

Fidnam Group Worldwide Newsletter

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Management Consulting
& CFO Services for SMEs

A new company in
Fidnam Group:
Fidnam (Vietnam)
Limited

Using an Escrow Agent to
facilitate and secure your
transactions



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MANAGEMENT CONSULTING & CFO SERVICES FOR SMES

Fidinam Group supports strategic decisions, performance analysis and governance modeling as part of its portfolio of services for SMEs. This article provides an illustrative summary of clients' needs as well as the range of services provided by our professionals.

Managers and entrepreneurs face rapid changes in their industries especially in Asia Pacific, a Region where economic and social development move rapidly. Changes in consumers' behavior and basic market conditions as well as the fast adoption of disruptive technologies should be carefully evaluated by the

decision makers willing to position and keep their companies ahead of their competitors.

Often industry leaders drive smaller players in their supply chain to follow them in new markets as experienced in the last years with OEMs moving their production facilities from Mainland China to S.E. Asia (e.g. Vietnam and Cambodia) in several sectors including electronics and machinery. A delay in re-positioning the company may cut a business out from its respective market in a short period of time.

External factors like trade wars and

geopolitical conflicts are creating new routes in international trading as well as the implementation of new economic zones and trade agreements (e.g. European Union Vietnam Free Trade Agreement in 2020). Risk management, scenario analysis and a responsive approach allows first movers to take advantage of such changes to increase their market shares.

The ongoing digital revolution is opening opportunities for companies to enter the Asian markets leveraging on the fast adoption of new technologies as well as more sophisticated behaviors of the final clients.

Fidinam has been helping its clients over the years defining and implementing go-to-market strategies in APAC countries, navigating the complexity of the market conditions as well as the changes in the regulatory frameworks.

Looking ahead, despite the COVID-19 impact in 2020, APAC economies are expected to grow by 7.6% in 2021 (*source IMF*) and will continue to represent a great opportunity for foreign investors. We are well-aware that each company is unique and requires a tailored approach. As advisors, we take the commitment to assist decision makers to assess their opportunity while sharing our know-how and expertise on the Region.

Strategic advisory is meaningful only if it goes hand in hand with the implementation and a result-driven approach. In Fidinam we take this practical method of work as part of our mission to grow together with our clients.

Fidinam also provides Directorship and CFO services. By taking a position in the clients' Board of Directors, our senior professionals can provide an external and independent angle to observe and contribute to the strategic decisions of the company in the best interest of the shareholders.

Moreover, developing strategic partnership is in the DNA of Fidinam since 1960. Today our extensive network is an asset we share with our clients, often requiring not only our traditional advisory services but also support to implement their business model like identifying distributors, suppliers, local manufacturers and other service providers.

Additionally, start-ups and SMEs may ask Fidinam to support in their business planning process which includes writing positioning statements, 5-years business plans as well as yearly budgets and periodic reviews.

Thanks to its professionals with a strong background in finance and performance management, Fidinam helps clients in designing executive reporting, performance management systems, including KPI dashboards and profitability analysis report.

Furthermore, Fidinam looks to the future focusing on digitalization of financial services and providing qualified support in implementing digital finance projects in collaboration with our IT company Fidigit, based in Switzerland, and our business partners like Xero, the well-known cloud-accounting platform.



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A NEW COMPANY IN FIDINAM GROUP: FIDINAM (VIETNAM) LIMITED

After more than two years from the establishment of its Representative Office in Ho Chi Minh City, Fidinam Group Worldwide has opened a full-fledged advisory company in March 2020: Fidinam (Vietnam) Limited.

This step marks an important milestone for the development of the Group in the country and opens new opportunities for our clients.

Vietnam and its fast-growing economy, international trade agreements as well as low labour costs represents one the most interesting Countries in Asia Pacific, attracting a growing number of foreign investors.

Fidinam Vietnam provides a wide portfolio of services including the following:

- **Market research, Feasibility memorandum and deal matching services**
- **Corporate Services**
 - Incorporation of Foreign Invested Companies as well as branches, Representative Offices and Vietnamese Invested companies.
 - License Amendments Services
 - Nominee directorship
 - Treasury services and other administrative services
 - Off-shore investment registration certificates
- **Employment Services and Labour Contracts**
 - Applications for Working Permits, Business VISAs, temporary residence cards, etc.
- **Compliance Services (*in collaboration with local partners*)**
 - Accounting and Statutory Services
 - Electronic Invoicing
 - Tax filing
 - HR & Payroll services
- **International Tax Advisory for cross-border investments (*in collaboration with other Fidinam Units*)**
- **Wealth and Estate Planning (*in***

**collaboration with other Fidina
Units)**

Understanding where to locate the company and how to implement an effective business model in the Country is often the first obstacle to be addressed by foreign companies looking at the Vietnamese market.

