



Quick Insights on Professional Opportunities for Chartered Accountants

Revised Edition 2022

Professional Development Committee

भारतीय सनदी लेखाकार संस्थान

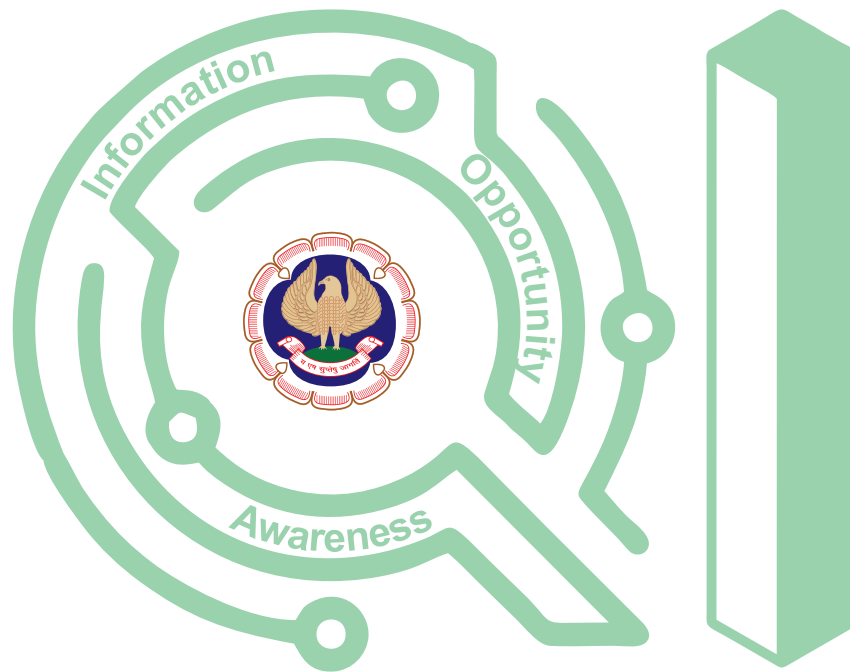
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

www.icai.org

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The Professional Development Committee (PDC) was established by the Institute of Chartered Accountants of India way back in 1962, with the mission to explore opportunities for the professional talents and develop skills for Chartered Accountants in different sectors. The

with the Government, Regulatory authorities etc updating them about the expertise of Chartered Accountants in the existing and newer areas.

I am pleased to note that Professional Development Committee has brought out the revised edition of the publication on '*Quick Insights on Professional Opportunities for Chartered Accountants (Revised 2022)*' with the intention of providing relevant and updated information of professional relevance.

I congratulate CA. Kemisha Soni, Chairperson, PDC, CA. Prasanna Kumar D. Vice-Chairman, PDC and other members of the Professional Development Committee for their contribution in the revision of this publication to make the same relevant and more useful.

CA. (Dr.) Debashis Mitra

President, ICAI

June, 2022

New Delhi

Foreword



Message

(RPA), Cyber Security Data Analytics etc have not only transformed but have significantly broadened the spectrum of opportunities available for the Chartered Accountants who are in practice. We need to explore and remain extremely vigilant about the potential opportunities that are worth utilising. For the same a careful study and analysis of the various trends and developments in the respective sectors is essential. The same shall guide our way forward untapped opportunities.

I am very happy to note that the Professional Development Committee (PDC) of ICAI has come out with its revised edition of its E-book on “**Quick Insights on Professional Opportunities for Chartered Accountants**” which shall include information on various emerging professional opportunities in prominent sectors such as RERA, Ind AS, Companies Act, 2013, GST, Registered

many others. The publication shall serve as a ready reckoner for the members towards exploring the worthwhile opportunities in various sectors of economy. I am sure that the members would

this E-book.

With best wishes,

CA. Aniket Sunil Talati

Vice-President, ICAI

June, 2022

New Delhi



Preface

With the global business scenario being very edition dynamic, it is imperative to ensure that the Chartered Accountants are perfectly equipped to perform varied roles with requisite professionalism and pragmatism. For the same, they are expected to have a strong hold of developments.

In the sustainability sector, there are a number of trending areas where professional opportunities tasks due to their analytical abilities, business acumen, and capacity to comprehend and apply Reporting Standards.

Various schemes have been launched by the Central and State Governments to provide much needed impetus for the revival of the MSMEs. Our members have deep reach and connect to the MSME sector as the trusted advisors providing variety of services so that the scheme reaches

With an aim to provide heightened focus on such available avenues and important contact links, the Professional Development Committee has brought a revised edition of “Quick Insights on Professional Opportunities for Chartered Accountants (Revised Edition 2022)” which will be very helpful to all practising members to know the emerging areas of practice at one place for their ready reference.

We are thankful to group constituted at Indore for their valuable contribution CA. Abhishek Gang, CA. Anand Jain, CA. Ashok Khasgiwala, CA. Atishay Kahsgiwala, CA. Atul Gupta, CA. Isha Garg,

Jain for bringing out such a crisp Publication.

We also express our sincere thanks to CA. (Dr.) Debashis Mitra, President, ICAI and CA. Aniket Sunil Talati, Vice-President, ICAI under whose vision and guidance we have been privileged to contribute in the activities of the Committee.

Assistant Secretary, CA. Neha Mittal, Ms. Priya Duggal and other team members for providing their technical and administrative support. We hope that this publication would be useful for our members.

CA. Kemisha Soni
Chairperson, PDC
June, 2022
New Delhi

CA. Prasanna Kumar D.
Vice-Chairman, PDC



FOREWORD

Indian accountancy profession has grown multi-fold creating landmarks. Domain of accountancy professionals has also broadened, spreading the identity of ICAI within and beyond our national premises. ICAI is relentlessly engaged with the policies and initiatives of the Government with utmost diligence and have made effective contribution to them, which mainly included the implementation of Goods and Services Tax (GST), Indian Accounting Standards (converged

contribution of its membership, ICAI has been actively carrying out its responsibilities in various sectors of economy.

I am pleased to note that Professional Development Committee of the Institute of Chartered Accountants of India (ICAI) has brought out the publication 'Quick Insights on Professional Opportunities for Chartered Accountants' with an aim to provide information to members intending

quality and precise information which is of relevance and utility and to that extent, this publication would serve as one point reference for referring important information.

CA. Ranjeet Kumar Agarwal, Chairman;

CA. Nihar Niranjana Jambusaria, Vice-Chairman and other members of Professional Development Committee for bringing out this publication for CAs in practice.

CA. Naveen N. D. Gupta

President, ICAI

February 1, 2019

New Delhi



Message

available and potential opportunities whereby newer avenues for professional development and growth may be assured for the Institute's members.

A need existed for providing information in the form of ready reckoner to potential aspirants for

ICAI has come up with the Publication on “**Quick Insights on Professional Opportunities for Members**”.

CA. Ranjeet Kumar

Agarwal, Chairman, **CA. Nihar Niranjan Jambusaria**, Vice Chairman and other members of Professional Development Committee of ICAI for their continuing pro-active initiatives to facilitate the members.

CA. Prafulla P. Chhajed

Vice-President, ICAI

February 1, 2019

New Delhi



Preface

Professional Development Committee (PDC) a non-standing committee set up by ICAI is exclusively dedicated to the cause of exploring, developing and facilitating opportunities for Infrastructure & Governance etc. Its aim is to ensure that such opportunities remain available equitably to all Chartered Accountants depending on their professional abilities and attributes.

Recently it has been witnessed various trending areas where Professional Opportunities are

Chartered Accountant are only 1,25,000 out of the Strong Membership of ICAI of approx. 3,00,000 Members. Moreover Indian Economy is bound to grow to the level of 5 Trillion Dollars in next 5-7 Years from presently 2.6 Trillion Dollar.

It was also felt that there are many emerging avenues and empanelment opportunities available for Chartered Accountants but many of them are not aware. With an aim to provide heightened focus on number of such available avenues and important contact links, the Professional Development Committee has brought "Quick Insights on Professional Opportunities for Chartered Accountants" which will be very helpful to all Practising Members to know the emerging areas of practice at one place for their ready reference.

We are thankful to all the members of PDC Group constituted at Kolkata for their valuable contribution (**CA. Krishanu Bhattacharya, CA. P. D. Rungta, CA. Joy Debnath, CA. Neha Agarwal, CA. H. K. Verma, CA. Pankaj Verma, CA. Kamal Bagrodia, CA. Partha Ray, CA. Rajkumar Kothari, CA. Sanjit Kumar Burman, CA. Sanjeeb Kumar Agarwal & CA. Rishi Khator**) for bringing out such a crisp Publication. We also place on record our special thanks to **CA. Rakesh Singhi** and **CA. Sarang Juthani** for their contribution in research and compilation of the Publication.

We also express our sincere thanks to **CA. Naveen N. D. Gupta**, President, ICAI and **CA. Prafulla P. Chhajed**, Vice-President, ICAI under whose vision and guidance we have been privileged to contribute in the activities of the Committee. Further we also thank all the members of PD Committee for their untiring support.

We would also like to place on record the hard work done by PDC Secretariat led by **Ms. Seema Gerotra**, Secretary, PDC and her team in bringing out this Publication.

We hope that this publication would be useful for our Members.

CA. Nihar Niranjana Jambusaria
Vice-Chairman, PDC
February 1, 2019
New Delhi

CA. Ranjeet Kumar Agarwal
Chairman, PDC



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Vision

Mentor

Goals

Motivate

SUCCESS



Introduction

ABOUT ICAI

The Institute of Chartered Accountants of India (ICAI) is a statutory body established by an Act of Parliament, viz. The Chartered Accountants Act, 1949 (Act No. XXXVIII of 1949) for regulating the profession of Chartered Accountancy in the country. The Institute, functions under the administrative control of the Ministry of Corporate Affairs, Government of India. The ICAI is the second largest professional body of Chartered Accountants in the world, with a strong tradition of service to the Indian economy in public interest. During its more than 70 years of existence, ICAI has achieved recognition as a premier accounting body not only in the country but also globally, for maintaining highest standards in technical, ethical areas and for sustaining stringent examination and education standards. Since 1949, the profession has grown leaps and bounds in terms of members and student base. The Institute as on date has 5 Regional Councils, 166 branches covering the length and breadth of the country. Globally, the ICAI has 44 Chapters and 31 representative Offices in 75 cities of the world covering 47 countries. Founded with just 1700 members, the Institute has grown to reach more than 3.5 lakh members and about 7.25 lakh students as of now. We take pride in being recognised as Partner in Nation Building.

Regulate the profession of Accountancy

Laying down Ethical Standards

Education and Examination of Chartered Accountancy Course

Monitoring Quality through Peer Review

Continuing Professional Education of Members

Ensuring Standards of performance of Members

Exercise Disciplinary Jurisdiction

Conducting Post Qualification Courses

Financial Reporting Review

Formulation of Accounting Standards

Prescription of Standard Auditing Procedures

Inputs on Policy matters to Government.

ABOUT PROFESSIONAL DEVELOPMENT COMMITTEE

Professional Development Committee (PDC) a non-standing committee was established in 1962 with the mission to explore and develop opportunities for the use of the professional talents and skills of Chartered Accountants in different sectors of the world of business. The Institute is making all efforts to explore and exploit all available and potential opportunities whereby newer avenues for professional development and growth may be assured for the Institute's members and also ensure that existing opportunities of professional developments are fully utilised and maintained at equitable and growth-oriented levels.

Professional development committee in its efforts to explore the uncharted areas for professional opportunities interact with the Government, regulatory authorities etc. requesting them to avail the expertise of the Chartered Accountants and utilize their services in various areas.

MAJOR INITIATIVES OF THE COMMITTEE

Tendering

The Committee has a dedicated Group namely "Tender Monitoring Group" which monitors the tenders floated by the organizations requiring professional services by CAs. The Group aims to develop a mechanism for seeking and analyzing the responses of the members on tenders and may refer the deviations at appropriate level. The Tender Monitoring Group has been actively advocating before numerous organizations in light of many inconsistencies found in tender documents and has been successful in having the documents amended in accordance with the suggested adjustments.

To bring awareness among the members and the organizations floating tenders, the Committee has released publication on "Tendering of Professional Services - All That You Should Know".

Software for selection of Statutory Bank Branch Auditors

The Institute over the years has expressed its concerns on the issue of appointment of auditors of Public Sector Banks by the Banks' Board themselves. The Management of Public Sector Banks do not have any major ownership interest, this autonomy of appointment of auditors by management is fraught with risk in a very important and sensitive sector like banking.

To address the issue and in order to bring autonomy in appointment of auditors of Public Sector Banks (PSBs), a web-based application was designed by ICAI for selection and allotment of Statutory Auditors of PSBs by randomly mapping and associating with the vacancies available in the PSBs.

In the year 2022, ICAI approached to all the Banks for utilizing the said Software. Pursuant to the follow-ups this software has been used by banks namely, Punjab National Bank, Indian Overseas Bank, Central Bank of India, Canara Bank, Punjab & Sind Bank.

State Level Coordination Committee (SLCC)

The Reserve Bank of India holds quarterly meetings of State Level Coordination Committee to regulate Non-Banking Financial Companies (NBFCs) and deposit accepted activities of incorporated bodies (UIBs) at each of their regional offices. Such meetings are convened by Regional Director of respective regional office of RBI and attended by Principal Secretary/ Secretaries of various departments such as Finance, Home, Law etc. of respective states, National Housing Board (NHB), Securities Exchange Board of India (SEBI), Registrar of Companies (RoC), Insurance Regulatory and Development Authority of India (IRDA), Registrar of Chit Fund, Department of Chit Fund and The Institute of Chartered Accountants of India (ICAI). More than 370 meetings were held during the year and were attended by the representatives of ICAI.

Submission of the Panels to various Authorities

For availing the Services of Chartered Accountants, PDC in its endeavor to explore equitable professional opportunities for CA members, every year host the application of Multipurpose Empanelment Form containing pre-filled data of applicants' from ICAI's records and based on their last year's MEF application. Every effort is made to make MEF more comprehensive to collect maximum information.

The panel of Chartered Accountants/Firms are provided to RBI, NABARD and various other authorities/ agencies such as and Private sector banks, Central Bureau of Investigation, Official Liquidator, SIDBI, SEBI etc. as per the criteria specified by them.

Cooperatives & NPOs

The Committee lays special emphasis in cooperative and NPOs and groups on Cooperatives & NPOs are formed with nodal control under PD Committee.

The committee also undertake the Certificate Course on Cooperatives and NPOs to incorporate the latest developments in the sector.

PD Knowledge Portal

The PD Portal (www.pdicai.org) is maintained with an aim to provide the members of ICAI with all the information that they may require to enrich their knowledge useful for their professional practice so as provide value-added updated

Introduction

services to their clients. A daily mailer is being sent to all the members registered on the PD Portal. The portal provides the following information:

- Tenders available for CAs in Practice
- Information as to MEF Application
- Upcoming Webcasts & Upcoming events of the Committee
- Communications made with different regulatory authorities
- Links of websites of different authorities have been made available at one place

ABOUT PUBLICATION

Chartered Accountants may start professional practice as a proprietor or join any existing firm as a partner or paid assistant. A Chartered Accountant has been entrusted with substantial responsibility under various legislations such as compulsory audit of the accounts of all companies, banks, cooperative societies, stock brokers, income-tax assesseees, large bank borrowers, etc. A Chartered Accountant also provides compilation and review services as and when required by enterprises. While practising as an independent professional, a Chartered Accountant also acts as a business advisor by providing all kinds of services including the preparation

of financial reports, helping the business to secure loans, preparing financial projections showing how the loans will be repaid, and determining the viability of business. As a tax advisor, Chartered Accountant helps business and individuals to comply with tax laws and represent his clients before government agencies.

IN GLOBAL SCENARIO

Today, the Indian Chartered Accountancy qualification is well recognised in many countries as Indian Chartered Accountants are taking up attractive global careers. Indian CAs are highly sought because of their skill sets and high quality of education. The opportunities are simply ever increasing. Today, huge opportunities are available for professionals with specialized knowledge and skills sought by global organizations. These include areas of globally accepted financial reporting, national and international taxation, finance and corporate law. The knowledge of local laws and regulations, of course, places Chartered Accountants in a stronger position to supply services to global organizations entering the Indian Market.

This Publication is an endeavour to compile down the emerging opportunities available to Chartered Accountants which they can avail as per their interest for their professional growth.



ACCOUNTING

TAXATION

BALANCE

PLANNING

STRATEGY



History of Accountancy

HISTORY OF ACCOUNTANCY PROFESSION

Chartered Accountancy is the hallmark of the excellence, precision, quality and commitment. Chartered Accountants have evolved as a professional group with new concepts and procedures to meet the varied demand made by society on their skills. It is imperative for us to broaden our ambit and keep ourselves well acquaint with various developments. But, before we move ahead to explore the world of uncountable emerging opportunities, let's know our roots, i.e., how the Institute, our alma mater came into existence and its journey and service of past 72 years to the nation.

1999

The origin of accountancy can be traced to the pre-Vedic period. The existence of accountancy dates back to 1857 when the first Company legislation came into existence in pre-independent India, thereafter the gestation period was followed by the establishment of Indian Accountancy Board.

The Chartered Accountants Act, 1949 (Act No. XXXVIII of 1949) provided for the incorporation of the Institute of Chartered Accountants of India (ICAI) for regulation of the profession of Chartered Accountants. The affairs of ICAI are managed by a Council in accordance with the provisions of the Chartered Accountants Act, 1949 and the Chartered Accountants Regulations, framed therein under. "This Act received the assent of the Governor-General on 1st May, 1949 and was published in Part IV of the Gazette of India Extraordinary dated 3rd May, 1949 and further amended by –

- The Chartered Accountants (Amendment) Act, 1959 (No. 15 of 1959) published in the Gazette of India dated 7th May, 1960;
- The Chartered Accountants (Amendment) Act, 2006 (No. 9 of 2006) which received the assent of the President on the 22nd March, 2006 and was published in Part II Section I of the Gazette of India, Extraordinary dated 23rd March, 2006;
- The Chartered Accountants (Amendment) Act, 2011 (No. 3 of 2012) which received the assent of the President on the 8th January, 2012, and was published in Part II Section I of the Gazette of India Extraordinary dated 9th January, 2012;
- The Chartered Accountants Regulations, 1988.

Volume I

The History of the Accountancy Profession in India, – Volume I authored by Shri Gopaldas P. Kapadia, the father of the Chartered Accountancy profession was released at the

24th Annual Meeting of the Council of the Institute on 14th September 1973. Hon'ble Shri H. R. Gokhale, the then Minister of Law, was the Chief Guest at this function. The Volume I captured the real insight into the emergence of accountancy profession in India and it can be stated that the era from 1949-1972 were the formative years for the Institute. The country was also on a path of resurrecting the economy with foundation of a socialist democratic republic post independence era. During this period, the membership of the Institute had increased from 1,685 to over 12,000. The student population had also grown from about 250 to over 4,000.

Volume II

History of Accountancy Profession in India – Volume II, being the sequel to the first edition namely Volume I continued and captured from what has been stated in the first volume, picking up the thread from the pre-1972 developments. Volume II dealt with all major events that took place during the period 1973- 1999. The period from 1973 to 1999, was the epoch of financial reforms and economic diversification starting in nineties era and was considered as the time during which the activities of the Institute expanded in line with changing expectations. The changing world trade scenario and increasing globalization imposed much more responsibility on the professionals and raised the bar of rectitude and professional excellence. The membership crossed the figure of 95,000 and the students serving articles/ audit clerks to about 70,000.

Indian accountancy profession constantly evolved according to the changing needs of the dynamic environment. The Institute has always ensured and continues to ensure that the education and training of students was corresponding with the national as well as global requirements. During this period, the entire effort of the Institute was to ensure that its members professional work commands due recognition in the society. Today, a member of the institute is able to command respect in the society because his motto is "Pride of Service in preference to Personal Gain". He is expected to place public good above his personal gains and act in public interest.

POST-1999

Volume III

The Institute forayed in post-1999 era with a metamorphic history of achievements in the field of education, professional development, maintenance of high accounting and auditing.

In this sequel Volume-III, we landscape the next phase of the glorious history of the Institute of Chartered Accountants of India post-1999, incorporating the select milestones, significant decisions and remarkable events that have helped shape the Chartered Accountancy profession in India.

Decisions and events reflecting the incisive astuteness of the successive Councils have been instrumental in building a strong foundation and preserving the autonomy of the accountancy profession in India bestowed on it by Indian Parliament. Ever since Parliament and the founding fathers of the nation bestowed their trust on Indian Chartered Accountants in a broader national interest, the accountancy profession has constantly been evolving and so has been the Parliamentary Act governing the profession. Keeping the national and social interests in mind in tune with the times, the Act has further undergone changes many a time, after careful deliberations and debates in Parliament.

One of the epithets applied to the Institute of Chartered Accountants of India is Partner-in-Nation-Building. This is an exceptional depiction of the contribution of the profession of accountancy to the world. Regarded as the backbone of Indian financial system, ICAI continues to grow pan India and across the globe; number of members and students apart, the real stature has been its role as the key player in sustaining the economic momentum and vibrancy.

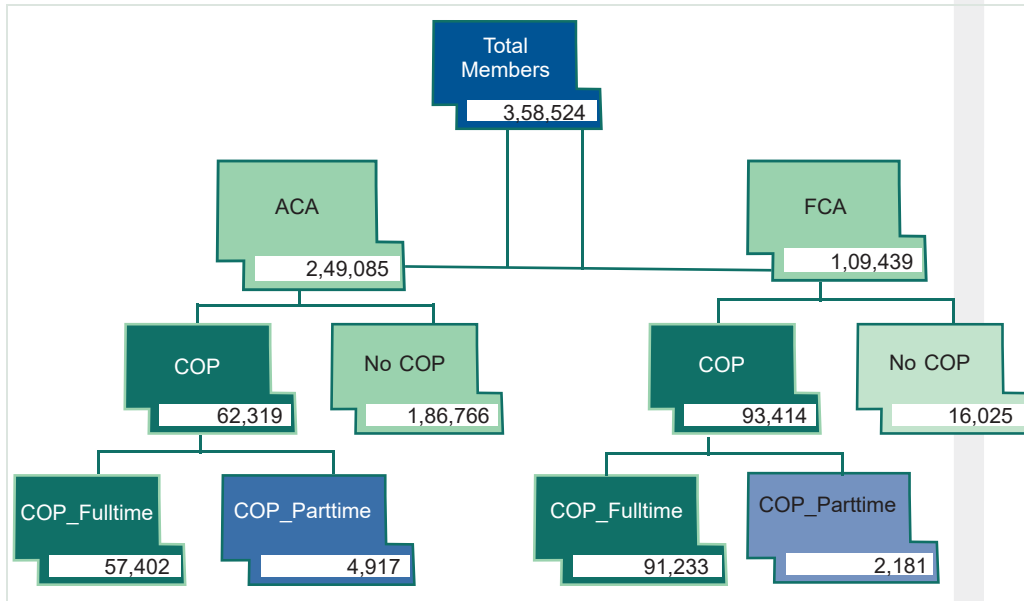
The Institute has also played a momentous role in providing policy inputs to the Government in the areas of fiscal reforms, financial sector reforms, public finance and economic and commercial laws. The Institute continues to enjoy a laudable repute with various Government and regulatory authorities and is time and again called upon to share its expertise, experience and expectations on the matters arising out of fiscal prudence, governance and alike. Also, noteworthy is that on most of such occasions, the Institute's viewpoints have not only been appreciated, but have also been largely accepted.

As part of our drive to continue to benchmark ourselves against the best available global practices, we have converged to global standards while keeping the Indian interests in picture. The Institute has also made extensive development in its core purpose as guardian of transparency and integrity in financial reporting and highest accounting and auditing standards.

The Institute has also constituted a Sustainability Reporting Standards Board (SRSB) to formulate globally comparable standards for measuring and disclosing non-financial information.

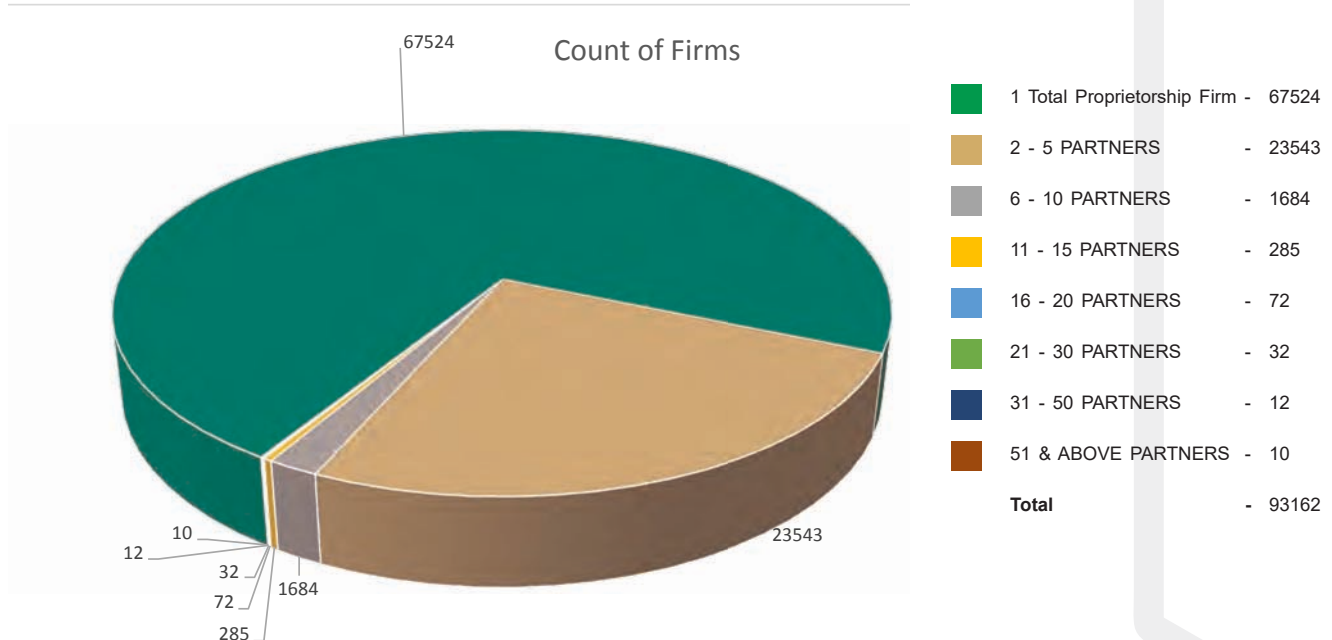
Chartered Accountants in India – A Glimpse

As on 1st June, 2022 the total Membership of ICAI is 3,58,524 The details are given in the chart below:



in the Chart below:

Number of Partners based Firm



One of the most remarkable changes in the present body of Indian jurisprudence has been the recent transition from a fragmented legal system dealing with the commercial demise of enterprises to a unified Insolvency and Bankruptcy Code in 2016 (IBC). This has opened a big window of new opportunity of Chartered Accountants as an Insolvency Professional.

The implementation framework of this Code rests on four Pillars, viz.,

- Insolvency Regulator
- Insolvency Professional
- Adjudicating Authority, and
- Information Utility

Chartered Accountants contribute to the bulk of the Insolvency Professionals (IPs) with their experience derived out of wide-ranging engagements from Finance to Advisory and Management to Audit available to them.

These professionals are duly enrolled by Insolvency Professional Agencies (IPAs) and registered for licensing with the regulatory body, i.e., the Insolvency and Bankruptcy Board of India (IBBI). The code clearly specifies functions and obligations of the Insolvency Professionals. Where any insolvency resolution, liquidation or bankruptcy process has been initiated, only an Insolvency Professionals shall be authorized to take such actions as may be necessary in the manner provided in the Code.

The functions and responsibilities of the IPs include:

- Managing multiple locations of registered/corporate & branch offices and operating units,
- Making over of the management of the company, control and custody of the assets of the corporate debtor,
- Receiving and processing claims
- Tackle legal issues, including proceedings in National Company Law Tribunal (NCLT),
- Prepare periodic reports for NCLT & Committee of Creditors (CoC),
- Identify prospective resolution applicants,
- Provide data rooms, get due diligence organised, evaluate Resolution Proposals,



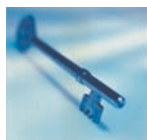
Insolvency Professional

Meet with the Creditors in CoC apart from attempting to evolve a consensus on resolution proposals, etc.

for resolving Insolvency and Bankruptcy through Insolvency Professionals subject to the supervision and control of the Adjudicating Authority and regulation by Insolvency Bankruptcy Board of India (IBBI) and Insolvency Professional Agency (IPA).

Only a Registered IP can act as Resolution Professional or Trustee and Liquidators under the Companies Act, (under section 275 of companies act) as well as under the Code. For the purpose of the quality of the services required to carry on the business of debtors as an on-going concern and to maximise the value of the corporate debtor, the entry norms for the IPs are strict, requiring professional standing for not less than 10 years for CA/CS/CWA & Advocates and 15 years for candidates from the Management Stream, subject to passing of an examination and completing a 50-hour Pre-Registration Course.

The IP occupies a pivotal position and acts as an intermediary between the debtor/creditors on the one hand and the Adjudicating Authority on the other hand and functions under the watchful eyes of the Agency and the Board. Newspapers have recently been replete with references to the Insolvency Law and the role of IPs. It will be interesting to see how, going forward, its implementation impacts the strategic opportunity matrix for existing and new entrepreneurs, while throwing up new areas of business and management opportunities.



CORPORATE INSOLVENCY AND RESTRUCTURING

OPPORTUNITIES IN CORPORATE INSOLVENCY AND RESTRUCTURING

Some of the areas where Chartered Accountants may find opportunities within the ambit of IBC are:

Assisting IP in preparing for pre-CIRP preparation.

Reviewing the various risks involved in restructuring.

Developing risk mitigation strategies.

the business.

Working out a detailed plan for restructuring the business from all angles.

Assessment of distressed assets, cash position, due diligence and turnaround feasibility.

Advice on optimum utilization of resources.

Corporate Applicant Insolvency.

Assessing Cross Border Insolvency transactions.

Representation before the Debt Recovery Tribunals–

Representation before the NCLT or NCLAT, High Courts or Supreme Court.

Negotiating settlements.

Advisory in relation to a merger or acquisition or takeover.

Advisory services to management on an on-going basis.

Individuals.

Handling the Liquidation Process.

Verifying Each Plan

Compliance with applicable laws, codes, rules and regulations

As per IBBI Newsletter for the quarter March 2022, distribution of IPs as per their eligibility (an IP may be a member of more than one Institute) as on 31st March, 2022.

DISTRIBUTION OF IPS AS PER THEIR ELIGIBILITY AS ON MARCH 31, 2022

Eligibility	No. of IPs		
	Male	Female	Total
Member of ICAI	2038	193	2231
Member of ICSI	575	121	696
Member of ICMAI	183	18	201
Member of Bar Council	219	30	249
Managerial Experience	626	25	651
	15	1	16
Total	3656	388	4044

Source - IBBI Newsletter January - March, 2022



Important Links

1. Members may refer <http://www.iiipicai.in/index.php> for registration as an insolvency professional.
2. ICAI Publications on IBC –
 - a. Handbook on Corporate Insolvency Resolution Process under The Insolvency and Bankruptcy Code, 2016 (<https://resource.cdn.icai.org/65472cibc52815-cirp.pdf>)
 - b. Handbook on Moratorium under The Insolvency and Bankruptcy Code, 2016 (<https://resource.cdn.icai.org/65473cibc52815-3m.pdf>)
 - c. Handbook on Resolution Plan under The Insolvency and Bankruptcy Code, 2016 (<https://resource.cdn.icai.org/65474cibc52815-4rp.pdf>)

(<https://resource.cdn.icai.org/65471cibc52815pgcd.pdf>)
 - e. Handbook on Claims under The Insolvency and Bankruptcy Code, 2016 (<https://resource.cdn.icai.org/65980cibc-hcibc.pdf>)
 - f. Handbook on Do's and Don'ts for IPs under The Insolvency and Bankruptcy Code, 2016 (<https://resource.cdn.icai.org/66045cibc53299.pdf>)
 - g. Handbook on Pre-packaged Insolvency Resolution Process under The Insolvency and Bankruptcy Code, 2016 (<https://resource.cdn.icai.org/69144cibc070222.pdf>)
 - h. Handbook on Liquidation Process and Voluntary Liquidation Process under The Insolvency and Bankruptcy Code, 2016 (<https://resource.cdn.icai.org/69207cibc100222.pdf>)
 - i. Frequently Asked Questions on The Insolvency and Bankruptcy Code, 2016 (Revised January 2022 Edition) (<https://resource.cdn.icai.org/69156cibc080222.pdf>)
 - j. Judicial Pronouncements under Insolvency and Bankruptcy Code, 2016 – Series 3 (<https://resource.cdn.icai.org/60208icai-jpicb2016series.pdf>)
 - k. Judicial Pronouncements under Insolvency and Bankruptcy Code, 2016 – Series 2 (<https://resource.cdn.icai.org/54365cibc43611-b.pdf>)
 - l. Judicial Pronouncements under Insolvency and Bankruptcy Code, 2016 – Series 1 (<https://resource.cdn.icai.org/54364cibc43611-a.pdf>)
3. Insolvency and Bankruptcy Board of India <https://ibbi.gov.in/>



Registered Valuer

With the introduction and subsequent adoption of Ind AS by many Indian Companies, the emphasis on valuation has increased. Valuation field is gaining importance now and is considered as one of the most critical areas in finance. It plays a key role in many areas such as buy/sell, solvency and merger and acquisition. It also plays an important role in the Insolvency Resolution regime where Liquidation Value has to be ascertained by Resolution Professional through the Registered Valuers.

