality Management, the texts of which alone are authoritative. Reading the publications are not a substitute for reading the ISQMs. The IAASB encourages all practitioners to plan early for appropriate implementation, given the potential impact of the changes to firms’ systems of quality management.

For further details, please visit the following link:-

<https://www.iaasb.org/publications/isqm-1-first-time-implementation-guide>

Consolidated list of the Red-Flags

Applicable to all Categories of DNFBPs

CRMC Guidelines

The following consolidated list of red-flags are based on the FMU Guidance, CRMC guidelines as well as the FATF Guidance that looked at proliferation financing- related sanctions evasion techniques have been captured in the reports submitted by the UN PoE to relevant UNSC or UNSCR committees.

The following list is not uniquely determinative of proliferation financing, and proliferation financing activities may share similar traits with money laundering (especially trade-based money laundering) and terrorist financing activities.

It is recommended that that the DNFBP reach out to their respective AML/CFT regulatory authorities as well as the CRMC to provide further guidance.

Customer Specific Red-Flags

- When customer is involved in the supply, sale, delivery or purchase of dual-use, proliferation sensitive or military goods, particularly to higher risk jurisdictions.
- When customer or counter-party, or its address, is the same or similar to that of an individual or entity found on publicly available sanctions lists.
- Inconsistencies in information contained in trade documents and financial flows, such as names, companies, addresses, final destination etc.
- Customer vague/incomplete on information it provides, resistant to providing additional information when queried.
- The customer is a research body connected with a higher risk jurisdiction of proliferation concern.
- When customer's activities do not match with the business profile provided to the reporting entity.
- When customer is vague about the ultimate beneficiaries and provides incomplete information or is resistant when requested to provide additional information
- When customer uses complicated structures to conceal connection of goods imported /exported, for example, uses layered letters of credit, front companies, intermediaries and brokers.
- When a freight forwarding / customs clearing firm being listed as the product's final destination in the trade documents.
- Use of professional intermediaries and firms to mask parties to transactions and end users.
- When final destination of goods to be imported / exported is unclear from the trade related documents provided to the reporting entity.

Transaction Specific Red-Flags

- Project financing and complex loans, where there is a presence of other objective factors such as an unidentified end-user.
- The transaction(s) involve an individual or entity in any country of proliferation concern.
- Transaction involves person or entity in foreign country of diversion concern.
- The transaction(s) related to dual-use, proliferation-sensitive or military goods, whether licensed or not.
- Involvement of a small trading, brokering or intermediary company, often carrying out business inconsistent with their normal business.
- Transaction involves persons or companies (particularly trading companies) located in countries with weak export control laws or weak enforcement of export control laws.
- Transaction involves possible shell companies (e.g. Companies do not have a high level of capitalization or displays other shell company indicators).

- Transaction demonstrates links between representatives of companies exchanging goods i.e. same owners or management.
- Use of cash or precious metals (e.g. gold) in transactions for industrial items.
- The transaction(s) involve the shipment of goods inconsistent with normal geographical trade patterns i.e. where the country involved does not normally export or import or usually consumed the types of goods concerned.
- Over / under invoice of dual-use, proliferation-sensitive or military goods, trade transactions.
- When goods destination/shipment country is different from the country, where proceeds are sent/ received without any plausible reason

Guidelines on AML/ CFT Regime by the Institute

The Institute, over the period, developed and disseminated extensive guidance and outreach amongst its members at large, to increase their understanding on ML/TF risks in Pakistan through guidance documents and several awareness sessions/ Seminars/ Webinars etc. This guidance included the understanding of the members of the Institute and other stakeholders, on the Anti Money Laundering/ Combating the Financing of Terrorism Regime and their obligations under it. In addition to this, the Institute developed a dedicated AML Supervision tab on website of the Institute wherein all the guidance documents and recordings of Webinars/ training sessions are placed for the convenience of the members at large. Following Guidance Documents are available on the website:-

- AML/ CFT Regulations – ICMA Pakistan
- AML/ CFT Guidelines for Accountants – 2020
- AML/CFT FAQs – ICMA Pakistan
- Guidance on AML – ICMA Pakistan
- FAQs on TFS Obligations – ICMA Pakistan
- Anti - Money Laundering Act, 2010
- AML / CFT Sanction Rules, 2020
- Counter Measures for High Risk Jurisdiction Rules, 2020
- Red Flag Indicators for Accountants
- Guidelines on Targeted Financial Sanctions (TFS)
- UNSC Consolidated Sanction Lists
- List of 'Proscribed organizations' issued by NACTA
- List of Proscribed Persons issued by NACTA
- Red Flags Indicators for DNFBPs Sectors on Targeted Financial Sanctions (TFS) related to TF and PF
- Guidelines on the Implementation of the UNSC Resolutions Concerning TFS on PF
- Guidance from Financial Action Task Force (FATF)
- FATF Recommendations (Revised)
- Guidance on Countering Proliferation Financing

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Member

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