
**BRITISH COLUMBIA CHAPTER
OF ICAI
E-Newsletter**

**DECEMBER 2023
EDITION**

Keep on chasing your dreams



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Vision

To uphold the values and principles of the Indian Chartered Accountancy profession in North America as a trusted finance professional with competencies in managing business risks, corporate governance, assurance and audit and business competitiveness in the fast changing business world.

Mission

To provide Indian Chartered Accountants settled in British Columbia with career development opportunities in a changing global and Canadian economic and business environment. Organize professional development activities for members with a focus on changing business environments, developments in information technology and telecommunication, new global partnerships, collaboration, government specific policies and competitive pressures from global outsourcing. Organize networking events to develop opportunities for members in emerging areas of audit and assurance needs, tax planning services, performance measurement and control services, business risk related services, change management services, strategy management and servicing global organizations. Provide a mentoring forum to Indian Chartered Accountants who are new to Canada.



Message from the Editor

Greetings from the British Columbia Chapter of the ICAI! As the year draws to a close, it's a pleasure to reflect on the remarkable journey we've had together as a community dedicated to excellence in the field of accounting. Throughout 2023, our chapter has continued to uphold the highest standards of professional practice and education.



We've organized insightful seminars, workshops, and networking events that have not only expanded our knowledge base but also fostered strong connections within our community.

As we step into 2024, we are excited about the prospects and challenges that lie ahead. A heartfelt thank you to all our members, sponsors, and supporters who have contributed to the success of our chapter. Your dedication and involvement are truly appreciated.

Remember to stay connected through our various platforms and events. Your active participation enriches our community and strengthens our collective expertise. Here's to a successful conclusion to 2023 and to the promising opportunities awaiting us in the New Year!

Warm regards,
Poonam Mandhana, CPA, CA(India)
Director
British Columbia Chapter, ICAI



Message from the Chairman

Dear Members,

As we bid farewell to an incredible year filled with accomplishments, and remarkable achievements, I find myself overwhelmed with gratitude for each of you who contributed to our collective success. Our success is a testament to the dedication, resilience, and unwavering commitment of our incredible team.



The successful gala event stands as a pillar of our collective efforts. It wasn't merely an event; it was a celebration of our unity, determination, and the incredible support we receive from our partners, sponsors, and the community at large. Your hard work and enthusiasm made it an unforgettable evening, one that showcased not only our achievements but also the spirit that defines us as a team.

May the coming year be filled with even greater achievements, abundant opportunities, and moments that fill our hearts with joy and pride. Together, let's make the coming year an even greater testament to our shared vision and success.

Happy New Year, and may the journey ahead be even more remarkable than the last!

Best regards,

Harjit Singh Bhasin

Chairman, British Columbia Chapter of ICAI



Message from the Vice Chairman

Dear Members,

High interest rates, a slowing economy and geopolitical crises have been some of the themes which have dominated this year's discussions. The general mood seems to be one of dipping morale, and not without reason. Although nobody I know possesses a crystal ball, if history is to be any indicator of the future, tough times have produced some of the most progressive outcomes which have managed to alter the course of world history.



Despite the challenges, we're witnessing policy changes at all levels of the government to improve the housing supply, political parties have also made this their core election platform, economists expect interest rates to start reducing in 2024 and investments in critical infrastructure to improve world trade is currently underway. These, among other developments, seem to be setting the stage for a stronger recovery and an upward trajectory, which could very well turn out to be better than most expect.

On the international front, although Canada and India seem to have hit a few speed bumps, the inherently strong people-to-people and business-to-business exchanges are setting up a strong base and providing the fuel for propelling the economies of both nations.