Further, the concept of registered valuers has been institutionalised by including a separate chapter on Registered Valuers leading to the formalisation and regulation of the Registered Valuers under the Companies Act, 2013. The Rules notified by Ministry of Corporate Affairs (MCA) have also opened a new domain for professionals called Registered Valuers.

As per the Companies (Registered Valuers and Valuation) Rules, 2017 issued by the Ministry of Corporate Affairs in October, 2017, the following are eligible to become Registered Valuers for the Financial or Securities Asset Class:

Chartered Accountant having at least three years' experience after possessing required qualification as mentioned above.

Need of valuation

- **Under legislations**

There are various sections in the Companies Act 2013, where the valuation is required to be conducted by a Registered Valuer. Apart from above, there are many other Statutes like the Insolvency and Bankruptcy Code, 2016, Securities and Exchange Board of India (SEBI), The Foreign Exchange Management Act (FEMA), Reserve Bank of India (RBI), Income Tax Act 1961, wherein valuation is required.

- **For transactions**

There are transactions like mergers, acquisitions, investments, fund raising, sale of business, dispute resolution, etc. where valuation is required.

- **For Financial reporting**

After introduction of Ind AS, valuation is also required in financial reporting such as fair value calculation. ESOPs, Purchase price allocation, impairment etc. also requires valuation.

Status of registered valuer

Recognising the need to have the consistent, uniform and transparent valuation policies and harmonise the diverse practices which are in use in India, the Council of the Institute of Chartered Accountants of India (ICAI) has issued the ICAI Valuation Standards 2018 which are first of its kind in India.

The Valuation Standards that have been issued by ICAI will help the members in maintaining the consistency in issuing the Valuation reports. These Standards will also help in providing appropriate content and disclosures in the valuation report.

These standards come as ICAI's consistent drive to guide its members for ensuring high quality work and standards.

The last few decades have witnessed amazing strides in the scope of our profession. We have seen a paradigm shift in the range of services rendered by Chartered Accountants. It has occurred due to widespread changes in the macro-economic scenario, regulatory and legal environment and prevalent industry practices. With the growing role of Companies Act, 2013, Insolvency and Bankruptcy Code, 2016, SEBI in controlling the financial market, the subject of Valuation has gained considerable importance.

INSTITUTIONAL SET UP UNDER THE COMPANIES (REGISTERED VALUERS AND VALUATION) RULES, 2017

- Authority, i. e., The Insolvency and Bankruptcy Board of India
- Registered Valuers Organisation
- Registered Valuers

ICAI REGISTERED VALUERS ORGANISATION

For this specific purpose, the Institute of Chartered Accountants of India has formed a Section 8 private company which has been recognized by the IBBI as a Registered Valuers Organisation (ICAI RVO) to enroll and regulate registered valuers or valuer member as its members in accordance with the Companies (Registered Valuers and Valuation) Rules, 2017, and functions incidental thereto. ICAI RVO is registered for Securities or Financial Assets Class.

Some of the important roles of ICAI RVO are as follows-

- ensure compliance with the Companies Act, 2013 and rules, regulations and guidelines issued thereunder governing the conduct of registered valuers organisation and registered valuers;
- employ fair, reasonable, just, and non-discriminatory practices for the enrolment and regulation of its members;
- be accountable to the authority in relation to all bye-laws and directions issued to its members;
- develop the profession of registered valuers;
- promote continuous professional development of its members;
- continuously improve upon its internal regulations and guidelines to ensure that high standards of professional and ethical conduct are maintained by its members; and
- provide information about its activities to the authority.

IBBI has notified the syllabus and mandated a 50 hours training by the Registered Valuers Organisation which is a precondition to take examination to become Registered valuer.

While the law provide opportunities to all professionals for enrolling as Registered Valuers, Valuation is a highly specialised field which can be performed by the professionals having a blend of finance, accounting and law hence Chartered accountants are best suited for valuation as at various levels of Chartered Accountancy, the syllabus includes various topics and methodology of Valuation which creates a strong knowledge base for Chartered Accountants.



take examination to become Registered Valuer on enrolment with RVO and registration with IBBI after clearing the examination, for details, please visit <https://icairvo.in/list-of-courses.aspx>

Important Links

- Visit ICAI Registered Valuers Organisation(RVO) at <http://www.icairvo.in/>
- Visit the website of Insolvency and Bankruptcy Board of India, at <https://ibbi.gov.in/registered-valuers.html>
- ICAI Valuation Standards 2018- <https://resource.cdn.icai.org/51432vsb41162.pdf>

GOODS AND SERVICES TAX (GST)

Goods and Services Tax, a comprehensive indirect tax levy on supply of goods as well as services, was implemented in India from 1st July 2017 (in Jammu & Kashmir, was implemented from 8th July 2017) with the main objective to consolidate various indirect taxes in a single tax so as to overcome the limitations of earlier indirect tax structure and create efficiencies in tax administration. A number of existing indirect taxes which were earlier levied by the Central and State Governments including Central Excise duty, Service Tax, VAT, Purchase Tax, Central Sales Tax, Entry Tax, Local Body Taxes, Octroi, Luxury Tax etc. have been subsumed in GST.

PROFESSIONAL OPPORTUNITIES FOR CHARTERED ACCOUNTANTS

- GST, a paradigm shift from origin based tax to destination based tax, has been introduced in India with one of the objectives to provide an uninterrupted and seamless flow of input tax credit, and a mechanism to avoid cascading of taxes. Thus, to ensure this smooth flow of credit and also authenticity of credit claimed by the tax payers, in some cases they are required to make declarations in Form GST ITC-01, Form GST ITC-02 etc. Government has given the responsibility of certifying aforesaid declarations to Chartered Accountants. Following are the certificates which is to be issued by a Chartered Accountant as per GST law:
 - i. Certificate under Section 18(1)(a) of the CGST Act
 - ii. Certificate under Section 18(1)(b) of the CGST Act
 - iii. Certificate under Section 18(1)(c) of the CGST Act
 - iv. Certificate under Section 18(1)(d) of the CGST Act
 - v. Certificate under Section 18(3) of the CGST Act
 - vi. Certificate under Section 54 of the CGST Act
 - vii. Certificate under Section 29(5) of the CGST Act
 - viii. Certificate under Section 18(4) of the CGST Act-Composite Tax Payer
 - ix. Certificate under Section 18(4) of the CGST Act-Taxable supplies by registered person become wholly exempt
 - x. Certificate under Internal Circular 02A of 2022 dated 25.02.2022.



Goods and Services Tax

per Return Rules.

- There is a wide scope of opportunity for chartered Accountants
- Input Tax Credit Review Audit
 - Special Audit by Chartered Accountant on the Direction
 - Reply/Compliances to notices & communications
 - Regular review/compliance assistance.
 - Dispute Avoidance and Resolution.



Important Links

<http://idtc.icai.org/publications>

Over the recent years, the hi-tech boom and emergence of

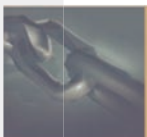
Security and Data Analytics – is ushering a new era in the history of accountancy across the globe. The present digital and knowledge era, that also includes robotic process automation, cloud computing and Internet of Things among others, is landing new skill-sets and new domains for Chartered Accountants who are ready to learn and upgrade in tune with the times, in addition to their core areas of expertise. It is the predictive analytics that is becoming vital for Chartered Accountants. With high-growth curve of new technologies, the future will see more and more organisational complexities that will demand matching response from Chartered Accountants as the lifeline of business and Industry.



ARTIFICIAL INTELLIGENCE

Artificial Intelligence (AI) is a disruptive technology which would transform the auditing methodology and processes. Organisations are generating and collecting large amounts of data on a continuous basis, from points of sale, to shipment tracking information, as well as inventory counts in real time. In addition, information from exogenous sources, in the form of social media and news feed to name a few, is readily accessible and available for analysis. It is, in fact, the application of AI to this type of Big Data that is expected to take the auditing profession a step forward. With such large

are conducted. Further, adoption of AI enabled tools could be attributed to the ability to remove repetitive and time-consuming tasks, thereby investing more time for important processes like planning, strategy, forecasting and creative problem solving. Chartered Accountancy Profession should examine how their role would change with process automation, and harvest its



BLOCKCHAIN

Blockchain is not a single technology, but rather a protocol for recording transactions, with features of distributed ledger, immutability and provenance, with immense potential to

and assets. Implementation of blockchain technology across various industries/sectors would empower accountancy



Information Technology

profession to expand its scope to record more types of activity than before, and to drill down closer to the economic reality under pinning the transactions recorded. Chartered Accountants, with unique blend of technical and business knowledge, should seize the opportunity to take a lead on how blockchain is embedded and used in the future, and to help organisations develop blockchain-led solutions and services. Further, they can also advise organisations which are considering the option to join blockchain with an overall view of cost and benefits involved. Chartered accountants should upskill and prepare for an important professional opportunity of audit of smart contract.

ROLES OF CHARTERED ACCOUNTANTS IN BLOCKCHAIN ECOSYSTEM

Following is list of potential new roles for Chartered Accountants in Blockchain landscape, which is illustrative only and not all-inclusive:

(a) Audit of Smart Contracts:

Basics

Contracting parties may want to engage an assurance provider to verify that smart contracts are implemented with the correct business logic. Chartered Accountants could verify the interface between smart contracts and external data sources that trigger business events. Without an independent evaluation, users of Blockchain technologies face the risk of unidentified errors or vulnerabilities. To take on this new role, Chartered accountants may need a new skill set, including understanding technical programming language and Blockchain functionality. In the context of a financial statement audit, management will be responsible for establishing controls to verify whether the smart-contract source code is consistent with the intended business logic.

Deliverables

Chartered Accountant auditing an entity with smart contracts/Blockchain is likely to consider management's controls over the smart contract code. Companies may choose to reuse smart contracts built by other entities already active on a Blockchain.

(b) Service Auditor of Consortium Blockchain:

Basics

Prior to launching a new application on an existing Blockchain platform or leveraging/subscribing to an existing Blockchain product, users of the system may desire independent assurance as to the stability and robustness of its architecture. Instead of each participant performing their own due diligence, it may be more efficient to assign this task to a Chartered Accountant

to achieve these objectives. Critical Blockchain elements (e.g., cryptographic key management) should be designed to include sophisticated General Information Technology Controls (GITCs) that provide ongoing protection for sensitive information, as well as processing controls over security, availability, processing integrity, privacy and confidentiality.

Deliverable

On an ongoing basis, a trusted and independent third party may be needed to provide assurance as to the effectiveness of controls over a private Blockchain.

(c) Central Access Granting Administrator:

Basics

Permissioned Blockchain solutions may benefit from a trusted, independent and unbiased third party to perform the functions of a central access-granting administrator. This function could be responsible for verification of identity or a further vetting process to be completed by a participant before they are granted access to a Blockchain. This central administrator could validate the enforcement and monitoring of Blockchain's protocols. If this function is performed by a user/node of the Blockchain, then an undue advantage could exist and trust among consortium members could be weakened. Since this role would be designed to create trust for the Blockchain as a whole, due care will be needed when establishing both its function and its legal responsibilities.

Deliverable

As a trusted professional, Chartered accountant is capable of carrying out this responsibility.

(d) Arbitration Function:

Basics

Business arrangements can be complex and result in disputes between even the most well-intentioned parties. For a permissioned Blockchain, an arbitration function might be needed in the future to settle disputes among the consortium Blockchain participants. This function is analogous to the executor of an estate, a role typically filled by various qualified professionals, including Chartered accountants.

Deliverable

Participants on the Blockchain may require this type of function to enforce contract terms where the spirit of the smart contract departs from a legal document, contractual agreement or letter. These professional opportunity lies for members to realise.



CLOUD COMPUTING

Introduction

Cloud Computing has become a critical part of IT landscape for increasing capabilities and reducing cost, leading to organisations moving more business processes to the cloud by various organisations. The advantage of the cloud is evidenced

day. However, as in the case of Internet of Things (IoT), a growing reliance on cloud computing and data is stimulating fears over security, privacy, movement and ownership of user data. Cloud accounting software have been a growing trend in business and practice for many years, helping firms and their clients to access and share information. This positions accountants to make the most of the cloud based resources such as servers, storage, processing and other services, which are becoming increasingly common place. Increased usage of cloud accounting will facilitate use of real-time data and more in depth analytics.

Professional Opportunity in Cloud Computing Cloud Strategy and Governance Audit

Basics

Evaluates the organization's strategy for utilizing cloud technologies. Determines whether the appropriate policies and controls have been developed to support the deployment of the strategy. Evaluates alignment of the strategy to overall company objectives and the level of preparedness to adopt within the organization.

Deliverable

Audit of management strategy for cloud computing, including policy formulation for cloud computing and audit of integration of management policy with legal, regulatory framework and implementation of policy.

Cloud Security and Privacy Review

Basics

Assesses the information security practices and procedures of the cloud provider. This may be a review of their SSAE 16/SA 402/ISAE 3402 report(s), a review of their security SLAs and/or an onsite vendor audit.

Determines whether IT management worked to negotiate security requirements into their contract with the provider. Review procedures for periodic security assessments of the cloud provider(s), and determine what internal security measures have been taken to protect company information and data.

Deliverable

Chartered Accountants can make a nuanced assessment of Business Impact Analysis for moving services to cloud platform

Cloud Provider Service Review

Basics

Assesses the ability of the cloud provider to meet or exceed the agreed-upon Service Level Agreement Audit (SLA) in the contract. Areas of consideration should include technology, legal, governance, compliance, security and privacy. In addition, internal audit should assess what contingency plans exist in case of failure, liability agreements, extended support, and the inclusion of other terms and conditions as part of the service contracts, as well as availability, incident, and capacity management and scalability.

Deliverable

A management audit of SLA, to assess whether same is in to check, uptime, issue management and overall service, performance assessment.



IT RISK MANAGEMENT

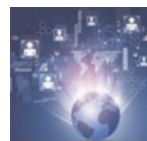
IT Risk Management Strategy Assessment

Basics

Assesses the framework and process IT has embedded within the function to assess and manage risks. Evaluates the actions taken to mitigate risks and the level of accountability within the process.

Deliverable

Risk Management Strategy covering the risk identification process, including risk mitigation strategy adopted.



DATA ANALYTICS

Basics

purpose of drawing conclusions supporting decision making. Data analytics, when used to obtain audit evidence in a

and analysing patterns, deviations and inconsistencies, and extracting other useful information in the data underlying or related to the subject matter of an audit through analysis, modelling and visualisation for the purpose of planning or performing audit.

Deliverable

Data analytics, through use of data analysis tools can be employed effectively in areas of fraud detection and forensic accounting, tax and compliance consulting, improvements in billing and cost management or business operations, risk identification and providing risk management insights/advice, identifying revenue leakage, real time monitoring of controls, using predictive models to improve forecasting, Integrated or sustainability reporting, etc.

Chartered Accountants are well equipped to realise this opportunity.

ROBOTIC PROCESS AUTOMATION

Robotic Process Automation (RPA) combines artificial intelligence, including machine learning and machine vision, with automation. Robotic Process Automation is not a physical robot sitting at a desk performing tasks. Since RPA has great potential to transform the audit profession and change the role of the auditor by replacing perfunctory tasks and emphasizing higher order thinking skills, it is paramount to have a plan of action that will ensure a smooth transition.

In essence, the role of the auditor would be repurposed and changed from being a data collector, processor, analyser, and disseminator to primarily emphasizing the evaluation component of audit procedures.

ICAI has issued a concept paper on RPA and link is given below:

Information Systems (IS) Audit

There are three basic kinds of IS Audits that may be performed:

General Controls Review

This is a review of the controls which govern the development, operation, maintenance, and security of application systems in a particular environment. This type of audit might involve reviewing a data centre, an operating system, a security software tool, or processes and procedures (such as the procedure for controlling production program changes), etc.

Application Controls Review

This is a review of controls for a specific application system. This would involve an examination of the controls over the input, processing, and output of system data. Data communications issues, program and data security, system change control, and data quality issues are also considered.

System Development Review

Involves a review of the development of a new application system. This involves an evaluation of the development process as well as the product. Consideration is also given to the general controls over a new application, particularly if a new operating environment or technical platform will be used.

SYSTEM DEVELOPMENT LIFE CYCLE: FULL IMPLEMENTATION CONSULTATION

As technology has evolved organizations have started adopting new technologies. Many organizations have taken to implementing new systems, adopting new technologies, creating centralized systems for data processing. Systems implementation need to Chartered Accountants, acting as Domain Experts/Consultants, can monetize this opportunity. Chartered Accountants, with knack for systems added with post qualification courses of ICAI including DISA, and other certificate courses on new technology, are best placed to benefit from this nascent opportunity.

Deliverable by Chartered Accountants

- System developed and put to use is properly developed, tested, documented and complies with **Governance, Risk and Compliance** as applicable to entity.
Detailed discussion on **Governance, Risk and Compliance** under “Opportunities Under Companies Act, 2013”, section of this document.
- Chartered Accountants engagements with banks and non-banking finance companies is very high. This interaction covers whole gamut of banks, including *public sector banks, regional rural banks, district co-operative banks, urban cooperative banks etc., plus all categories of non-banking finance companies.*

Chartered Accountants, with their understanding of banking operations, RBI regulations and other regulations applicable to banking sector, are best placed to offer full scale consultation for deployment of core banking systems by banks and non-banking finance companies.

SYSTEM DEVELOPMENT LIFE CYCLE: CONSULTATION AT VARIOUS STAGES

Chartered Accountants, to start consultation on system development life cycle, can take baby steps to provide services at various stages of development. Once through they can take up bigger engagement as discussed in previous section.

Stage Name	Services/Consultations that Chartered Accountants can provide
Preliminary Stage	<p>Basic</p> <p>At this stage, assessment of nature of problem, suggested solution, available alternatives and feasibility assessment of proposed system is done.</p> <p>Deliverable by CA</p> <p>The recommendations are based on fair assessment of alternates and feasibility studies done and are correctly documented.</p>
Requirement Analysis/System Analysis	<p>Basic</p> <p>At this stage, fact collection of existing system, an assessment of proposed system and an output report referred to as System Requirement Specification (SRS) document is generated.</p> <p>Deliverable by CA</p> <p>SRS document, is based on business needs of the organizations.</p>
System Design	<p>Basic</p> <p>At this stage, desired features and operations are described in detail, including screen layouts, business rules, process diagrams, control structure, and other documentation.</p> <p>Deliverable by CA</p> <p>Validate the design effectiveness of control structures.</p>
System Development/Acquisition	<p>Basic</p> <p>At this stage, software (development/acquisition) plus necessary hardware acquisition, as per the requirements mentioned in request for proposal/invitation to tender (RFP/ITT).</p> <p>Deliverable by CA</p> <ul style="list-style-type: none"> - Drafting of RFP/ITT. This is a great opportunity for Chartered Accountants, as they are considered experts in legal draft, analysis of the same and linking the same to requirements as specified in SRS above. - Software Selection Consultation: Chartered Accountants, with their analytical skills added with systems knowledge are in great position to monetize this opportunity. <p>In fact, this opportunity exists independently also, where ever any organization goes for a software selection, hiring a chartered accountant generate a good pay back for that organization.</p>
System Testing	<p>Basic</p> <p>All systems, including software (developed/acquired), hardware, are put together and tested.</p> <p>Deliverable by CA</p> <ul style="list-style-type: none"> - Chartered Accountants, with their skills, understanding of real-life business scenarios are well places to make good this immense opportunity. Chartered Accountants can provide multiple services at this stage, including -- Design of test data -- Validation of test data results <p>In fact, this opportunity exists independently also, where ever any organization goes for a software implementation, hiring a chartered accountant for software testing will generate a good pay back for that organization.</p>
Post Implementation Review	<p>Basic</p> <p>Once system has been implemented, organizations need to know whether implemented system is fulfilling its objective and purpose.</p> <p>Deliverable by CA</p> <p>Chartered Accountants need to create professional opportunities for these studies.</p>

AUDIT OF THE INFORMATION SECURITY

Basics

Information security program assessment evaluates the organization's information security program, including strategy, awareness and training, vulnerability assessments, predictive threat models, monitoring, detection and response, technologies and reporting.

Deliverable

Audit of comprehensiveness of Information Security Program.

BUSINESS CONTINUITY MANAGEMENT (BCM)

The Audit

Basics

BCM, has gained worldwide recognition post the attack on WORLD TRADE CENTRE in USA. BCM, importance and relevance for ensuring going concern status of any entity is beyond discussion.

Deliverable

Business continuity program integration and governance audit evaluates the organization's overall business continuity plan, including program governance, policies, risk assessments, business impact analysis, vendor/third-party assessment, strategy/plan, testing, maintenance, change management and training/awareness.

MOBILE COMPUTING

Basics

Mobile usage for business, personnel use has been rising geometrically. The size, convenience, mobility, geographical spread, latest technological innovations, and relatively low cost has made mobile computing the most used and growing technology.

To identify risks in the settings and configuration of mobile device and vulnerabilities in the current implementation. This audit would include an evaluation of trusted clients, supporting network architecture, policy implementation, management of lost or stolen devices, and vulnerability identification through network accessibility and policy configuration.

Deliverable

A management audit validating BYOD policy's existence, its effectiveness and process of update to policy based on assessment of new risks.

An operational audit, validating implementation of BYOD policy.

GRC FRAMEWORK IMPLEMENTATION

Evaluates the organization's current use of GRC software or GRC software selection process. Provides value-added insight on critical business requirements.

This is also a technology driven opportunity for Chartered Accountants to engage into. GRC gets its legal push through Companies Act, 2013.

Detailed discussion in Companies Act, 2013, section of this guide.

IT Governance Audit

Basics

Evaluates the processes IT has in place to govern capital allocation decisions, project approvals and other critical decisions.

Deliverable

Management Audit for formalized processes for governing IT exist, including existence of formal charters, mandates and responsibilities documents and its compliance in key steering committees.

IT Risk Assessment

Basics

Participates in IT's own risk assessment (as opposed to the independent IT internal audit risk assessment) as an advisory audit. Evaluates the risks identified and provide insight given the auditor's unique perspective on the IT organization.

Deliverables

Management audit of IT risk assessment process.

IT INVESTMENTS PROGRAM RISK

Project Management Methodology Audit

Basics

Assesses the design of processes and controls in place to manage projects against leading practices.

Deliverables

Management audit, of project management methodology adopted.

Operational audit, to assess whether the intended benefits from project implemented has been achieved.

Project And Program Execution Audit

Basics

Evaluates common areas of high risk on programs (e.g., third-party contracting, business change, test strategy, data migration). Outputs provide confidence to management that high-risk areas have been independently checked and verified to leading practice.

Deliverable

Management audit of project/program methodology adopted, and related risk management strategy.

Performance audit of projects implemented.

SOFTWARE/IT ASSET MANAGEMENT

IT and Software Asset Management Process and Control Audit

Assesses the design and effectiveness of processes and controls IT has deployed related to software and IT asset management.

Reviews the impact of these processes on related IT processes such as IT service management, IT contract management and information security.

Audit Considerations

- Do we have a comprehensive approach to IT asset and software management?
- How well do we manage software license costs?
- Is there an IT and software asset management technology solution in place to support these processes? If not, should there be?

SOFTWARE LICENSE REVIEW

Performs a review of significant software license agreements (e.g., ERPs) and evaluate the effectiveness of IT's software asset management process in practice. Assesses opportunities for cost reduction by improving the management of software licenses.

Audit Considerations

- Are there opportunities to renegotiate software licensing agreements based on the way the organisation actually utilizes software versus the way original contracts were negotiated?
- Is the organisation violating any existing contractual agreements?

IT CONTRACT MANAGEMENT ASSESSMENT

Evaluates the IT organization's ability to manage contracts and how effectively IT and supply chain coordinate to manage costs and negotiate effective agreements.

Audit Considerations

- Are IT asset and software contracts planned, executed, managed and monitored effectively?
- Are there "shadow IT" contractual agreements executed in other parts of the organization?

SOCIAL MEDIA RISK MANAGEMENT

Social Media Risk Assessment

Collaborates with the IT organization to assess the social media activities that would create the highest level of risk to the organization. Evaluates the threats to the organization's information security through the use of social media. This audit may be combined with a social media governance audit to then confirm policies have been designed to address the highest risks to the organization.

Audit Considerations

- Does the organization understand what risks exist related to social media?
- How well are the identified risks managed?

Social Media Governance Audit

Evaluates the design of policies and procedures in place to manage social media within the organization. Reviews policies and procedures against leading practices.

Audit Considerations

- Does a governance process exist for social media within the organization?
- How well are policies related to social media known amongst employees?

SOCIAL MEDIA ACTIVITIES AUDIT

Audits the social media activities of the organization and its employees against the policies and procedures in place. Identifies new risks and assist in developing policies and controls to address the risks.

Audit Considerations

- Are social media activities aligned to policy?
- What corrective actions need to be put in place given activity?

- How does existing activity affect brand and reputation?

SEGREGATION OF DUTIES/IDENTITY AND ACCESS MANAGEMENT

Systematic Segregation Of Duties Review Audit

Evaluates the process and controls IT has in place to effectively manage segregation of duties. Performs an assessment to determine where segregation of duties conflicts exist and compare to known conflicts communicated by IT. Evaluates the controls in place to manage risk where conflicts exist.

Audit Considerations

- How does IT work with the business to identify cross application segregation of duties issues?
- Do business personnel understand ERP roles well enough to perform user access reviews?
- While compensating controls identified for SoD conflicts may detect financial misstatement, would they truly detect fraud?

ROLE DESIGN AUDIT

Evaluates the design of roles within ERPs and other applications to determine whether inherent SoD issues are embedded within the roles. Provides role design, role clean-up or role redesign advisory assistance and pre- and post-implementation audits to solve identified SoD issues.

Audit Considerations

- Does the organization design roles in a way that creates inherent SoD issues?
- Do business users understand the access being assigned to roles they are assigned ownership of?

Segregation of Duties Remediation Audit

Follows up on previously identified external and internal audit findings around SoD

Audit Considerations

- Does the organisation take appropriate action when SoD conflicts are identified?
- Has the organisation proactively addressed SoD issues to prevent year-end audit issues?

IAM/GRC TECHNOLOGY ASSESSMENT

Evaluates how IAM or GRC software is currently used, or could be used, to improve SoD controls and processes.

Audit Considerations

- Is IAM or GRC software currently used effectively to manage SoD risk?
- What software could be utilized to improve the level of SoD control, and what are the business requirements?

DATA LOSS PREVENTION AND PRIVACY

Data Governance and Classification Audit

Evaluates the processes management has put in place to classify data, and develop plans to protect the data based on the classification.

Audit Considerations

- What sensitive data does the organisation hold — what is the most important data?
- Where does the organisation's sensitive data reside, both internally and with third parties?
- Where is the data going?

DLP CONTROL REVIEW

Audits the controls in place to manage privacy and data in motion, in use and at rest. Considers the following scope areas: perimeter security, network monitoring, use of instant messaging, privileged user monitoring, data sanitation, export/save control, endpoint security, physical media control, disposal and destruction, and mobile device protection.

Audit Considerations

- What controls do we have in place to protect data?
- How well do these controls operate?
- Where do our vulnerabilities exist, and what must be done to manage these gaps?

Privacy Regulation Audit

Evaluates the privacy regulations that affect the organization, and assess management's response to these regulations through policy development, awareness and control procedures.

Audit Considerations

- How well does the organisation understand the privacy regulations that affect global business?
- For example, HIPAA is potentially a risk to all organizations involved in the health care industry of the USA, not just health care providers or payers. The General Data Protection Regulation (GDPR)

is a regulation in EU law on data protection and privacy in the European Union and the European Economic Area.

Does the organisation update and communicate policies in a timely manner?

Do users follow control procedures to address regulations?



For details, visit <https://learning.icai.org/category/post-qualification-courses>

- Post Qualification Course on Information Systems Audit (DISA)
- Certificate Course on Forensic Accounting and Fraud Detection (FAFD)
- Certificate Course on ADR (Arbitration, Mediation & Conciliation):

https://www.icai.org/post.html?post_id=11739

Important Links

- ICAI has released a concept paper on Robotic Process Automation:
<https://resource.cdn.icai.org/65676daab230721a.pdf>
- Association of Certified Fraud Examiners <https://www.acfe.com/>
- Information Systems Audit and Control Association <https://www.isaca.org/>



Direct Taxation

Income-tax Act, 1961 is the prime legislation in the area of direct taxes in India. With the continuous development and growth of economy, rapid changes have been taking place in tax laws. With the increasing compliances and complexity in Income Tax, need of Chartered Accountants is increasing day by day.

Superior knowledge of tax laws and business environment, guidance of Chartered Accountants is much sought after by trade, commerce and industry.

Chartered Accountants are competent enough to provide consultancy services related to all Income Tax matters to their clients. Overview of services which can be rendered are as follows –

1. Tax Planning and Tax Management.
2. Suggestions on tax effective and compliant module for transactions and business vehicles
3. Audit and certification under income tax law.
4. Representation before Revenue Authorities
5. Compliance to notices and communications from Income tax officials and CPC.
6. Preparation and filing of appeals and appear before CIT(A) and ITAT.
7. Preparations for scrutiny and assessments / Re-assessments case.
8. Providing Consultancy in relation to taxation associated with purchase and sale of assets, house property including capital gain exemptions
9. Sole proprietor, partnership, companies, societies, LLP etc. compliances and litigations.
10. Advice for bifurcation of Capital and revenue expenditure.
11. Tax audit and filling of income tax returns and various other statements.
12. Compute monthly TDS/TCS liabilities, reconciliation, preparations and deposit of challan, filing TDS/TCS returns and providing certificates.
13. Advice on tax issues in acquisition, merger and demerger.
14. Tax issues on cross border deals including international and NRI taxation (explained in separate topic).
15. NPO registration, licensing, planning and return filing work (explained in separate topic).

16. Providing advice to non-residents regarding royalty, interest, fees for technical services, other related services including litigation.
17. Verification of all payments to non-resident vendors for the purposes of determination of applicable rates and category for deduction of withholding taxes and
18. Defending penalty and prosecution notices.
19. Valuation of assets and entities for various purposes.

In addition to above, the assessee is required to furnish various chartered accountant like form 67 etc.

There are so many other opportunities available in direct tax will increase the opportunity for a chartered accountant in the

61A, Form 61B).



Important Links

- Members may Refer list of publications issued by Direct Tax Committee of ICAI at <https://www.icai.org/post/icai-publications-direct-taxes-committee>
https://www.icai.org/post.html?post_id=10354

TAX CONSULTANCY

Expatriate Taxation

Expatriates are people who visit other country for temporary duration for working in the host country. Many of the multinational enterprises having presence globally may send some of its employees to countries where it has presence in order to assist the local company in their business activities. This phenomenon is also known as global mobility in the context of employment.

Income of the expats may be taxable in the country to which they are temporarily working. In order to determine their taxability in India, the residential status of such expats will become relevant. Residential status as per the Income-tax Act, 1961 ('the Act') will depend upon the period of stay of such expat in India.

Some of the solutions, which may be provided by Chartered Accountants in Expatriate Taxation matters, include:

- Obtaining Tax Registrations – Assist in obtaining the tax identification number (Permanent Account Number) and Tax Deduction Account Number (TAN) of the expatriate from the income-tax authorities;
- Determine Residential Status – Based on the presence of the expat in India, the residential status of such expat may be determined under the Act;
- Issuance of technical opinions on questions of law;
- Monthly withholding tax calculation – Assist in computing the monthly tax liability of the expatriate in order to enable to the company to withhold applicable taxes in India including tax equalization amounts for grossing up tax;
- Annual Income tax return preparation and filing – Prepare the computation of income and assist in filing the annual income tax return of the expatriate in India.
- Representation before the revenue authorities including appellate level and tax tribunal and allied assistance on litigation management including strategic advisory; and
- Evaluating the applicability of the double taxation avoidance agreement read with the multilateral instrument (MLI) with the relevant country, in relation to relevant streams of income.

