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# AML/CFT Compliance Simplified: Unpacking the Differences Between BNM and SSM Regulations

at [at-mia.my/2025/08/13/aml-cft-compliance-simplified-unpacking-the-differences-between-bnm-and-ssm-regulations](https://at-mia.my/2025/08/13/aml-cft-compliance-simplified-unpacking-the-differences-between-bnm-and-ssm-regulations)



August 13, 2025



By Ingenique Solutions Team

Both the Bank Negara Malaysia (BNM) and Companies Commission of Malaysia (SSM) play pivotal roles in Malaysia’s Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) efforts. While they share the **common goal of combating financial crimes**, their regulatory frameworks differ. This article outlines the key distinctions between the two, focusing on regulatory scope, risk-based approaches, and reporting requirements, including beneficial ownership. By understanding these differences, organisations subject to both regulators can **ensure compliance, mitigate risks, and avoid potential legal and financial penalties**.

## 1. Regulatory Scope

ASPECT	REGULATED ENTITIES	MAIN ACTIVITIES	LEGAL FRAMEWORK
 <b>BANK NEGARA MALAYSIA</b> CENTRAL BANK OF MALAYSIA	Financial institutions, nonbank financial institutions (NBFIs), Designated Non-Financial Businesses and Professions (DNFBPs)	Broader financial and non-financial services	AMLA 2001, Financial Services Act 2013, Islamic Financial Services Act 2013
 <b>SSM</b> SURUHANJAYA SYARIKAT MALAYSIA COMPANIES COMMISSION OF MALAYSIA	Company secretaries, trust companies	Company formation, trustee services, nominee shareholders	AMLA 2001, Companies Act 2016

## 2. Applicability of AML/CFT Obligations

### BNM



**Broader AML/CFT obligations** for all financial institutions, DNFBPs, and NBFIs. BNM’s guidelines cover a wide range of reporting institutions and include detailed CDD, STRs, and compliance management systems.

## SSM

Focuses primarily on **company secretaries** and requires them to maintain **beneficial ownership (BO) records**, conduct **Customer Due Diligence (CDD)**, and file **Suspicious Transaction Reports (STRs)** if necessary. Additionally, they must perform comprehensive **Institutional Risk Assessment (IRA)** to identify and mitigate risks related to money laundering and terrorism financing.

### 3. Beneficial Ownership (BO) Reporting

The concept of Beneficial Ownership (BO) is critical not only for AML/CFT compliance but also for accounting transparency, corporate governance, and regulatory disclosure. A Beneficial Owner refers to the individual who ultimately owns, controls, or derives benefit from a legal entity or arrangement, even if the ownership is registered under another name. This distinction is essential, as the beneficial owner may not always be the legal owner listed in official records but may still exert significant influence or control over the entity's decisions or assets. Both Bank Negara Malaysia (BNM) and the Companies Commission of Malaysia (SSM) emphasise the importance of identifying and reporting BO to prevent misuse of legal entities for illicit purposes and to promote transparency across sectors.

ASPECT	THRESHOLD FOR OWNERSHIP	FILING REQUIREMENTS	REGISTER OF BENEFICIAL OWNERS
 <b>BANK NEGARA MALAYSIA</b> CENTRAL BANK OF MALAYSIA	<b>25% ownership interest or controlling ownership</b>	<b>BO information must be maintained but only reported to BNM if requested</b>	<b>BO information maintained as part of CDD records</b>
 <b>SURUHANJAYA SYARIKAT MALAYSIA</b> COMPANIES COMMISSION OF MALAYSIA	<b>20% equity interest or voting shares</b>	<b>Required to file BO information annually with SSM and update changes</b>	<b>Mandatory to maintain at the company's registered office</b>



### 4. Risk-Based Approach (RBA)

#### BNM

Institutions must implement a comprehensive RBA, conducting risk assessments throughout the customer lifecycle, including onboarding and ongoing due diligence. **Enhanced measures** are mandated for high-risk customers and jurisdictions.

Company secretaries are required to adopt a **Risk-Based Approach** by conducting an IRA to assess risks related to **customers, geographical areas, and products**. A review of the IRA is permitted when necessary. Policies for **high-risk customers** must be robust to mitigate ML/TF risks.

## 5. Reporting Obligations

ASPECT	SUSPICIOUS TRANSACTION	RECORD RETENTION PERIOD
 <b>BANK NEGARA MALAYSIA</b> <small>CENTRAL BANK OF MALAYSIA</small>	<b>All reporting institutions report suspicious transactions to the Financial Intelligence and Enforcement Department (FIED), BNM</b>	<b>Six years, but may be extended if records are under investigation</b>
 <b>SSM</b> <small>SURUHANJAYA SYARIKAT MALAYSIA COMPANIES COMMISSION OF MALAYSIA</small>	<b>Company secretaries report suspicious transactions to BNM</b>	<b>Seven years for all CDD and related AML/CFT documentation</b>

## 6. Exemptions and Simplifications

Small-sized reporting institutions refer to designated non-financial businesses and professions (DNFBPs) that operate on a smaller scale. Bank Negara Malaysia generally considers the following as small-sized institutions:

- Law firms or accounting firms with five or fewer practising certificate holders.
- Company secretary firms with five or fewer licensed company secretaries.
- Dealers in precious metals and stones (DPMS) with an annual turnover below RM10 million and fewer than 30 employees.

For these **small-sized reporting institutions**, certain exemptions are allowed. Specifically, the requirement for **Policies, Procedures, and Controls (PPC)** under Section 11.2 does not apply. Instead, these institutions can adopt Bank Negara Malaysia's (BNM) policy documents as their own. While these firms are exempted from creating detailed internal AML/CFT frameworks, they are still required to implement core elements of AML/CFT compliance.

REPORTING INSTITUTION	LAWYERS AND ACCOUNTANTS	COMPANY SECRETARIES	DEALERS IN PRECIOUS METALS OR PRECIOUS STONES (DPMS)
<b>EXEMPTIONS PROVIDED</b>	Exempted from developing new internal PPC, can adopt BNM policy documents directly	Exempted from detailed internal policies; may use simplified CDD and screening	Simplified AML/CFT procedures allowed, adopting BNM policy documents without additional internal frameworks, policies, or procedures beyond what is outlined by BNM
<b>REQUIREMENTS</b>	Exempted from periodic review of AML/CFT policies, and are not required to establish an independent audit function for AML/CFT compliance	No need for audit; employee screening required only during hiring	Exempted from periodic policy reviews, independent audit function requirements, and detailed employee training, except for initial screening

## Conclusion

Understanding your specific AML/CFT obligations is key to effective compliance. While the Companies Commission of Malaysia (SSM) regulates company secretaries under its AML/CFT framework, Bank Negara Malaysia (BNM) also plays a supervisory role, covering a wider range of reporting institutions—including legal professionals, accountants, dealers in precious metals and stones (DPMS), and company secretaries—especially when their activities fall under the definition of designated non-financial businesses and professions (DNFBPs) as outlined by BNM’s policy documents. Their requirements are complementary but distinct. The differences in **thresholds, reporting, and risk-based approaches** reflect each regulator’s unique focus. Together, these frameworks strengthen Malaysia’s defenses against money laundering and terrorism financing.

Article written by the [Ingenique Solutions](#).

# Clarification on Public Practice Services and Company Secretarial Service by MIA Members

at [at-mia.my/2025/08/26/clarification-on-public-practice-services-and-company-secretarial-service-by-mia-members](https://at-mia.my/2025/08/26/clarification-on-public-practice-services-and-company-secretarial-service-by-mia-members)

August 26, 2025



MIA wishes to issue the following clarification for the attention of all members in relation to public practice services and company secretarial service, pursuant to the relevant legislation and MIA's regulatory framework.