Message from the Vice Chairman

Amidst this constant local and international flux, organisations like the BC Chapter of ICAI have an important role and responsibility to play i.e. to recognise and ease the hurdles faced by professionals and businesses of both nations. To this end, obtaining feedback from members of CA/CPA institutions, engaging with businesses, and holding cultural and professional development events has been at the core of this organisation's vision and mission. Due to these efforts, this Chapter has been able to help its members successfully transition academically and professionally to Canada, work with CPA Canada to bridge the academic requirements, and help businesses fulfill their required technical and organizational requirements. Over the course of 2024, the Chapter will continue on this trajectory and aim to ease even bigger challenges faced by the community.

As this year draws to an end, I'd like to thank our members, sponsors and other well-wishers for their support in helping us successfully complete 9 years. I wish everyone a Merry Christmas and a purposeful and progressive new year!

Cheers!

Maanas Buch, CPA, CA (India)

Vice-Chairman

BC Chapter of ICAI



Transfer Pricing - An Overview

-By CA Aman Vohra

Transfer pricing is one of the most important and sometimes most debated topic when we talk about transactions by Multinational Enterprises (MNEs). Since MNEs operate in different tax jurisdictions, transfer pricing is often determined keeping in mind an overall goal of minimizing the overall tax expense. It becomes a point of debate because tax authorities in each tax jurisdiction would like to have maximum tax collection in their respective jurisdiction when it comes to transactions between related parties.

Transfer pricing is an accounting and taxation practice that allows for pricing transactions internally within businesses and between subsidiaries that operate under common control or ownership. In general, all business transactions should be made at Arm's length price i.e. the price at which two independent parties would transact without influencing the transaction price in an ideal business situation. It is assumed that the parties, when related to each other may not be transacting at Arm's length price and in such a situation, tax authorities tend to review such transactions to adjust taxable profits reported by such entities.

Article 9 of OECD Model tax convention provides that: -

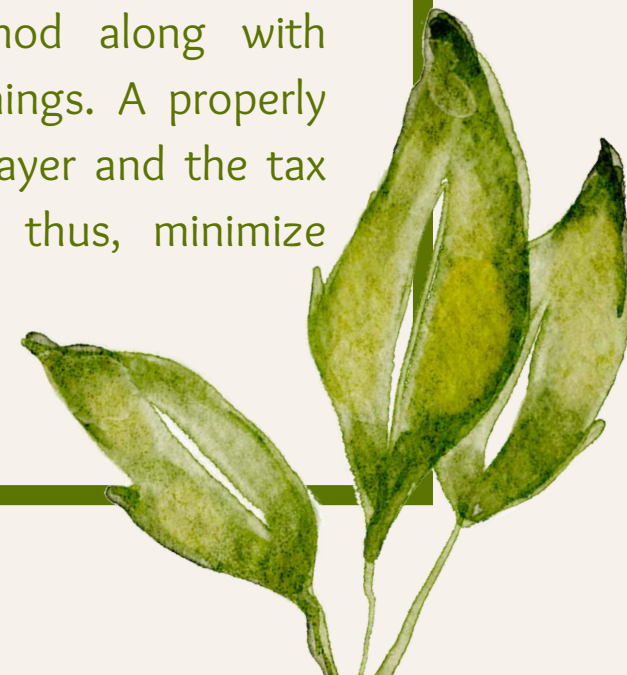


Transfer Pricing - An Overview contd..

[Where] conditions are made or imposed between the two [associated] enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

While Transfer pricing guidelines issued by OECD and its Model Tax Convention forms the basis for bilateral tax treaties involving OECD member countries and an increasing number of non-member countries, each country has its own set of rules, regulations and guidelines for determination of Arm's length price and Transfer pricing documentation. Such documentation when prescribed should be prepared by the taxpayer and submitted to tax authorities.

Transfer pricing documentation generally contains information about the entity, its business environment, information on related parties/ associates (as per definition in their relevant tax jurisdiction), transactions between such related parties (also referred to as 'Controlled Transactions'), approach used by the entity for selection of appropriate Transfer pricing method along with documentation supporting such calculation, among other things. A properly prepared Transfer pricing documentation helps both the taxpayer and the tax authorities to understand the underlying calculations and thus, minimize adjustments on account of Transfer pricing.