NON-RESIDENT INDIANS (NRI) TAXATION

Indian citizens or people of Indian origin residing outside India could be termed as Non-Resident Indian. The era of globalization has led to large employee movements across



International Taxation

globe. Employees are being sent to work in other countries which increases the tax complications for such employees in both the countries. Non-Resident Indians (NRI) are citizens of India or Persons of Indian origin who become non-residents in India on account of their duration of stay outside India.

In order to analyze the tax impact of NRIs in India, it would be relevant to determine the tax provisions both, under the Act as well as the double taxation avoidance agreement. The foreign tax credits available to such NRIs shall also have to be evaluated.

Some of the solutions, which may be provided by Chartered Accountants in relation to NRI Taxation, include:

- Obtaining Tax Registrations – Assist in obtaining the tax identification number (Permanent Account Number) of the NRI from the income-tax authorities;
- Determining Residential Status – Based on the presence of the NRI in India, the residential status of such NRI may be determined under the Act;
- Property and investment transaction tax advisory – This would include advise to NRIs on acquisition and disposal of investments as well immovable property and associated tax compliances, if any;
- Issuance of technical opinions on questions of tax law;
- Pre and post NRI status advisory – Advise in relation to income tax disclosures pre and post NRI status including disclosures if any, under The Black Money (Undisclosed Foreign Income And Assets) And Imposition Of Tax Act, 2015;
- Preparing and filing Annual Income tax returns and transaction based challans for tax payments, if any – Prepare computation of income and assist in filing the annual income tax return of the expatriate in India;
- Representation before the revenue authorities including appellate level and tax tribunal and allied assistance on litigation management including strategic advisory;
- Evaluating the applicability of the double taxation avoidance agreement read with the multilateral instrument (MLI) with the relevant country, in relation to relevant streams of income;
- Assistance in claim of foreign tax credits, based on relevance; and
- Issuance of remittance certificates under Form 15CA/ Form 15CB and other compliance certificates if any.

CROSS-BORDER TRANSACTIONS INCLUDING MERGERS AND ACQUISITIONS

Globalization and cross-border transactions has seen an upsurge in the number of Mergers and Acquisition transactions. In the year 2021, India has seen more than 2,000 mergers.

Some of the solutions, which may be provided by Chartered Accountants in relation to Cross Border Transactions include:

- Corporate reorganisations – Suggest suitable investment structure for the Overseas entities especially from Indian income-tax perspective including recommending suitable jurisdictions to locate the Overseas holding company for the proposed investments in India and suitable modes of investments in the Indian company;
- Capital reorganisations – Suggest appropriate alternatives viz. capital reductions, bonus issues, rights issues, preferential and debenture and bonds issues, share buybacks etc., involving non-resident stake holders. This aspect is relevant from overseas funding perspective as well;
- Fair Market Valuation of shares and investments – In case of associated enterprises or deemed to be associated enterprises, international or deemed international transactions, there could be a scope for advisory on the aspects of valuation from Indian transfer pricing regulations and RBI regulations perspective;
- Transfer Pricing compliance review including profit attribution study in case of cross border transactions between related parties;
- Tax due diligence – Conduct a vendor/buyer tax due diligence which shall involve review of the past records of the company in order to find any gaps/observations which may have financial or other impact;
- Issuance of technical opinions on questions of tax law;
- Impact study of multilateral instruments i.e. MLI and its tax effects.
- Ideation on profit repatriation and exit options – Assistance in analyzing various possible modes of profit repatriation and exit of investments from India, based on the analysis of the tax laws and treaty provisions;
- IP/Intangibles Planning – Advising and evaluating alternatives for the location of the IP/intangibles owned by the group in appropriate jurisdiction in order to achieve tax efficiency;
- Obtaining certificate under section 197 and 281 – Assist in making an application to the income-tax officer to obtain a lower withholding tax certificate under section 197 of the Act or certificate of no tax liability under section 392 basis the computation of estimated profits or gains including losses if any attributable to the foreign entity in India;
- Issuance of remittance certificates under Form 15CA/ Form 15CB and other compliance certificates if any;
- Representation before the revenue authorities including appellate level and tax tribunal and allied assistance on litigation management including strategic advisory;

- Assisting in carrying out various compliances under the Act and/or allied laws like the Companies Act, PF Act, FEMA, GST etc. to carry out cross-boarder transaction and merger etc.

ROYALTY AND FEES FOR TECHNICAL SERVICES

On account of increase in cross-border transactions, payments in the nature of royalty and fees for technical services ('FTS') have also increased considerably. The Organization for Economic Cooperation and Development (OECD) Model Convention and the United Nations (UN) Model Convention have an article for the taxation of royalty. However, the taxation of FTS was not there in both the Conventions. This is because, import of technical services is not common within the developed countries and thus, both the conventions never felt the need to include an article on taxation of FTS. However, with the changing times and considering the situation of the developing countries, the recently amended UN Model Convention 2017 has included an article on taxation of FTS.

Many of the double taxation avoidance agreement which India has entered into with the other countries does have an article on taxation of fees for technical services.

Some of the solutions provided by Chartered Accountants in relation to Taxation of Royalty/Fees for Technical services include:

- Tax advisory – Assist in evaluating whether a payment would fall within the definition of 'royalty' or 'fees for technical services' both under the Act as well as under the double taxation avoidance agreement. Based on the analysis, advice on the applicable tax rate for the said payment.
- Documentation – Assist in collecting required documents to determine rate of withholding tax like Non-PE certificate, Form 10F, Beneficial interest certificate, details in lieu of PAN, etc.
- Preparation and filing of Income-tax Return – Assist the foreign entity in preparing and filing of the annual income-tax return declaring the income from royalty or FTS in the income-tax return.
- Withholding tax return – Assist the Indian entity in deducting taxes on royalty/FTS payments and preparing and filing the withholding tax returns in relation to such payments made to foreign entities.
- Issuance of technical opinions on questions of law.
- Issuance of remittance certificates under Form 15CA/ Form 15CB and other compliance certificates if any.
- Representation before the revenue authorities including appellate level and tax tribunal and allied assistance on litigation management including strategic advisory.

PERMANENT ESTABLISHMENT

The concept of permanent establishment ('PE') gained importance as many entities started carrying out business in foreign countries by way of presence in that country either through an office set-up or through any of its employee or other personnel, agent, or through rendering of service. As the business is carried out by the entity in the foreign country, the right to tax income generated from such business should also be with that foreign country.

This gives rise to the cross-border taxation based on the PE of the entity in the foreign country. The double taxation avoidance agreement has generally two type of permanent establishment – fixed place and dependent agency PE. However, most of the double taxation avoidance agreements (DTAA) which India has entered into with other countries has an additional concept of Service PE wherein if the employee or personnel of the foreign entity is present in India for more than the specified threshold limit providing services to another person/entity in India then the said employee or personnel shall constitute a service PE of the foreign entity in India. Equipment PE is also considered in determination of taxability. Income attributable to the foreign entity on account of the presence of such employee/personnel in India shall be taxable in India if service PE exist.

Some of the solutions which may be provided by Chartered Accountants relating to Permanent Establishment aspects for non-residents include:

- Tax advisory – Analyze and review the facts of the foreign entity in order to determine whether the said foreign entity has any permanent establishment in India under the relevant double taxation avoidance agreement, read with the extant provisions of law including BEPS Action plans;
- Income attribution – Assist the foreign entity in carrying out the exercise of determining the income attributable to the foreign entity in India on account of it having a permanent establishment in India;
- Assistance in obtaining Tax Registrations – Assist the foreign entity in obtaining the tax identification number (Permanent Account Number) for its permanent establishment in India from the income-tax authorities;
- Obtaining certificate under section 197 – Assist in making an application to the income-tax officer to obtain a lower withholding tax certificate under section 197 of the Act basis the computation of estimated profits attributable to the permanent establishment of the foreign entity in India;
- Preparation and filing of Income-tax Return – Assist the foreign entity in preparation and filing of the income-tax return in relation to the permanent establishment in India;

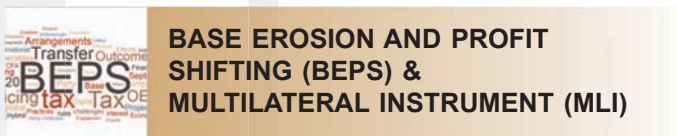
Issuance of technical opinions on questions of law;
Representation before the revenue authorities including appellate level and tax tribunal and allied assistance on litigation management including strategic advisory;
Assistance in preparing books of accounts of the PE.



Some of the solutions which may be provided by Chartered

is any exposure of the said transaction/structure being considered as having entered into with the intention of avoiding taxes in India.

Issuance of technical opinions on questions of law;
Representation before the revenue authorities including appellate level and tax tribunal in relation to the arrangements alleged to have been anti-avoidance arrangements;



strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations. As of 4 November 2021, 137 countries and jurisdictions joined a new two-pillar plan to reform international taxation rules and ensure that multinational enterprises pay a fair share of tax wherever they operate. That will swiftly implement a series of tax treaty measures to update international tax rules and lessen the opportunity for tax avoidance by multinational enterprises. India

and might implement plans from 2023. The number of MLI signatories as on 10th May 2022 date is 99 jurisdictions and 3 more jurisdictions have expressed their intent to sign the Convention.

Based on the provisions of BEPS, many countries have already started amending their domestic tax laws to bring the same in line with BEPS. India has brought in amendments such as introduction of equalization levy, secondary adjustment, concept

Reiterating India's commitment to implement OECD's BEPS Action Plan 13, the Country- by-country re-orting ('CbCR') and Master File ('MF') are required to be furnished to tax authorities in terms of Section 286(8) and Section 92(D) of Income-tax Act. The rules are 10DA and Rule 10DB of the Income-tax Rules, 1962 (the Rules).

Some of the solutions which may be provided by Chartered Accountants in relation to BEPS &MLI, would include:

BEPS Review – Undertake an entire review of the business model of the entity in light of the provisions of the two-pillar solution and the amended provisions as per the Act, which are in line with BEPS.

the aforesaid review, calculate ETR and top-up tax

business model in order to make it tax efficient and compliant with BEPS provisions.

Tax Advisory – Any other advisory work in relation to the impact of BEPS/MLI to the business of the entity.

Issuance of technical opinions on questions of law.

Assistance in CBCR and Master File related compliances.

Other compliances similar to the one above, as may be mandated from time to time under the Act.

FOREIGN TAX CREDIT

Foreign tax credit is the credit claimed in the country of residence for the taxes paid in any other country/source country in case the income is taxable both, in the country of source as well as the country of residence. The purpose of claim of foreign tax credit is to avoid double taxation of income. Accordingly, if an income is taxed in the source country then tax credit should be available to avoid double taxation.

Some of the solutions which may be provided by Chartered Accountants in Foreign Tax Credit, include:

Eligibility of foreign tax credit – Verify various documents and calculate the amount of credit for the foreign taxes available in India;

Issuance of technical opinions on questions of law;

67 in order to claim the foreign tax credit in India.

TRANSFER PRICING

In the last century, global trade consisted of cases of import and export of raw materials and of finished goods between independent parties. With the advent of the industrial revolution and later on revolutions in transportation and communication, moving materials, labour & funds across geographical and political boundaries became easier and efficient. Companies expanded rapidly to open subsidiaries and affiliates resulting in emergence of Multinational Enterprises (MNEs), spread out in various countries.

An accompanying development has been the increasing volume of transactions within the group called intra-firm transactions. The structure of transactions within an MNE group– associated enterprises is determined by a combination of the market and group driven forces which can differ from the open market between independent entities.

Intra-firm trade is growing steadily and accounts for major international transactions. The obvious consequence is that a large and growing number of international transactions are no longer governed entirely by market forces, but by forces which are driven by common interests of the entities of a group.

Also many MNEs and financial services organizations are moving their back office operations to India to take advantage of huge skill available and as well as the cost arbitrage.

Evolution of Transfer Pricing at India: India started integrating its economy with global economy in 1991. This has led to increased cross border flow of goods, services, funds and even intangibles and a large inflow of Foreign Direct Investment. Many of the Indian companies have also become large global players with overseas subsidiaries in many tax jurisdictions. Transfer pricing in India was introduced in 2001 for curbing tax avoidance by laying down norms for “income arising from international transactions” to be computed at “arm’s length price”.

Transfer pricing encompasses areas such as inter- company pricing arrangements between related business entities, including transfers of intellectual property, transfers of tangible goods, services and loans and other financing transactions.

Reiterating India’s commitment to implement OECD’s BEPS Action Plan 13, the CBDT has released in respect of Country-by-country reporting (‘CbCR’) and Master File (‘MF’) as required to be furnished to tax authorities in terms of Section 286(8) and Section 92(D) of Income-tax Act. The rules are 10DA and Rule 10DB of the Income-tax Rules, 1962 (the Rules).

All this provides immense opportunities to Chartered Accountants who are well positioned to provide end-to-end solutions to help companies manage the whole process.

Thus, in this environment, where change is rapid and international transaction flows are high, local transfer pricing

knowledge and sound advice is paramount. Opportunities are certainly there but executives need advisers/Chartered Accountants who can bring in a global outlook, understand the business challenges and have deep expertise about the relevant industry.

Some of the solutions which may be provided by Chartered Accountants in Transfer Pricing include:

- Business model study - Performing benchmarking study to ensure that all international transactions entered by persons are maintained at arm’s length price;
- Documentation compliance – Assistance maintenance in keeping information and of documents required by persons involving international transactions with associated enterprises;
- Issuance of Chartered Accountants Certificate i.e., Form No. 3CEB - Required by persons involving international transactions with associated enterprises;
- Facilitating complete compliance with CbCR and Master File requirements
- Representation before the revenue authorities including appellate level and tax tribunal;
- Assistance with competent authority negotiations and mutual agreement procedures;
- Advisory Services such as -
 - Pricing risk transfers in intercompany transactions (e.g., market price volatility, risk or counterparty credit risk);
 - Pricing intangible assets, and modelling their value over time;
 - Setting interest rates, defending levels of intercompany debt, and pricing inter-company guarantees using credit rating models;
 - Determining arm’s length cost sharing and buy-in payments for technical know-how;
 - Establishing inter-company charges for central services;
 - Implementation of advance pricing arrangements covering a variety of different types of transactions.



details, please visit https://www.icai.org/new_post.html?post_id=13126

Important Links

- List of signatories and parties to the Multilateral Convention to Implement Tax Treaty Related Measures can be viewed at <http://www.oecd.org/tax/treaties/beps-mli-signatories-and-parties.pdf>
- Number of Mergers and Acquisition transactions <https://www.statista.com/statistics/1199488/india-total-number-of-pe-and-manda-deals/>
- Members may refer list of publications issued by Committee on International Taxation at <https://www.icai.org/post/icai-publications-committee-on-international-taxation>



The Companies Act, 2013

The dynamic role of Chartered Accountants is not restricted only to Auditing, Accounting, Corporate Governance, Taxation, Corporate Laws etc., but the horizons have broadened even to being an Independent Director, Key Managerial Personnel, Insolvency Professional, Valuation Professional, etc. Many professional avenues have been opened up for the Chartered Accountants along with manifold challenges therein.

OPPORTUNITIES AVAILABLE FOR CHARTERED ACCOUNTANTS

Chartered Accountants as Independent Directors

The idea of having Independent Directors on the Board is to bring objectivity to Board decisions, protect common interests of the company and its stakeholders, observe high ethical standards, foster improvement in corporate governance standards. Independent directors have to play a crucial role in framing the CSR policy and its implementation in the Board and Company with extended emphasis on global warming and climate change. The Chartered Accountants have a crucial role to play in corporate governance in general and as independent directors in particular.

Women Directors on the Board

Women Chartered Accountants are well-equipped and empowered to become Directors on the Boards of company.

Chartered Accountant as Key Managerial Personnel

The Act has for the first time defined Key Managerial Personnel and it includes Chief Financial Officer. As we all know Chief Financial Officers are mostly Chartered Accountants.

The legislative requirements for statutory disclosures by professional accountants relating to the financial affairs of a corporate are spread across a large number of statutes and the purpose of such statements have to be viewed from the intention and requirement of such law and it is therefore a very important task to consolidate such statements/reports/opinion by accountants in one place.

Professional Assistance to Company Liquidator

As per Section 291 of the Companies Act, 2013, the Company Liquidator may, with the sanction of the Tribunal, appoint one or more Chartered Accountant on such terms and conditions, as may be necessary, to assist him in the performance of his duties and functions under this Act.

Right to Legal Representation

As per Section 432, a party to any proceeding or appeal before the Tribunal or the Appellate Tribunal, as the case may be, may

either appear in person or authorize one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any other person to present his case before the Tribunal or the Appellate Tribunal, as the case maybe.

Appointment of Chartered Accountants as Auditors

Section 139 to 148 of the Companies Act, 2013 deals with provisions related to Statutory Auditor. This being the core area of practice of a Chartered Accountant needs no introduction or

Accountant, he is given the advantage of being an Auditor and opportunity to deliver the best of services.

Chartered Accountants as Internal Auditors (Section 138)

(Separately covered in the chapter of Internal Audit)

Other Services by Auditors (Section 144)

This section seeks to provide that an auditor can do such other services as approved by the Board or Audit Committee. The section further provides for the services which the auditor cannot perform, directly or indirectly to the company or its holding company, subsidiary company or associate company.

Appointment as Registered Valuer (Section 247)

(Separately Covered Under Registered Valuer Chapter)

Appointment as Interim Resolution Professional and Insolvency Professional as per The Insolvency and Bankruptcy Code, 2016
(Separately Covered In Chapter of Insolvency Professional)

Governance Risk and Compliance Framework Implementation

an organization align its information technology with business objectives, while managing risk and meeting regulatory compliance requirements.

interacts with various elements of the organization and

governance, risk, and compliance) is an organizational strategy for managing governance, risk management, and compliance with industry and government regulations. As technology

need to the hour. Chartered Accountants, with knowledge, skill and leadership capabilities are in best position to guide the

Asset Accounting

Companies Act, 2013 mandates every entity to an asset register, ensuring that asset life cycle is recorded in the same with proper markings and tags. Chartered Accountants have required knowledge, skill and technology solutions that can guide organizations to prepare, maintain, update the asset registers with the asset's life cycle recorded.



Important Links

https://www.icai.org/new_post.html?post_id=5483&c_id=308

<https://resource.cdn.icai.org/68981clcg55147-gnd1.pdf>

- Frequently Asked Questions on the provisions of Companies Act, 2013 at <https://resource.cdn.icai.org/45163clcg35207.pdf>

ARBITRATION, MEDIATION AND CONCILIATION

Arbitration, by its very nature, is meant to be an alternative to courts and a speedier remedy for dispute resolution. Almost all disputes whether Commercial, Civil, Labour, Family, etc., can be settled through Arbitration, Mediation and Conciliation.

The Alternate Dispute Resolution process has been proven to work in the business environment, especially in respect of disputes involving joint ventures, construction projects, partnership differences, intellectual property rights, etc.

PROFESSIONAL OPPORTUNITIES UNDER ALTERNATIVE DISPUTE RESOLUTION

Section 2(2)(iv) of the Chartered Accountants' Act, 1949 read with Regulation 191 of the Chartered Accountants' Regulations, 1988 specifically provides that a Chartered Accountant in his professional capacity is allowed to act as an Arbitrator.

Chartered Accountants with their objective, independent and balanced approach to a problem can be ideally placed to act as arbitrators or conciliators and play a mediator's role in resolving conflict situations between partners, business associates, employers and employees etc.

THE REGULATORS – INDIAN COUNCIL OF ARBITRATION (ICA) INDIAN COUNCIL OF ARBITRATION (ICA)

ICA is registered under the Societies Registration Act, 1860. It was established in 1965 as a specialized arbitral body at the national level with the initiatives of the Govt. of India and apex business organizations like FICCI etc. Based in New Delhi, the main objective of ICA is to promote amicable, quick and inexpensive settlement of commercial disputes by means of arbitration, conciliation, regardless of location. This is a specialized arbitral body, sponsored by Government of India and certain apex business organizations, also recognize Chartered Accountants as arbitrators.

A Chartered Accountant having 15 years of post-professional experience is eligible for empanelment as an arbitrator with ICA.

METHODS UNDER ARBITRATION

Any dispute is normally resolved by way of litigation in court or through Alternative Dispute Resolution [ADR] mechanism involving four methods:

- Negotiation – no outsiders are involved to resolve the disputes
- Mediation – facilitator creates 'win-win' situation but the settlement is not binding



Arbitration

- Conciliation – the conciliator authenticates the settlement reached by parties and it is binding
- Arbitration – quasi-judicial method outside the court.

REPRESENTING THE CLIENT IN THE ARBITRAL PROCEEDINGS

In recent times, there is a move all over the world to encourage professionals and experts like Chartered Accountants, to play an active role in arbitral processes. The objective of arbitration is to provide expeditious, efficient and economic justice to the aggrieved parties as it is felt that too much legality defeats the very purpose of arbitration. A Chartered Accountant can equip himself to enter into the field with considerable advantage. A Chartered Accountant normally represents the cases of his clients before various authorities including the Tribunals, Company Law Benches, SEBI, RBI etc. He can definitely specialize in arbitration matters particularly those connected with breach of contracts, insurance claims, loss of profit, securities fraud, commercial disputes, rights of properties, lease transactions etc. and represent his clients in Arbitral proceedings.

AS AN EXPERT

Under Section 26(1) of the Arbitration and Conciliation Act, 1996 the Arbitral Tribunal may appoint expert/s to report on any specific issue to be determined by it. It may also require the parties to give the expert any relevant information, explanations, or to produce or provide access to any relevant documents, goods or other property for inspection. An expert may be examined and cross-examined by a party on request of a party and where an arbitral tribunal considers it necessary. A Chartered Accountant can help the arbitral tribunal in the capacity of an expert in matters relating to accounts, commercial transactions, lease transactions etc., where he has sufficient domain knowledge.

AS A CONCILIATOR

Conciliation is a process by which the conciliator endeavors to bring the disputant parties to an agreement. A conciliator is generally an independent third party who mediates for the disputing parties in order to bring them to a mutually acceptable settlement. A mediator is normally taken to be a person of the disputant's choice. The conciliator is instrumental in drawing up the terms of settlement in the shape of an agreement, consequent upon comprehensive discussions with the parties to the dispute. A Chartered Accountant in his day-to-day practice often helps his clients in settling their disputes through conciliation. CA's can serve as professional conciliators. With the acquisition of thorough knowledge on the process of mediation, negotiating skills and related techniques of conciliation a Chartered Accountant can act as a successful professional conciliator thereby adding to the array of services he provides.

OTHER AREAS

- Drafting of Arbitration Agreements
- Member of Arbitral Tribunal
- Acting as arbitrator
- Acting as Arbitrator in different countries.
- Acting as arbitrator in Micro and Small Enterprises Facilitation Council u/s 18 of the Micro, Small and Medium Enterprises Development Act, 2006.
- In Clause 14 of First Schedule to the Limited Liability Partnership Act 2008 - All disputes between the partners arising out of the limited liability partnership agreement which cannot be resolved in terms of such agreement shall be referred for arbitration as per the provisions of the Arbitration and Conciliation Act, 1996.
- Assisting Indian Judiciary u/s section 89 of Code of Civil Procedure 1908, where there is possibility of settling of dispute through arbitration
- Identifying, advising and solving pending disputes of clients which can be resolved by ADR.

INTERNATIONAL COMMERCIAL ARBITRATION

- Helping the clients in the process of Selecting an Arbitration Institution.
- Helping the Clients in selecting the arbitration format and structure without using an arbitration institution in the case of Ad hoc arbitration.
- Helping the clients in determining the procedural law to be applied to the arbitration depending on the legislations relating to arbitration in various countries.
- Drafting commercial trade agreements in consonance with the principles of Alternative Dispute Resolution.
- Drafting Arbitration clauses in international contracts.
- Drafting of a proper arbitration agreement considering the arbitration rules promulgated by various international institutions, is a job to which the Chartered Accountant can apply his expertise.

PROMISING OPPORTUNITY

At a conservative estimate, there are more than 30 million cases pending in various courts in the country. The criticism against the justice delivery system is continuous. Arbitration system is a means to provide an easy and expedient mechanism for dispute resolution without the need of resorting to a long-drawn litigation. Arbitration seeks to remove blockade caused by chocking legal pollution.

As of December 2021, only 165 Chartered Accountants are registered as Arbitrators with the Indian Council of Arbitrators (ICA).



- The Committee on Economic, Commercial Laws & WTO is offering a Certificate Course on Arbitration, Mediation & Conciliation, for details, please visit https://www.icai.org/post.html?post_id=11739

Useful links

- International Chamber of Commerce <https://iccwbo.org/dispute-resolution-services/arbitration>
- India International Chamber of Commerce www.iccindiaonline.org

PREVENTION OF MONEY LAUNDERING ACT, 2002

The Prevention of Money Laundering Act (PMLA) is a portion of criminal legislation, where the presumption of guilt has precedence and the burden of proof lies on the person accused of a violation. And the Act prescribes that any person found guilty of money-laundering shall be punishable with rigorous imprisonment up to seven years and attachment of tainted properties. Therefore it opens lot many opportunities to subject matter experts.

Prevention of Money Laundering Act, 2002 and the Rules notified thereunder came into force with effect from July 1, 2005. Director, Financial Intelligence Unit-IND (FIU-IND) and Director (Enforcement) have been conferred with exclusive and concurrent powers under relevant sections of the Act to implement the provisions of the Act. The broader concept of 'reporting entity' was also introduced which includes a banking company, financial institution, intermediary or a person carrying on a designated business or profession.

Chartered Accountants with their inherent abilities sharpened by the specialized knowledge of accounts, finance & law, experience and attention to detail can provide the following services to their clients, being reporting entities, law enforcement agencies and others in relation to the Prevention of Money Laundering Act, 2002

ANTI-MONEY LAUNDERING REGULATORS IN INDIA

Financial Intelligence Unit was set by the Government of India, on 18 November 2004, as the central national agency responsible for receiving, processing, analyzing, and disseminating information relating to suspected financial transactions. The Financial Intelligence Unit is also responsible for coordinating and strengthening efforts of national and international intelligence, investigation, and enforcement agencies in pursuing the global efforts against money laundering and related crimes. FIU-IND is an independent body reporting directly to the Economic Intelligence Council headed by the Finance Minister.

RBI is one of such authorities which lay down anti-money laundering guidelines for banks and other financial institutions to adhere to. Similarly, SEBI has also prescribed certain requirements relating to Know Your Customer (KYC) norms for the financial intermediaries in the securities market to follow to combat money laundering.

Further, there are law enforcement bodies like the Directorate of Enforcement and the Central Bureau of Investigation – Economic Offences Wing, dealing with the money laundering issues. Further, the Income Tax Department, Government of India under the Income Tax Act, is also authorized to take steps



Prevention of Money Laundering Act

on undisclosed foreign income and assets on Indian residents.

This has been further augmented by the enactment of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

Professional opportunities in this area include:

A. As Consultants

- (a) By their vast expertise in handling huge quantitative data for verification of the exact nature of transactions.
- (b) Developing data marts to track and monitor deviant patterns and analyzing customer behaviour pattern.

them from the potential threats.

- (d) By appearing before regulators & adjudicating authorities.

B. As the Trusted Partner of the Government

- (a) By implementation of the Act in letter and spirit. The implementation assistance could be in the form of developing AML Policy and Control architecture.

Investigations and Inspections.

C. Conducting KYC Audit

- (a) By using customers due diligence procedures to confirm the identity of clients from the records produced by him.
- (b) By systems audit for checking customer's identity from external database.
- (c) By formulating and implementing the programme under PMLA as required under the PML (maintenance of records) Rules 2005.

- (d) By Filing monthly compliances under PMLA

D. Advisory services

- (a) By identifying the risk & mitigating controls in the customer area of acceptance, retail, banking and sales channel management.

E. General role

- (a) Special reviews inspections and investigations arising from Suspicious Transaction Reporting.

legal authority is very important so by interpreting various provisions of law and procedures and drafting documents.

- (c) Functional Consultants as implementers of AML systems.

F. Other opportunities to CAs under PMLA

finance and accounts, can be appointed as a members of the Adjudicating Authority constituted u/s. 6 of the PMLA.

1961] and can appear on behalf of its client in respect of an appeal preferred before the Appellate Tribunal section 39 of PMLA.

G. Audit under PMLA Act, 2002

Section 13(1A) of the PMLA Act, 2002 confers the power to the Director to ensure compliance. The director can direct the concerned reporting entity to get its records audited by a chartered accountant from amongst a panel

for this purpose. All expenses of audit under said sub-



for details, please visit https://www.icai.org/post.html?post_id=11740

INSURANCE SECTOR

Chartered Accountants can provide their services to Insurance enterprises in the field of risk management, insurance management, insurance fund management, insurance marketing, underwriting management, claims management, loss adjustment, re-insurance, product development, actuarial science and many allied areas such as:

STATUTORY AUDIT

Section 12 of the Insurance Act, 1938 provides that the financial statements of every insurer are required to be audited annually by an auditor unless they are subject to audit under the Indian Companies Act.

Insurance companies have been advised to have two audit firms on joint audit for their Statutory Audit. IRDA has further stipulated guidelines on appointment of auditors based on the experience of the firms/partners

INTERNAL AUDIT

In the current scenario, insurance market in India has witnessed dynamic changes including entry of a number of global insurers. Most of the private insurance companies are joint venturing with recognized foreign institutions across the globe. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. The Insurance Regulatory and Development Authority (IRDA) regulate and develop the insurance sector in India through calibrated policy initiatives, helps to improve disclosures. The role and importance of internal control systems in good risk management practice, with a particular emphasis on the internal audit and compliance functions within such a framework has become necessary. Introduction of mandatory quarterly internal audit for insurer is one such step taken by the Insurance Regulatory and Development Authority which would contribute towards strengthening controls and also reducing risks under volatile market conditions.

Internal audit is core competence area of chartered accountants. It is an important assignment being undertaken both by practising members of the Institute as well as those in industry. This demands the internal auditor to have requisite skills and high level of knowledge of the sector as well as its interrelationship with variables in its operating environment.

TAX AUDIT

The insurance companies are liable to tax audit under section 44AB of the Income Tax Act, 1961. Chartered Accountants being experts in the areas of auditing and with



Insurance Companies

an in-depth knowledge of the provisions of the Income Tax Act, 1961 have ample opportunities in this area.

INFORMATION TECHNOLOGY AUDIT

Insurers/intermediaries are utilizing sophisticated technology either indigenous or imported in a big way. In such a scenario IT audit has a crucial role to play. It would prove useful right from the day of initialization of the systems until it takes off and stabilizes. Chartered Accountants trained under the ISA course can find substantial avenues in this area.

INVESTMENT AUDIT

Chartered Accountant firms are engaged to carry out specific purpose audits like audits to check level of compliance with the Authority's Regulations e.g., the regulations on investments of insurance companies, audit of implementation of investment risk management systems and processes etc.

PROCESS OUTSOURCING

In a globalised setup and in a competitive environment, time and resource management is vital. Insurance companies these days are outsourcing most of their non-core activities and back-office functions. In a situation where BPOs carry out many tasks of an insurer/intermediary, Chartered Accountants can provide their valuable services to ensure effective and foolproof functioning of such outsourced activities.

CONVERGENCE OF FINANCIAL SERVICES

In a situation where the line of demarcation among the financial products is blurring towards convergence of financial services, professional advices by knowledgeable person play a crucial role.

CORPORATE GOVERNANCE NORMS ON INSURANCE COMPANIES

Corporate governance norms on insurance companies are exposed for expert comments. It lays down a "whistle-blower" policy, allowing employees to raise concerns internally on possible irregularities in financial reporting and governance weaknesses and report in confidence to the chairman of the board, or a panel of the board, or to external auditors. The appointed actuary and statutory/internal auditors also are under obligation to report any irregularity to IRDA if any insurer fails to take corrective action. The corporate governance norms reiterate the necessity for joint audit of each insurer, rotation of auditors, and a two-year cooling-off period on completion of tenure as a statutory auditor in an insurance firm. The guidelines also propose to make it mandatory for insurers to set up internal committees on audit, investment, risk management, asset liability management and policy holder protection to help the Board to discharge its responsibilities.

Chartered Accountants have scope of various opportunities within these norms too.

