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THE CHARTERED ACCOUNTANT

JOURNAL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

Role of Accountancy Profession in Sustainable Development Goals

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Role of Profession in Sustainable Development Goals

"The 2030 Agenda and its 17 Sustainable Development Goals (SDGs), adopted in 2015, provide a coherent, holistic framework for addressing these challenges and their interconnections. .... They require member states to address the social, economic and environmental dimensions of sustainable development in a balanced manner. Their implementation must embody the principles of inclusiveness, integration and 'leaving no one behind'."

– António Guterres,
United Nations Secretary-General

Many millennia back, humans were insignificant part of ecological system and were as trivial as any other living creature on earth. There was a natural balance in ecology. The scenario is much different today and it would not be exaggeration to state that humans are virtual rulers of earth. Incidentally, their growth is seriously impacting the life of animals, plants and other natural resources on the planet. The humongous growth that has happened in recent centuries has only aggravated the position. Apart from ecological and environmental challenges, the growth of humans has been lopsided with its benefits available to selected few. While growth is skewed with many people enjoy overabundance of wealth and power, there are several others who are deprived of basic necessities that constitute food, clothing, shelter, education and medical facilities. There are countries that are not able to meet basic human needs. Poverty, lack of sanitation, pollution, lowering biodiversity, ozone depletion, climate change, acid rains are some of the several problems damaging the life on earth. Even some of the species are getting extinct making this damage irrevocable in nature.

United Nations, sensitising global challenges adopted seventeen interconnected ***Sustainable Development Goals*** as holistic approach to achieve a better and more sustainable future. The seventeen goals are comprehensive in nature leaving no issue untouched with target to achieve them by 2030. These goals cover poverty, hunger, health, education, gender equality and women empowerment, water and sanitation, energy, economic growth, infrastructure and industrialisation, inequality, cities, sustainable consumption and production, climate change, oceans, biodiversity, forests, desertification, peace, justice and strong institutions and partnerships.

The emerging Indian economy has been taking many pathbreaking initiatives for overall inclusive and sustainable development of country covering rural economy, sanitation facilities, affordable quality education, inexpensive medical facilities, gender equality, pollution control, resource conservation and like. The fruits of growth are to be enjoyed by all. India also has failsafe system of Corporate Social Responsibility for specified companies within the Companies Act, 2013. Involving large profit making companies to participate in the socially relevant initiatives is a visionary step that is helping in accomplishment of a number of Sustainable Development Goals of United Nations.

The Institute of Chartered Accountants of India, as a partner of nation building takes several steps for achieving societal objectives and inclusive growth. It is a normal routine for the various organs of the Institute to organise activities such as blood donation, tree plantation and having a *Swachh Bharat*. The Institute also works towards broadening the tax base and improving rationality in the tax systems. Chartered Accountants with their proficiency in tax laws with its *canon of equity*, anyways help in diverting the resources to where they are needed most, thus helping in inclusion. There are many Chartered Accountants who have specialised into emerging sustainability areas covering green audit, environment audit, CSR audit and like.

The profession, in a gradual manner, is also adopting integral reporting combining traditional financial reporting and sustainability reporting bringing transparency and accountability in the issues that traditional financial reporting does not cover. Integral reporting present linkages between economic, social and other considerations from long-term perspective. They present information on financial performance and other information that is value relevant on environmental, social and governance parameters. The role of profession is acquiring a unique position within the society to set standards and generate information in line with the principles of sustainable development.

-Editorial Board ICAI: Partner in Nation Building

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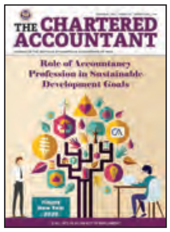

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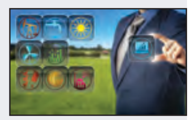

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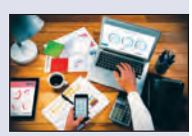

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THE CHARTERED ACCOUNTANT

JOURNAL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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ICAI IN MEDIA

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From the President

My dear Professional Colleagues,

A very Happy New year to all of you!

A new year marks a new beginning. With the onset of another year, we stand at a junction, face to face with the chance to build a fresh start. Infused with hope and positive energy, we must let all bygones be bygones, as when we set to accomplish some goals, it is natural for some agenda to remain unfinished in the process. These should then be addressed and achieved, afresh with the zeal and vigour the New Year brings in. Amidst our endeavour to free ourselves from the past, we ought to simultaneously remember to keep all our treasure-worthy lessons safe with us for lifetime. Basking in the light of the brighter and better opportunities that the New Year has in store for us, it is essential to ensure that we begin the next era of our lives with a peaceful mind. A new year also brings with it the chance for us to recall our aims and goals and realign our targets with the ever-changing circumstances. The legacy of crafting new year resolutions has continued through the ethos of time and all for good reason. After all, any task well begun is half done.

The Institute of Chartered Accountants of India has always been a firm believer of the fact that independence, integrity and excellence are best accompanied with consistency and persistent eyes on the goals. It urges one and all to not let their New Year resolutions get lost in daily routines. Rather, with unbridled willpower and undying determination induced by this new beginning, we hope you materialise all your dreams and aspirations.

In more than seven decades of existence, the profession has reached pinnacles, not without reason. The three hundred thousand plus members are the touchpoints of the profession connecting with stakeholders - big and small, spread in different parts of the world. The future lies in your hard work and ethical conduct that can take you to achieve and help the profession to grow. The Institute and its members need to work in tandem with each other to achieve and deliver the needs of business, society and nation. CA. H.B. Dhondy, Past - President, ICAI said "*The life blood of any organisation, particularly of a professional Institute, is the active interest and participation of its members. One of the dangers inherent in any organisation such as ours is that it can become remote from its members, lose their support, and so its raison d'être.*"

While you put in your best foot forward, it is also of extreme importance to cherish your family and friends and make time for them. The love of your kith and kin is more than enough to ensure that the New Year energy sustain the upheavals of time and make it to the end of the year. After all it is nothing but the shelter of their love and the comfort of their companionship that makes all ends easier and beginnings happier. "*The real friendship is like fluorescence, it shines better when everything has darkened* ." - Rabindranath Tagore

Let me update you about some of the significant developments that have taken place during last one month:

ICAI's International Conference, 2019

The ICAI's premier International Conference on "*Accountancy Profession: Catalyzing Reforms, Creating Values*", was successfully held on December 6-7, 2019 in Mumbai, the financial capital of India. The Conference witnessed a galaxy of speakers both of national as well as international eminence from Government, Industry and Accounting profession including Mr. Alan Johnson, Deputy President, IFAC; CA. Suresh Prabhu, Hon'ble Member of Parliament (Rajya Sabha) and Prime Minister's Sherpa to G 7 and G 20 and CA. Thomas Chazhikadan, Hon'ble Member of Parliament (Lok Sabha). The Conference was addressed by 36 speakers including many Past-Presidents of ICAI.

Among others, present and former members of the ICAI Central Council and Regional Councils, Chairmen of ICAI Branches and ICAI foreign Chapters were present at the Conference. The Conference witnessed overwhelming response with over 1200 delegates attending the event and over 4500 members virtually participated through live webcast. For the first time online structured CPE hours were introduced at this Conference on the basis of Multiple Choice Questions where 800 members participated on day 1 and 388 members on day 2. The Conference provided an apt platform for participants to interact on areas of relevance to the accountancy profession. There were five technical sessions, four panel discussion and two special sessions at the Conference. The Conference had a separate concurrent session on 'Overseas opportunities for Indian CAs' which was addressed by the representatives of 12 ICAI overseas Chapters.

Meeting with delegation from CPA Australia

A delegation from CPA Australia led by Mr. Andrew Hunter, CEO, CPA Australia had visited ICAI Mumbai and had met with ICAI leadership to discuss on the renewal of the MRA between ICAI and CPA Australia. Discussions were held on organising joint online CPD programs for members of both the Institutes. It was suggested that public practice was another area wherein both the Institutes could collaborate. CPA Australia also shared with us their experience as WCOA 2018 host which was very enlightening. They also offered to promote the World Congress among their members through various means.

Annual Event of ICAEW

I also had the pleasure to attend and address at the Annual Event of ICAEW on the theme 'Digital in a Finance World' on December 5, 2019 in Mumbai. Happy to share that ICAI and ICAEW have collaborated for a joint research on '*Robotic Process Automation*'. The project will focus on the research question – how are businesses automating finance and accounting processes.

Capacity Building Initiatives for Members and Firms

(a) *Reduction in fee of Certificate Courses and Diploma Courses:* Skills and knowledge are the driving forces of any profession. Continuing education and professional development are the hallmark of accountancy profession, and to meet the increased expectations of all stakeholders it is imperative to provide more impetus on skill capacity building. IFAC also requires, "*professional accountants, regardless of sector or size of the organisation in which they operate, undertake relevant CPD to develop and maintain professional competence to perform their role as a professional accountant.*" I am pleased to inform you that to enable more members to take benefit of Certificate Courses and Diploma Courses, **we have recently decided to reduce registration fee by 30%.** This is a bold initiative taken by the ICAI to get the membership to skill itself in specialised areas and I hope more and more members will utilise this opportunity.

Further, it has been **decided to create a fund of ₹ 30 crore for Skill Development/ Capacity Building initiatives** for CA professionals to primarily focus on development of audit tools, software, arrangements, etc. and to equip them with latest technology and develop the Skill Set for their Professional Enhancement.

(b) *Digital Competency Maturity Model 2.0:* To enable our accounting firms to gauge their relative maturity level as regards their digital competency pertaining to Audit and Accounting related functions being rendered by them, the Digital Accounting and Assurance Board of ICAI is releasing '*Digital Competency Maturity Model (DCMM) for Professional Accounting Firms – Version 2.0 and Implementation Guide*'. This newer version has taken into account discipline specific categorisation of accounting firms and related technology adoption for achieving efficiency and productivity gains. It also includes a new section on emerging technologies and also provides guidance on implementation of each of the sections. The Board is setting up a strategy for encouraging members to adopt DCMM Version 2.0. With this evaluation accounting profession will embrace emerging technologies which will not only enable them to harness power of technology but will also play effective role as digital transformation catalysts.

(c) *Ready Referencer on Engagement and Quality Control Standards:* Chartered Accountants provide high quality services to business and industry bringing credibility to the financial

FROM THE PRESIDENT

statements and various reports. In this regard, Auditing and Assurance Standards Board (AASB) of ICAI has released a booklet, *'Ready Referencer on Engagement and Quality Control Standards'*, containing 46 Engagement and Quality Control Standards issued till date for the benefit of members.

AASB has also completely revamped its E-learning course on Standards on Auditing. Under the revamped course, existing text based e-learning modules have been discontinued and the video lectures of all standards have been converted to e-learning modules by incorporating necessary changes.

Overseas Campus Placement

We through the Committee for Export of CA Services and WTO have organised Overseas Campus Placement for Chartered Accountants and Accountants from 12th to 14th December, 2019 in Delhi, Mumbai and Chennai in physical mode and in Bangalore, Hyderabad, Pune, Jaipur and Ahemdabad through video call. During the drive 18 companies, 4971 Chartered Accountants and 1342 Accountants have registered for 116 vacancies for Chartered Accountants and 26 for Accountants. Out of which 492 Chartered Accountants and 69 Accountants have been shortlisted and 187 Chartered Accountants and 47 Accountants have consented and accepted the assignments.

Twelve new Accounting Standards for Local Bodies

The Institute has been formulating accrual based Accounting Standards for Local Bodies (ASLBs) since March 2005 to improve financial reporting of Government at the third-tier of Government, i.e., Local Bodies that are moving towards accrual accounting. Moving forward in this direction, the Council has recently approved 12 new ASLBs in addition to 15 already issued ASLBs to complete the set of ASLBs, which can be considered by the Government for the notification and time bound implementation.

This is indeed a big step towards improving financial management system in the local bodies. ASLBs are based on the internationally accepted Accounting Standards for Government, i.e., International Public Sector Accounting Standards (IPSASs) and take into account India's unique governance and demographic features.

Submission of Pre-budget memoranda to the Government

As a part of contributing to national agenda and sharing our expertise in taxation domain, ICAI regularly submits its Pre-Budget memoranda in the areas of Direct and Indirect Taxation. It is a matter of great pride for us that many of our suggestions are acknowledged and regularly form part of annual budgets released in past by the government. Invariably, we share our concerted views on simplification of tax laws, removal of challenges and improvement in tax base.

Pre-Budget Memorandum, 2020, on (Direct and International Taxation) included the suggestions from members at large, ICAI branches, study circles, and other stakeholders was submitted to the Central Board of Direct Taxes that followed a Pre-budget meeting with CBDT officials wherein the suggestions of ICAI were discussed in an elaborate manner. On similar lines, we presented the highlights of the suggestions contained in Pre-Budget Memorandum, 2020 (Indirect Taxes) before the officials of the Central Board of Indirect Taxes and Customs and later on submitted finalised Pre-Budget Memorandum, 2020 on Indirect Taxes.

Investor Education and Awareness

A State Level Conference on Investor Education and Awareness was organised by Committee on Capital Market and Investors Protection in Dharamshala on 20th December, 2019 under the aegis of Investor Education Protection Fund Authority (IEPFA) of MCA. The conference was inaugurated by Shri. Anurag Singh Thakur, Hon'ble Minister of State for Finance and Corporate Affairs, Government of India and was graced by Shri Manoj Pandey, Joint Secretary and CEO, IEPF Authority, Ministry of Corporate Affairs, Shri. Navneet Chauhan, General Manager, IEPF Authority and CA. Atul Kumar Gupta, Vice-President ICAI.

ICAI Digital Learning Hub

ICAI Digital Learning Hub is an integrated Learning Management System (LMS) which brings a new knowledge ecosystem in a collaborative pedagogical model with participatory learning to improve learner outcome. I urge all members and students to visit learning.icai.org and experience this path breaking reform which also enables fulfillment of structured and unstructured CPE limits. I would like to mention here that on the basis of requests received from Members who were unable to comply with CPE hours requirements for current calendar year and block period, CPE Directorate has decided to extend the last date for compliance of CPE hours requirements for the Calendar year 2019 and Current Block period 2017-2019 till 31st January, 2020.

Accountancy Profession: Partner in Nation Building

The issue of perception gap regarding the profession continues to remain of utmost concern and importance to the Institute. I may not over-emphasise when I say that the nation, as well as the economy, depends on us for true, fair and reliable financial statements. The Central Government as well as State Governments heavily rely on us, while determining the accuracy of expenditure incurred as allocated in their Annual Budget for various Sectors/Schemes. They primarily rely on the Utilisation Certificate issued by us, to substantiate the veracity of such expenses. It is absolutely essential that each one of us, while performing our professional assignment, keep in mind the image of our profession and constantly endure to perform our functions, in accordance with the Code of Conduct and integrity, which certainly has to be the touchstone of our profession.

In this regard, I am pleased to share that we have taken various steps to further strengthen the core regulatory function of ICAI by way of appointing more professional manpower, infrastructure development through initiation of automation of the disciplinary process and e-hearings and conducting regular and frequent meetings of different benches of the Disciplinary Committee (DC) and Board of Discipline (BOD).

I wish to share that during the current Council Year we have held a total number of 59 meetings of Board of Discipline and Disciplinary Committee upto 30th November, 2019. With support of all DC/BOD members specially Government Nominees, we have concluded hearing in 351 cases which is much higher as compared to cases concluded in past many years and have also awarded punishment in 64 cases. Further, the DC/BOD has also considered prima facie opinion of the Director (Discipline) in 387 cases during current Council Year.

I may add that the aforesaid disposal mentioned in statistical terms is a testimony of the time and efforts spared by my colleagues from the Council and the Government Nominees in the said Committee/Board who have shared my burden through participation in meetings despite their other commitments and professional assignments so as to try and achieve an expeditious disposal of the disciplinary matters on hand.

Shri Sarvepalli Radhakrishnan, first Vice President and the second President of India said *"The worst sinner has a future, even as the greatest saint has had a past. No one is so good or bad as he imagines."* The power of mind is strong and useful power that human beings possess. This power consists of our thoughts and makes us optimistic or pessimistic. These thoughts are responsible for everything that happens in our lives and optimism is the cornerstone of accomplishments.

Our thoughts have potential to unleash the unexplored abilities that we have. A Journey, however long and strenuous, begins with small steps. Steps that can lead you to your goals and bring joy. A positive attitude can make us happier and resilient to the challenges that the life throws on us. We can achieve, what we believe in. Our potential is guided by our thoughts.

Positivity is enshrined in the smile that we may have accepting a challenging task. Accepting a challenge we may not be sure of answers explaining what, where, when, who, why and how aspects of the challenge, but gracefully accept it and make a small beginning. Soon we realise things fall in place and how simple it is to complete the task and emerge winner. Chartered Accountants with their acumen are in position to plan and strategise and achieve many tasks that otherwise look impossible. We need to come forward and give a try. For if we do not try with the positivity, how can we achieve? As it is said – *"Keep your face always toward the sunshine - and shadows will fall behind you."*

I heartily conclude my message with greetings for the Republic Day, *Makarsankranti*, and *Pongal*, to all of you.

Best wishes,

CA. Prafulla P. Chhajed
President, ICAI
26th December, 2019

Photographs

Meeting with Hon'ble MP

ICAI President CA. Prafulla P. Chhajed along with Central Council Member CA. Rajesh Sharma felicitating CA. Arun Singh, Hon'ble Member of Parliament (Rajya Sabha) (20.12.2019)

Meeting with ITAT Vice President

ICAI President CA. Prafulla P. Chhajed and ICAI Vice-President CA. Atul Kumar Gupta felicitating Hon'ble Vice-President ITAT, Shri G. S. Pannu (17.12.2019)

Meeting with Director CBI

ICAI President CA. Prafulla P. Chhajed meeting with Shri Rishi Kumar Shukla, Director CBI (20.12.2019)

Meeting with ITAT President

ICAI President CA. Prafulla P. Chhajed and ICAI Vice-President CA. Atul Kumar Gupta felicitating Hon'ble President ITAT, Justice P. P. Bhatt (17.12.2019)

Meeting with CEO CPA Australia

ICAI President CA. Prafulla P. Chhajed meeting with CEO CPA Australia, Mr. Andrew Hunter (03.12.2019)

National Conference, Guwahati

Chief Guest Hon'ble Finance Minister of Assam, Dr. Himanta Biswa Sarma, addressing the members. Also seen on the dais Central Council Member CA. (Dr.) Debashis Mitra and managing committee members of Guwahati Branch (22.11.2019)

Investor Awareness Programme, Dharamshala

ICAI Vice-President CA. Atul Kumar Gupta with Shri Anurag Singh Thakur, Hon'ble Minister of State for Finance and Corporate Affairs at State Level Conference on Investor Education and Awareness. Also seen in picture Shri Manoj Pandey, Joint Secretary, CEO, IEPF Authority, MCA, CS. Ranjeet Pandey, President, ICSI and CS. Ashish Garg, Vice-President, ICSI (20-12-2019)

Foundation Day, Faridabad

ICAI Vice-President CA. Atul Kumar Gupta felicitating Shri Om Birla, Hon'ble Speaker of Lok Sabha at 40th Foundation Day of Faridabad Branch (21-12-2019)

Interactive Meet with members, Pune

ICAI President CA. Prafulla P. Chhajed along with Central Council Member CA. Chandrashekhar V. Chitale during Interactive Meet with members in Pune (14.12.2019)

National Conference, Pimpri-chinchwad

ICAI President CA. Prafulla P. Chhajed along with ICAI Central Council Members CA. Durgesh Kabra and CA. Chandrashekhar V. Chitale at National Conference on Indirect Taxes in Pimpri Chinchwad (14.12.2019)

Interactive Session, Jalgaon

ICAI President CA. Prafulla P. Chhajed during Interactive Session with members in Jalgaon (10.12.2019)

Accountancy Museum, Mumbai,

ICAI President CA. Prafulla P. Chhajed unveiling of Accounting Museum at MMK College with CA. Dr. Niranjan Hiranandani, President ASSOCHAM. Also seen in picture CA. Priti Savla Chairperson, WIRC and CA. Dr. Kishor Peshori, Principal, MMK College (24.12.2019)

Photographs

Sub Regional Conference, Belgaum

ICAI Vice-President CA. Atul Kumar Gupta with Chief Guest Shri Suresh Angadi, Hon'ble Minister of State for Railways, Central Council Member CA. Dayaniwas Sharma and Chairman SIRC CA. Jomon K. George (22-12-2019)

Release of Publications

ICAI President CA. Prafulla P. Chhajed along with Central Council Members releasing ICAI publications (18.12.2019)

CPE Manual

Digital Competency Maturity Model Version 2.0 and Implementation Guide

Intensive Programme on Ind AS - Brochure

Ready Referencer on Engagement and Quality Control Standards

Jury Meet, Mumbai

ICAI President CA. Prafulla P. Chhajed along with CA. Thomas Chazhikadan, Hon'ble Member of Parliament, Shri Rajnish Kumar, Chairman, State Bank of India and Jury Chairman, ICAI Vice-President CA. Atul Kumar Gupta, Jury Members and ICAI Central Council Members at Jury Meet of ICAI Awards for Excellence in Financial Reporting (13.12.2019)

Conference, New Delhi

ICAI President CA. Prafulla P. Chhajed addressing the members at Conference on Effective Board Dynamics. Also seen in picture ICAI Vice-President CA. Atul Kumar Gupta, Central Council Members CA. Chandrashekhar V. Chitale and CA. Debashis Mitra (26.11.2019)

EIRC Regional Conference

ICAI President CA. Prafulla P. Chhajed along with Editor & Founder –SANMARG and Former MP, Rajya Sabha Shri Vivek Gupta at the inauguration of 44th Regional Conference of EIRC. Also seen in picture Council Members, CA. Ranjeet Kumar Agarwal, CA. (Dr.) Debashis Mitra, CA. Sushil Kumar Goyal and Chairman, EIRC, CA. Sumit Binani (21.12.2019)

CII Programme, Delhi

ICAI President CA. Prafulla P. Chhajed, ICAI Past-President CA. Amarjit Chopra and Central Council Member CA. Sanjeev Kumar Singhal at a programme by CII (17-12-2019)

One Day Conference, Visakhapatnam

ICAI President CA. Prafulla P. Chhajed at the Udyati 2, One Day Conference in Visakhapatnam along with Central Council Members CA. (Dr.) Debashis Mitra, CA. D. Prasanna Kumar and Chairman Visakhapatnam branch with other Managing Committee Members (21.12.2019)

From the Annals of History of Indian Accountancy Profession

CA. S.K. Dasgupta

ICAI President, (39th Annual Meeting of the Council, 15th September 1988)

"In the process of social and economic development the role of the profession has grown gradually more important, particularly in today's matrix of business laws, management of scarce resources, widespread sickness in industry and growing information needs of various segments of society than what it was before. Accountancy profession is now known in hitherto unknown circles, more talked about and much sought after for providing varied services, as its role gets clearly defined."

"Simultaneously, there is a movement in developed and developing countries towards harmonising the widely varying technical and ethical standards and practices of the profession by establishing uniform standards, to the extent possible, throughout the world. The harmonisation process will make the profession more credible, comparable, and widely acceptable worldwide. A special working group, of which India is a member along with 9 other countries, has been set up under the auspices of the XIII World Congress of Accountants to accelerate the process of a harmonised accountancy profession worldwide through the International Federation of Accountants and the International Accounting Standards Committee."

"Professional accountants in the world over are today willing and able to interact among themselves more closely through regional and international bodies which seek to bring about a closer coordination. New vistas have been opened for promoting and sustaining internationalisation of the accountancy profession. This is to be seen in the context of rapid technological development that has given a new thrust to the growth and development of our profession."

"The Code of Conduct continues to be strictly enforced as a means of regulating the profession. Some of the self-regulatory measures have been made mandatory. .... . The Chartered Accountants Regulations, 1988, have been effective from June, 1, 1988. The new regulations, it is hoped, will pave the way for growth and development of the profession within the bounds of ethical conduct."

"Members of the profession have built, over the years, an enviable public image by their competence, outlook and integrity. It should be our continuous effort to preserve and improve this image."

CA. N.C. Sundararajan

ICAI President, (43rd Annual Meeting of the Council, 16th January 1993)

"We are perhaps the largest organised profession in the country in the Industrial and Commercial Sector providing management experts particularly in the field of financial management, systems development, audits, corporate laws, taxation, and management accounting. That such a vast reservoir of skilled and expert manpower has been produced by the Institute in the last 43 years or so, without making any claim on the exchequer of the country, is a matter of pride for us. With the development of the financial services sector, our members have branched out to new areas and one feels satisfied to find that the profession has truly come of age – both in terms of quality of the services it renders as well as the quantum of those services."

"In our endeavour to keep profession on the forefront, we have adopted a concerted strategy in terms of improving both – the technical competence and the ethical standards of the profession. We earnestly believe that these two are the main pillars on which the profession rests and disregarding of either would be highly risky."

"Adoption of uniform accounting standards assumes special importance in the context of the liberalisation of the economy under which the companies entering the capital market will be appraised by investors themselves."

"The Institute continues to play its due role in the sphere of direct and indirect taxation. The Government had constituted a high level Tax Reforms Committee under the chairmanship of Dr. Raja J. Chelliah to examine the structure of direct and indirect taxes and make recommendations inter alia for making the tax system more elastic, broad-based and also to suggest measures required for simplifying the existing laws and regulations to facilitate better enforcement and compliance. The Institute submitted a detailed memorandum to the Tax Reforms Committee."

"The Assembly of the International Federation of Accountants (IFAC) has elected India on the new Council of IFAC from November 1992. We have also been invited to join the Board of the International Accounting Standards Committee (IASC) for the first time since its inception in 1973."

ICAI International Conference

Accountancy Profession: Catalyzing Reforms, Creating Values

6th & 7th December 2019, Mumbai

Special Session

'Accountancy Profession: Catalyzing Reforms, Creating Values'

ICAI International Conference - A report

Two Days of enriching experience, two days of comprehensive learning, two days of interactive information exchange, two days of expansive growth - these were two days of the International Conference organised by the Institute of Chartered Accountants of India on 6th and 7th December, 2019. Many luminaries and more than 1200 knowledge hungry professionals, from all over the country and abroad eagerly assembled at the conference in order to kindle the light of knowledge and soak in the warmth of learning in the cool environment of December month in Mumbai. Marking the days as the days of celebration of erudite intellect, the conference, with the theme "Accountancy Profession: Catalyzing Reforms, Creating Values", was exponentially successful in imparting vast amount of knowledge, building myriad perspectives, developing relations, edifying development of cognitive skills.

The prestigious ICAI International Conference on 'Accountancy Profession: Catalyzing Reforms, Creating Values', was successfully held on December 6-7, 2019 in Mumbai, the financial capital of India. The Conference witnessed a plethora of speakers both of national as well as international eminence from Government, Industry and Accounting profession including Mr. Alan Johnson, Deputy President, IFAC; CA. Suresh Prabhu, Hon'ble Member of Parliament (Rajya Sabha) & Prime Minister's Sherpa to G 7 and G 20; CA. Thomas Chazhikadan, Hon'ble Member of Parliament (Lok Sabha) and Padma Shri CA. (Dr.) T. N. Manoharan, Past President, ICAI.

Among others, present & former members of the ICAI Central Council and Regional Councils, Chairmen of ICAI Branches and ICAI foreign Chapters were present at the Conference. The Conference witnessed overwhelming response with over 1200 delegates attending the event and was very well appreciated by all the delegates.

The International Conference aimed to highlight the enabling role of Accountants in catalyzing reforms and at the same time creating economic values including exploration of new pathways to accounting excellence for the next generation of accountants. The conference provided a common and an apt platform for academicians, researchers, practitioners, and policymakers in the areas of accounting and finance.

The complete proceedings of the Conference was also webcasted and for the first time online structured CPE hours were introduced at this Conference on the basis of response submitted for Multiple Choice Questions based on technical session where 800 members participated on day 1 and 388 members on day 2.

There were five technical sessions, five panel discussion, and two special sessions and a motivational session at the Conference. The Conference had a separate concurrent session on 'Overseas opportunities for Indian CAs' which was addressed by the representatives of 12 ICAI overseas Chapters and received enthusiastic response from the participants.

Following is the brief report of the various sessions of the Conference.

Day I

December 6, 2019

Technical Session I

'Accountancy Profession: Catalyzing Reforms, Creating Values'

A short film on ICAI's sagacious journey of 7 decades and major accomplishments of the current Council year was showcased which enthralled the audience.

The Conference started with the lighting of lamp ceremony by Mr. Alan Johnson, Deputy President, IFAC, Padma Shri CA. (Dr.) T.N. Manoharan, Past President, ICAI, CA. Prafulla P. Chhajed, President, ICAI, CA. Atul Kumar Gupta, Vice-President, ICAI, CA. Priti Savla, WIRC Chairperson and Shri Rakesh Sehgal, Acting Secretary followed by recital of ICAI motto song.

Shri Rakesh Sehgal, Acting Secretary, ICAI welcomed all the dignitaries, the members in the profession and esteemed guests. In his welcome address, he emphasised on the importance of International Conference as a platform for knowledge enrichment and exchange of ideas & networking.

Addressing the Conference, CA. T. N. Manoharan said 'If there is one profession which is an integral part or almost co-existent and growing along with the growth of the economy, it is the profession of Chartered Accountancy.'

He further congratulated ICAI for its commitment to the fundamental principles of excellence, independence and integrity. ICAI has been continuously making an intense and concerted efforts to train and educate its members & students with latest developments in academics that helps them in providing sustained resilient reporting practices in the dynamic market place.

Mr. Alan Johnson, Deputy President, IFAC shared 'ICAI is a distinguished founding member of International Federation of Accountants (IFAC) is effectively supporting this noble profession of accountancy since 70 years.'

He further added 'This Conference is an apt platform for one to one interaction and exchange of ideas amongst the global and local accounting fraternity. I am glad to share that ICAI is a perfect choice to host World Congress of Accountants (WCOA) in 2022 as ICAI's vibrancy and contribution to overall development of this profession is commendable.'

CA. Prafulla P. Chhajed, President, ICAI addressing at the Conference said 'This Conference aims to highlight the enabling role of Accountants in catalyzing reforms and at the same time creating economic values including exploration of new pathways to accounting excellence for the next generation of accountants.'

He further added 'The Conference would be a forum of communication for academicians, researchers, practitioners, and policymakers in the areas of accounting and finance.' He also added that the Conference has the presence of renowned experts in the area of accounting and auditing from international bodies including doyens from Trade and Industry in India & various sessions are being addressed by eminent personalities from Government Sector, Regulators, Global Accountancy Forums, Industry and practitioners etc.

CA. Atul Kumar Gupta, Vice-President, ICAI said 'At ICAI, we attempt to acclimatise our fraternity on various regulatory and technological trends and issues; explore to increasingly meet stakeholders' expectations and develop new ideas and thoughts for advancing financial reporting, standards setting and innovate new business models for Governance led growth. This Conference is yet another stride towards this direction.'

Panel Discussion – I

Ethics of Ethics – Dealing with Ethical Dilemmas

CA. M.M. Chitale, Past President, ICAI; CA. Amarjit Chopra, Past President, ICAI; CA. G. Ramaswamy, Past President, ICAI; CA. Keki Mistry, Vice Chairman & CEO, Housing Development Finance Corporation (HDFC) Ltd. were the panelist at the session 'Ethics of Ethics – Dealing with Ethical Dilemmas'. CA. Jayant Gokhale, Past Council Member – ICAI was the Session Moderator. The panelists were of the view that ethics is the base for any profession and it becomes all the more important for the Chartered Accountancy profession considering the important role being played by the professional accountants in public interest. They also highlighted how compliance with the fundamental principles of ethics are important in wake of frequent corporate failures in recent times.

Felicitation of NCPA Chairman, Mr. Khushroo N. Suntook by ICAI

CA. Prafulla P. Chhajed, President, ICAI felicitated NCPA Chairman, Mr. Khushroo N. Suntook by presenting a memento and expressed his gratitude for providing the state of the art venue for hosting ICAI International Conference.

Technical Session II
'Insolvency –Lessons and Way Forward'

Dr. M.S. Sahoo, Chairperson, Insolvency and Bankruptcy Board of India; CA. Subodh Kumar

Agrawal, Past President – ICAI and CA. Rajesh Sharma Hon'ble Member, (Technical), National Company Law Tribunal (NCLT) took the session on 'Insolvency – Lessons and Way Forward.' The speakers at the session apprised that the Insolvency and Bankruptcy Code has provided enormous opportunities for Chartered Accountants in this niche area which is more remunerative than the traditional areas of practice. Chartered Accountants, as Insolvency Professional play a pivotal role in safeguarding the interest of various stakeholders. The speakers through practical examples and case studies elucidated about Insolvency and Bankruptcy Code and how it has helped in bringing financial discipline in businesses and protecting the interest of small investors by promoting ease of doing business in India.

Panel Discussion – II

Future Ready Professionals

CA. Bhavna Doshi, Past Council Member – ICAI was the Session Moderator which was participated by Mrs. Joy Thomas, President & CEO, CPA Canada; Dr. Gary Pflugrath, Head of Policy and Advocacy, CPA Australia and CA. Nilesh S. Vikamsey, Past President, ICAI. The panel discussed on how the profession has contributed and is continuing to contribute to the economic prosperity, economic and social policy, encouraging good business and investment and raise standards of living, etc. The panel also discussed the impact that global times and economic & market integrity are playing in the increasingly dynamic role of accountants. The panel further discussed on the future role and skill set required to be an 'accountant of the future.' The panel also touched upon the challenges before the profession which are arising due to emerging technologies and rapidly evolving business trends.

Panel Discussion – III

Globalisation: Advantage India

Mr. Russell Guthrie , Executive Director, External Affairs, and CFO, IFAC; CA. Manoj Fadnis, Past President – ICAI and Mr. Ashwani Bhatia, Managing Director & CEO, SBI Mutual Fund participated and provided their perspective at the session Globalisation: Advantage India. CA. Abbas Ali Mirza, Chair, ISAR Working Group of Experts at the UNCTAD, United Nations & Past Chairman, UAE (Dubai) Chapter of ICAI moderated the session. CA. Manoj Fadnis pointed out that the Ind AS (IFRS converged standards) would be a catalyst for Indian Chartered Accountants and students taking up membership of foreign accounting bodies with whom ICAI had signed MRAs. Mr. Ashwini Bhatia stated that India has always been a promising land for returns of capital and would continue to attract capital, people and ideas even in an age of de-globalisation punctuated with Brexit and the US-China trade war. Mr. Guthrie said the IFAC saw India as a dynamic, young face of the global accountancy profession, to which the world economy is heading towards and congratulated India for hosting the World Congress of Accountants in 2022.'

Technical Session – III

Leading in Digital World through Technovation

CA. V.S. Parthasarathy, Group CFO & Group CIO, Mahindra & Mahindra Limited and CA. K. Raghu, Past President, ICAI elucidated on the importance of innovation in technology in order to succeed in this digital era and the challenges ahead. They touched upon the ever evolving innovations assisting humans since time immemorial and how it is the age of rapidly evolving technology which is highly volatile in nature. Every technology has its own pros and cons and in order to get a cutting edge, one needs to utilise the technology as a means to improve efficiencies, business processes and a driver of growth.

CA. Parthasarathy in his presentation apprised about the various technological initiatives of his organisation. He, then went on to talk about the new business environment where competition can come from anywhere and the new normal is innovation and adaptability, climate change and experiential commerce.

Preceding the session, CA. V. S. Parthasarathy & CA. K. Raghu felicitated Master Kartik Tambi, a student of class IX who had developed ICAI International Conference mobile App with all necessary features, pro bono basis.

Day II

Motivational Talk

Day II of the Conference began with CA. M Devaraja Reddy, Past President, ICAI welcoming Padma Shri Dr. Arunima Sinha, Former Indian volleyball player and first female amputee to scale Mount Everest and Mount Vinson. Dr. Sinha gave a motivational talk and a walkthrough of her journey impressing upon the importance of a goal to be reached by a strong willpower and passion in one's life. With her life's own examples, she explained how when you set your eyes on something and have a strong desire to succeed, nothing can stop you. Her session greatly inspired and thrilled the audience. She concluded with a poem symbolizing her never say die spirit 'अभी तो इस बाज की असली उड़ान बाकी है। अभी तो इस परिन्दे का इम्तिहान बाकी है। अभी अभी मैने लांघा है समन्दर को। अभी तो पूरा आसमान बाकी है।'

Technical Session – IV

Enabling Growth Through Direct Tax Reforms

CA. R. Bupathy, Past President – ICAI shared his perspective on the session 'Enabling Growth Through Direct Tax Reforms' and how the Direct Taxes Reforms enable India's growth.