## 1. Members Conducting Public Practice Services Pursuant to the *Registration of Businesses Act 1956*

MIA wishes to remind all members that:

A business entity registered under the **Registration of Businesses Act 1956** is **prohibited** under **Section 4(d)** of the same Act from offering **public practice services**.

Members are strongly advised to ensure full compliance with the provisions of both the **Registration of Businesses Act 1956** and the **Accountants Act 1967** to avoid regulatory action taken.

## 2. Members Practising in Company Secretarial Service

The Institute also wishes to outline the permitted circumstances under which members may engage in company secretarial service:

### a. Scenario i

A **MIA member** who holds a **valid Practising Certificate (PC)** from both **MIA** and the **Companies Commission of Malaysia (SSM)**:

- May offer **company secretarial service** through a firm or company where they serve as a **partner** or **director**.
- May also offer **other public practice services**, as defined under **Rule 2 of the Malaysian Institute of Accountants (Membership and Council) Rules 2001**, **subject to** the relevant credentials for audit and tax practice.
- This is to be read together with **Rule 9(7)** of the same Rules.





#### b. Scenario ii

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An **MIA member** who holds a **Secretarial License (SL)** from **SSM** but **does not hold a PC from MIA**:

- May offer **company secretarial service only**, and
- Must first obtain a **valid PC from SSM**.
- **Other public practice services** as defined under Rule 2 are **not permitted**.

#### c. Scenario iii

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An **MIA member without a PC from MIA**, serving as an **in-house company secretary**:

- May act as a company secretary **within the organisation** that employs them.
- Must hold a **valid PC from SSM**.
- A **declaration** that the member is serving **in-house** must be submitted to SSM.

#### d. Scenario iv

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An **MIA member without a PC from MIA**, employed by a **secretarial firm**:

- May act as a company secretary **provided** the member:
  - Is employed by a **non-MIA member** who is qualified to offer Company Secretarial service.
  - Holds a **valid PC from SSM**.
- A **declaration** confirming such employment must be submitted to SSM.

### Compliance Reminder

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Members are reminded to observe all applicable laws and MIA's regulatory framework. Any breach of the relevant legislation or MIA's rules and by-laws may result in disciplinary action.

Should members require further clarification, they are advised to contact the MIA Professional Practices & Technical team or refer to the relevant laws and regulations.



# Enhancing Customer Due Diligence (CDD) for DNFBPs: The Role of Technology in Streamlining AML Compliance

at [at-mia.my/2025/08/23/enhancing-customer-due-diligence-cdd-for-dnfbps-the-role-of-technology-in-streamlining-aml-compliance](https://at-mia.my/2025/08/23/enhancing-customer-due-diligence-cdd-for-dnfbps-the-role-of-technology-in-streamlining-aml-compliance)

August 23, 2025



*By the Handshakes Team*

In light of the updated Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA), Designated Non-Financial Business and Professions (DNFBPs) now face tighter regulatory compliance requirements with effect from February 2024.

Customer Due Diligence (CDD) has become one of the most crucial aspects of the compliance process, which involves the validation of client profiles and assessing their business activities.

## The Challenge of Traditional CDD

Traditional CDD processes rely heavily on manual verification of client data, involving physical documentation, government database checks, and manual cross-referencing. This method is not only labour-intensive and prone to errors but also poses compliance risks and potential delays. Additionally, the growing emphasis on international sanctions and politically exposed persons (PEPs) has made manual risk assessment even more complicated and demanding.

## The Role of Technology in Streamlining CDD

Technology plays a pivotal role in streamlining the CDD process. It not only removes human errors or biases, but also helps DNFBPs achieve greater accuracy and efficiency in their workflow. DNFBPs can now enhance their CDD process through a suite of AI and technology solutions. Here's how:

<b>AML NAME SCREENING</b>	<p>By leveraging data and technology, DNFBPs can integrate solutions that perform advanced name screening. Solutions providers can effectively assess DNFBPs' clients against sanctions lists, PEPs, and other relevant watchlists. Solutions such as these not only help to identify potential compliance risks but also support broader efforts to safeguard DNFBPs' integrity and align third-party engagements with compliance obligations and strategic goals.</p>
<b>MAPPING OF BUSINESS CONNECTIONS ACROSS REGIONAL DATASETS</b>	<p>With access to cross-border company registry data from regions such as Singapore, Malaysia, Vietnam and China, DNFBPs can verify crucial details of their clients' ownership structures, beneficial owners and underlying interconnected business relationships. This real-time access to cross-border insights ensures that DNFBPs can quickly assess and mitigate risks promptly.</p>
<b>RISK EVALUATION AND CONTINUOUS MONITORING</b>	<p>To effectively evaluate potential business risks, DNFBPs can also leverage data-driven solutions to assess organisational structures, beneficial ownerships and cross-border business activities or shareholdings. Continuous monitoring and the use of customised alerts to flag changes in ownership control or structure are some add-ons that can help DNFBPs stay ahead of emerging threats in a dynamic regulatory landscape.</p>

## Benefits of Integrating Technology in CDD

With businesses adopting technology in their CDD processes, DNFBPs can increase their efficiency whereby automation could speed up the verification process and reduce bottlenecks, ensuring smooth client onboarding. Access to reliable data and risk evaluation also helps DNFBPs proactively identify and mitigate risks, avoiding fines or sanctions.

As the regulatory landscape for DNFBPs continues to evolve, integrating technology in CDD is crucial to ensure compliance with Bank Negara Malaysia's AML policy. By leveraging cutting-edge tools, client identification, risk evaluation and continuous monitoring could safeguard against money laundering and terrorism financing risks.

In short, technology makes AML compliance more efficient, accurate and robust in today's fast-paced financial environment. DNFBPs that fail to adapt may face regulatory or reputational setbacks.

# Ethics At The Core: Guiding Accountants In Navigating Technology And Sustainability

at [at-mia.my/2025/08/11/ethics-at-the-core-guiding-accountants-in-navigating-technology-and-sustainability](https://at-mia.my/2025/08/11/ethics-at-the-core-guiding-accountants-in-navigating-technology-and-sustainability)

August 11, 2025



Technology. Sustainability. Regulation. Changing business models. These are among the powerful forces rapidly reshaping the accountancy profession today.

However, the profession has always been resilient and adaptable. From papyrus to ledgers—and centuries later, to Excel, automation, and now generative AI—accountants have devised pragmatic solutions, leveraged change, and reached new heights.

In doing so, we have always held fast to the virtues and ethics code that define our profession. Now, more than ever, as digitalisation and sustainability become mainstream in a complex world, accountants must uphold ethical standards to preserve trust, relevance, and competitiveness. As stewards of financial integrity and strategic advisors, we must exercise professional judgement to ensure that digital and sustainability solutions align with our ethics code and support good governance. We must practice informed compliance—not merely following the rules but interpreting them within rapidly evolving contexts to balance innovation with accountability and sustainable value creation.

As the national accountancy body of the profession established under the Accountants Act 1967, MIA reaffirms our commitment—and that of our more than 40,000 members—to the values of integrity, objectivity, due care, confidentiality, and professional behavior. Ethics is a must-have to ensure that as we advance in technology and sustainability, we are recognised and relevant as trusted advisors, partners, and value creators.

How can we achieve this? One key measure is mandatory ethics training. Starting 1 January 2026, professional accountants must complete a minimum of two structured and verifiable CPE hours related to professional ethics. This step underscores the growing importance of ethics in the accountancy profession and ensures that MIA members remain up-to-date on evolving ethical standards and best practices.