NEW PRODUCT CREATION

Chartered Accountants with appropriate customer understanding can design appropriate products, determine price correctly and increase profitability. They can advise on premiums, rebates and the like for products unique to specific industries/companies and suggest risk-mitigating measures.

UNDERWRITING

Underwriting, a core insurance activity, involves classification of risks on the basis of risk characteristics so that insured parties pay premiums proportionate to the risk. Chartered Accountants can provide their services in analyzing the information to determine the right prospect and also secure profitable business to the insurer.

POLICY OWNER SERVICES

It has been accepted fact that notable new insurance business are generated through the existing policyholders and the principles of Customer Relationship Management has to be adopted which warrants the involvement of professionals like Chartered Accountants.

CLAIMS ADMINISTRATION

This is a structured method of managing claims right from the initial report to the final pay mentor appeal-typically following an existing system. Claims processing is highly data intensive and time sensitive. Chartered Accountants can provide their services in effective management and understanding the system and interaction with the concerned parties.

MARKETING AND DISTRIBUTION CHANNELS

Chartered Accountants with appropriate public interface can help the public to appreciate the need for personal financial planning, estate and retirement planning. Chartered Accountants as an Insurance Advisors can render valuable advice to his clients/customers in selecting among various Non-Life Insurance Policies. They can, based on the needs and risk profile of the client, advise them the best Insurance Policy to cover the risks to their life and property.

INSURANCE BROKING

The opening up of the industry has resulted in a deluge of insurance products. Expertise in accounting and tax makes Chartered Accountants ideal insurance brokers to render advice on technical matters, assist in negotiation and settlement of claims, maintain records of client's business and much more.

CLAIMS AUDIT SERVICE

This area calls for specialized knowledge in risk management, audit of outsourced claims service providers and cost containment measures in relation to the overall claims spend.

With their traditional audit knowledge and experience, Chartered Accountants can fit into this role with ease.

ACTUARY

Chartered Accountant with expert knowledge on actuarial science can be of immense help and helps in carrying out actuarial services such as complying with the provisions with respect to the basis of premium, ensuring that the policyholders' reasonable expectations have been considered in the matter of valuation of liabilities and distribution of surplus to the participating policyholders who are entitled for a share of surplus etc.

SURVEY OR LOSS ASSESSOR

An insurance surveyor is a technical expert who inspects the damage or loss of an insurance company. There are advocacies for survey and loss assessment job should be carried out by an independent, third party, licensed and categorized surveyor or only. A Chartered Accountant can be of immense help in assessing the damage or the loss to the object of Insurance. This area includes general functions like conducting inspections, estimating and valuing the subject under loss.

ARBITRATION

Arbitration is a procedure of settlement of dispute between two parties by an authority called arbitrator. A Chartered Accountant with a vast amount of experience in various fields can assist the parties to a dispute either as a counselor or he may decide on the dispute of the parties as an Arbitrator.

INSURANCE INVESTIGATIONS

A Chartered Accountant may also carry out insurance investigations for the insurance company or the IRDA. For e.g. in case of a false claim the professional can investigate on the amount of loss actually suffered by the insured and the compensation claimed by the insured from the Insurance Company to gauge the veracity of the claim made and the amount of compensation to be done.

RISK MANAGEMENT

This is a critical area and involves review of the efficiency and adequacy of risk management techniques. Additional areas of responsibility are business continuity planning, conducting alternative risk financing feasibility studies and evolving loss minimisation strategies etc. Chartered Accountants will find these functions stimulating.

THIRD PARTY ADMINISTRATORS SERVICES

TPAs help insurers by reducing the administrative costs, while making the claims settlement a smoother process for the insured parties in health insurance. Because of the sensitive nature of this function covering the genuineness of the claim and timely payment of the claim and the heavy processing of accounting data involved, this area can be best handled by Chartered Accountants with appropriate qualification.

MANAGEMENT OF PORTFOLIO

The insurer possesses a huge amount of funds, which need proper management. The management of the portfolio of an insurance company requires the identification of investment avenues, evaluation thereof and the selection of the most appropriate mix of alternatives where the funds of the company can be invested. The selection requires the knowledge of finance-related functions and techniques apart from in-depth knowledge of the patterns of requirement of funds in the company, as well as in the industry as a whole, and the regulations of the IRDA in this behalf.

The Chartered Accountants are well versed with the methods and techniques pertaining to the finance-related decision-making including the application of scientific and statistical techniques for the same. There is invariably a large scope for the utilisation of the services of Chartered Accountants in this field.

INSURANCE LITIGATION

The Chartered Accountants can render their professional expertise in the quantification of claims, both personal injury and business interruption claims. They may also render their services in determining the consideration of liability involving accountants' negligence and for other professional negligence cases. They may also provide their knowledge in rendering assistance of fidelity insurance disputes and insurance accounting disputes.

FORENSIC AUDITING / INVESTIGATIVE ASSIGNMENTS

The insurance industry is susceptible for fraudulent / inflated claims. The examples of fraudulent claims include auto accidents faked or staged to claim benefits, phony burglaries, thefts, or acts of vandalism reported to insurers.

Chartered Accountants with their inherent inquisitive abilities sharpened by their training can provide a lot of value addition to the claim settling techniques. The investigative skills aided by their probing minds and technical assistance can be effectively utilised by insurers by offering investigative assignments to the Chartered Accountants.



- Diploma in Insurance and Risk Management (DIRM) at https://www.icaai.org/post.html?post_id=996

Important Links

- Relevant information on Banking, Insurance and Pension & Financial Markets at https://www.icaai.org/post.html?post_id=5629
- Other important links at <https://resource.cdn.icaai.org/18420implinks.pdf>
- <https://resource.cdn.icaai.org/8610p1195-00.pdf>
- https://resource.cdn.icaai.org/19438role_ca_insurance.pdf
- [https://resource.cdn.icaai.org/8608dept_ic_roleca\[1\].pdf](https://resource.cdn.icaai.org/8608dept_ic_roleca[1].pdf)

<https://kb.icaai.org/pdfs/PDFFile5b28e706357ca6.16317696.pdf>

Another area in which the services of the Chartered Accountants can be gainfully utilised is the audit of local bodies. During the last one decade or so, the Union Government as well as the State Governments has been placing an increasing emphasis on utilising the Nagar Palika / Parishad, gram panchayats and panchayat / parishad samities as the basic agencies for local development.

The Accounting Reforms are underway in the local bodies. Accrual based financial statements are also one of the requirement of raising funds from capital market through issuance of municipal bonds. The opportunities to the Chartered Accountants in this emerging area are as under:

CONVERSION OF ACCOUNTS TO ACCRUAL BASED DOUBLE ENTRY ACCOUNTING SYSTEM

- Assessment of existing system and requirements including review of legislative framework with reference to existing laws for smooth transition into Double Entry Accounting System.
- Review of existing State Municipal Accounts Manual/ support in preparation of State Municipal Accounts Manual for Local Bodies.
- Business process re-engineering with reference to implementation of accrual system of Accounting.
- Preparing of accounting policies, formats of financial statements and voucher format under accrual accounting system.
- Categorisation, grouping and sub-grouping of assets and liabilities.
- Design of Chart of Accounts with Accounting Codes.
- Determination and valuation of fixed assets including infrastructure assets, current assets, investments, long-term liabilities, current liabilities and net worth as on opening balance sheet date.
- Preparations of Fixed Assets register including fixed assets tagging & numbering.
- Preparation of opening balance sheet and financial statements for the transition period.
- Design and implementation of Double Entry Accrual Accounting System for Local Bodies.
- Migration of Manual Records into General Ledgers Codes Accounts System.
- Handholding Support for better functioning of Double Entry Accrual Accounting System for Local Bodies



Local Bodies

IMPARTING TRAINING

Training of finance and accounts personnel of Local Bodies to build their capacity for implementing of accrual accounting reforms.

Training to the trainers on the aforesaid areas.

AUDITING AND ASSURANCE SERVICES

Assignment such as Internal Audit, Statutory Audit, and Special Audit of Local Bodies and Audit of Corporate Municipal Entities (CMEs), Escrow Account and the Project Account as per relevant municipal bonds guidelines/ regulations.

MANAGEMENT CONSULTANCY SERVICES

Providing assistance as domain expert to the agencies

records and Accounting System.

Advising the Local Bodies in Statutory compliances, preparation of Detailed Project Feasibility Reports required to be submitted to the funding Agencies/ programmes such as World Bank, Asian Development Bank and under any government scheme for enabling

for the capital investment.

Design and implementation of Budgetary Control System in the line with the Accrual Accounting System and linkage among Budgetary System and Financial Management information System and Decision making system.

revenue and expenditure exploring potential for raising

revenue mobilisation plans and project feasibility reports of Local Bodies, undertaking detailed revenue potential assessments, cost determination, control and reduction analysis, facilitating public private partnership in new projects and assist in bid process management, negotiations, etc.

In the area of municipal bond issuance, providing assistance to the municipalities for creating Corporate Municipal Entities (CMEs) as per norms and providing assistance in rating of bonds by providing required information to the rating agencies to rate the bond issue.

TAXATION & CONSULTANCY SERVICES

Filing of TDS & TCS return under The Income Tax Act 1961.

Act 2017.

authorities for any relevant matter.

OTHER SERVICES

Data Analytics & Cost Identification (Cost Benefit Analysis, User Charges Estimations, etc.)

Conversion of Annual Budget into as per Specific

compliances as per the relevant regulations and guidelines.



Important Links

- Accounting Standards for Local Bodies can be viewed at https://www.icai.org/new_post.html?post_id=1527&c_id=270
- Publication related to Local bodies can be viewed at https://www.icai.org/post.html?post_id=4043
- Publication on Municipal Bonds for Financing Urban Infrastructure in India <https://resource.cdn.icai.org/49031caslb32852.pdf>

https://www.icai.org/post.html?post_id=1529

Special Economic Zone (SEZ) is a specifically delineated duty free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs.

All the activities relating to Special Economic Zones are guided by the provisions contained in the Special Economic Zones Act, 2005 and the Special Economic Zones Rules, 2006 w.e.f. 10th February, 2006. Amendments were made in the Special Economic Zones Rules by way of:

- The Special Economic Zones (Amendment) Rules, 2006 which came into force on 10.08.2006 (vide Notification NO G.S.R. 470(E), dated 10-8-2006)
- The Special Economic Zones (Amendment) Rules, 2007 (vide Notification dated 16.03.2007)
- The Special Economic Zones (Second Amendment) Rules, 2007 (vide Notification dated 12.10.2007)

FOREIGN TRADE POLICY (FTP)

Foreign Trade Policy means the Foreign Trade Policy notified from time-to-time by the Central Government under section 5 of the Foreign Trade (Development and Regulation) Act 1992 (22 of 1992);

AGRI-EXPORT ZONES (AEZ)

The Government of India (GOI) had announced the creation of Agri Export Zone (AEZ) in the EXIM POLICY 2001-02 with the objective of promoting greater exports of fresh and processed agricultural produce from the country. The scheme is implemented by the Ministry of Commerce, GoI, through APEDA (the Agriculture and Processed Food Export Development Authority), New Delhi which is the nodal agency for AEZ.

BIO-TECHNOLOGY PARKS (BTP)

The Government of India first proposed to establish Biotechnology Parks in the country with all the facilities of 100% Export Oriented Unit in the foreign Trade Policy (2004-09).

Bio-technology encompasses any technique, which uses living organisms or parts thereof to make or modify products, improve plant or animal productivity or to develop microorganisms for specific use.

ELECTRONIC HARDWARE TECHNOLOGY PARKS (EHTP)

For encouraging exports of electronic hardware items including hard disk drives, computers, television, etc., such parks have been developed by the Ministry of Communications & Information Technology. An Electronic Hardware Technology Park (EHTP) may be an individual unit by itself or a unit located



Special Economic Zones (SEZ)

in an area designated as EHTP Complex. As in the case of STP Scheme, the EHTP Scheme is also administered by the Ministry of Communications & Information Technology.

100% EOU SCHEME

A 100 per cent export-oriented unit is an industrial unit offering for export its entire production, excluding the permitted levels of domestic tariff area sales for manufacture of goods, including repair, re-making, reconditioning, re-engineering and rendering of services. Trading units are not covered under this scheme

FREE TRADE AND WAREHOUSING ZONES

The concept of Free Trade and Warehousing Zones was introduced by Chapter 7A of the Foreign Trade Policy 2004-09 on 31st August 2004. Chapter 7A has been deleted in the Foreign Trade Policy 2006-07. The Special Economic Zones Act 2005 and Special Economic Zones Rules 2006 now apply to FTWZs from 10th February 2006.

The scheme envisages creation of world-class infrastructure for warehousing of various products, state-of-the-art equipment, transportation and handling facilities, commercial office-space, water, power, communications and connectivity, with one-stop clearance of import and export formality, to support the integrated Zones as 'international trading hubs'. These Zones would be established in areas proximate to seaports, airports or dry ports so as to offer easy access by rail and road.

Though no manufacturing activity would be permitted, activities like repackaging would be permitted in these zones.

INTERNATIONAL FINANCIAL SERVICES CENTRE (IFCS)

Financial Centres can be broadly categorized into two:

International Financial Centres (IFCs) and Offshore Financial Centres (OFCs).

The full potential of an IFC is demonstrated by centres such as New York, London and Singapore where offshore business is conducted alongside large domestic financial intermediation. In most cases, offshore activities are not ring-fenced from domestic operations and they usually operate in the same regulatory and fiscal environment. IFCs have a highly matured and developed economy and sophisticated, deep and liquid domestic markets.

An Offshore Centre commonly refers to a smaller and less mature jurisdiction that attracts capital through a simple regulatory framework, minimum legal requirements for incorporation and operation, favourable tax treatment and stringent confidentiality requirements.

The provisions for setting up IFSC are laid down in Section 18 of The Special Economic Zones Act, 2005.

OFFSHORE BANKING UNITS (OBU)

OBU are virtually foreign branches of Indian banks but located in India and would be exempt from Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). The Union Commerce Minister had first announced the setting up of OBUs in SEZ in the EXIM Policy 2002-07. The terms and conditions subject to which an Offshore Banking Unit may be set up and operated in a Special Economic Zone shall be as specified in the Notification number FEMA 71/2002- RB dated 7th September, 2002 by the Reserve Bank of India, as amended from time-to-time.

SOFTWARE TECHNOLOGY PARKS OF INDIA (STPS)

Software Technology Parks (STPs) are export-oriented projects catering to the needs of software development for exports. The present provisions of the STP scheme are contained in Chapter 6 of the Foreign Trade Policy 2004-09. The procedures are included in Chapter 6 of the Handbook of Procedures and Appendices to the Handbook of procedures issued under the Foreign Trade Policy 2004-09. Software Technology Parks of India is an autonomous organization under Ministry of Communications and Information Technology, Govt. of India. New fiscal incentives offered under this scheme, infrastructure created by STPI and the investor-friendly environment have contributed to a steep growth in the Software Exports from India.

The opportunities for Chartered Accountants

Advisory / Regulatory Support

- Preparation of proposal documentation (preparation of application in Form A for SEZ developer etc.).
- Preparation of preliminary SEZ documentation for setting up units (application in form F, preparation of project report, business forecast etc.).
- Application for Import Export Code Number to the Directorate General of Foreign Trade.
- Obtaining the letter of permission /renewal of LOP.
- Obtaining permissions for movement and transfer of capital goods within the units.
- Obtaining permission for disposal of waste and scrap.
- Application for approval of enhancement in production capacity.
- Permission for change in location of unit/additional location.
- Assistance in obtaining requisite certification for obtaining service tax exemption and refund (Form A1, A2, A3 and A4).

- Assistance in claiming exemption/refund for GST.
- Assistance in obtaining exemption on stamp duty and registration charges.
- Assistance in Exit procedures for an SEZ Unit.
- Execution of BLUT & other necessary formalities.
- Identification of innovative tax planning opportunities
- Single point contact and centralized coordination for tax payments, compilation of documents
- Filing of SEZ Monthly Reports and SEZ Performance Reports
- Filing of QPRs & APRs
- Filing of Softex forms
- Renewal of Units Regularization Contract
- Renewal of BLUT

Compliance Support

- Filing of returns (half yearly and annual) with SEZ/GST Authorities
- Structuring of contracts/transactions to optimize indirect tax incidence
- Formulating indirect tax efficient business models
- Conducting GST impact assessment studies
- Undertaking comprehensive reviews of business operations
- Advice on classification, valuation, applicability of taxes on transactions and admissibility to tax benefits/exemptions

Appeals and submissions

- Appearances and arguments before adjudication and appellate authorities
- Briefing Senior Counsel on need basis
- Representation before relevant Government authorities

Important Links

- Handbook on Foreign Trade Policy and Guide to Export & Import can be viewed at [http://nbaindia.org/uploaded/Biodiversityindia/Legal/6.%20Import%20and%20Export%20\(Control\)%20Act.%201947.pdf](http://nbaindia.org/uploaded/Biodiversityindia/Legal/6.%20Import%20and%20Export%20(Control)%20Act.%201947.pdf)
- Directorate General of Foreign Trade <https://dgft.gov.in/>
- Export/ Import <http://www.eximkey.com/>
- Ministry of Commerce & Industry <https://commerce.gov.in/>
- Special Economic Zones in India <http://www.sezindia.nic.in>
- Free Trade Warehousing Private Limited (FTWPL) <http://mmtclimited.com/pages/display/186-free-trade-warehousing-pvt.-ltd>.
- Department of Biotechnology (DBT) <http://dbtindia.nic.in/>
- Software Technology Park of India/Electronic Hardware Technology Park <http://www.stpi.in/>
- Agricultural and Processed Food Products Export Development Authority (APEDA) <http://apeda.gov.in/apedawebsite/>
- Agri-Export Zones http://www.apeda.gov.in/apedawebsite/trade_promotion/Agri_Export_Zone.htm
- Export Promotion Council <http://commerce.gov.in/InnerContent.aspx?Id=6>



Non-Banking Financial Companies (NBFCs)

REGULATIONS APPLICABLE TO NBFC

A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 and is engaged in the business of loans and advances, acquisition of shares/ stock/ bonds/debentures/securities issued by Government or local authority or other securities of like marketable nature, leasing, hire- purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, sale/ purchase/ construction of immovable property. A non-banking institution which is a company and which has its principal business of receiving deposits under any scheme or arrangement or any other manner, or lending in any manner is also a non-banking financial company.

The legal framework of Non-banking companies is provided in Chapter IIIB, IIIC and Chapter V of the Reserve Bank of India Act, 1934. Chartered Accountants can be engaged in conducting a compliance audit that would include detailed examination of applicability of various laws, regulations and directions, scrutiny of various records including financial statements, balance sheets etc. and issuance of report on compliance or non-compliance of laws by these establishments along with remedial action, wherever required. Examination of total compliance adherence would start from the top of the organizational hierarchy and go down into the core business processes of a company's operations.

SCOPE OF WORK UNDER NBFC

- To carryout end use verification of beneficiaries by carrying out field visits to ensure eligibility status & proper end use of funds by examination of records/ visits as deemed appropriate as per the NBFC Schemes.
- If so desired by the NBFC, to undertake periodic visit to the office and field areas of the lending institutions and as a rule, the gap between any two visits to a particular Micro Finance Institution (MFI) should not be more than six months. Frequent visits may require for some of the cases, as advised by the NBFC from time-to-time.
- Field visit should, *inter alia*, involve visiting office of the borrower entity of NBFC, discussions with Chief Executives/Management of the lending institution, discussion with staff and participatory discussions with clients of borrower entity.
- Reporting to NBFC in the prescribed format regarding the work undertaken as per directions of NBFC from time-to-time.
- Valuation of Properties like Land & Building

- Valuation of Financial Assets
- Valuation of Plant & Machinery
- Due Diligence for NBFC
- Field investigating agencies
- Stock Auditors/ Valuers
- Audits like Concurrent Audit, Receivable Audit, Forensic Audit, Revenue Audit, Audit of National pension scheme.

CRITERIA USUALLY SET OUT FOR EMPANELMENT FOR NBFC

- The Firm should possess a valid registration (Firm constitution Certificate)/from the Institute of Chartered Accountants of India.
- The Chartered Accountant firm shall have minimum 2 partners. Details of each partner including experience, qualification etc. and their Membership Number with Institute of Chartered Accountants of India to be submitted.
- The CA firm shall have minimum 5 years of relevant experience of certification of Book Debts, monitoring visits, regulatory certifications required by RBI and other regulators, for NBFC-MFIs/ NBFCs/ Banks.
- The firm shall have suitable Infrastructural facilities, including office set up and qualified manpower for carrying out such exercises. The key professional staff shall have the competence and experience to carry out the assignment in a time bound manner.
- The firm shall have wide presence preferably across States. The preference also be given to Chartered Accountant Firms having presence and operations in the States of Uttar Pradesh, Bihar, West Bengal, Odisha, Karnataka, Madhya Pradesh, Tamil Nadu, Kerala, NCR, Assam, Chhattisgarh, Rajasthan, Maharashtra & Jharkhand.
- The firm shall execute undertaking of fidelity and secrecy on its letterhead in the format prescribed by NBFC.
- The firm shall ensure that the exercise is carried out in a professional manner and in case of any misconduct & negligence, NBFC reserves the right to report the matter to ICAI/RBI, under the regulation/guidelines issued from time-to-time.
- The CA Firm should not sub-contract the assignment to any other firm/ company/ third party or other persons.

- A declaration to be furnished by the firm regarding its interests, if any, in the assisted unit of NBFC (for which due diligence exercise needs to be carried out) in the capacity of Director/ promoter etc.
- A declaration should be furnished by the firm that credit facilities availed by the firm or partners or firms in which they are partners or directors including any facility availed by a third party for which the firm or its partners are guarantor/s have not turned or are non- performing assets, as per the prudential norms of RBI. In case the declaration is found incorrect, the assignment would get terminated besides the firm being liable for any action under ICAI/RBI guidelines.

PROFESSIONAL OPPORTUNITIES UNDER THE NON-BANKING FINANCE SECTOR

- Assist in Application for Registration with Reserve Bank of India (RBI) to commence /carry on any business of non-banking financial institution.
- Obtain specific authorization from RBI to accept deposits from the public and maintain the Liquid Asset Requirement as required by RBI.
- A wide gamut of legislations is applicable to NBFCs and assistance may be provided in compliance with them.
- Compliance with RBI Directions and Prudential Norms.
- Submission of Annual, Quarterly and Monthly Returns. Ensure adherence with Know Your Customer Guidelines, Fair Practice Code, Corporate Governance Guidelines etc.
- Issue Certificate as required from Statutory Auditors by NBFCs having Foreign Direct Investment (FDI) for compliance with the RBI Master directions.
- Internal Audit.
- Statutory Audit.
- Information Technology Audit
- Tax Audit under Income-tax Act
- Compliance Audit of various Regulations.
- Portfolio management
- Consultancy & advisory services regarding financial health of customers with key exposure through continuous monitoring and review of such accounts



Important Links

- Members may refer NBFC Corner at https://www.icai.org/post.html?post_id=5189&c_id=91

The Indian Accounting Standards (Ind AS), which are substantially converged with International Financial Reporting Standards (IFRS) Accounting Standards that are required or permitted in over 144 jurisdictions, have unleashed mega accounting opportunities for Indian chartered accountants.

GLOBAL APPLICABILITY

There are 166 jurisdictions identified all over the world for implementation of IFRS. Till May 2022, 144 jurisdictions (87 per cent of the profiles) out of 166 require IFRS Standards for all or most domestic publicly accountable entities (listed companies and financial institutions) in their capital markets. Some comments on the remaining 22 jurisdictions that have not adopted:

- 12 jurisdictions permit, rather than require, IFRS standards: Bermuda, Cayman Islands, Guatemala, Honduras, Japan, Madagascar, Nicaragua, Panama, Paraguay, Suriname, Switzerland, Timor-Leste;
- One jurisdiction requires IFRS Standards for financial institutions but not listed companies: Uzbekistan;
- One jurisdiction is in process of adopting IFRS Standards in full: Thailand;
- One jurisdiction is in process of converging its national standards substantially (but not entirely) with IFRS Standards: Indonesia; and
- Seven jurisdictions use national or regional standards: Bolivia, China, Egypt, India, Macao SAR, United States, and Vietnam.

INDIAN APPLICABILITY

In India, there are more than 25,000 companies (including NBFCs) that are following Ind AS for the purpose of preparation of its financial statements.

CAREER OPPORTUNITIES

- Opportunity in outsourcing - In view of the availability of suitably skilled human resources, India has been a preferred destination for global processing hubs commonly known as BPOs/KPOs, of multinational giants from different nations across the world. Global Financial Reporting Vertical is substantial part of the activities of these processing centers of excellence and importantly, most of these global giants are from jurisdictions that follow IFRS Standards. Considering the fact that Ind ASs are substantially converged with IFRS Accounting Standards, professionals with Ind AS knowledge will



Indian Accounting Standards (Ind AS)

be preferred choice in talent hunt. So, is the case with nation i.e., India with large population of professionals with globally acceptable standards will attract more and more BPO/ KPO hubs in the years to come which will

Training and consulting – a large number of domestic potential clients coupled with many listed entities using IFRS Accounting Standards, offer a very attractive profession in training and consulting for Ind AS experts.

Professional Opportunities in India – a lot of Ind AS convergence, compliance and audit opportunities are available for chartered accountants in India.

Opportunities in Industries – lot of multinational entities are hiring Indian chartered accountants for Ind AS / IFRS work and have opened a new domain area.

Accounting Standards. Accordingly, Ind AS professionals

ICAI SUPPORT

It is worthwhile to note that proficient knowledge of Ind AS will enable a level playing field in accounting profession or career internationally. It may be noted that ICAI conducts Ind AS/IFRS Certification Courses for its members in India and abroad. This can be global passport for worldwide accountancy career. ICAI also issues various publications on Ind AS/IFRS to equip and update members and has

of Conclusions) of IFRS Accounting Standards at its website

ICAI develops Educational Materials on Ind AS and other relevant guidance to ensure effective implementation of Ind AS. Webinars/seminars/training programmes/refresher courses etc. on Ind AS conducted as a part of knowledge dissemination activities.



Standards (Ind AS), for details, visit the link https://www.icai.org/post.html?post_id=3562

Important Links

https://www.icai.org/new_post.html?post_id=12125&c_id=420

<https://www.icai.org/post/compendium-of-indian-accounting-standards-and-ind-as-guidance-material>

- IFRS convergence status of Ind AS - <https://www.icai.org/post/ifrs-convergence-status-indian-accounting-standards>
- FAQs issued by the Accounting Standards Board - https://www.icai.org/post.html?post_id=12716
- Educational Materials on Ind AS - https://www.icai.org/post.html?post_id=8202
- Indian Accounting Standards: An overview - <https://resource.cdn.icai.org/68188indas54583.pdf>
https://www.icai.org/post.html?post_id=12745

The internal auditing has evolved significantly during the last decade. The principle driving factors have been increasing, management demands for value addition from Internal Auditors, and the introduction of active Audit Committees. The rising number and scale of irregularities in the corporate world has forced the regulator and the legislature to dwell on the adequacy and the effectiveness of internal control systems in an organisation. Being internal control experts, the internal auditors now have a more crucial and visible role to play in organisations.

Internal auditors carry out their activities in a more effective manner by directing their efforts in areas where there are greater risks, thereby enhancing the overall efficiency of the transaction process and adding greater value with the same set of resources. Information technology (IT) is invariably embedded in all spheres of activities of a modern business enterprise. Use of Information Technology (IT) has, however, increased the risks associated with data integrity and accuracy.

MANDATORY INTERNAL AUDIT

Requirements under Manufacturing and Other Companies (Auditor Report) Order, (MAOCARO), 1975

Internal audit was first made mandatory for a particular set of companies vide the Manufacturing and Other Companies (Auditor Report) Order, (MAOCARO, 1975). MAOCARO, 1975 required the auditor to certify whether the company has an internal audit system commensurate with its size and nature of its business. And also, whether there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets, and for the sale of goods. At that time, internal audit had to provide an assurance to the statutory auditors and the management that the financial controls are adequate and operating effectively. The statutory auditor was to rely on the assertions of the internal auditor. MAOCARO, 1988 and CARO 2003 which came later also emphasized on the need of internal audit in a similar manner.

Requirements under Companies Act, 1956

Section 581ZF of the Companies Act, 1956 requires that every Producer Company shall have internal audit of its accounts carried out by a Chartered Accountant, at such interval and in such manner as may be specified in articles. In addition, Section 292A of the Companies Act, 1956, required public companies having paid up capital not less than Rs. 5 crores to constitute a committee of the Board, i.e., the Audit Committee.



Internal Audit

In terms of sub section 5 of the said Section, the internal auditor is required to attend and participate at the meetings of such Audit Committees. The regulators are introducing onerous and demanding requirements to protect the interest of the investors. The focus of latest regulations are ethical conduct of business and enhanced corporate governance and financial reporting requirements, etc.

Requirements under Companies Act, 2013

The Companies Act, 2013, was enacted on August 30, 2013 which provides for a major overhaul in the corporate governance norms for all the companies in the country. The Act consolidates and amends the law relating to companies. The requirements under the Companies Act, 2013, and the rules notified there under are applicable for every company or a class of companies (both listed and unlisted) as may be provided therein. Apart from mandatory requirement for internal audit function for certain classes of companies, the Companies Act, 2013, also specifically requires Audit Committee or Board to formulate the scope, functioning, periodicity and methodology for conducting the internal audit.

Section 138 of the Companies Act, 2013 stipulates that certain class or classes of companies as may be prescribed shall be required to appoint an internal auditor, who shall either be a Chartered Accountant or a Cost Accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company. The Central Government may, by rules, prescribe the manner and the intervals in which the internal audit shall be conducted and reported to the Board. With respect to internal audit, Companies (Accounts) Rules, 2014, which comes into effect from April 1, 2014, lays down companies required to appoint internal auditor.

Securities and Exchange Board of India (SEBI)

The Securities and Exchange Board of India has also mandated complete internal audit on a half-yearly basis for stock brokers/trading members/ clearing members.

Clause 49 of the Listing Agreement

The Securities and Exchange Board of India (SEBI) has introduced certain mandatory as well as certain recommendatory corporate governance provisions in Clause 49 of the Listing Agreement applicable to listed entities. As per requirements of Clause 49 pertaining to internal audit, the Audit Committee is required to review the adequacy of the internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit, including appointment, removal and terms of remuneration of the chief internal auditor.

Internal audit reports relating to internal control weaknesses. The findings of any internal investigations by the internal

auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

Insurance Regulatory and Development Authority (IRDA)

IRDA (Investment) (Fourth Amendment) Regulations, 2008 has introduced requirements of quarterly internal audit for insurers.

Others

Companies going in for tapping the international capital market, especially, those seeking listing in US stock exchanges, NASDAQ, NYSE, etc., also need a strong internal audit function to meet the stringent corporate governance and internal control requirements of those stock exchanges. In this context, the US companies, having US public as investor also needs to comply with the requirements of Sections 302 and 404 of the Sarbanes Oxley Act of 2002.

OTHER PROFESSIONAL OPPORTUNITIES

- Audit of Internal Control Framework
- Risk Based Internal Audit (RBIA) in Banks under RBI Guidance
- Compliance of Internal Audit requirements under Companies (Auditor's Report) Order, 2020
- Internal audit of Operations of Depository Participants
- Internal Audit requirements mandated by SEBI on a half yearly basis for stock brokers / trading members/ clearing members
- System Audit of Investment functions of Insurance Companies
- Concurrent audit in Banks
- Internal audit to be undertaken in respect of Credit Rating Companies Operations
- Internal audit of Mutual Funds
- Internal Audit of Custodians
- Internal audit of Registrar & Share Transfer Agents
- Internal audit mandatory for multiple banking or consortium RBI
- Internal Audit requirement every quarterly required for insurers under IRDA (Investment) (Fourth Amendment) Regulations, 2008
- Internal Audit of Management Functions
- Internal Audit of Compliance with Commercial Laws

Due Diligence

Social Audit

Environmental Audit

Corporate Social Responsibility (CSR) Audit

Financial / Control Audit

Operational Audit

Compliance Audit

Information System Audit

Construction Audit

Integrated Audit

Management Audit

Special Investigation



https://www.icai.org/post.html?post_id=8236

https://www.icai.org/post.html?post_id=7606

Important Links

<https://www.icai.org/Members.html?mod=2>

- Standards on Internal Audit Mandatory in Phased Manner can be viewed at a <https://www.icai.org/Resources.html?mod=6>
- Member may refer Publication of Internal Audit Standard Board of ICAI at: https://www.icai.org/post.html?post_id=4366
- Members may refer circulars on Internal Audit at: https://www.icai.org/post.html?post_id=3246



Audit Bureau of Circulations (ABC Audit)

OPPORTUNITY FOR CHARTERED ACCOUNTANTS IN AUDIT BUREAU OF CIRCULATIONS

Audit Bureau of Circulations is maintaining a panel of auditors for conducting circulation audit. Chartered Accountants who are interested in conducting circulation audit (ABC audit) may contact the Audit Bureau of Circulations.