CA. R. Bupathy, stressed on the importance of stability in the tax reforms for propelling FDI in India.

He also mentioned that currently there is a multilevel tax being imposed on investors which depletes their revenue.

He was of the view that Government should consider abolition of Dividend Distribution Tax in order to encourage corporates.

CA. (Dr.) Girish Ahuja, in the session explained his viewpoint on the direct tax reforms. Chartered Accountants, being a one-stop solution for the businesses, need to empathise their clients in order to enable direct taxes to play an important role in economic growth.

He also emphasised on the need to introspect and change the ethos of the people to steer clear of the temptation to avoid taxes.

Panel Discussion – IV

Accountancy Profession: Meeting Stakeholder's Expectations

Ms. Fiona Wilkinson, President, Institute of Chartered Accountants in England and Wales (ICAEW); Dr. R. S. Sodhi, Managing Director, Gujarat Cooperative Milk Marketing Federation Limited (GCMMF) – AMUL; and CA. Ved Jain, Past President – ICAI came together to share their views on the session 'Accountancy Profession: Meeting Stakeholder's Expectations'. The session was moderated by CA. Pankaj Jain, Past Council Member, ICAI. The session revolved around how the stakeholders expectations are like a moving target, ever changing and how the profession needs to be ever evolving to serve its stakeholders.

Ms. Fiona and CA. Ved Jain shared the perspective of UK and India respectively. They stressed upon the importance of corporate governance & audit standards in meeting the stakeholders expectations. However, at the same time, they felt that the perception in the society needs to be changed so that society, regulators and government understand the role of auditors as watchdog and not as a bloodhound and not blemish the profession *per se* for every corporate failures.

Dr. Sodhi, presented the AMUL model wherein he summarised how meeting the expectations of its stakeholders has been the success mantra for AMUL. The co-operative with more than 3.6 million joint owners has come to become India's biggest FMCG.

Special Session-I

A special session was addressed by CA. Thomas Chazhikadan, Hon'ble Member of Parliament (Lok Sabha) who enlightened the audience by his words of erudition on the CA profession. He stressed that the accountancy profession was a crucial link in real time data processing and its future was crucially linked with the expertise and knowledge in Block Chain, Artificial Intelligence and Machine Learning, to name a few. He lauded the government for bringing about a revolutionary change in accounting and taxation landscape of the country with specific mention of Ind AS, the cross-pollination of ICAI with various foreign accounting bodies through MOU/ MRAs and the reduced corporate taxation rates. He punctuated his session with expression of gratitude towards the CA fraternity including the Super 7 in the Parliament and vowed to uphold the ethics taught by our profession, which made every CA feel motivated and privileged.

Panel Discussion – V

Understanding Market for Wealth Creation

The session on Understanding Market for Wealth Creation was taken by CA. Navneet Munot, Executive Director & Chief Investment Officer, SBI Mutual Fund; CA. Nilesh Shah, Managing Director (MD) of Kotak Mahindra Asset Management Co. Ltd. and Mr. Manish Gunwani, Chief Investment Officer (Equity), Reliance Nippon Life AMC. Ms. Nisha Poddar, Editor, M&A CNBC TV18 moderated the session. The panelists contrasted the improved macro picture of the country which witnessed major reforms like GST, Demonetization, RERA and IBC code with the disruptions in Hongkong, London and New York and concluded that India with its massive young talent pool had the capability to become the next big manufacturing and financial services hub of the world. They noted that the past five years witnessed a sluggish GDP growth and though government pumped more money into the economy than the private sector, the gap between execution and objective needed to be bridged. The panelists felt that it is up to every Indian, especially Chartered Accountants, to look up to the '5 Trillion Dollar Economy' as the 'Dhruv ka Tara' and shift their mindset from investing in gold and going abroad to investing in good businesses in India and only then will Indians cross the finish line.

CPA PNG expresses its gratitude to ICAI for attaining full membership of IFAC

Mr. Yuwak Tau, Executive Director, CPA PNG (Certified Practising Accountants, Papua New Guinea) expressed gratitude on behalf of CPA PNG to ICAI by presenting a memento to CA. Prafulla P. Chhajed, President, ICAI. ICAI's due diligence exercise had helped CPA PNG in obtaining full membership of IFAC.

Special Session – II

India's Growth Story: Towards USD 5 Trillion Economy and Achieving Sustainable Development Goals

CA. Suresh Prabhu, Hon'ble Member of Parliament (Rajya Sabha) & Prime Minister's Sherpa to G 7 and G 20 guided the roadmap of India's Growth story: Towards USD 5 Trillion Economy and Achieving SDG. He made the participants look into the crystal bowl of the Indian economy to looking to achieve 3 trillion dollar share through services and 1 trillion dollar share each for industry and agriculture. CA. Prabhu talked about the changing face of the Indian economy and the huge faith he had in Startups. He emphasised that the economic growth should be sustainable and not be divorced from the quality of life of all beings and of our environment.

Technical Session – V

GST – Way Forward

The session on GST was taken by CA. Upender Gupta, IRS, Principal Commissioner, CBIC and Shri Rohan Shah, GST Expert in which they presented their perspective on GST and enlightened the audience on the two and half year long journey of GST. CA. Upender Gupta mentioned the use of data analytics and enumerated several upcoming changes including e-invoicing, digital payments for certain vendors and consumers, a Central Appellate Authority for Advance Ruling, and Aadhar linked state-wise GST registration to name a few. Mr. Gupta highlighted the lengthy chain for GST law making that ranged from the Law Committee, GST Council, the Parliament and the various State Legislative Assemblies and the need to improve the interface between the GST law and other laws like SEBI, Income Tax Act and IBC. Shri Rohan Shah pointed out that the frequent changes in rates and rules may not let the dust to settle and would hamper the predictability and usability of GST. They both agreed on a future where all supplies would be taxable and all tax would be credit.'

Concurrent session

Overseas Opportunities for Indian Chartered Accountants

With an objective of creating awareness amongst the delegates, about the professional opportunities and the skillsets required to tap such opportunities abroad; a separate concurrent session on 'Overseas opportunities for Indian Chartered Accountants' was organised coinciding with the International Conference on December 6, 2019.

It was an interactive full day program divided into four sessions. Each session was addressed by three Chapter representatives and altogether speakers representing 12 ICAI overseas Chapters addressed the queries of the participants on various aspects such as Residency requirement, Labour laws, cost of living, political and socio environment, ease of visas, specific sectors for Chartered Accountants and alike.

First interactive session was taken by CA. Ajay Kumar, Chairman UK (London) Chapter; CA. Viswanathan Arunachalam, Founder Chairman, USA (San Francisco) Chapter and CA. B K Dugar, Vice Chairman, Thailand (Bangkok) Chapter. Speakers apprised the audience about the professional opportunities for Indian CAs and firms in UK, USA and Thailand and responded to the queries of the participants more particularly about the challenges in settling down in these countries.

In second interactive session CA. Yateender Gupta, Founder Chairman Australia (Sydney) Chapter; CA. Amar Dutia, Member Managing Committee Australia (Melbourne) Chapter and CA. Shiam Kattapuram, Chairman Port Moresby (Papua New Guinea) Chapter briefed the audience on the professional opportunities in Australia and Papua New Guinea and the important role being played by ICAI Chapters in assisting Indian CAs who wish to settle in these countries. Speakers from Australia also highlighted how MRAs with CPA Australia and CAANZ has helped Indian CAs in enhanced professional opportunities in Australia.

Third Interactive session was taken by CA. Anish Mehta, Chairman UAE (Dubai) Chapter; CA. Aashish Bhandari, Chairman UAE (Abu Dhabi) Chapter and CA. Maheshkumar Narayan, Chairman Bahrain Chapter wherein they apprised the audience about the activities of ICAI Chapters and in promoting ICAI brand in their jurisdiction. They also highlighted various important tax and commercial laws and apprised about the important sectors where demand for Chartered Accountants is more. Speakers also highlighted the professional opportunities for Indian CA firms in Middle East countries by partnering with local firms in these countries.

Last interactive was session taken by CA. Rukkaiya Pachisa, Chairperson Qatar (Doha) Chapter; CA. Ashwini Sawrikar, Chairperson Oman (Muscat) Chapter and CA. Sai Venkata Subbarao Devata, Chairman Kuwait Chapter wherein they guided the audience about the professional opportunities in Qatar, Oman and Kuwait.

All the interactive sessions were well participated and appreciated by the audience.

WCOA 2022 stall at ICAI International Conference

As part of ICAI's program to promote and prepare for the World Congress of Accountants to be held at Mumbai in 2022, ICAI promoted the Congress at the International Conference which significantly helped ICAI in building the momentum and encouraging large participation from the membership and received a very positive response from the delegates.

The Conference was successfully concluded amidst the appreciation for all sessions by the participants.

International Conference

ICAI INTERNATIONAL CONFERENCE 2019 | 6-7 December 2019 Mumbai, India
Accountancy Profession: Catalyzing Reforms, Creating Values














International Conference

International Conference

ICAI INTERNATIONAL CONFERENCE 2019 | 6-7 December 2019 Mumbai, India
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Concurrent session

International Conference

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WCOA Stall

Accounting Treatment of Expenditure Relating to Employee Benefits Expenses, Rent Expenses, Travelling Expenses and House-keeping Expenses which are Compulsorily Required to be Incurred for Construction of the Project

A. Facts of the Case

1. The querist has sought the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI) on accounting treatment of expenditure relating to employee benefits expenses, rent expenses, travelling expenses and house-keeping expenses which are compulsorily required to be incurred for construction of High Speed Rail project by the company, which as per the querist, are directly related expenditure and without incurrence of which construction of rail project cannot take place.

2. The querist has informed that the project was approved by the Cabinet on 09.12.2015 and thereafter, a public limited company (hereinafter referred to as 'the company') was incorporated in India under the provisions of the Companies Act, 2013 on 12th February 2016, with the object to plan, design, develop, build, commission, maintain, operate and finance high speed rail services between the State of Maharashtra and State of Gujarat and/or any other area either on its own or by taking over or leasing or otherwise by any other model and build new transit route of any mode or a combination of mode with all attendant infrastructure facilities, as may be approved by Ministry of Railways (MoR) or Government of India (GoI) or any other such competent authority. The capital cost of the project is approximately ₹ 1.08 lakh crores. For the total cost of the project, funds have been arranged by the company in the form of equity from MoR, Government of Gujarat, Government of Maharashtra and in the form of soft loan from Japan International Cooperation Agency (JICA).

3. The querist has stated that as per Indian Accounting Standard (Ind AS) 101, 'First-time adoption of Indian Accounting Standards', the company being covered under phase-II of roadmap issued by the Ministry of Corporate Affairs (MCA) prepared its first Ind AS financials for the financial year (F.Y.) 2017-18 with the balance sheet as on 31.03.2017 for comparative period.

4. The company is incorporated and engaged in one and the only activity of creation of self-constructed asset, i.e., Bullet Train Project between the State of Maharashtra and State of Gujarat. The Project includes activities from acquisition of land, earth work, laying tracks, station building, signalling & telecommunication, overhead electric, bridge, tunnels, station, training institute etc. During the financial year 2017-18, the registered office/head office of company at New Delhi and site offices in the states of Gujarat and Maharashtra have been taken on rent; and all the project executing team including directors are sitting at the head office and site offices and executing their work from respective locations.

5. During the financial year 2017-18, the company has spent ₹ 1964.44 lakh as employee benefit expenses and other expenses for corporate and project site office which are specifically related to the creation of the Project. Out of these, details for ₹ 1720.98 lakh, as given below, has been referred for the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI):

Expense Head	Amount (₹ in lakh)
Employee Benefit Expenses	999.52
Rent Expenses	332.27
Travelling Expenses	261.57
Housekeeping Expenses	127.62
Total	1720.98

Details of Employee Benefit Expenses:

S.No.	Department	No. of Employees	Amount (₹ in lakh)	Role/Responsibilities
1	Managing Director	1	49.09	Managing Director of the company is engaged in managing all day-to-day activities related to the construction of the project by the company. He is fully involved in project related activities like co-ordinating with various government agencies at apex level for the purpose of land acquisition, utility shifting, environmental clearance and a host of other key activities critical for successful completion of the project. Besides this, his precious time is also spent on co-ordinating with JICA, Ministry of Finance, Ministry of Railways and National Institution for Transforming India (NITI Aayog) to resolve many important issues including raising of funds/loans as per the project requirement.
2	Company Law	2	12.70	The company secretary of the company is responsible for ensuring compliance with statutory and regulatory requirements of the company.
3	Finance department including director finance	7	79.38	The company has not started its operation and it is under the construction stage, which requires huge planning in terms of management of resources. Finance department is responsible for the following functions: ➢ Finalisation of tender documents (Standard Biding Documents) ➢ Bid Process Management (including bid costing, tender evaluation and finalisation) ➢ Contract Management (including payments, variation and contract closing) ➢ Estimating and Costing including rate analysis ➢ Annual Budgeting ➢ Taxation ➢ All aspects related to corporate financing ➢ Financial aspects of service matters etc.
4	Human Resource (HR) Department	4	37.67	HR Department is involved to look after various functions of human resource management, such as, recruitment, training & development, compensation management, performance management & employee welfare etc. For the purpose of executing the project and its monitoring, various levels of technical/non-technical executives are required to be deployed in various site offices. The entire process of recruitment, their training and development in India as well as overseas is being coordinated by Human Resource Department. The compensation system and other welfare measures are being dealt centrally for all the employees involved in the execution of the project. Since the requirement of manpower for the execution of the project and its O&M activities is huge, the recruitment process will be carried out continuously in a phased manner.

5	Project Associated Departments	82	820.68	Project Associated departments are responsible for following functions: ➢ Railway Civil /Pway/ Electrification/ S&T/Rolling Stock /Mechanical and all associated works, i.e., supervision of design and build works related to bridges, viaducts, tunnels, traction sub-station, distribution sub-station, transmission lines, overhead equipment line, rolling stock etc. ➢ Land acquisition and environment clearance related matters. ➢ Construction, testing, commissioning and monitoring, safety and quality assurance. ➢ Contract management, tendering interface and other maintenance /field/ specific special works.
	Total	96	999.52	

Details of rent expenses, travelling expenses and housekeeping expenses

During the financial year 2017-18, the company has taken three offices on rent, i.e., head office in New Delhi and site offices in the states of Gujarat and Maharashtra.

- The company has incurred ₹ 332.27 lakhs as rent expenses out of which ₹ 270.51 lakhs is related to the head office where project executing team including directors are sitting, ₹ 12.98 lakhs is related to the Gujarat site office and ₹ 48.77 lakhs is related to the Maharashtra site office of the company.
- Project executing team including directors are sitting at the head office and site offices and executing their work from respective locations.
- Rent expenses incurred for the site offices are directly related to the project. Rent expenses of head office, travelling expenses and housekeeping expenses have been bifurcated into different departments as given below:

S. No.	**Department**	**Rent Expenses**	**Travelling Expenses**	**Housekeeping Expenses**
		Amount in Lakhs (Amount allocated based on no. of Employees)		
1	Managing Director	2.82	2.39	1.33
2	Company Law	5.64	4.78	2.66
3	Finance department including director finance	19.73	16.73	9.31
4	Human Resource Department	11.27	9.56	5.32
5	Project Department	231.06	228.11	109.01
		270.51	261.57	127.62

6. The querist has further informed that the company has capitalised the expenses given above as incidental project expenditure under the head capital work in progress (CWIP) in Note No. 4 of the financial statements. The same is also stated in accounting policy No.2.6 which is reproduced below:

> "Expenditure which can be directly identified with the Project undertaken by the company is debited to 'Capital

Work in Progress' under 'Direct Project Expenditure'. Indirect expenditure in the nature of employee benefits and indirect expenditure directly related to the project has been charged to project."

Observations made by Comptroller and Auditor General (C&AG)

7. The Comptroller and Auditor General of India (C&AG) has made some observations that, as per Indian Accounting Standard (Ind AS) 16, 'Property, Plant and Equipment', paragraph 19 (d), CWIP should not include administrative costs and other general overhead costs. As per balance sheet, CWIP includes an amount of ₹ 1964.44 lakh (₹ 999.52 lakh for employee benefit expense + ₹ 964.92 lakh for other expenses) which should have been charged to the statement of profit and loss. This has resulted in overstatement of CWIP by ₹ 1964.44 lakh and overstatement of profits to the same extent.

   Management Reply

8. The management reply to CAG is as follows:

   Paragraph 19(d) of Ind AS 16 is applicable in the case of a company already operating and now going for expansion, either by new facility (paragraph 19(a)) or new products or service (paragraph 19(b)) or business in new location (paragraph 19(c)). In these three situations, paragraph 19(d) becomes relevant that does not allow administrative costs and general overhead costs to be added in CWIP. In the case of the company, none of the sub-clauses of paragraph 19 from (a) to (c) are applicable and, therefore, sub-clause (d) as referred in the CAG observation is not applicable.

   Since the company is engaged in self-construction of the asset, i.e., 'Bullet Train Project' (project), paragraph 22 of Ind AS 16 is relevant, which is reproduced hereunder:

   "22. The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If an entity makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale (see Ind AS 2). Therefore, any internal profits are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self constructing an asset is not included in the cost of the asset. ..."

Since the company is self-constructing assets, therefore as paragraph 22 states, its cost of assets will be recognised as in case of assets being constructed for sale. Paragraph 22 mentions Ind AS 2, which means costs that are taken to measure inventory, will be taken in case of self-constructed assets.

As per paragraph 10 of Ind AS 2, 'Inventories', the cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Paragraph 15 of Ind AS 2, 'Inventories' states that other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition. For example, it may be appropriate to include non-production overheads or the costs of designing products for specific customers in the cost of inventories.

As per paragraph 16 of Ind AS 16, elements of cost are as follows:

"16 The cost of an item of property, plant and equipment comprises:

(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period."

Paragraph 16 of Ind AS 2 states as follows:

"16 Examples of costs excluded from the cost of inventories and recognised as expenses in the period in which they are incurred are:

(a) abnormal amounts of wasted materials, labour or other production costs;

(b) storage costs, unless those costs are necessary in the production process before a further production stage;

(c) administrative overheads that do not contribute to bringing inventories to their present location and condition; and

(d) selling costs."

Further, Question 10 of Educational Material on Ind AS 16, issued by the erstwhile Ind AS Implementation Committee of the ICAI states that general overhead costs are not costs of an item of property, plant and equipment unless if it can be clearly demonstrated that they are directly attributable to construction.

The answer to Question 10 above envisages a situation that may demand inclusion of general overhead cost as part of the cost, which is the case of the company. In the case of the company, because of self-constructed assets, cost is to be recognised by inclusion of administrative costs and other general overhead costs. Therefore, administrative costs and other general overhead costs become directly attributable to be part of self-constructed assets of the company.

Specifically, in respect of the cost mentioned in CAG observation;

- ₹ 999.52 lakh for employee benefit expense:

As per paragraph 17 (a) of Ind AS 16, costs of employee benefits (as defined in Ind AS 19, *Employee Benefits*) arising directly from the construction or acquisition of the item of property, plant and equipment is an example of directly attributable costs.

In the case of the company, no employees would have been employed if the assets under construction, for which CWIP is recognised was not the objective; since the company is for creation of one asset, that is, Bullet Train, it has no other activities, employees are not required except for this project.

- ₹ 964.92 lakh for other expenses: (Query for EAC opinion is raised for ₹ 721.46 lakh for three major expenses)

Paragraph 22 of Ind AS 16 states that the cost of a self-constructed asset is determined using the same principles as for an acquired asset. If an entity makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale (see Ind AS 2). Paragraph 16 of Ind AS 2 states that administrative overheads should be excluded from the cost of inventories that do not contribute to bringing inventories to their present location and condition.

Other expenses like rent, maintenance of head office, travels, training all are only for one project, i.e., bullet train project; there are no other activities of the company. These expenses would not have been incurred if bullet train project was not the objective of the company.

Therefore, in view of the requirements of paragraph 22 of Ind AS 16, the company has rightly charged general and administrative overheads to the CWIP.

Assurance given by the company to C&AG

9. The company has given assurance to the Principal Director (Commercial Audit), Member Audit Board-I, Delhi which is reproduced below:

> "Regarding expenditure of ₹ 1964.44 incurred for employee benefit expense and for other expenses (administrative and other general costs) during construction phase, it is assured that the complete accounting treatment on the above expenditure shall be referred to the Expert Advisory Committee of the Institute of Chartered Accountants of India."

Points for consideration of the Expert Advisory Committee

10. In this whole issue, the company also submits the following for consideration of the Expert Advisory Committee:

(i) Rail Project is the only project, the company is presently executing and all the functions of the company at corporate office /site offices are related to this single project only.

(ii) These are the expenditure without incurrence of which the construction of the rail project cannot take place and the project cannot be brought to its working condition.

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(iii) These expenses are directly attributable to rail project and are required to be incurred only for execution of the rail project and not otherwise.

B. Query

11. Accordingly, the opinion of the Expert Advisory Committee of the ICAI has been sought as to whether the accounting treatment of the said employee benefits expenses ₹ 999.52 lakhs, rent expenses ₹ 332.27 lakhs, travelling expenses ₹ 261.57 lakhs and house-keeping expenses ₹ 127.62 lakhs which are incurred for rail project, as disclosed by company, is correct. If not, what should be the treatment in the opinion of the Committee as per Ind AS 16, Property, Plant and Equipment and other applicable Indian Accounting Standards?

C. Points considered by the Committee

12. The Committee notes that the basic issue raised in the query relates to accounting treatment of employee benefits expenses, rent expenses, travelling expenses and house-keeping expenses incurred for the rail project. The Committee has, therefore, considered only these issues and has not examined any other issue(s) that may arise from the Facts of the Case, such as, accounting of any other expense incurred by the company in relation to the project, allocation of expenses to various departments, accounting treatment of soft loan and equity received by the company, etc. Further, the Committee, while expressing its opinion, has not examined the accuracy of numerical data/figures of various items of cost/expenditure presented by the querist.

13. At the outset, the Committee wishes to point out that various expenses are incurred during construction period. However, it is not necessary that all expenses incurred during construction are eligible to be capitalised to the project/ asset being constructed. The capitalisation of an item of cost to a fixed asset/project depends upon the nature of such expenses in relation to the construction/ acquisition activity in the context of requirements in this regard laid down in the applicable Indian Accounting Standards. Further, the Committee also wishes to state that just because the only activity being undertaken by the company at present is the construction of the rail project does not mean that all the costs incurred by the company are directly attributable costs of rail project in accordance with the requirements of Ind AS 16.

14. With regard to the issues raised in paragraph 11 above, the Committee notes the following paragraphs of Ind AS 16, Property, Plant and Equipment, notified under the Companies (Indian Accounting Standards) Rules, 2015:

"16 The cost of an item of property, plant and equipment comprises:

(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

17 Examples of directly attributable costs are:

(a) costs of employee benefits (as defined in Ind AS 19, *Employee Benefits*) arising directly from the construction or acquisition of the item of property, plant and equipment;

(b) costs of site preparation;

(c) initial delivery and handling costs;

(d) installation and assembly costs;

(e) costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment); and

(f) professional fees."

"19 Examples of costs that are not costs of an item of property, plant and equipment are:

(a) costs of opening a new facility;

(b) costs of introducing a new product or service (including costs of advertising and promotional activities);

(c) costs of conducting business in a new location or with a new class of customer (including costs of staff training); and

(d) administration and other general overhead costs.

20 Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. Therefore, costs incurred in using or redeploying an item are not included in the carrying amount of that item. For example, the following costs are not included in the carrying amount of an item of property, plant and equipment:

(a) costs incurred while an item capable of operating in the manner intended by management has yet to be brought into use or is operated at less than full capacity;

(b) initial operating losses, such as those incurred while demand for the item's output builds up; and

(c) costs of relocating or reorganising part or all of an entity's operations."

From the above, the Committee notes that the basic principle to be applied while capitalising an item of cost to a property, plant and equipment (PPE) is that it is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Committee is of the view that 'directly attributable' costs are generally such costs which are necessary to enable the construction activity, i.e. these costs are directly related to the construction activity and without the incurrence of which the asset cannot be brought to the location and condition necessary for it to be capable of operating in the manner intended by management. Accordingly, the Committee is of the view that the expenditure on employee benefits, rent expenses, travelling expenses and house-keeping expenses incurred by the company can be capitalised only if these can be considered as directly attributable cost to bringing the bullet train project or the related asset(s) to the location and condition necessary for it (them) to be capable of operating in the manner intended by the management.

15. The Committee further notes that paragraph 19 of Ind AS 16, as reproduced above states that administration and other general overhead costs are examples of the costs that are not costs of an item of property, plant and equipment. In this connection, the Committee wishes to point out that the contention of the querist relating to applicability of paragraph 19(d) of Ind AS 16 is not correct. Paragraph 19 (d) is applicable to all the entities irrespective of whether it is a new one or an existing one.

16. The Committee also notes that the querist has contended in the Facts of the Case that since paragraph 22 of Ind AS 16 (that deals with the cost of a self-constructed asset) mentions Ind AS 2, costs that are taken to measure inventory, will be taken in case of self-constructed assets. In this regard, the Committee wishes to state that paragraph 22 of Ind AS 16 is applicable when the self-constructed asset is also produced/made by the company for sale in its normal course of business and therefore, only in such cases, principles of Ind AS 2 can be applied. Thus, principles of Ind AS 2 cannot be applied in all cases of self-constructed assets. In this context, the Committee also wishes to mention that considering the requirements of Ind AS 16, administrative and general overhead expenses should, ordinarily, not be capitalised with the item of PPE, however in certain exceptional cases where it can be

clearly demonstrated that these are directly attributable to construction (as discussed above), such costs can be capitalised.

17. With regard to employee benefit expenses, the Committee notes that paragraph 17 of Ind AS 16 gives examples of directly attributable costs and it includes costs of employee benefits (as defined in Ind AS 19, Employee Benefits) arising directly from the construction or acquisition of the item of property, plant and equipment. Therefore, the Committee is of the view that the employee benefit expenses arising directly from the construction or acquisition of the project should only be capitalised and rest should be charged to the statement of profit and loss as and when incurred. Considering the details of expenses provided, the Committee is of the view that employee benefit expenses in respect of project associated departments are apparently directly attributable costs (as discussed in paragraph 14 above) and can accordingly be capitalised with the cost of the project. In respect of employee benefit expenses of finance department, the Committee is of the view that normally the costs incurred by finance department are not directly attributable costs, but are considered as administration and general overheads and therefore, should not be capitalised. However, in certain rare/exceptional circumstances, where and to the extent, the finance department is engaged in the construction activities, the same may be considered as directly attributable costs and can accordingly be capitalised. Similarly, employee benefit expenses of Managing Director are normally of the nature of administration and general overheads and should, ordinarily, not be capitalised with the item of PPE, however in certain exceptional cases where it can be clearly demonstrated that these are directly attributable to construction, these can be capitalised. Further, the employee benefit expenses of HR department and company law department cannot be considered as directly attributable costs.

18. With regard to rent expenses, the Committee notes that it includes rent of site offices (2 offices) and head office. The Committee is of the view that generally there is direct relation between the site office and the construction activity and thus the rent expense in relation to site offices may be considered as directly attributable cost and therefore, can be capitalised to CWIP till the time the item of property, plant and equipment is in the location and condition necessary for it to be capable of operating in the manner intended by the management. With regard to rent of head office, the Committee is of the view that head office is generally used for the overall supervision, strategic planning and other related activities which are not directly related to construction as such and therefore, the rent expense of head office should not be considered as cost of the project. However, if the project execution related activities are also being performed at head office resulting into 'directly attributable costs' as discussed in paragraph 14 above, and these can be ascertained on a reasonable and reliable basis, then only to that extent, rent should be capitalised as the cost of the project.

19. With regard to travelling expenses, the Committee is of the view that these are required to be examined keeping in view the nature and purpose of such expenses and the extent to which these expenses are directly attributable to the construction of the train project. For example, travel expenses of Managing Director, are normally for general and administration purposes and ordinarily, should not be capitalised, however in certain exceptional cases where it can be clearly demonstrated that these are directly attributable to construction, these can be capitalised. Thus, in the extant case, the accounting treatment of travelling expense would depend upon whether or not the same is directly attributable to the construction of the project for bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

20. With regard to housekeeping expenses, the Committee is of the view that these expenses are purely in the nature of administration expenses, as given in paragraph 19(d) of Ind AS 16, which cannot be considered as 'directly attributable cost' of construction of

the rail project and therefore, these cannot be capitalised as cost of an item of property, plant and equipment.

D. Opinion

21. On the basis of the above, the Committee is of the following opinion on the issues raised in paragraph 11 above:

(a) As discussed in paragraph 17 above, employee benefit expenses in respect of project associated departments are apparently directly attributable costs (as discussed in paragraph 14 above) and can accordingly be capitalised with the cost of the project. In respect of employee benefit expenses of finance department, normally the costs incurred by finance department are not directly attributable costs, but are considered as administration and general overheads and therefore, should not be capitalised. However, in certain rare/exceptional circumstances, where and to the extent, the finance department is engaged in the construction activities, the same may be considered as directly attributable cost and can accordingly be capitalised. Similarly, employee benefit expenses of Managing Director are normally of the nature of administration and general overheads and should, ordinarily, not be capitalised with the item of PPE, however in certain exceptional cases where it can be clearly demonstrated that these are directly attributable to construction, these can be capitalised. Further, the employee benefit expenses of HR department and company law department cannot be considered as directly attributable costs.

(b) The rent expense in relation to site offices may be considered as directly attributable cost and can be capitalised to CWIP till the time the item of property, plant and equipment is in the location and condition necessary for it to be capable of operating in the manner intended by the management, as discussed in paragraph 18 above. The rent expense of head office should not be considered as cost of the project. However, if the project execution related activities are also being performed at head office resulting into 'directly attributable costs' as discussed in paragraph 14 above, and these can be ascertained on a reasonable and reliable basis, then only to that extent, rent should be capitalised as the cost of the project.

(c) As discussed in paragraph 19 above, travelling expenses are required to be examined keeping in view the nature and purpose of such expenses and the extent to which these expenses are directly attributable to the construction of the train project.

(d) As discussed in paragraph 20 above, the housekeeping expenses are purely in the nature of administration expenses as given in paragraph 19(d) of Ind AS 16, which cannot be considered as 'directly attributable cost' of construction of the rail project and therefore, these cannot be capitalised as cost of an item of property, plant and equipment.

1.	The Opinion is only that of the Expert Advisory Committee and does not necessarily represent the Opinion of the Council of the Institute.
2.	The Opinion is based on the facts supplied and in the specific circumstances of the querist. The Committee finalised the Opinion on April 09, 2019. The Opinion must, therefore, be read in the light of any amendments and/or other developments subsequent to the issuance of Opinion by the Committee.
3.	The Compendium of Opinions containing the Opinions of Expert Advisory Committee has been published in thirty six volumes. A CD of Compendium of Opinions containing thirty six volumes has also been released by the Committee. These are available for sale at the Institute's office at New Delhi and its regional council offices at Mumbai, Chennai, Kolkata and Kanpur.
4.	Recent opinions of the Committee are available on the website of the Institute under the head 'Resources'.
5.	Opinions can be obtained from EAC as per its Advisory Service Rules which are available on the website of the ICAI, under the head 'Resources'. For further information, write to eac@icai.in. ■

Achieving the SDGs: Global Accountancy Profession's Contribution

In the year 2015, the United Nations Member States adopted seventeen Sustainable Development Goals (SDGs), also known as the Global Goals, as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. These were officially adopted at a UN summit in New York and became applicable in January 2016. The SDGs touches all aspects of our lives and calls for contribution from different segments of business and society including from accounting profession. Subsequently, International Federation of Accountants, wherein the Institute of Chartered Accountants of India is a founder member, documented The 2030 Agenda for Sustainable Development - A Snapshot of The Accountancy Profession's Contribution.

To know more, continue reading . . .

International Federation of Accountants, supported by the discussion of the IFAC PAIB Committee and the input of the IFAC PAO Development Committee, identified that there are at least eight SDGs wherein opportunities exists for the global profession to contribute.

Goal 4: Quality Education *- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.*

1. The 2030 targets for this Goal most relevant to the profession include:

- Ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university.
- Ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.

2. The profession's priorities in delivering quality education

Relevant, equitable, and affordable education is widely recognised as a critical factor in ending extreme poverty and enabling economic development. PAOs are clear champions for this Goal.

Currently, the profession is:

- Working toward meeting the global demand for accountants with a range of skills – technical but also leadership, business, and entrepreneurship-related skills. Providing relevant professional education and skills is at the heart of the

This write up contains excerpts from '*The 2030 Agenda for Sustainable Development - A Snapshot of The Accountancy Profession's Contribution*' released by International Federation of Accountants. For complete text please visit https://www.ifac.org/knowledge-gateway/developing-accountancy-profession/publications/2030-agenda-sustainable-development. (Printed with permission) profession and its capacity building efforts; and

- Providing continuing professional education to accountants throughout their careers, helping them maintain relevance and a positive contribution to sustainable outcomes.

3. Key considerations

- Undertake initiatives to boost the profession's talent pool. To further strengthen the relationship between a developed profession and economic prosperity, it is important for the profession to continue finding innovative ways to create opportunities for those with talent and ability to qualify as professional accountants. Developing and expanding accountancy education through strong PAOs is a key focus of the profession's efforts to enhance capacity and open up the profession to others. It also involves providing relevant training and support to professional accountants who can work effectively in business and the public sector.

- Identify innovative ways to contribute to societal goals, such as increasing financial literacy. An increasing number of Professional Accounting Organisations (PAOs) have programs to develop financial literacy within society. Improving financial literacy is key to broadening access to financial services, a key requirement in many Goals and a necessary factor for gender equality.

- Consider how to address inequality in the rates of men and women entering the profession. To enable equal access, take steps to understand and remove any gender-based constraints within the educational systems that deter women from entering the profession.

Goal 5: Gender Equality - *Achieve gender equality and empower all women and girls*

1. The 2030 targets for this Goal most relevant to the profession include:

- Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic, and public life.

2. The profession's priorities in delivering gender equality

A diverse profession is a resilient profession. In many countries fewer women than men enter the accountancy profession. Equally important, the rates of women reaching leadership roles in accountancy and finance are often low. There have been important successes in some nations and regions – women make up 75% of accountants in Singapore, 69% in the Philippines, and more than half of all new CPAs in the US. But the problem is not yet solved – especially when looking at leadership positions. For example, in the US, while women represent almost half of all professional staff at accounting firms, only 21% of all firm partners are women. Although well below gender parity, this is a high proportion within the profession globally, much higher than in emerging and developing economies, where women comprise less than 5% of partners in accounting firms.

3. Key considerations

- Champion diversity, especially in gender, through programs to attract, retain, and – in particular – advance accountants, and advocate for working environments and non-traditional career paths that appeal to female accountants of the future.
- Create partnerships and support initiatives to increase the number of women in accountancy and finance, as well as in broader finance and business leadership roles.

Goal 8: Decent Work and Economic Growth - *Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all*

1. The 2030 targets for this Goal most relevant to the profession include:

- Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% GDP growth per annum in the least developed countries.
- Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small, and medium sized enterprises, including through access to financial services.

2. The profession's priorities in delivering decent work and economic growth

Economic growth has a wide impact on many of the SDGs, including ending poverty (Goal 1). This SDG highlights two different but related elements for the profession's attention.

The first is the need for accountants to deploy their professional skills and competences to help foster resilient and responsible organisations. Business in the 21st century requires responsible leaders who direct company strategies and operations with a view to achieving sustainable economic, social, and environmental performance.

The scope of influence of many accountants working in business and the public sector affords them an important role in facilitating responsible behaviour and decisions leading to resilient and successful organisations. As finance professionals, they need to ensure that short, medium, and long term financial, social, environmental, and reputational consequences are taken into account in decision making.

The second and broader element is the contribution of the profession to greater prosperity and improved living standards. Research conducted by the Centre for Economics and Business Research for IFAC associated the size and growth of the profession with the development of economies. The profession's impact on better information, reporting, measurement, and decision making is decisively associated with improved living standards and the health, well-being, and prosperity of nations and their citizens. Where developed, the profession is an important influence on the creation and maintenance of strong and trustworthy institutions, which are ultimately the basis for improving people's welfare.

The profession's capacity to address constraints to sustainable growth – such as fraud and corruption, poor public sector governance and financial management, poor accounting and auditing practices – is important as these directly affect the drivers of economic development, including domestic and foreign investment. Providing high-quality financial and non-financial information is a significant support for achieving sound capital markets and resilient companies, as well as for effective and efficient public service delivery.