Transfer Pricing - An Overview contd..

OECD guidelines provide for Traditional Transaction methods in Part II of the guidelines. There are three methods prescribed as below:

1. Comparable Uncontrolled Price method (CUP)
2. Resale Price Method
3. Cost Plus method

Part III provides Transactional profit methods, which are used when using Traditional methods is not appropriate in a particular situation. These methods are: -

1. Transactional Net Margin Method (TNMM)
2. Transactional Profit Split method.

Positon in Canada

(Source: Canada.ca)

For tax purposes, the arm's length principle means that the terms and conditions should be identical whether you are dealing with parties at arm's length or not. For example, transactions between a parent company and its related parties are subject to transfer pricing rules. Applying the arm's length principle is generally based on a comparison of the prices, or profit margins, that non-arm's length parties use or obtain, with those of arm's length parties engaged in similar transactions.



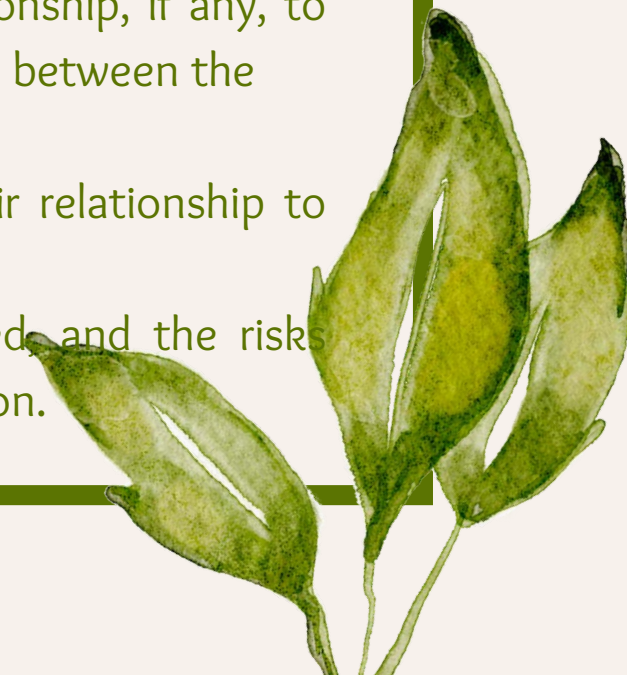
Transfer Pricing - An Overview contd..

Canada's transfer pricing rules apply if:

- two or more entities are involved.
- at least one of the entities is a taxpayer for Canadian tax purposes (an entity can be non-resident but still be a taxpayer for Canadian income tax purposes).
- it is a cross-border transaction involving Canada.
- the Canadian taxpayer and at least one of the offshore parties are not dealing at arm's length and
- the parties enter into a transaction or series of transactions.

Subsection 247(4) of the Income Tax Act deems a taxpayer not to have made reasonable efforts to determine and use arm's length transfer prices or allocations unless the taxpayer has prepared or obtained records or documents which provide a description that is complete and accurate in all material respects of:

- i. the property or services to which the transaction relates.
- ii. the terms and conditions of the transaction and their relationship, if any, to the terms and conditions of each other transaction entered into between the participants in the transaction.
- iii. the identity of the participants in the transaction and their relationship to each other at the time the transaction was entered into.
- iv. the functions performed, the property used or contributed, and the risks assumed for the transaction by the participants in the transaction.



Transfer Pricing - An Overview contd..

v. the data and methods considered, and the analysis performed to determine the transfer prices or the allocations of profits or losses or contributions to costs, as the case may be, for the transaction and

vi. the assumptions, strategies, and policies, if any, that influenced the determination of the transfer prices or the allocations of profits or losses or contribution to costs, as the case may be, for the transaction.

Transfer pricing documentation known as contemporaneous documentation should be compiled in line with requirements set out in TPM-05R. The documentation is not required to be submitted with return of Income but should be submitted within three months of a written request from CRA.