## Nurturing Ethical Digital Transformation

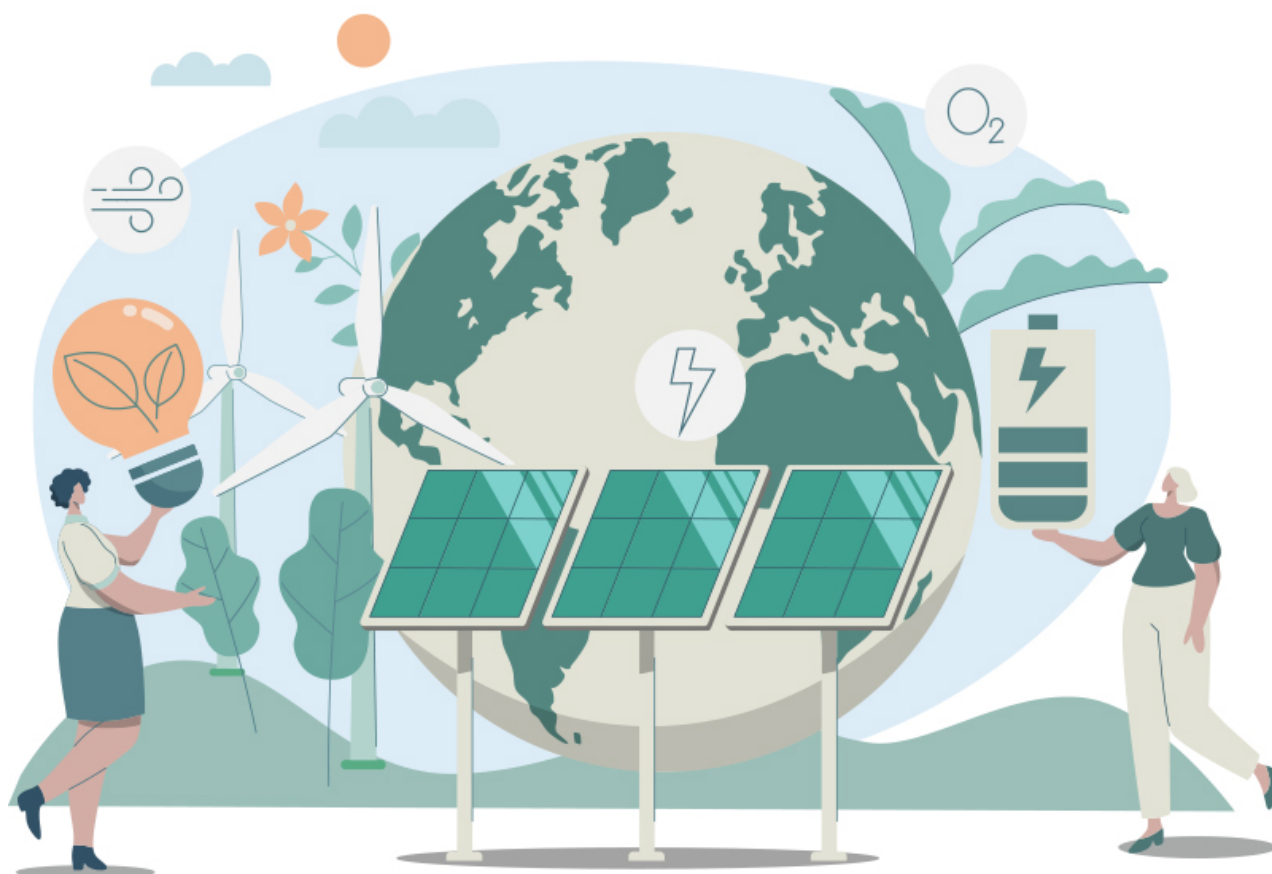
Since 2016, MIA has advocated for digital transformation to future-proof the profession.

Today, the adoption of automation and AI in audit, tax, and advisory services is accelerating. To remain relevant, we must align with today's data-driven organisations, using AI tools that process thousands of transactions in seconds to detect anomalies.

Nevertheless, without ethical oversight, such tools may reinforce biases, misinterpret context, or risk data privacy. Hence, accountants must understand and question the assumptions and training data behind AI models, and be accountable for their output. Similarly, the utilisation of cloud platforms offers flexibility and scale but raise concerns about data sovereignty, especially across ASEAN borders.

To support members in digital adoption, MIA rolled out key initiatives under the MIA Digital Technology Blueprint launched in 2018. Notably, we released the Ethical Guidelines on Technology Usage in 2023, highlighting risks such as data misuse, algorithmic bias, and confidentiality breaches—all of which are escalating alongside cyber threats.

The adoption of technology is a neverending journey. With that in mind, we organise the annual MIA Accounting and Financial Technology Showcase, a one-stop centre for digital solutions tailored for the profession. In parallel, the biannual Digital Technology Adoption Awards (DTAA) recognise excellence in digital adoption, and champion role models in virtuous transformation.



Each year, MIA runs nearly 1,000 professional development programmes, embedding elements of digital skills, bias detection, cybersecurity, change management, and professional judgement – all aimed at creating tech-fluent, ethically grounded accountants.



## Fostering Ethical Sustainability

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As climate and environmental risks rise, ASEAN economies, including Malaysia, are committing to stricter sustainability disclosures and emissions targets. Drawing on their unique skillsets and expertise, accountants must ensure that sustainability metrics are as credible as financial data, as organisations pursue sustainability integration.

This includes integrating climate data into risk assessments, supporting circular economies, and engaging stakeholders on long-term sustainable value creation. Our ethical compass, and growing scrutiny by stakeholders, demand that sustainability reporting becomes a priority—not a checkbox exercise.

This message—that accountants are now pivotal to sustainability leadership—resonated with the 3,800 attendees of the MIA International Accountants Conference 2025. In his keynote, YB Senator Datuk Seri Amir Hamzah Azizan, Minister of Finance II of Malaysia, affirmed the profession's alignment with national green agendas, including the National Energy Transition Roadmap (NETR) and the New Industrial Master Plan 2030 (NIMP 2030):

“In executing these plans, we are counting on accountants to play a critical role in guiding companies to improve their sustainability practices, particularly in governance, by ensuring high-quality, reliable disclosures are aligned with international standards. Such reliable and credible reporting is crucial for attracting low-carbon investments and enhancing the international competitiveness and green credentials of Malaysian products.”

To drive this agenda, MIA collaborates with stakeholders to advocate for ethical sustainability, support national objectives, and future-proof the profession. We have also innovated our proprietary initiatives for sustainability advocacy. At the end of 2022, MIA introduced the MIA Sustainability Agenda, followed by the launch of the MIA Sustainability Blueprint at the MIA International Accountants Conference 2024. In January 2025, the MIA Council approved the MIA Sustainability Roadmap, consisting of 169 initiatives over five years and involving 16 committees.

Key components of the Roadmap include supporting the National Sustainability Reporting Framework (NSRF) via capacity building, encouraging technology adoption to facilitate sustainability outcomes, and implementing the International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance and in future, the International Ethics Standards for Sustainability Assurance (IESSA).

The global baselines of IFRS S1 and S2 as well as adoption of ISSA 5000 align with NETR, NIMP 2030, and ASEAN's shared commitment to quality sustainability reporting and assurance. Meanwhile, our adoption of IESSA will help address critical risks to the integrity, quality and effectiveness of sustainability reporting and assurance such as bias,

conflicts of interest, pressure to act unethically, fraud including greenwashing, non-compliance with laws and regulations, and threats to the independence of assurance practitioners.