3. Key Considerations

- Enhance awareness among accountants of the SDGs and the opportunities they create, and help foster the significant contribution of the profession to economic growth. The profession's contribution to sustainable economic growth will be greatly enhanced through the individual contributions of accountants around the world. Through their qualifications and continuing education, PAOs can equip their members with sustainable business practices, enabling them to respond to a range of sustainable development challenges.
- Continue the commitment and effort to build the capacity of the profession and of PAOs, especially in jurisdictions that are currently unable to fully meet economic needs. Creating inclusive opportunities for people to become accountants provides direct support to the development of economies. It helps set the right conditions to make investment in infrastructure, provide the foundations of sustainable growth, and facilitate transparency and accountability. PAOs can also proactively promote policies that encourage entrepreneurship and job creation, and the protection of people.
- Support the development and adoption of globally accepted standards for financial reporting for the public and private sectors, auditing, and ethics, to facilitate trans-border investments, transactions, and common global practices. The implementation of international standards improves the reliability of financial information, capital flows and investments, and cross-border trade, which ultimately help emerging economies increase their participation in the global economy. Coupled with transparency, this also helps build public access to information.

Goal 9: Industry, Innovation, Infrastructure *- Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation*

1. The 2030 targets for this Goal most relevant to the profession include:

- Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

- Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological, and technical support to African countries, least developed countries, landlocked developing countries, and small island developing states.

2. The profession's priorities in delivering industry, innovation, infrastructure

This Goal highlights the interconnected nature of all the Goals. Transformational change in infrastructure, including in the energy, transportation, and building sectors, to meet climate change goals will require large-scale private sector engagement. This clearly demonstrates that climate change mitigation policies need to be considered in a broader policy context that covers an enabling investment framework through partnerships.

Accountants in business and government enable confidence in financing infrastructure by providing critical services in decision analysis, due diligence, business advice, anti-corruption and money laundering activities, as well as through integrated reporting. They are in a unique position to make a business case for investment in infrastructure development, in both private and public sectors, that integrates sustainability and value creation within the decision-making process.

The involvement of accountants in supporting investments in research and development (R&D) is also important to help ensure such investments are well managed and deliver against objectives. Within the R&D process, accountants will typically be involved in identifying projects that support strategy, planning, design, and production decisions that meet needs while also being cost effective, and then evaluating the effectiveness of the R&D carried out.

3. Key Considerations

- Facilitate the profession's contribution to integrated reporting as a means to re-balance economic and capital market decision making in favor of long-term value creation and investment, as recommended in the B-20's report. The critical role of accountants in business in bringing about a multi-capitals approach to value creation through integrated reporting is covered under Goal 12. Accounting for sustainable development through integrated reporting is undertaken in the context of strategy, how organisations create value, and how capital allocation decisions are ultimately affected.
- Identify and evaluate opportunities for investment in new technology and infrastructure to enhance the sustainability of organisations. The re-balancing toward long-term value creation is also encouraged by providing an enlightened contribution to sustainable development through applying relevant management, reporting, and accounting practices that support targeted R&D and innovation. To this end, accountants in business can support ongoing thought leadership on the technical aspects of value creation and investment appraisal.
- Accelerate efforts to influence and drive sound public and private sector governance and financial management. While infrastructure investment has a multiplier effect, enabling exponential economic development, there is an acute problem of underinvestment in public infrastructure in many countries, regardless of level of development. Too often, poor governance and public sector financial management inhibits investment. Accrual accounting, which involves the proper valuation and recognition of assets, also facilitates better utilisation of those assets and strengthens resource mobilisation.

Goal 12: Responsible Consumption and Production

- Ensure sustainable consumption and production patterns

1. The 2030 targets for this Goal most relevant to the profession include:

- Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

2. The profession's priorities in delivering responsible consumption and production

Private sector expectations have clearly advanced to higher level with the SDGs. A recent trend is for codes of corporate governance to highlight the responsibility of directors for their company's sustainable success by taking long-term objectives into account in their decision making. The implication is that delivering value to shareholders is an outcome of a company's business model and activities, not the primary objective. The new normal is an expectation that organisations deliver a net-positive contribution to the environment, economy, and society rather than merely being "less bad" than competitors.

Goal 12 is particularly relevant to accountants in business. Integrating sustainability into business and corporate governance is key for seizing the most important business opportunities presented by the SDGs and reducing risk. For companies to seize the SDGs as business opportunities, they need to view sustainability goals as a part of the fabric of their organisation – an integral part of financial, strategic, and operational goals.

Accountants in business need to build on their traditional role of optimising business processes and avoiding waste and stay abreast of innovation and emerging technologies in their industry to make sure that they are supporting the development of products, services, and processes that are profitable and contribute directly or indirectly to the SDGs.

Goal 12 will also place a new demand on corporate reporting, and require a new level of transparency that needs to demonstrate how corporate objectives and activities contribute to responsible consumption and production.

The information and analysis accountants in business provide to support decision making needs to include a more expansive understanding of the disparate sources and drivers of longer-term value to enable better strategy development and implementation through changes to the business model. Financial reports are critical but not sufficient in discharging a governing board's duty to be accountable. Integrated thinking and reporting provide the means and additional incentives for CFOs, and their finance teams, to focus on the information and the decisions that matter to a company and its potential success.

The profession has a significant role in facilitating responsible organisations and markets that can better serve society and thrive over time. There is a long way to go before business and industry can make a full contribution to sustainable development wherever they operate, and accountants in business have significant scope to enhance their contribution to this process.

3. Key Considerations

- Provide visible and practical leadership to help drive greater insights and transparency that can lead to a more enlightened and inclusive capital markets system through real change in the way organisations make decisions based on a longer-term perspective. Through facilitation by accountants in business, this can be delivered by:
    - ensuring that corporate objectives and activities contribute to sustainable development goals, requiring greater connectivity between social and environmental responsibility, and economic benefit;
    - focusing on relevant business risks and opportunities, impacts, and their ability to create value over time; and
    - making strategic and operational decisions that improve resource productivity and allocation and contribute to building a resilient business model can deliver both a societal benefit and a financial benefit to the organisation.
- Help companies, especially large and transnational

companies, adopt sustainable business practices through integrating sustainability information into their governance, management, and reporting. Through their professional and business skills, accountants are well placed to provide relevant insight and analysis to decision makers serving as a basis of refining business models that will ultimately determine an organisation's ability to create value over time. It is important for policymakers and organisations to understand the purpose of the information being disclosed, and to help ensure that reporting is not treated as a matter of compliance but rather as a means of improving strategic and operational decisions, as well as enlightening outside stakeholders.

- Further develop support services that help accountants play a role in embedding sustainable development into strategy and operations. This could include training and sharing guidance and case studies highlighting good practices.

Goal 13: Climate Action - *Take urgent action to combat climate change and its impacts*

1. The 2030 targets for this Goal most relevant to the profession include:

- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- Integrate climate change measures into national policies, strategies, and planning.
- Improve education, awareness raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

2. The profession's priorities on climate action

The December 2015 Paris Agreement of the UN Framework Convention on Climate Change is essential in achieving this Goal, and sets the context. The profession can do much to support governments, capital markets, and organisations implement plans for climate change mitigation and adaptation in line with the Paris Agreement.

In certain roles, accountants have specific responsibilities in delivering accountability against climate change targets. For example, auditors general play a major role in holding governments to account for performance, including against climate goals and targets.

Accountants in business play a critical role in supporting their organisations in responding to climate change and its impacts. First and foremost, they can help make the case for climate action by framing climate change opportunities and risks in a business context. Connecting this Goal to business objectives and long-term business resilience is important in gaining wide-spread support and ensuring business sustainability.

The objective performance data and insights accountants in business can provide should include material climate change issues and help establish and monitor appropriate targets and goals for emissions management and abatement. Their reporting and communication skills can be applied to developing enhanced forms of reporting, such as environmental profit and loss statements and integrated and sustainability reporting, which provide insights to investors, employees, and other stakeholders on an organisation's climate change performance.

3. Key Considerations

- Support market-based policy initiatives, such as carbon pricing, as a key policy lever to encourage necessary efficiency gains and investment in new technology and cleaner energy, as well as to ensure a level competitive playing field.
- Encourage and support consistency, accessibility, and usefulness of climate-related disclosure and reporting. The profession supports the Financial Stability Board (FSB)'s Task Force on Climate-Related Financial Disclosures, which recognises that users of climate-related financial disclosure commonly identify inconsistencies in disclosure practices, a lack of context for information, and incomparable reporting as major obstacles to incorporating climate-related risks as a consideration in their investment, credit, and underwriting decisions over the medium and long term.

- Keep accountants informed of how they can support their organisations' efforts to lower carbon emissions and adapt to climate change. This will encourage self-analysis and awareness of how the accountant's skill set and competences can be applied to climate action, for example, by helping organisations identify and understand climate risk and measure and provide assurance on carbon data.

Goal 16: Peace and Justice and Strong Institutions

– Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

1. The 2030 targets for this Goal most relevant to the profession include:

- Substantially reduce corruption and bribery in all their forms.
- Develop effective, accountable, and transparent institutions at all levels.

2. The profession's priorities in delivering peace and justice and strong institutions

Without peace, stability, human rights, and effective governance – based on the rule of law – achieving sustainable development goals will remain elusive.

The SDGs emphasise good governance focused on smart regulation, rule of law, and well-functioning national institutions. Transparent institutions and justice systems also enable a stable and fair playing field for business operations. For many emerging and developing economies, the priority is to bring about governance, investment, trade, and competition policies that contribute to good business and entrepreneurship.

In particular, fraud and corruption are a threat to achieving the SDGs. Goal16 is referred to by some as "the people's Goal" because fraud and corruption hinder business, constrain competition, divert resources away from those who need it, reduce public investment, and deter foreign investment. Sustainable development efforts can be futile in an environment of poor governance and corruption.

The profession's capacity to address constraints to sustainable growth, such as poor governance, fraud and corruption, poor public sector financial management, and inadequate accounting and auditing practices, is important as these directly affect the drivers of economic development, including domestic and foreign investment. A significant basis for sound capital markets and resilient companies, as well as effective and efficient public service delivery, is high-quality, reliable financial and non-financial information.

Transparent, consistent, and robust anti-bribery and corruption measures must be applied across both public and private sectors.

Given the vast monetary sums channeled through governments, effective public sector financial management is vital to a global solution. Delivering strong organisational cultures rooted in good governance and ethics supports governments and other public sector organisations in developing policies that deliver resilient public services, reduce fraud and corruption, and ultimately foster more equitable development of economies. The profession encourages strong collaboration and commitment from the private, public, and regulatory communities to fight bribery and corruption.

Transparent, responsive, and accountable institutions are a vital part of what it takes to improve lives and implement a sustainable development agenda. Together with properly governed financial systems, they help provide a stable environment within which business can operate, and reduce the costs and risks of doing business. Strong institutions are based on good governance, which is also rooted in open budgeting and sound financial reporting. Accrual accounting and budgeting help governments and public sector organisations develop policies and programs that deliver sustainable, resilient public services and stronger economies, ultimately leading to more confident foreign investors.

On a personal level, professional accountants – through demonstrating ethical and professional conduct by complying with the Code of Ethics for Professional Accountants – have enormous scope to positively influence organisations in the public and private sectors. This involves creating a culture of ethical behavior within and beyond finance teams and supporting ethical practices, such as combating and eliminating fraud and corruption.

The Code of Ethics has also recently been updated to provide a pathway for professional accountants to disclose potential non-compliance situations to appropriate public authorities without being constrained by the ethical duty of confidentiality. It places emphasis on the role of senior-level accountants in business in promoting a culture of compliance with laws and regulations and prevention of non-compliance within their organisations, such as enabling a more timely response to fraud.

3. Key considerations

- Advocate for good governance focused on smart regulation, rule of law, and well-functioning national institutions. As part of its recent #BuildTrust campaign, IFAC's recommendations to the G-20 focus on creating sustainable, inclusive growth by:––strengthening governance, which in both the public and private sectors is at the heart of accomplishing the G-20 objectives of recovery, growth, and stability, as well as combating fraud and corruption and restoring public trust and integrity;
  - promoting and adopting principles for good regulation to create a more consistent, effective international regulatory environment;
  - acknowledging the importance of international standards across all jurisdictions, including international standards for accounting, auditing and assurance, professional ethics and education, and public sector accounting; and
  - calling for global use of the International Integrated Reporting Framework.
- Enhance the capacity of accountants to contribute their expertise to implementing and monitoring governance arrangements and controls that hinder fraud, corruption, and money laundering while enhancing transparency. PAOs can help achieve this by providing practical support to accountants and, where possible, resources and training to help combat fraud and corruption. They can also offer broader support to help government and public sector organisations ensure that their planning and budgeting, cost management, investment, and financial reporting are more effective, transparent, and understandable to the government and its stakeholders, particularly citizens.
- Promote the importance of external public sector auditing in monitoring and reporting on national efforts to implement the SDGs and their targets. External public sector auditing can directly contribute to development goals by having the auditors monitor and report on national efforts to implement the SDGs and their targets. In addition, the auditors' efforts to fight corruption, fraud, and financial mismanagement at both national and local government levels help to protect public funds and the governments' capacity to deliver on goals through public services and investments.

Goal 17: Partnerships for the Goals

- Strengthen the means of implementation and revitalise the global partnership for sustainable development

1. The 2030 targets for this Goal most relevant to the profession include:

- Strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.
- Mobilise additional financial resources for developing countries from multiple sources.
- Enhance international support for implementing effective and targeted capacity building in developing countries to support national plans to implement all the Sustainable Development Goals, including through North-South, South-South, and triangular cooperation.
- Enhance global macroeconomic stability, including through policy coordination and policy coherence.
- Enhance policy coherence for sustainable development.
- Enhance the Global

Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology, and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.

2. The profession's priorities for partnerships to achieve the goals

The SDGs will not be achieved without businesses supporting partnerships to pursue shared objectives or address systemic challenges. Partnerships can be across the value chain, within their sector or with governments and civil society organisations. Strong partnerships and collaboration are the most important ingredients in achieving the SDGs. Cross-sector institutional partnerships ensure every Goal has the support and resources it needs.

IFAC, on behalf of the global accountancy profession, will continue to partner with stakeholders, including PAOs, INTOSAI, governments, accountancy firms, international donors and other development agencies, regulators, and others to help maximise contribution to the SDGs.

Together with governments and taxpayers, accountants have a significant role in improving revenue collection at the national level, and in preventing tax evasion and illicit cash flows. "The Role of Professional Accountants in the Proper Functioning of Taxation Systems" explores the various roles and responsibilities of accountants in the tax area.

3. Key Considerations

- Collectively consider where the profession can contribute, especially in terms of where its perspective and influence would be valued, and which partnerships and collaborations would enhance its contributions. For example, over time, IFAC, PAOs, and accountancy firms have established positive and effective relationships with a wide range of accountancy and economic development bodies as well as non-governmental organisations and other professions. ■

Environmental Audits-Emerging Opportunities for Chartered Accountants

The growth in interest and activity in environmental accounting and auditing in the past two decades has been astonishing. From the most marginal and irrelevant subset of social accounting at the beginning of 1990s, it has expanded to become something which is now seen as an essential element in any organisation's environmental responsibility. In this context, a question generally asked is whether a chartered accountant (CA) has the required capabilities to conduct environmental audits or what role a professional accountant can play in dealing with environmental concerns. The article explores the opportunities for CAs in the area of environmental accounting and auditing and thus contribute to Sustainable Development Goals. Read on to know more…

Contributed by Internal Audit Standards Board of ICAI. Comments can be sent to iasb@icai.in

Chartered Accountants in the past have been reluctant to participate in green issues because their capability and knowledge to conduct environmental audits may be challenged. They felt that environmental audit is a diverse activity which involves knowledge about various technical, legal and non-financial matters. It may involve multiple agencies as well as multiple users. In the absence of established standards and guidelines, it is difficult to conduct environmental audits. But over the time, it has been realised that the role of chartered accountants in green accounting and audit is significant.

According to INTOSAI, 2004, "Accountants, as providers of information, reports and assurance on which business and government decisions are frequently based, have increasingly been drawn into the environmental arena. The influence of accountants and auditors comes from their access to financial information. They analyse reports and communicate information on which decisions are based and performance is evaluated. They can encourage greater transparency and informed decisions about application of resources and the impact of activities on environmental outcomes without distorting existing accounting standards. Thus, in order to ensure the provision of accurate information by annual reports, it is necessary to involve the environmental audit."

The accounting literature clearly establishes the potential for financial auditors to play a role in the conduct of environmental audits. FEE and INTOSAI created work groups for environmental audit that published guidance

on conducting audits of activities with environmental perspectives in 2001. These work groups conducted numerous studies and research projects on the issue. Accounting profession of various countries have also published research reports on environmental accounting and auditing, of which the most notable work done by the Canadian Institute of Accountants (CICA) is titled '*Environmental Auditing and the Accounting Profession.*' Another important work, 'The Environmental Audit and the Audit Profession' has been done by the Limpberg Institute of Netherlands on behalf of the Dutch Accounting Professions. All these reports emphasise that the accounting profession has significant role to play in environmental matters. By establishing

Environmental financial accounting refers to the preparation of the environmental financial reports for external audiences using generally accepted accounting principles (GAAP)

commonality between the principles of financial auditing and other forms of assurance practice, such as environmental audits, financial auditors have claimed sufficient expertise to coordinate the provision of environmental audit services.

The role of accountant in helping an organisation in dealing with environmental issues can be analysed under following heads:

CA as Environmental Accountant

Environmental financial accounting refers to the preparation of the environmental financial reports for external audiences using generally accepted accounting principles (GAAP). It mainly includes estimation and public reporting of all significant and financially material environmental information such as, significant environmental costs, liabilities and contingencies. CAs due to their specialised accounting skills can help an organisation in preparing environmental financial accounts, i.e., in dealing with identification, measurement, recognition and disclosure of all significant environmental financial costs, benefits, assets, liabilities and contingencies. In this context, a highly relevant work is of the United Nations Inter Governmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR). ISAR began to focus on the subject of Environmental Accounting and Reporting (EAR) in the late 1980s. Starting from 1989, ISAR has issued number of recommendations on EAR. Apart from ISAR, different types of supra-national bodies (e.g., FEE, European Union) have also shown interest in EAR and some of these have issued guidelines in this connection. Professional accounting bodies all over the world have this item on their agenda.

Environmental management accounting (EMA) is the process of identifying, collecting and analysing information about environmental costs and performance to help an organisation's decision-making (EPA, 1995a).

CA's Role in Environmental Management Accounting

In addition to the significant role that the chartered accountants can play in environmental financial accounting and reporting, environmental management accounting also offers an opportunity for accountants to develop the services they offer beyond the traditional core activities. The focus of environmental management accounting is internal. Environmental management accounting (EMA) is the process of identifying, collecting and analysing information about environmental costs and performance to help an organisation's decision-making (EPA, 1995a). EMA is mainly concerned with the presentation of data about environmental activities and performance to the management, so that it can also be considered while making number of business decisions like, capital budgeting decision, costing determinations, process/ product design decisions or performance evaluations. It has been felt that the accountants have the necessary skills and experience to:

(i) monitor, measure and control environmental costs;
(ii) manage environmental information systems so that the outputs are accurate and reliable;
(iii) identify and plan financial budgets for improvement projects;
(iv) help formulate and implement environmental strategy; and
(v) provide highly regarded advice on improvement of environmental performance.

Consideration of Environmental Matters in Audit of Financial Statements*

The International Auditing Practices Committee (IAPC) of the International Federation of Accountants (IFAC) has published a discussion paper titled *'The Audit Profession and the Environment'* in May 1995. According to IAPC, 'Environmental matters are becoming significant to an increasing number of entities and may, in certain circumstances, have a material impact on their financial statements. These issues are of growing interest to the users of financial statements. The recognition, measurement, and disclosure of these matters are the responsibility of management. For some entities, environmental matters are not significant. However, when environmental matters are significant to an entity, there may be a risk of material misstatement (including inadequate disclosure) in the financial statements arising from such matters. In these circumstances, the auditor needs to give consideration to environmental matters in the audit of the financial statements. Environmental matters can be complex and may therefore require additional consideration by auditors.'

International Auditing Practice Statement (IAPS) 1010, *'The Consideration of Environmental Matters in the Audit of Financial Statements'* was approved by the IAPC in March 1998. The Statement provides practical assistance to auditors by describing:

(i) The auditor's main considerations in an audit of financial statements with respect to environmental matters;
(ii) Examples of possible impacts of environmental matters on financial statements; and
(iii) Guidance that the auditor may consider when exercising professional judgement in this context to determine the nature, timing, and extent of audit procedures with respect to:
    (a) Knowledge of the business (ISA 310, *'Knowledge of the Business'*);
    (b) Risk assessments and internal control (ISA 400, *'Risk Assessments and Internal Control'*);
    (c) Consideration of laws and regulations (ISA 250, *'Consideration of Laws and Regulations in an Audit of Financial Statements'*); and
    (d) Other substantive procedures (ISA 620, *'Using the Work of an Expert'* and some others).

The guidance under (c) reflects the typical sequence of audit process. Having acquired a sufficient knowledge of the business, the auditor assesses the risk of a material misstatement in the financial statements. The assessment includes consideration of environmental laws and regulations that may pertain to the entity, and provides a basis for the auditor to decide whether there is a need to pay attention to environmental matters in the course of the audit of financial statements. The statement also gives meaning of environmental matters and examples of environmental matters which have impact on financial statements.

When planning and performing audit procedures and evaluating and reporting the results thereof, the auditor should recognise that non-compliance by the entity with laws and regulations may materially affect the financial statements. However, an auditor cannot be expected to detect

> It is felt that CAs can very efficiently conduct compliance audits if they gain knowledge of relevant environmental laws and regulations. They can also conduct certification audits.

non- compliance with laws and regulations. According to ISA 250, "the auditor's training; experience and understanding of the entity and its industry may provide a basis for recognition that some acts coming to the auditor's attention may constitute non-compliance with laws and regulations. The determination as to whether a particular act constitutes or is likely to constitute non-compliance is generally based on the advice of an informed expert qualified to practice law but ultimately can only be determined by a court of law."

CA's Role in Compliance and Certification Audits

Compliance audits are conducted to verify an entity's compliance with environmental laws, regulations, standards, industry guidelines or company's own policy. It is felt that CAs can very efficiently conduct compliance audits if they gain knowledge of relevant environmental laws and regulations. They can also conduct certification audits. Such arguments, generally, center on the requirements outlined in ISO 14012 Guidelines for environmental auditing issued in 1996. ISO 14012 para 4 recommends that, environmental auditors should have "appropriate work experience, formal training and/ or on-the job training in some or all of a number of areas, including audit procedures, processes and techniques". In 2002, ISO 19011 was issued which superseded ISO 14012. ISO 19011 also provides that in addition to personal attributes like, ethical, open-minded, versatile, observant, decisive, etc., an environmental auditor should have specific knowledge of:

(a) skills in application of audit principles, procedures, techniques,

(b) knowledge of EMS, terminology related to environmental matters, relevant environmental laws, environmental aspects of operations, etc.

CAs, already have first set of required skills. After obtaining knowledge about environmental laws, EMS and relevant terms, they can very efficiently conduct environmental audits, particularly certifications audits. These audits may include monitoring of environmental management system of the unit, checking the status of consent orders, compliance of consent orders, water cess, other legal requirements, industrial data collection regarding product process, electric consumption, water consumption, raw materials and energy balance, etc.

In the same way, CAs can play important role in non-financial auditing or carbon audits.

CA and Environmental Information Audit

The main role of financial auditor is to express opinion on truth and fairness of assertions made in financial statements. This role can be very well extended to include environmental information audit where all types of environmental information reported by a concern through various mediums is verified with the help of all available evidences.

CA as Environmental Consultants

CAs can enter in the environmental consultancy area and help organisations in obtaining consents required under various environmental laws. For example, before establishing an industrial unit a CA's certificate about proposed Capital Investment or Gross capital investment (land, building, plant and machinery) is required to be submitted along with the application for establishment of a unit. This certificate is also known as Gross Block Investment certificate. This certificate should include the cost of land, building, plant and machinery without depreciation. CAs can also provide information on the capital and recurring (O&M) expenditure on various aspects of environment protection such as effluent, emission, hazardous wastes, solid wastes, tree-plantation, monitoring, data acquisition, etc. This is important information to be given in the application for consent to establish/ operate/ renewal of consent.

> Chartered Accountants as environmental consultants can give opinion on viability of various projects, technologies to prevent pollution and clean up polluted resources.

Chartered Accountants as environment consultants can play an important role in obtaining environmental clearance under the Environment Impact Assessment Notification. The environmental consultant should be conversant with the existing legal and procedural requirements of obtaining environmental clearance for a proposed project. The consultant should guide the project proponent (i.e., the person who is going to establish an industrial unit) through initial screening of the project and establish whether Environment Impact Assessment (EIA) studies are required to be conducted and, if so, finalise the scope of such study. Chartered Accountants as environmental consultants can give opinion on viability of various projects, technologies to prevent pollution and clean up polluted resources.

CA's Role in Sustainable Development

Professional accountants in all types of organisations have a significant role to play in sustainable development also. In 2011, the IFAC has issued a sustainability framework. According to IFAC, "Achieving a sustainable future is only possible if organisations recognise the role that they can and need to play. Effective action by the accountancy profession and professional accountants to better integrate and account for sustainability is an essential part of that role. The IFAC Sustainability framework primarily targets professional accountants working in commerce, industry, financial services, education, and the public and non-profit sectors. IFAC strongly believes that these professional accountants can influence the way organisations integrate sustainability into their mission, goals and objectives, strategies, management and operations, definitions of success and stakeholders' communications." IFAC's Sustainability Framework —

(i) Emphasises on role of professional accountants in sustainable development.

> Accountants have significant role in green audits (particularly, environmental financial audit and environmental information audit) because they have knowledge of law and accounting standards and expertise in accounting and financial matters.

(ii) Feels that accountants have knowledge and expertise in dealing with environmental matters.

(iii) Believes that professional accountants have a significant role in integrating sustainability issues into strategy, operations and reporting and in ensuring that accurate and credible necessary information, analysis and insights are available to relevant stakeholders to support decision-making.

Accountants are interested in finding a solution to the environmental issues and they are ready to accept challenges posed by global environmental concerns. Some audit companies have already started training specialised teams on environmental audit. These teams include environmental engineers, legal professionals, finance specialists, ISO 14001 certifiers, certified chartered accountants, etc. Accountants have significant role in green audits (particularly, environmental financial audit and environmental information audit) because they have knowledge of law and accounting standards and expertise in accounting and financial matters. They can ensure that environmental information provided by government or business is accurate, complete/ authentic and can encourage greater transparency and informed decisions. CAs can play significant role in environmental matters as accountant, decision maker, advisor, manager, consultant, analyst, as a part of internal audit team or as an independent verifier. There are significant opportunities in this area, but to avail these opportunities it is necessary to provide relevant education to deal with issues like, social audit, carbon audit, energy audit, and sustainability auditing. In addition, continuous training is required to deal with dynamic and diverse environmental issues. The need has also been felt to develop a conceptual framework for environmental reporting and some guidelines and standards for incorporating environmental issues in the financial statements. ■

"The ability of the planet's eco-systems to sustain future generations can no longer be taken for granted.... Humanity is, in essence, impairing the very foundations of our health and prosperity. Governments have a key role to play in reversing these trends and in protecting our national heritage. So do environmental auditors" - 2005 Millenium Ecosystem Assessment.

Companies Act and Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an important tool to achieve Sustainable Development Goals. Section 135 of the Companies Act, 2013 as amended (hereinafter referred to as the Act) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended (hereinafter referred to as the Rules) deal with the provisions of Corporate Social Responsibility. The aforesaid provisions came into effect from 1st April, 2014. The Areas or Activities which may be included by Companies in their Corporate Social Responsibility Policies are contained in Schedule VII to the Act. The Companies (Amendment) Act, 2019 has introduced significant changes in Section 135 of the Act. Read on to know more...

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1. Companies under the Purview of CSR

1.1. Every Company having

a) Net worth of ₹ 500 crore or more, or

b) Turnover of ₹ 1000 crore or more, or

c) Net Profit of ₹ 5 crore or more,

during the immediately preceding financial year come within the ambit of Section 135.

Rule 3(1) lays down that every company including its holding or subsidiary and a Foreign Company defined under clause 42 of Section 2 of the Act having its Branch Office or project office in India fulfilling the above criteria shall come within the purview of CSR provisions.

If a company ceases to meet the above criteria for 3 consecutive financial years, it is not required by the company to constitute a CSR Committee and comply with the CSR Provisions till such time it meets the specified criteria.

2. CSR Committee

2.1 A Company to which CSR is applicable is required to constitute a CSR Committee of the Board consisting of 3 or more directors, out of which at least one director shall be an independent director. However, if a company is not required to appoint an independent director, then it shall have 2 or more directors in the Committee.

In the case of a Foreign Company, the CSR committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub section (1) of Section 380 of the Act and another person shall be a nominee of the Foreign Company.

3. Functions of CSR Committee

3.1 The CSR Committee shall

a) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subjects specified in Schedule VII.

b) Recommend the amount of expenditure to be incurred on the activities

c) Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

In the case of a Foreign Company, the CSR committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub section (1) of Section 380 of the Act and another person shall be a nominee of the Foreign Company.

4. Responsibility of Board of Directors

4.1 The Board of a Company to which the C.S.R. provisions are applicable shall

a) After considering the recommendations made by the CSR Committee, approve the CSR Policy for the Company and disclose contents of such Policy in Board report and place the same on company website, if any as per Annexure attached to the Rules.

b) Ensure that the activities as are included in CSR Policy of the company are undertaken by the Company.

c) Disclose the composition of the CSR Committee in Board Report.

d) Ensure that the company spends, in every financial year, at least 2% of the average net profits of the company, in pursuance of its CSR Policy.

5. Minimum Amount of Yearly CSR Expenditure

5.1 At least 2% of the average net profits of the company made during the immediately preceding three financial years in pursuance of the CSR Policy need to be spent. Preference need to be given to local area and areas around which the company operates.[1]

The Net Profit means such profit of a company as per financial statements prepared in accordance with the Act but does not include.

a) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

b) Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.

The net profit should be computed before tax.[2]

6. CSR Policy

6.1 The CSR Policy of the company shall, inter-alia, include the following:

a) A list of CSR projects or programs which a company plans to undertake specifying modalities of execution of such project or programs and implementation schedules for the same. The projects should cover the areas or subjects in Schedule VII.

[1] *General Circular Number 6/2018 dated 28-05-2018*
[2] *General Circular number 1/2016 dated 12-01-2016*

b) Monitoring process of such projects or programs.

c) The CSR Policy shall lay down that surplus arising out of CSR Activities shall not form part of business profit of a Company.

d) The CSR activities should not include activities undertaken in the normal course of business of a Company.

7. Carryying Out CSR Activities

7.1. CSR Activities can be carried out by Section 8 company or a registered trust/society established by the company either singly or along with any other company or established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislative.

7.2. Collaboration with other Companies for undertaking CSR Activities is possible provided that the Companies are in a position to report separately on the projects /programs.

7.3. CSR projects undertaken in India only shall amount to CSR expenditure subject to the provision of Section 135(5) of the Act.

8. What Does Not Constitute CSR Activities

8.1. CSR Projects Programs that benefit only the employees of the company and their families.

8.2. Contributing directly or indirectly to any political party under section 182 of the Act.

8.3. Expenses on building CSR capacity of company personnel as well as the Implementing Agencies to be limited to five percent of the total CSR expenditure of the company in one financial year.

8.4. Circular Numbers 21/2014 dated 18-06-2014 and 36/2014 dated 17-09-2014 issued by the Ministry of Corporate Affairs (MCA) provide the broad contour within which eligible companies are required to formulate their CSR policies including activities to be undertaken.

8.5. The MCA has also issued General Circular Number 1/2016 dated 12-01-2016 containing 23 Frequently Asked Questions on CSR.

8.6. Circular Number 5/2016 dated 16-05-2016 lays down that other prevailing laws of the land including Cigarettes and Other Tobacco Products Act (COTPA), 2003 cannot be contravened while carrying out CSR Activities.

CSR Activities can be carried out by Section 8 Company or a registered trust/society established by the company either singly or along with any other company or established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislative.

9. CSR Reporting

The Board's Report of a company covered under the Rules shall include an Annual Report on CSR containing the particulars specified in the Annexure.

In the case of a foreign company the Balance Sheet filed under section 381(1)(b) of the Act shall contain an Annexure regarding report on CSR.

10. Accounting For CSR

ICAI had issued a Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities in 2015. This publication lays down the following principles:

a) Since Expenditure on CSR Activities is to be disclosed in the Board's Report in accordance with the Rules made there under, no provision is required for the amount which is not spent i.e., any shortfall in the amount that was expected to be spent as per the provisions of the Act and the amount actually spent at the end of the reporting period. However, if a company has already undertaken CSR activity for which a liability has been incurred by entering into a contractual obligation then a provision for the amount representing the extent to which CSR activity was completed during the year needs to be recognised in the financial statement.

b) Rule 6(2) of the Rules requires that the surplus arising out of the CSR projects or programs shall not form part of the business profit of a company. The Guidance Note lays down that any surplus arising out of CSR project shall be recognised in the Statement of Profit & Loss and since this surplus cannot be part of business profit the same should be immediately recognised as a liability for CSR expenditure in the Balance Sheet and recognised as a charge to the statement of Profit & Loss.

c) The Notes to Account should contain adequate Disclosure relating to CSR expenditure.

This Guidance Note is under Revision consequent to Amendments in Section 135 of the Act as contained in The Companies (Amendment) Act, 2019.

Companies violating CSR norms will attract fine which shall not be less than fifty thousand rupees, but which may extend to twenty-five lakh rupees and every officer of such company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

11. Amendments Contained in Companies (Amendment) Act, 2019

The Amendments Section 135 (yet to be notified) lays down the following :

a) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding three financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

If the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of Section 134, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

b) The unspent amount in relation to ongoing projects should be transferred to a Separate Bank Account to be called the Unspent Corporate Social Responsibility Account within 30 days from the end of Financial Year (FY), and such amount should be spent within a period of three FYs from the date of such transfer. In case such amount remains unspent after completion of three FYs, the said amount is then required to be transferred to any of the funds mentioned in Schedule VII, within a period of 30 days from the date of completion of the third FY.

c) Companies violating CSR norms will attract fine which shall not be less than fifty thousand rupees, but which may extend to twenty-five lakh rupees and every officer of such company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

Conclusion

As is evident from above, contribution to CSR has been made mandatory and penal consequence for non-compliance has been introduced. This will involve Corporate India to work towards meeting societal needs.■

Sustainable Gender Equality

The concept, of gender equality in context of sustainable development goals has been a part of India since time immemorial. to The country believes in, "Yatra naryastu pujyante ramante tatra Devata, yatraitaastu na pujyante sarvaastatrafalaah kriyaah", a famous sloka from Manusmriti, which means, ~ 'Where women are honoured, divinity blossoms, and where they are dishonoured, all action remains unfruitful.' The very quote reflects how ahead of times we Indians had been in keeping women power at high pedestal.

Hon'ble Finance Minister Smt. Nirmala Sitharaman, in her maiden speech on Budget 2019-20, quoted Swami Vivekanand's letter to Swami Ramakrishna, "there is no chance for the welfare of the world unless the condition of women is improved. It is not possible for a bird to fly on one wing" thereby stating that India can make significant progress with greater participation of women by encouraging and facilitating the role of women in India's growth story. Read on...

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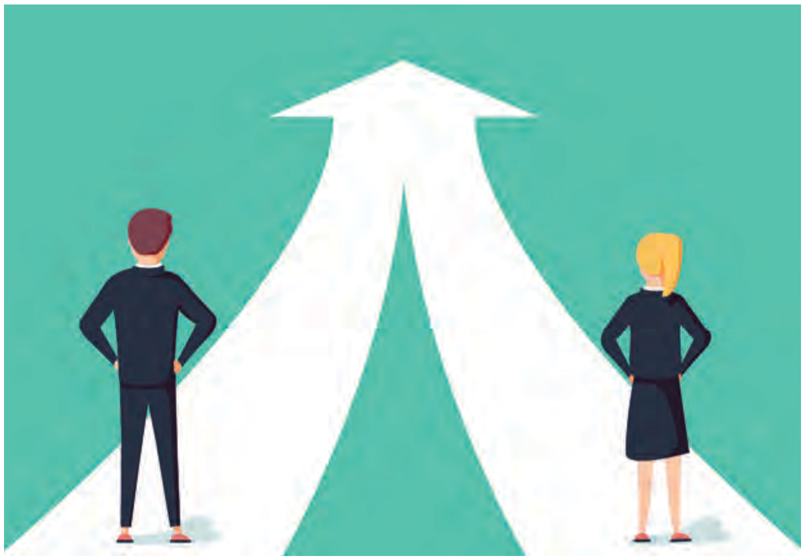

The best barometer to measure the progress of a nation is knowing how women are treated in the country. There is no chance for the welfare of the world unless the condition of women is improved. The role of women in society and business cannot be undermined as women have proved their mettle in handling finance and other complex and strategic matters in their homes and businesses. Women have proved themselves, beyond doubt, in every aspect of society and have acquired indomitable position as fighter for independence, ruler of country. They have marked their presence in making strategies, economics and finance, decision making and leading people. Economic empowerment of women is highly connected with poverty reduction as women tend to invest more of their earnings in their children and communities. Indian women themselves have played a key role in claiming a space for themselves in India's work force.