Its experience in working with several business parks and partners allows Fidina to assist step-by-step investors throughout this process.

Once the opportunity is sized out, we can review the business licensing needs evaluating restrictions and sub-licensing needs as required from time to time by the Vietnamese regulation for foreign investors.

Foreign investments are welcomed in Vietnam, but it is also required to successfully apply for different licenses and operate the businesses within the legal framework designed for the planned investment. Foreign direct investments in Vietnam are generally subject to commitments, agreements of Vietnam in international treaties, covenants.

Depending on the intended scope of business, the foreign investors may be permitted to set up a company having 100% foreign owned capital or other forms in accordance with the laws. A

few business lines are limited to 100% Vietnamese owned companies.

After the establishment of the company, our clients may need Fidina Vietnam services to manage their operations including directorship services, administrative and treasury services as well as accounting and tax filing provided by our team, when needed in collaboration with local business partners.

Thanks to our local team and the collaboration with other Fidina Units, we can also assist Vietnamese entrepreneurs, SMEs, families, and individuals to invest overseas leveraging on Fidina solid experience in advising clients in multiple jurisdictions.

Undoubtedly, bringing its know-how and experience in the Vietnamese market represents an investment for Fidina, which aims to assist the growing needs of local companies and individuals expanding their interests overseas and looking at cross-border opportunities.

In conclusion, the range of services available for our clients in Vietnam includes structuring companies in off-shore jurisdictions as well as wealth planning solutions to protect and assist families in passing their assets to the next generations.



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USING AN ESCROW AGENT TO FACILITATE AND SECURE YOUR TRANSACTIONS

How can you protect your interests in a transaction when you don't fully trust the counter-party to perform?

In commercial transactions, suppliers require more and more to get paid once the order is confirmed, while Buyers want to be sure to get what they pay for, and prefer to pay once the goods are delivered.

In such cases, an escrow can be an efficient solution to solve each party's concerns.

What Is an Escrow?

An escrow is a compromise where something being transferred from one party to another in a transaction leaves

the hands of the sending party but is held in trust by an intermediary (*the Escrow Agent*) before being delivered to the receiving party. Typically, the escrow consists of cash, but realistically almost anything of value being transferred from one party to another can be put into escrow. The Escrow Agent's delivery of the escrowed cash or assets to the supplier will be subject to an escrow agreement entered into among the transaction parties and the Escrow Agent (*the Escrow Agreement*).

How Do You Choose Your Escrow Agent?

The selected Escrow Agent should

be neutral, to make sure that he will execute the agreement fairly, and not privilege any party.

For this reason, a licensed Trustee Company, like Fidnam Hong Kong Trustee, can be an optimal solution.

Once chosen the Escrow agent by the Buyer and the Seller, the parties will sign the Escrow Agreement, which will include a stated fee to be paid to the Escrow Agent (*the Escrow Fee*). The Escrow Fee can take many forms, but will usually be a percentage of whatever amounts are deposited with the Escrow Agent, plus expenses. The payor and

the payee would also have to agree between themselves whether one of the parties should be fully responsible for the Escrow Fee, or if the Escrow Fee should be split between them.

Using an Escrow Agent When Buying and Selling Goods

A common situation where an escrow can be useful is in the purchase and sale of goods.

In the situation where the seller will have to ship the goods to the buyer, this buyer doesn't want to send any money to the seller without certainty that the goods will be delivered, while the seller does not want to run the risk of shipping the goods without any guarantee of being paid.

In this situation, both parties could solve their concerns by having the purchase price held by an Escrow

Agent. The Escrow Agreement could stipulate that the Escrow Agent will hold part or all of the purchase price until the delivery/conformity of the goods is confirmed. Upon that confirmation, the Escrow Agent would then deliver the funds to the seller. If the seller fails to deliver the product within a specified period of time, then the Escrow Agent would be required to return the funds to the buyer. The use of the Escrow Agent gives both the buyer and the seller comfort in knowing that a third-party has a contractual obligation to honour the expectations of the transacting parties.