To strengthen implementation, we focus on capacity building and advocate for harmonisation and convergence to address evolving standards for sustainability reporting, assurance, and ethics, supported by our extensive public consultations and responses to exposure drafts.

Our approach underscores the key role of accountants in interpreting the different suites of global standards and applying them with ethical consistency, supporting sustainable investment and responsible business.

## **Connecting Ethics, Technology, and Sustainability for a Better Tomorrow**

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Throughout all that we do, MIA continues to champion ethical technology stewardship and sustainability advocacy across all levels of the profession, upholding our broader mission of nation building.

As Malaysia and ASEAN undergo digitalisation and decarbonisation, accountancy professionals must ensure that these transitions are guided responsibly. Ethics is the bedrock that helps us balance innovation, sustainability, and the public interest.

By embedding ethics in every aspect of our work, we can shape a future that is not only advanced and prosperous—but principled.

Let's be the changemakers of tomorrow.

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# Financial Reporting of Service Concession Arrangements

at [at-mia.my/2025/07/03/financial-reporting-of-service-concession-arrangements](https://at-mia.my/2025/07/03/financial-reporting-of-service-concession-arrangements)

July 3, 2025



*By MIA Financial Statements Review Department*

Service concession arrangements are a key feature in the infrastructure and public service sectors, whereby private entities engage in public-private partnerships (PPPs) to participate in developing, financing, operation, and maintenance of public infrastructure.

IC Interpretation 12 *Service Concession Arrangements* (IC Interpretation 12) and IC Interpretation 129 *Service Concession Arrangements: Disclosures* (IC Interpretation 129), issued by the Malaysian Accounting Standards Board (MASB) provides comprehensive guidance on accounting treatments for public-to-private service concession arrangements as well as the disclosure requirements for service concession arrangements within the Malaysian Financial Reporting Standards (MFRS) framework.

## Background

Service concession arrangements are contractual agreements whereby private sector entities (operators) participate in the development, financing, operation, and maintenance of public infrastructure. Common examples include roads, hospitals, airports, and water treatment/ distribution facilities. These arrangements are typically structured under models such as “build-operate-transfer” or “rehabilitate-operate-transfer”.

**Key features** of these arrangements include:

The public service nature of the obligation. The **operator is contractually obligated to provide public services** on behalf of the grantor, ensuring continuity of public access regardless of who operates the infrastructure.

The grantor - the party that awards the service arrangement, is **typically a public sector entity**, such as a governmental body, or a private sector entity that has been delegated the responsibility to provide the public service.

The grantor (usually a public sector entity) **controls or regulates the services provided with the infrastructure**, to whom the services should be provided to, pricing, and any significant residual interest in the infrastructure.

The operator **manages the infrastructure and related services**, but does not act merely as an agent.

The operator must **hand over the infrastructure to the grantor** in a specified condition at the end of the concession term.

## Scope

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IC Interpretation 12 applies to public-to-private service concession arrangements whereby:

- The grantor controls or regulates the services provided, the recipients, and the pricing mechanisms.
- The grantor retains significant residual interest in the infrastructure at the end of the arrangement.

Infrastructure used in a public-to-private service concession arrangement for its entire useful life (whole of life assets) is within the scope of this Interpretation, if the grantor controls or regulates the services, as mentioned above.

This covers infrastructure constructed or acquired by the operator for the arrangement, as well as existing infrastructure provided by the grantor. However, it does not address accounting for infrastructure recognised as property, plant, and equipment by the operator prior to the arrangement. However, the derecognition requirements as in MFRS 116 apply to such infrastructure.

## Key Accounting Principles

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### Operator's Rights Over Infrastructure

Infrastructure within the scope of IC Interpretation 12 is not recognised as property, plant, and equipment by the operator as the operator does not control the asset. Instead, the operator accesses the infrastructure to provide public services on behalf of the grantor.



## Revenue Recognition

Operators are considered as service providers, constructing or upgrading infrastructure and operating it over the concession period. Revenue is recognised in accordance with MFRS 15 *Revenue from Contracts with Customers*.

### Consideration Received

The nature of the consideration received by the operator from the grantor as established from the contractual terms and applicable laws and regulations determine the accounting model that is to be used:

<b>Financial Asset</b> Recognised when the operator has an unconditional contractual right to receive cash or another financial asset from the grantor.	<b>Intangible Asset</b> Recognised when the operator receives a right to charge users of the public service.	<b>Partly Financial Asset and Partly Intangible Asset (Bifurcated model)</b> Recognised when the operator receives consideration partly in the form of a financial asset and partly in the form of an intangible asset.
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### Operation Services

Revenue from operation, upgrade and maintenance services is recognised in accordance with MFRS 15.

### Borrowing Costs

Recognised as an expense unless the operator has a contractual right to receive an intangible asset, in which case borrowing costs are capitalised during the construction phase in accordance with MFRS 123 *Borrowing Costs*.