To say that gender equality is being followed by the country, given the Indian traditions or in view of the statements made by the government, would not be alright. At grassroot level, the real picture differs considerably when it comes to gender equality. In the country that worships goddesses, instances of female foeticide still prevails.

> The Institute of Chartered Accountants of India believes in creating equal opportunities for women. Women Members Empowerment Group is a focused body seized to formulate and implement plans, policies for empowerment of Women members.

Going by its definition, gender equality means, the state in which access to rights or opportunities are unaffected by one's gender. This concept was reaffirmed in United Nation's General Assembly on December 10,1948, "*All human beings are born free and equal in dignity and rights*" and that "*everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, color, sex, language, religion, birth or other status.*"

Gender equality is Goal 5 of the seventeen Sustainable Development Goals of United Nations to make world a better place to live in. In fact, women have a critical role to play in all of the SDGs, with many targets specifically recognising women's equality and empowerment as both the objective, and as part of the solution. The goal to 'achieve gender equality and empower all women and girls' is known as the stand-alone gender goal, because it is dedicated to achieving these ends. Deep legal and legislative changes are needed to ensure women's rights around the world.

With regards to gender equality a record 143 countries guaranteed equality between men and women in their Constitutions by 2014. Women and girls represent half of the world's population and, therefore, also half of its potential. Gender equality, besides being a fundamental human right, is essential to achieve peace, with full human potential and sustainable development. Moreover, it has been shown that empowering women helps in increasing productivity and lead to economic growth. Unfortunately, there is still a long way to go to achieve full equality of rights and opportunities between men and women. It is also essential to achieve equal opportunities in access to employment and to positions of leadership and decision-making at all levels.

The Institute of Chartered Accountants of India believes in creating equal opportunities for women. Women Members Empowerment Group is a focused body seized to formulate and implement plans, policies for empowerment of women members. The group is also maintaining a portal to assist women with their specific issues. The group takes a number of activities for the benefit of women members with the following objectives:

- Explore professional opportunities for women and work towards their empowerment.
- Organise conferences, training and other programmes.
- Interact with various stakeholders on matters relating to growth and development of women members.

South Asian Federation of Accountants (SAFA), which is an Apex body of SAARC and an Acknowledged Accountancy Grouping of International Federation of Accountants (IFAC) in one of its recent Board meeting unanimously accepted the proposal of ICAI and decided to constitute SAFA Women Empowerment Committee for the women members of the SAFA Region. Committee of SAFA will conceive, formulate and implement plans, policies and programmes for development of Women Members in the SAARC Region.

Unfortunately, in society there are cases where equality is disrespected on various grounds. Fortunately, chartered accountants face no such bias, female chartered accountants being 26% of ICAI's membership base. Equal respect and opportunities are open in this field, but struggle starts in the real world where people are gender biased.

Women too are entitled to enjoy their human rights and be free from all forms of discrimination. Yet directly or indirectly discrimination against women persists in many areas vis-a-vis social norms, practices and gender-based stereotypes. Gender equality before the law does not necessarily mean that women in practice have equal opportunities. Glimpse as under:

Issues and Concerns

Scenario 1: Hiring advertisement, both male and female can apply, candidate need to travel frequently, mostly field work in the rural areas.

Resultant : No women can apply for the job. Clear message is given in the above scenario that the opening is favourable for male candidates.

Scenario 2 : Women earn between 10 and 30% less than men.

Resultant: Lower propensity to save and invest, more insecure employment.

Scenario 3: If women wants to pursue her career, she is seen as over ambitious, less suitable in view of family needs.

Resultant: Either she quits her career or compromises with the opportunities available to her.

> There may be more such scenarios where a women is found fighting hard, despite being equally qualified and deserving in the required area. The struggle is visibly prevalent at home, office and society front.

Measures to Check Discriminations

An increasing number of countries are currently introducing various types of gender quotas for public elections. In fact, a large number of countries in the world, today use some type of electoral quota for their parliament. Quota systems aim at ensuring minimum level of women participation in country's policies and decision making processes.

Implementing Gender Quotas

Incidentally, India implemented gender quotas long before the global resolution. In 1993, two years before the Beijing Conference, India introduced gender quotas in its third tier of government, namely the local governments, through constitutional amendments. Within two decades, this move has notably increased the representation of women in these elected bodies from a mere 3-4% to an impressive 43%.

There may be more such scenarios where a women is found fighting hard, despite being equally qualified and deserving in the required area. The struggle is visibly prevalent across various fronts.

The bias has been there for long time and that has given women infinite patience and perseverance. The idea of perfect womanhood is perfect independence. The practical and social issues can be addressed by, changing the approach and mindsets of people.

One can take inspiration from women chartered accountants who have conquered many such obstacles and have catapulted themselves to pinnacles of their career. R. Sivabhogam, the first female chartered accountant of India, Naina Lal Kidwai, Padma Shri recipient, Dhivya Suryadevara, former Chief Financial Officer of General Motors, are the ones to name a few.

India could boost its growth substantially, if half of the total women population join the work force. Efforts are being made to promote women in every segment to take prime positions. Section 149 of the Companies Act, 2013 is a provision in Companies Law which states that a board should have a female director in order to meet the objective of maintaining an unbiased and proper management. In India, the Companies Act, 2013 imposes a quota of at least one female director on the board of listed companies and any public company having a paid-up share capital of ₹ 100 crores or more or a turnover of ₹ 300 crores or more.

Today, India boasts of nearly one million women panchayat leaders – a number that is an indicator of the leadership roles women are increasingly taking up.

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Cultural and Social Pressure

Ironically, there have been number of cases where educated married women have been found burdened by the social pressures of in-laws and as a result drop out of the work force after marriage. Nevertheless, they were making noteworthy contributions to their jobs.

There are also instances of women willingly leaving their jobs. There is also a noted differentiation in culturally accepted priorities for men and women. For women, the disproportionate pressure to sustain the marriage, manage the household, bear and bring up children alongside careers naturally push them to often compromise with their work life aspirations.

Work culture in India also adopts similar attitude and would rather relieve young mothers or women from jobs on account of conservative social norms rather than investing in arrangements such as:

- Providing secure congenial work environment.
- Assisting them with more flexible working hours.
- Providing facilities for travelling such as pick-up and drop.
- Providing crèches or day care facilities for their children.

Employers need to walk the talk and commit to supporting diversity in the workplace by hiring women and paying them the wages at par with men in similar jobs. Women need safe transportation and zero tolerance of harassment at workplace. At the same time there are many new age organisations that are promoting female employees by providing healthy environment, good facilities, maternity leaves and so on.

Some more promising signs are the government's program for skills development, subsidised loans for businesses led by women, enhanced maternity leave, and requiring childcare facilities in companies that employ more than 50 people. If implemented and respected, these policies could remove some of the barriers women face and offer a significant boost to India's economy. The results of such initiatives can be really rewarding as the country has potential to add significantly to its GDP, simply by giving equal opportunities to women.

Conclusion:

Over time things have reached different dimensions. While discrimination on the basis of gender at home and work places is reducing, the struggle has taken a different shape. Women working in organisations have to struggle in offices for their existence, survival and growth.

Gender equality can help in achieving other goals by contributing directly to reduce poverty, improve health, provide education, lead to economic growth and so on

While there are women dominating matriarchy society like in Middle Southeast Asian countries, there are other countries that are not able to provide equal opportunity to women. Women should start early to get on to the path of becoming future professionals. Workload at home needs to be equitably divided, thereby fostering a better environment. Creation of better jobs, providing child care support, elder care, and ensuring mobility to and from work can significantly remove some of the structural barriers for women to take up and continue employment.

Gender equality can help in achieving other goals by contributing directly to reduce poverty, improve health, provide education, lead to economic growth and so on. ■

SDGs and Measurement Challenges

In September 2015, a summit of heads of state adopted the Sustainable Development Goals (SDGs) that will guide the UN's 2030 Agenda for Sustainable Development. Now, attention has shifted towards their implementation, monitoring, and evaluation. In order for the SDGs to be successful, every level of government will be counted on to benchmark and assess progress on each of the goals. Each Goal is broken down into a range of targets, with a total of 169 targets spread out across the 17 goals. Read on to know more…

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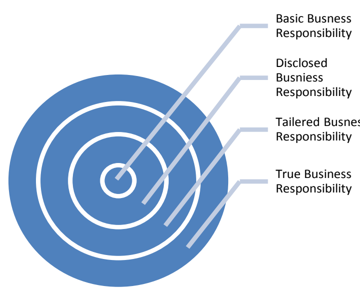
Since the Sustainable Development Goals have to be implemented by 2030, it requires an immense effort not only from the government but also from businesses and professionals. The Indian Government is already using SDGs as a roadmap for formulating national policies and regulations. This makes it imperative that for companies to follow through with the national policies and implement the SDGs. Reliable measurement tools are essential for setting goals and measuring the achievement of the goals by the companies.

Understanding Measurement

Corporate financial performance is relatively easy to measure as inputs and outputs are clearly identifiable. Sales and costs are easy to measure. However, measurement of business responsibility performance in financial terms is much more difficult to measure. Also, there could be several ways of viewing business responsibility performance measurement.



Basic business responsibility measurement is the information found in the sustainability reports and annual reports published by the companies year on year. Disclosed business responsibility measurement is provided by various studies published by leading newspapers. These that look at the performance of companies on responsibility parameters (like our annual study that measures and ranks companies on their responsibility performance[1]). Tailored responsibility performance measurement is a customised performance report that various consulting firms provide to companies to account for their unique situations. True responsibility performance is the ideal responsibility performance that is impossible to measure given the currently available tools.

What should one put in sustainability reports? How should one quantify performance of social or environmental actions? This is a complex task and the complexity arises on many counts. Social and sustainable performance is based on outcomes which are relatively harder to identify. Take the case of a company that undertakes water conservation through rainwater harvesting. What is the financial value of water added? The value will depend on the use to which water is put to use – commercial (used in factories), agricultural (for farmers to use during periods of water shortages) or for household use (by families of company employees). The value of water will also depend on whether the region is water scarce or not? Water is more valuable when water availability is scarce. Thus, there are significant practical challenges to measuring business responsibility.

Much of the work undertaken on environmental action are in the nature of:

- A substitution of non-renewable natural resources with renewable ones.
- Increased efficiency in the use of both non-renewable natural resources and renewable natural resources.
- Restricting emissions and discharges within Earth's assimilative capacity.
- A restriction on land-use changes in a manner that the life support capacity of the land is not harmed much.

As one can readily see these outcomes are both difficult and complicated to measure. Some of the aspects include:

(a) **Cost of Measurement:** To begin with, it is important to understand if companies have the resources to measure these complex actions. These often require them to get the prices of positive and negative externalities right; extricating the impact of subsidies on unsustainable choices; and making action choices to deal with the problem at hand. Thus, measuring externalities is costly. Greater accuracy of measurement comes at a cost (more data collected, more time spent in evaluation etc.) and hence a tradeoff is required between higher cost of accuracy and lower cost with low accuracy.

(b) **Multiplicity of Stakeholders:** A large number of stakeholders require information at various levels of detail. Thus government, regulators, international agencies, rating agencies and shareholders all require information in different formats and with different details. This add a layer of complexity to the communication of responsibility measurement.

(c) **Inadequacy of measurement tools:** Reporting apart, there are other practical issues. Are the tools needed to measure the impact of setting up a sewage treatment plant the same as tools required to measure the impact of an electrostatic precipitator in a chimney? Clearly, not. How does one integrate different measurement systems? How does one maintain different measurement systems within an integrated system? How does one measure performance when the outcomes are linked to actions by other entities? For instance, two companies have plants located close to one another. One company ensures minimal emissions while the other company does not care. The nearby community does not really benefit.

Several measurement systems have developed over a period of time. Some of the prominent ones are:

(a) **Impact Assessment:** Standards, benchmarks and tools enabling companies to assess, compare and improve their social and environmental impacts over time.

(b) **Environmental Profit and Loss (EP&L) Statement:** Pioneering development of a means of placing a monetary value on the environmental impacts along the supply chain of a business.

(c) **Natural Capital Protocol:** A harmonised framework

[1] *Responsible Business Rankings, 2014-19*

for valuing natural capital in investor decision making.

(d) **Redefining Value:** A work programme that aims to help World Business Council for Sustainable Development (WBCSD) member firms standardise tools to measure and manage their impact on society and the environment.

(e) **Shared Value:** A management strategy focused on creating business value by identifying and addressing social problems.

(f) **Social Return on Investment (SROI):** A framework based on generally accepted accounting principles used to help manage and understand an organisation's social, economic and environmental outcomes.

(g) **Total Impact Measurement and Management (TIMM):** New language to assist companies in understanding the overall impact of their activities.

(h) **True Price:** A social enterprise that helps organisations—multinationals, SMEs, NGOs, governments—quantify and evaluate their economic, environmental and social impacts, particularly on a product level.

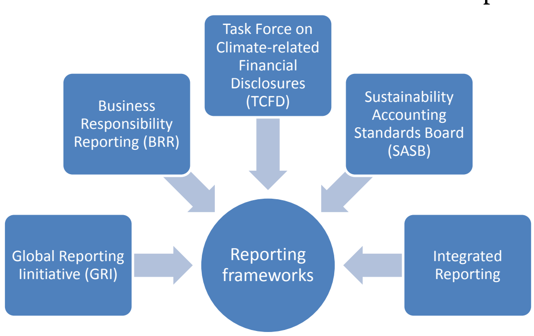
Measurements are fraught with choices, biases and complexities. Multiple metrics make things harder. The search for the right measures is a continuous endeavour. Also, the lack of a single standard hinders comparison of performance across companies.

For a company to adopt a measurement system it will require an evaluation based on several variables such as: How expensive is adopting a particular mechanism? How relevant is a particular system to address the work being undertaken by the company? Can the underlying reporting system generate information required decision making quickly enough to undertake a timely corrective course? Does the system actually measure what it sets out to measure? Does the measurement system enable the company to send out credible signals about the work that it undertakes?

On top of differing measurement methods, multiplicity of reporting frameworks are also problematic.

Reporting Frameworks

Once the internal tools are set, companies report on their sustainability and social responsibility activities. The three primary reporting frameworks being used in India are the Global Reporting Initiative (GRI) based sustainability reports, Business Responsibility Reports and Integrated Reporting (IR).



GRI based Sustainability Reports: The GRI standards were the first standards set out for sustainability reporting. They are seen as global best practices for reporting social, economic and environmental impacts. In India, only a handful of large corporations have adopted GRI-based reporting. Due to the wide nature of requirements and auditing requirements, small firms find it difficult to adopt them.

> The SASB develops and maintains sustainability accounting standards—for 79 industries in 11 sectors—that help public corporations disclose financially material information to investors in a cost-effective and decision-useful format.

Business Responsibility Reporting: The Securities and Exchange Board of India (SEBI) prescribes that the top 500 companies based on market capitalisation should have a business responsibility report (BRR) as part of their annual report. This is a disclosure of adoption of responsible business practices by a listed company to all its stakeholders.

Task Force on Climate-related Financial Disclosures: The FSB Task Force on Climate-related Financial Disclosures (TCFD) develops voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.

The Task Force considers the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries. The work and recommendations of the Task Force will help companies understand what financial markets want from disclosure in order to measure and respond to climate change risks, and encourage firms to align their disclosures with investors' needs.

Although not a reporting framework per se, it is likely to have a significant influence while reporting climate related activities.

Sustainability Accounting Standards Board: Established in 2011, the Sustainability Accounting Standards Board (SASB) is an independent, private-sector standards setting organisation based in San Francisco, California dedicated to enhancing the efficiency of the capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs. The SASB develops and maintains sustainability accounting standards—for 79 industries in 11 sectors—that help public corporations disclose financially material information to investors in a cost-effective and decision-useful format. The SASB's transparent, inclusive, and rigorous standards-setting process is materiality focused, evidence-based and market informed.

SEBI has issued an advisory to companies to provide information required by Integrated Reporting that encourages the top 500 BSE listed companies to use Integrated Reporting as a framework to improve the quality and relevance of the information. Given this development it appears Integrated Reporting is likely to form the foundation of business reports in the near future.

Integrated Reporting: A large number of companies still believe that reporting is a compliance issue and not one that involves a focus on communication to key stakeholders. Integrated Reporting seeks to overcome this by bringing together material information about an organisation's strategy, governance, performance and prospects. This is done in a way that reflects the commercial, social and environmental context within which it operates. It provides a mechanism to disclose all kinds of capital that underlies any business—financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital and natural capital.

Non-financial reporting in this case has been at multiple levels, the international standards based GRI report and the India specific reports. SEBI has issued an advisory to companies to provide information required by Integrated Reporting that encourages the top 500 BSE listed companies to use Integrated Reporting as a framework to improve the quality and relevance of the information. Given this development it appears Integrated Reporting is likely to form the foundation of business reports in the near future.

The profession needs to move from being centred on financial metrics to move towards non-financial metrics. The scope of sustainability reporting is vast and so are business opportunities for the profession.

However, one should be mindful of the fact that companies may still end-up using differing reporting formats stating that the requirements of various stakeholders are different. Consulting firms may want to defend their turfs and not allow new but useful reporting formats to take root. Yet, we believe that if companies were to report more uniformly comparison across firms will be far more valuable and greater insights be drawn.

Challenges for the Accounting Profession

Given the complexity of the task and the proliferation of standards, the accounting profession in India needs to chart out a path that meet the requirements of Indian companies. The profession needs to move from being centred on financial metrics to move towards non-financial metrics. The scope of sustainability reporting is vast and so are business opportunities for the profession. The time is ripe for the profession to meet the challenges of measurement and develop robust practices for sustainability reporting. There is a need for accounting professionals to develop a strategic perspective, adapt to newer technologies and constantly upgrade their knowledge to meet the challenges of sustainability in the age of the fourth industrial revolution. ■

GST: Way Forward

A perfect GST has few differentiators where tax is paid on all (actually most) outputs at a uniform rate and tax credits allowed on all inputs used for legitimate business needs. However, a perfect GST can only be implemented in a perfect world where there is equality in terms of willingness and ability to pay tax. Where these assumptions are violated, a perfect GST is difficult to implement, and differentiations in terms of rates and exemptions are necessary.

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1. Owing to the fact that both the Centre and the States have pooled their fiscal sovereignty in a federal body (the GST Council), the concerns of both Central and State Government have to be given rightful weightage in the structure of GST. This is the reason behind certain exclusions from GST. Notwithstanding the above, these diversions need to be incrementally resolved so that we can move as close to a perfect GST as soon as possible.
2. GST was initially conceptualised as a construct where there would be little or no distinction between goods or services. However, several distinctions between treatment of goods and services have crept in. For example, threshold for registration, design of composition scheme, time of supply, tax on advances, etc. These distinctions generally arise from the difference in the nature of goods and services. Other differences, which are not intrinsic to the definition of goods or services, are expected to be eventually removed.
3. The concept of dual levy and dual administration, although taken in spirit of cooperative federalism, poses certain compliance challenges, the primary being the requirement of State-wise registration. This is particularly burdensome for large pan-India supplier of goods or services, who are required to take separate registrations and maintain separate books of accounts for each State from where they are making supplies. The valuation and taxation of the supplies made between distinct persons is also a challenge, especially in case of services. There is a need to study the international best practices in this regard and suitably adapt them to the Indian context.
4. A distinction has been maintained between the two routes of claiming refunds on account of zero-rated

The views expressed herein are the personal views of the author and do not reflect, in any manner whatsoever, views of the Government supplies, i.e., under payment of IGST and under LUT (without payment of tax). There are benefits and limitations of both modes of refund. Claimants are choosing one over the other depending on the requirements of the case. In the medium to long run, there appears to be a need for a convergence between these two routes of refund.

5. Certain differences in the GST and the SEZ laws need to be reconciled. This will go a long way in promoting India's export competitiveness. In the long term, the treatment of SEZ units/developers under GST deserves a relook.
6. Certain dependencies exist in the GST Law and various other laws like Insolvency and Bankruptcy Code (IBC), Income Tax Act, etc. The interplay between GST Law and such other Laws needs to be studied in detail and any inconsistencies need to be ironed out.
7. The new return system will be implemented from April, 2020. Challenges in transition from old regime to new regime will need to be anticipated and resolved in advance.
8. Currently, there is a gap of 1 to 3 months between date of generation of invoice and reporting of the same in GST returns. Moreover, GSTR-1 filing is between 60% to 70% only. This leads to a situation where there is no mechanism to find out how many invoices of how much value have been issued. At the same time, ITC can be taken by others in GSTR-3B (No linkage with GSTR-1 and GSTR-2A). Accordingly, the GST Council has recently decided to introduce electronic invoicing system in a phased manner for B2B transactions. E-invoicing is a rapidly expanding technology which would help taxpayers in backward integration and automation of tax relevant processes. It would also help tax authorities in combating the menace of tax evasion. The Phase 1 is proposed to be voluntary and it is slated to be rolled-out from January, 2020. E-invoicing will also complement the implementation of the new return model from April, 2020.
9. A mechnaism needs to be worked out for promoting digital payment where payment is made by BHIM or Rupay card or other type of cards using QR Code. This would be accompanied with suitable incentives to the buyer of goods or services with GST invoices. Section 31A has already been inserted in the CGST Act which gives the Government the power to prescribe a class of registered persons who shall be required to give facility of digital payment to the recipient of the supplies. However, the same has not yet been notified. The issue of giving incentives to final buyers of goods or services for making digital payments has also been considered by the GST Council.
10. Certain other legislatives changes like creation of Centralised Appellate Authority for Advance Rulings, Interest on tax liability, enabling transfer of funds from one tax head to other tax head, linkage of registration with Aadhaar, etc., were made in CGST Act vide Finance Act, 2019. These would be notified once the amendment to respective SGST Acts are made by the respective State Legisltaures.
11. Coordination between Centre and State tax authorities has been exemplified at the level of Law/Fitment Committee, GST Implementation Committee and the GST Council. However, the same is still lacking at the level of the field formations. Since cross empowerment is the default mode of operation under GST, constitution of State level coordination committees with their functioning institutionalised can be a good idea.
12. The Government is continuously striving for a robust middle ground between the goals of revenue augmentation and taxpayer facilitation. This is precisely why the traditional 'brute force' approach towards tax enforcement, is being gradually replaced with a more nuanced and sophisticated approach that relies more on data analytics. For example, the 'red-flag' reports being generated by DG (Analytics and Risk Management) are being extensively used by field formations to make targeted interventions against fraudulent entities.
13. Certain pressing policy issues, like treatment of business support services (BSS), intermediaries, post-sale discounts, supply of services from head office to branches (cross-charge) are likely be resolved soon. This will bring consistency and uniformity to the varied practices which are currently prevalent in the field on these issues. ■

Adapt, Adopt, Adept: Become a Future -Ready Professional

India is set to become the world's fifth-largest economy this year and projected to reach second position in the Asia-Pacific region by 2025. From one perspective, business is booming. However, with increasing automation, globalisation and shrinking markets, how can we, as professionals, stay ahead of changing business requirements? How can we be 'Future-Ready?' More a journey than a destination, this process means upskilling, continuous learning, updating critical thinking, creating diversity, and more. This article takes stock of the scenario, as well as how to dial into a future-ready way of thinking. Read on...

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What does Future Ready mean in general?

Quite simply, it means being ready for the future, in whatever context it is used. We all know that change is the only constant, and the world has changed more in the last one and half decade than ever before. Till recently, we treated education as a destination; as a toolbox that could be acquired and then used for a lifetime. Now, not only is that toolbox less durable and less useful with time, but the tasks you need to achieve with it have changed as well.

The rate at which change takes place has also transformed. Professionals used to experience only incremental changes in their fields over decades and could keep pace with very little effort. The IT revolution, with its exponential changes, has completely rewritten the way business, and life will be conducted forever.

Currently, digitisation has led to a massive skill-gap in sectors like IT, ITES and BPM. Assuming the current growth trajectory, demand for digitally skilled professionals will rise to 2.3-2.7 million in fiscal 2023. If the estimates are correct, there are currently 4.5 million professionals employed today - of which up to 2 million will need to be reskilled in the next five years.

This challenge is visible not just within the industry, but to external stakeholders as well.

> Chartered Accountants need to go from being in jobs to being professional entrepreneurs.

Investors, on an average, believe that only about one fourth of leaders in India are equipped to lead future businesses and that traditional and legacy leadership will not fit the future. And yet, companies are forging ahead. A study by the National Council of Applied Economic Research (NCAER); a New Delhi-based non-profit economics think tank, notes that 75% of businesses globally expect that with the process of automation and technological upgrading, workers will be required to develop and learn new skills to meet evolving business demands.

What does Future Ready mean for Chartered Accountants?

Chartered Accountants need to go from being in jobs to being professional entrepreneurs. We no longer perform just routine or necessary tasks - we sit down and find solutions to dynamic, complex business issues.

Remember the three As - Adapt and Adopt to get Adept. As a future-ready CA, you must adopt a growth mindset, allowing that you may need time to become good at technology. You focus on honing written communication skills, given that all regulatory matters are now discussed over email. You grow to become adept at blending technology and data analytics to deliver faster, more accurate results for clients. You harness the power of data for larger insights, more use-cases and successful arguments for the benefit of clients. You get ready to collaborate on creating the future of accounting itself.

The field is ripe for innovation. As of early 2019, a few estimates claimed that the amount of revenue generated from financial services including accounting, consulting, tax and auditing, was more than 6 percent of India's GDP. That's well over half a million crores, which is just the beginning. India has more than 7 lakh active CA students, and the number of members rising year after year. Imagine the value all these professional entrepreneurs could create just by being future-ready.

> Remember the three As - Adapt and Adopt to get Adept.

What are the components of becoming Future-Ready?

This says that future-ready professionals are those who can learn faster than the rate of change and are quicker than their Competition. This is especially relevant in times of rapid progress and increased complexity.

Experienced professionals are less enthusiastic about both changes and learning. We must acknowledge that it is human nature to fear change. We must also recognise that like many other countries and cultures, we have a fixed mindset: one that assumes learning only happens up to a certain age or stage of life. The future is all about growth mindsets; which hold that skills can be acquired at any age. The more you adopt this new outlook, the easier it is to learn new things. One may compare it to the enthusiasm with which you approach a subject you like versus not - the difference is mental.

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For non-millennial professionals, the easiest way to learn and give back to the profession is by engaging constantly with new-gen professionals. When you surround yourself with different attitudes, new thought processes and ways of thinking, you adapt much faster than on your own. Sharing valuable anecdotal experience, tips, hacks and setting context is a great way to make your contribution to the pool.

Outsourcing is another change that is here to stay - be it knowledge processing related or collaborating with specialists from diverse practice areas like lawyers, company secretaries, valuers, cost accountants, and digital marketing professionals. The latter also helps CAs acquire knowledge of other fields, which can then be deployed for future benefits or improved approaches to problem-solving.

Upskilling, reskilling and digital education are vital - when all statutory and regulatory filings are online, we need to adapt as well. Companies are opting for digital tax administration as well as cloud accounting and audit, meaning that all areas of accountancy will soon be accessible only via computers. Individuals and companies are also choosing web and mobile-based tax and GST services for quicker, smoother filing. E-courses are an easy answer for tax professionals who are looking to adapt. Just like you worked hard to qualify as a CA, you can work at crafting yourself into the CA of the future.

What are the obstacles to becoming Future-Ready?

Let's start with the external factors: the constantly evolving regulatory landscape, demanding clients as well as the digitisation of all tax-related filing and communication. Internal factors are fear of failure and the unknown, interpersonal work conflict and trust issues, improper implementations and approaches, and finally, and most importantly, lack of effective communication skills. For firms, the obstacles are less daunting - most times, a cost versus benefit analysis of whether investing in technology is viable and profitable will make the decision.

> However, mature professionals must remember that they have become very good at seeing the macro picture, thanks to experience and training.

Other influencing factors are individual fears of technology, the lack of confidence in oneself to upskill and the desire to cling to vanishing traditions. Younger professionals are often less prone to these factors, a fact bemoaned by the veterans. However, mature professionals must remember that they have become very good at seeing the macro picture, thanks to experience and training. They are best placed to combine old learnings with new skills to give clients historically-supported, future-ready advice that is sound on all statutory fronts.

Why must we be Future Ready?

The advancement is unprecedented and calls for us to adopt cutting-edge technology as quickly as possible in all fields - especially so that CAs can continue to deliver a high calibre of professional services that suit our clients' needs.

Developments like e-commerce, blockchain, Artificial Intelligence (AI) and Robotic Process Automation have not just changed how businesses operate but have also given birth to digital business models and methodologies, as well as disruption, volatility, and uncertainty for established concerns. For example, AI technology is already able to handle accounting functions like tax preparation, payroll, audits, bank reconciliations, invoice categorisation, and risk assessment, as well as audit processes like expense submissions and invoice payments. Leading accounting software providers have incorporated AI technology into their software to handle these basic tasks - which means that traditional roles like book-keeping or processes like paper filing will become obsolete.

> On the bright side, chartered accountants can now use technology to improve their services.

On the bright side, chartered accountants can now use technology to improve their services. Mundane repetitive tasks are delegated to computers, and professionals can focus on consulting and data analysis. AI, in particular, improves the accuracy of data entry and lowers the risk of liability. It also helps analyse large amounts of data instantly, even in real-time, and helps in the prediction of outcomes.

Even non-AI automation tools can handle larger volumes of mundane work to comparable or better levels of quality than human beings. Blockchain and the use of distributed ledger systems will increase transparency and verification of transactional information many times over. Millennials, who make up the current talent pool, are digital natives, and thus look to use technology in their day-to-day. Adopting new ideas helps CA firms entice talented youngsters to join them; helping not just professionals, but also firms, get future ready.

The simple fact of the matter is that we must get future ready so that we can continue to do our jobs well - we need to be able to give opinions on new legislations, help clients deal with the intricacies of statutory issues, Future-ready professionals can help build future-ready organisations and thus, a better future.

find use cases from previous years and much more. All of these will be digital - and therefore so we must adapt.

Future-ready professionals can help build future-ready organisations and thus, a better future. While erstwhile companies focused on core competencies and profitability, future-ready organisations recognise that their role can be bigger. They, along with employees, can focus on giving back in multiple ways: through environmental causes, social impact, and helping sustainability get more mainstream. What's more, future-ready organisations will also realise the importance of human resource issues like diversity and work-life balance, and offer enhanced flexibility to professionals.

Emerging Practice Areas

Let us look at how tax and compliance administration in India has changed. Income tax, employee provident funds, stamp duty, and regulatory payments, SEBI and RBI reporting - all of these are now digital. Other fields that have been digitised are reporting of foreign investments and any dealings with the Ministry of Corporate Affairs. Thousands of professionals are needed, and they all have to be digitally savvy.

Over 1.03 crore Indian taxpayers have registered for GST, as of March 2018. Apart from the fact that there are not enough professionals to guide them in this new sector, GST is also completely dealt with, solely on the web - presenting a challenge for professionals who might be interested but are still hesitant about technology.

There are immense business-related opportunities - India is also seeing a sharp rise in entrepreneurship and foreign interest in domestic businesses. In addition to the USD 33.62 billion already invested in the ecosystem from 2014, 50,000 new start-ups will be up and running by 2024. CAs and tax professionals must leverage technology to service new clients from this emerging customer base.

With the help of various digital platforms and even Artificial Intelligence, CAs can be ideally placed to match the rapid adoption of technology in government and client organisations as well as by young millennial professionals. From Start-up Advisory to Digital Tax Administration assistance to Virtual and Cloud CFO services, the sky is the limit.

Developing technology around audits that need Confidentiality or Data Security are also great opportunities for CAs. Earlier, industries like telecommunications and banking were more concerned about data protection and leaks. With the world going digital, all companies will be more and more responsible for the security of not just customer data but client data as a whole.

Given the booming start-up culture and the resultant IPOs or investor activity, confidentiality becomes even more essential - and future-ready CAs can expect to play huge roles in ensuring the same.

Your 'get Future Ready now' sheet

Remember that getting ready for the next wave is a journey, not a destination. Here are just some things to consider while you plan out how to get future ready.

- **Always be upskilling**: Consider learning new skills to be like exercise for your brain, with professional benefits.
- **Become an early adopter**: Do not fear technology, embrace it! Buy that software, get that subscription, download that app - and make yourself use them. CA firms need to reach for not just cutting-edge tech, but also look to creating in-house competencies that will help create them.
- **Keep your eye on the globe**: Globalisation has helped shrink the world - what is going on in the US impacts India and vice versa, across fields. Technological advancements elsewhere in the world can benefit you at home.

Thousands of professionals are needed, and they all have to be digitally savvy.

- **Focus on honing your writing and communication skills**: With all regulatory compliances and clients now communicating online, you must practice your written communication skills to better reflect your ability. Start small, with intra-practice emails, and work your way up. Consider creating email formats to help you start conversations.
- **Take ownership of work**: Take ownership of your work and associated activities. This kind of initiative reflects in the final result and creates an impact on employers, helping them notice how you go above and beyond the call of duty.
- **Make 'fast' one of your values**: Competitive advantages come from being able to fail fast, learn from your failings and turn your learnings into action. This has never been truer than today and turns failure into something valuable - learning.
- **Lean into diversity**: Whether it's gender or age or others, there has never before been a more appropriate time to treat all people fairly, with equal opportunities. For example, veteran professionals no longer need to fear not being employed because of their age. Younger professionals need not fear not being taken seriously. We also predict that not only will there be an equal number of women in practice, but that the difference will cease to matter - only capability and ingenuity will be respected.
- **Cultivate design thinking**: With increasingly complex tasks, professionals are changing the design and delivery process at fundamental levels. Traditional roles, influences and tools are being disrupted - CAs are thinking hard about how to design collaborative processes and methods that can help broader teams get effective results within shorter timelines. Firms are also trying to use design to their advantage i.e., smaller firms can be nimbler and garner more efficiency with changed processes.
- **Upgrade your decision making and problem-solving skills**: When your worldviews change, so does your ability to think differently. From unexpected solutions to surprising decisions that work, future-ready professionals break the mould.
- **Embrace mobile working across co-working spaces**: Think of your computer as your office - and then work from anywhere. Co-working spaces, in particular, are gaining a lot of traction amongst younger professionals for being laid-back and fostering out-of-the-box thinking.
- **Strive to create more work-life balance**: With technology, you can work from anywhere. So you not only end up working smarter, but you can choose when to work and when to focus on life.
- **Create a written manifesto**: Once a firm has defined and specified its values, it is more likely to stick to them. Apart from timeless values like being ethical and respectful, practices also need to define being future ready as one of their values - this way, you will be ready to adapt and adopt to whatever wave is next.

Conclusion

Most professionals are already aware that the future is now, and that they aren't fully prepared for it. Hopefully, the last few paragraphs will help soften their view on approaching the future, from 'Let us just give up' to 'I can learn this'. As the popular saying from films and culture goes, when you attain capability, success comes to you.

With the rapid turnover in changing technology, it is also important to remember that we all adapt at different speeds. Each individual and team must not understand just their personalities but that also that the whole is stronger than each of its parts. Teamwork or the support of peers will always be the solid foundation that serves to stabilise technology's quicksilver nature.

Finally, we must also remember that every journey comprises single steps, taken one after another. Every day, you must take a step towards your future, be it learning new technology or trying new things - this way, you purposefully build not just your skill-sets but a habit that will see you through several professional lifetimes. We leave you with the line we started on: adapt and adopt to get adept. ■

Importance of a Uniform Code of Governance in Building a Robust Corporate Brand

In today's work ecosystem there is a need to balance 'agility' in conduct of business in the backdrop of intensified vigilantism. This brings us to a point of tussle between one hundred percent compliance to regulatory norms, manage businesses in a competitive environment and tightening of governance measures in safeguarding the reputation risk for any organisation. In all this the significance of corporate houses having a Uniform Code of Governance, increases all the more. Read on to know more…

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Why do we need a 'Uniform Code of Governance'?

With the recent incidents of violation of governance code and gaps in financial reporting in public domain, especially in the banking sector and NBFCs, and with the world becoming a global village, exploring the need of and charting a 'Uniform Code of Governance' for corporate houses duly supplemented by a 'Ethics and Governance Taxonomy' becomes a requirement. The Code may act as a reference book, which will enormously benefit in the ease of doing business and will facilitate in building a robust corporate brand.