Fidinam Hong Kong Trustee provides escrow services to its clients, allowing them to secure and facilitate their transactions, especially for trading activities involving significant amount, between parties who don't have a strong and solid prior trade relations.



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FIDINAM GROUP WORLDWIDE IS ON WECHAT!

Join us to discover meaningful contents on tax, business and real estate matters.

FIDINAM GROUP WORLDWIDE正在使用微信！

请您关注我们，您会发现很有意义的内容关于税务，商业和房地产事务。





HOW TO MANAGE YOUR COMPANY FROM ANYWHERE

Since the beginning of 2020, social distancing means working from home for many companies. This is leading to a “business transformation” on multiple levels. Even for small companies, with few internal processes, this shift can prove challenging without solid solutions in cloud computing. The Economist has recently published an article titled “How to manage a business without a headquarters”, mentioning the practice, typically within start-ups, of using tools and software to run a business outside the office. Fidinam Hong Kong has built inhouse

knowledge to help SMEs to master this transitioning phase, while maintaining operations up and running.

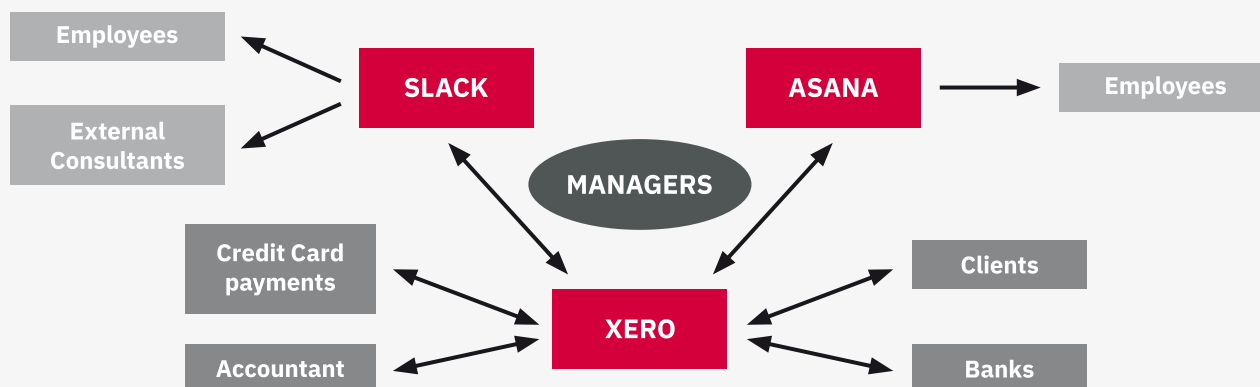
Working From Home

Working From Home practice dates back to the 1970s. It is nowadays a quite common practice worldwide, particularly in the Middle East, Latin America, and Asia about 10% has been working from home every day in the past decade, according to a Reuters poll.

For Hong Kong companies, the advantages are clear: fewer commuting

impacts positively employees’ quality of life, rental costs for companies can be reduced and there is a positive environmental contribution.

Fidinam Hong Kong, while serving Clients based globally, has gained relevant experience with remote working, and has developed an implementation strategy involving three integrating cloud tools (easy to implement) to effectively “remote manage” your company: Slack, a workspace online, Asana, a tasks system and Xero, an accounting software.



Managers are at the core of this strategy as they need to manage their staff by assigning them tasks through Slack, setting up deadlines on Asana and checking the financial performance of the company on Xero to take decisions.

Employees see their communication efficiency increased by texting with colleagues and sharing documents on Slack. Moreover, they see their duties prioritized by the Management on Asana and rely on a user-friendly interface on Xero to take care of the issuance and automated delivery of invoices.

Clients of the Company receive invoices directly to their mailbox and can pay by credit card, reducing dramatically the time of payment settlement.

Accountants can access to Xero to carry out the accounting work without the need of meetings and/or

delivery of physical documents.

External Consultants can access virtual data rooms and channels on Slack to cooperate with the management and company employees.

Within this process, **Xero** is of critical importance, as it automatically connects with most banks in Hong Kong so that information is automatically imported in the system, reducing data entry and human error while optimizing operations. Moreover, Xero provides financial info access to both companies and to advisors.