Audit Bureau of Circulations (ABC) is one of the several organizations of the same name operating in different parts of world. ABC founded in 1948 is a not-for-profit, voluntary organization consisting of publishers, advertisers and advertising agencies as members. It has done pioneering work in developing audit procedures to certify the circulation figures of publications which are members of ABC.

ABC is a founder member of the International Federation of Audit Bureau of Circulations. The main function of ABC is to evolve, lay down a standard and uniform audit procedure by which a member publisher shall compute its Qualifying copies. The circulation figure so arrived at is checked and verified by a firm of chartered accountants which are empaneled by the Bureau. Circulation figures that are checked and certified by an independent body are an important tool and critical to the advertising business community.

An Advertiser would like to know the facts and figures before investing money in advertising. An Advertiser ought to know how many people buy a publication and in which area. The ABC gives all these vital statistics every six months. The ABC figures are not the outcome of opinions, claims or guesswork, but they are the result of rigid, in-depth and impartial audits of paid circulation of member publications by independent firms of Chartered Accountants working in accordance with the rules / procedures prescribed by the Bureau.

The panel maintained by the Bureau for Circulation Audits as may be carried out by their member publications is appointed by the Council of Management (Board of Directors) of the Audit Bureau of Circulations (ABC). The Bureau normally follows a procedure of advertising in Institute's Journal as and when it desires to empanel firms of Chartered Accountants across the cities as per requirement. The remuneration/audit fees as maybe payable by the Publisher is mutually decided between the auditor and the publisher.

The minimum criteria for selection for empanelment as exercised by the Council in the earlier years was as under

1. Applicant to be a Partnership Firm
2. With at least 3 partners, of which at least 1 to be FCA

3. Minimum Standing of Chartered Accountants Firm to be 10 Years.
4. Firm should have experience of Corporate Audits, Newspaper workings, Bank Audits, Statutory Audits, (Circulation Verification Work Experience is preferred).

Eligible Firms may send their interest to Audit Bureau of Circulation at its registered office at Wakefield House, 4th Floor, Srott Road, Ballard Estate, Mumbai - 400 001

For further details one may go through its website - <http://www.auditbureau.org/index.html>



Securities and Exchange Board of India (SEBI)

AUDIT OF MUTUAL FUNDS

The auditor of a Mutual Funds, appointed in terms of Regulation 55(1) of SEBI (MFs) Regulations shall be a firm, including a limited liability firm, constituted under the LLP Act, 2008. With respect to appointment of auditors in terms of Regulation 55(1) of SEBI (MFs) Regulation, 1996, it has been decided that:

No MF shall appoint an auditor for more than 2 terms of maximum five consecutive years. Such auditor may be re-appointed after cooling off period of 5 years.

Further, during the cooling-off period of five years, the incoming auditor may not include:

- Any firm that has common partner(s) with the outgoing audit firm
- Any associate/affiliate firm(s) of the outgoing audit firm which are under the same network of audit firms wherein the term “same network” includes the firms operating or functioning, hitherto or in future, under the same brand name, trade name or common control

Existing auditors may be appointed for a maximum of 10 years (including all preceding years for which an auditor has been appointed in terms of Regulation 55(1) of SEBI (Mutual Funds) Regulation, 1996). In this respect, the following may be noted:

- Auditors who have conducted audit of the Mutual Fund for less than 9 years (as on date of issuance of this circular) may continue for the residual period of service.
- Auditors who have conducted audit of the Mutual Fund for 9 years or more (as on date of issuance of this circular) may continue for a maximum of 1 year from date of issuance of this circular.
- Such auditors shall subsequently be eligible for re-appointment after a cooling-off period of 5 years, in terms of Para B(2)(i) and Para B(2)(ii) above.

This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

LIMITED REVIEW UNDER CLAUSE 41 OF THE LISTING AGREEMENT OF SECURITIES AND EXCHANGE BOARD OF INDIA

The Securities and Exchange Board of India earlier required for a half-yearly review of accounts for listed companies to ensure better compliance and transparency. Effective from the quarter

ending on June 30, 2003, SEBI has made an amendment to Clause 41 of the Listing Agreement, and made it mandatory for all listed companies (including commercial banks) and for all entities whose accounts are to be consolidated with the listed entity to get their quarterly results subjected to “limited review” by the auditors of the company (or by a Chartered Accountant in the case of public sector undertakings) and a copy of Review Report is required to be submitted to the Stock Exchange within two months after the close of the quarter.

FINANCIAL AND CAPITAL MARKETS

Financial Services is concerned with design and delivery of advice and financial products to individuals and businesses. Economy has largely moved from capital intensive to knowledge driven spectrum. In a typical capital market scenario of the financial services sector, Intermediaries, Investors, Issuers, Corporate and Regulatory Authority rely largely on skills of the Chartered Accountants in discharging their respective obligations to the investors. The entire field of Financial Services has opened up new avenues for the Chartered Accountants to excel in. Financial analyst, media expert covering the capital markets, financial advertisement, investment advisor, financial services marketing are some of the emerging avenues for the Chartered Accountants to deploy their skills effectively.

CAPITAL MARKET

Keeping in view the complications and stiff pulls and pressures of burgeoning capital markets in India, the skills and expertise of trained Chartered Accountants are highly relied upon by the financial services sector, intermediaries, investors, issuers, corporates and even the Regulatory Authority concerned. And now more opportunities await the professionals in the area. Chartered Accountants play the following roles in the Capital Market:

Advisory role: The advisory role has evolved from being an advisor on tax and related matters to positioning the company amongst the knowledgeable investors, advising the company on the value chain which they need to pursue etc, and continued feedback on the key acts which the Company must do to sustain its valuation, attract quality investors interest etc.

Audit role: Increasing number of instances of fraud and corrupt practices in public companies, has resulted not only in depletion of investor’s wealth, but also resulted in loss of investor’s confidence. As a regulator of public investments and finance, SEBI is entrusted with the responsibility to ensure that the public companies do not defraud and abscond investor’s wealth. By means of limited reviews, disclosures requirements and audits, the regulators of companies ensure safety of investor’s wealth. Independent Directors on the Board of the Company demands a whole lot of quality inputs to discharge their responsibilities effectively. This has tremendously increased the focus on the quality of the audit, approach etc.

Entrepreneurial Role: Chartered Accountant from the traditional practice have moved into being intermediaries in the capital market themselves. New Investment banking firms, broking entities and the Regulatory environment has encouraged professionals to be an entrepreneur by themselves. With the better understanding of the financial products, Chartered Accountants have become effective entrepreneurs in wealth distribution, wealth management etc.

Supporting services: More and more service providers like investment bankers and insurance agencies rely on the reporting and certifications from the Chartered Accountant in discharging their obligations.

Emerging employment role: Equity sales, research, portfolio management, media tracker, career in financial advertising and televisions, global outsourcing partners are the emerging employment opportunities for a young chartered accountant along with their interest in taxation, audit and controls.

Emerging practice role: The whole approach towards risk managements, controls changed with the opening up of the economy. Managements are increasingly providing a better budget for risk management and Chartered Accountant plays an important role as Chief Risk Officer, or Chief Internal Control. Knowledge of accounts, accounting finance and financial analysis and law pertaining to issue of securities with regard to provisions of the Companies Act, Securities Contracts Act, SEBI and RBI also help in achieving excellence in execution. In addition, knowledge of the client or the Issuers business helps in profiling and positioning of the business to the outside world at large. This is the key ingredient to any fund raising plan. As an Advisor and Investment Banker, a Chartered Accountant also helps in formulating financial strategy to successfully tap the capital markets and ensure success for the fund raising plan. Putting together an efficient capital structure, creating financial model, profiling business promoters and management and advising on valuation are the other key ingredients for successful entry into capital market.

Chartered Accountants can certainly help in all the above operations and can act as sounding boards to accomplish this. Chartered Accountants can work as a regulator either for Stock Exchange or SEBI. As a regulator, chartered accountants can be skillfully employed in policymaking, monitoring review, surveillance and investigation.

Role in the IPO Process: To comply with the public issue disclosure norms, SEBI specifies with the issuer company, states and restates financial statements for the last five years of the company going public and Chartered Accountant must certify all figures and give a comfort letter to the Lead Manager.

Undertaking Due Diligence: Initial public offerings (IPO) are often considered to be the ultimate goal for any entrepreneurial venture. An IPO is offering stock to the public on an open market for the first time. Once a company decides to go public, it needs to pick its IPO team, consisting of the lead

investment bank, an accountant and a law firm. The IPO process officially begins with what is typically called a “kick-off” meeting. All the members of the IPO team plan a time table for going public and assign certain duties to each member. The independent accountant’s role in the IPO process includes auditing the financial statements, restating them in compliance of SEBI requirements, resolving accounting issues. Increasing emphasis is being placed on the scope of “comfort letters” which a company’s auditor provides to the underwriters and the company’s board as part of their due diligence.

Commentary on accounting policies and problems, improper revenue recognition, changes merely for the purpose of inflating profits are a few of the areas where the accountant’s insight is sought. In many instances, the financial statements must also be prepared in accordance with US GAAP or a reconciliation between the Indian GAAP and US GAAP is required. In many cases, auditors are required to review and offer comments on consolidated accounts. Accountants can also leverage their experience during the planning phase to help ensure that the company’s house is in order before the IPO process. Accountants play a key role in advising on/ certifying the following:

- Compliance with the corporate governance. Promoter’s contribution in a project.
- Amount deployed/spent on project.

Consultancy on Investor’s Protection:

Chartered Accountants can provide the following services:

- Corporate Investors – Due Diligence of Investee Companies Individual Investors – Advise Investment options
- Advising on selection of broker/sub-broker
- Consultancy on Investment in Primary Market – especially Issue Price/price band in IPOs, quality of financial statements.
- Consultancy on Investment in Secondary markets, various financial instruments namely derivatives
- Risk factors in investment options

- Legal rights and obligations as investors towards regulators and brokers Redressal of Grievances
- Resolution in case of disputes as Arbitrator

AUDIT OF MEMBER OF STOCK EXCHANGE

As per the SEBI Circular No. SMD/SED/0072/92 dated December 31, 1992 members of stock exchanges are required to get their annual accounts audited by Chartered Accountants within 6 months from the closing of books of account and submit a copy of the same to stock exchanges within 30 days of the receipt of the audit report. This requirement of conduct of annual audit of stock brokers emanates from GOI directive No. F.1/5/SE/83 dated May 31, 1984 which enjoins stock brokers to get their books of account audited by qualified Chartered Accountants. It is expected that compulsory audit of accounts of members of stock exchange would inculcate a sense of financial discipline in the members of stock exchanges would also lend creditability to their financial statements and would also result in expansion of professional opportunities in this area.

As per the SEBI Circular No. MRD/DMS/Cir-29/2008 dated October 21, 2008, it has been decided that stock brokers/trading members/clearing members shall carry out complete internal audit on a half yearly basis by chartered accountants, company secretaries or cost and management accountants who are in practice and who do not have any conflict of interest.

Valuation Report and Opinion on Scheme of Arrangement by Listed Entities

Securities and Exchange Board of India has issued guidelines vide circular CFD/DIL3/CIR/2017/21 dated 10.03.2017 related to Scheme of Arrangement by Listed Entities. The guidelines mandatorily require listed entities to submit valuation report from an Independent Chartered Accountant. While considering the scheme of arrangement of any listed entity SEBI may also seek clarifications and opinion of a Chartered Accountant the merits and viability of draft scheme of arrangement.



and Investor's Protection, for details, please visit

https://www.icai.org/post.html?post_id=12729

Important Links

- ICAI has issued Several Publications in the above mentioned areas, for details, please visit https://www.icai.org/post.html?post_id=6651
- To view the details for empanelment as Financial Education Resource Persons, please visit, <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmld=22>



Sustainability Reporting

Globally, there is an increase in awareness and activism amongst stakeholders who are demanding business accountability for the social and environmental impacts on issues such as climate change, gender equality, environmental degradation, etc. Sustainability Reporting is an emerging discipline encompassing the disclosure and communication of an entity's non-financial environmental, social, and governance (ESG) performance and its overall impact. Over the last few years, more and more entities are now preparing and disclosing their sustainability reports either under a mandate or voluntarily as per the reporting frameworks/ standards provided by standard-setting bodies/regulators. Sustainability reporting will only be beneficial if it is of sufficient quality and the market understands and trusts the framework. It is essential that sustainability reporting framework delivers information that is fair, balanced, understandable, transparent, consistent, and comparable.

India is one of the early adopters of sustainability reporting for listed entities amongst its various other global peers. In 2012, requirement of Business Responsibility Report (BRR) containing ESG (Environment, Social and Governance) disclosures was introduced for adoption by the listed entities. Recently, in May 2021, SEBI has introduced new reporting requirement called the Business Responsibility and Sustainability Report (BRSR) with the intent towards having quantitative, qualitative and standardized disclosures on ESG parameters. The BRSR is a notable departure from the existing BRR and set a significant step towards bringing sustainability reporting at par with financial reporting. Further, companies will be able to better demonstrate their sustainability objectives, position and performance resulting into long term value creation.

Securities and Exchange Board of India (SEBI) has introduced revised disclosure norms under Business Responsibility and Sustainability Report (BRSR) format for the top 1,000 listed entities by market capitalisation from the financial year 2022-23. The new BRSR is intended towards standardizing the disclosures on ESG parameters to enable comparability across companies, sectors and time. Such disclosures shall also enable entities to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts.

OPPORTUNITIES FOR CHARTERED ACCOUNTANTS

The role of Chartered accountants in promoting and reporting sustainability is very broad. They can use their skills of aggregating data into useful information, help with cost analysis of environmental decisions and be involved with the audit and assurance of corporate social reports.

REPORTING

The reporting of an entity's sustainability performance can benefit from the expertise of Chartered Accountants in the implementation of reporting standards. Additionally, their systems might be changed to incorporate environmental and social data, which might be utilised for both internal and external reporting.

COST ANALYSIS

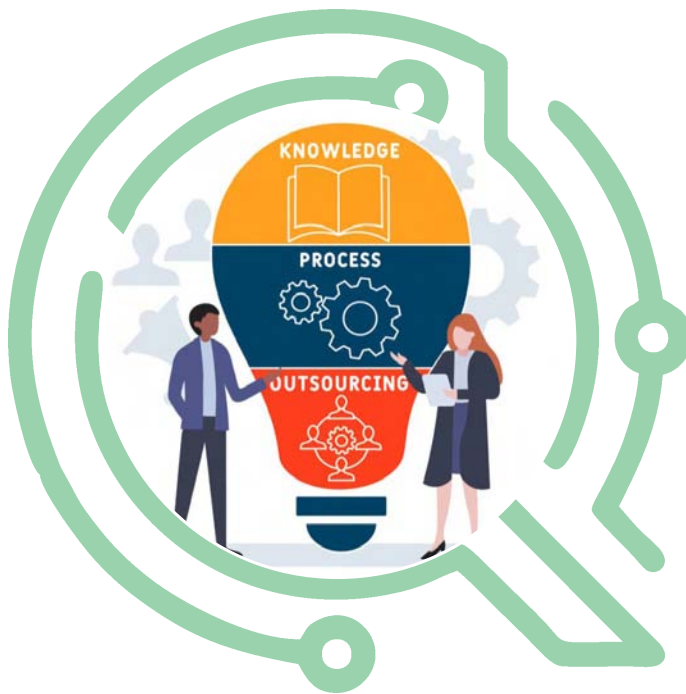
To compare two investment projects that are in competition, it would be necessary to analyse the economic profits in order to decide on social and environmental initiatives. This might then be applied to the gathering, analysing, and reporting of non-qualitative data.

AUDIT AND ASSURANCE SERVICES

By implementing precise methods and procedures known as internal control, the integrity of financial data and its gathering can be protected. Chartered accountants are well-versed in this area, which makes them the best people to assist with auditing and providing assurance on the CSR reports that are produced by organisations.

ICAI'S SUPPORT

Members may refer <https://www.icaigovindia.org/post/sustainability-reporting-standards-board> for various publications and webinars conducted by institute in the area of Sustainability Reporting.



Knowledge Processing Outsourcing Centers (KPOs)

The term outsourcing i.e. the business practice of hiring a party outside a company to perform services or create goods is not new to the Indian Chartered Accountants. There are various categories of Outsourcing, but we shall talk about professional outsourcing that can be provided by Chartered Accountants. These services can be provided in both domestic and international markets. We are intentionally elaborating on overseas outsourcing work as compared to domestic outsourcing.

Domestic Outsourcing Opportunities

Many Indian companies, Government and Local Bodies are outsourcing their services and processes to chartered accountant firms. Digital India is also a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. This has again created opportunities for Chartered Accountants in Central / State Governments and local bodies.

Overseas Outsourcing Opportunities

Unlike BPO (Business Process Outsourcing), Knowledge Process Outsourcing (KPO) involves outsourcing knowledge-intensive business processes that require specialized domain expertise rather than just process expertise. Indian Chartered Accountants are well equipped with domain knowledge, quality IT training and high communication skills.

Required skill set

- Supreme Communication skills
- Computer skills
- Flexible to learn, adapt and execute
- High level of conceptualization
- Research skills
- Comfortable with databases and mathematical orient action
- Adapt to the latest technology and use of tools and software

The requirement to start KPO practice

The implementation of KPO is not very difficult but it must be implemented in a professional services environment. Following are the basic requirement to start KPO practice:

- Knowledge of client industry and practices. For example, if the client is selling goods on an online portal in Unites

states then you must know the software that can help in

- a. online store management
- b. sales integration with accounting
- c. tax calculation and return filing

- Software for smooth operations. For example, VPN to connect or search a particular country's local website
- Necessary infrastructure like fast speed internet, computers, scanners, printers, mobile phones etc.
- Skilled and semi-skilled task force.
- Knowledge of accounting procedures followed by companies in that particular country.
- Knowledge of both cloud and non-cloud based working and software mostly used in the country of outsourcing.
- Knowledge of tax laws

Get desired work

How to get the outsourcing work initially is the biggest challenge for a Chartered Accountant. The following may help you with gaining clients:

- An updated and good looking website that contains all desired information is first needed to attract a client.
- An email on own domain. Email is used in communication from public domain websites like Yahoo, Gmail or rediffmail etc. are highly discouraged in developed countries.
- Profiles on major social networking and outsourcing websites. LinkedIn, Upwork and Guru are a few of them.
- Testimonials from clients. Video testimonials of that particular country will be an added advantage in getting outsourcing work.

Following are the major source to attract outsourcing opportunities –

- The opportunities for professionals are available both as a KPO service provider as well as services to KPOs. Contact available KPOs best known to you that can sub-outsourced their work at your office.
- Registration and complete profile on major outsourcing websites that provide jobs like LinkedIn, Upwork and Guru. Many other websites provide outsourcing projects.
- A good looking and complete website can also help in securing clients. Regularly update your website to include the best keywords used in the search. Search Engine Optimization professionals can also be hired to make your website more visible.

Contact accountants or tax professionals of the particular country. For example, Certified Public Accountants (CPA) in the USA can provide a good amount of outsourcing jobs. The CPA might train your staff and recheck your work before delivery. That will be a great learning and earning opportunity in the beginning.

- Personal sources. There are many NRIs among our relatives and friends who are residing in developed countries. Share your profile with them and request some outsourcing jobs. They can also be used as references.

Precautions

There are a few precautions that need to be taken care of.

- Do not take a voice-based job unless and until you have the required communication skills and instruments.
- Those who wish to invest in KPO will need to spend money on building up the necessary infrastructure. Initially do not make the bulk investment to get a bulk job. A single “stop working” email can spoil your full investment and you may lose your capital.
- Do not rely on a new client unless and until you have a good reference or track record. You can check client reviews on various websites that provide outsourcing jobs.
- Know your capability and capacity. Do not commit anything unless you are confident. Be fair in your work and commitments. You cannot do all work by just googling the things or through research. You may get negative remarks or low ratings on related websites and that may lead to loss of future business.
- Check client time zone and then commit working hours.
- Confidentiality is an issue that must be taken seriously as well.

Scope of work

A chartered accountant can undertake any sort of financial, accounting or process work. There are numerous opportunities in process outsourcing that a chartered accountant can explore. A few of them are listed below-

- Overseas company formation – That is the best idea to start outsourcing. You get all accounting and tax filing work at the initial stage.
- Virtual CFO services
- Data Analysis and research
- Forecasting, Budgetary and decision support
- Training & Consultancy

- Finance and accounts – services can be rendered in areas similar to the following:
 - a. Accounting and data preparation
 - b. Maintenance of books and records
 - c. Accounts receivables and payables
 - d. Fixed assets accounting and management
 - e. Reconciliations
 - f. Payroll processing and management
 - g. Cash management
 - h. Internal Financial Reporting or MIS
 - i. Book cleaning services
 - j. Tax forms and return preparation and filing work

MSMEs are the growth accelerators of the Indian economy, contributing about 30% of the country's gross domestic product(GDP).In terms of exports,they are an integral part of the supply chain and contribute about 40% of the overall exports. MSMEs also play an important role in employment generation, as they employ about 110 million people across the country. Interestingly, MSMEs are intertwined with the rural economy as well, as more than half of the MSMEs operate in rural India. To ensure that MSMEs continue to lead the country towards economic growth, the Government of India has from time to time announced various schemes to support the development of this sector. However, despite all these initiatives the MSMEs faced various challenges which are hampering their growth potential.

"Make in India", the international marketing campaigning slogan coined by the Prime Minister of India is attracting businesses from around the world to invest and manufacture in India. MSMEs market in India is very dynamic, and the regulatory environment which governs MSMEs operations is also constantly changing and, as a corollary, the demands of business advisory services are being evolved. MSMEs themselves are different in size, age, sector, location, and growth profile and are run by owners, managers with different capabilities and motivation. Such factors inevitably influence the requirement of external services which are being sought from Chartered Accountants.

In recent years, the MSME sector has consistently registered higher growth rate compared to the overall industrial sector. The major advantage of the sector is its employment potential at low capital cost. The MSME sector falls under the jurisdiction of the Ministry of Micro, Small and Medium Enterprises (*Sukshma Laghu Aur Madhyam Udyam Mantralaya*), of the Government of India.

The Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) came into force from 2nd October, 2006. The MSMED Act, 2006 provides for facilitating the promotion and development and enhancing the competitiveness of MSME and for matters connected therewith. The MSME have been classified broadly in to two categories:

- Manufacturing;and
- Those engaged in providing/rendering of services.

Both categories of enterprises have been further classified into MSME based on their investment in plant and machinery (for manufacturing enterprises) or one equipment (in case of enterprises providing or rendering services).



Micro Small and Medium Enterprises (MSME) Sector

Professional opportunities under the MSMEsector:

Help large scale enterprises form systems to ensure that they comply with the deadlines for payment of any goods or services supplied by MSMEs.

Counselling of MSMEs for the rights and benefits available to them.

Advisory role information, Registration, taxation and foreign direct Investment.

Assistance in compliance with the technicalities laid of industries, Registration under the Act, Procedure of Filing of Entrepreneurs Memorandum or disclosures.

MSMEs even though small in size, area enterprise, and a huge list of laws of the country become applicable to them. The entrepreneurs may not necessarily have such technical knowledge and expertise to comply with the innumerable requirements expected of the MSMEs. The Chartered Accountants being aptly equipped with their varied knowledge are the ideal person to assist the MSMEs in this respect.

Assistance in obtaining several clearances or permissions depending upon the nature of unit and products manufactured.

Apart from above there are other general opportunities related to accounting, auditing, consulting, taxation, management chapters.

In order to address the specialized needs of the MSMEs, the Institute of Chartered Accountants of India through its committee

on MSME and Startup has taken an initiative to bring the expert services of the Chartered Accountants within the reach of any MSME with a click of the mouse.

CA Service Exchange is a platform through which any Indian Accountants.

Member may visit at <https://msme.icai.org/ca-services-exchange/> for registering themselves as MSME Business Consultants.

In view of the importance of the sector in the economy, the Institute of Chartered Accountants of India (ICAI) launched MSME Mentorship Programme & 100 Facilitation Centre for competitive.

As Partner in Nation Building, ICAI during the Conclave launched following initiatives to support and assist MSME government.

MSME Mentorship Programme – CAs practicing as SMPs shall provide financial and strategic consultancy to MSMEs and resources and be judicious in expenditure by becoming their mentors.

India at 100+ locations to guide MSME in developing their business strategy, tax compliances, how various government schemes can help them and also towards resource mobilization, etc.



Important Links

- With the objective of Capacity Building of MSMEs & Startup, the Institute is responsive to the emerging challenges of MSMEs & Startups and constitutes the Committee on MSME & Start-ups for effectively meeting newer challenges. Members may visit at <https://msme.icai.org/about/> for various course, events, conferences organised by Committee on MSME & Start-ups.
- Website related to Micro, Small and Medium Enterprises (MSME) of India at <https://msme.gov.in/>
- Website of Federation of Indian Micro & Small and Medium Enterprises (FISME) can be viewed at Error! Hyperlink reference not valid.
- Website of Development Commissioner, MSME and Ministry of MSME can be viewed at <http://laghu-udyog.gov.in>
- Website of MSME Rating Agency can be viewed at <https://www.smeraonline.com>
- Handbook on practitioners <https://kb.icai.org/pdfs/PDFFile5b277e8c0f2b14.87830026.pdf>

ENACTMENT OF MULTI STATE CO-OPERATIVE SOCIETIES ACT, 2002

Co-operatives is a state subject and all states have accordingly enacted their own Cooperative Societies Acts for incorporation, regulation and winding up of co-operative societies within their territorial jurisdiction. For co-operative societies working in more than one state, the Multi State Co- operative Societies Act, 2002 came into force which contains detailed provisions regarding registration, membership and management of such societies.

As per Section 70 of Multi State Co-operative Societies Act, 2002 *“Every multi-state cooperative society shall cause to be audited by an auditor referred to in sub-section (2), its accounts at least once in each year”* and As per the provisions of Section-72 of Multi Co-operative Societies Act, 2002, *“A person shall not be qualified for appointment as an auditor of a multi-State cooperative society unless he is a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949)”*.

Constitution (Ninety Seventh Amendment) Act 2011: Considering the need for uniformity in co-operative legislation, the Government of India brought out the Constitution (Ninety Seventh Amendment) Act 2011 which provides that the Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the co-operative societies and the auditing of such accounts at least once in each financial year. Also, it provides that the minimum qualifications and experience of auditors and auditing firms that shall be eligible for auditing accounts of co-operative societies has to be laid down by the Legislature of a State. Due to this, various States have amended their respective Cooperative Societies Act, to include the provisions as per the Constitutional Amendment Act.

It is competent for the Co-operative Movement in India to have professional management, professional Audits and an independent professional approach with integrity, impartiality and objectivity in the Co-operative Societies for its stability and growth. At present, most of the State Co-operative Societies Acts contain provisions for getting the accounts of co-operative societies audited by Chartered Accountants.

With the growth of co-operative sector, the areas of professional work in the multi-state co-operative societies and state co-operative societies are expected to increase. While the central registrar appoints auditors for the national level societies, provisions relating to the appointment of auditors of state co-operative societies differ from state to state.



State Co-operatives (Including Co-operative Banks)

Chartered Accountants can render services in the following areas also: —

Traditional Opportunity

Management Audits of Policies adopted specifically

Internal audits of bank

All special consultation services being provided by members to public sector banks are available for co-operative banks, including stock audits, revenue audits, statutory audits, Inspection Audit etc.

New Age Opportunity

2. CBS Implementation Consultation

BASICS

ahead with implementing CBS, for better business and also in compliance with RBI mandate.

DELIVERABLE BY A CA

Chartered Accountants, with knowledge, skill, understanding of banking operations, RBI regulations and other applicable regulations are in best position to lead and guide the CBS

Chartered Accountants can provide these consultations as a full-scale implementation expert or also at various stages of CBS deployment.

Detailed discussion on this under heading dealing with Opportunities under Information technology.

CBS MIGRATION AUDIT

BASICS

Bankers implementing CBS need to get migration audit, to validate the correctness, accuracy, of data as well as correctness of parameters entered.

DELIVERABLE BY A CA

Chartered Accountants, with knowledge, skill, understanding of banking operations, RBI regulations and other applicable regulations are in best position to deliver services as migration auditors.



Important Links

1. FOREIGN EXCHANGE MANAGEMENT ACT, 1999

The Foreign Exchange Management Act, 1999 extends to the whole of India. The Act also applies to all branches, offices and agencies outside India owned or controlled by a person resident in India and also to any contravention thereunder committed outside India by any person to whom this Act applies.

With the advent of FEMA, the entire focus of the government of India and the Reserve Bank of India shifted to control and management of foreign investments and flow of funds to suit the best interests of the country. Though there is almost complete convertibility on Current Account Transactions except few prohibited/restricted items under the Current Account Regulations, the Reserve Bank of India has been consciously regulating the flow of Capital Account Transactions (both inbound as well as outbound) on real time basis to meet the goals of canalizing investment towards desired sectors of the economy and simultaneously addressing issue of the national security.

Professional opportunities in this area include:

Consultancy on compliances under FEMA rules and regulations

- Representation before Authorities under the provisions of section 32 of FEMA a person preferring an appeal to the Appellate Tribunal may take the assistance of a legal practitioner or a Chartered Accountant of his choice to present his case before the Appellate Tribunal or the Special Director (Appeals), as the case may be. Further the Central Government may authorize one or more legal practitioners or a Chartered Accountants or any of its officers to act as presenting officers and every person so authorized may present the case with respect to any appeal before the Appellate Tribunal or the Special Director (Appeals), as may be.
- Interpretation of FEMA Rules, Regulations , Master Circulars and Other allied acts.
- Certification requirements under various relevant notification under FEMA.
- Maintaining check on regular current compliance and risk analysis of past compliances
- Return to be filed by Issuer/Transferor who has arranged issue/transfer of Depository Receipts (Form DRR).



Other Laws

- Liaison Offices and Branch offices should submit Annual Activity Certificates from Chartered Accountants.
- Foreign Direct Investment(FDI) Planning for Entry And Exit (Repatriation) Route and Determining FDI Limits..
- ECB 2-Reporting of actual transactions of External Commercial Borrowings (ECB) under Foreign Exchange Management Act, 1999 (for all categories and any amount of loan).
- Form 83–Reporting of loan agreement details under Foreign Exchange Management Act, 1999.
- Certificate to be submitted along with Form FC-TRS Declaration regarding transfer of shares/compulsorily and mandatorily convertible preference shares (CMCPS)/ debentures/others by way of sale from resident to non-resident/non-resident to resident.
- Certificate from Chartered Accountant certifying the net owned funds as on the date of application and calculation thereof to be enclosed along with application form for FFMC license under section 10(1) of FEMA, 1999.
- A certificate from a Chartered Accountant showing how the remittable amount has been arrived at and that all liabilities of the estate in India have been met or adequately provided for, is to be submitted along with application for remittance of legacies, bequests or inheritances to beneficiaries resident outside India.
- Return to be filed by an Indian company who has arranged issue of GDR/ADR is required to be certified by a Chartered Accountant.
- Repatriation of current income like rent, dividend, pension, interest, etc. of Non-Resident Indians who do not maintain an NRO account in India will be allowed based on certification by a Chartered Accountant, certifying that the amount proposed to be remitted is eligible for remittance and that applicable taxes have been paid or provided for. (Master Circular No. 04/2009-10 dated July 1, 2009 on Remittance Facilities for Non-Resident Indians/Persons of Indian Origin/Foreign Nationals).
- Consultancy with regard to realization and repatriation of foreign exchange.
- Matters related to import and export
- Taxation aspects.
- Applications to RBI.
- Foreign exchange derivative contracts.
- Obtaining Government Approval wherever required.
- Assistance in obtaining industry specific licenses.
- Assistance in obtaining approvals and registrations for setting and up a branch office, liaison office and project office of the Indian entity in India outside India.
- Filing of mandatory recurring, non-recurring returns, Statutory Forms with the RBI.
- Adhere to compliances in matters of borrowing and lending in foreign exchange, if permitted by RBI.
- Consultancy on Issue of Foreign Currency Convertible Bonds (FCCBs), American Depository Receipt (ADRs), Global Depository Receipt (GDRs) etc.
- Valuation of shares in certain cases.
- Issuing share valuation certificates for Foreign Direct Investment(FDI)
- Issuing share valuation certificates for Overseas Direct Investment ODI
- Other documentation and remittance support and dealing with authorized dealers in connection with foreign remittances
- Due diligence of the investment opportunities in India;
- Due diligence of the financial statements ,agreements , arrangement and records of the Indian Entity required by the foreign investor in India;
- Assessment of Collaborations arrangements In/ Outside India
- Assistance to Non Resident Indians who have or intend to have investments in India
- Assistance to Non-residents who intend to set up business in India
- Assistance to Non Residents returning back to India
- Assistance to Emigrating Indian or new NRI

2. FOREIGN CONTRIBUTION (REGULATION) ACT, 2010

Foreign Contribution (Regulation) Act, 2010 (FCRA, 2010) is a consolidated legislation; to regulate the acceptance and

utilisation of foreign contribution or foreign hospitality by certain individuals or associations or companies (hereinafter referred as “Association”) and to prohibit acceptance and utilisation of foreign contribution or foreign hospitality for any activities detrimental to the national interest and for matters connected therewith or incidental thereto. The Act provides to correct the shortfalls in the predecessor act of 1976. The flow of foreign contribution to India is hence forth regulated under this Act, Rules and other notification/orders etc., issued there under. The Association receiving foreign contribution are required to exercise extreme care and caution while dealing with foreign contribution from the time of its receipt to its final utilisation.