Such reference book would be of paramount importance for:

(a) Key Managerial Personnel – the CFOs and CEOs in meeting their fiduciary responsibilities.

(b) Training Board Members and Independent Directors.

(c) Officers defined under section 2(60) of the Companies Act, 2013.

(d) Clarifications on interpretation of Statutes governing a business entity.

(e) Understanding the term 'offence' under various regulations and its consequences.

(f) Assurance role of Chief Risk Officer and Chief Internal Audit Executives.

(g) Engagement of management with statutory auditors.

This would provide a structured approach and essential aid to Board Decisions, working of Ethics and Disciplinary Committees, aid in litigation support and strengthening the line of defense for corporate functionaries.

Journey of Indian Corporates to be Global Players

In most Indian corporate houses that have evolved into large businesses, there is a need for a process of consolidation to emulate the brand image of any Global MNC. Each individual business has its own policies on governance, code of ethics and generally operate in 'independent silos'. For any aberrations to governance norms is primarily due to lack of informed decision making or perhaps due to conflicting business policies and information breaks (in technology terms is called noise) as between Directors, Employees, Corporate functionaries faltering in understanding the mechanics of governance. This requires avoidance of ambiguity in interpreting policies in a given situation, addressing ethical dilemma with due explanations, improve upon erroneous words/grammatical expressions, defending a decision or gauging any form of misinformation, dealing with fake news or distortions.

(a) A uniform code of governance would enable mitigate situations of conflict and tussle between cross section of business policies and regulatory norms.

(b) Ensure credibility of information shared with various agencies including corporate statutory filings as between parent, subsidiary or group companies. In proper managing of 'Principle contractor' and 'contractee entity' dealings; 'shared business relationships', or engagements those impact 'intra-business' and 'inter-businesses' dealings; strengthening the relationships with JV partners, and business associates.

> Having a 'uniform code of governance' does enable a common understanding of its varied elements, thereby creating an awareness of its nuances in driving business interests and enhancing governance premium.

(c) Working around service level agreements and business arrangements within the entity's functions and amongst the businesses arising out of multiplicity of policies, governance processes and norms.

(d) Fine tuning governance norms to local customs, business practices, country specific risks and regulations.

This narrative is aimed at strengthening the immunity system in dealing with Compliance Risk and Governance Risk for Corporate Houses and its constituent of governing bodies spread across organisations. Having a 'uniform code of governance' does enable a common understanding of its varied elements, thereby creating an awareness of its nuances in driving business interests and enhancing governance premium.

Symptomatic Disorders – Course Corrections

Ignorance of law cannot be an excuse and employees at helm of affairs, need to be aware of the governing policies. The upholding of core values, equity, fairness, truth, honesty and transparency in dealings and working in a responsible manner are inherent and 'a given' to meet the varied expectations of stakeholders.

To avoid situations of undesirable outcomes and as an aftermath of indulging in 'suppression', 'oppression' or 'tampering with' or tweaking the governance systems, processes, lead to deciphering the 'disease' in governance parlance. This results in in distinguishing between 'mistake of facts' and 'mistake of law'. And efforts are directed towards administering an 'antibiotic' to contain the aberrations in system and on 'curing' the disease. Eventually these lead to closure of an entity, mergers, demergers that are a result of such deviations from established governance norms. These are last measure formalities when an organisation exhausts all other options of damage control mechanisms, especially on non-adherence to robust governance norms.

These are another form of disruptions to businesses that cannot operate due to rising compliance costs or stringent regulations or complicated tax structures or 'out-of-date' revenue models that make the business unviable. These factors operate counter to sustaining the business goals and objectives. Hence the 'uniform code of governance' would need to be supplemented by a reference book on Governance Taxonomy that would need to define the various connotations, terms, expressions, usage, illustrations, case studies, selective judicial pronouncements and story-telling as a shared learning from happenings in the corporate world. Like the doctrine of caveat emptor meaning 'buyers beware' (under the sale of goods act) or 'investor beware' (initiatives of the Stock exchanges), 'employees beware' would need to be given prominence.

Experience and Expertise – Building Legacy Systems

In most organisations, especially in Indian Conditions there are external factors and the apprehensions of loss of reputation in the public domain that brings restraint on corporate governing bodies to get into knee-jerk reactions to allegation or suspected misadventure or override of authority. Special care needs to be taken on the immediate impact on the stock prices and mass of investors operating in the stock market. At the outset, often these result in respecting the sentiments of stakeholders with empathy and as a matter of prudence and pragmatism, treating these as procedural aberrations.

This frustrates the governance mechanism and eventually leads to out of court settlements

> Hence the 'uniform code of governance' would need to be supplemented by a reference book on Governance Taxonomy that would need to define the various connotations, terms, expressions, usage, illustrations, case studies, selective judicial pronouncements and story-telling as a shared learning from happenings in the corporate world.

to avoid nuisance value and never-ending court battles. A combination of experience with expertise ensures collective wisdom in bringing normalcy to businesses and reinforcing checks and balances for such entities. This would also mean rewarding the loyalty of employees those have served the organisation for long term and work as an incentive to build good governance mechanisms, practiced in most leading Indian corporates. This helps in setting up legacy systems that are built on core values.

Business leaders especially in incubation businesses, startups or new acquisitions would need to be guarded against errant/ disgruntled employees getting into shortcuts in overruling governance norms. These situations also lead to 'match fixing' the authorised signatories or heads of departments as pawns in achieving their ulterior motives of sabotage of operations in extreme conditions of greed and opportunism. Daily work management systems work on the principles of trust and faith between a superior and a subordinate employee, where one must rely on inherent controls to validate each actions/ decision of employees in a live environment. Seen from a legal perspective, often the leaders or persons become scapegoats in not exercising due professional care and eventually succumb to the situations of losing their hard-earned reputations in the organisation.

Role of Audit Committees/ Ethics and Governance Boards/Disciplinary Committees

Audit committees are responsible for mandating an investigation process for any aberration to governance norms. Any forward action depends on the outcome of such investigative assignments on whether a wrongdoing is established or otherwise. Under these circumstances, normally a 'benefit-of-doubt' to the alleged wrong-doing is a pragmatic approach and to move on with building a robust control measures to prevent recurrence of such undesirable events. The single most escape window for these employees is the inability of organisations or investigative agencies in establishing a situation of wrongful gain to the individual or wrongful loss to the organisation. For this reason, corporate houses with matured systems and processes, ensure that these exceptions do not become precedents that emboldens errant employees to move beyond the concept of 'first time right' and unnecessarily dragging the entity towards fighting a legal battle, leaving no room, to challenge these governance norms by exploiting the loopholes, gaps, words, expressions and bias in singling out deficiencies in policies, processes and internal documentation. These are incidents lead to a continuous learning for governing boards,that enable strengthening the governance processes and controls. This is somewhat comparable to deployment of professional hackers in plugging control gaps in developing algorithms or isolating intrusions in operating of ATM processes or testing procedure for a secure website.

Role of Key Managerial Personnel

It is pertinent to note that every key managerial personnel must be aware of the penal provisions of host of regulations applicable to a business entity as differentiated from actions which do not penal consequences and are procedural in nature. While there could be a standard norm of zero tolerance to non-compliances to regulations, these would need to be backed by a certification by the designated authorities that the requisite mandatory regulations are compiled with due professional care. And any deviation is diligently reported by certification authority to the governing body on priority at the immediate available opportunity for timely resolution. Considering that these are self-declarations, these do not testify legal scrutiny as technically no person can self-incriminate or stand witness for his own actions.

Corporate houses depending upon their risk appetite may need to define a quantum of risk cover including or extending to signing an indemnity bond by such designated authorities who are statutorily responsible for taking due professional care in their assigned roles. Such indemnity bonds could be operating with retrospective effect or during the tenure of the assigned responsibilities solely a decision left to the discretion of the business promoters, investors and stakeholders.

Governance Taxonomy – A Reference Book

A 'governance taxonomy' is a dictionary of terms, case studies, explanatory notes, illustrations, stories that would explicitly and impliedly help in understanding these terms in the same manner by each of the constituents in signing contracts or agreements or in their business dealings. This would enable building cohesive working relationships amongst constituent of a business entity to relate to business associates, joint venture partners, the extended world of customers, vendors, distributors, dealers.

This would be a fundamental document comparable to the nervous system of the human body that connects to the brain (meaning the governing body of the Corporate house) and operates with a specific purpose, energising, controlling and monitoring the functioning of the entire spectrum of businesses across such corporate houses/ business group in a coordinated manner. These could be further scalable at a global, country, industry, business, sector, individual entity, divisions, function and employees. With the target user audience being board members, business partners, KMPs and other designated officials.

A reference guide on code of governance would help employees being aware of what is the meaning of various terms (governance taxonomy) in defending their actions. Whilst each entity within a corporate house, would have their own code of ethics and governance norms suited to the business needs, a reference book on 'governance taxonomy' would enable these businesses to retain their individual federal character and yet relate to the overall ethos of a business group when it comes to defining the various terms of references as one 'global brand'.

These reference guides would need adequate customisation and would vary from corporate business house to another corporate business house and specific characteristics of the Industry. It is desirable to engage the services of leading Indian Chartered Accountancy firms as management consultants, adept in understanding the entire eco-system, nuances of regulatory requirements, borrowing covenants and robust financial management. These require a process of collating a host of compliance requirements, authority-responsibility charts, the fiduciary responsibilities namely under the Companies Act, 2013, the SEBI guidelines, labour laws, environmental laws and industry specific regulatory norms.

Assimilating information is next prerequisite through surveys, interviews and questionnaires and get an understanding of key job roles, responsibilities, authorisations, board resolutions, the Memorandum of Associations, the Articles of Association, the minutes book, banking covenants, patents, trademarks, contracts, arrangements, MoUs, agreements, non-disclosure agreements, drawings, structural designs, location, geography, logistics, country of origin, the local currency and include study of the risk register. Care should be taken to ensure that all these efforts are without access to key strategic plans and projections or any information that is of sensitive nature that is privy to only top management.

Engaging Consultants – to Build on Governance Architecture

The understanding of the governance norms by the authorised personnel is important as these carry a fiduciary responsibility. Despite engaging of consultants, corporate functionaries, risk officers, internal auditors, legal support, none of these consultants, legal counsel in their advisory capacity can take the role of the designated authorities towards a shared responsibility. The measure of what can be delegated and what cannot be, under the legal parlance cannot be explicitly stated in the Code of Ethics document as prevalent in most of the organisation across the corporate world. In the event of a court battle or a notification from a regulator, the decisions and actions by designated official

The COSO framework adopted by matured businesses is a good example that cuts across the businesses and would need to be ably backed by governance taxonomy.

would need to be defendable. These documents and terms therein could help in drafting responses to such regulatory notices to be on the right side of legal spectrum.

These concepts on governance framework aid leaders and employees to exercise due professional care and always be on the right side of the legal spectrum. This would be an aid to preserve the fabric of good business ethics, honesty and integrity in dealings amongst the constituents. This would be an enabler to defend employee actions in the eyes of law backed by orderliness and discipline. These would eventually lead to unison of purpose in binding entire Indian corporate houses to enhance the governance premium and further their Business interests and thus being elevated to the status of being amongst the league of globally admired brands. The COSO framework adopted by matured businesses is a good example that cuts across the businesses and would need to be ably backed by governance taxonomy.

Practices for Consulting Assignments – A top down approach

This would require a blend of maturity, wisdom, non-disclosure agreements and access to this information would need to be restricted to authorised officials (in confidentiality) of the entity and not to consultants or external Chartered Accountancy Firms. In other words, these would require an in-house Cross Functional Teams (CFTs) and blend of external and internal domain experts to participate in the process of developing a governance framework and sharing of information only on need to know basis. For this purpose, such projects would need to be broken up into sub-modules and fragmented in a manner that no single individual or firm or authority within the organisation has access to entire governance framework in its development stage. Preferably these efforts would therefore need to be directed under the guidance of the top most authority of the corporate house, namely the chairman of the entity.

Approval of the governing board would be needed in adopting such a 'uniform code of governance', in building global brand and perhaps extended aid in performance evaluation of the Board members once consensus on broad framework of governance is reached representing in one voice what the respective 'Indian corporate brand' signifies to the world.

Scoping of the Consulting Assignments on Building a Governance Code

Scoping of the consulting assignments on developing a governance framework would require a clear understanding of the entities to be covered, the timelines, the fee structure, the extent of business size and geographical operations. These would also depend on the futuristic aspirations and objective of the business promoters in terms of country risk; creating a global brand or for rural market penetration or entering into a 'public-private-partnership' or even participating in 'make in India', start ups or building smart cities, etc. These could also relate to funding arrangements, capital structuring or even acquiring new businesses, mergers or entering into joint venture arrangements or technological collaborations.

Once the objective or scope is identified, the next step would be to carry-out a listing of the roles and responsibilities and mapping of key tasks of the key managerial personnel, statutory auditors, board members, of Chartered Accountant members in industry responsible for financial reporting, experts on tax matters, financial forecasting, project report finalisation, related party certifications, adoption of accounting policies, adherence to auditing standards, Industry specific research on governance norms, feedback from financial analysts, business valuers, mergers and acquisitions guidelines, evaluating the prudence of financial decision making, budgetary norms, internal control manuals, vulnerability assessments, internal audit report findings, Risk alerts by risk officers, information risk management, forensic special audits, insurance claim settlements and many other areas of specialisation.

These consultancy assignments would also need to be regulated by the appropriate governance norms including declaration of any form of confidentiality clause and perhaps a signed indemnity bond in the eventuality of any disclosure that is detrimental to the interest of the organisation. The awareness of conflict of interest in these varied roles are an important step that would require a discussion at the highest levels in building the governance architecture.These would require experienced professionals adept in gauging the undercurrent of businesses, business and financial decisions independent of the above roles and normally assigned to forensic accounting professionals. These consulting assignments would need to distinguish from the role of being statutory auditors or other designated roles within an organisation.

Exclusions from Scope – and Limitations

The regulations applicable to an entity add an extra dimension to these assignments and are beyond the scope of this narrative in terms of regulatory compliances, the focus being on governance mechanisms. It is a presumption that ignorance of law is no excuse for any official of an organisation and would need to be dealt with in accordance with the due process of law. This cannot be compromised under any given circumstances and no individual or designated authority can interpret the legal provisions to suit the business conditions or events on hand. A legal right is assumed unless proven otherwise under a given set of circumstances. However, there is a need to distinguish between the role of an employee and that of an organisation governance norm, in terms of adherence to such a legal condition.

> To drive consensus, a CFT team of Champions representing each of the business interests within the entity of the corporate house would help in building on a 'uniform code of governance' and tuning the governance concepts to individual business practices and country specific requirements.

Deficiency Costs to be Factored in Consulting Assignments

Such assignments on building governance architectural framework normally would take full-time effort of at least 18-month man-days to take care of qualitative aspects and a 3 years period of statistical records to test the governance modules, inherent checks and balances. Digitalisation would take another 12 to 18 months for a matured governance process. Most organisations do not have a ready list of contracts or arrangements, authority or responsibility charts and even the policy documents are generally outdated without revisions. Considering the dynamics of the businesses most of the policies or agreements, standard operating procedures remain in draft stages or get diluted due to attrition of employees and each new employee bringing their experiences in redefining the processes and controls.

Tuning the business to a digital age is redefining the tasks and job roles in most organisation and with redundant roles these policy measure become outdated. Where there is no manual intervention in the business/ accounting activities and extensive use of technology, the governance norms would need to factor an additional timeline depending upon the extent of activities where technical information security audit clearance is essential in defining the governance norms. Use of robotics/technology does not absolve the key managerial personnel from their fiduciary responsibilities. A coordinated effort would reduce time and cost of the project in the building up on digitalisation processes and system. Use of artificial intelligence is an emerging area for gathering intelligence on governance system and issuing alerts in a proactive manner to appropriate authorities is desirable.

Resources Planning for Consultancy Assignment in Building Governance Model

It would be prudent to study the various governance nuances and sourcing the domain experts from within the organisation and taking help of forensic accountants (Chartered Accountants adept in surfacing financial irregularities and addressing matters related to violation of governance norms). To drive consensus, a CFT team of Champions representing each of the business interests within the entity of the corporate house would help in building on a 'uniform code of governance' and tuning the governance concepts to individual business practices and country specific requirements.

In conclusion, the need of the hour towards sustainable business organisations would require a robust code of governance that would speak a uniform language across the length and breadth of the corporate houses and thereby enable building a global brand image. It is like undertaking a space missions to discover the unknown, where each constituent the orbiter, lander, rover must communicate in unison following a defined path as defined by the 'rule book in taking care of the stakeholder interest'. For this purpose, the governing bodies at the helm of the affairs are required to skillfully manoeuvre through the dependent and independent variables that impact the business dynamics, guided by the torch of uniform code of governance mechanisms. ■

Emerging Technologies and Accounting Professionals; Impact and Roadmap Ahead

A lot of technological changes have taken place in the last few years, completely transforming the way businesses were operating. The impact on business is not limited to operations and extends to finance & accounting functions. These technologies not only bring about an opportunity for a professional accountant to enhance value to the business but also gives rise to new forms of risks that need to be accounted for. Let us try to understand more about some of the technological advancements and how we can prepare ourselves and be ready to embrace them. Read on to know more...

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Key Technological Advances

A new revolution driven by a wide range of technological advances is currently underway and many more will also take place in the future. This era of technological advances is popularly known as 'the fourth industrial revolution'. A host of new technological advancements such as AI (Artificial Intelligence), Blockchain, Robotics Process Automation, Big Data, Internet of Things, etc are reshaping the way businesses operate and are gradually transforming every aspect of the business including the Finance and Accounting functions. These will not only influence the future of business operations but will also have a bearing on the way the accountancy profession of the future will work.

All companies sooner than later must adopt these emerging technologies in order to retain and expand their business (customer base) and stay competitive, those who do not embrace the changes will be forced to shut shop. The accounting profession is also no exception and must also keep pace. We as professionals need to understand how these technologies are evolving over time and reposition ourselves as able advisers to business in order to stay relevant.

> Coming to the accounting profession, companies are embracing and implementing new technologies to increase their computing capabilities to an altogether new level.

The impact these emerging technologies will have on the accounting profession can best be understood by studying the impact these technologies will have on the various business processes, most importantly as to how it will affect the way data is captured, processed, stored and used in the businesses for decision-making purposes.

Let us look at some of the most popular technological advancements around us and understand how and what impact the same will have on the profession.

Artificial Intelligence:

Artificial Intelligence is the most talked about technology in the world. Starting from driverless cars, manufacturing robots, to social media monitoring, smart assistants and natural language processing tools, there is a breadth of technology applications across multiple industries.

We might not realise it but, every time we are browsing on the internet or shopping or opening a news feed, artificial Intelligence is always around us and working in the background. The apps we use for travel, navigation apps, autopilot modes in airplanes are only some of the examples of artificial intelligence and the use will only increase in the future.

Coming to the accounting profession, companies are embracing and implementing new technologies to increase their computing capabilities to an altogether new level. A lot of routine tasks that required human interventions are being automated using artificial intelligence-based machine learning. There are applications that use complex algorithms to process huge data volumes on a real-time basis with the objective to give meaningful and error-free intelligence. All these processing somewhat happens in an opaque environment as the processing of data is not visible, which raises a question of how and whether a profession can rely on the output generated.

We as professionals cannot simply rely on the systems and need to check the assertions based on which the algorithms are developed, to ensure that they are doing exactly what they are supposed to do. With all computations and repetitive tasks being undertaken by the technology independent of human intervention and with the lack of visible trails, the role of a professional accountant becomes even more critical than before. And in order to keep pace and stay relevant, we need to continuously work towards upskilling ourselves in the area of artificial intelligence and other technologies which will give us the competence and knowledge to test the information systems based on artificial intelligence.

Blockchain

Blockchain is a technology that works by means of peer to peer internet-based distributed ledgers that do not require any central authority or any third party to act as intermediaries, and since it doesn't require any intermediaries it is cheaper and faster. Two of the most important characteristics of a blockchain are that it cannot be controlled by any individual and it has no single point failure.

This technology consists of three fundamental components

- A transaction
- A transaction register and
- A system that verifies and stores the information

All nodes connected to the blockchain maintain an identical copy of the data and since the data is public (unless it is a private blockchain) it ensures data transparency. Further, the blocks are also immune to attacks from viruses. Altering any unit of information on the blockchain would mean using a huge amount of computing power to override the entire network, also there is no centralised database making it difficult to hack.

Among the various disruptive technological advances, the one which is closest to reality and a gamechanger is undoubtedly blockchain. Businesses and governments alike are investing in and are pursuing blockchain.

> Two of the most important characteristics of a blockchain are that it cannot be controlled by any individual and it has no single point failure.

The blockchain network has an inbuilt audit system, which reconciles every transaction that happens in certain intervals and is immutable, which leaves many thinking about the role of professional accountants in future, once the organisations move to blockchain technology. The blockchain may give an assertion on the occurrence of the transaction, however, the auditor would still need to check for authorisation and legality of the transaction and ascertain whether the same is fraudulent in nature or are incorrectly classified.

The use of blockchain will change the way data and evidence are obtained by the auditors and some audit procedures like balance verifications, etc will no longer be required. Though the auditors can directly fetch the data and most of the audit evidence directly from the blockchain, some new risks and challenges must be considered as the blockchain would not be controlled by the entity being audited. In order to ensure that data so extracted is reliable, the IT controls related to the blockchain network must be tested. The auditors would also need to review the protocols for the specific blockchain and assess whether the protocols can be manipulated (especially in case of a private blockchain). ICAI has issued a Concept Paper on 'Blockchain Technology – Adoption Trends and Implications for Accountancy Profession' which throws light on possible new services and roles for professional accountants.

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Robotics Process Automation

Robotic process automation involves the use of bots or computer applications to automate routine and repetitive tasks that are otherwise performed through human interventions. RPA's are configured in a way to perform a set of operations following a pre-defined process and work on a template-based input system. An RPA system has the following characteristics;

- All the tasks are consistent with the same steps being performed repetitively
- The process is template driven, which is pre-defined, and inputs are required to be as per the specific formats of the template
- There is a set of pre-defined rules which govern the processes

RPA applications can be potentially used across functions such as Accounts receivable, Accounts Payable, Payment Processing, Customer Service and Grievance Management, Resume screening, Pre and post payroll processing, Tax processing, etc to name a few.

Now if a significant portion of the data is being processed in an organisation using bots or computer applications, then professional accountants cannot rely heavily on substantive procedures alone, as enough audit evidence could not be generated through them in an RPA environment. In those cases, there would arise a need for looking at the overall control environment; though a professional accountant still considers the entity's controls over various risks, the review and understanding of controls become even more important in an RPA environment.

Embracing RPA applications for auditing will help professionals in value additions, by increasing efficiencies in monitoring and review of controls and widening the coverage as it will allow more data to be analysed within a shorter time frame thus also resulting in time and cost savings. RPA will enable us to review and analyse a significantly high volume of data, complete data can be analysed if so required as against the current practice of testing samples, thus improving the overall standard of assurance and will result in improved decision making. ICAI has issued concept paper on 'Embracing Robotic Process Automation – Opportunities and Challenges for Accountancy Profession' which briefly provides an overview of RPA and focuses on the role of chartered accountants in the adoption of this evolving technology by organisations.

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Impact on Professionals

These emerging technologies have already started to penetrate industries and business models. Robotics and automation are replacing a lot of repetitive human tasks and decisions, with the algorithm being programmed to carry out specific tasks such as data entries. Application software is being developed and enhanced which can gather relevant information from big data easily and in real-time, thus improving productivity and efficiency.

Technologies such as advanced analytical methods, advanced statistics, big data, etc, are still in their initial stages and are not being used extensively by professionals yet and will take some time before professionals start using these technologies effectively.

If we as professionals want to maintain our relevance to business, we cannot take a passive position and wait till the technologies mature and are ready for widespread use, as doing this will make us ineffective. To stay relevant, we have no choice but to embrace innovations through these emerging technologies and we must have the skills to assess and implement technology-driven initiatives. We as professionals have always embraced technology and considering that the pace of change is accelerating, we must take a proactive approach and get involved at the earliest possible and prepare ourselves for this technological shift.

Not only we must upskill and update our knowledge but would also need to explore the various governance challenges which may crop up. To be relevant and in sync with the industry, it is imperative that we keep ourselves abreast of the various developments and its use in various business applications. The opportunities for professional accountants are huge provided we accept the change and proactively work to shape our roles within the business.

Roadmap Ahead

For the future, a combination of skill sets is critical, the professional accountants should not only possess accounting and analytical skills but should also have IT skills. In order to ensure that these technological changes do not become disruptive, we must ensure that proper plans are in place to deal with technological changes.

The plan should include the following aspects;

- Familiarity with emerging technologies:

  One of the most crucial steps is to gain an understanding of the new emerging technologies, such as, Robotics Process Automation, Blockchain, Artificial Intelligence, Machine Learning, Natural Language processing, etc. Unless we are aware of the technologies and the way they work or how the same is programmed it would be difficult to identify risk or perform a control testing for the same.

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- ***Risk Assessment***

  Risk assessment is and will stay a critical process in the overall audit procedure. We should evaluate the operational, financial, business and regulatory impact of the emerging technologies and further break them down based on risk rating. This is the most crucial step as this would be the base upon which the entire audit procedures will be built.

- ***Strategic Planning***

  All these new technologies will reduce, if not eliminate completely the manual procedures. Further, most of these technologies work by integrating different systems together and the entire flow of data starting with input, processing, and output is controlled through codes, algorithms, modelling techniques, etc. Factors such as an error in assumptions, coding errors can have an adverse impact on the outcome, and since traditionally a professional accountant is not proficient in IT, detection of these errors becomes difficult. It is thus important that a team is developed having members who are proficient in IT or are trained in coding.

- ***Training***

  The Professional accountants should be ready to embrace the change and train themselves to gain insight into these technologies, training should be provided to develop members, each having a different range of skills and abilities.

The Institute of Chartered Accountants is also issuing publications, conducting certification courses, webinars, etc and is providing e-learning platforms to help professionals gain an understanding and upskill themselves with reference to the emerging technologies. The way is laid down and there are ample ways of getting an insight regarding these technologies, it is up to us to take initiative and prepare ourselves for the upcoming changes so that we are ready to embrace and make efficient use of these technologies. If we act decisively then these technological changes would not be a cause of business disruption to us, but will only open up more opportunities. While the procedures, technology, and skills required will change over time, the opportunities for professionals are greater than ever. We only need to upskill ourselves to be ready for the digital era. ■

ACCOUNTANT'S BROWSER

PROFESSIONAL NEWS & VIEWS PUBLISHED ELSEWHERE

Index of some useful articles taken from Periodicals received during November- December 2019 for the reference of Faculty/Students & Members of the Institute.

1. Accountancy

Developments and challenges in public sector Accounting for Niranjan Mahendranath Shastri and Khusboo Jain. *Management Accountant*, Vol.54/11, November 2019, pp.72-76.

Impact of corporate reporting readability on information efficiency by Reza Hesarzadeh and Javad Rajalizadeh. *Asian Review of Accounting*, Vol.27/4, 2019, pp.489-507.

2. Auditing

Chief accounting officers and audit efficiency by Hsiao Tang Hsu and Sarfraz Khan. *Asian Review of Accounting*, Vol.27/4, 2019, pp.614-638.

Effects of auditor switching towards abnormal return in manufacturing company by Filmiar Yunida Nawangsari and Iswanjuni Iswajuni. *Asian Journal of Accounting Research*, Vol.4/1, 2019, pp.157-168.

3. Economics

Changes in Macroeconomic Perceptions: Evidence from the Survey of Professional Forecasters. *R.B.I. Bulletin*, Vol. 73/11, November 2019, pp.15-26.

Determinants of economic value added (EVA) in Chinese listed banks by Jie Zhang and Ahmed Aboud. *Asian Review of Accounting*, Vol.27/4, 2019, pp.595-613.

Digital currency and its implications for India by Manpreet Kaur. *Management Accountant*, Vol.54/11, November 2019, pp.64-67.

Financial development, openness in financial services trade and economic growth : A panel data analysis in BRICS economics by Rabia Khatun and Jagdish Prasad Bist. *International Trade Politics and Development*, Vol.3/2, 2019, pp.42-65.

How should we measure the digital economy? by Erik Brynjolfsson and Avinash Collis. *Harvard Business Review*, Vol.97/6, Nov-Dec. 2019, pp.140-148.

4. Investment

Effect of corporate governance on stock market liquidity empirical evidence from Indian companies by Manjit Kaur Sidhu and Parmjit Kaur. *Decision*, Vol.46/3, 2019, pp.197-218.

Is consideration of global real estate investment risks worth? by Pahuljot Kaur and Harjot Kaur. *Management Accountant*, Vol.54/11, November 2019, pp.49-51.

Real Estate can be a haven from stock market volatility by Mahammad Khaja Moinoddin. *Management Accountant*, Vol.54/11, November 2019, pp.46-48.

5. Law

Formation and management of a trust by Shailesh Bandi. *Chamber's Journal*, Vol. 8/2, November 2019, pp.46-53.

6. Management

Bayesian factor analysis for mixed data on management studies by Pedro Albuquerque and Gisela Demo. *RAUSP Management Journal*, Vol.54/04, 2019, pp.430-445.

Best-performing CEOs in the world, 2019. *Harvard Business Review*, Vol.97/6, Nov-Dec. 2019, pp.46-54.

Does Ccorporate Social Responsibility lead to Superior Financial Performance? Evidence from BSE 100 index by Shafat Maqbool. *Decision*, Vol.46/3, 2019, pp.219-231.

7. Taxation and Finance

Calcutta Club Case: Principle of Mutuality and Its Relevance under GST regime by V. Raghuraman and C. R. Raghavendra. *Bombay Chartered Accountant Journal*, Vol.51-B/2, November 2019, pp.12-17.

International Decisions in VAT/GST by Ishaan Patkar. *Bombay Chartered Accountant Journal*, Vol.51-B/2, November 2019, pp.35-37. ■

Full Texts of the above articles are available with the Central Council Library, ICAI, which can be referred on all working days. For further inquiries please contact on 011-30110419 and 011-30110420 or by e-mail at library@icai.in; kmray@icai.in.

Conceptual Framework for Financial Reporting under Ind AS Conceptual Framework – Exposure Draft for Public Comments

In the larger interest of the Indian economy and industries, ICAI always endeavours to ensure that Indian Accounting Standards (Ind AS) Framework remains converged at all time with globally acceptable IFRS Standards. The Institute continuously monitors the financial reporting developments globally and plays a critical role in the Nation's Standard-setting Framework by formulating new Ind ASs and amending the Ind ASs when required in line with IFRS Standards issued by the IFRS Foundation.

In the past, the ICAI has issued a pronouncement with the *title 'Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards'.* The Conceptual Framework is a practical tool that helps the Standard-setting body to develop requirements in the Standards based on consistent concepts. It also help preparers to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the accounting standards. Our conceptual framework was primarily based on the Conceptual Framework issued by IASB's predecessor body IASC Board in 1989. However, IASB had made significant revision to its conceptual framework in 2010 jointly with US National Standard-setter viz. FASB as part of US GAAP and IFRS Standards Convergence project. Further, in March, 2018 the IASB had fully completed its project in this regard and issued a new conceptual framework. New conceptual framework came into effect for IASB and IFRS Interpretation Committee immediately upon its issuance and for preparers and others it is applicable from 1 January, 2020. Accordingly, ICAI has initiated necessary steps to revise its conceptual framework for financial reporting under Ind AS. The Accounting Standards Board (ASB) has formulated a draft of new conceptual framework and it is in the process of issuing an exposure draft for public comments shortly. This new conceptual framework will also result into consequential amendments to references to conceptual framework in certain Ind ASs. New Conceptual Framework will be a comprehensive set of concepts for formulating financial reporting standards and financial reporting. It is structured into eight chapters into a systematic and orderly manner, and includes an appendix of defined terms. The new conceptual framework incorporates specific chapters on measurements, presentation and disclosures and derecognition. Another important change brought out is in the area of certain critical definitions i.e., Asset and Liability and their recognition criteria. Additional clarification has been provided in some areas such as Prudence, Substance over Form, Stewardship and Measurement uncertainty.

Contributed by Accounting Standards Board of ICAI. Comments can be sent to asb@icai.in. Refer https://www.icai.org/post.html?post_id=14058 for Ind AS–IFRS Standards Convergence Status

New conceptual framework came into effect for IASB and IFRS Interpretation Committee immediately upon its issuance and for preparers and others it is applicable from 1 January, 2020. Accordingly, ICAI has initiated necessary steps to revise its conceptual **framework for financial reporting under Ind AS.The** Accounting Standards Board (ASB) has formulated a draft of new conceptual framework and it is in the process of issuing an exposure draft for public comments shortly.

Developments at IFRS Foundation and International Accounting Standards Board (IASB)

Consultative Forums :

Emerging Economies Group (EEG) Meeting in Xiamen, China

EEG is an important consultative forum of IFRS Foundation focuses on issues around the application and implementation of IFRS Standards in emerging economies. EEG was formed by IFRS Foundation Trustee in 2011 at the advise of G20 with the aim of enhancing the participation of emerging economies in the development of IFRS Standards and its membership includes prominent emerging economies such as Brazil, China, India, Malaysia, Russia, Saudi Arabia, South Africa. Its 18th Semi-annual meeting was recently held in Xiamen, China from 2-4 December, 2019 and matters discussed included some of the important forthcoming initiatives of IASB such as Primary Financial Statements, Extractive Activities, Comprehensive review of IFRSs for SMEs and IASB's Agenda Consultation for its work plan during five year 2022 to 2026. ICAI representatives participated at this meeting.

The new conceptual framework incorporates specific chapters on measurements, presentation and disclosures and derecognition. Another important change brought out is in the area of certain critical **definitions i.e., Asset and Liability and their recognition criteria. Additional clarification has been provided in** some areas such as Prudence, Substance over Form, Stewardship and Measurement uncertainty.

Accounting Standards Advisory Forum (ASAF) Quarterly Meeting in London, UK

The objective of ASAF is to provide an advisory forum in which members can constructively contribute towards the achievement of the Board's goal of developing globally accepted high-quality accounting standards. ASAF comprises of twelve members representing standard-setters across the globe. Asian-Oceanian Standards-setters Group (AOSSG) is a member of this forum and ICAI, represented by CA. S. B. Zaware, participates in these meeting being Chair of AOSSG. 3rd quarterly meeting for 2019 was held on 17 December, 2019 and the main items discussed were research project on Intangible Assets, Amendments to IFRS 17 Insurance Contracts, Post implementation review of Consolidation related standards and IASB's Agenda Consultation for its work plan.

Capital Markets Advisory Committee (CMAC)- New Appointments

The Capital Markets Advisory Committee has appointed five new members to the CMAC effective 1 January, 2020. The new members are Florian Esterer from Switzerland,, Koei Otaki from Japan, Anthony Scilipoti from Canada, Sunil Singhania from India and Joao Toniato from UK.

Comments on Exposure Draft issued by IASB

(i) **Exposure Draft of Disclosure of Accounting Policies (Proposed amendments to IAS 1 and IFRS Practice Statement 2):** The Exposure Draft proposes amendments that are intended to help entities to provide accounting policy disclosures that are more useful to primary users of financial statements. IAS 1 requires entities to disclose their 'significant' accounting policies. The amendments propose to replace that requirement with a requirement to disclose 'material' accounting policies. In addition, the IASB also proposed amendments to IAS 1 and IFRS Practice Statement 2 to help entities apply the concept of materiality in making decisions about accounting policy disclosures. The ICAI had submitted its comments on the Exposure Draft. The comments submitted can be accessed at ICAI website at https://resource.cdn.icai.org/57560asb46724.pdf

(ii) **Exposure Draft of General Presentation and Disclosures (Primary Financial Statements) for comments:** The Exposure Draft includes the proposals of the IASB to improve how information is communicated in the financial statements, with a focus on information about performance the statement of profit or loss. The IASB is proposing limited changes to the statement of cash flows and the statement of financial position. The proposals in the Exposure Draft were developed by the IASB as part of its Primary Financial Statements project, which is part of the IASB's larger project on Better Communication in Financial Reporting. It responds to the strong demand from stakeholders, and in particular users of financial statements, to undertake a project on performance reporting. The comments on the Exposure Draft can be submitted by June 30, 2020, and the same can be accessed online at: https://cdn.ifrs.org/-/media/project/primary-financial-statements/exposure-draft/ed-general-presentation-disclosures.pdf

The said Exposure Draft is being hosted on the ICAI website to invite comments from Indian stakeholders. The revisions in the IFRS Standards as part of this project are expected to have far reaching and significant impact on the presentation of financial performance of the entity and it intends to introduce a few mandatory line and sub line items for uniformity and consistency. ICAI is also planning to conduct outreach events across India to involve stakeholders, viz., preparers, auditors, users including regulators to express their views and suggestions.