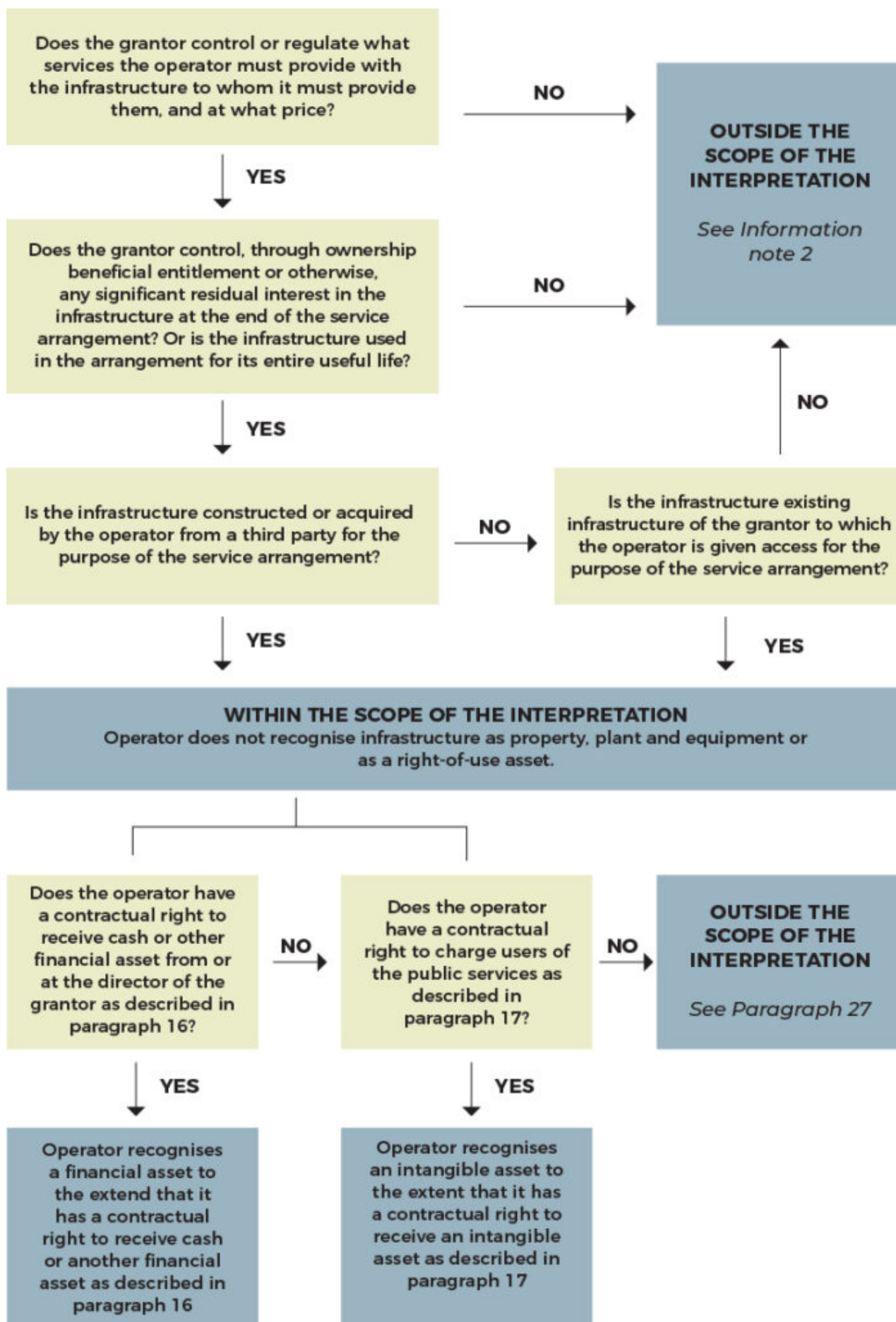
### Contractual Obligations

Obligations to maintain or restore infrastructure, except for any upgrade element are recognised and measured in accordance with MFRS 137 *Provisions, Contingent Liabilities, and Contingent Assets*.

## Guidance: Accounting framework for public-to-private service arrangements

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The diagram<sup>1</sup> below summarises the accounting for service arrangements established by International Financial Reporting Interpretations Committee (IFRIC) 12.



## Information Note<sup>2</sup>

The table sets out the typical types of arrangements for private sector participation in the provision of public sector services and provides references to International Financial Reporting Standards (IFRS) that apply to those arrangements. The list of arrangement types is not exhaustive. The purpose of the table is to highlight the continuum of arrangements. It is not the IFRIC's intention to convey the impression that bright lines exist between the accounting requirements for public-to-private arrangements.

Category	Lessee	Service Provider			Owner	
Typical arrangement type	Lease (e.g. Operator leases assets from grantor)	Service and/or maintenance contract (specific tasks e.g. debt collection)	Rehabilitate-operate-transfer	Build-operate-transfer	Build-own-operate	100% Divestment/Privatisation/Corporation
Asset ownership	Grantor				Operator	
Capital investment	Grantor		Operator			
Demand risk	Shared	Grantor	Operator and/or Grantor		Operator	
Typical duration	8-20 years	1-5 years	25-30 years			Indefinite (or may be limited by license)
Residual interest	Grantor				Operator	
Relevant IFRSs	IFRS 16	IFRS 15	IFRIC 12		IAS 16	

## Disclosure Requirements

Paragraph 6 and 6A of IC Interpretation 129 outline the mandatory disclosures in the financial statements for both the operator and the grantor. These disclosures include:

1. a **description of the arrangement**;
2. **significant terms** of the arrangement that may affect the amount, timing and certainty of future cash flows (e.g. the period of the concession, repricing dates and the basis upon which repricing or renegotiation is determined);

3. the **nature and extent** (e.g. quantity, time period or amount as appropriate) of:
  - rights to use specified assets;
  - obligations to provide or rights to expect provision of services;
  - obligations to acquire or build items of property, plant and equipment;
  - obligations to deliver or rights to receive specified assets at the end of the concession period;
  - renewal and termination options; and
  - other rights and obligations (e.g. major overhauls);
4. **changes in the arrangement** occurring during the period; and
5. **how** the service arrangement has been **classified**.
6. **revenue and profits or losses**: operator shall disclose the amount of revenue and profits or losses recognised in the period on exchanging construction services for a financial asset or an intangible asset.

Disclosures can be presented individually for each arrangement or aggregated by classes of arrangements involving similar services, such as toll operations or water treatment services.

## OBSERVATIONS

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This part intends to share the review findings of the Financial Statements Review Committee (“FSRC” or “the Committee”) relating to disclosures made in the financial statements and their accompanying notes to the financial statements. However, it does not delve into matters related to determining the recognition and measurement of service concession arrangements.

Comments discussed herein are intended to be applied within the context of the specific facts and circumstances associated with the identified observations. They are not intended to be exhaustive and do not address all potential issues that may arise relating to service concession arrangements.

In addition, careful consideration and judgment should be applied to individual facts and circumstances as MFRS are principles-based. Various circumstances may appear similar but are different in substance.

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### Review findings

Below are the observations noted by the FSRC relating to concession assets from the review of financial statements of public listed companies/entities (“PLCs”).

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### Observation 1

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The Statement of Financial Position disclosed line items for both concession assets and intangible assets, which are related to service concession arrangements.



However, the Committee noted that the financial statements did not provide a clear explanation of the accounting policy applied by the Group in relation to concession assets. Clarification was sought on whether the arrangement falls within the scope of IC Interpretation 12 *Service Concession Arrangements*.

#### **Response from PLC**

The PLC clarified that their concession assets are not within the scope of IC Interpretation 12 *Service Concession Arrangements*, as IC Interpretation 12, Paragraph 8 excludes the accounting for assets owned by the operator before entering into a service arrangement.

Upon enquiry, the PLC clarified that the Group is the owner and operator of the concession assets and has recognised the concession assets in accordance with MFRS 116 *Property, plant and equipment*.

#### **FSRC's comments**

It was noted that the PLC's financial statements did not clearly explain the accounting policy applied by the Group in relation to concession assets included in the Statement of Financial Position.

The Committee recommends that the accounting policy be enhanced to explicitly state that concession assets are accounted for as property, plant and equipment under MFRS 116.

#### **Observation 2**

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It was noted that concession assets are amortised upon the commencement of the concession period on a straight-line method over the concession period of 15 – 21 years.

#### **Response from PLC**

The PLC has recognised the concession assets as property, plant and equipment in accordance with MFRS 116.

#### **FSRC's comments**

The financial statements inappropriately disclosed that the concession assets are amortised on a straight-line basis over the concession period of 15 to 21 years, instead of over the useful life of the concession asset which is classified as property, plant and equipment.

If the concession assets are indeed recognised as part of the Group's property, plant and equipment under MFRS 116, the PLC should enhance its disclosures to clearly state this accounting policy. In addition, future financial statements should disclose the depreciation basis, reflecting the estimated useful lives of the concession assets where applicable.

## CONCLUSION

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Service concession arrangements are complex, long-term partnerships between public and private sector entities, often involving significant infrastructure investments and service delivery commitments. Under the MFRS Framework, IC Interpretation 12 and IC Interpretation 129 provide the key accounting and disclosure guidance necessary to ensure these arrangements are appropriately recognised, measured, and disclosed in the financial statements.

Proper accounting for service concession arrangements requires a robust assessment of the specific terms and conditions to ensure accurate recognition and measurement. IC Interpretation 12 addresses the accounting treatment for operators, while IC Interpretation 129 sets out the related disclosure requirements. When applied with sound judgement, these interpretations enhance consistency, transparency, and comparability in financial reporting. These interpretations ensure that entities present a clear and comprehensive view of their involvement in service concession arrangements, enabling stakeholders to better understand the financial and operational implications of such arrangements, and make informed assessments of an entity's financial and operational performance.