FidinaM is helping companies in developing working strategies to smoothly manage the workforce and processes of SMEs. These tools will be critical in this time of uncertainty and could prove to be winning solutions even after the emergency will end.



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NOTIFICATION REQUIREMENTS IN ACCORDANCE TO ECONOMIC SUBSTANCE REGULATION IN U.A.E.

INTRODUCTION

On 30 April 2019 the Economic Substance Regulation (ESR) was introduced in the UAE to align the country with the global standards to prevent Base Erosion and Profit Shifting (BEPS).

According to the UAE legislation, the ESR is applicable to 9 business activities called “Relevant Activities” but **all businesses licensed in the UAE shall have to submit a notification within 30 June 2020.**

The ESR shall apply as of 1 January 2019 consequently the first financial year of assessments is the one starting on or after 1 January 2019.

The purpose of ESR is to assess and ensure that businesses within the UAE conducting Relevant Activities have in the UAE the necessary substance.

Relevant Activities are the followings:

- I. Banking
- II. Insurance

- III. Fund management
 - IV. Lease-finance
 - V. Headquarters
 - VI. Shipping
 - VII. Holding company
 - VIII. Intellectual property (IP)
 - IX. Distribution and service centre
- For a more comprehensive background on UAE ESR you can refer to our previous article on this subject published on December 2019.

NOTIFICATION AND REPORTING REQUIREMENTS

Notification vs Reporting

All businesses licensed in the UAE, including branches, partnerships, offshore companies etc. have to **notify to competent authorities as provided below within and not later than 30 June 2020 the following:**

- a) whether or not they carry out a “Relevant Activity”
- b) whether or not all or any part of gross income in relation of a relevant activity is subject to tax in a jurisdiction outside UAE

- c) The date of the end of its financial year.

Only those businesses that carry out a Relevant Activity shall have to submit **a report** for each financial year including the following information

- a) the type of Relevant Activity conducted by it
- b) the amount and type of relevant income in respect of the Relevant Activity
- c) the amount and type of operating expenses and assets in respect of the Relevant Activity.
- d) the location of the place of business and, if applicable, plant, property or equipment used for the Relevant Activity of the Licensee in the State
- e) the number of full-time employees with qualifications and the number of personnel who are responsible for carrying on the Licensee’s Relevant Activity

- f) information showing the State Core Income-Generating Activity in respect of the Relevant Activity that has been conducted
- g) a declaration as to whether or not the Licensee satisfies the Economic Substance Test
- h) in the case of a Relevant Activity being an Intellectual Property Business, a declaration as to whether or not it is a high-risk intellectual property business.

To whom notification and reporting have to be submitted:

Notification and Reporting have to be filed with the “Regulatory Authority” as determined by cabinet resolution n. 58 of 2019.

For the companies established in a Free Zone the competent Regulatory Authority is the authority that issued the license. (e.g. for Companies established in DMCC FZ the Regulatory Authority is DMCC).

For the company established in mainland territory the competent “Regulatory Authority” are UAE Central bank, Security and Commodities Authority, Insurance authority or Ministry of Economy depending on the activity carried out.

When notification has to be submitted:

Notifications should be made within the time determined by the competent Regulatory Authority.

According to a recent report published by the Khaleej Times, on 1 April 2020, Younis Haji Al Khouri, undersecretary at the Ministry of Finance, said: “The cut-off date of the notification to the Ministry of Finance is 30 June 2020 and that’s what was communicated to all regulators.

To assure the compliance, some regulators decided to cut it short.”

As of today Ministry of Economic, which is the designated regulatory authority for many mainland companies have remained silent on the official notification deadline.

Here below are deadlines circulated by the regulatory authority of some of the Free Zones (the list is not exhaustive, there are about 40 Free Zones and consequently about 40 regulatory authorities in the UAE):

DIFC	30th June 2020
DMCC	30th June 2020
RAK ICC	30th June 2020
RAKEZ	30th June 2020

All above mentioned it is wise to consider **30 June 2020** as the latest deadline for ESR notification for all business licensed in UAE.

When yearly reporting has to be submitted:

Businesses that according to notification carry out a Relevant Activity shall have to submit a report within twelve months from the end of the relevant financial year.

Since ESR has retroactive effect starting from 1 January 2019 this means that existing businesses with financial year ending 31 December 2019 shall have to submit the first report for the financial year within 31 December 2020.