(iii) IASB *Vice-Chair*, Ms. Sue Lloyd, speech on 9 December, 2019, at Washington DC, USA: The Vice Chair delivered a speech at the Annual Conference on regulatory developments organised by the American Institute of Certified Public Accountants. With a new decade on the horizon, she set out the IASB's near-term priorities and reflected on how the Board's work is evolving. The speech of Ms. Lloyd can be accessed at: https://www.ifrs.org/news-and-events/2019/12/enhancing-relevance-in-2020-and-beyond/

Exposure Draft issued by IFRS Interpretations Committee

(i) IFRS Interpretations Committee (IFRS IC) in its November 2019 meeting discussed the following matters and tentatively decided not to add it to its standard-setting agenda. The IFRS Interpretations Committee will reconsider this tentative decision, including the reasons for not adding the matter to its standard-setting agenda, at a future meeting. IFRS IC invites comments on its tentative agenda decision. The last date for submitting the comments on the proposals is 14 February, 2020.

a) Tentative Agenda Decision- Player Transfer Payments (IAS 38, Intangible Assets) can be assessed at https://www.ifrs.org/projects/work-plan/player-transfer-payments/comment-letters-projects/tad-presentation-of-player-transfer-payments/

b) Tentative Agenda Decision-Multiple Tax Consequences of Recovering an Asset (IAS 12, Income Taxes) can be assessed at https://www.ifrs.org/projects/work-plan/multiple-tax-consequences-of-recovering-an-asset/comment-letters-projects/tad-multiple-tax-consequences-of-recovering-an-asset/

(ii) IFRS IC in its November 2019 meeting discussed a request about a sale and leaseback transaction for which the payments under the leaseback vary with sales (IFRS 16). IFRS IC considered how, in the transaction described in the request, the seller-lessee measures the right-of-use asset arising from the leaseback, and thus determines the amount of any gain or loss recognised at the date of the transaction. IFRS IC did not make any decisions and will continue its discussion of the matter at a future meeting. The summary of the decisions reached by the IFRS IC can be assessed at https://www.ifrs.org/news-and-events/updates/ifric-updates/november-2019/#4

(iii) ICAI had submitted its comments to IFRS Interpretations Committee on the Tentative Agenda Decision (TAD) on Training Costs to Fulfill a Contract (IFRS 15); and Definition of Lease: Shipping contract (IFRS 16).

Initiatives of Ind AS Implementation Committee

Release of publication Quick Referencer on Indian Accounting Standards (Ind AS)

Looking at the vast literature of the Indian Accounting Standards and the practical problems of skimming through the entire literature when in need of an aspect to be looked upon, this publication has been brought out that provides a glance on the basic aspects of applicable standards in a summarised manner with an objective to provide a basic understanding of Ind AS to the members. This publication will be very useful for the members of the Institute and other concerned stakeholders.

ITFG invites suggestions regarding possible responses to various issues on applicability/ implementation of Ind AS

With a view to making the process of issuing the clarifications more participative and effective, it has been decided to invite the stakeholders to make suggestions as to possible responses on the various queries received by the Group.

Members of the Institute as well as other stakeholders are invited to send their suggested responses (or any other comments) on the queries. These suggestions will be considered by the Group at its meeting. After due discussions, clarifications will be issued wherever considered appropriate. The suggested responses should be supported by appropriate reasoning and reference to specific paragraph number(s) of the relevant Standard(s) or other basis for the suggested response. The suggested responses or any other comments should be submitted through e-mail at indas@icai.in.

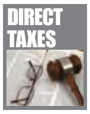
Queries on which the Group invites suggestions can be accessed on the below mentioned links: https://www.icai.org/new_post.html?post_id=15594&c_id=240

Certificate Course on Ind AS

The Ind AS Implementation Committee is conducting a Certificate Course on Ind AS (Indian Accounting Standard). The Course aims at educating the members about the concepts enunciated under Ind AS, Comparison of Ind AS with IFRS, Differences between Ind AS and AS, Ind AS Implementation issues and their clarifications, Conversion of Financial Statements prepared on the basis of Indian GAAP to Ind AS based financial statements.

Certificate Course on Ind AS/IFRS is organised across India and abroad. So far, around 10068 members have been successfully trained in the said course. Recently, the batch has been completed at Bangalore on 21st December, 2019. The ongoing batches are at Delhi, Dubai, Hyderabad & Mumbai. Further, the next batch of the Certificate Course on Ind AS is scheduled to commence from December 28th, 2019 at Goa. Batches of the Course have also been proposed to be held at Delhi, Mumbai, Nagpur, Kanpur, Ludhiana, Pune, Kolkata, Noida, Jaipur, Ghaziabad, and Bhubaneswar. For further details, please follow the link: https://www.icai.org/post.html?post_id=3562&c_id=266 ■

Legal Decisions



Income Tax

LD/68/98, [ITAT Mumbai: ITA No.4934/ Mumbai/2018], Welfare Properties Private Ltd Vs. The Deputy Commissioner of Income Tax, 29/11/ 2019

For AY 2015-16, addition under section 43CA upheld by Mumbai ITAT with respect to difference between sale value and stamp value. The assessee argued that since the said difference in instant case was less than 15% the same was to be ignored. ITAT analysed Section 43CA and observed that prior to incorporation of the 'proviso' to sub-section (1) of Section 43CA, vide the Finance Act, 2018, w.e.f 01.04.2019, there was no tolerance limit [i.e., of 5%] envisaged in Section 43CA. ITAT held that it would be absolutely incorrect to infer that prior to the aforesaid amendment a tolerance limit of 15% was already available and/or inbuilt in the said statutory provision and if that would have been so, then there would have been no requirement for incorporation of the 'proviso' to Section 43CA(1). ITAT thus ruled in favour of the Revenue.

LD/68/99, [ITAT Ahmedabad: ITA No.1438/Ahd/2017], Dharamtar Motor Services Petroleum Product Ltd. Vs. The Income Tax Officer, 21/11/2019

The assessee had transferred opening balances of various loans appearing in the books of accounts to ledger of partner's capital by way of book entries. The AO made an addition of these under section 68 as unexplained cash credit, whereas the CIT(A) treated these loans as trading liabilities which ceased to exist and therefore, made addition under section 41(1). ITAT observed that these loans were taken in earlier years and not in year under scrutiny. Further the same were trading liabilities or general loans was also unclear so as to raise a doubt on applicability of Section 41(1) Further, even if liabilities of firm were transferred to partner's ledger account, that does not mean that the creditors had waived their right over the amount receivable. ITAT thus deleted the addition.

LD/68/100, [ITAT Chennai: ITA No.1664/Chny/2019], The Assistant Commissioner of Income Tax Vs. Dorma India P. Ltd., 20/11/ 2019

Assessee had entered into a Business Transfer Agreement with two of its business partners to acquire their distribution segment and consideration paid over and the above towards net worth of tangible asset was treated as goodwill and depreciation was claimed thereon. Revenue disallowed the depreciation claim. The AO stated that since assessee had considered book values and not FMV of assets, and if proportionate allocation was done there would not remain any amount for allocation towards goodwill. ITAT noted that since there were no land and buildings acquired, taking assets at book value existing on the date of acquisition has not led to any distortion in presentation of books of accounts. ITAT thus observed that there was no infirmity in the value adopted for business acquisition purposes and ruled in favour of the assessee on claim of deprecation on goodwill claimed by the assessee.

LD/68/101, [ITAT Pune: ITA No.2795/Pun/2016], M/s Vikram Developers and Promoters Vs. Deputy Commissioner of Income Tax, 14/11/ 2019

AMT provisions under section 115JC introduced w.e.f. 01.04.2013 held to be not applicable on assessee's housing project approved in 2007. Provisions of Section 115JC were applicable to projects which were approved on or after 01.04.2013, and that the said new provisions of the Act were not applicable retrospectively. As per ITAT, If the assessee is aware of the obligations of the Statute for paying AMT in the assessment year 2013-14, the assessee would not have taken up this project at all in the year 2007. ITAT ruled in favour of the assessee.

LD/68/102, [ITAT Chandigarh: ITA No.316/Chd/2019], Luxmi Foodgrains P. Ltd Vs. Income Tax Officer, 07/11/ 2019

Assessee had issued shares at a premium, and addition was made in this regard by the AO under section 56(2)(viib). The AO concluded that pursuant to invoking Rule 11UA and calculating FMV of shares as per the same, premium charged by the assessee was more than the FMV. AO thus made an addition. ITAT observed that assessee

Contributed by CA. Sahil Garud, CA. Mandar Telang, GST & Indirect Taxes Committee, Disciplinary Directorate and ICAI's Editorial Board Secretariat.
For details please visit Editorial Board webpage at https://resource.cdn.icai.org/57515icaieboard46638.pdf
Readers are invited to send their comments on the selection of cases and their utility at eboard@icai.in. For full judgement write to eboard@icai.in.

had received cheques towards shares subscribed at premium, however, the same were not encashed by the assessee. ITAT held that assessee had thus not actually 'received' money/actual consideration on account of share issue and thus provisions of Section 56(2)(viib) could not be invoked.

LD/68/103, [Madras High Court: WP 16249/2018], Venkata Dilip Kumar Karta – HUF Vs. The Commissioner of Income Tax, 05/11/2019

The assessee, land owner, offered capital gains and claimed deduction under section 54 in its return to the extent of part of the consideration that was deposited in the capital gains deposit scheme. Subsequently, the assessee sought revision under section 264 to consider and allow enhanced deduction under section 54 towards additional cost of construction borne by assessee which was rejected citing non-deposit of the said amount in capital gains deposit scheme within prescribed time as per Section 54(2). This additional cost was incurred within 3 years from the date of transfer. High Court held that if the amount for which deduction is sought for under section 54 is utilised either within the time prescribed under section 54(1), the deduction is bound to be granted without reference to Section 54(2) which talks about deposit in capital gain account.

LD/68/104, [ITAT Cochin: ITA No.439/Coch/2019], Sahyadri Agencies Ltd. Vs. The Income Tax Officer, 05/11/ 2019

The CIT had issued notice under section 263 on the ground that the matter of issue price of Optionally Convertible Cumulative Preference Shares of face value of ₹ 3 crores along with premium of ₹ 57 crores issued to a director of the company, was not examined for applicability of Section 56(2)(viib) / 68 by the AO. ITAT held that even in case of limited scrutiny assessment, the AO is duty bound to make a prima facie inquiry as to whether there are any other items which requires examination and in the event, the potential escapement of income would have exceeded ₹ 10 lakh, he ought to seek the permission of the CIT / DIT to convert a 'limited scrutiny assessment' to a complete scrutiny assessment. ITAT held that the assessment order was erroneous and prejudicial to the interest of the Revenue and affirmed invocation of Section 263.

Transfer Pricing

LD/68/105, [Madras High Court: W.P No.32699/2019], Pfizer Healthcare India Pvt Ltd. Vs. Transfer Pricing Officer, 21/11/ 2019

Transfer pricing order passed by TPO on 01st November 2019 held to be barred by limitation under section 92CA(3A) since it was not passed till 60 days prior to the date on which the period of limitation referred to in Section 153 expires i.e., 31st December 2019. Since assessment proceedings are to be completed by 31st December 2019, the High Court ordered that the same may be carried on by the Assessing Officer, however, without giving effect to such orders until further orders from this Court. Assessing Officer directed to follow his course of action towards completing assessment proceedings of AY 2016-17 by 31st December.

LD/68/106, [ITAT Mumbai: ITA No.6821/Mumbai/2017], Gurgaon Investment Ltd. Vs. Deputy Director of Income Tax, 15/11/2019

Assessee had waived interest on Compulsorily Convertible Debentures from Indian Associated enterprise. Transfer pricing addition deleted by ITAT noting that there is no 'actual receipt' of interest and thus the same is not taxable under article 11(1) of India-Mauritius treaty. Fulfilment of twin conditions of accrual as well as actual receipt are necessary. ITAT stated that though Chapter X aims at preventing avoidance/evasion of tax, there will be no occasion for any tax avoidance/evasion when the income itself is not chargeable to tax by virtue of the Tax Treaty. If a particular item of income does not come within the purview of the charging provision as contained under section 4, the machinery provisions as contained under Chapter X would not be applicable.

LD/68/107, [Kerela High Court: W.P.No.11952/2019], FCI OEN Connectors Limited Vs. Deputy Commissioner of Income Tax], 13/11/2019

DRP rejected assessee's objections to draft assessment order on the ground that objections were filed by the assessee after 30 days from electronic receipt of draft assessment order. High Court quashed the DRP order noting that assessee had filed objections within 30 days from manual receipt of draft assessment order and that the assessee had not opted for the e-proceedings facility. The High Court, therefore, held that the receipt of the draft assessment order in the manual mode had to be considered as the date of service of the draft assessment order. Till such time as the electronic facility is made mandatory for assessees, the wishes of the assessee have to be respected. The High Court remarked that assessee is not prejudiced on account of service of an order, through a mode that he did not opt for.

GST

LD/68/108, [2019-TIOL-454-AAR-GST (AAR-Karnataka)], M/s MARRQ Services Pvt. Ltd. , 30/09/2019

When the applicant entered into a joint development agreement with the land owners for development of residential land and consideration was agreed on revenue sharing basis, applicant's share being 25% of consideration charged to customers for sale of developed plot, AAR held that since applicant has no right in title of land, they cannot be considered as sellers of plot and thus, under Rule 31 of CGST Rules, 2017, 25% of consideration charged will be the value of supply of service supplied by the applicant without any deduction towards the land.

LD/68/109, [2019-TIOL-448-AAR-GST (AAR- Madhya Pradesh)] World Researchers Association, 25/09/2019

AAR held that activities of promotion of research in the field of life sciences, physical sciences, environmental sciences, etc. and publishing of online research journal on one or more of above mentioned fields are not charitable activities contemplated in the exemption entry no.1 of *Notification No. 12/2017-CTR* since they do not fall under 'care or counselling'; or 'spreading public awareness'; or 'advancement of religion, spirituality or yoga'; or 'advancement of educational programmes or skill development'.

As regards organisation of Seminars, Symposiums and Conventions of the nature organised by the applicant, AAR declined to give the ruling on stating that, the applicability of exemption depends upon facts of each case, i.e., whether such events are organised for spreading of Public Awareness of preventive health, family planning or prevention of HIV infection, etc. as covered in the definition of 'charitable activities' or for other purposes.

LD/68/110, [2019-TIOL-480-AAR-GST (AAR- Andhra Pradesh)] PKR Projects and Engineers, 16/07/2019

The applicant was granted road metal quarry for extraction of road metal by Department of Mines and Geology, State Government. The Applicant submitted that, the royalty/dead rent paid to the Government is nothing but amount paid for granting right to use minerals and hence rate of tax applicable shall be the same rate as applicable for supply of like goods involving transfer of title in goods i.e., 5% in this case. AAR held that applicant received leasing/licensing services from Government and thus, liable to discharge GST liability at 18% under reverse charge mechanism.

LD/68/111, 2019-TIOL-464-AAR-GST (AAR- Andhra Pradesh)] R Gangaiah and Company, 03/04/2019

AAR held that when a composite supply of works contract services supplied to the Government Entity involves construction of building for office purpose of such government entity to conduct their activities, since such works contract services are not other than for commerce, industry or any other business or profession, the concessional rate of 12% GST will not be available to applicant in terms of *Notification No. 24/2017-CT(R)*, consequently such supply will attract 18% GST.

LD/68/112, 2019-TIOL-479-AAR-GST (AAR- Andhra Pradesh) Rashytriya Ispat Nigam Ltd. , 11/01/2019

AAR held that time of supply for payment of GST on liquidated damages and other penalties for delay in supply of goods/services, is not the time when such delay is occurring. The time of supply shall arise at the time, when the payment of liquidated damages is determined after the delay in execution of work on part of contractor is established.

Legal Update

Service Tax

LD/68/113, [2019-TIOL-2663-MAD-ST (Mad-HC)], BGR Energy Systems Ltd. Vs. Additional Commissioner of GST and Central Excise, 22/11/2019

When petitioner approached its Indian bank to provide bank guarantee to petitioner's foreign supplier, located outside India and Indian Bank provided such guarantee through foreign bank, the High Court held that the petitioner is a recipient of services of furnishing bank guarantee and place of provision of such service is India. Hence, the petitioner would be liable to pay service tax on bank guarantee commission and the realisation charges, charged by the foreign bank.

Customs

LD/68/114 , [Madras High Court: W.P.No.29193/2019], Boston Leather Exports Vs. Assistant Commissioner of Custom, 18/11/2019

High Court directed Revenue to remove the alert against the assessee in Customs EDI system on receipt of personal bond. Assessee had paid all the relevant amount confirmed vide order-in-original however the alert continued to exist since interest was not paid by the assessee. Since revision against orders was pending beforethe authority, High Court directed to remove the alert against the assessee in Customs EDI system on receipt of personal bond of ₹ 4.06 lakhs towards the interest liability.

Sales Tax Act

LD/68/115, [Allahabad High Court: Sales Tax Revision No. 520 of 2007], Northern Tannery Vs. Commissioner Trade Tax, 08/08/2019

Assessee erred in submitting the computation of the purchases and sought to rectify the same in appeal. The Tribunal had denied maintainability of assessee's appeal on the ground of pre-deposit. High Court held that Tribunal 'got swayed' by the provision of pre-deposit for maintainability of appeal and 'misread' the same to curb assessee's right of appeal. High Court held that the assessee's right of appeal to disputed part of the liability could not have been restricted by the Tribunal. Matter remitted back to Authority and order of Tribunal was set-aside.

Disciplinary Case

Forgery and fabrication of property documents by Respondent for submission before Banks as collateral securities to enable the clients to avail credit facilities – Respondent, who is habitually indulged in such activities brought disrepute under Clause (2) of Part IV of Second Schedule to the Chartered Accountants Act, 1949.

In the instant case, the Respondent forged various property documents and submitted the same as collateral securities to the Bank against credit facilities granted to various parties. The Government Examiner of the Questioned Documents opined that the signatures had been forged by the Respondent which in itself a positive evidence to establish the active involvement of the Respondent in forging of certain documents. Further, evidence on record as brought by the Complainant validated the Respondent's involvement in the forgery and manipulation of property documents. Thus, the Board of Discipline, on overall consideration is of the view that the misconduct on the part of the Respondent is of serious nature and does qualify for a maximum punishment. Accordingly, the Board ordered for removal of the name of the Respondent from the Register of Members for a period of three months and also imposed fine of ₹ 25,000/-.

Circulars/Notifications

Given below are the important Circulars and Notifications issued by the CBDT, CBEC, FEMA and MCA besides those related to GST, issued since the publication of the last issue of the journal, for information and use of members. Readers are requested to use the citation/website or weblink to access the full text of desired circular/notification. Feedback and suggestions on this column can be submitted at eboard@icai.in

(Matter on Direct Taxes has been contributed by the Direct Taxes Committee of the ICAI)

I. NOTIFICATIONS

1. Amendment of Income-tax Rules, 1962 for notifying Challan-cum statement for the purposes of Section 194M of the Income-tax Act, 1961 - Notification No. 98/2019, dated 18-11-2019

Section 194N provides for levy of tax deduction at source (TDS) @2% on cash payments in excess of one crore rupees in aggregate made during the year, by a banking company or cooperative bank or post office, to any person from one or more accounts maintained with it by the recipient.

Section 194M provides for levy of TDS @ 5%, on the sum, or the aggregate of sums, paid or credited in a year on account of contractual work or professional fees by an individual or an HUF, not required to deduct tax at source under section 194C and 194J, if such sum, or aggregate of such sums, exceeds fifty lakh rupees in a year. However, in order to reduce the compliance burden, it is also provided that such individuals or HUFs shall be able to deposit the tax deducted using their Permanent Account Number (PAN) and shall not be required to obtain Tax Deduction Account Number (TAN).

Both the above sections have come into effect from 01.09.2019.

Rule 30 provides for time and mode of payment to Government account of tax deducted at source or tax paid. Rule 30 has been amended vide this Notification to provide that any sum deducted under section 194M shall be paid to the credit of the Central Government within a period of thirty days from the end of the month in which the deduction is made and shall be accompanied by a challan-cum-statement in Form No. 26QD. Further, where tax deducted is to be deposited accompanied by a challan-cum-statement in Form No.26QD, the amount of tax so deducted shall be deposited to the credit of the Central Government by remitting it electronically within the time specified into the Reserve Bank of India or the State Bank of India or any authorised bank.

Rule 31 provides for Certificate of tax deducted at source to be furnished under section 203. This notification has amended the said rule to provide that every person responsible for deduction of tax under section 194M shall furnish the certificate of deduction of tax at source in Form No. 16D to the payee within fifteen days from the due date for furnishing the challan-cum-statement in Form No.26QD under Rule 31A after generating and downloading the same from the web portal specified by the PDGIT (Systems) or the DGIT (Systems) or the person authorised by him.

Rule 31A provides for provisions relating to Statement of deduction of tax under section 200(3). Rule 31A has also been amended vide this notification. In respect of Section 194N, amended Rule 31A provides to furnish particulars of amount paid or credited on which tax was not deducted in view of the exemption provided in clause (iii) or clause (iv) of the proviso to Section 194N or in view of the notification issued under clause (v) of the proviso to Section 194N. In respect of Section 194M, it provides that every person responsible for deduction of tax under section 194M shall furnish to the PDGIT (Systems) or DGIT (System) or the person authorised by the PDGIT (Systems) or the DGIT (Systems), a challan-cum-statement in Form No.26QD electronically in accordance with the procedures, formats and standards specified within thirty days from the end of the month in which the deduction is made.

In view of above amendments, following new forms have been inserted/amended in Appendix II:

(i) Form No. 16D (Certificate under section 203 for tax deducted at source) – inserted.

(ii) Form No. 26Q (Quarterly statement of deduction of tax under section 200(3) in respect of payments other than salary) - amended.

(iii) Form No. 26QD (Challan–cum–statement of deduction of tax under section 194M) – inserted.

(iv) Form No. 27Q (Quarterly statement of deduction of tax under section 200(3) in respect of payments other than salary made to non-residents) - amended.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/notification/notification_98_2019.pdf

2. Central Government notifies 31.01.2020 as the due date by which tax, surcharge, penalty and interest can be paid by specified declarants under Income Declaration Scheme, 2016 - Notification No. 103/2019, dated 13-12-2019

The Finance Act 2016 brought the Income Declaration Scheme, 2016 wherein Section 187 of the Finance Act, 2016 provided, *inter alia*, that the tax, surcharge and penalty in respect of the undisclosed income, declared under the Income Declaration Scheme, 2016 shall be paid on or before a notified due date.

In order to address genuine concern of the declarants, the Finance (No. 2) Act, 2019 amended the said Section so as to provide that where the amount of tax, surcharge and penalty, has not been paid within the due date, the Central Government may notify the class of persons who may make the payment of such amount on or before a notified date, along with the interest on such amount, at the rate of one per cent of every month or part of a month, comprised in the period, commencing on the date immediately following the due date and ending on the date of such payment.

Accordingly, in exercise of the powers conferred by the proviso to Section 187(1) of the Finance Act, 2016, the Central Government has, vide this notification, specified that the persons who have made a declaration under section 183(1), but have not made payment of the tax and surcharge payable under section 184 and penalty payable under section 185 of the said Act, in respect of the undisclosed income, on or before the due date notified by the Central Government vide notification number S.O. 1830 (E), dated the 19.05.2016, (as subsequently amended vide notification number S.O. 2476 (E), dated the 20.07.2016), may make the payment of such amount on or before 31.01.2020, along with interest on such amount, at the rate of one per cent. for every month or part of a month comprised in the period commencing on the date immediately following the said due date as so notified and ending on the date of such payment.

This notification shall be deemed to have come into force with effect from 01.06.2016.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/notification/notification_103_2019.pdf

II. PRESS RELEASES/INSTRUCTIONS/OFFICE MEMORANDUM/ORDER

1. Income Tax Department creates Exchange of Information Portal for dissemination of information to all stakeholders – Press Release, dated 22-11-2019

India is committed to exchange financial account information automatically from 2017 under the Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI). Information is reported annually by financial institutions which are then exchanged by India under the standard.

To implement the AEOI standard, necessary domestic legal framework was put in place in 2015. A comprehensive Guidance Note was released on 31.08.2015 to provide guidance to the financial institutions, sectoral regulators and officers of the Income Tax Department for ensuring compliance with the reporting requirements under the Income-tax Act and Rules. The sectoral regulators have also issued necessary notifications and circulars for compliance by the financial institutions. Stakeholder consultations are also carried out by CBDT to educate financial institutions about their reporting obligations. In its persistent endeavour to reach out to the financial institutions and account holders, CBDT has created an Exchange of Information portal on the Income-tax Department website for dissemination of information to all stakeholders. The Chairman, CBDT on 22.11.2019, inaugurated the portal which consolidates all the relevant AEOI related information at one place for convenient access by financial institutions, Departmental officers as well as public at large.

This portal would be a repository of policy and technical circulars/guidance/notifications issued by the CBDT, and provide links to relevant circulars/guidance issued by the regulatory authorities in India and other international bodies. The portal would not only be useful for the domestic financial institutions but will also help the foreign tax authorities and financial institutions to get information about the Indian laws, rules and procedures related to AEOI under CRS.

The complete text of the above Office Memorandum can be downloaded from the link below:

https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/813/PressRelease_ITD_creates_EIP_dissemination_information_all_stakeholders_22_11_19.pdf

2. CBDT Releases 3rd Annual Report of its APA Programme – Annual Report (2018-19), November 2019

This Annual Report carries forward the CBDT's unique initiative of the last two years to bring into the public domain various statistical and qualitative aspects of India's APA programme. The idea is to encourage discussion and debate amongst taxpayers, policy makers, economists, etc. on the strengths and weaknesses of the programme. This Annual Report by the CBDT on one of its programmes underlines the importance that the APA programme holds in the Government's endeavour to promote and preserve a non-adversarial tax regime. The third Annual Report on the APA programme highlights the progress made in financial year 2018-19. A total of 52 APAs were entered into during this year. Though the number of APAs entered into has come down, it is still an impressive achievement by the CBDT and its officers working in the Foreign Tax & Tax Research Division and in the APA teams at the field level [comprising the Principal CCIT (IT), APA Commissioners, Additional/Joint Commissioners and Deputy/Assistant Commissioners]. The CBDT acknowledges the cooperation and efforts of the applicants and their consultants in making the APA programme a success. The CBDT is confident that the APA Programme will continue to provide certainty to taxpayers in transfer pricing issues and contribute to their ease of doing business. The said report is available at the link

https://www.incometaxindia.gov.in/Lists/Latest%20News/Attachments/360/FINAL_ANNUAL_REPORT_29_11_19.pdf

INDIRECT TAXES

(Matter on Indirect Taxes has been contributed by GST & Indirect Taxes Committee of the ICAI)

I. Recommendations made during 38th Meeting of the GST Council - Law & Procedural related changes (Recommendations to take effect only after duly notified)

1. **Constitution of Grievance Redressal Committees (GRC):-**

   GRC will be constituted at Zonal/State level with both CGST and SGST officers and including representatives of trade and industry and other GST stakeholders (GST practitioners and GSTN etc.). These committees will address grievances of specific/ general nature of taxpayers at the Zonal/ State level.

2. **Extension of Due Date of Form GSTR-9 & 9C for F.Y. 2017-18:**

   Due date for annual return in **FORM GSTR-9** and reconciliation statement in **FORM GSTR-9C** for **FY 2017-18** to be extended to **31.01.2020**.

3. **Measures to improve filing of Form GSTR-1:**

   i. **Waiver of late fee** to be given to all taxpayers in respect of all pending **FORM GSTR-1** from **July 2017 to November 2019**, if the same are **filed by 10.01.2020**.

   ii. **E-way Bill** for taxpayers who have **not filed** their **FORM GSTR-1** for **two tax periods shall be blocked**.

4. **Restriction in Availing Input Tax Credit:**

   Input tax credit to the recipient in respect of invoices or debit notes that are not reflected in his **FORM GSTR-2A** shall be **restricted to 10 per cent** of the eligible credit available in respect of invoices or debit notes reflected in his **FORM GSTR-2A**.

5. **Action for Blocking of fraudulently availed input tax credit:**

   To check the menace of fake invoices, suitable action to be taken for blocking of fraudulently availed input tax credit in certain situations.

6. **SOP to be issued for actions to be taken in cases of Non-filing of FORM GSTR 3B:**

   A Standard Operating Procedure for tax officers would be issued in respect of action to be taken in cases of non-filing of **FORM GSTR 3B** returns.

7. **Extension of Due Date of filing of GST Returns for few North Eastern States for November 2019:**

   Due date of filing GST returns for the month of November, 2019 to be extended in respect of a few North Eastern States.

8. **Approval of amendments to be introduced in Budget 2020:**

The Council also approved various law amendments which will be introduced in Budget 2020.

[Release ID: 1596896 dt 18th December,2019]

II. Recommendations made during 38th Meeting of the GST Council- Rate changes and Exemptions

(Recommendations to take effect only after duly notified)

1. **Single Rate of 28% on Lottery:**

   To levy a single rate of GST **@ 28%** on **both State run and State authorised lottery**. This change shall become **effective from 1st March, 2020.**

2. **Uniform Rate of 18% on woven & Non-woven Polyethylene Bags:**

   Uniform rate of **18 %** (from 12 %) on Woven and Non-Woven Bags and sacks of **polyethylene or polypropylene strips** or the like, whether or not laminated, of a kind **used for packing of goods (HS code 3923/6305)** including Flexible Intermediate Bulk Containers (FIBC). This change is proposed to be **effective from 1st January, 2020.**

3. **Exemption of upfront payment on long term leasing of industrial plots :-**

   To **exempt upfront amount** payable **for long term lease of industrial/ financial infrastructure plots** by an entity **having 20% or more ownership of Central or State Government**. Presently, the exemption is available to an entity having 50% or more ownership of Central or State Government. This change is proposed to be **effective from 1st January, 2020.**

   [Release ID: 1596895 dt 18th December, 2019]

III. E-invoicing under GST

A. Amendment in Manner of issuing invoice

The Central Government vide *Notification No. 68/2019-CT dt 13th December, 2019* has inserted the following sub-rules in Rule 48 in the CGST Rules, 2017 (Manner of Issuing Invoice):-

"(4) The invoice shall be prepared by such class of registered persons as may be notified by the Government, on the recommendations of the Council, by including such particulars contained in **FORM GST INV-01** after obtaining an Invoice Reference Number by uploading information contained therein on the Common Goods and Services Tax Electronic Portal in such manner and subject to such conditions and restrictions as may be specified in the notification.

(5) Every invoice issued by a person to whom sub-rule (4) applies in any manner other than the manner specified in the said sub-rule shall not be treated as an invoice.

(6) The provisions of sub-rules (1) and (2) shall not apply to an invoice prepared in the manner specified in sub-rule (4)."

[Notification No. 68/2019-CT dt 13th December, 2019]

B. Common portal notified for the purpose of e-invoice

The Central Government vide *Notification No. 69/2019-CT dt 13th December, 2019* has notified the following as the **Common Goods and Services Tax Electronic Portal** for the purpose of **preparation of the invoice in terms of sub-rule(4) of Rule 48** of the aforesaid Rules, namely :-

(i) www.einvoice1.gst.gov.in;

(ii) www.einvoice2.gst.gov.in;

(iii) www.einvoice3.gst.gov.in;

(iv) www.einvoice4.gst.gov.in;

(v) www.einvoice5.gst.gov.in;

(vi) www.einvoice6.gst.gov.in;

(vii) www.einvoice7.gst.gov.in;

(viii) www.einvoice8.gst.gov.in;

(ix) www.einvoice9.gst.gov.in;

(x) www.einvoice10.gst.gov.in.

This notification shall come into force **with effect from the 1st day of January, 2020.**

[Notification No. 69/2019-CT dt 13th December, 2019]

C. Notification of the class of registered person required to issue E-invoice & its effective date.

The Central Government vide Notification No. 70/2019-CT dt 13th December, 2019 has notified registered person, **whose aggregate turnover** in a financial year **exceeds one hundred crore rupees**, as a class of registered person **who shall prepare invoice in terms of sub-rule (4) of Rule 48** of the said rules in respect of supply of goods or services or both **to a registered person**.

This notification shall come into force from the **1st day of April, 2020.**

[Notification No. 70/2019-CT dt 13th December, 2019]

D. Notification of the effective date of Tax Invoice having Quick Response (QR) code.

The Central Government vide *Notification No. 71/2019-CT dt 13th December, 2019* has notified **1st April 2020** as the date from which **the tax invoice shall have Quick Response (QR)** code subject to such conditions and restrictions as mentioned therein.

[Notification No. 71/2019-CT dt 13th December, 2019]

E. Notification of the class of registered person required to issue invoice having QR Code

The Central Government vide *Notification No. 72/2019-CT dt 13th December, 2019* has notified that that **an invoice issued by a registered person**, **whose aggregate turnover** in a financial year **exceeds five hundred crore rupees**, to an unregistered person (hereinafter referred to as **B2C invoice**), shall have **Quick Response (QR) code:**

Provided that where such registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code, shall be deemed to be having Quick Response (QR) code.

This notification shall come into force from the **1st day of April, 2020.**

[Notification No. 72/2019-CT dt 13th December, 2019]

IV. Extension of Due dates for filing various Returns under GST for Jammu & Kashmir

The Central Government vide *Notification No. 63/2019-CT dt 12th December, 2019*; *Notification No. 64/2019-CT dt 12th December, 2019*; *Notification No. 65/2019-CT dt 12th December, 2019*; *Notification No. 66/2019-CT dt 12th December, 2019* and *Notification No. 67/2019-CT dt 12th December, 2019* has further **provided/ extended** the due dates of the following Forms **for registered persons whose principal place of business** is in the state of **Jammu and Kashmir** as under:

S. No.	Form No.	Period	Due Date (as extended)
1.	FORM GSTR-1 (Form for furnishing the details of outward supply of goods or services or both.) (For registered persons in Jammu & Kashmir having aggregate turnover of more than 1.5 crore rupees in the preceding financial year or the current financial year)	For each of the months of: July, 2019; August, 2019; September, 2019	20th December, 2019
2.	FORM GSTR-1 (Form for furnishing the details of outward supply of goods or services or both.) (For registered persons in Jammu & Kashmir having aggregate turnover of more than 1.5 crore rupees in the preceding financial year or the current financial year)	For the months of: October, 2019	20th December, 2019

3.	FORM GSTR-7 (Form for furnishing the monthly details of TDS) (For registered persons in Jammu & Kashmir)	For each of the months of : July, 2019; August, 2019; September, 2019; October, 2019	20th December, 2019
4.	FORM GSTR-3B (Form to furnish monthly summary of data) (For registered persons in Jammu & Kashmir)	For each of the months of : July, 2019; August, 2019; September, 2019	20th December, 2019
5.	FORM GSTR-3B (Form to furnish monthly summary of data) (For registered persons in Jammu & Kashmir)	For each of the months of : October, 2019	20th December, 2019

[Notification No. 63/2019-CT dt 12th December, 2019; Notification No. 64/2019-CT dt 12th December, 2019; Notification No. 65/2019-CT dt 12th December, 2019; Notification No. 66/2019-CT dt 12th December, 2019 & Notification No. 67/2019-CT dt 12th December, 2019]

V. Withdrawal of Circular No. 107/26/2019-GST dt 18-07-2019

The Central Board of Indirect Taxes and Customs vide *Circular No. 127/46/2019 dt 4th December,2019* has withdrawn ab-initio, Circular No. 107/26/2019-GST dt 18.07.2019, wherein certain clarifications were given in relation to various doubts related to supply of Information Technology enabled Services (ITeS services) under GST.

Comment: *The above withdrawal is effective from 18th July, 2019 & it is a welcome step by the Government since as the above circular was creating doubts related to supply of Information Technology enabled Services (ITeS services) under GST.*

[Circular No. 127/46/2019 dt 4th December, 2019]

VI. Extension of last date for filing of appeals before the GST Appellate Tribunal against orders of Appellate Authority

The Appellate Tribunal and its Benches are yet to be constituted in many States and Union territories under section 109 of the CGST Act as a result whereof, **the appeal or application** as referred to in subsection (1) or sub-section (3) of section 112 of the said Act **could not be filed within the time limit specified** in the said sub-sections, and because of that, certain difficulties have arisen in giving effect to the provisions of the said section.