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<sup>1</sup> *Extracted from IFRIC's Implementation Guidance on implementing IFRIC 12 Service Concession Arrangements*

<sup>2</sup> *Extracted from IFRIC's Implementation Guidance on implementing IFRIC 12 Service Concession Arrangements*

# MPERS and SME Financial Reporting Conference 2025: Recent Updates and Best Practices

at [at-mia.my/2025/07/24/mpers-and-sme-financial-reporting-conference-2025-recent-updates-and-best-practices](https://at-mia.my/2025/07/24/mpers-and-sme-financial-reporting-conference-2025-recent-updates-and-best-practices)

July 24, 2025



Small and medium-sized enterprises (SMEs) play a major role in Malaysia's economy. As such, strong financial reporting procedures are crucial for SMEs to improve transparency, secure funding, and maintain regulatory compliance in order to promote sustainable development.

As an advocate for excellence in SME reporting, the Malaysian Institute of Accountants (MIA) is organising the **MPERS and SME Financial Reporting Conference 2025 at Wyndham Grand Bangsar, Kuala Lumpur on 27 August 2025**, to explore the updates and reviews to the IFRS for SMEs that are expected to significantly impact SME financial reporting.

Accountants and auditors of SMEs are encouraged to attend this Conference to gain familiarity with these updates, that may eventually be reflected in the Malaysian Private Entities Reporting Standards (MPERS).

Following are the key session highlights scheduled for the Conference:



## Changes in the Third Edition of the IFRS for SMEs Accounting

## **Standard: Impact on MPERS**

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The Third Edition of the IFRS for SMEs Accounting Standard, published by the International Accounting Standards Board (IASB), includes significant changes meant to bring SME financial reporting in line with changing international financial reporting standards and practices.

Participants will gain an understanding of the prospective changes aimed at enhancing SME financial reporting within the framework of international financial reporting standards and practices.

## **Aligning IFRS for SMEs Section 23 and IFRS 15: Updates and Impacts**

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The recent alignment of Section 23 (Revenue) in the IFRS for SMEs with IFRS 15 Revenue from Contracts with Customers marks a significant shift in SME revenue recognition.

This session highlights the findings from the fieldwork on the requirements for revenue proposed by the IASB in its Third Edition of the IFRS for SMEs Accounting Standard.

## **Impact of Climate Related Considerations on Financial Statements Prepared Under the IFRS for SMEs Accounting Standard**

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Explore the impact of climate-related matters on financial statements prepared in accordance with the IFRS for SMEs Accounting Standard, focusing on the integration of environmental, social, and governance (ESG) disclosures. This panel session introduces the Simplified ESG Disclosure Guide (SEDG) for SMEs within supply chains. While SMEs are not mandated to include climate reporting as part of their value chain, they are strongly encouraged to adopt sustainability reporting practices.





## Understanding Section 11 – Financial Instruments for SMEs

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Updates to Section 11 Financial Instruments in the IFRS for SMEs Accounting Standard reflect targeted improvements aligned with IFRS 9. This session discusses the removal of the IAS 39 option, a new classification approach aligned with real-world SME financial instruments, practical effects of the retained incurred loss model, and hedge accounting rules.

## Introducing the New Section 12 – Fair Value Measurement

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Participants will get an in-depth look at the new Section 12, Fair Value Measurement, focusing on the IASB's enhancements to fair value measurement, disclosure and guidance in alignment with IFRS 13. Insights will be shared on guidance consolidation, fair value hierarchy principles and revised disclosure requirements to enhance transparency and consistency.

## MBRS 2.0 Compliance: Submission Requirements and Common Errors

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Effective 25 September 2024, companies must prepare, validate and upload Annual Returns, Financial Statements and Reports, and Exemption Applications in XBRL format via the MBRS 2.0 platform. This session explains responsibilities related to MBRS submission and highlights common mistakes to avoid.

As part of the MIA's continuous efforts to upskill our members, we are pleased to offer an exclusive RM150 discount for the upcoming MPERS and SME Financial Reporting Conference 2025. This special offer is available exclusively to **MIA Members and Member Firms**.

Don't miss this opportunity to enhance your knowledge and stay up to date with the latest developments in MPERS and SME financial reporting.

Please [click here](#) for more information on the MPERS and SME Financial Reporting Conference 2025.

# Strengthening Accountancy in Laos: AFA Mentoring Partnership between MIA and LCPAA

at [at-mia.my/2025/08/07/strengthening-accountancy-in-laos-afa-mentoring-partnership-between-mia-and-lcpaa](https://at-mia.my/2025/08/07/strengthening-accountancy-in-laos-afa-mentoring-partnership-between-mia-and-lcpaa)

August 7, 2025



*This article is jointly written by AFA and LCPAA, in collaboration with MIA.*

Strengthening the accounting profession is essential for economic growth in Laos. The Malaysian Institute of Accountants (MIA) and the Lao Chamber of Professional Accountants and Auditors (LCPAA) have embarked on a transformative mentoring initiative. Facilitated by the ASEAN Federation of Accountants (AFA) and supported by the International Federation of Accountants (IFAC), this collaboration marks a pivotal development in the journey of LCPAA towards achieving membership status in IFAC.

LCPAA, an Associate of IFAC since 2019, has been working diligently to align its practices with international standards. The partnership with MIA aims to address gaps in institutional capacity, improve governance and build the necessary capacities for LCPAA to comply with the IFAC Statements of Membership Obligations (SMOs).



## Objectives, Challenges and Purpose of the Mentorship

Launched in 2023, the AFA Mentoring Project supports LCPAA in aligning its practices with international standards and global best practices for the accounting profession. The primary goal of this initiative is to assist LCPAA in meeting the requirements of the IFAC SMOs, a critical step toward moving from Associate to Members with its membership with

IFAC. The SMOs cover areas critical to the profession, including quality assurance, education standards, auditing standards, ethical guidelines, public sector standards, investigation and disciplinary mechanisms, and financial reporting standards.

However, the initiative has also revealed several challenges. LCPAA faces a lack of experienced Quality Assurance (QA) staff, limited resources for curriculum development, and difficulties in implementing advanced standards like ISA and IFRS. These challenges underscore the importance of ongoing capacity-building activities, collaboration with international stakeholders, and the establishment of strong governance frameworks.

Through workshops, consultations, and capacity-building activities, the mentoring project identifies and addresses gaps in LCPAA's adherence to these international standards. MIA, as the mentor, brings its extensive experience and resources to guide LCPAA in closing these gaps, particularly focusing on improving the latter's infrastructure, governance, and technical capabilities.