URGENT ACTION REQUIRED - NOTIFICATION

Despite lack of clarity on several aspects regarding the ESR and despite many Regulatory Authorities have yet to communicate procedures and forms to be used for notification purposes, all businesses are urgently required to self-assess whether or not are conducting a Relevant Activity in order to be ready to meet notification deadline.

On 14 April 2020 Ministry of finance

published “The UAE Economic Substance Regulations Relevant Activity Guide. This document provides useful guidance for the self-assessment, even though business models are not always easy to be allocated within or outside the relevant activities mentioned by ESR.

FOCUS ON

Among the nine Relevant Activities targeted by ESR the following are those that may have a significant impact on several businesses:

- Headquarter business
- Holding company business
- Distribution and Service Business Center

Please find below a brief description of these affected Relevant Activities.

Headquarter Business

A company is regarded as carrying on a Headquarters Business if provides services to foreign group companies, and through the provision of such services:

- a) the company takes on the responsibility for the overall success of the group; or
- b) the company is responsible for an important aspect of the overall group’s performance.

In order for a UAE company to be seen as having “taken on the responsibility for the overall or an important aspect of the overall group’s success or performance”, the services provided by the company must involve:

- the provision of senior management;
- the assumption or control of material risk for activities carried out by foreign group companies or substantive advice in relation to the assumption or control of such risks.

The company’s position in the group’s corporate structure is not relevant for

determining whether it is engaged in a Headquarters Business. This means that the Company does not need to be the direct or ultimate parent of a group company for it to be considered as carrying out Headquarters Business.

Holding company business

A Holding Company Business is defined as a business that:

- a) a Holding Company in accordance with the law applicable to the Licensee carrying out such activity in the State.
- b) has as its primary function the acquisition and holding of shares or equitable interests in other companies; and
- c) does not carry on any other commercial activity.

Equity interests include shares in a company and interests in an incorporated partnership, as well as any other instrument which gives a beneficial ownership interest in a company.

A company which owns other forms of assets (e.g. bonds, government securities, interest in real property) will not be treated as carrying on Holding Company Business.

Holding companies that undertakes also other activity that is not a Relevant Activity are out of the scope of ESR regulation.

Distribution and Service Business Center

A company is considered engaged in a "Distribution Business" if it purchases raw materials or finished products from a foreign group company and distributes those raw materials or finished goods. A company is considered engaged in a "Service Centre Business" if it provides consulting, administrative or other

services to a foreign group company, and those services are in connection with the foreign group company's business outside the UAE.

PENALTIES FOR FAILURE TO PROVIDE NOTIFICATION

Failure to provide notification required by ESR and/or notification of inaccurate information are sanctioned with an administrative penalty of not less than dirhams ten thousand (AED 10,000) and not exceeding dirhams fifty thousand (AED 50,000).

Penalties are applied in the following situations:

- a) if a company fails to provide information that is required to provide under Article 8 of this Resolution.
- b) if a company provides inaccurate information to the Regulatory Authority and knows of the inaccuracy at the time the information is provided but does not inform the Regulatory Authority at that time of it discovering the inaccuracy after the information is provided to the Regulatory Authority.

PROFESSIONAL ADVICE AND ADMINISTRATIVE SUPPORT

At Fidinam DMCC, our consultants and back office staff are at your disposal to advise on the Economic Substance Regulation. In particular:

- assessing the applicability of the ESR regulation and its extent
- assisting with the notification and reporting obligations with the relevant regulatory authority
- ensuring maintenance of proper file with minutes of board meetings
- restructuring business whenever required.



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CHINA: ACCELERATION OF E-COMMERCE AND NEW ONLINE PURCHASING PATTERNS

The Coronavirus outbreak that first developed in Wuhan and quickly spread to the entire country has triggered a range of disruptive consequences for the supply chain of a multitude of domestic and foreign companies in China, also generating significant change in terms of consumers' behavior and preferences.

An army of delivery men, riding their scooter through the empty avenues of China's megacities to deliver warm meals, hand sanitizers and masks have become the iconic image of an entire nation during Coronavirus outbreak.

Given the unfortunate circumstances, delivery men have been the only link with the outside world for many Chinese who have been forced to residential lockdown in their apartments for weeks. While China is already an established leader within the field of digital economy, the outbreak has represented a fertile ground to even further accelerate

the transition from traditional retail to e-commerce platforms, whereas the push has been supported by **automated delivery, use of artificial intelligence and robotics.**

Critical to contain virus contagion is the ability to limit movement and contact between people. In response, we have seen companies implementing new delivery models and contactless services to reach out their customers.