Therefore, the Central Government vide *Removal of difficulty order No. 9/2019 - CT dt 3rd December, 2019* has clarified that the **start of three months or six months,** as the case may be**,** for filing of **appeal** or **application** as referred to in subsection (1) or sub-section (3) of section 112 of the CGST Act shall be considered to be the later of:-

(i) date of communication of order; or

(ii) the date on which the President or the State President, as the case may be, of the Appellate Tribunal after its constitution under section 109, enters office.

[Removal of difficulty order No. 9/2019 - CT dt 3rd December, 2019]

VII. Transition plan with respect to J&K reorganisation w.e.f. 31.10.2019

The Central Government vide *Notification No. 62/2019-CT dt 26th November, 2019* has notified that those persons **whose principal place of business or place of business lies in the erstwhile State of Jammu and Kashmir** till the **30th day of October, 2019;** and lies in the Union territory of Jammu and Kashmir or in the Union territory of Ladakh **from the 31st day of October, 2019** onwards shall follow the following special procedure **till 31st Day of December, 2019 (Transition Date):-**

- **The said class of person shall :**
  - (i) **ascertain the tax period** as per sub-clause (106) of Section 2 of the said Act for the purposes of any of the provisions of the said Act **for the month of October, 2019 and November, 2019 as below:**
    - **(a) October, 2019: 1st October, 2019 to 30th October, 2019;**
    - **(b) November, 2019: 31st October, 2019 to 30th November, 2019;**
  - (ii) irrespective of the particulars of tax charged in the invoices, or in other like documents, raised from **31st October, 2019 till the transition date, pay the appropriate applicable tax in the return under section 39 of the said Act;**
  - (iii) **have an option to transfer the input tax credit (ITC)** from the registered Goods and Services Tax Identification Number (GSTIN), **till the 30th day of October, 2019 in the State of Jammu and Kashmir, to the new GSTIN in the Union territory of Jammu and Kashmir or in the Union territory of Ladakh from the 31st day of October by following the procedure as below:**
    - (a) the said class of persons **shall intimate the jurisdictional tax officer of the transferor and the transferee regarding the transfer of ITC, within one month of obtaining new registration;**
    - (b) **the ITC shall be transferred on the basis of ratio of turnover** of the place of business in the Union territory of Jammu and Kashmir and in the Union territory of Ladakh;
    - (c) **the transfer of ITC shall be carried out through the return** under section 39 of the said Act for any tax period before the transition date and the transferor GSTIN would be debiting the said ITC from its electronic credit ledger in Table 4 (B) (2) of **FORM GSTR-3B** and the transferee GSTIN would be crediting the equal amount of ITC in its electronic credit ledger in Table 4 (A) (5) of **FORM GSTR-3B**

- **The balance of State taxes in electronic credit ledger** of the said class of persons, whose principal place of business lies in the Union territory of Ladakh from the 31st day of October, 2019, shall **be transferred as balance of Union territory tax in the electronic credit ledger**.

- The **provisions of clause (i) of Section 24 of the said Act shall not apply** on the said class of persons **making inter-State supplies** between the Union territories of Jammu and Kashmir and Ladakh **from the 31st day of October, 2019 till the transition date.**

[Notification No. 62/2019-CT dt 26th November, 2019]

VIII. Clarification on scope of the notification entry at item (id), related to job work, under heading 9988 of Notification No. 11/2017-CT (Rate) dt 28-06-2017

The Central Government vide *Circular No. 126/45/2019-GST dt 22nd November, 2019* clarified the scope of entry at item (id) and (iv) under heading 9988 of Notification No. 11/2017-CT (Rate) dt 28-06-2017. The matter has been examined and observed that there is a clear demarcation between scope of the entries at item (id) and item (iv) under heading 9988. Entry at item (id) covers only job work services as defined in Section 2 (68) of CGST Act, 2017, that is, services by way of treatment or processing undertaken by a person on goods belonging to another registered person. On the other hand, the entry at item (iv) specifically excludes the services covered by entry at item (id), and therefore, covers only such services which are carried out on physical inputs (goods) which are owned by persons other than those registered under the CGST Act.

The entries at items (id) and (iv) under heading 9988 read as under:

(3)	(4)	(5)
(id) Services by way of job work other than (i), (ia), (ib) and (ic) above;	6	-
(iv) Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ib), (ic), (id), (ii), (iia) and (iii) above.	9	-

[Circular No. 126/45/2019-GST dt 22nd November, 2019]

IX. Fully electronic refund process through FORM GST RFD-01 and single disbursement

The Central Government issued *Circular No. 125/44/2019 – GST dt 18th November, 2019* to provide for the process of electronic submission and processing of the refund application wherein it was specified that the refund application in FORM GST RFD01A, along with all supporting documents, shall be submitted electronically. However, various post submission stages of processing of the refund application continued to be manual.

The circular is issued in supersession of earlier Circulars viz. *Circular No. 17/17/2017-GST dt 15.11.2017, 24/24/2017-GST dt 21.12.2017, 37/11/2018-GST dt 15.03.2018, 45/19/2018-GST dt 30.05.2018 (including corrigendum dt 18.07.2019), 59/33/2018-GST dt 04.09.2018, 70/44/2018-GST dt 26.10.2018, 79/53/2018-GST dt 31.12.2018 and 94/13/2019-GST dt 28.03.2019.* However, the provisions of the said Circulars shall continue to apply for all refund applications filed on the common portal before 26.09.2019 and the said applications shall continue to be processed manually as prior to deployment of new system.

With effect from 26.09.2019, the applications for the following types of refunds shall be filed in FORM GST RFD 01 on the common portal and the same shall be processed electronically:

a. Refund of unutilised input tax credit (ITC) on account of exports without payment of tax;
b. Refund of tax paid on export of services with payment of tax;
c. Refund of unutilised ITC on account of supplies made to SEZ Unit/SEZ Developer without payment of tax;
d. Refund of tax paid on supplies made to SEZ Unit/SEZ Developer with payment of tax;
e. Refund of unutilised ITC on account of accumulation due to inverted tax structure;
f. Refund to supplier of tax paid on deemed export supplies;
g. Refund to recipient of tax paid on deemed export supplies;
h. Refund of excess balance in the electronic cash ledger;
i. Refund of excess payment of tax;
j. Refund of tax paid on intra-State supply which is subsequently held to be inter-State supply and vice versa;
k. Refund on account of assessment/provisional assessment/appeal/any other order;
l. Refund on account of "any other" ground or reason.

[Circular No. 125/44/2019 – GST dt 18th November, 2019]

(Matter on FEMA has been contributed by CA. Manoj Shah, Mumbai and CA. Hinesh Doshi, Mumbai)

Amendments to Foreign Exchange Management (Non Debt Instruments) Rules 2019

Following amendments have been made to Non Debt Instrument Rules 2019 by Central Government on 5th December 2019:

a. **Change in Definition of Investment Vehicle:**

Definition of Investment vehicle has been modified. Mutual Funds which invest more than fifty percent in equity governed under SEBI Mutual Fund Regulations will no longer fall under definition of an Investment Vehicle.

b. **Change in Definition of Sectoral Cap:**

Earlier for determination of sectoral cap, investment in debt instruments was included. This has now been omitted.

c. **Amendment to Rule 9(4)** – Earlier transfer by a person resident in India to a person resident outside India on non repatriation basis by way of gift was with prior RBI approval.

Now the words 'non-repatriation basis' have been omitted.

d. **Transfer of equity instruments by FPI (Rule 11)** – In terms of amendment, FPI cannot transfer equity instruments of Indian Company by way of gift to any person resident outside India.

e. **Pricing guidelines – Rule 21:**

Following explanation has been added to Rule 21(2):

"***Explanation:*** In case of convertible equity instruments, the price or conversion formula of the instrument should be determined upfront at the time of issue of the instrument. The price at the time of conversion should not in any case be lower than the fair value worked out, at the time of issuance of such instruments, in accordance with these rules."

f. Changes in Sector Specific Conditions:

In the principal rules, in Schedule 1, in the Table,-

i. against S. No. 3.2, in column (2), under the heading Coal and Lignite,-

a. for entry (a), the following entry shall be substituted, namely:

"(a) Coal and Lignite mining for captive consumption by power projects, iron and steel and cement units and other eligible activities permitted under and subject to the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) and the Coal Mines (Special Provisions) Act, 2015 (11 of 2015).";

b. after entry (b), the following entry shall be inserted, namely:-

"(c) For sale of coal, coal mining activities including associated processing infrastructure subject to the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 and the Coal Mines (Special Provisions) Act, 2015 and as amended from time to time and other relevant Acts on the subject.";

ii. against S. No. 3.4, in column (2), under the heading Other Conditions, clauses (a) and (b) shall be re-lettered as clause (b) and (c) respectively and before clause (b) as so re-lettered, the following clause shall be inserted, namely:-

"(a) Associated Processing Infrastructure" as contained in 3.2 (c) includes coal washery, crushing, coal handling, and separation (magnetic and non-magnetic)";

iii. S. No. 5.1: For "A manufacturer is permitted to sell its products manufactured in India through wholesale and/ or retail, including through e-commerce without Government approval." the following shall be substituted, namely:

"Manufacturing activities may be either self manufacturing by the investee entity or contract manufacturing in India through a legally tenable contract, whether on Principal to Principal or Principal to Agent basis. Further, a manufacturer is permitted to sell his products manufactured in India through wholesale and/or retail, including through e-commerce, without Government approval."

iv. against S. No. 7.2, S. No. 7.2.3, shall be renumbered as S. No. 7.2.4 and before S. No. 7.2.4 as so renumbered, the following S. No. shall be inserted, namely:-

7.2.3	Uploading/Streaming of News and Current Affairs through Digital Media	26%	Government

v. against S. No. 15.2.3, for entry (p), the following entry shall be substituted, namely;-

"(p) e-commerce marketplace entity with FDI shall have to obtain and maintain a report of statutory auditor by 30th of September every year for the preceding financial year confirming compliance of the e-commerce guidelines.";

vi. against S. No. 15.3, in column (4), under the heading Entry Route, for the entries, the following entry shall be substituted, namely:-

"Automatic.";

vii. against S. No. 15.3.1, for the entries (e), (f) and (g), the following entries shall be substituted, namely:

"(e) In respect of proposals involving foreign investment beyond 51%, sourcing of 30% of the value of goods procured, shall be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors. The quantum of domestic sourcing shall be self-certified by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts which the company shall be required to maintain. The procurement requirement is to be met in the first instance as an average of five years total value of goods procured beginning 1st April of the year of the commencement of SBRT business (i.e., opening of first store or start of online retail, whichever is earlier). Thereafter, SBRT entity shall be required to meet the 30% local sourcing norms on an annual basis. For the purpose of ascertaining the sourcing requirement, the relevant entity would be the company incorporated in India, which is the recipient of foreign investment for the purpose of carrying out single brand product retail trading.

(f) For the purpose of meeting local sourcing requirement laid down at entry (e), all procurements made from India by the SBRT entity for that single brand shall be counted towards local sourcing, irrespective of whether the goods procured are sold in India or exported. SBRT entity is also permitted to set-off sourcing of goods from India for global operations against the mandatory sourcing requirement of 30%. For this, purpose, 'sourcing of goods from India for global operations' shall mean value of goods sourced from India for global operations for that single brand (in INR terms) in a particular financial year directly by the entity undertaking SBRT or its group companies (resident or non-resident), or indirectly by them through a third party under a legally tenable agreement.

(g) A SBRT entity operating through brick and mortar stores, can also undertake retail trading through e-commerce. However, retail trading through e-commerce can also be undertaken prior to opening of brick and mortar stores, subject to the condition that the entity opens brick and mortar stores within two years from date of start of online retail."

CORPORATE LAWS

(Matter on Corporate Laws has been contributed by the Corporate Laws & Corporate Governance Committee of ICAI)

MCA (www.mca.gov.in)

Announcement Regarding registration on Independent Directors Portal

The Indian Institute of Corporate Affairs (IICA) has recently launched registration on Independent Directors Portal.

Every individual –

(a) who has been appointed as an independent director in a company, on the date of commencement of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, shall within a period of three months from such commencement; or

(b) who intends to get appointed as an independent director in a company after such commencement, shall before such appointment, apply online to the institute for inclusion of his name in the data bank for a period of one year or five years or for his life-time, and from time to time take steps as specified in sub-rule (2), till he continues to hold the office of an independent director in any company.

Further, all the Independent Directors other than individual who has served for a period of not less than ten years as on the date of inclusion of his name in the databank as director or key managerial personnel in a listed public company or in an unlisted public company having a paid-up share capital of rupees ten crore or more shall not be required to pass the online proficiency self-assessment test.

Fee for registration for one year is - ₹ 5000 + 18% GST.

Link for registration by an individual-

https://www.independentdirectorsdatabank.in/empanel

Relaxation of additional fees and extension of last date in filing of forms MGT-7 (Annual Return) and AOC-4 (Financial Statement) under the Companies Act, 2013- UT of J&K and UT of Ladakh

In continuation to General Circular No.13/2019 dated 29.10.2019 and keeping in view of the requests received from various stakeholders stating that due to disturbances in internet services and the normal work was affected in the UT of J&K and UT of Ladakh.

Therefore, it has been decided by the Ministry of Corporate Affairs to extend the due date for filing of e-forms AOC-4, AOC-4 (CFS) AOC-4 XBRL and e-form MGT-7 upto 31.01.2020, for companies having jurisdiction in the UT of J&K and UT of Ladakh without levy of additional fee.

For complete text of the notification, please refer the link:

http://www.mca.gov.in/Ministry/pdf/MGTAnnualReturnAOC4 FinancialStatement_28112019.pdf

Extension of last date of filing of Form PAS-6

This Ministry has received representations regarding extension of the last date of filing of Form PAS-6 under Rule 9A (8) of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The time limit for filing Form PAS-6 without additional fees for the half-year ended on 30.09.2019 will be sixty days from the date of deployment of this form on the website of the Ministry.

For complete text of the notification, please refer the link:

http://www.mca.gov.in/Ministry/pdf/FormPAS6_ 28112019.pdf

Extension of the last date of filing of Form NFRA-2.

The Ministry of Corporate Affairs has received several representations regarding extension of the last date of filing of Form NFRA-2, which is required to be filed under Rule 5 of the National Financial Reporting Authority Rules, 2018.

The time limit for filing Form NFRA-2 will be 90 days from the date of deployment of this form on the website of National Financial Reporting Authority (NFRA).

For complete text of the notification, please refer the link:

http://www.mca.gov.in/Ministry/pdf/NFRA_27112019.pdf

Corrigendum to Amendment of Schedule VII of the Companies Act, 2013

In the notification of the Government of India in the Ministry of Corporate Affairs number G.S.R. 776(E), dated the 11th October, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), dated the 11th October, 2019, at page 2, in line 14, for "Defence Research and Development Organisation (DRDO)", read "Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT),"

For complete text of the notification, please refer the link:

http://www.mca.gov.in/Ministry/pdf/Notification_ 28112019.pdf

Report of the Company Law Committee

The Company Law Committee was constituted by the Ministry of Corporate Affairs in September, 2019, *inter alia*, to further decriminalise the provisions of the Companies Act, 2013 based on their gravity and to take other concomitant measures to provide further Ease of Living for corporates in the country.

The Committee took note of the progress made consequent to the Companies (Amendment) Act, 2019, which had resulted in de-criminalisation of 16 minor procedural/technical lapses under the Companies Act, 2013 into 'civil wrongs', and adopted a principle based approach to further remove criminality, in case of defaults which can be determined objectively and which, otherwise, lack the element of fraud or do not involve larger public interest. Alternative methods of imposing sanctions have also been explored and recommended by the Committee, in some cases. In Chapter I of the report, the Committee has proposed amendments in 46 penal provisions, so as to either remove criminality, or to restrict the punishment to only fine, or to allow rectification of defaults through alternative methods, which would lead to further de-clogging of the criminal justice system in the country. The main recommendations of the Committee in Chapter 1 are as given on the next page :

i. Re-categorising 23 offences out of the 66 remaining compoundable offences under the Act, to be dealt with in the in-house adjudication framework wherein these defaults would be subject to a penalty levied by an adjudicating officer. In addition, the quantum of penalties recommended is lower than the quantum of fines presently provided in the Act.

ii. Omitting, altogether, 7 compoundable offences; limiting punishment for 11 compoundable offences to only fine by removing provision for imprisonment and recommending that 5 offences be dealt under alternative frameworks;

iii. Reducing the quantum of penalties in respect of 6 provisions, which were shifted to the in-house adjudication framework through the recently passed Companies (Amendment) Act, 2019.

iv. Retention of status-quo in case of the non-compoundable offences.

In Chapter 2, the Committee has made recommendations targeted towards providing further ease of living for law abiding corporates, which are as follows:

i. Power to exclude certain class of companies from the definition of 'listed company', mainly for listing of debt securities, in consultation with SEBI;

ii. Clarifying the trial court's jurisdiction on the basis of place of commission of offence under section 452, for wrongful withholding of property of a company by its officers/employees;

iii. Including the provisions of Part IXA (Producer Companies) of the Companies Act, 1956 in the Companies Act, 2013;

iv. Proposing benches of the National Company Law Appellate Tribunal;

v. Provisions for allowing payment of adequate remuneration to non-executive directors in case of inadequacy of profits, by aligning the same with the provisions for remuneration to executive directors in such cases;

vi. Relaxing provisions related to imposition of higher additional fees under third proviso to Section 403(1);

vii. Extending applicability of Section 446B (lower penalties for small companies and one person companies) to all provisions which attract monetary penalties and extending the benefit to producer companies and start-ups also;

viii. Excluding certain companies/bodies corporate from applicability of Section 89 (declaration of beneficial interest in shares) and Chapter XXII (companies incorporated outside India);

ix. Reducing timelines so as to speed up rights issues under section 62;

x. Extending exemptions from filing of certain resolutions to certain classes of non-banking financial companies under section 117 in consultation with RBI;

xi. Providing power to enhance the thresholds which trigger applicability of Corporate Social Responsibility provisions;

xii. Non-levy of penalties for delay in filing the annual returns and financial statements in certain cases.

xiii. Reviewing provisions in respect of debarment of audit firms after due consultation and examination

xiv. Revising provisions on disqualification of directors after due consultation and examination.

In addition, the committee while deliberating on certain other issues, felt that wider consultation would be necessary and recommended that the following be taken up in due course, at a later stage;

The copy of the Report of the Committee is being placed on the website of the Ministry of Corporate Affairs.

For complete text of the notification, please refer the link:

http://www.mca.gov.in/Ministry/pdf/CLCReport_ 18112019.pdf

National Company Law Tribunal (Salary Allowances and other Terms and Conditions of Service of President and other Members) Amendment Rules, 2019

The Ministry of Corporate Affairs has issued National Company Law Tribunal (Salary, Allowances and other Terms and Conditions of Service of President and other Members) Amendment Rules, 2019. They shall come into force on the date of their publication in the Official Gazette.

In the National Company Law Tribunal (Salary, Allowances and other terms and conditions of service of President and other Members) Rules, 2015, after Rule 15, the following Rule shall be inserted, namely:—

"**15 A. Posting and Transfer of Members**. –

(1) Initial posting of a member shall be done by the Central Government in consultation with the President.

(2) Subsequent transfers to different Benches shall be done by the President having regard ordinarily to the following:—

(a) the capacity or otherwise of the member for the purpose of his posting, including his efficiency, disposal and other relevant factors;

(b) a member save and except for sufficient and cogent reasons shall not be posted at a place where he had earlier been practising as an Advocate or a Chartered Accountant, Company Secretary or Cost Accountant, as the case may be;

(c) a member may not be posted at a place where any of his parents, spouse or other close relation is practising as an Advocate or a Chartered Accountant, Company Secretary or Cost Accountant in Company Law matters;

(d) save and except for sufficient and cogent reasons, the member shall not be posted at a place for a period exceeding three years, and ordinarily, a member may not be posted at a place where he was earlier posted unless a period of two years has elapsed;

(e) Ordinarily a member shall not be transferred before completion of three years at a station except on administrative grounds or on personal request basis.

(3) Transfer on personal request basis shall include considerations such as serious medical grounds, serious dislocation in children's education, unavoidable family responsibilities; however, consideration of transfer on personal request shall be subject to consideration of factors enumerated in sub-rule (2).

(4) Transfer on administrative grounds shall be made only in consultation with the Central Government."

For complete text of the notification, please refer the link:

http://www.mca.gov.in/Ministry/pdf/ActRules_28112019.pdf

Companies (Meetings of Board and its Powers) Second Amendment Rules, 2019

The Ministry of Corporate Affairs has issued Companies (Meetings of Board and its Powers) Second Amendment Rules, 2019. They shall come into force on the date of their publication in the Official Gazette.

Companies (Meetings of Board and its Powers) Rules, 2014	Before Amendment	After Amendment
Rule 15(3) (a)	(3) For the purposes of first proviso to sub-section (1) of Section 188, except with the prior approval of the company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into,- (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mention below-	(3) For the purposes of first proviso to sub-section (1) of Section 188, except with the prior approval of the company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into,- (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mention below-

Companies (Meetings of Board and its Powers) Rules, 2014	Before Amendment	After Amendment
	(i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees one hundred crore whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of Section 188;	(i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of Section 188;
	(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore whichever is lower as mentioned in clause (b) and clause (e) respectively of sub-section (1) of Section 188;	(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company as mentioned in clause (b) and clause (e) respectively of sub-section (1) of Section 188;
	(iii) leasing of property of any kind amounting to ten per cent or more of the net worth of the company or ten percent or more of turnover of the Company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of Section 188;	(iii) leasing of property any kind amounting to ten per cent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of Section 188;
	(iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower as mentioned in clause (d) and clause (e) respectively of sub-section (1) of Section 188:	(iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of Section 188:
	Explanation. - It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.	Explanation - It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

For complete text of the notification, please refer the link:

http://www.mca.gov.in/Ministry/pdf/Comp2Amndt_18112019.pdf

SEBI (www.sebi.gov.in)

Filing of Offer Documents under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

With reference to *Circular No. CIR/CFD/DIL/5/2012 dated May 3, 2012* on the Filing of Offer Documents under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

In partial modification of the above referred circular, it has been decided that the draft offer documents in respect of issues of size upto 750 crores shall be filed with the concerned regional office of the Board under the jurisdiction of which the registered office of the issuer company falls. Merchant Bankers are accordingly advised to file the draft offer documents / offer documents with the concerned office of the Board, based on the estimated issue size.

The amendments made vide this circular shall come into effect on or after the date of issuance of this circular.

For complete text of the notification, please refer the link:

https://www.sebi.gov.in/legal/circulars/nov-2019/disclosures-by-listed-entities-of-defaults-on-payment-of-interest-repayment-of-principal-amount-on-loans-from-banks-financial-institutions-and-unlisted-debt-securities_45036.html

Framework for issue of Depository Receipts

The SEBI has issued circular in exercise of powers conferred under section 11(1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Issuance of Depository Receipts ('DRs') by a Listed Company was notified by SEBI vide Circular dated October 10, 2019.

The said Circular, *inter-alia*, provided that a Listed company shall be permitted to issue permissible securities or transfer Permissible Securities of existing holders, for the purpose of issue of DRs, only in Permissible Jurisdictions and said DRs shall be listed on any of the specified International Exchange(s) of the Permissible Jurisdiction.

The Circular also provided that 'Permissible Jurisdiction' shall mean jurisdictions as may be notified by the Central Government from time to time, pursuant to notification no. G.S.R. 669(E) dated September 18, 2019 in respect of sub-rule 1 of Rule 9 of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, and 'International Exchanges' shall mean exchanges as may be notified by SEBI from time to time.'

Further, Stock Exchanges and Depositories are advised to: a) make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above circular; and b) bring the provisions of this circular to the notice of the issuers, domestic custodians and also to disseminate the same on the website.

For complete text of notification, please refer the link:

https://www.sebi.gov.in/legal/circulars/nov-2019/framework-for-issue-of-depository-receipts_45110.html

Disclosures by listed entities of defaults on payment of interest/ repayment of principal amount on loans from banks / financial institutions and unlisted debt securities

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") currently require disclosure of material events / information by listed entities to stock exchanges. Specific disclosures are required under the SEBI LODR Regulations in certain matters such as delay / default in payment of interest / principal on debt securities such as Non-Convertible Debt (NCDs), Non-Convertible Redeemable Preference Shares (NCRPS) etc.

The disclosures shall be made to the stock exchanges when the entity has defaulted in payment of interest / installment obligations on loans, including revolving facilities like cash credit, from banks / financial institutions and unlisted debt securities.

The listed entities shall make disclosure of any default on loans, including revolving facilities like cash credit, from banks / financial institutions which continues beyond 30 days. Such disclosure shall be made promptly, but not later than 24 hours from the 30^{th} day of such default.

In case of unlisted debt securities i.e., NCDs and NCRPS, the disclosure shall be made promptly but not later than 24 hours from the occurrence of the default. This is in line with the existing disclosure requirements specified for listed debt instruments.

Disclosures shall be made in the prescribed format(s). For complete text of the notification, please refer the link:

https://www.sebi.gov.in/legal/circulars/nov-2019/disclosures-by-listed-entities-of-defaults-on-payment-of-interest-repayment-of-principal-amount-on-loans-from-banks-financial-institutions-and-unlisted-debt-securities_45036.html ■

Know Your Ethics

Ethical issues in Question/Answer form[1]

Q. Whether a member can act as a Tax Auditor and Internal Auditor of an entity?

A. No, the Council has decided that an Internal auditor of an assessee, whether working with the organisation or an independently practicing Chartered Accountant, being an individual chartered accountant or a firm of chartered accountants, cannot be appointed as his Tax auditor.

Q. Can a Concurrent Auditor of a Bank also undertake the assignment of quarterly review of the same bank?

A. No, the Concurrent Audit and the assignment of quarterly review of the same entity cannot be taken simultaneously as the concurrent audit is a kind of internal audit and the quarterly review is a kind of statutory audit undertaken simultaneously are prohibited under the provisions of the 'Guidance Note of Independence of Auditors'.

Q. Can a member holding Certificate of Practice is entitled to own Agricultural land and continue agricultural activity?

A. Yes, a member holding Certificate of Practice can own and hold agricultural land and continue agricultural activity.

Q. Whether a member in practice can establish a Tax Information Network - Facilitation Centre (TIN-FC)? Whether he can be franchise for a TIN-FC?

A. A member in practice may establish a TIN-FC and as well establish a TIN-FC under franchise from the other entity which is already a TIN-FC.

Q. Whether there are any Know Your Client (KYC) Norms to be followed by members in practice?

A. Yes, members in practice are required to follow Know Your Client (KYC) Norms, which are mandatory w.e.f 1.1.2017. These are applicable for all attest functions.

"Attest Functions" for this purpose include services pertaining to Audit, Review, Agreed upon Procedures and Compilation of Financial Statements.

The KYC Norms are appearing at www.icai.org.

[1]*Contributed by Ethical Standards Board of ICAI*

Follow us on: www.esb.icai.org | esb@icai.in | @BoardEthical

Know Your Ethics

Q. Whether a member in practice can engage as GST practitioner?

A. Yes, a member in practice can engage as GST practitioner, as the activities to be performed by GST practitioner mentioned in CGST Act, 2017 read with CGST Rules, 2017 are within the purview of a member in practice as per the provisions of Chartered Accountants Act, 1949 and Regulations framed thereunder.

Q. Whether a member holding Certificate of Practice, who is an employee in a CA Firm, can be enrolled as GST practitioner?

A. Yes, a member holding Certificate of Practice, being an employee in a CA Firm can enroll as GST practitioner (as this is not an attest function), subject to contractual obligations, if any, with the employer.

Q. Whether a member holding Certificate of practice on part time basis, working as an employee in an entity other than a CA Firm, can be enrolled as GST practitioner?

A. A member holding Certificate of Practice on part time basis and working as an employee in an entity other than a CA Firm can enroll as GST practitioner, subject to contractual obligations, if any, with the employer.

Q. Whether it is permissible for a member to mention himself as "GST Consultant"?

A. No, in terms of provisions of Clause (7) of Part-I of First Schedule to The Chartered Accountants Act, 1949, it is not permissible for a member to mention himself as GST Consultant.

Q. Whether two or more members can collectively have joint training session for their clients on GST , and share the fees collected from the clients thereof?

A It is permissible for two or more members to collectively have joint training session for their clients on GST , and share the fees collected from the clients thereof.

Q. Whether it is permissible for a Firm of Chartered Accountants to sponsor a Conference?

A. It is not permissible for a Firm of Chartered Accountants to sponsor a Conference. However, an individual member in practice can be a knowledge partner to such conference.

Q. Whether members in practice can have a website only for the purpose of Tax services and Consultancy?

A. Yes, however it will be governed only by the website Guidelines issued by ICAI, notwithstanding that only tax services and consultancy are being offered.

Q. Whether partner of a Firm of Chartered Accountants doing audit of an Insurance company can accept the assignment of surveyor of the said Company?

A. No, it is not permissible for a partner of a Firm of Chartered Accountants doing audit of an Insurance company to accept the assignment of surveyor of the said Company, as it is likely to impact independence as auditor.

Q. Whether a member in practice can act as a mediator?

A. Yes, a member in practice can act as a mediator since acting as a 'mediator' would be deemed to be covered within the meaning of 'arbitrator', which is *inter alia* permitted to members in practice as per Regulation 191 of the Chartered Accountants Regulations, 1988.

Q. Whether a member in practice who is the statutory auditor of a bank can accept Stock audit/Inspection Audit of the same bank?

A. No, it is not permissible since stock audit/ inspection audit is kind of management function, which cannot be done simultaneously with the statutory audit. ■

National Update

Finance Panel wants Three Tier GST Structure: Report

The Fifteenth Finance Commission (FFC) has recommended simplifying the GST structure into three slabs, according to a report in *Hindustan Times*. The Finance Commission has suggested a uniform rate of 17%. GST, introduced in July 2017, currently has four rates – 5%, 12%, 18% and 28%. Other suggestions by the panel include a lower merit rate for items of common consumption and a higher rate on luxury and sin goods, the report said. The Finance Commission has forwarded the suggestions to the GST Council, which makes the final decision on the rates. Some policymakers are in favour of rationalising the slabs to simplify the GST structure and boost revenue collections, which have recently seen a slump. GST collection had crossed the ₹ 1 lakh crore mark in November 2019 after three months of lower collections. In another report in *The Economic Times*, the government is considering allowing companies to clear current GST dues without first clearing past pending payments. Officials from the Ministry of Corporate Affairs (MCA) and Department of Revenue (DoR) have begun discussing the matter, the report said.

(Source: https://www.moneycontrol.com/)

Government Asks Officials to Identify, Book Tax Evaders through Data Analytics

The meeting chaired by Revenue Secretary Ajay Bhushan Pandey deliberated on sharing information between GST and income tax departments about all such taxpayers who have taken high input tax credit (ITC) but the information does not match with their personal income tax return submitted to I-T department. In a bid to meet ambitious tax target amid economic slowdown, the Finance Ministry recently held a review meeting with tax officials and directed them to make special efforts to identify and book tax evaders through data analytics and information sharing. The meeting chaired by Revenue Secretary Ajay Bhushan Pandey deliberated on sharing information between GST and income tax departments about all such taxpayers who have taken high input tax credit (ITC) but the information does not match with their personal income tax return submitted to I-T department, sources said. Also, the GST information would be made available to income tax departments to identify the cases of suppression of personal income or tax evasion by showing lower GST turnover or taking refund from GST fraudulently. The officials were told to get into a campaign mode to recover past arrears, sources said.

In furtherance of its concerted efforts to augment tax collection in the coming four months, the Department of Revenue conducted the meeting with senior income tax officials including all its Principal Chief Commissioners and Chief Commissioners to strategise and achieve direct tax collection target of ₹13.5 lakh crore despite recently announced corporate tax relief of ₹ 1.45 lakh crore by the government. Directions were given to the taxmen to put forward special efforts to identify and book tax evaders through data analytics and information sharing and also share findings with GST officials to initiate stern actions against wilful tax evaders or those using fake invoices or inflated or fake e-way bills, source said.

However, officials were asked to ensure that the genuine taxpayers shall not be troubled but none of the tax evaders should go scot free. Officials were also told to communicate with taxpayers that they must genuinely file their taxes before the taxman/ notice of the tax department reaches them, sources said. It may be noted that the government is taking all possible careful measures to curb tax evasion and leakages in its anti-evasion drive. The GST Council in its 38th meeting, held recently, decided to lower the limit of ITC outgo from 20% to 10% before invoices are loaded. To genuine taxpayers who have mistakenly missed out some information in their tax return, tax authorities have provided them an opportunity to submit their revised returns as well, sources said.

It may be recalled that earlier, the finance ministry put its GST tax collection targets to ₹ 4.45 lakh crore for the remaining period of this financial year with targeting of ₹ 1.1 lakh crore per month with ₹ 1.25 lakh crore for a single month.

(Source: https://www.financialexpress.com/)

Fintech and Financial Inclusion

In Fintech and Financial Inclusion, Business Insider Intelligence explores the business opportunity for incumbent banks looking to tap the growing opportunity presented by the financially underserved, highlights through case studies how innovative players are utilising technology to capture share in this market, and outlines recommendations for how banks can enter the space as well. Some of the key takeaways from the report are that despite the US being one of the most developed financial ecosystems in the world, a quarter of households in the country make little or no use of mainstream banking products. Also, several barriers have stymied underserved consumers' adoption of mainstream banking products, both from the consumer and FI perspective. Further, innovation in digital banking channels has helped reduce some of these barriers to adoption, making financial products viable for consumers and FIs alike. The report also says banks planning to target consumers that are financially underserved need to consider a number of factors, including product fit, financial literacy, and how they measure metrics for assessing of a financial inclusion effort.

(Source: https://www.businessinsider.in/)

Robots in Finance could Wipe Out Some of its Highest-paying Jobs

Robots have replaced thousands of routine jobs on Wall Street. Now, they are coming for higher-ups. That is the contention of Marcos Lopez de Prado, a Cornell University professor and the former head of machine learning at AQR Capital Management LLC, who recently testified in Washington about the impact of artificial intelligence on capital markets and jobs. The use of algorithms in electronic markets poses a challenge for regulators. The use of algorithms in electronic markets has automated the jobs of tens of thousands of execution traders worldwide, and it's also displaced people who model prices and risk or build investment portfolios, he said.

During the almost two-hour hearing, lawmakers asked experts about racial and gender bias in AI, competition for highly skilled technology workers, and the challenges of regulating increasingly complex, data-driven financial markets.

(Source: https://www.bloomberg.com/)

RBI Caps Lending on P2P Platforms at ₹ 50 Lakh

As per the guidelines, the transfer of funds under P2P lending happens through an escrow account mechanism, which is operated by a bank promoted trustee. To protect the interest of consumers, RBI recently said that on a peer-to-peer lending (P2P) platform the permissible exposure of a lender to all borrowers should not exceed ₹ 50 lakh at any given point of time. The lender investing more than ₹ 10 lakh across P2P platforms will produce a certificate to P2P platforms from a practising Chartered Accountant certifying minimum net-worth of ₹ 50 lakh. As per the guidelines, the transfer of funds under P2P lending happens through an escrow account mechanism, which is operated by a bank promoted trustee. It requires at least two escrow accounts, one for funds received from lenders and pending disbursal, and the other for collections from borrowers, be maintained. It also mandates that all the transactions through bank accounts, and cash transaction are strictly prohibited.

(Source: https://www.financialexpress.com/)

IFSC Banking Units Can Open Foreign Currency Current Accounts

The RBI recently said IFSC Banking Units can open foreign currency current accounts of entities operating in IFSC and of non-resident institutional investors to facilitate their investment transactions. However, IBUs are not allowed to open savings accounts. Issuing instructions regarding permissible activities of IBUs, the RBI further said it will not prescribe any limit for raising short-term liabilities from banks. IBUs can also open foreign currency current accounts (including escrow accounts) of their corporate borrowers subject to the provisions of FEMA 1999 and other applicable regulations. Also, no cheque facility will be available for holders of current accounts in the IBUs. All transactions through these accounts must be undertaken via bank transfers.

(Source: https://economictimes.indiatimes.com/)

International Update

The PCAOB Appoints New Director of the Division of Enforcement and Investigations

The Public Company Accounting and Oversight Board (PCAOB) recently appointed Patrick Bryan as director of the Division of Enforcement and Investigations. In this role Bryan will advance the organisation's investigations and litigation of PCAOB rules and other applicable securities regulations. Bryan currently serves as the assistant general counsel for enforcement at the Board of Governors of the Federal Reserve System where he led a system-wide transformation of the enforcement function, its priorities, and staff.