An association permitted to accept foreign contribution is required under law to maintain separate set of accounts and records exclusively for the foreign contribution received and submit an annual return, duly certified by a Chartered Accountant, giving details of the receipt and purpose-wise utilization of the foreign contribution duly accompanied with scanned copies of income and expenditure statement, balance sheet and statement of receipt and payment, which is certified by a Chartered Accountant. Submission of a ‘NIL’ return, even if there is no receipt/utilisation of foreign contribution during the year, is mandatory. However, in such case, certificate from Chartered Accountant, audited statement of accounts is not required to be uploaded.

As Chartered Accountants audit the accounts of the associations and certify the accounts before submission to the Government. Chartered Accountants provide proper guidance to the associations who are either applying for grant of prior permission/registration or who have been granted prior permission/registration under FCRA, 2010.

Chartered Accountants may provide assistance to the associations in the following areas:

- Verify eligibility to receive foreign contribution. Guide the applicant association in submission of application for registration/prior permission.
- Ensure that the association receives and utilizes the foreign contributions through its bank account exclusively opened for the purpose in accordance with the provisions of FCRA, 2010 and FCRR, 2011. Also ensure that foreign contribution is not deposited or utilised from the bank account being used for domestic funds.
- Assist in the proper maintenance of prescribed books of accounts in accordance with the provisions of FCRA, 2010 and Foreign Contribution (Regulation) Amendment Rules (FCRR), 2011.

- Ensure that the annual returns of an association have been prepared in accordance with the provisions of FCRA, 2010 and FCRR, 2011.

Important Links

<https://fcraonline.nic.in>

3. CUSTOM LAWS

EXPORT AND IMPORT VALUATIONS AND ANTI DUMPING DUTIES

Export Import Trade/Customs Valuation

Opportunities for professionals occur in the area of business advisory to their existing clients and new clients who are looking for international opportunities to effect the transition from domestic trade to foreign trade.

Some of the services have been enumerated as under:

- Advisory on Foreign Trade Policy and Procedures
- Compliance with Foreign Trade Procedures
- Setting up 100% EOU/STP/EHTP/BTP/SEZ units
- Assistance in fulfilling the regulatory and licensing requirements
- Obtaining government clearances
- Liaisoning across related government agencies
- Documentation
- Risk assessment
- Ensuring compliance of various national rules and regulations
- Judicious management of finance, credit and security
- Analysis of business operations and facilitation services
- Formation of a company/subsidiary of a foreign company
- Development of strategies and implementation plans according to the specific needs of the clients
- Consulting, documentation and facilitation for
 - Taxation
 - Accounting and auditing services
 - Exports and imports for Export-Import Policy

- Licences
- Incentives
- Logistics
- Export-Import Finance and benefits from Government Schemes and Programmes
- Export-Import legal matters
- Approval of Investments from RBI/FIPB/Ministries,
- Quality certification for Foreign Companies exporting to India (as required under BIS regulations),
- Other Government departments, Registrations with DGFT(IEC), EPC(RCMC), Industry Ministry (IEM), Excise, Representation of Cases Before Central Excise Appellate Authorities, Customs Authorities, Fixation of/ Brand Rates for Drawback, Rebate/Refund of Central Excise Duties, Customs Duties etc.
- Application and Issuance of Advance Licence, EPCG Licence, Duty Drawback, Deemed Export Benefits, MEIS, SEIS, DFIA.
- Representation and Liaison with DGFT, RBI and Ministries for import-export licenses & other matters,
- Technical Advisory to Government bodies and Policy makers on Policy Formulation.
- Planning, strategising and implementation for clearances of Project Imports, Plant Relocations, Restricted Items Imports.

Agreements on Customs Valuation

- Representing the corporate and non-corporate clients before customs and subsequent statutory authorities.
- Helping the Customs Department in correct assessment of valuation aspect of Imported goods

Trade Remedy Measures (Anti-Dumping, Anti-Subsidy And Safeguard Duties)

Application and imposition of these measures has a huge impact on the traders, exporters and importers operating in International market. The practice areas in this field are mainly related to advisory, consultancy, preparation and representation for and on behalf of individuals and bodies involved in International Trade.

Professional Opportunities

A. Anti-Dumping Duties

- Preparation and execution of a well-organized business plan
- Strategic planning, market research for domestic and international markets to avoid anti-dumping problems
- Analysis of substantive injury to the industry
- Analysis of various indices affecting the industry
- Assistance in Dumping calculations, injury studies, verification, expert evidence at hearings etc.
- Preparing Price and Adjustment Data
- Analyzing Cost of Production
- Assisting at Verification and Public Hearings
- Assessing the Strategic and Commercial Implication of Trade Actions
- Providing detailed reviews of dumping calculation or injury analysis disclosures
- Assistance in preparing defence strategies in antidumping investigation
- Negotiations for price undertakings, cost records and financial implications etc. in the matter of initiation of the case or in the defence of a case initiated and on participating in the proceedings and minimizing the liabilities, both prior to and after the initiation of the formal proceedings.
- International pricing analysis
- Filing of appeal against the order of determination or review.
- Detailed cost accounting analysis
- Large-scale database analysis
- Price monitoring analysis
- Competitive industry analysis
- Statistical analysis
- Expert financial analysis and testimony before the Department of Commerce
- Refund of Anti-Dumping duty in certain cases

B. Anti-Subsidy Duties

- Analyzing the counter availability of a foreign Government's subsidising exports
- Examining the legal and economic aspects of various subsidy programmes which are actionable under the W.T.O agreements on subsidies.
- Preparing comprehensive financial and substantive representations for the defence and/or initiation of a case

C. Safeguard Duties

- Safeguard duties are temporary measures in defence of the domestic industry which is injured or has potential threat of injury due to sudden surge in imports.
- To formulate a complete strategy, carry out market research and prepare a comprehensive report for initiation and/or defence of a Safeguard Duty case.

4. DISPUTE SETTLEMENT PROCEEDINGS

- Assessing WTO consistency of trade barriers
- Preparation of arguments and evidence for WTO dispute settlement proceedings
- Advice and strategies for multilateral and bilateral trade negotiations
- Providing expert analysis and opinions
- Providing realistic assessments on whether measures can be challenged in the WTO.
- Preparing and presenting evidence before anti-dumping administrations or in WTO disputes.

5. COMPETITION ACT, 2002

Services that may be rendered by the professionals in the field of Competition law are categorized into those arising under Section 35 & 53S of Indian Competition Act, 2002 and those arising in the industry to ensure adherence to competition law/policy.

Appearance before Commission

In terms of the provision of Section 35, a complainant or defendant or the Director General may either appear in person or authorise one or more Chartered Accountants or company secretaries or cost accountants or legal practitioners or any of his or its officers to present his or its case before the Commission.

Appearance Before Appellate Tribunal

In terms of the provisions of Section 53S, a person preferring an appeal to the Appellate Tribunal may either appear in person or authorize one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of its officers to present his or its case before the Appellate Tribunal.

The Central Government or a State Government or a local authority or any enterprise preferring an appeal to the Appellate Tribunal may authorize one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of its officers to act as presenting officers and every person so authorized may present the case with respect to any appeal before the Appellate Tribunal.

The Commission may authorize one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of its officers to act as presenting officers and every person so authorized may present the case with respect to any appeal before the Appellate Tribunal.

Opportunities Arising in Industry to Ensure adherence to Competition Law/Policy

Chartered Accountants may:

- Provide advisory and consultancy Services to the enterprises
- Draft anti-competitive agreements
- Compliance of competition law audit
- Work as Expert for Commission under Section 17

6. CONSUMER PROTECTION ACT, 1986

The Consumer Protection Act, 1986, was enacted to provide for better protection of the interests of consumers and for that purpose to make provision for the establishment of consumer councils and other authorities for the settlement of consumers' disputes and for matters connected therewith.

The Act applies to all goods and services, excluding goods for resale or for commercial purpose and services rendered free of charge and under a contract for personal service. The provisions of the Act are compensatory in nature.

It covers public, private, joint and cooperative sectors. The Act enshrines the rights of the consumer such as right to safety, right to be informed, right to be heard, and right to choose, right to seek redressal and right to consumer education.

Professional Opportunities under The Consumer Protection

Laws

- Advice on whether complaint can be filed under The Consumer Protection Act, 1986.
- Assistance in drafting a complaint under the Consumer Protection Act, 1986 along with documents in support of the allegations.
- Assistance in technicalities with respect to complaint – for e.g. Amount of fees, time limit etc.
- Ascertaining the pecuniary and territorial jurisdiction of the Consumer Courts.

Details of proposed implementation is given below.

Prevailing Statute	Proposed Implementation
<ul style="list-style-type: none"> ■ The Employees State Insurance Act, 1948 ■ The Employees Provident Fund and Miscellaneous Provisions Act, 1952 ■ The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959 ■ The Maternity Benefit Act, 1961 (- The Maternity Benefit (Amendment) Act 2017) ■ The Payment of Gratuity Act, 1972 	The Code on Social Security, 2020
<ul style="list-style-type: none"> ■ The Cine Workers Welfare Fund Act, 1981 ■ The Building and Other Construction Workers Cess Act, 1996 ■ The Unorganized Workers Social Security Act, 2008 	
<ul style="list-style-type: none"> ■ The Minimum Wages Act, 1948 ■ The Payment of Bonus Act, 1965 – (The Payment of Bonus (Amendment) Act 2015) ■ The Payment of Wages Act, 1936 (- The Payment of Wages (Amendment) Act 2017) ■ The Equal Remuneration Act, 1976 	The Code on Wages, 2019
<ul style="list-style-type: none"> ■ The Trade Unions Act, 1926 ■ The Industrial Employment (Standing Orders) Act, 1946 ■ The Industrial Disputes Act, 1947 	The Code on Industrial Relation, 2020
<ul style="list-style-type: none"> ■ The Mines Act, 1952 ■ The Factories Act, 1948 ■ The Dock Workers (Safety, Health and Welfare) Act, 1986 ■ The Building and Other Constructions Workers' (Regulation of Employment and Conditions of Service) Act, 1996 	The Occupational Safety, Health And Working Conditions Code, 2020

7. LABOUR LAWS

1. Central and State laws

At present, there are 40 labour related statutes enacted by the Central Government dealing with minimum wages, accidental and social security benefits, occupational safety and health, conditions of employment, disciplinary action, formation of trade unions, industrial relations, etc. Four new labour Codes have received the assent of the President of India. These new codes will replace 29 statutes under the prevailing labour law ecosystem. Chartered accountants are experts in law interpretation and its implementation and can provide various services in labour related laws.

Prevailing Statute	Proposed Implementation
<ul style="list-style-type: none"> ■ The Plantation Labour Act, 1951 ■ The Contract Labour (Regulation and Abolition) Act, 1970 ■ The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 ■ The Working Journalists and Other Newspapers Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955 ■ The Working Journalists (Fixation of rates of Wages) Act, 1958 ■ The Motor Transport Act, 1961 ■ The Sales Promotion Employees (Conditions of Service) Act, 1976 ■ The Beedi and Cigar Workers (Conditions of Employment) Act, 1966 ■ The Cine Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981 	

Chartered Accountants can also help companies evaluate the key impact of the implementation of new codes which includes revised gratuity valuation, structuring of wages, evaluation of Bonus liability etc.

The State Governments are also empowered to enact legislations, as Welfare of labour is a subject in the concurrent list under the Constitution of India.

2. Chartered Accountant can also provide advice on other acts either related to specific industry or area or class of person. Some of them are listed below:

- The Iron Ore Mines, Manganese are Mines and Chrome are Mines Labour Welfare (Cess) Act, 1976
- The Iron Ore Mines, Manganese are Mines and Chrome are Mines Labour Welfare Fund Act, 1976
- The Beedi Workers Welfare Cess Act, 1976
- The Beedi Workers Welfare Fund Act, 1976
- The Limestone and Dolomite Mines Labour Welfare Fund Act, 1972
- The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986
- The Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988. (- The Amendment Act 2014)
- The Employees Compensation Act, 1923) - The Employees' Compensation (Amendment) Act 2017

- The Bonded Labour System (Abolition) Act, 1976

3. Labour Law Audit

Apart from providing consultation in specific labour law(s), a Chartered Accountant can also do Labour Law Audit. The objective of Labour Law Audit is to identify areas of non-compliance and offer recommendations to facilitate continuous improvement and compliance.

The purview of Labour audit will be as follows:

- To check compliance with the prevailing Labour and Industrial Laws. This would cover a broad spectrum of workplace issues including child labour, contract labour, women's rights, harassment and abuse, wage and overtime violations and health and safety hazards.
- Examine compliance with the laid down policies and procedures of the Company.

Related Links

List of Central Acts - <https://labour.gov.in/list-enactments-ministry>

9. ENERGY AUDIT

Chartered Accountants can play a very important role as energy auditor. The function of an energy auditor could be compared with that of a financial auditor. The financial auditor is a pre-requisite for any organisation while energy auditor is not yet a mandatory requirement on an all-India basis. The energy auditor is normally expected to give recommendations on efficiency improvements leading to monetary benefits and also advise on

energy management issues. Generally, energy auditor for the industry is an external party.

Chartered Accountants as energy auditor can quantify energy costs and quantities, correlate trends of production or activity to energy costs, devise energy database formats to ensure they depict the correct picture-by production, department, consumer etc., advice and check the compliance of the organisation for policy and regulation aspects, highlight areas that need attention for detailed investigations, conduct preliminary and detailed energy audits which should normally include the following:

- Data collection and analysis
- Measurements, mass and energy balances
- Reviewing energy procurement practices
- Identification of energy efficiency projects and techno economic evaluation
- Establishing action plan including energy saving targets, staffing requirements, implementation time requirements, procurement issues, details and cost estimates
- Recommendations on goal setting for energy saving, record keeping, reporting and energy accounting, organisation requirements, communications and public relations.

Central and state government's together aim to create thrust in the drive of self-employment in India. A bouquet of Incentives are available in the country which is helpful at various stages of any business organization.

Government Incentives are broadly categorized as credit linked incentives and noncredit linked incentives. These incentives are extended to the business organizations who are starting a new business or expansion of their existing business. Chartered Accountants being financial mentors of business organizations can guide the entrepreneurs towards the right avenue where they can get the due benefit. Few credit and noncredit schemes are listed below

A. Credit Linked Subsidy Schemes (CLSS)

1. MUDRA Loans
2. STAND-UP INDIA
3. Dairy Entrepreneurship Development Scheme (NABARD)
4. Credit Linked Capital Subsidy Scheme for Technology Upgradation (CLCSS)
5. Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

B. Non-Credit Linked Subsidy Schemes (CLSS)

1. MSME Sector Based Policies
2. Production Linked Incentives
3. Export Related Incentive Policies
4. State Industrial Policies for Manufacturing and Service Sectors
5. Sectoral State Incentive Policies (IBPS, Electronics, IT-ITeS, aPPAREL etc.)

There are various other schemes (not specifically listed above) which can be identified on local, state or central government websites.

ROLE OF CHARTERED ACCOUNTANTS

A chartered accountant can play an important role in advising clients on available incentive schemes. A well acquainted chartered accountant knows the terms and conditions of incentive schemes and that helps both businesses and the government.



Government Incentives

Key areas where members can assist business

- **Guidance** - Proper study and interpretation of the incentive policies shall help members to guide the business to get benefits from relevant incentive policies. Members can also be helpful in:
 - Determining the eligibility of any business unit to qualify for any specific policy hosted by the government.
 - There may be a scenario where the business may have multiple policy options, members can help in evaluation of the best suited option for the business.
 - Assessment of various licenses, registrations or certifications required.
- **Hand-Holding** - Consulting, documentation and Facilitation is key to obtaining any incentive.
 - Assistance in preparation of project reports, financial analysis and any other documentation required by the subject.
 - Filling of the incentive claims under any policy requires financial knowledge and expertise of interpretation of scheme and policy documents. Members can bridge the gap and help entrepreneurs in filling processes to avoid knowledge gap errors.

- A Chartered Accountant can also represent the business and liaison if any queries or concerns are raised by government authorities during the process of approval of incentives.

- **Accounting** - Accounting of the government incentives is key to accurate reporting of financial statements. Chartered Accountants are experts in guiding the correct treatment on receipt of any incentive under accounting standards and ICDS. Correct accounting treatment as per applicable accounting standards such IndAS-20/AS-12 (Accounting for Government Grants) shall be ensured by Chartered Accountant.
- **Certifications** - Various policies require certain forms or formats wherein certification/attestation is required from a Chartered Accountant or Statutory Auditor. These certificates may relate to Fixed capital investment, employment headcount, turnover, operations cost, Fund utilization certificate etc. Members must responsibly issue certification in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India.

The opportunities for a Chartered Accountant are clearly vast, the scope is massive. A chartered accountant can help in revenue maximization or reducing cost of operations for any business. Members can add a lot of value to any organization in this area of work.

Key Resources

Industrial Policies - <https://dpiit.gov.in/policies-rules-and-acts/policies/industrial-policy>

IT & ESDM Sector Policies - <https://www.meity.gov.in/esdm/state-policies>

Textile - <http://texmin.nic.in/policies>

Production Linked Incentives <https://www.investindia.gov.in/production-linked-incentives-schemes-india>

WHAT IS SUCCESSION PLANNING?

Succession and / or Inheritance are the process of the heir inheriting his ancestors' Property which is commonly termed as Succession Planning or Estate Planning. Succession governs how the inheritance would take place. In absence of a will, the distribution of the estate is governed as per Laws of the nation. If one is Hindu, it is as per Hindu Succession Act, 1956. For Christians, Jews and Parsis, it is as per Indian Succession Act 1925. If a person is Muslim, his property will be divided in accordance to Muslim Personal Law.

Apart from above, Business Houses also need to plan their heirs which is commonly terms as Business Succession Plan. For private, owner-managed, or family-owned businesses, a succession plan can drive the growth of the business, reduce taxes, and set the stage for retirement.

SUCCESSION PLANNING IMPORTANT?

- There is an old saying that explains the inherent benefits of succession planning best. If you fail to plan, you plan to fail.
- How family will deal on sudden death of key family member(s).
- Succession planning ensure that a business and family always have the right leaders and personal affairs in place
- Succession planning also helps in identifying where you see the future of your business and family, identifying the gaps and taking steps to fill the gap.

Succession Planning can broadly be divided into:

1. Business Succession Planning
2. Family Succession Planning

ROLE OF CA IN BUSINESS SUCCESSION PLAN

A Chartered Accountant can play an important role in assisting his client in Business Succession Plan in the following ways:

- Creation of a formal transfer agreement for likely successors.
- Evaluation of corporate finance and entity structure options, including debt and financing paths in accordance with succession plan of the business.
- Assist in understanding key business value drivers for Business Succession Plan.



Succession & Estate Planning

- Compensation planning for successors and other executives.
- Creation and implementation of shareholder agreements.
- Assist in Valuation of shares and Business.
- Assist in tax-effective ownership-transfer techniques.

ROLE OF CA IN FAMILY SUCCESSION PLAN

A Chartered Accountant can play an important role in assisting his client in Family Succession Plan in the following ways:

1. Discuss, assess and understand the future financial needs of client in terms of major fund outflow events, retirement planning or financial planning in case of medical emergencies.
2. Ensuring appropriate insurance cover (including appropriate product as per requirement).
3. List of all assets and liabilities in proper manner that helps in planning and execution
4. Ensuring nomination in all financial assets for smooth liquidation.
5. Assisting in ensuring clear title of various assets for smooth transfer to beneficiary.
6. Assist in tax-effective ownership-transfer techniques (e.g. Will, gift deed etc.).
7. Ensure periodic review and updation of the succession plan.
8. Drafting of will, agreements etc.
9. Creation of private discretionary trust, accounting and return filing.

Startup India movement has led to a revolution in Startup ecosystem of India. Every Startup requires a finance professional such as chartered accountant in their journey from ideation to scaling. A chartered accountant can provide following services to a startup:

1. Startup DPIIT Recognition

Chartered Accountants can help Startups in seeking the DPIT Registration. DPIIT Registration is the preliminary step for any Startup to obtain below benefits:

- Rebate in fees and Fast-tracking of Intellectual Property Rights Application,
- Self-certification of registers under 6 Labour & 3 Environment Laws which allows a protection of 5 years from inspection unless any complaint is filed against the Startup,
- Rebate in Angel Tax, ESOP and Window for Exemption of Income Tax.

This registration is also helpful in seeking State policy based incentive.

2. Inter-Ministerial Board DPIIT Recognition

Startups are eligible for exemptions under section 80IAC, 54GB, 79, 156, 191 and 192 of the Income Tax Act 1961. Chartered Accountant professionals can educate and help Startups in getting these benefits by obtaining recognition for the Startup from the Inter-ministerial Board.

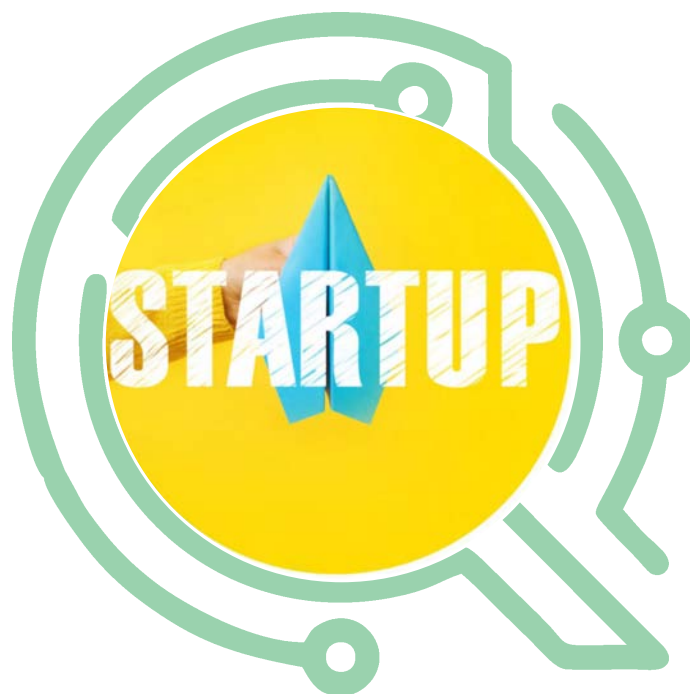
3. Indian Government Schemes

Members can guide and help Startups seeking financial support from government to fund their operations depending on their nature of business. Below are some schemes hosted by the Government of India:

- a. Startup India Seed Fund Scheme
- b. Standup India Scheme
- c. Extra Mural Research Funding
- d. PM Mudra Yojana
- e. PM Employment Generation Programme
- f. Dairy Entrepreneurship Development Scheme

4. State Startup Incentive Policies

Today, 30 of the 36 States and Union Territories have a dedicated Startup Policy. Such policies can help Startups



Startups

in employment incentive, one-time capital incentive, interest subvention, concessional land/space, rental support, employment assistance etc. Awareness and knowledge of the local schemes can help chartered accountants to assist and mentor Startups. Such incentives may help Startups in solving cash flow issue in early stage of their venture. Below are the states having their own Startup policies in addition to incentives allowed by the central government:

- a. Jammu & Kashmir Startup Policy 2018-2028
- b. Himachal Pradesh - Chief Minister's Startup/Innovation/Projects/New Industries Scheme 2016
- c. Punjab Industrial & Business Development Policy 2017-2022
- d. Rajasthan Startup Policy 2015-2020
- e. Haryana Entrepreneur & Startup Policy-2017
- f. Uttarakhand State Start-up Policy-2018
- g. Gujarat Electronics & IT/ITeS Start-up Policy 2022
- h. Uttar Pradesh Startup Policy 2020
- i. Madhya Pradesh Startup Policy 2022
- j. Bihar Startup Policy 2017-2022
- k. Jharkhand Startup Policy 2016-2021
- l. Chhattisgarh Startup Policy 2019-2024
- m. Maharashtra Startup Policy 2018-2023
- n. Karnataka Startup Policy 2015-2020
- o. Kerala Startup Policy 2017
- p. Tamil Nadu Startup & Innovation Policy 2018 – 2023
- q. Andhra Pradesh Innovation & Startup Policy 2014-2020
- r. Aspring Puducherry - Innovations & Startup Policy 2019-2024
- s. Andhra Pradesh Innovation & Startup Policy 2014-2020
- t. Telangana Innovation Policy 2016
- u. Odisha Startup Policy 2016-2020
- v. West Bengal Startup Policy 2016-2021
- w. Meghalaya Startup Policy 2018-2023
- x. Tripura IT Startup Scheme 2019
- y. Mizoram Entrepreneurship & Startup Policy, 2019
- z. Assam Startup Policy 2017-2022
- aa. Manipur Startup Policy 2016-2021
- bb. Nagaland Startup Policy 2019-2023

(Source: <https://www.startupindia.gov.in/content/sih/en/state-startup-policies.html>)

5. Mentoring/Handholding

Financial hand holding is required at various stages of the Startup lifecycle. Chartered Accountants can serve as a mentor for any Startup with advice and guidance on entity selection, equity structure, costing, product pricing, corporate law, accounting, data management, MIS, tax and legal matters. Similar to United States of America, Chartered Accountants are also taking sweat equity in any Startup as a consideration for their services and become a part of their growth journey. Virtual CFO model is a perfect fit for Startups.

6. Funding Support

Funding is required by Startups to create prototype, develop product, working capital and scaling of business. Broadly three categories of financing are opted by Startups:

- o Equity Financing
- o Debt Financing
- o Grants

Chartered Accountants can help in every steps of funding:

- o **Assessment of Funding Requirement-** Detailed analysis of funding requirement has to be prepared which includes financial forecasting by taking into consideration various market indicators.
- o **Due Diligence-** Any investor being an Angel Network or Venture Capital Fund shall require due diligence assessment of the Startup. This is a critical process which reflects history and nature of practices of the company. Due diligence covers legal and financial compliance where chartered accountants can help with their diverse knowledge and experience.
- o **Term Sheet** – Term sheet is a vital document in any structured deal. Chartered Accountants can help a Startup in critical components of the term sheet which includes
 - **Valuation** – Members of ICAI who are registered valuers can issue valuation reports on various methods such as Cost to Duplicate approach, Market Multiple approach, Discounted cash flow (DCF) analysis, and Valuation-by-Stage approach. (Refer separate chapter on Registered Valuer).
 - **Investment Structure** – Planning and guidance of structure is important as the funding instrument can be equity, debt or convertibles or any such combination which is best suited for the future of any Startup.
 - **Share Capital Management** – Drafting of exit options through subsequent rounds of funding

or any timeline-based exit options or subsequent changes in capital structure in future. Structuring of ESOPs (Employee Stock Option Plans), Sweat Equity Pool or Community Stock Options Pool are also key to the subject.

As per the Economic Survey 2021-22, India has become the third largest ecosystem for Startups in the world after US and China with total 83 unicorn startups by 2021.

Chartered Accountants can play a pivotal role in improving

ICAI SUPPORT

ICAI aims to coordinate, synergise and leverage the various strands of excellence driving innovation and entrepreneurship

& wishes to facilitate the creation of ideas and inventions that

and connects to the MSME sector as SMPs are the trusted financial advisor of MSMEs providing a variety of services

management, export promotions advice, budgetary forecasts,

controls besides regular accounting, auditing and taxation services.

Members may visit to explore opportunities available at the website maintained by ICAI at <https://startup.icai.org/>



Important Links

- Members may refer <https://www.Startupindia.gov.in/content/sih/en/government-schemes.html> for various central government schemes available for Startups.



Financial Arrangements & Fund Planning through various sources

Right from the moment someone thinks of a business idea, he thinks of finance. For any business, finding a suitable funding model is vitally important. A business needs to assess the different types of finance based on the requirements.

Therefore, there are wide opportunities for Chartered Accountants in the field of finance. Chartered Accountants are playing a leading role in the industrial development and establishment of the projects and are considered as financial advisors, who assist their clients in every field relating to finance.

Some of the opportunities related to finance and fund planning are as follows –

- Chartered Accountant can assist in selecting proper loan type (such as Term loan, Working capital loan, Loans against property, Unsecured lending and personal loan, green field loan, gold loan, mutual fund loan, etc.) that suits client requirements and criteria.
- Preparation and submission of loan application along with desired documents to the bank or financial institutions.
- Analysing the purpose of loan, Security provided, credit score, Income and employment history, Debt to income ratio and many other.
- Project report or projections are mandatory for availing funds and loans from financial institutions and banks for both renewal and new finance. Chartered Accountant can prepare detailed project report (DPR) including cost of project, sources of funds, utilization of funds, estimate of revenue, profitability, taxation, depreciation, various required ratios etc. Chartered Accountant also undertake a financial feasibility study and providing report of the same. Chartered Accountant also prepares complete financial projections for emerging business, including income statements, balance sheets and cash flow statements.
- Providing various certificates required by banks and financial institutions such as net-worth, turnover certificate, investment certificate and many other as required by the lending institutions for the documentation and verification purpose.
- Contracts or agreements drafting that includes terms and conditions binding between the lender and the borrower.
- Conducting financial and tax due diligence in all aspects of the organisation and reviewing all legal issues affecting the business and preparing due diligence report. The Diligence Report covers many critical and relevant matters

- Preparation of compromise proposals, settlement arrangements and restructuring of account with the banks and /or financial institutions. Chartered Accountant can act as a bridge between Banks or Financial institutions for compromise and settlement and that is helpful for lending institutes as well as borrowers.
- Chartered accountant can analyse and value the financial worth of the organisation and assist the organisation in finding strategic partner for acquisition or mergers.
- Chartered accountant can do valuation of business for fund raising and investment purposes.
- Chartered Accountants can assist in arranging funds in the form of private equity, preference share capital and debts. Chartered Accountant help in preparing a sound business plan to attract potential investor and leading private equity firms who are looking out for prudent investment opportunities in innovative and growth-oriented companies.
- Startup India Seed Fund Scheme (SISFS) aims to provide financial assistance to start-ups. Seed funding typically represents the first official money that a business venture or enterprise raises. Chartered Accountants can assist in arranging fund for new startups.
- Chartered Accountant can provide wide range of advisory services before during or after IPO/FPO/SME IPO.
- Chartered Accountant can connect businesses, lenders and partners to facilitate crowd funding. Crowdfunding is the practice of funding a project or venture by raising money from a large number of people, in modern times typically via the Internet. Crowdfunding is a form of crowdsourcing and alternative finance.
- Availing subsidy/concessions from central/state agencies. Please refer separate topic named as “Government Incentives” for professional opportunities in this field.



Non-Profit Organisation

Non Profit Organisations (NPO) have played a crucial role in development of India. There are various NPOs that work all over India and for a wide range of causes. The World Bank defines NPO's as "private organizations that pursue activities to relieve suffering, promote the interest of the poor, protect the environment, provide basic social services, or undertake community development." NPOs do not work for profit motive and apart from own sources, NPO utilises funds raised through donations.

The NPO's sector offers special opportunities for Chartered Accountant at rural, small towns and urban areas. Opportunities for Chartered Accountant start from the concept when someone wants to serve the society and establish a NPO. There are various areas where chartered Accountant can explore opportunities including formation, registration, audit and taxation, for NPOs.