The Income Tax Act allows the CRA to make transfer pricing adjustments if they don't reflect arm's length terms and conditions. The CRA has an 'Advance Pricing Arrangement (APA) program' to help taxpayers determine appropriate transfer pricing methods. However, there is no legal requirement to enter into such an arrangement.



About the Author



CA. Aman Vohra is a Fellow member of the Institute of Chartered Accountants of India, with over 20 years of post-qualification experience in Assurance and Finance. He is a Commerce graduate from the University of Delhi. He also is an active member of the National Board of Accountants and Auditors, Tanzania and is currently pursuing CPA Canada CFE.

CA. Aman Vohra is Founder Chairman of Dar es Salaam (Tanzania) Chapter of the Institute of Chartered Accountants of India and has been member of various committees formed by the High Commission of India in Tanzania.

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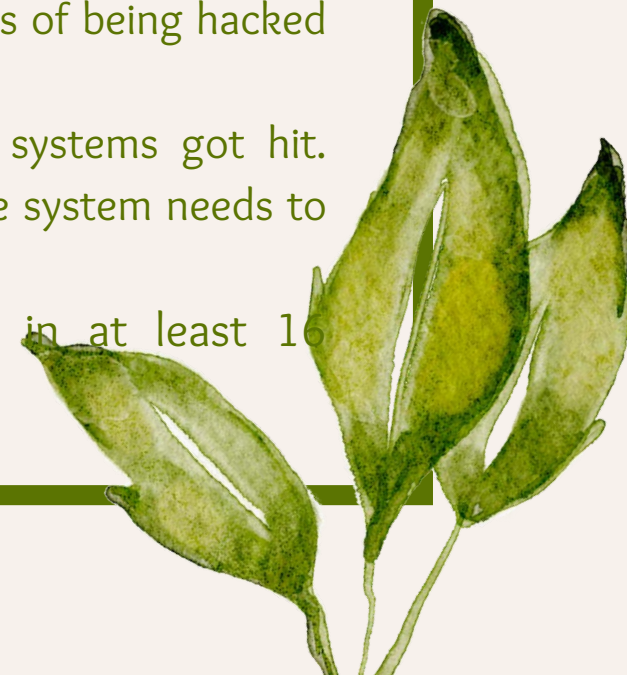


Cybersecurity Incidents in 2023 and Key Learnings -By Mrigakshi Goyal

Let's look into a few incidents that took place around the world in last few months and learn something from them:

Dec 27, 2023 | Chinese Hackers Exploited New Zero-Day in Barracuda's ESG Appliances

- Barracuda Email Security Issue: Hackers from China found a way into Barracuda's email security system, taking advantage of a new problem in it.
- Problem in a Library: The issue is like a glitch in a library the system uses to check emails. It lets bad code in, and this time, it's in a part called Spreadsheet::ParseExcel.
- Same Hackers, Different Day: The people behind this attack are the same ones who caused trouble for Barracuda before. They're known as UNC4841.
- How They Got In: The hackers tricked the system using a special kind of email with a file attached. When the system opened it, they could control it and do bad things.
- Fixes are Out: Barracuda fixed the problem and sent updates automatically on December 21, 2023. They also fixed any systems that showed signs of being hacked the next day.
- We Don't Know Everything: Barracuda didn't say how many systems got hit. There's another problem that's not fixed yet, so everyone using the system needs to be careful.
- Big Impact: Experts think this affected many companies in at least 16 countries since October 2022.



Cybersecurity Incidents in 2023 and Key Learnings contd..-

Learnings

- This situation shows how important it is for companies to quickly update their systems when there's a problem. It's like fixing a leaky roof before it ruins the whole house.
- Also, it's a reminder that online safety is a team effort—companies need to do their part, and we need to be cautious with emails and files. Always keep your digital "house" secure!

Dec 22, 2023 | WordPress Plugin Exposes E-Commerce Sites to Credit Card Theft

→Rogue WordPress Plugin Discovery: Threat hunters found a sneaky WordPress plugin that can create fake admin users and inject harmful code to steal credit card information.