## Key Areas of Focus

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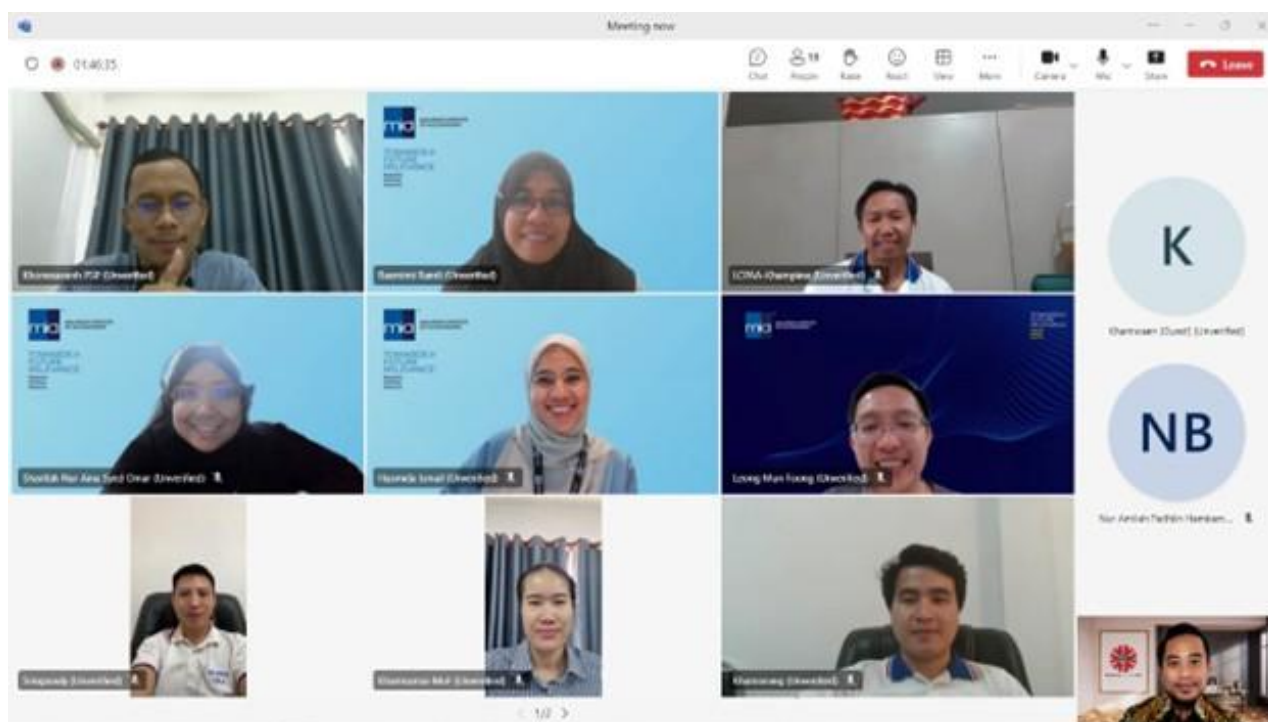
The mentoring program covers several key areas, each aligned with one of the IFAC SMOs:

1. **SMO 1<sup>1</sup>:** LCPAA is in the process of developing a comprehensive quality assurance (QA) system. MIA had provided guidance on developing policies and procedures for QA, including recommendations on selecting firm review approaches (e.g., cycle or risk-based) and extending QA to non-audit firms. LCPAA is incorporating these recommendations and is integrating Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) reviews into its quality review processes to strengthen compliance with international auditing standards.
2. **SMO 2<sup>2</sup>:** LCPAA is working on aligning its CPA qualification with the International Education Standards (IES) by adopting elements of the ACCA syllabus. With strategic guidance previously provided by MIA, LCPAA is now adapting the syllabus to include local content ensuring that aspiring accountants in Laos are well-versed in national regulations, while also meeting international benchmarks.
3. **SMO 3<sup>3</sup>:** Regular training and workshops on International Standards on Auditing (ISAs) are planned to ensure that LCPAA members are equipped with the necessary skills and knowledge to conduct audits in line with global best practices. MIA has emphasized the importance of outreach to small and medium-sized practitioners (SMPs), who may have fewer resources than larger firms.
4. **SMO 4<sup>4</sup>:** LCPAA, in collaboration with the Ministry of Finance, is reviewing the 2023 IESBA Code of Ethics for potential adoption. MIA is advising on communication strategies to ensure all stakeholders are well-informed of the changes, and that adequate training is provided to ensure smooth adoption and implementation.
5. **SMO 5<sup>5</sup>:** The mentoring program supports the adoption of International Public Sector Accounting Standards (IPSAS) in Laos, beginning with cash basis accounting. MIA has shared its experiences with IPSAS adoption in Malaysia, helping LCPAA navigate the challenges of public sector financial management.

6. **SMO 6<sup>6</sup>:** LCPAA is developing a framework for investigation and disciplinary processes to ensure accountability and uphold the integrity of the profession. MIA provides input based on its own disciplinary rules and practices, ensuring that LCPAA's system is both effective and aligned with international norms.
7. **SMO 7<sup>7</sup>:** LCPAA is in the process of developing an IFRS certificate program for its members. This will help ensure that financial reporting in Laos meets international standards, improving transparency and comparability for both local and foreign investors. MIA shared Malaysia's journey on IFRS convergence and local implementation.

## A Path Toward Global Integration

For LCPAA, the mentoring project with MIA represents more than just an opportunity to achieve IFAC membership. It is a chance to elevate the Lao accountancy profession to international standards, ensuring that local professionals are equipped with the knowledge, skills, and ethical frameworks needed to contribute meaningfully to both national and global economies.



The partnership reflects ASEAN's commitment to regional collaboration, where member states leverage the expertise of established PAOs like MIA to accelerate progress for developing PAOs such as LCPAA. By fostering knowledge-sharing and capacity-building initiatives, ASEAN is creating a resilient and interconnected regional accounting ecosystem.

## Conclusion

The AFA Mentoring Project between MIA and LCPAA is a testament to the power of strategic collaboration in professional development. As LCPAA works towards meeting IFAC's membership obligations it is gaining valuable insights and support from its mentor,

MIA. This partnership not only strengthens the accountancy profession in Laos but also contributes to the broader goal of enhancing the credibility and trustworthiness of the profession across the ASEAN region. Through sustained effort and commitment, LCPAA is well on its way to becoming a member of IFAC, a milestone that will bring lasting benefits to both the organisation and the accounting profession in Laos.

For its part, MIA is honored to contribute its expertise as the regulator and developer of the accountancy profession in Malaysia to support capacity building across ASEAN. “Our AFA mentoring efforts align seamlessly with MIA’s mission of fostering sustainable nation-building, complementing the Madani Government’s vision of fortifying the ASEAN economic bloc as Malaysia assumes the ASEAN Chairmanship in 2025,” said MIA President, Dato’ Seri Dr Mohamad Zabidi Ahmad.

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<sup>1</sup> SMO 1: Quality Assurance

<sup>2</sup> SMO 2: International Education Standards by IFAC

<sup>3</sup> SMO 3: International Standards and Other Pronouncements Issued by the IAASB

<sup>4</sup> SMO 4: International Code of Ethics for Professional Accountants

<sup>5</sup> SMO 5: International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB

<sup>6</sup> SMO 6: Investigation and Discipline

<sup>7</sup> SMO 7: International Financial Reporting Standards and Other Pronouncements Issued by the IASB

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# Transfer Pricing Conference 2025: Mastering Transfer Pricing in a Changing Business World

at [at-mia.my/2025/08/29/transfer-pricing-conference-2025-mastering-transfer-pricing-in-a-changing-business-world](https://at-mia.my/2025/08/29/transfer-pricing-conference-2025-mastering-transfer-pricing-in-a-changing-business-world)

August 29, 2025



As regulatory scrutiny intensifies both in Malaysia and globally, transfer pricing (TP) has moved beyond being a compliance exercise to become a critical strategic priority for businesses. With the Inland Revenue Board of Malaysia (IRBM) adopting increasingly data-driven enforcement approaches and international developments such as BEPS 2.0 reshaping the tax landscape, organisations must now ensure their TP practices align with real economic substance while meeting rising expectations for transparency and accountability.

Against this backdrop, the **Transfer Pricing Conference 2025**, organised by the Malaysian Institute of Accountants (MIA), will be held on **18 September 2025 (Thursday)** at the **Kuala Lumpur Convention Centre**. This full-day event is designed to provide finance, tax, and business leaders with practical strategies and tools to navigate the evolving TP landscape while embedding governance and sustainable value creation into their decision-making processes.

## Practical Insights and Key Focus Areas

Participants will gain clarity on compliance expectations under the newly issued Malaysian Transfer Pricing Guidelines (MTPG) 2024 and the TP Rules 2023. Sessions will provide guidance on

- aligning documentation with regulatory requirements,
- identifying red flags, and building audit-proof TP files to prevent disputes.