JD, China's leading e-commerce company, has implemented delivery solutions that involves drones. Where a physical delivery is not possible, being remote countryside or cities particularly exposed to coronavirus contagion risk, consumers have indeed been reached through drone delivery. Drones have been used also for other reasons. Xinhua News Agency, the biggest and most

influential media organization in China, has shown videos of drones that thanks to thermal imaging technology equipment, were able to detect people with fever from the air.

In order to enhance contactless services, a hospital in Wuhan has built a "unmanned self-service grocery store" that allows the medical staff to purchase their daily necessities at any time while processing their payment through a mobile payment app at the full self-service cashier, hence reducing to zero any human intervention. The self-cashier system in the store is provided by China's tech-giant **Alibaba.**

Delivery robots have been used to carry food from door-to-door to hotel residents in Hangzhou, China to people being quarantined after traveling on a flight with patients thought to

be infected by coronavirus, Reuters reported.

Also **Baidu**, China's leader in driverless technology, has deployed a range of unstaffed vehicles for various uses in the epidemic area.

Chinese tech, retail, food and delivery companies have shown a strong ability to rely on technology to quickly adapt to new consumers' behavior to overcome this period of economic and social distress. Not only Millennials and urban consumers are engaged in e-commerce shopping. The health crisis could indeed lead to new patterns of online consumption based on changes in users' age, locations and other demographics.

The epidemic is indeed much likely to represent a substantial push for an even faster growth in China's digital economy, reaching out new market segments such as elder people and rural residents.

Online trade in China is the most mature in the world. Successful brands in China have been able to create an ecosystem that mixes web related sales with physical stores. All of this has been made possible thanks to a successful integration of **(i) artificial intelligence, (ii) consumer data collection and (iii) increased mobile payment adoption rate.**

Big players like Alipay and WeChat Pay have now been adopted widely by shopkeepers, restaurateurs and consumers. In a country where credit cards have never been widely adopted, businesses are moving directly from cash to payment apps.

According to Statista Digital Market Outlook, in 2019, user penetration in the mobile point-of-sale segment in

China was equal to 35%, far above if compared to advanced economies from the West (9% for the US and 6.5% for the UK).

Yet, the overall annual transactions value per user is still higher in the US (equal to USD 2,994) and in the UK (equal to USD 2,465), whereas Chinese users spend online an average of USD 1,163 a year. If we combine this information together, this means that the average Chinese online platforms' user spends less than the half of the yearly amount of Americans and Brits, but the mobile payment adoption rate in China is up to 5 times the one of UK and US.

Data confirm that mobile payment platforms remain the most favorable purchasing channel for Chinese consumers, hence delivering a great opportunity for western brands aiming at exploiting the vast Chinese market.

How to take advantage of the Chinese online ecosystem

The current health crisis could represent a push for western brands, that should now more than ever consider to further enhance their online presence in China in order to achieve equity brand growth and increased exposure to the final consumers.

However, the Chinese big consumer base can result being a double-edged sword: brands risk to get "diluted" by the vast purchasing options that Chinese consumers now have. Target specific consumer groups, increasing precision and lowering acquisition costs are key goals for brands willing to overcome the challenges of a crowded digital market and survive long-term.

The Chinese market is complex and multi-faceted. It is key for foreign

investors to develop a clear digital strategy on how to best position brands and use digital channels efficiently to reach and sell to the target audience.

Foreign investors should approach the digital world by carefully considering the following three major digital communication channels:

- I. sale through e-commerce platforms (i.e Tmall / Taobao);
- II. sale through social media platforms (i.e Wechat / Xiaohongshu);
- III. sale through a proprietary website with Chinese domain.

Every communication channel entails different opportunities, risks and costs. Comparison factors such as accessibility; existing frictions and integration with other platforms, data ownership, management and exposure of viewers traffic, digital marketing tools availability, etc. should be included in the equation when drafting the most suitable marketing strategy to put in place.

The right business model may be achieved by actually combining more online and offline market platforms, resulting into an efficient implementation of a **"omnichannel model"**, the integration of online and in-person purchasing that ensures a unified experience at every touch point with the brand.