→Magecart Campaign: The plugin is part of a larger attack on e-commerce websites, known as a Magecart campaign, aiming to steal credit card details during online purchases.

→Deceptive Appearance: The malicious plugin pretends to be something else, using deceptive information to appear legitimate, in this case, posing as "WordPress Cache Addons."

→Infiltration Methods: These harmful plugins get into WordPress sites either by exploiting a compromised admin user or by taking advantage of security flaws in existing plugins



Cybersecurity Incidents in 2023 and Key Learnings contd..-

- Concealment Tactics: Once installed, the rogue plugin hides itself in a special directory, making it hard to detect. It even stops users from easily removing it.
- Admin Account Manipulation: The plugin allows the creation of hidden admin accounts to avoid detection, ensuring prolonged access to the compromised website.
- Ultimate Goal: The attackers aim to inject malware into the checkout pages to steal credit card information, sending it to a domain controlled by the attackers.
- Complex Campaign Tactics: The attackers leverage the "RESERVED" status associated with a CVE identifier, making it harder to trace their activities.
- Broader Threat Landscape: This discovery comes amid a broader threat landscape, including Magecart campaigns using WebSocket protocol and a rise in digital skimming attacks.

Learnings

- This incident highlights the need for vigilance when using WordPress sites, especially for e-commerce.
- Regularly update plugins and be cautious of unexpected admin accounts.
- The broader threat landscape reminds us to stay aware of online security, as attackers use various tactics, such as deceptive ads and phishing campaigns, to exploit vulnerabilities.
- Online safety is a shared responsibility, and being informed helps protect against evolving cyber threats



Cybersecurity Incidents in 2023 and Key Learnings contd..-

Nov 21, 2023 | Mustang Panda Hackers Targets Philippines Government Amid South China Sea Tensions

→ Mustang Panda Cyber Attack: The China-linked cyber threat group, Mustang Panda, targeted a government entity in the Philippines during increased tensions over the South China Sea dispute.

→ Attribution by Palo Alto Networks: Palo Alto Networks Unit 42 identified three campaigns in August 2023, focusing on organizations in the South Pacific. Legitimate software like Solid PDF Creator and SmadavProtect was exploited to introduce malicious files.

→ Creative Malware Configuration: The attackers creatively configured the malware to mimic genuine Microsoft traffic for command-and-control connections, enhancing its stealthiness.

→ Mustang Panda Background: Also known as Bronze President, Camaro Dragon, Earth Preta, RedDelta, and Stately Taurus, Mustang Panda is a Chinese Advanced Persistent Threat (APT) group, active since at least 2012. It conducts cyber espionage campaigns across North America, Europe, and Asia.

→ Recent Activities: In September 2023, Mustang Panda was implicated in attacks against an undisclosed Southeast Asian government using a backdoor variant called TONESHELL.

→ Attack Tactics: The recent campaigns utilized spear-phishing emails delivering a malicious ZIP archive with a rogue DLL using DLL side-loading, establishing contact with a remote server.



Cybersecurity Incidents in 2023 and Key Learnings contd..-

- Compromise Timeline: The Philippines government entity was likely compromised over five days between August 10 and 15, 2023.
- Use of SmadavProtect: Mustang Panda used SmadavProtect, an Indonesian antivirus, as part of its tactics, deploying malware designed to evade this specific security solution.
- Persistent Cyber Espionage: The researchers highlight Mustang Panda's persistence and activity in conducting cyberespionage globally, aligning with Chinese government interests.
- Related Development: A South Korean APT actor named Higaisa has been discovered targeting Chinese users through phishing websites mimicking well-known software applications, deploying Rust-based malware.