Need for Strong Public Financial Management in Emerging Economies

Global Coalition, partner organisations being World Bank, Asian Development Bank, and Global Fund, Led by IFAC Addresses the need for strong public financial management in emerging economies. Recently, a coalition of 11 global and regional accountancy organisations and international development agencies, led by IFAC, the International Federation of Accountants, convened a three-day conference to bring awareness to how effective public financial management is critical to the advancement of emerging economies. The conference, *Developing Accountancy Capacity in Emerging Economies*, features a series of keynotes and workshops designed to equip accountants, government officials, stakeholders and other practitioners with a roadmap for facilitating conversations and driving progress in their respective jurisdictions. The accountancy profession plays an essential and significant role in a country's sustainable economic development in both the public and private sectors. Not only has a strong and vibrant accountancy profession been regularly associated with lower levels of fraud and corruption, but there is also a recognised correlation between a strong accountancy profession and higher levels of economic growth. Supporting the development of accountancy capacity can be a catalyst to the success of the state-building strategies implemented by international development actors.

IFAC extended its sincere appreciation to its partners and hosts for making the conference possible.

Key Messages to the UN's COP 25 from the Accountancy Profession

As the UN Climate Change Conference (COP) met recently, IFAC urged decisive action to put the world on a path to a sustainable future. To clearly articulate the role of the global accounting profession in addressing the climate emergency, IFAC published its Point of View on climate action.

In the Point of View, IFAC set forth recommendations for various stakeholders:

- Governments can take advantage of The UN Climate Change Conference of the Parties (COP) to provide clear direction on reducing long-term emissions, to deliver greater certainty for business, and to encourage investment in low-emissions technology and innovation.
- Businesses can accelerate plans for climate change mitigation and adaptation. They can deliver transparency and confidence through reliable and decision-useful climate related information.
- Professional accountancy organisations (PAOs) have an influential role in influencing climate change mitigation and adaptation as advocates for the profession and providers of accounting training and support. PAOs can commit to keeping accountants informed of how they can support their organisations' and clients' efforts to respond to climate risk.
- Accountants can encourage and enable meaningful action on climate change as influential advisors in governments and organisations. They can achieve this by providing relevant insights, analysis, reporting, and assurance to help

organisations create and protect value over the long-term.

At the global level, IFAC is committed to working with the global profession to build the knowledge and capacity of accountants to meet the Sustainable Development Goals (SDGs) and to speaking out on climate action on behalf of the accounting profession, working through the B20, G20, and OECD. The conversations at COP 25 this week will be particularly important to provide clarity in reducing long-term emissions to meet the Paris Agreement. All actors in the global economy must usefully contribute, and professional accountancy remains a committed part of the solution.

IFAC Council Approves Its First Ever Female-Majority Board

IFAC, the International Federation of Accountants, recently announced its first ever female-majority Board. The approval of eight Board members, including five women, occurred at IFAC's annual Council meeting in Vancouver.

New IFAC Board members and their nominating member organisations are:

- Yeong Kyun Ahn, Korean Institute of Certified Public Accountants
- Joan Curry, Chartered Accountants Ireland
- Caroline Gardner, Chartered Institute of Public Finance and Accountancy
- Winnie Nyamute, Institute of Certified Public Accountants of Kenya
- Fiona Wilkinson, Consultative Committee of Accountancy Bodies
- Ismaila Zakari, Institute of Chartered Accountants of Nigeria Returning members re-appointed for a second term of service to IFAC's Board are:
- Tommye Barie, Association of International Certified Professional Accountants
- Idésio da Silva Coelho, Jr., Instituto dos Auditores Independentes do Brasil and Conselho Federal de Contabilidade

Over the course of the past decade, IFAC has committed to improve gender balance on its Board and committees. Through dedicated and ongoing outreach to attract a diverse slate of candidates, with a particular focus on gender diversity, 12 of IFAC's 23-member Board are now women. The new Board appointments and membership decisions were approved at IFAC's 2019 Council meeting, in November 2019 in Vancouver, Canada.

Enhancing Corporate Reporting to Meet the Needs of Investors and Other Stakeholders

The International Integrated Reporting Council's meeting, recently hosted by IFAC, comes at a seminal moment for corporate reporting. To be accountable to their stakeholders, organisations need to provide a clear and concise picture of their ability to create sustainable value over time. At the same time, rapid change and disruption, driven by climate change and technology, are forcing businesses to reconsider their approach to value creation and reporting. Over the past decade, the corporate reporting landscape has become a mosaic of mandatory and voluntary disclosures under various standards and frameworks. The result is complexity and reporting that fails to meet the needs of investors and other stakeholders. Convergence towards relevant, reliable, and comparable narrative information and metrics is desperately needed. Integrated reporting meets today's expectations for corporate accountability and transparency. IFAC's partnership with the International Integrated Reporting Council aims to support organisations in developing reporting and thinking that properly considers long-term opportunities and risks. To address the future of reporting, and the role accountants must play in it, IFAC published its Point of View on enhancing corporate reporting. IFAC is determined to support this evolution through an integrated value creation agenda.

Accountants have a key role to play in this future and must work to drive corporate reporting that meets the demands of the present and the future. This is an enormous opportunity that the profession must seize now.

Office of The Comptroller and Auditor General of India

9, Deen Dayal Upadhyaya Marg, New Delhi-110 002

Empanelment of Chartered Accountant Firms/LLPs for the year 2020-2021

Online Applications are invited from Chartered Accountant firms/LLPs who desire to be empanelled with the office of the Comptroller and Auditor General of India for the year 2020-2021 for the purpose of appointment of auditors of Companies as per Sections 139(5) and 139(7) of the Companies Act, 2013 and of Statutory Corporations/Autonomous Bodies as per the provisions of their respective Acts. The online application along with detailed instructions in this regard will be available on our website www.cag.gov.in from 1st January, 2020 to 14th February, 2020. The firms/LLPs can apply/update the data showing the status of their firm as on 1st January, 2020. After filling/updating the data, the firms/LLPs will be required to generate online acknowledgement letter for the year. If the firms/LLPs fail to generate online acknowledgment letter, their application would not be considered for empanelment. The firms/LLPs will be required to submit a print out of the acknowledgement letter generated online and also hard copies of the documents in support of their online application by 28th February, 2020.

sd/-

Sr. Administrative Officer/CA-V

Inviting Recruiters
For

SPECIAL PLACEMENT PROGRAMME

(For Newly Qualified CA Final Rank Holders)

On 25th February, 2020 at Bangalore

Hire Smart CAs poised to become Business Leaders in Future

With the main objective of building upon leadership and managerial skills of newly qualified CA final rank holders, CMI&B is organizing 2nd Batch of Management Development Programme (MDP) from 3rd February to 26th February, 2020 at Manipal County, Bangalore which ends with Special Placement Programme on 25th February, 2020.

Major highlights of 1st Batch of MDP

- 82 rank holders participated
- 100% jobs offered to the participants
- **Highest packages per annum-**
  Overseas annual package- ₹ 36 lakh
  Domestic annual package - ₹ 24 lakh
- **Major recruiters–**

Organizations participating at any bigger centre on **Day Premier** in regular Campus Placement Programme for Newly qualified CAs can join this special placement programme **free of cost**

Organized by

Committee for Members in Industry & Business (CMI&B)
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

For more details about the Programme, please contact at **011-30110525/555** or e-mail **cmib@icai.in**

Campus for Newly Qualified Chartered Accountants (NQCAs)

February-March, 2020

Maintaining strong and spontaneous relationship with the industry and other business houses remains the main focus of the Committee for Members in Industry & Business (CMI&B) of the Institute of Chartered Accountants of India (ICAI). An initiative to that effect remains the Campus Placement Programme (held twice a year) that provides a platform to both the NQCAs and the organizations looking to hire the best available talent to fulfil their human resource requirement. ICAI simply acts as a facilitator to bring the recruiter and NQCAs together.

Invitation to Organisations- Any corporation, irrespective of its size, standing in the market and boundary of its business, can take part in this placement programme being held at several centers across the country during February- March, 2020.

Campus Interview Schedule

Sr. No.	Centres	Dates
1	Mumbai & New Delhi	28th, 29th February, 2nd, 3rd, 4th, 5th March, 2020
2	Chennai	2nd, 3rd, 4th, 5th & 6th March, 2020
3	Kolkata	3rd, 4th, 5th, 6th & 7th March, 2020
4	Ahmedabad, Jaipur, Pune & Hyderabad	4th, 5th & 6th March, 2020
5	Bengaluru	4th, 5th, 6th, 7th & 8th March, 2020
6	Durgapur & Ernakulam	28th March, 2020
7	Bhubaneswar, Noida, Chandigarh, Coimbatore, Indore, Kanpur & Thane	30th & 31st March, 2020

Invitation to Candidates: The above Campus is meant for the candidates, who would be passing the CA Final examination held in Nov, 2019 and also for others who have qualified earlier and are fulfilling the criteria mentioned in the Announcement.

Organizations intending to recruit NQCAs through campus scheme are requested to get in touch with the CMI&B Secretariat, ICAI Bhawan, Indraprastha Marg, New Delhi -110002, and e-mail: **campus@icai.in**, Tel. No. (011) 30110555 and to register log on to **https://cmib.icai.org/**.

Candidates may e-mail at **cajob@icai.in**, Tel. No. (011) 30110491/548 and to register log on to **https://cmib.icai.org/**.

Chairman
Committee for Members in Industry & Business (CMI&B)
The Institute of Chartered Accountants of India

Organised By:
Committee for Members in Industry & Business (CMI&B)
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
'ICAI BHAWAN', Post Box No.: 7100, Indraprastha Marg, New Delhi – 110002
Tel. No.: (011) 30110555 | **E-mail:** campus@icai.in

Empanelment as Technical Reviewers for Ind-AS Financial Statements

Financial Reporting Review Board (FRRB) was constituted in July 2002, by the ICAI as a proactive measure to improve the financial reporting practices in the Country. The FRRB (Board) reviews the general-purpose financial statements of various enterprises with a view to determine, to the extent possible, compliance with the generally accepted accounting principles in preparation and presentation of financial statements, compliance with the disclosure requirements prescribed by regulatory bodies, statutes/rules and regulations relevant to the enterprise and compliance with the reporting obligations of the enterprise as well as the auditor. The Board also supports various regulators viz. Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI), Election Commission of India (ECI) and other regulators from time to time.

The preliminary review of the general purpose financial statements is conducted by empanelled Technical Reviewers. To conduct the detailed review of IND-AS based Financial Statements, the Board is in the process of Empanelling Technical Reviewers having expertise in Ind AS (IFRS). For empanelling as a Technical Reviewer for Ind AS financial statements, a member needs to satisfy the following conditions:-

a. Possessing **minimum five years' experience** of audit and who are either currently active in the practice of accounting and auditing or are in Industry having comparable experience in the fields of Accounting and Auditing; and
b. Qualified the Certificate Course on Ind-AS; and
c. Having exposure in preparation and finalisation or audit of Ind-AS based Financial Statements

By becoming a Technical Reviewer one gets the inherent advantage of furthering one's own technical knowledge in the field of Accounting and Auditing. A Technical Reviewer is also entitled to receive appropriate honorarium and CPE hours. In case, you meet the minimum requirements as mentioned above we request you to fill the online application form at http://eforms.icai.org/icaionlineform/frmfrbb.aspx and also send a signed copy of the filled form at the earliest to:

The Secretary,
Financial Reporting Review Board,
The Institute of Chartered Accountants of India
ICAI Bhawan, Plot No A-29
Hostel Block, 6th Floor,
Sector-62, Noida- 201309.

The Board reserves the right to empanel an eligible member as Technical Reviewer.

Chairman,
Financial Reporting Review Board

Certificate Course on Concurrent Audit of Banks

The concurrent audit system of banks has become very crucial and important for banks. The main objective of the system is to ensure compliance with the audit systems in banks as per the guidelines of the Reserve Bank of India and importantly, to ensure timely detection of lapses/ irregularities. In view of the core competence of the chartered accountants in the area of finance and accounting, risk management, understanding of the internal functioning and controls of banks, etc., the banking sector has been relying extensively on them to comply with these requirements of the regulator. The Internal Audit Standards Board of ICAI conducts six days Certificate Course on Concurrent Audit of Banks. The purpose of the ***Certificate Course on Concurrent Audit of Banks*** is to provide an opportunity to the members to understand the intricacies of concurrent audit of banks thereby improving the effectiveness of concurrent audit system in banks, and also the quality and coverage of concurrent audit reports.

The course is open for the members of the Institute of Chartered Accountants of India as well as the students who have cleared CA final examinations. However, the students who have qualified their CA final examinations but yet to obtain the membership number of the Institute shall be eligible for examination/evaluation only after getting their membership number from the ICAI. None other than the above are eligible for participating for any of the certificate course.

Please refer link for further details of the Course: https://www.icai.org/post.html?post_id=8236
Online payment links for the Course: https://ccm.icai.org/.

Fees Details	Metro Cities	Non-metro Cities
For members of ICAI born before 01.01.1989	₹ 17,700 (₹ 15,000 per participant + 18% GST)	₹ 14,750 (₹ 12,500 per participant + 18% GST)
For members of ICAI born on or after 01.01.1989	₹ 14,160 (₹ 12,000 per participant + 18% GST)	₹ 11,800 (₹ 10,000 per participant + 18% GST)

I. *The members who are suffering from permanent disability of 50% and above be treated at par with young members and all those concessions which are available to the young members may be extended to such members provided such member is not a partner in a firm.*

The details of the forthcoming batches of the Certificate Course on Concurrent Audit of Banks, organised by the Internal Audit Standards Board at various places are as follows:

Location	Scheduled Dates	Course Structure and other details
Mangalore	January 4 & 5, 11 & 12 and 18 & 19, 2020	https://resource.cdn.icai.org/57249iasb46342.pdf
Gurugram	January 4 & 5, 11 & 12 and 18 & 19, 2020	https://resource.cdn.icai.org/57637iasb46822.pdf
Patna	February 1 & 2, 8 & 9 and 15 & 16, 2020	https://resource.cdn.icai.org/57683iasb46895.pdf

Chairman
Internal Audit Standards Board, ICAI
E-mail: cia@icai.in

ICAI

Group Term Insurance Scheme through LIC

COMMITTEE FOR CAPACITY BUILDING OF MEMBERS IN PRACTICE (CCBMP), ICAI

Salient Features

1. *Applicant should be healthy and disease free while joining the Scheme. No Health or Medical Underwriting is required.*
2. *Competitive Rate of Premium.*
3. *Annual Premium payment.*
4. *The Insurance Coverage is with effect from the date of issuance of Master Policy by LIC.*
5. *No Individual Policy will be issued to the applicant.*
6. *The spouse of the member may also avail this facility.*
7. *This Group Term Insurance Scheme is facilitated by CCBMP, ICAI jointly with LIC and recommendatory only.*
8. *The processing of Insurance and Issuance of Master Policy take substantial time. Members are requested to wait for the same.*
9. *Settlement of claims through ICAI.*
10. *The decision of LIC will be final in all cases of Insurance Coverage or claim and ICAI will not be responsible for the same.*

S. No.	Particulars	Terms	
1.	Age at entry	21 years to 64 years (For Members) & 18 years to 64 years (For Spouse)	
2.	Validity period of Life Cover	One year	
3.	Sum Assured	Rs. 10,00,000 for the Members of ICAI Rs. 5,00,000 for the Spouse of the Member of ICAI	
4.	Mode of Premium	Online (through the Portal)	
		Completed Years	**₹**
5.	Annual Premium in case of Members for the Sum Assured of Rs. 10 lacs	**Age**	**Premium***
		21-30	520
		31-35	630
		36-40	830
		41-45	1100
		46-50	1750
		51-55	3200
		56-60	4700
6.	Annual Premium in case of Spouse for the Sum Assured of Rs. 5 lacs	**61-64**	5500
		18-30	260
		31-35	315
		36-40	415
		41-45	550
		46-50	875
		51-55	1600
		56-60	2350
		61-64	2750

* GST Payable Extra @18%

For availing the said Term Insurance through online link: **https://cmpbenefits.icai.org/lic-term-insurance/**

For queries on insurance
Branch Manager
LIC of India
P&GS Department, Delhi Divisional
Office-I, 6th Floor, "Jeevan Prakash"
25, K.G. Marg, New Delhi-110001

For any other queries, please contact:
Secretary, Committee for Capacity Building of Members in Practice
1st Floor, Administrative Building
The Institute of Chartered Accounts of India
ICAI Bhawan, A-29, Sector-62, Noida-201309
Ph.: 0120-3045994 | E-mail: ti.ccbmp@icai.in

JOIN IN THE GROUP TERM INSURANCE SCHEME-INSURE FOR LIFE

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

COMMITTEE FOR CAPACITY BUILDING OF MEMBERS IN PRACTICE (CCBMP), ICAI

Arrangement of Tally Software at Special Price

website https://cmpbenefits.icai.org/

Product	Eligible Member	Available up to	Market Price ₹	Discount Rate ₹	Net Price ** ₹
Tally.ERP 9 (Multi User)	All Full Time Practising CAs/CA Firms*	31/03/2020	54000	80%	10800
Tally.ERP 9 (Multi User)	Cas who started Practice on or after 1st January 2018	31/12/2022	54000	80%	10800
Tally.ERP 9 yearly subscription	All Licencee under any scheme for CAs are eligible	31/12/2022	10800	50%	5400

Note:
*CAs who are already availed the benefit in any earlier scheme of tally are not eligible for the special price.
**GST extra on net price

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For Technical Queries
Toll Free No.-**18004258859**, E-mail: support@tallysolutions.com

For any other Query
Secretary of Committee for Capacity Building of Members in Practice (CCBMP), ICAI
Telephone: 0120-3045994; E-mail: ccbcaf@icai.in

Committee for Capacity Building of Members in Practice (CCBMP), ICAI

Exclusive Website https://cmpbenefits.icai.org/

For Online Access of the facilities provided by the Committee for Capacity Building of Members in Practice (CCBMP), ICAI

The Committee for Capacity Building of Members in Practice (CCBMP) for the benefit of members of the Institute as well as enhancement of the Practice Portfolio, the Committee has taken various initiatives. Some key imitative are described as below:

- Specially designed Group Term Insurance cover death due to any reason through the LIC for Members of ICAI.
- Specially designed Personal Accident Insurance cover Death/Permanent Total Disability, loss of Limb(s) & Permanent Partial Disability including reimbursement of hospitalization expense through the New India Assurance Company Limited, Mumbai for Members of ICAI.
- Specially designed Health Insurance through the New India Assurance Company Limited, Mumbai for Members of ICAI.
- Insurance protection for members in practice/firms in the form of specially designed professional indemnity insurance.
- Motor Vehicle Insurance has value added features with the special discount on OD for both Private car and two Wheeler is basically designed for the members.
- Specially designed Householder's Insurance cover insurance of building and contents against fire & allied perils inclusive STFI & EQ, housebreaking including larceny & theft, jewellery& valuables, employers liability (WC) on annual wages etc. through the New India Assurance Company Limited, New Delhi for Members of ICAI.
- Special pricing for Tally.ERP 9 Gold Edition (Multi-User version) for Applicable CA Firms/ Practicising Members
- In order to enable members of ICAI to have access to antivirus software, Quick Heal technologies Pvt. Ltd. Pune provided the Quick Heal Total Security at a special price upto December 31, 2020 for single user for a period of 3 years.

kindly visit https://cmpbenefits.icai.org/

for online access of the aforesaid facilities/other facilities/arrangements made by the Committee for Capacity Building of Members in Practice (CCBMP), ICAI.

For any other queries, please contact: Secretary, Committee for Capacity Building of Members in Practice, ICAI
Telephone: 0120-3045994; E-mail: ccbcaf@icai.in

Chairman
CCBMP, ICAI & Central Council Member, ICAI

Events

FORTHCOMING EVENTS[1]

S.No.	Title of the Seminar/ Conference	Date	Place	CPE Hours
Committee for Members in Industry & Business (CMI & B) Chairman, Committee for Members in Industry & Business (CMI & B)				
1.	2 Day 's National Conference on Risks	14th & 15th December , 2019 Saturday & Sunday	ICAI Bhavan, Behind MIT College, Beed Bye Pass Road, Aurangabad	12
	https://resource.cdn.icai.org/57651cmib46846.pdf			
Topics	• Risk in CA profession and safe guards with respect to ICAI code of ethics and disciplinary mechanism • Risk associated with a CA under various provisions of Income tax Act as an auditor or consultant • Risk associated with a CA under GST Act as an auditor or consultant. Special emphasis on ITC and role of a CA or consultant wrt availing the same • Technology, AI , Robotics and risk associated with profession with special emphasis on Internal Audits • Rights available under CRPC, CPC, Constitution of India to CA • Rights available under CRPC, CPC, Constitution of India to CA			
Fees	Amount of Fee ₹ 1800/- + 18% GST & CABF (If Registered on or before 10 December, 2019) Amount of Fee ₹ 2200/- + 18% GST & CABF (If Registered after 10 December, 2019) DD should be drawn in favour of **"National Conference Aurangabad"** and sent to Aurangabad Branch of WIRC of ICAI, Gat No. 72, Beside MIT College, Satara Area, Beed Bye Pass Road, Aurangabad. Payment shall be taken through QR Code system as well.			
Contact Person	**Programme/Course Co-ordinator** Chairman, Committee for Members in Industry & Business(CMI &B) Vice-Chairman, Committee for Members in Industry & Business (CMI &B) **For Registration & Further Details:** Committee for Members in Industry & Business(CMI & B) Phone: 011-30110555, E-mail Id: cmib@icai.in			
Organised by Professional Development Committee and hosted by Ernakulam Branch of SIRC of ICAI				
2.	National Residential Refresher Course	17th , 18th and 19th January, 2020 (Fri, Sat & Sun)	Club Mahindra Holidays, Munnar	12
Topics	• Insolvency and Bankruptcy Code • Artificial Intelligence & Blockchain • GST – Issues / Updates – recent amendments and real estate issues • Ethical Standards / Code of Ethics • Motivational Session • Charitable Societies / Co-operative Societies			
Fees	Per participant (Twin Sharing) Members : ₹ 10,000/- plus 18% GST Accompanying Person / Spouse : ₹ 9,000/- plus 18% GST Children of 12 years and above with extra bed : ₹ 7000/- plus 18 % GST Children (6-12 years with extra bed) : ₹ 6,000/- plus 18% GST Children below 6 years : Free Per participant (Single Occupancy) : ₹ 19,000/- plus 18% GST For online registration : www.kochiicai.org			
Contact Person	Programme Director: Central Council Member, ICAI Programme Co-ordinator : Chairman, Ernakulam Branch of SIRC of ICAI For Registration and Further Details please contact: Ernakulam Branch of SIRC of ICAI Phone: 8301025388, 0484 -2362027, 2910650 Mobile: 9388844893, 9846098450 Email: ernakulam@icai.org website: ernakulam-icai.org Nearest Airport - Cochin, distance to venue 135 KM Nearest Rly - Ernakulam Junction, distance to venue 148 KM Aluva railway station, distance to venue 138 KM			

[1]For more details about the forthcoming events please refer the detailed announcements hosted on the ICAI website www.icai.org

Events

S.No.	Title of the Seminar/ Conference	Date	Place	CPE Hours
Organised by: Committee for Members in Industry and Business, ICAI **Hosted by: Thiruvananthapuram Branch of SIRC of ICAI**				
3.	Residential Refresher Course	10th, 11th & 12th January 2020 (Friday, Saturday & Sunday)	Hotel Uday Samudra, Kovalam, Thiruvananthapuram	30
Topics	• Direct tax • Company Law • Goods & Services Tax • Audit Standards • Digital Accounting • Ind AS & AS			
Fees	Residential Members : Non Residential members : Non Residential ARS members :	₹ 10000.00 ₹ 5000.00 NIL		

Classifieds

5779 Wanted CA with CISA/DISA/FAFD qualified professionals of any age-group to represent and work for our CA firm at their home district level in India. Only energetic professionals need to contact: chetan@cactsco.com

5780 Required qualified chartered accountant/firm to become a partner for firm in Tamil Nadu. Contact: CA. P. Mahdevan, B. Com., FCA, DISA, F-2, 1st Floor, New no. 20, First Floor, 10th Avenue, Ashok Nagar, Chennai- 600083. Mobile: 9381001176, Office: 044-42014573.

5781 We are a 40 year old professional practice, looking for firms which are interested to officially merge with us. Please mail: cafirmgujarat@gmail.com

5782 P. K. Chopra & Company, 56 years old, New Delhi based firm of chartered accountants having office in Connaught Place, New Delhi and branches at Gurugram, Mumbai, Ahmedabad and Coimbatore is looking for partners or firms wishing to merge. Partners/ Firms in Delhi, Noida, Greater Noida, Ghaziabad, Moradabad, Hisar, Faridabad, Ambala, Ambala, Panipat,. Amritsar, Jalandhar, Ludhiana, Shimla, Dharamshala Chandigarh, Punjab, Jaipur, Dehradun, Jammu Kashmir, Srinagar, Punjab, Haryana, Himachal Pradesh, Rajasthan, Uttrakhand, Lucknow, Varanasi, Bhopal, Indore, Raipur, Jabalpur, Chhattisgarh, Mathura Vadodara, Surat, Anand, Jamnagar, Bharuch, Rajkot Mumbai, Nasik, Pune, Maharashtra Goa, Bengaluru, Hyderabad, Telangana, Andhra Pradesh, Bhubaneswar, Mysore, Cuttack, Odisha, Chennai, Kerala, Kochi, Trichy, Pondicherry, Kolkata, Arunachal Pradesh, Assam, Dispur, Itanagar, Sikkim, Manipur, Shilong, Ranchi, Patna; Contact Gloria Jaggi at gloria@pkchopra.com; 9811 228 838 & 9899 911 063.

5783 Wanted audit partners/directors/senior managers, candidates with 7-15 years of post-qualification CA experience in audit/ internal audit of MNCs, listed companies and banks. Expert knowledge of Ind AS / IFRS/US GAAP is required. Preference would be given to candidates with international or large unlisted / listed client experience. E-mail to 5star@shridharandassociates.com. Tax Practitioner/Finance Controller/CFO/ MBA need not apply.

5784 Chittoor (AP) based CA firm with DISA partner seeks professional work on assignment, retainer or sub-contract basis. Contact: E-mail: Chittoor.auditor@gmail.com; phone 8332040632.

5785 Required CA firms/partners for merger with our CA firm based in Delhi. Contact Mr. Sachin Chawla at 9999962751

5786 17 partners-15 branches 37 year old CA firm invites partners holding CoP for long term mutually beneficial association from Bhopal, Jodhpur, Hisar, Indore, Kolkata, Chennai. Contact: 09825107195; e-mail: harshrathiandco@gmail.com

ICAI in Media : Glimpses of November - December 2019

The Hitavada THE PEOPLE'S PAPER

Success is result of hard work, learning from failure: CA. Prafulla Chhajed

Date: 27-Nov-2019

"Look at the sky and keep your dreams alive. Hard work, determination and dedication are essential to achieve goals and the most important part lies in having faith and believing in ourselves," said CA. Prafulla P. Chhajed, President of Institute of Chartered Accountants of India (ICAI) while speaking as a chief guest in an interactive meet held at ICAI Bhawan for CA students by Nagpur Branch of WICASA of ICAI. The aim of this seminar was to have a direct interaction of CA Students with President of ICAI. The objective was to motivate CA students in the field of their performance, work and training.

While addressing the future members of ICAI, Chhajed highlighted the importance of conceptual clarity, sound practice and thorough revision as the key pointers that will always lead the students to success. He gave his example and talked about the difficulties and approach of his journey from student to becoming a member. During his discussion relating to the curriculum and examination, he asked for attention of the students towards the basic requirements of learning which many students lack today. He explained that a student must enhance his understanding and significance of not just the topics of the curriculum, but its inter-linkages with other topics and capture broad overview. He said that it will help students to understand questions better and answer them with precision.

He quoted that "Men often become what they believe themselves to be. If I believe I cannot do something, it makes me incapable of doing it. But when I believe I can, then I acquire the ability to do it." While addressing the students, he also said that his mantra for life has always been that "It is one life and it's your life and it is you who need to take decision on what is good or bad, right or wrong".

Students were encouraged and motivated with his words to plan out there study schedule and work accordingly. He also encouraged students to give their contribution in all the activities and programmes conducted by the institute for their growth and development and always feel free to communicate their problems and query to him as according to him reaching at top never means to forget your roots.

THE NEW INDIAN EXPRESS

ICAI to introduce objective type questions in CA examinations

The candidates will be permitted to bring their own study material, practice manual, text books and notes to the exam hall.

Published: 19th November 2019 06:09 AM

The Institute of Chartered Accountants of India (ICAI) will introduce digital marking and objective type questions for CA exams in a bid to address the grievances of the students, ICAI president Prafulla P. Chhajed told mediapersons on the sidelines of the 51st Annual Conference of ICAI's Southern India Regional Council being held at Lulu Bolgatty International Convention Centre, Kochi on Monday.

He said ICAI had signed Memorandum of Understanding (MoU) with 15 countries to facilitate mutual recognition of qualification and admit the members in good standing through a bridging mechanism.

He added that members with the requisite experience will be eligible for exemption from practical training requirements of these countries and can acquire the qualification by clearing a single examination, he said.

ICAI has also introduced open exam in elective subjects for CA final students.

The candidates will be permitted to bring their own study material, practice manual, text books and notes to the exam hall. However, mobile phones or other electronic gadgets will not be allowed, said Prafulla. He said that in the recently held campus placement programme, 1,994 new chartered accountants were offered placement with the highest salary for domestic placement being `24 lakh while for international posting `36 lakh.

Business Standard

New Delhi, Dec 3, 2019

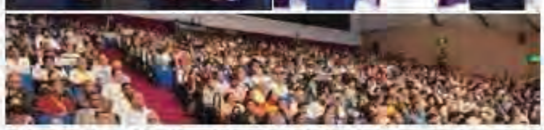
Signing of the MoU between ICAI & KAAA

Signing of the MoU between ICAI & KAAA would facilitate both institutions working together to strengthen the accounting, financial and audit knowledge base in Kuwait. Under the MoU, ICAI would offer technical programs to the employees of Kuwait Government/Ministries/KAAA members and Kuwait Nationals in collaboration with KAAA. While signing the MoU, CA. Prafulla P. Chhajed, President, ICAI said "India and Kuwait share a cordial relationship, strengthened and nurtured with historical trade links, cultural affinities and presence of large number of Indian nationals in Kuwait. Considering the role that India's Chartered Accountants have been playing in the economic growth of the country, there is a lot of scope for professional opportunities in Kuwait and a need to promote Kuwait-India business partnerships." Speaking at the occasion, Faisal Abdulmohsen Al-Tabikh, Chair, KAAA, expressed "The MoU will help in establishing areas of co-operation and collaboration for the mutual benefit of both KAAA and ICAI members and to enhance the reputation and influence of both institutions within their respective home countries and globally. The MoU will foster strong working relations between the ICAI & KAAA". On October 23, 2019, the Union Cabinet Chaired by Shri Narendra Modi, Hon'ble Prime Minister of India, had approved the MoU between ICAI and KAAA. Earlier, the Union Government has identified the Accountancy and Finance Services as one of the 12 Champion Sectors for export promotion. ICAI is taking all possible efforts to enter into mutual recognition agreements with maximum foreign accounting Institutes, which is the first step for promotion of export of accountancy services in the overseas market.

Outlook

Setting Benchmarks...
Heralding Change...
Poised to embrace the Future

The Institute of Chartered Accountants of India (ICAI) organised two day International Conference "**Accountancy Profession: Catalyzing Reforms, Creating Values**" on December 6-7, 2019 at Mumbai. The Conference was a part of ICAI's efforts to dwell deeper into emerging paradigm of Accountancy Profession and bring the Indian and global perspective together on issues that are of contemporary relevance while ensuring continuous professional development of its members.



The participants were addressed by **Shri Suresh Prabhu**, Hon'ble Member of Parliament & Prime Minister's Sherpa to G7 & G20, **Shri Thomas Chazhikadan**, Hon'ble Member of Parliament, **Padma Shri CA. (Dr.) T.N.Manoharan**, Past President, ICAI and **Mr. Alan Johnson**, Deputy President, International Federation of Accountants (IFAC) in the presence of **CA. Prafulla P. Chhajed**, President and **CA. Atul Kumar Gupta**, Vice-President and Central & Regional Council Members, ICAI.

The two day Conference deliberated on the issues related to Taxation Reforms, Future of Corporate Reporting, Auditing reforms, Creation of Stakeholder Value, Technological Reforms and alike. The Conference was attended by more then 1200 professionals from Pan India and overseas.

While addressing the Conference CA. Prafulla P. Chhajed, President, ICAI said "This Conference aims to highlight the enabling role of Accountants in catalyzing reforms and at the same time creating economic values including exploration of new pathways to accounting excellence for the next generation of accountants."

CA. Atul Kumar Gupta, Vice-President, ICAI said "At ICAI, we attempt to acclimatize our fraternity on various regulatory & technological trends; explore to increasingly meet stakeholders' expectations & develop new ideas for advancing financial reporting, standards setting & innovate new business models for Governance led growth."

Invitation to Write Articles

Chartered Accountants and other subject experts, with academic passion and flair for writing, are invited to share their expertise through the ICAI Journal – *The Chartered Accountant*. The article may cover any topic relevant to the accounting world covering auditing, finance, laws, strategy, taxation, technology and so on. While submitting articles, please keep following aspects in mind:

- The length of articles should be about 2500 words.
- Articles should be original in nature
- An executive summary of about 100 words should accompany the article.
- Articles should not have been published or sent for publishing in any other print or electronic media.

Please send articles to Journal Section - The Chartered Accountant, The Institute of Chartered Accountants of India, ICAI Bhawan, A-29, Sector 62, NOIDA – 201309. Attach photograph, editable soft copy of file, declaration of originality and assignment of copyright in the prescribed format along with the article. E-mails may be sent to eboard@icai.in.

Visit https://www.icai.org/ post.html?post_id=2557 *for detailed guidelines and formats of declaration of originality and assignment of copyright.*

The Institute of Chartered Accountants of India

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CAs for ITC

ITC is one of India's foremost private sector companies with a market capitalisation of over US$ 50 billion and Gross Sales Value (Inclusive of all taxes and net of rebates/discounts) of over US$ 10 billion. Its robust portfolio of businesses encompass FMCG, Hotels, Paperboards & Specialty Papers, Packaging, Agri-Business, and Information Technology. ITC is today India's leading FMCG marketer, the market leader in the Paperboards & Packaging segment, a pioneer in rural transformation through its Agri Business, the world's Greenest Luxury Hotel Chain and a digital full services global player in the Information Technology segment. ITC takes pride in its ability to establish winning businesses and brands, build business leaders and create value for India. ITC is a global exemplar in sustainability. Its businesses and associated value chains have created sustainable livelihoods for around 6 million people, many of whom represent the weakest in society. ITC is the only enterprise in the world to be carbon positive (12 years), water positive (15 years), and solid waste recycling positive (10 years).

ITC operates a cadre-ised Finance function that serves all its businesses. The Finance function in ITC proactively partners the various businesses of ITC. The functional role is a dynamic amalgam of three distinct dimensions, namely, Value Strategist, Risk & Opportunity Manager and Service & Solution Provider. ITC's multi-business context provides opportunities for working in a wide range of business environments, enabling growth through professional development.

Opportunities exist for recently qualified Chartered Accountants

- With 0-2 years of post qualification experience
- With a record of academic excellence
- Not older than 26 years
- Without locational constraints

After a comprehensive business induction, you will be immediately placed either in the Company's Internal Audit function or in the Finance function in one of the Company's varied businesses.

In a Business, you will immediately take up a challenging role in the Finance & Commercial areas at one of the Company's operating Units. In Internal Audit, unlike in traditional audits, you will be working in a live business environment, contributing towards the effectiveness of the management systems in a fast changing, dynamic set-up. This period will entail considerable travel and give you a full understanding of the Company's business systems and strategies at work. After this stint, you will be placed in one of the Company's businesses at any of the operating units spread across the country and will report to the head of the Finance function there.

Candidate profile

- A strong conceptual base in Finance and Accounting with a record of academic excellence, combined with broad-based interests.
- A good team player

Career prospects

The Finance function of ITC offers a range of challenging assignments in operational accounting, business planning and analytics, strategy evaluation, risk management and treasury management. ITC's multi-business context enables career growth through professional development. Independent responsibilities come with proven merit.

Compensation

ITC's remuneration/business facilities package, is designed to attract the best talent.

Kindly post your application with details of education, work experience and remuneration online in the 'Careers' section of www.itcportal.com. Those who have applied in the last 2 years need not apply again.

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ENGAGE Savlon CHARMIS ITC HOTELS RESPONSIBLE LUXURY WLS classmate MANGALDEEP PUJA AGARBATTIS

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