Within a competitive e-commerce market, standing out from the crowd is the key to success. Relevant for western brands is to create a dynamic online ecosystem able to keep followers entertained through creative and engaging content. This is made possible by integrating marketing campaigns, livestreaming activities, media placement and engagement of influencers.

WeChat for example, has become

a high versatile platform where western brands can develop their own personalized WeChat shop and operate with cross-border payments. Hence, even if the foreign brand does not yet have a registered company in China, you can start selling within a few weeks.

Foreign brands can also leverage on dedicated import e-comm platforms such as kaola.com and VIP.com. Goods can be shipped to their fulfilment warehouses in Fujian FTZ or Hong Kong and they will take care of the distribution.

What Fidinam is able to offer to clients

Fidinam, in cooperation with trusted partners specialized in the provision of digital solutions for foreign brands, is able to prepare feasibility study comprising of (1) Competitors Analysis, (2) E-Commerce platforms benchmark comparison and (3) Tailor-made Business Plan.

Based on client's specific investment criteria such as (i) investment

period and budget; (ii) sales and growth expectations, (iii) customer coverage expectation, (iv) product's characteristics, we provide our clients with a tailor-made business plan providing advice on how to integrate e-commerce platforms with other e-commerce platforms or offline retail solutions efficiently. We will deliver revenue tables modelled after the investment criteria yielding an approximation of cost and performance according to different digital marketing models. The cost analysis will be comprising of an overview of (i) platform set-up costs; (ii) platform management costs; (iii) marketing activities costs; (iv) creative/social engagement campaigns cost; (v) livestreaming activities and (vi) ads placement costs.

Fidinam is able to provide 360 degrees operational support to clients thanks to expertise developed in the field of corporate structuring, logistic coordination, Accounting best practice, traditional- and/or virtual bank account opening, tax planning and trademark registration.



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AUSTRALIAN FOREIGN INVESTMENT REVIEW BOARD: MEASURES TO FIGHT CORONAVIRUS

Due to the Coronavirus emergency, Australian Government has announced several special economic measures. Along with the well-known measures announced in recent months – i.e. the increased threshold for Instant Asset Write-Off (IAWO) and the cash flows boost for employers which will provide up to \$100,000 AUD to go back to business, the Treasurer has announced changes to Australia's foreign investment review framework that amends some notes to the 29th

March measures.

On 29 March 2020, the Treasurer announced that due to the impacts of the coronavirus outbreak, all monetary screening thresholds will be temporarily reduced to \$0. Starting from 10:30 pm AEDT 29 March 2020, proposed foreign investments into Australia subject to the Foreign Acquisitions and Takeovers Act 1975 (the Act) will require approval, regardless of value or the nature of the foreign investor. This temporary

change will be achieved by reducing the monetary screening thresholds to \$0 for all foreign investments under the Act. The changes will apply to all foreign persons subject to the Act – no matter investor's country of origin, and whether they are a private foreign investor or a foreign government investor.

About Fees

As announced on the FIRB website on 23 March 2020, the Treasurer will consider refunding a fee paid where the

measures being implemented globally, and in Australia by governments, businesses and individuals in relation to the coronavirus pandemic have resulted in delays to, or deferrals of, investment decisions that are currently the subject of a foreign investment application, and the applicant wishes to withdraw that application.

A lower fee applies for acquisitions of interests in non-vacant commercial land with consideration of \$55 million or less by foreign government investors. Prior to the \$0 screening threshold changes, only foreign government investors were screened for low-value non-vacant commercial land. However, as

acquisitions for non-vacant commercial land are now subject to a \$0 threshold, a differentiated fee outcome for this type of acquisition between \$10 million and \$55 million exists. Namely, foreign government investors will be required to pay a fee of \$2,000, while foreign non-government investors will be required to pay a fee of \$26,200.

If an interest is being acquired in a land entity which holds non-vacant commercial land, the standard fee for an interest in an Australian entity action will continue to apply (if applicable).

If you wish to know more about Australian measures and real estate market, Fidinam (Australasia) Real Estate is keen to help you on this.