Learnings

- This incident underscores the geopolitical nature of cyber threats, emphasizing the importance of cybersecurity vigilance, especially in regions of heightened tension. Organizations should remain vigilant against spear-phishing tactics, regularly update security measures, and be aware of evolving threat actors like Mustang Panda.
- Collaboration between international cybersecurity communities is crucial to addressing and mitigating such threats effectively.



Cybersecurity Incidents in 2023 and Key Learnings contd..-

Nov 10, 2023 | **Stealthy Kamran Spyware Targeting Urdu-speaking Users in Gilgit-Baltistan**

→Targeted Watering Hole Attack: Urdu-speaking readers of a regional news website in the Gilgit-Baltistan region were likely victims of a watering hole attack, aiming to deliver a new Android spyware called Kamran.

→ESET Discovery: ESET identified the campaign, revealing that the attackers utilized the Urdu version of Hunza News website to prompt visitors to install a malicious Android app directly hosted on the site.

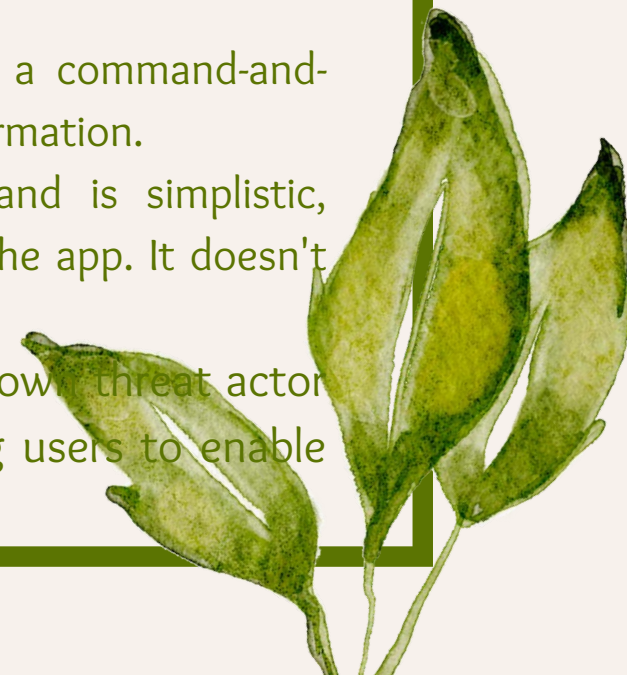
→Malicious App Discovery: The app, named Kamran, has undisclosed spy capabilities, compromising at least 20 mobile devices between January 7 and March 21, 2023, coinciding with regional protests.

→Espionage Capabilities: Kamran, once installed, requests intrusive permissions, allowing it to gather sensitive information from devices, including contacts, call logs, calendar events, location data, files, SMS messages, photos, app lists, and device metadata.

→Data Upload to C2 Server: The collected data is uploaded to a command-and-control (C2) server hosted on Firebase, exposing compromised information.

→Limited Capabilities: Kamran lacks remote control features and is simplistic, sending the same information repeatedly when the victim opens the app. It doesn't track transmitted data.

→Unknown Attribution: Kamran has not been linked to any known threat actor or group. It has never been available on Google Play, requiring users to enable installations from unknown sources.



Cybersecurity Incidents in 2023 and Key Learnings contd..-

Learnings

- This incident highlights the risks of visiting unfamiliar websites and downloading apps from unknown sources.
- Users are reminded to exercise caution when granting permissions to mobile apps, especially those not obtained from official app stores.
- Enabling installations from unknown sources poses a security threat, and maintaining awareness of cybersecurity practices is crucial to prevent falling victim to sophisticated attacks like watering hole campaigns.