In addition, the conference will explore how TP principles can influence broader business decisions, including restructuring, functional realignments, and cross-border transactions.

SUPPORTED BY:







This programme qualifies for the purpose of application or renewal of tax agent licence under Subsection 153(3) of the Income Tax Act 1967




# TRANSFER PRICING CONFERENCE 2025

## *MASTERING TRANSFER PRICING IN A CHANGING BUSINESS WORLD*

**18 September 2025 (Thursday), 9.00am – 5.00pm**  
Kuala Lumpur Convention Centre

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**As regulatory scrutiny intensifies in Malaysia and across borders, transfer pricing has become a strategic priority. The Inland Revenue Board's data-driven enforcement, alongside global developments such as BEPS 2.0, requires businesses to align their transfer pricing practices with real economic substance and evolving expectations around transparency and accountability.**

**With digitalisation, cross-border operations, and corporate restructuring reshaping value creation, tax authorities are calling for more timely, accurate, and transparent documentation. These pressures signal a shift from reactive compliance to proactive governance—where transfer pricing must be embedded in strategic decision-making.**

**No longer just a compliance exercise, transfer pricing is now a tool for managing risk, supporting sustainability goals, and unlocking long-term value. Organisations must adopt a forward-looking approach to strengthen governance, anticipate regulatory shifts, and future-proof their transfer pricing strategies.**

**This conference presents a timely and practical playbook—offering insights, tools, and strategies to help businesses navigate complexity, enhance compliance, and align transfer pricing with sustainable value creation in an increasingly dynamic tax landscape.**

**OBJECTIVES**

This Conference seeks to help you:

- Stay updated on the practical implications of the TP Rules 2023 and Malaysian TP Guidelines 2024
- Learn how to proactively identify red flags, build audit-proof TP documentation, and implement strategies to prevent disputes
- Use transfer pricing as a value creation tool in business restructuring, functional realignment, and cross-border transactions

**WHO SHOULD ATTEND**

- Tax Personnel from MNCs
- Tax Practitioners
- CFOs
- Accountants
- Tax Lawyers
- Company Directors

Other highlights include a focus on intra-group financial transactions, with insights into arm's length testing, debt-versus-equity classifications, and enforcement trends shaped by recent cases. Case study discussions on TP audits will shed light on common pitfalls, effective dispute management through Multilateral Mutual Agreements (MAPs) and Advance Pricing Arrangements (APAs), and proactive measures to strengthen audit readiness.

The conference is highly relevant for tax professionals, CFOs, accountants, tax practitioners, lawyers, and company directors, particularly those involved in cross-border operations and corporate decision-making. Importantly, attendance also qualifies for the purpose of application or renewal of a tax agent licence under Subsection 153(3) of the Income Tax Act 1967.

## Future-Proofing Strategies

A key message of the conference is that TP should no longer be seen as a reactive compliance requirement. Instead, it must be leveraged as a strategic tool to manage risks, support sustainability objectives, and unlock long-term business value. Participants

will walk away with practical strategies to strengthen governance, anticipate regulatory shifts, and future-proof their TP practices in an increasingly dynamic business environment.

[Click here](#) *for more information on the Transfer Pricing Conference 2025.*

# Unlocking the Future: How Technology Transforms Corporate Treasury in Malaysia

at [at-mia.my/2025/08/20/unlocking-the-future-how-technology-transforms-corporate-treasury-in-malaysia](https://at-mia.my/2025/08/20/unlocking-the-future-how-technology-transforms-corporate-treasury-in-malaysia)

August 20, 2025



By William Lim

In today's rapidly evolving financial landscape, corporate treasury functions have become critical drivers of organisational success. No longer limited to traditional cash management, treasury teams now play a pivotal role in navigating economic volatility, managing financial risks, and supporting sustainable growth. Technological advancements are at the forefront of this transformation, enabling treasury operations to become more strategic, efficient, and resilient.

## Embracing Treasury 4.0: The Digital Transformation

The concept of **Treasury 4.0** signifies a shift towards intelligent treasury systems powered by automation, real-time data analytics, and integrated workflows. These advancements allow organisations to:



### **Automate Manual Processes**

Reducing inefficiencies and human error through straight-through processing.



### **Gain Real-Time Risk Visibility**

Enhancing oversight of financial exposures with data-driven insights.



### **Enable Proactive Decision-Making**

Leveraging predictive analytics for timely responses to market shifts.

This transformation enables treasurers to transition from operational roles to strategic leadership, driving value across the organisation.

## Challenges in Malaysia: Bridging the Digital Gap

Despite the global shift towards digital treasury solutions, many Malaysian corporations remain hesitant to adopt advanced systems. Anecdotal evidence suggests that a significant number of companies still rely on spreadsheets or fragmented solutions due to common misconceptions, such as:

Treasury is a **cost center** that does not warrant significant technology investment.

Manual processes are perceived as more **cost-effective** than specialised systems.

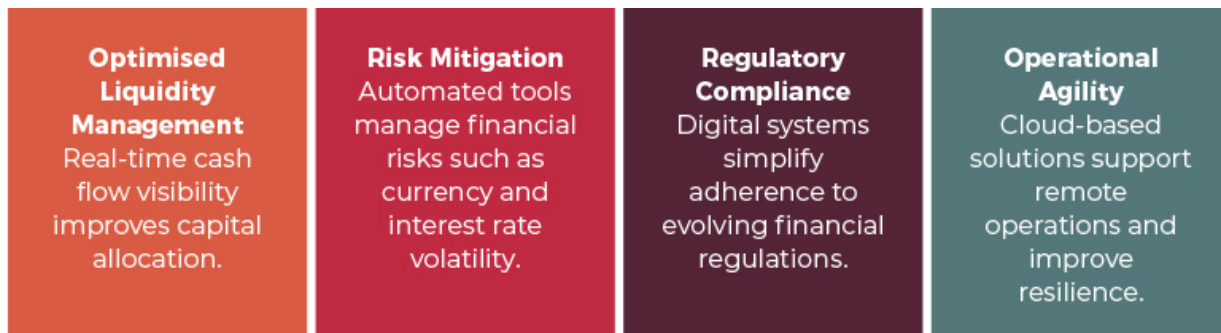
**Limited C-suite support** and budget constraints hinder technology adoption.

These barriers leave organisations vulnerable to inefficiencies, increased financial risks, and limited agility in responding to market changes.

## The Strategic Importance of Treasury Technology

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Implementing advanced treasury systems is more than an operational enhancement—it is a strategic necessity. Key benefits include:



Investing in modern treasury solutions ensures that organisations are better equipped to manage financial uncertainty and capitalise on growth opportunities.

## Future Trends: Technology Driving Treasury Efficiency

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According to global treasury surveys, automation in areas like cash forecasting, risk management, and treasury accounting is a top priority. Emerging technologies reshaping treasury functions include:



**API Integration**  
Accelerates data sharing and decision-making.



**Real-Time Systems**  
Provide instant financial insights for agile responses.



**Artificial Intelligence**  
Enhances predictive capabilities to proactively manage risks.

These innovations enable treasurers to shift from reactive to proactive financial management, aligning treasury operations with broader business strategies.

## Conclusion: A Strategic Imperative for Growth

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For Malaysian corporations, embracing technology in treasury operations is crucial for staying competitive in today's complex market. Digital transformation empowers treasury teams to enhance efficiency, mitigate financial risks, and support long-term business



sustainability. The evolution of corporate treasury is not just about technology—it is about securing a resilient and agile financial future.

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*William Lim is Founder and CEO of [Triaset Sdn Bhd](#).*