Various opportunities for practising professionals in NPO sector are mentioned as under:

1. Under respective acts

NPOs can be registered in any of the applicable acts as mentioned below, according to the type of organisation chosen to be formed. Major laws and acts applicable to NPO are as follows –

Society registered under Societies Registration Act, Central or respective State Acts

Public trusts under Indian Trust Act, 1882

Section 8 Companies registered under Companies Act, 2013

Chartered Accountant can advise organisation type depending upon objectives, convenience, compliance and various other factors. Chartered Accountant can play crucial role in -

- NPO formation including drafting of trust deed, bylaws, Memorandum of Association, Article of Association.
- submitting forms and documents for registration with concern authorities
- Annual and other compliance under respective act like filing of yearly financial statements, minutes drafting, maintenance of records and registers, etc.
- Statutory audit under respective acts.

2. Under Income tax act
 - Registration and renewal under section 80G,12A,10(23) and 35(AC) of The Income Tax Act, 1961 for claiming various exemptions and benefits.
 - Preparation and filing income tax returns
 - Advise on determination, application and accumulation of income, corpus/ voluntary contribution, investment of funds, capital gain matters.
 - Prepare and submit the statement of donations (Form 10BD)
 - Audit under various sections of Income tax act.
3. Establish or review internal control, policies and procedures, develop internal checks and conduct internal audit.
4. Verification on behalf of donors or funding agencies to check whether grant terms and conditions are followed and investigative audit if suspects any fraud.
5. NPOs receiving foreign contributions in India come under the purview of Foreign Contribution Regulation Act, 2010 i.e. FCRA. NPOs receive foreign contribution are required to obtain registration under Section 6(1) of FCRA. Chartered accountant can provide services like registration, maintenance of accounts and records, filing of forms and annual return, renewal and intimations under FCRA
6. Corporate Social Responsibility (CSR) is practical way to give back to society and NPOs are the best way to do this. Chartered Accountants can work as bridge between NPOs and CSR companies. Chartered Accountant can do better project and fund planning, maintenance of records and reporting. Chartered Accountants can also prepare and file CSR-1 form.

ICAI Support

Professional Development Committee of ICAI is offering a Certificate Course on NPO, for details, please visit at:

<https://www.icaai.org/post/certificate-course-on-cooperatives-npo>



Opportunities available at ICAI

1. FINANCIAL REPORTING REVIEW BOARD

Empanelment as A Technical Reviewer At Financial Reporting Review Board

To improve the financial reporting practices in the country, the ICAI has constituted Financial Reporting Review Board (FRRB) in July, 2022. The Board reviews the General Purpose Financial statements of enterprises and auditor's report thereon with a view to determine compliance with the reporting requirements of various applicable statutes, accounting standards and standards on auditing.

The objectives of the FRRB are achieved through a systematic process of review, which include preliminary review of general purpose financial statements by Technical Reviewers.

Eligibility Criteria To Be Empanelled As Technical Reviewers

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.

It may be noted that the Board empanels selected members possessing outstanding expertise and having extensive experience in the area of accounting and auditing. Accordingly, meeting the eligibility criteria does not ensure empanelment on the Board. The Board reserves the right to accept an application, based on the merits of each case.

How To Register

The members may fill the online 'Application Form for Empanelment as a Technical Reviewer' which is available on the website of the Institute at

<https://frrb.icaai.org/empanelment/empanelment-form>

Further, after filling the Form online, a duly signed hard copy of the same may be send to the undersigned at the address mentioned therein.

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

Scale Of Honorarium

There is a provision for payment of an honorarium of ₹ 20,000/- as well as 3 CPE Hours per annual report reviewed.

2. QUALITY REVIEW BOARD

Engagement Of Technical Reviewers with the Quality Review Board Government of India has in exercise of the powers conferred under Section 28A of the Chartered Accountants Act, 1949 constituted a Quality Review Board (the 'Board') to recommend to the Council, review and guide the members regarding the quality of services provided by the members of the Institute including audit services as per Section 28B of the Chartered Accountants Act, 1949.

Further, the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022 has inserted another clause (d) to Section 28B of the Chartered Accountants Act, 1949 mandating the Board to forward cases of non-compliance with various statutory and regulatory requirements by the members of the Institute or firms, noticed by it during the course of its reviews, to the Disciplinary Directorate for its examination.

The Board in order to discharge its functions has issued the 'Procedure for Quality Review of Audit Services of Audit Firms' (the 'Procedure'). However, keeping in view the experience gained during the process of reviews, changes to the regulatory framework and international best practices and requirements, this Procedure was revised in October, 2019.

In terms of the aforesaid Procedure, since FY 2012-13 the Board has initiated a system of review of statutory audit services of the audit firms including selection of Audit firms for review and engagement of Technical Reviewers (TRs)

Eligibility Criteria To Be Empanelled As Technical Reviewers

The Board has specified the following basic minimum criteria for empanelment of TRs:-

- You should have minimum fifteen years of post-qualification experience as a chartered accountant and be currently active in the practice of accounting and auditing;
- You should have handled as a signing partner/proprietor at least three statutory audit assignments as a Central Statutory Auditor of Banks/Public Limited Companies/ Government Companies/Private Limited Companies having annual turnover of rupees fifty crore and above during the last ten financial years; Provided that out of

the aforesaid three statutory audit assignments, at least one must be in respect of entities other than Private Limited Companies;

- You should not have any disciplinary proceeding under the Chartered Accountants Act, 1949 pending against you or any disciplinary action under the Chartered Accountants Act, 1949 / penal action under any other law taken/pending against you during last three financial years and/or thereafter.
- You should not currently be a Member of the QRB Board or ICAI's Central Council/Regional Council/Branch level Management Committee.

The Board may specify any other criteria, from time to time, apart from the aforesaid basic minimum criteria for empanelment of TRs with the Board. The Board reserves the right to reject any application for empanelment as TR without assigning any reason whatsoever.

The empanelment of TRs, so made, shall be for the on-going block period of three years subject to obtaining annual declarations from each of the empanelled TR for continuing to meet the basic criteria of empanelment. However, it may be noted that empanelment as a TR with the Quality Review Board does not, in any way, guarantee allotment of quality review work to TR which shall be at the sole discretion of the Quality Review Board.

TRs shall be required to undergo training on emerging areas such as Ind-AS, Amendments in Companies Act, other technical standards, Valuation Standards, other relevant laws and regulations etc. TRs shall regularly participate in training workshops/programmes organized by various POUs on the aforesaid areas and will update their knowledge. Further, they shall submit annual declarations alongwith relevant evidences, to the QRB regarding their participation in such training workshops/programmes.

After completion of the initial block period of empanelment, the Board may decide to offer renewal of empanelment to TR, subject to his consent, for another block period and so on based upon assessment of the quality of review work performed by the TR during the period, if any, his meeting the basic minimum criteria for empanelment, participation in training workshops and other such factors as may be considered appropriate by the Board.

Currently more than 80 Chartered Accountants are already empanelled as Technical reviewers with the Quality Review Board for the Block period of Financial years 2020-21 to 2022-23.

How To Register

For empanelment the eligible member can fill the online form available at QRB website <http://www.qrbca.in/> for the consideration of the Board.

Scale Of Honorarium

Currently, honorarium Rs. 1.25 lacs is being paid for each review.

3. PEER REVIEWER

Engagement As Peer Reviewer

Peer Review entails a review of attestation engagement records and related financial and other statements to ascertain that the Practice Unit is adhering to Technical Standards already issued by the Institute. The main objective of Peer Review is to ensure that in carrying out the assurance service assignments, the members of the Institute (a) comply with Technical, Professional and Ethical Standards as applicable including other regulatory requirements thereto and (b) have in place proper systems including documentation thereof, to amply demonstrate the quality of the assurance services. The Statement on Peer Review was released to meet the demands of high quality assurance, consistency and greater transparency. The purpose of the Peer Review statement is to provide a framework for, planning, performing, reporting and administration of the Peer Review process.

Eligibility Criteria To Be Peer Reviewer

Peer Review of a Firm (referred to as a Practice Unit) is conducted by a member empanelled as a Peer Reviewer with the Peer Review Board of ICAI. As per Para 10 of the Statement on Peer Reviewer, eligibility to be a reviewer is that a member be a member;

- (a) shall be in practice with at least 7 years of audit experience. be currently active in the practice of assurance service engagements; and
- (b) In case he has moved from industry to practice and is currently in practice he should have at least 10 years of audit experience in industry and at least 3 years audit experience in practice..
- (c) Should have undergone the requisite training and cleared the requisite test for Peer Review as prescribed by the Board.

Further, a member shall not be eligible for being appointed as a Reviewer of a Practice Unit, if -

- (i) any disciplinary action / proceeding is pending against him
- (ii) he has been found guilty of professional or other misconduct by the Council or the Board of Discipline or the Disciplinary Committee at any time.
- (iii) he has been convicted by a competent court whether within or outside India, of an offence involving moral turpitude and punishable with imprisonment,

- (iv) he has been convicted by a competent court whether within or outside India, of an offence involving moral turpitude and punishable with imprisonment,
- (v) He has undergone training/articleship under any of the partner of Practice Unit

Scale of reimbursement

In exercise of power vested in the Peer Review Board by the Statement on Peer Review, the Board has in its 64th Meeting held on 4th June, 2020 notified the fees of Peer Review for Level -I and II Practice Units including honorarium and TA/DA for reviewer and his qualified assistant, shall be as under:

Total Revenue from Attestation service clients of practice unit (Per Annum) Cost

Average gross receipts/ Revenue from assurance service Clients of Practice Unit (Per Annum) for the period under review	Fees ₹
Less than ₹ 10 lacs p.a.	15,000
From ₹ 10 lacs to 50 Lacs p.a.	25,000
From ₹ 50 lacs to 1 crore p.a	40,000
From ₹ 1 crore to 3 crore p.a.	60,000
From ₹ 3 crore to 5 crore p.a.	75,000
From ₹ 5 crore p.a. to 10 crore p.a	1,50,000
From ₹ 10 crore p.a. to 20 crore p.a	2,00,000
From ₹ 20 crore p.a. to 30 crore p.a	3,00,000
Above ₹ 30 crore p.a.	5,00,000

The fees of Peer Review is to calculated on the basis of average gross receipts/ Revenue earned by the Practice Unit during the period of review at all its units i.e. Head Office and Branches. The average gross receipts/revenue from assurance services during the period under review will determine the fees of peer review as per the table above. Peer Review is a one-time procedure for the period covered under review and therefore the fees payable for the services is a one-time fees payable for the review.

For empanelment please visit :

<https://www.icai.org/post/peer-review-board>

4. BOARD OF STUDIES

Opportunities In Board Of Studies

Visiting faculty in IT labs run by Board of Studies.

Video lecturing to Students of CPT, Inter and Final –

- Foundation ₹ 5000/- for two hours Session
 - Intermediate ₹ 8000/- for 2.5 hour Session
 - Final ₹ 10000/- for 3 hours Session

Articles in ICAI Journal - 15,000 per published article.

Articles in Students Newsletter - ₹ 2,500 per published article.

Review of Study Material - ₹ 500 per page for content Development and ₹ 200 per page of review.

The remuneration of the faculty members/trainers for soft skill courses is paid on the basis of the location of the Organizing Centre, which is as under:

- Centre having more than 2000 members: Minimum ₹ 1500/- to ₹ 2000/- per session of 1½ hours
- Centre having 2000 or less than 2000 members: Minimum ₹ 1000/- to ₹ 1500/- per session of 1½ hours
- Batch wise/Session wise faculty payment details be prepared and submitted on regular basis.

5. EXAMINATION COMMITTEE

Exam Paper Setting

ICAI also empanels Chartered Accountants for Exam Paper setters at all levels.

Experience: An examiner who has a consistent good track record for more than 5 years is invited to take up the assignment.

Remuneration

CA Final Exam

Paper-Setters	₹ 22,000/-
Moderators	₹ 30,000/-

CA Inter Exam

Paper-Setters	(2, 3 & 6)	₹ 15,000/-
	(1 & 5)	₹ 18,000/-
	(4A, 4B, 7A & 7B)	₹ 9,000/-
Moderator (Full Paper)		₹ 25,000/-
Moderator (Half Paper)		₹ 15,000/-

CA Foundation Exam :

Paper-Setters	(1 & 2)	₹ 12,000/-
	(3 & 45)	₹ 150/- (per question)
Moderator	(1 & 2)	₹ 15,000/-
	(3 & 45)	₹ 12,000/-

Exam Paper Evaluation

The services of Chartered Accountants are also utilized by ICAI as Evaluators for the Exam Papers with following terms and conditions:

- Chartered Accountants with a minimum of four years standing in practice or in service are eligible.
- University Lecturers/Professors with a minimum of five years teaching experience are eligible.
- ICWA, ACS, M.Com, Post Graduates in Economics or Law, Lawyers, IT Professionals, MBA (Finance) and other professionals with at least five years' experience, either in academic position or in practice or in employment are eligible to apply. Those with work experience having direct relevance to the aforesaid subjects(s) of examination(s) will be preferred.
- Persons above 65 years of age are not eligible.
- Persons who are visually impaired or suffer from such other physical disability that might necessitate taking the assistance of any other person for evaluation of answer books are not eligible.
- Persons who are undergoing CA Course of the Institute are not eligible.
- Persons whose applications were rejected earlier from the Panel are eligible to apply again after a gap of 1 year from the date of rejection.
- Those who are already empanelled with ICAI as examiners and have not been rested/removed need not apply. Their candidature will be considered in the normal course, at the appropriate time.
- Persons associated with the coaching activities are not eligible. Those who have ceased to be associated with the coaching activity are permitted to apply after a gap of 5 years.
- An applicant for empanelment is required to appear and pass an on-line test in the subject of his choice, answer books of which he would like to evaluate, before being empanelled.

The prescribed Remuneration at each level is as below.

Final	
Digital/Central Evaluation	190/-
Intermediate (Full paper)	
Digital/Central Evaluation	150/-
Intermediate (Halfpaper)	
Digital/Central Evaluation	100/-
Foundation	
Digital/Central Evaluation	125/-

To register, please visit <http://examinerspanel.icaiaexam.icaai.org/>

6. TAX AUDIT REVIEW BOARD

Technical Reviewer (For Tax Audit Review Board)

The Institute has constituted the Taxation Audits Quality Review Board in the year 2018 with an objective to review any report prescribed under the Income-tax Act, 1961 and Rules framed thereunder and any report prescribed under the Indirect Tax Laws including GST Law which are certified by a Chartered Accountant with a view to determine, to the extent possible, compliance with the reporting requirements prescribed under the respective Acts and related Rules and pronouncements, guidance notes issued, if any, by ICAI in respect of the same. To conduct the detailed reviews, the Board is in the process of Empanelling Technical Reviewers having expertise in taxation (both direct as well as indirect). For empanelling as a Technical

Reviewer with TAQRB, a member needs to satisfy the following conditions:

- (a) Possess at least ten years' Post Qualification experience in the practice of taxation (Direct and/or Indirect); and
- (b) is currently active in the practice of taxation

By becoming a Technical Reviewer one gets the inherent advantage of furthering one's own technical knowledge in the field of Taxation. A technical Reviewer is entitled to receive an honorarium of ₹ 10,000/- per report reviewed. In case, you are meeting the minimum requirements as mentioned above we request you to fill the online application form at

<http://220.225.242.178/onlineform/frmtaxAudit.aspx>

7. OTHER OPPORTUNITIES IN ICAI

- One can act as Resource Person in Study Groups.
- Faculty in in-house Executive Development Programmes.
- For contribution on Technical Publications on varied subjects –
 - Development of Content: 500 per subject to minimum of ₹ 5000/-
 - Review of Content: Amount equivalent to 25% of the payment made to the author subject to a payment of minimum ₹ 5000/-
- Faculty in Certificate courses and PQ courses conducted by ICAI, 3,000 per hour.

The Committee for Members in Practice (CMP) of the Institute of Chartered Accountants of India (ICAI) has arranged the bundle of the softwares.

OFFICE MANAGEMENT

'Integrated GRC Product Suit Software' for the Practitioners of ICAI

Major features of bundle softwares 'Integrated GRC Product Suit' are:

1. RuleZbook
2. Audit Management Module
3. Practice Management Workflow
4. Legal Compliance Management Module
5. Legal and Compliance Audit Utility
6. Board and Secretarial Compliances
7. Payroll and Labour Compliances

Please visit for the Registration for availing the said software at: <https://avantis.co.in/ca/registration/>.

Offer Details

1. RuleZbook: Mobile App

RuleZbook, mobile App for National, Real Time, Comprehensive and Personalised Compliance Updates. It is available for IOS and Android Platforms for a quick download and easy self on-boarding.

RuleZbook is a feature rich native mobile app which is integrated with India's best and most comprehensive Compliance Database. Its universe of over 1,500 Acts and 58,000 Compliances are updated typically within 24 hours of release of an update. In 2019, RuleZbook captured 3,029 Compliance Updates across Central, State and Local Compliance Categories.

FREE for 3 years up to unlimited users of the members in practice

2. Audit Module

Audit Management product helps to automate the entire audit life cycle. It ensures standardisation and consistency in audit approach, methodology and outcomes. The product has been designed with global best practices to ensure that the overall audit management experience is world class.



ICAI's Support to Members

It facilitates creation of standard audit templates for various audit types and provides detailed step by step checklist for each audit area. The product brings in standardisation, consistency, accountability, confidentiality and control in audit tracking and management.

FREE for 3 years up to 05 users per members firm and free up to 25 Audits/Year

3. Legal Compliance Management Module

Legal Compliance Management Product is a highly adaptable software product designed to improve compliance management that replaces people dependent manual processes. It can scale across multiple geographies, supporting compliance tasks at various organizational levels. With over 1,500 Acts preconfigured, it creates a robust compliance framework. It generates comprehensive "Group level Compliance Dashboards" for consistent reporting across all locations.

FREE for 3 years up to 05 Users per CA Firm and FREE Up to 25 Customers (Single Entity and Single Location)

4. Board Module for Secretarial Compliances

This Platform comprehensively covers the activities carried out by the Secretarial Function

Free for 3 years up to 05 Users per CA Firm and FREE Up to 25 Private Companies (Single Entity)

5. Payroll Processing and Labour Compliance

It has designed an end to end automated solution to prepare regulatory compliance documents under Labour Laws in India.

Free for 3 years up to 05 Users per CA Firm and FREE Up to 25 Customers with employee strength < 25 (Single Entity & Single Location)

6. Compliance Audit

This Compliance Product can also be used for generating compliance checklist for specific customer. These details can be generated by updating the customer details in terms of type of company, industry, state in which located, etc. These checklists can then be used to carry out compliance audits covering law of the land for customers.

Free for 3 years up to 05 Users per CA Firm and FREE Up to 25 Customers (Single Entity and Single Location)

7. Practice Management Tool

It has a flexible workflow wherein CA Firms will be able to use digital workflows to manage assignments. It will facilitate all "Touch Points" between the Teams and with the Customers via the Platform itself and all data / documents could be securely shared within the Platform itself. This will help CA Firms to manage data privacy and access controls.

FREE for 3 years up to 05 Users per CA Firm and FREE Up to 25 Customers

PAPILO SOFTWARE

The Committee for Members in Practice (CMP) of the Institute of Chartered Accountants of India (ICAI) has arranged the Papilio software for the Practitioners of ICAI. The aforesaid software is free of cost for less than 5 users. Major features of Papilio software are:

- Collaboration with team and clients
- Process based work management
- Simple and effective document management
- Client management
- Elaborate time management
- Invoicing, and Collection tracking
- Elaborate Dashboards for teams and management

Please visit the website <https://papilio.co.in/icai.html> for availing the said software.

TALLY PRIME SOFTWARE

The Committee for Capacity Building of Members in Practice (CCBMP) of the Institute of Chartered Accountants of India (ICAI) has arranged Tally Prime Software at a Special Rate for ICAI Members.

Member may visit community.tallysolutions.com to avail the offers.

ALL IN ONE ACCOUNTING SOFTWARE

The Committee for Capacity Building of Members in Practice (CCBMP) of the Institute of Chartered Accountants of India (ICAI) has arranged Cloud based 'All-in-One accounting' software i.e. one Stop Solution for all Accounting, Compliance, Return Preparation and Filing needs of Chartered Accountants in Practice & CA Firms. The aforesaid software is free of cost for 3 years to CA Practitioners & Firms. Please visit the website <https://www.hostbooks.com/in/gst-accounting-software-ca/> for all your accounting and compliance need.

EFF FACTOR SOFTWARE

The Committee has arranged EFF factor software for the Practitioners/CA Firm of ICAI:

- Track job wise profitability
- Efficiency of the employees
- Automated Billing
- 24x7 can be accessed via phone, laptops etc.
- Multiple reports for the management

For availing this offer by all the CA Firms/Practising Members of ICAI, please visit www.effactor.com & to avail this offer, E-mail at: contact@effactor.com

INSURANCE SCHEME

The Committee for Capacity Building of Members in Practice (CCBMP) of ICAI has arranged various insurance schemes at special premium for the member of ICAI. Details of which are placing below:

- ICICI Lombard- Health Insurance
- ICICI Lombard- Super Top Up
- ICICI Lombard- Retail Cyber Security
- HDFC Group PoornaSuraksha
- LIC Term Insurance
- Personal Accidental Insurance
- House Holder Insurance
- Professional Indemnity Insurance Scheme
- Motor Vehicle Insurance
- Office Protection Shield Insurance Scheme

For more clarification please Visit:

https://www.icai.org/new_post.html?post_id=933&c_id=41

COMMERCIAL AND TRAVEL BENEFITS

The Committee for Capacity Building of Members in Practice (CCBMP) of ICAI has arranged Special offer on Electronic Products from Samsung Electronics and Travel and Hotel Booking at discounted price:

For more clarification please Visit:

https://www.icai.org/new_post.html?post_id=933&c_id=41

HEALTHCARE SERVICES

Committee for Members in Practice arranged following Discounted Health Care Services:

- Discounted Health Care Services provided by Max Healthcare for the Members, Students, Employees of ICAI & their dependents.
- Discounted Diagnostic and Related Healthcare Tests for the Members of ICAI & their dependents.
- Discounted Health Care Services provided by Medanta for the Members of ICAI & their dependents.

For more clarification please Visit:

https://www.icai.org/new_post.html?post_id=933&c_id=41

CREDIT CARD FACILITY

The Committee for Members in Practice (CMP) of the Institute of Chartered Accountants of India (ICAI) has arranged the Credit Cards for the Members of ICAI.

The web link to submit the expression of interest:

<https://www.bobfinancial.com/creditcard-application-form-ICAI.jsp>

Revised minimum recommended scale of the fees for the professional assignments done by the chartered accountants for class 'a' & class 'b' cities

The CCBMP has prepared a Brochure on Revised Minimum Recommended Scale of the fees for the Professional Assignments done by the Chartered Accountants for Class 'A' & Class 'B' cities.

Please visit:

<https://cmpbenefits.icai.org/wp-content/uploads/2020/02/Details-download.pdf>

ICAI CONNECT – A SELF-SERVICE PORTAL FOR MEMBERS OF ICAI

The CCBMP has launched the ICAI Connect, a self-service portal for the members of ICAI. The feature of the aforesaid single window self-service portal includes viewing personal Profile and firms constitution.

Please visit at <https://eservices.icai.org/>

UNIQUE DOCUMENT IDENTIFICATION NUMBER (UDIN)

It has been noticed that financial documents/ certificates attested by third person misrepresenting themselves as CA Members are misleading the Authorities and stakeholder. ICAI is also receiving number of complaints of forged signatures. To curb the malpractices, the Professional Development Committee of ICAI has implemented an innovative concept of UDIN i.e. Unique Document Identification Number to secure the certificates/documents attested/certified by practicing Chartered Accountants which is being made mandatory as per Council decision with effect from 1st February, 2019 in phased manner.

Full time Practising CAs can register them by visiting at <https://udin.icai.org/> and generate UDIN by registering the certificates/documents attested/certified by them.

CENTRE FOR AUDIT QUALITY

ICAI, recognizing the fact that high level “quality framework” provide the foundation for development of a profficient, high quality accountancy profession, and has moved to set up a “Centre for Audit Quality” at Jaipur Centre of Excellence. The Centre for Audit Quality will aim at the continuous investment in the contemporary education and training for

prospective accountants and/or auditors, developing guidance and training programmes to assist audit teams and offices to undertake effective root cause analysis, conducting group learning sessions to discuss identified causes of findings and the solutions to be implemented, establishing Audit quality indicators, thus will work for Audit Quality Maturity Model

VARIOUS COURSES/CERTIFICATES OF ICAI

Courses provided by ICAI that enhances values for a CA in practice.

Institute of Chartered Accountants of India conducts several professional courses for its qualified members (available at https://www.icai.org/new_post.html?post_id=3581&c_id=81). These courses not only enhance professional competence of the members but also let them undertake variety of professional work. Some of these courses are as under:

- Certificate Course On Fundamental & Technical Analysis Of Stocks Including Equity Research.
- Certificate Course On Financial Markets And Securities Laws.
- Certificate Course on ADR (Arbitration, Mediation & Conciliation)
- Certificate Course On Anti Money Laundering Laws (Anti- Money Laundering Specialist)
- Certificate Course on Business Responsibility and Sustainability Reporting (BRSR)
- Certificate Course on Concurrent Audit of Banks
- Certificate Course on Cooperatives
- Certificate Course on NPO
- Certificate Course on Derivatives
- Certificate Course on Enterprise Risk Management
- Certificate Course on Forensic Accounting and Fraud Detection
- Certificate Course on Forex and Treasury Management
- Certificate Course on GST
- Certificate Course on Indian Accounting Standards (Ind AS)
- Certificate Course on Internal Audit
- Certificate Course on Public Finance & Government Accounting
- Certificate Course on Wealth Management and Financial Planning
- Post Qualification Diploma in International Taxation
- Diploma in Insurance and Risk Management (DIRM)
- Diploma on Management and Business Finance (DMBF)
- Information Systems Audit (ISA)



Annexure 1

Policy of Empanelment of CA Firms/LLPs and Selection of Auditors

A. Empanelment of CA firms/LLPs

Chartered Accountant firms (firms) and Limited Liability Partnerships (LLPs) in India with at least one full time FCA (Partner/ Sole Proprietor) can apply for empanelment with this office for the purpose of appointment of auditors of Companies as per Section 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 criteria for empanelment and selection of statutory auditors have been arrived at after due consultation with the Institute of Chartered Accountants of India.

All the empanelled firms/LLPs are awarded points. The point score is based upon the experience of the firm/LLP, number of Chartered Accountant (CA) partners and their association with the firm/LLP, number of CA employees, as detailed below:

S. No.	Criteria	Points	
1.	Experience of the firm/LLP	1 point for every calendar year - Maximum 15. Counted from the date of constitution of the firm/LLP with one full time FCA or date of joining of the firm/LLP by the existing partner having the longest association with the firm/LLP whichever is later. (Such date will be considered as Formation Date of the firm)	
2.	Points for full time CA partners (Only upto 20 full time CA partners in terms of their seniority as per their association with the firm/LLP)		
2(a)	Full time FCA Partners	5 points each	The first 5 full time CA partners will get the points mentioned in the adjacent column and remaining 15 full time CA partners will get half of these points
2(b)	Full time ACA Partners	3 points each	
2(c)	Points for association of full time CA partners with the same firm/LLP (considered with reference to the Formation Date or actual joining date of CA partner whichever is later)	3 points for each full time CA partner above 15 years. 2 points for each full time CA partner above 10 years. 1 point for each full time CA partner above 5 Years and upto 10 Years	
3.	Points for Qualifications of the full time CA Partners (Maximum ten points)		
3 (a)	1. DISA certification from ICAI 2. CISA certification from ISACA, USA	2 points each	One full time CA Partner will be awarded points for one qualification only. Maximum 5 full time CA partners will be awarded points
3 (b)	1. Certification in IND AS from ICAI 2. Certification in Forensic Accounting and Fraud Prevention from ICAI	1 point each	

S. No.	Criteria	Points	
4.	Points for full time CA Employees (Only 20 full time CA employees will be awarded points)	One point each for 5 full time CA employees and half point each for remaining 15 full time CA Employees	
5.	Points for Qualifications of the full time CA Employees (Maximum five points)		
5(a)	1. DISA certification from ICAI 2. CISA certification from ISACA, USA	1 point each	One full time CA Employee will be awarded points for one qualification only. Maximum 5 full time CA employees will be awarded points
5(b)	1. Certification in IND AS from ICAI 2. Certification in Forensic Accounting and Fraud Prevention from ICAI	0.5 point each	
6.	Turnover of the firm/LLP from Audit Services only (as distinct from other activities e.g. consultancy)	Maximum 5 points	

Deduction of points

i. Refusal of Audit

The point score of the firm/LLP, will be reduced by 10 percent, in case, in the immediate preceding year, the firm/LLP had refused the audit assigned to it by this office, for reasons other than being disqualified to act as auditor of the assigned audit under the provisions of any Act /statute or conditions issued by this office etc. In case, the firm refuses the allotted audit for the second time, the firm would not be empanelled from the subsequent year.

ii. Professional Misconduct

The point score of the firm/LLP will be reduced by 10 percent each for sole-proprietor, partner/s and employee/s who is/are held guilty of professional misconduct during the previous year under the Chartered Accountants Act 1949. Apart from deduction of points, the firm/LLP would not be given any credit for the said Chartered Accountant/s.

iii. Unsatisfactory performance

The point score will be reduced by 10 percent, in case the performance of the firm/LLP was found unsatisfactory and the firm/LLP was issued an advisory by this office to be more careful in future in the immediate preceding year.

B. Allotment of Audits

• Selection of firms/LLPs for appointment as auditors where audit fee is up to Rs 1.50 lakh

The selection is made by correlating the point score earned by each firm/LLP of Chartered Accountants towards empanelment with the size of the audit fee.

• Selection of firms/LLPs for appointment as auditors where audit fee is more than Rs.1.50 lakh (Major Audits)

(a) Criteria for short-listing eligible firms/LLPs of CAs for allotment of Major Audits are as under:

- (i) The firm/LLP should have at least 6 full time CAs (out of which 5 should be full time partners and one could be a full time paid CA employee), which is indicative of capacity to handle big audits .
- (ii) At least one full time CA partner should have an association of 10 years or more with the firm/LLP and at least 3 full time CA partners of the firm/LLP should have an association of 5 years or more with the firm/LLP and the remaining two full time CA partners should have an association of one year or more with the firm/LLP, to demonstrate stability over time.
- (iii) The firm/LLP itself should have been in existence for 10 years or more, to prove that it is a well established firm/LLP.

- (iv) At least one of the full time CA partners of the firm/LLP must possess CISA qualification from ISACA or ISA qualification from ICAI.
- (v) The firm/LLP should have audit experience of five years of audits assigned by CAG.

- (b) Allotment of Major Audits is based not only on the point score, size of the firm/LLP considering the number of CA partners, and their association with the firm/LLP, number of Chartered Accountant employees, and the Zone in which the firms'/LLPs'

Head office is located but also on the factors such as sectoral experience, service tax paid by the firm/LLP on assurance services, capability of handling big audits, past performance, eligibility of the firm/LLP to conduct a particular audit, location of the firm's/LLP's branch offices etc.

• Rotation of Audits

- i. The total period of appointment of a firm/LLP as auditor shall be for four financial years provided the firm/LLP continues to be eligible for the said audit, its point score has not reduced by more than 25 per cent over the previous year's point score and the firm/LLP has not been debarred from appointment in the year by this office.
- ii. A firm/LLP who retires/surrenders from audit of a Maharatna Company, shall not be entitled for allotment of audit of any Maharatna Company for a period of four years after such retirement/surrender.
- iii. In case of a Maharatna/ Navratna Company, a firm/LLP after retiring/surrendering is not considered for the same Company for a period of five years.

[1] Full time CA partner **does not include** a person who is

- (a) a partner in other firms/LLPs
- (b) Employed full time/part time elsewhere, practicing in their own name or engaged in practice otherwise or engaged in other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act, 1949.
- (c) i) A Partner whose compensation \$ from the firm/LLP during previous financial year is below the following limit:

Head office of the firm/LLP located in Delhi, Mumbai, Chennai, Kolkata, Bangalore and Hyderabad:

ACA partner	₹ 2.70 lakh
FCA partner	₹ 4.50 lakh

Head office of the firm/LLP located at other Places:

ACA partner	₹ 1.80 lakh
FCA partner	₹ 2.70 lakh

\$ Compensation will be sum total of share of profit, remuneration and interest on capital received by the partner from the firm/LLP. Compensation received by the partners who join during the financial year, will be extrapolated to arrive at the deemed compensation for the complete financial year. Compensation criteria of FCA partner will apply on partners who become FCA during the financial year.