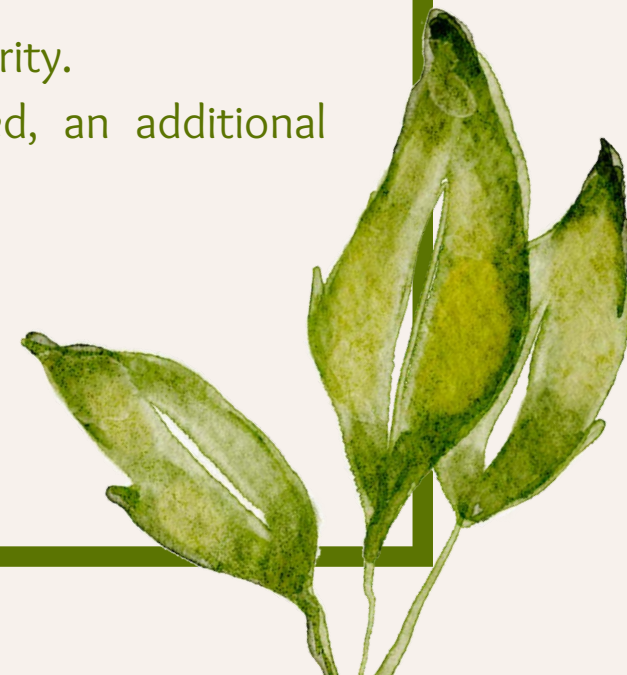
Dec 31, 2023 | General Cyber Awareness and Recommendations:

→Strong Passwords:

- Use complex passwords that combine letters, numbers, and symbols.
- Avoid using easily guessable information like birthdays or names.

→Multi-Factor Authentication (MFA):

- Enable MFA whenever possible to add an extra layer of security.
- This ensures that even if your password is compromised, an additional authentication step is required.



Cybersecurity Incidents in 2023 and Key Learnings contd..-

→Regular Software Updates:

- Keep your operating system, antivirus software, and applications up to date.
- Regular updates often include security patches that protect against known vulnerabilities.

→Security Awareness Training:

- Stay informed about common cybersecurity threats and techniques.

→Be cautious of phishing emails, suspicious links, and requests for sensitive information.

→Data Encryption:

- Encrypt sensitive data, both in transit and at rest.
- Use encryption tools to protect confidential information from unauthorized access like a secret storage vault, or a tool to share secrets/passwords.

→Backup Important Data:

- Regularly backup critical company data to an external, secure location.
- In the event of a security incident, having backups ensures data recovery without paying ransom in case of a ransomware attack.

→Firewall and Antivirus Software:

- Install and regularly update a reputable firewall and antivirus software.
- These tools help prevent unauthorized access and detect and remove malicious software.

→Secure Wi-Fi Networks:

- Use strong, unique passwords for Wi-Fi networks.
- Enable WPA3 encryption for enhanced security.



Cybersecurity Incidents in 2023 and Key Learnings contd..-

→Access Control:

- Limit access to sensitive data based on job roles.
- Regularly review and update user permissions to ensure only necessary access is granted.

→Incident Response Plan:

- Develop and regularly update an incident response plan.
- Know the steps to take in case of a security breach to minimize potential damage.

→Physical Security:

- Secure physical access to computers and servers.
- Lock offices and server rooms to prevent unauthorized access.

→Employee Training:

- Train employees on security best practices.
- Encourage reporting of any suspicious activities promptly.

→Regular Security Audits:

- Conduct regular security audits to identify vulnerabilities.
- Address any weaknesses or potential risks promptly.

→Vendor Security Assessment:

- If working with third-party vendors, assess their security practices.
- Ensure they meet your company's security standards.

→Stay Informed:

- Keep up to date with the latest cybersecurity threats and best practices.
- Join relevant forums or subscribe to cybersecurity newsletters for ongoing education.



About the Author



Ms. Mrigakshi Goel is a dedicated advocate for cybersecurity, fervently committed to implementing best practices for the advancement of a secure digital landscape. Currently holding the position of Information Security Engineer at Finning International, she brings over ten years of valuable experience, with notable contributions from her roles at Optiv, Bugcrowd, and Accenture.



PD session by KSW Lawyers on Estate and Succession Planning held in October 2023



PD session by KPMG on Trust Reporting Rules held in December 2023



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Management committee wishes
everyone a very Happy New Year!!