MATTHEW BURROWS

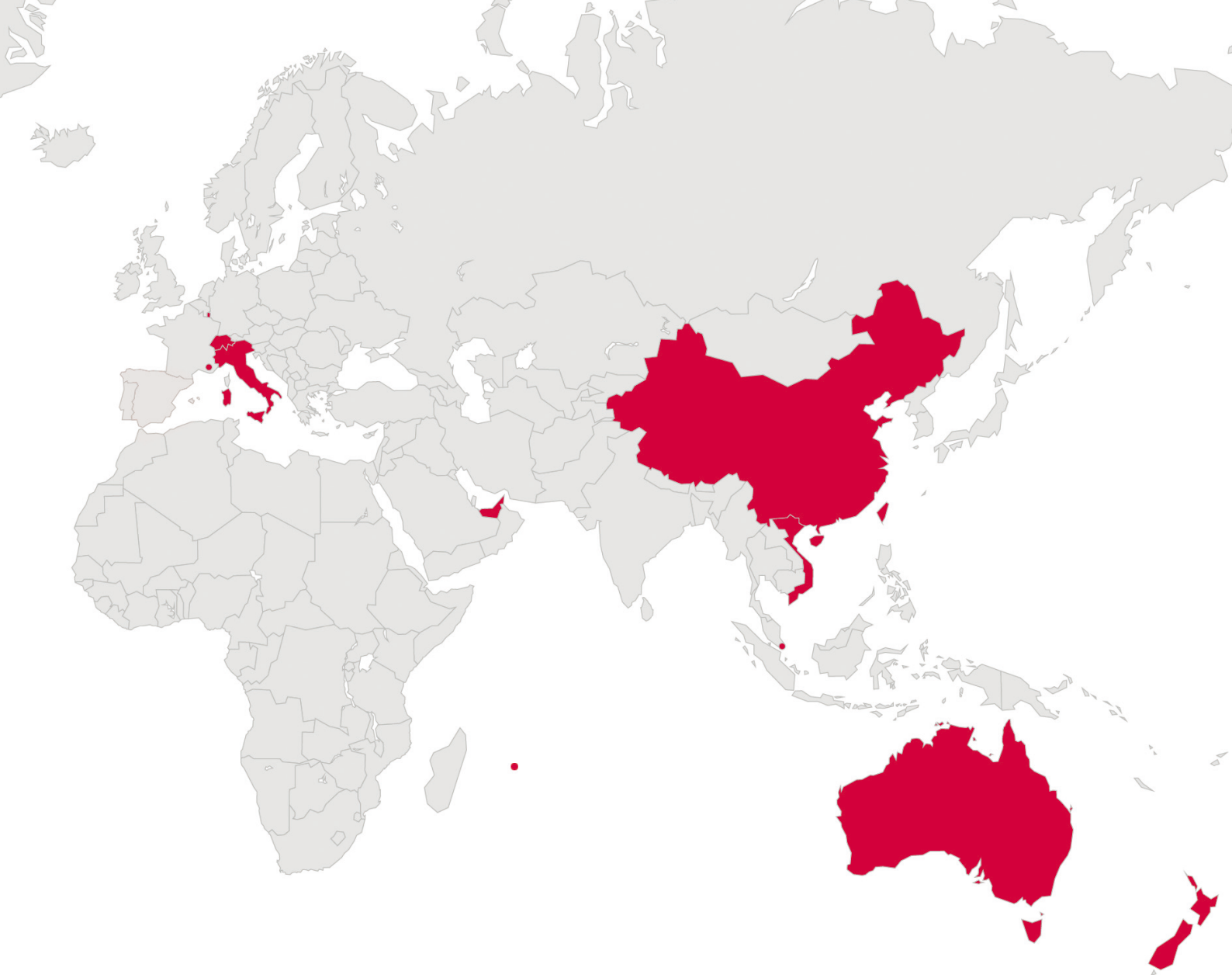
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The effect of the Guidance Note

<i>Foreign non-government investors proposing to acquire non-vacant commercial land where the consideration is...</i>	<i>Payable fee at time of application</i>	<i>Effect of Guidance Note 53</i>
\$10 million or less	\$2,000	Unaffected
Above \$10 million and not more than \$55 million	\$26,200	Fee waivers will be considered and processed on a per-application so that the foreign non-government investor will ultimately pay the same fee as foreign government investors.
Above \$55 million and not more than \$1 billion	\$26,200	Unaffected
Above \$1 billion	\$105,200	Unaffected

The information contained in this note is for general information purpose only and is not intended to be relied as a substitute for tax, corporate and accounting professional consultation. Please refer to Fidinam staff for specific advice.



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