- (c) ii) A partner whose individual percentage share in the total compensation during the previous financial year is less than:

Firms having more than 14 partners	1%
Firms having 10 to 14 partners	3%
Firms having 5 to 9 partners	5%
Firms having less than 5 partners	8%

@Total compensation will be sum total of share of profit, remuneration and interest on capital from the firm/LLP. Compensation received by the partners who joins during the financial year, will be extrapolated to arrive at the deemed compensation for the complete financial year and then will be added to the compensation of other partners to arrive at total compensation.

- (d) A partner whose professional income from sources other than the firm (except as permitted by ICAI) is more than the compensation from the firm/LLP.

Full time CA employee **does not include** a person who is:

- (a) a partner in other firms/LLPs
- (b) Employed full time/part time elsewhere, practicing in their own name or engaged in practice otherwise or engaged in other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act, 1949.

[2] Sole proprietors/CA partners/CA employees will get points if they were exclusively associated with the firm/LLP throughout the calendar year immediately preceding the year of empanelment.

[3] In case of merger, the proprietor/partners of the merging firm/firms/LLP/LLPs will be assigned points after one calendar year of merger. For the first five calendar years after merger, the merging partner/s would be deemed to have joined the firm/LLP from the date of merger. The

benefit of earlier association of the merging partners with the merging firm/LLP will be accorded to the merged firm/LLP only after five calendar years from the date of merger.

- [4] Basis of points for Turnover of the firm/LLP from Audit Services only (as distinct from other activities e.g. consultancy):

Sr No.	Metro Stations (Mumbai, Delhi, Chennai, Kolkata, Bangalore, Hyderabad)		Non-Metro Stations (Other Stations)	
	Rs. in crore	Points	Rs. in crore	Points
1	Upto 1.00	No points	Upto 0.60	No points
2	>1.00 ----2.00	1	>0.60 ---1.20	1
3	>2.00 ----3.00	2	>1.20 ---1.80	2
4	>3.00 ----4.00	3	>1.80 ---2.40	3
5	>4.00 ----5.00	4	>2.40 ---3.00	4
6	Above 5.00	5	Above 3.00	5

- [5] This will be implemented from the empanelment year 2021-22 and onwards for the refusal received after notification of this policy.

Annexure 2

Policy of Empanelment of CA Firms/LLPs and Selection of Auditors

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2021-22/25

Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22

April 27, 2021

The Chairman/Managing Director/Chief Executive Officer, All Commercial Banks (Excluding RRBs)

All Primary (Urban) Co-operative Banks (UCBs)

All Non-Banking Finance Companies (NBFCs) (Including Housing Finance Companies)

Madam/Dear Sir,

Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)

The following guidelines are issued under Section 30(1A) of the Banking Regulation Act, 1949, Section 10(1) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 and Section 41(1) of SBI Act, 1955; and under provisions of Chapter IIIB of RBI Act, 1934 for NBFCs. These guidelines supersede all previous guidelines (list enclosed at Table 1) issued on the subject.

2. Applicability:

- 2.1 These guidelines will be applicable to the **Commercial Banks (excluding RRBs), UCBs and NBFCs including HFCs (hereinafter referred to as the Entities)** for Financial Year 2021-22 and onwards in respect of appointment/reappointment of SCAs/SAs¹ of the Entities. However, non-deposit taking NBFCs with asset size² below ₹1,000 crore have the option to continue with their extant procedure.
- 2.2 As RBI guidelines regarding appointment of SCAs/SAs shall be implemented for the first time for UCBs and NBFCs from FY 2021-22, they shall have the flexibility to adopt these guidelines from H2 (second half) of FY 2021-22 in order to ensure that there is no disruption.

3. Prior Approval of RBI:

- 3.1 Commercial Banks (excluding RRBs) and UCBs will be required to take prior approval of RBI (Department of Supervision) for appointment/reappointment of SCAs/SAs, on an annual basis in terms of the above-mentioned statutory provisions. For the purpose, they should apply to Department of Supervision, RBI before 31st July of the reference year and the Public Sector Banks (PSBs) shall approach RBI within one month of receipt of list of eligible audit firms from RBI.
- 3.2 For the purpose, all Commercial Banks (excluding RRBs) in India and UCBs under Mumbai Region shall approach the Central Office of RBI (Department of Supervision). Other UCBs shall approach the concerned Regional Office of RBI (Department of Supervision), under whose jurisdiction their Head Office is located.
- 3.3 While NBFCs do not have to take prior approval of RBI for appointment of SCAs/SAs, all NBFCs need to inform RBI (to the same office as applicable to UCBs, as stated in Para 3.2 above) about the appointment of SCAs/SAs for each year by way of a certificate in **Form A** within one month of such appointment.

1 SCAs in case of the Entities which appoint separate Statutory Branch Auditors (SBAs) and SAs in case of all other Entities

2 For the purpose, asset size means total assets.

4. Number of SCAs / SAs and Branch Coverage

4.1 For Entities with asset size of ₹15,000 crore and above as at the end of previous year, the statutory audit should be conducted under joint audit of a minimum of two audit firms [Partnership firms/Limited Liability Partnerships (LLPs)]. All other Entities should appoint a minimum of one audit firm (Partnership firm/LLPs) for conducting statutory audit. It shall be ensured that joint auditors of the Entity do not have any common partners and they are not under the same network³ of audit firms. Further, the Entity may finalise the work allocation among SCAs/SAs, before the commencement of the statutory audit, in consultation with their SCAs/SAs.

4.2 The Entities should decide on the number of SCAs/SAs based on a Board/Local Management Committee (LMC) Approved Policy, inter alia, taking into account the relevant factors such as the size and spread of assets, accounting and administrative units, complexity of transactions, level of computerization, availability of other independent audit inputs, identified risks in financial reporting, etc.

Considering the above factors and the requirements of the Entity, the actual number of SCAs/SAs to be appointed shall be decided by the respective Boards/LMC, subject to the following limits:

Sl. No.	Asset Size of the Entity	Maximum number of SCAs/SAs
1.	Upto ₹5,00,000 crore	4
2.	Above ₹ 5,00,000 crore and Upto ₹ 10,00,000 crore	6
3.	Above ₹ 10,00,000 crore and Upto ₹ 20,00,000 crore	8
4.	Above ₹ 20,00,000 crore	12

The above limits have been prescribed to ensure that the number of SCAs/SAs appointed by the Entities are adequate, commensurate with the asset size and extent of operations of the Entities, with a view to ensure that audits are conducted in a timely and effective manner. This will be subject to review in future based on the experience.

4.3 In terms of RBI guidelines on 'Norms on eligibility, empanelment and selection of Statutory Branch Auditors in Public Sector Banks (PSBs)', PSBs shall allot the Top

20 branches (to be selected strictly in order of the level of outstanding advances) to SCAs in such a manner as to cover a minimum of 15% of total gross advances of the bank by SCAs. For other Entities (excluding Payment Banks and Core Investment Companies), SCAs/SAs shall visit and audit at least the Top 20 branches/Top 20% of the branches of the Entities (in case of Entities having less than 100 branches), to be selected in order of the level of outstanding advances, in such a manner as to cover a minimum of 15% of total gross advances of the Entities. In addition, the banking companies and NBFCs shall ensure adherence to the provisions of Section 143 (8) of the Companies Act, 2013 regarding audit of accounts of all branches.

5. Eligibility Criteria of Auditors

Each Entity is required to appoint audit firm(s) as its SCA(s)/SA(s) fulfilling the eligibility norms as prescribed in Annex I.

6. Independence of Auditors

6.1 For Commercial Banks (excluding RRBs) and NBFCs⁴, the Audit Committee of the Board (ACB)/ LMC shall monitor and assess the independence of the auditors and conflict of interest position in terms of relevant regulatory provisions, standards and best practices. Any concerns in this regard may be flagged by the ACB/LMC to the Board of Directors of the Commercial Bank (excluding RRBs)/NBFC and concerned Senior Supervisory Manager (SSM)/Regional Office (RO) of RBI.

For UCBs/remaining NBFCs, the Board of Directors shall monitor and assess the independence of the auditors. Any concerns in this regard may be flagged by the Board of the UCB/NBFC to the concerned SSM/RO of RBI.

6.2 In case of any concern with the Management of the Entities such as non-availability of information/non-cooperation by the Management, which may hamper the audit process, the SCAs/SAs shall approach the Board⁵/ACB/LMC of the Entity, under intimation to the concerned SSM/RO of RBI.

6.3 Concurrent auditors of the Entity should not be considered for appointment as SCAs/SAs of the same Entity. The audit of the Entity and any entity with large exposure⁶ to the Entity for the same reference year

3 As defined in Rule 6(3) of the Companies (Audit & Auditors) Rules, 2014

4 For the NBFCs which are required to constitute an Audit Committee of the Board (ACB) in terms of Para 70 (1) of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 to be read with Section 177 of the Companies Act, 2013.

5 Board shall be directly approached only when ACB is non-existent in the Entity or the auditors notice a matter of concern involving any member of the ACB.

6 As defined in RBI instructions on 'Large Exposures Framework'

should also be explicitly factored in while assessing independence of the auditor.

6.4 The time gap between any non-audit works (services mentioned at Section 144 of Companies Act, 2013, Internal assignments, special assignments, etc.) by the SCAs/SAs for the Entities or any audit/non-audit works for its group entities should be at least one year, before or after its appointment as SCAs/SAs. However, during the tenure as SCA/SA, an audit firm may provide such services to the concerned Entities which may not normally result in a conflict of interest⁷, and Entities may take their own decision in this regard, in consultation with the Board/ACB/LMC.

6.5 The restrictions as detailed in para 6.3 and 6.4 above, should also apply to an audit firm under the same network⁸ of audit firms or any other audit firm having common partners.

7. Professional Standards of SCAs/SAs

7.1 The SCAs/SAs shall be strictly guided by the relevant professional standards in discharge of their audit responsibilities with highest diligence.

7.2 The Board⁹/ACB/LMC of Entities shall review the performance of SCAs/SAs on an annual basis. Any serious lapses/negligence in audit responsibilities or conduct issues on part of the SCAs/SAs or any other matter considered as relevant shall be reported¹⁰ to RBI within two months from completion of the annual audit. Such reports should be sent with the approval/recommendation of the Board/ACB/LMC, with the full details of the audit firm.

7.3 In the event of lapses in carrying out audit assignments resulting in misstatement of an Entity's financial statements, and any violations/lapses vis-à-vis the RBI's directions/guidelines regarding the role and responsibilities of the SCAs/SAs in relation to Entities,

the SCAs/SAs would be liable to be dealt with suitably under the relevant statutory/regulatory framework.

8. Tenure and Rotation

8.1. In order to protect the independence of the auditors/ audit firms, Entities will have to appoint the SCAs/SAs for a continuous period of three years¹¹, subject to the firms satisfying the eligibility norms each year. Further, Commercial Banks (excluding RRBs) and UCBs can remove the audit firms during the above period only with the prior approval of the concerned office of RBI (Department of Supervision), as applicable for prior approval for appointment, as mentioned at Para 3.2 of this circular. NBFCs removing the SCAs/SAs before completion of three years tenure shall inform concerned SSM/RO at RBI about it, along with reasons/justification for the same, within a month of such a decision being taken.

8.2 An audit firm would not be eligible for reappointment in the same Entity for six years (two tenures) after completion of full or part of one term of the audit tenure¹². However, audit firms can continue to undertake statutory audit of other Entities.

8.3. One audit firm can concurrently take up statutory audit of a maximum of four Commercial Banks [including not more than one PSB or one All India Financial Institution (NABARD, SIDBI, NHB, EXIM Bank) or RBI], eight UCBs and eight NBFCs during a particular year, subject to compliance with required eligibility criteria and other conditions for each Entity and within overall ceiling prescribed by any other statutes or rules. For clarity, the limits prescribed for UCBs exclude audit of other co-operative societies by the same audit firm. For the purpose of this circular, a group of audit firms having common partners and/or under the same network, will be considered as one entity and they will be considered for allotment of SCA/SA accordingly. Shared/Sub-contracted

7 A conflict would not normally be created in the case of the following special assignments (indicative list):
 (i) Tax audit, tax representation and advice on taxation matters, (ii) Audit of interim financial statements.
 (iii) Certificates required to be issued by the statutory auditor in compliance with statutory or regulatory requirements. (iv) reporting on financial information or segments thereof

8 As defined in Rule 6(3) of the Companies (Audit & Auditors) Rules, 2014

9 Board shall review the performance of SCAs/SAs in case ACB is non-existent in the Entity.

10 Circular dated March 26, 2004 on 'Assessment of Performance of Statutory Auditors' addressed to the PSBs has been superseded by this circular.

11 Office of C&AG will continue to appoint Statutory Auditors of the Government Companies and Government Controlled Other Companies under Section 139 (5) and 139 (7) of the Companies Act, 2013. Such Companies are also subject to supplementary/test audit by the Office of C&AG under Section 143 (6) and (7) of the said Act. Such Entities will be guided by the C&AG Guidelines regarding tenure and rotation policy. However, such appointments for Jammu & Kashmir Bank Ltd. and India Post Payments Bank Ltd. will be done by the Office of C&AG with RBI's concurrence. Further, the audit firms which have already completed tenure of 1 year or 2 years with any Entity may be permitted to complete the balance tenure only, i.e. 2 years and 1 year respectively, if they fulfill the eligibility norms on an annual basis.

12 In case an audit firm has conducted audit of any Entity for part-tenure (1 year or 2 years) and then not appointed for remainder tenure, they also would not be eligible for reappointment in the same Entity for six years from completion of part-tenure.

audit by any other/associate audit firm under the same network of audit firms is not permissible. The incoming audit firm shall not be eligible if such audit firm is associated with the outgoing auditor or audit firm under the same network of audit firms.

9. Audit Fees and Expenses

- 9.1 The audit fees for SCAs/SAs of all the Entities shall be decided in terms of the relevant statutory/regulatory provisions. Public Sector Banks will continue to be guided by relevant RBI instructions in the matter.
- 9.2 The audit fees for SCAs/SAs of all the Entities shall be reasonable and commensurate with the scope and coverage of audit, size and spread of assets, accounting and administrative units, complexity of transactions, level of computerization, identified risks in financial reporting, etc.
- 9.3 The Board/ACB/LMC of Entities shall make recommendation to the competent authority as per the relevant statutory/regulatory instructions for fixing audit

fees of SCAs/SAs.

10. Statutory Audit Policy and Appointment Procedure

- 10.1 Each Entity shall formulate a Board/LMC Approved Policy to be hosted on its official website/public domain and formulate necessary procedure thereunder to be followed for appointment of SCAs/SAs. Apart from conforming to all relevant statutory/regulatory requirements in addition to these instructions, this should afford necessary transparency and objectivity for most key aspects of this important assurance function.
- 10.2 Guidelines on minimum procedural requirements are given at Annex II.

Yours faithfully,

(Ajay Kumar Choudhary)

Chief General Manager-In-Charge

FAQs - Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)

ANNEX I ELIGIBILITY CRITERIA FOR APPOINTMENT AS SCA/SA

A. Basic Eligibility

Asset Size of Entity as on 31st March of Previous Year	Minimum No. of Full-Time partners (FTPs) associated with the firm for a period of at least three (3) years Note 1	Out of total FTPs, Minimum No. of Fellow Chartered Accountant (FCA) Partners associated with the firm for a period of at least three (3) years	Minimum No. of Full Time Partners/ Paid CAs with CISA/ ISA Qualification Note 2	Minimum No. of years of Audit Experience of the firm Note 3	Minimum No. of Professional staff Note 4
Above ₹15,000 crore	5	4	2	15	18
Above ₹ 1,000 crore and Up to ₹15,000 crore	3	2	1	8	12
Upto ₹1,000 crore	2	1	1*	6	8

* Not mandatory for UCBs/NBFCs with asset size of upto ₹ 1,000 crore.

Note 1: There should be at least one-year continuous association of partners with the firm as on the date of empanelment (for PSBs)/ shortlisting (for other Entities) for considering them as full time partners. Further, for appointment as SCAs/SAs of all Commercial Banks (excluding RRBs), and other Entities with asset size above ₹ 1,000 crore, at least two partners of the firm shall have continuous association with the firm for at least 10 years.

For all Commercial Banks (excluding RRBs), and UCBs/NBFCs with asset size above ₹ 1,000 crore, the full-time partner's association with the firm would mean exclusive association. The definition of 'exclusive association' will be based on the following criteria:

- (a) The full-time partner should not be a partner in other firm/s.

- (b) She/He should not be employed full time / part time elsewhere.
- (c) She/He should not be practicing in her/his own name or engaged in practice otherwise or engaged in other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act, 1949.
- (d) In case of PSBs, the income of the partner from the firm/LLP should not be below the threshold limits prescribed by the Office of C&AG for the purpose of consideration as full-time partners for appointment as auditors of Public Sector Undertakings. For other Entities, the Board/ACB/LMC shall examine and ensure that the income of the partner from the firm/LLP is adequate for considering them as full-time exclusively associated partners, which will ensure the capability of the firm for the purpose.

Note 2: CISA/ISA Qualification:

For UCBs and NBFCs with asset size upto ₹ 1,000 crore, there is no minimum requirement in this regard. However, such Entities may give priority to firms with full time partners or full time CAs having CISA/ISA qualification. There should be at least one-year continuous association of Paid CAs with CISA/ISA qualification with the firm as on the date of empanelment (for PSBs)/ shortlisting (for other Entities) for considering them as Paid CAs with CISA/ISA qualification for the purpose.

Note 3: Audit Experience:

For Commercial Banks (excluding RRBs), audit experience shall mean experience of the audit firm as Statutory Central/Branch Auditor of Commercial Banks (excluding RRBs)/ AIFIs. For UCBs and NBFCs, audit experience shall mean experience of the audit firm as Statutory Central/Branch Auditor of Commercial Banks (excluding RRBs)/ UCBs/NBFCs/ AIFIs. In case of merger and demerger of audit firms, merger effect will be given after 2 years of merger while demerger will be effected immediately for this purpose.

Note 4: Professional Staff

Professional staff includes audit and article clerks with knowledge of book-keeping and accountancy and who are engaged in on-site audits but excludes typists/stenos/computer operators/ secretaries/subordinate staff, etc. There should be at least one-year continuous association of professional staff with the firm as on the date of empanelment (for PSBs)/ shortlisting (for other Entities) for considering them as professional staff for the purpose.

B. Additional Consideration

- (i) The audit firm, proposed to be appointed as SCAs/SAs

for Entities, should be duly qualified for appointment as auditor of a company in terms of Section 141 of the Companies Act, 2013.

- (ii) The audit firm should not be under debarment by any Government Agency, National Financial Reporting Authority (NFRA), the Institute of Chartered Accountants of India (ICAI), RBI or Other Financial Regulators.
- (iii) The Entities shall ensure that appointment of SCAs/SAs is in line with the ICAI's Code of Ethics/any other such standards adopted and does not give rise to any conflict of interest.
- (iv) If any partner of a Chartered Accountant firm is a director in any Public Sector Bank (PSB), the said firm shall not be appointed as SCA/SA of any PSB. Further, if any partner of a Chartered Accountant firm is a director in any Entity, the said firm shall not be appointed as SCA/SA of any of the group entities¹³ of that Entity.
- (v) The auditors for Entities with asset size above ₹1,000 crore should preferably have capability and experience in deploying Computer Assisted Audit Tools and Techniques (CAATTs) and Generalized Audit Software (GAS), commensurate with the degree/ complexity of computer environment of the Entities where the accounting and business data reside in order to achieve audit objectives.
- (vi) For audit of UCBs, the SA of the firm should have a fair knowledge of the functioning of the cooperative sector and shall preferably have working knowledge of the language of the state in which the UCB/branch of the UCB is located.

C. Continued Compliance with basic eligibility criteria

In case any audit firm (after appointment) does not comply with any of the eligibility norms (on account of resignation, death etc. of any of the partners, employees, action by Government Agencies, NFRA, ICAI, RBI, other Financial Regulators, etc.), it may promptly approach the Entity with full details. Further, the audit firm shall take all necessary steps to become eligible within a reasonable time and in any case, the audit firm should be complying with the above norms before commencement of Annual Statutory Audit for Financial Year ending 31st March and till the completion of annual audit.

In case of any extraordinary circumstance after the commencement of audit, like death of one or more partners, employees, etc., which makes the firm ineligible with respect to any of the eligibility norms, RBI will have the discretion to allow the concerned audit firm to complete the audit, as a special case.

13 For the purpose of this circular, Group entities shall mean two or more entities related to each other through any of the following relationships, viz. Subsidiary – parent (defined in terms of AS 21), Joint venture (defined in terms of AS 27), Associate (defined in terms of AS 23), Promoter-promotee [as provided in the SEBI (Acquisition of Shares and Takeover) Regulations, 1997] for listed companies, a related party (defined in terms of AS 18), Common brand name, and investment in equity shares of 20% and above.

ANNEX II

PROCEDURE FOR APPOINTMENT OF SCAS/SAS

1. The Entities shall shortlist minimum of 2 audit firms for every vacancy of SCAs/SAs so that even if firm at first preference is found to be ineligible/refuses appointment, the firm at second preference can be appointed and the process of appointment of SCAs/SAs does not get delayed. However, in case of reappointment of SCAs/SAs by banks/UCBs till completion of tenure of continuous term of 3 years, there would not be any requirement of shortlisting and sending names of multiple audit firms to RBI while seeking approval to appointment.
 2. The banking companies shall continue to follow the existing procedure followed by them for selection of SCAs/SAs. They shall place the name of shortlisted audit firms, in order of preference, before their ACB/LMC for selection as SCAs/SAs. Upon selection of SCAs/SAs by the bank in consultation with their ACB/LMC and verifying their compliance with the eligibility norms prescribed by RBI, the bank shall seek RBI's prior approval for appointment of SCAs/SAs.
 3. For PSBs, empanelment of audit firms eligible for appointment as SCAs will continue to be done by the Office of C&AG, based on the norms prescribed by RBI, as on January 1 of the relevant year.

The list of firms as furnished by C&AG to RBI will be subjected to scrutiny by RBI for identifying the eligible firms and excluding audit firms who have been denied audit by C&AG/RBI. RBI will forward a single list¹⁴ of all audit firms eligible for appointment as SCAs to all PSBs on an annual basis. PSBs shall shortlist audit firms from the said list of eligible audit firms as received from RBI, based on certain objective criteria (like number of full time partners, number of professional staff, number of CISA/ISA qualified partners/paid CAs, number of FCAs, etc.) as laid down in the bank's policy for appointment of statutory auditors. Further, the PSBs shall place the list of shortlisted firms, in order of preference, before the ACB for selection of SCAs in a transparent manner.
4. Upon selection of SCAs by the PSBs in consultation with their ACB and verifying their compliance with the eligibility norms prescribed by RBI, the PSBs shall seek RBI's prior approval for appointment of SCAs.
 4. The UCBs shall place the name of shortlisted audit firms, in order of preference, before their Board for selection as SCA/SA. Upon selection of SCAs/SAs by the UCBs in consultation with their Board and verifying their compliance with the eligibility norms prescribed by RBI, the UCBs shall seek RBI's prior approval for appointment of SCAs/SAs.
 5. The Entities shall obtain a certificate, along with relevant information as per Form B, from the audit firm(s) proposed to be appointed as SCAs/SAs by the Entity to the effect that the audit firm(s) complies with all the eligibility norms prescribed by RBI for the purpose. Such certificate should be signed by the main partner/s of the audit firm proposed for appointment of SCAs/SAs of the Entities, under the seal of the said audit firm.
 6. The Commercial Banks (excluding RRBs)/UCBs shall verify the compliance of audit firm(s) to the eligibility norms prescribed by RBI for the purpose and after being satisfied of their eligibility, recommend the names along with a certificate, in the format as per Form C, stating that the audit firm(s) proposed to be appointed as SCA/SA by them comply with all eligibility norms prescribed by RBI for the purpose.
 7. While approaching the RBI for its prior approval for appointment of SCAs/SAs, Commercial Banks (excluding RRBs)/UCBs shall indicate their total asset size as on March 31st of the previous year (audited figures), forward a copy of Board/ACB Resolution (resolution not needed for foreign banks operating under branch mode) recommending names of audit firms for appointment as SCAs/SAs in the order of preference and also furnish information as per Form B and Form C as mentioned above, to facilitate expeditious approval of appointment/re-appointment of the concerned audit firm.

14 RBI will provide a single list of eligible audit firms to PSBs as the requirement of mandatory cooling of three years and allotment of vacancies in the ratio of 60:40 between 'Experienced ' and 'New' audit firms has been done away with from FY 2021-22. The firms in said list would not be ranked in any order and all firms would be eligible for selection by all PSBs.

FORM A
INFORMATION TO BE SUBMITTED BY THE NBFCS REGARDING APPOINTMENT OF SCA/SA

The company has appointed M/s _____, Chartered Accountants (Firm Registration Number _____) as Statutory Central Auditor (SCA)/Statutory Auditor (SA) for the financial year _____ for their 1st/2nd/3rd term.

2. The company has obtained eligibility certificate from (name and Firm Registration Number of the audit firm) appointed as SCA/SA of the company for FY along with relevant information in the format as prescribed by RBI.
3. The firm has no past association/association for _____ years with the company as SCA/SA/SBA.
4. The company has verified the said firm's compliance with all eligibility norms prescribed by RBI for appointment of SCAs/SAs of NBFCS.

Signature

(Name and Designation)

Date:

FORM B
ELIGIBILITY CERTIFICATE FROM (NAME AND FIRM REGISTRATION NUMBER OF THE FIRM)

A. Particulars of the firm:

Asset Size of Entity as on 31st March of Previous Year	Number of Full-Time partners (FTPs) associated* with the firm for a period of three (3) years	Out of total FTPs, Number of FCA Partners associated with the firm for a period of three (3) years	Number of Full Time Partners/ Paid CAs with CISA/ISA Qualification	Number of Years of Audit Experience#	Number of Professional staff

*Exclusively associated in case of all Commercial Banks (excluding RRBs), and UCBs/NBFCS with asset size of more than ₹ 1,000 crore

#Details may be furnished separately for experience as SCAs/SAs and SBAs

B. Additional Information:

- (i) Copy of Constitution Certificate.
- (ii) Whether the firm is a member of any network of audit firms or any partner of the firm is a partner in any other audit firm? If yes, details thereof.
- (iii) Whether the firm has been appointed as SCA/SA by any other Commercial Bank (excluding RRBs) and/or All India Financial Institution (AIFI)/RBI/NBFC/UCB in the present financial year? If yes, details thereof.
- (iv) Whether the firm has been debarred from taking up audit assignments by any regulator/Government agency? If yes, details thereof.
- (v) Details of disciplinary proceedings etc. against firm by any Financial Regulator/Government agency during last three years, both closed and pending.

C. Declaration from the firm

The firm complies with all eligibility norms prescribed by RBI regarding appointment of SCAs/SAs of Commercial Banks (excluding RRBs)/UCBs/NBFCS (as applicable). It is certified that neither I nor any of our partners / members of my / their families (family will include besides spouse, only children, parents, brothers, sisters or any of them who are wholly or

mainly dependent on the Chartered Accountants) or the firm / company in which I am / they are partners / directors¹⁵ have been declared as wilful defaulter by any bank / financial institution.

It is confirmed that the information provided above is true and correct.

Signature of the Partner

(Name of the Partner)

Date:

FORM C
CERTIFICATE TO BE SUBMITTED BY THE COMMERCIAL BANKS (EXCLUDING RRBs) AND UCBS REGARDING ELIGIBILITY OF AUDIT FIRM PROPOSED TO BE APPOINTED AS SCA/SA

The bank/UCB is desirous of appointing M/s _____, Chartered Accountants (Firm Registration Number _____) as Statutory Central Auditor (SCA)/ Statutory Auditor (SA) for the financial year _____ for their 1st/2nd/3rd term and therefore has sought the prior approval of RBI as per the section 30(1A) of the Banking Regulation Act, 1949/ Section 10 (1) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980/ Section 41(1) of SBI Act, 1955.

2. The bank/UCB has obtained eligibility certificate (copy enclosed) from (name and Firm Registration Number of the audit firm) proposed to be appointed as Statutory Central Auditor (SCA)/Statutory Auditor of the bank/UCB for FY _____ along with relevant information (copy enclosed), in the format as prescribed by RBI.
3. The firm has no past association/association for _____ years with the bank/UCB as SCA/SA/SBA.
4. The bank/UCB has verified the said firm's compliance with all eligibility norms prescribed by RBI for appointment of SCAs/SAs of Commercial Banks (excluding RRBs)/UCBs.

Signature

(Name and Designation)

Date:

Table 1 – List of Circulars/Instructions superseded by this Circular

Sl. No.	Circular/Instruction No.	Date	Subject
1	DBOD.No.App.BC.57/C.452(K)-83	July 07, 1983	Appointment of Statutory Auditors as Internal Auditors of Banks
2	DBOD.No.APP.BC.101/C.452(K)-83	December 15, 1983	Statutory Audit by External Auditors
3	DBOD.No.App.BC.107/C.452(K)-84	November 13, 1984	Appointment of Statutory Auditors as Internal Auditors of Banks
4	DBOD.No.App.BC.28/C.452(K)-85	March 12, 1985	Appointment of Statutory Auditors as Internal Auditors of Banks

¹⁵ For the purpose of this declaration, the credit facilities availed by companies where the partner of a firm has been appointed as non-executive director in a professional capacity having no financial interest shall not be included.

Sl. No.	Circular/Instruction No.	Date	Subject
5	DOS.No.BC.9/08.91.001/94	August 17, 1994	Section 30(1A) of The Banking Regulation Act, 1949 - Appointment of Statutory Auditors
6	DOS.No.BC.10/08.91.002/94	August 17, 1994	Section 30(1A) of The Banking Regulation Act, 1949 - Appointment of Statutory Auditors
7	DBS.No.ARS.BC.8/08.91.001/2000-2001	January 30, 2001	Appointment of Statutory Central Auditors for Indian Private Sector Banks
8	DBS.No.ARS.BC.12/08.91.001/2000-2001	May 8, 2001	Appointment of Statutory Central Auditors for Indian Private Sector Banks
9	DBS.ARS.No.BC.08/08:91:001/2003-04	March 26, 2004	Assessment of Performance of Statutory Auditors
10	DBS.ARS.No.B.C.15/08.91.001/2004-05	January 6, 2005	Appointment of Statutory Auditors - Obtention of Declaration of Indebtedness
11	DBS.ARS.No.BC.7/08.91.001/2006-07	April 24, 2007	Special Assignments other than Statutory Audit to Audit Firms by Banks
12	DBS.ARS.No.BC.02/08.91.001/2008-09	December 31, 2008	Internal Assignments in Banks by Statutory Auditors
13	DBS.ARS.BC No.02/08:91:001/2014-15	September 11, 2014	Appointment of Auditors
14	DBS.ARS.BC No.03/08.91.001/2014-15	September 11, 2014	Appointment of Auditors
15	DBS.ARS.BC.04/08.91.001/2017-18	July 27, 2017	Appointment of Statutory Central Auditors (SCAs) - Modification of Rest Period
16	Not Applicable	Not Applicable	Norms on eligibility, empanelment and selection of Statutory Central Auditors in Public Sector Banks from the year 2018-19 and onwards

Annexure 2.2

Norms on eligibility, empanelment and appointment of Statutory Branch Auditors in Public Sector Banks from the year 2020-21 and onwards

A. Norms for selection of branches of Public Sector Banks (PSBs) for Statutory Audit

1. The norms for selection of branches of PSBs for statutory audit from the year 2020- 21 onwards will be based on the following guidelines:
 - i. Statutory branch audit of PSBs should be carried out so as to cover 90% of all funded and 90% of all non-funded credit exposures of a bank. The selection of branches for statutory audit shall include a representative cross section of rural/semi-urban/urban and metropolitan branches, predominantly including branches which are not subjected to concurrent audit. CPUs/LPUs/and other centralised hubs, by whatever nomenclature called, would be included for branch audit every year. The selection of branches shall be finalised by each PSB with the consent of their Statutory Central Auditor/s.
 - ii. In respect of those branches, which are subject to concurrent audit by chartered accountants and not selected for branch audit, LFARs and other certifications done by concurrent auditors will be submitted to the Managing Director & CEO of the bank. The banks in turn will consolidate/compile all such LFARs and other certifications submitted by the Concurrent Auditors and submit to Statutory Central Auditor/s as an internal document of the bank.

B. Procedure for appointment of Statutory Branch Auditors

2. The following procedure will be adhered to for appointment of Statutory Branch Auditors (SBAs) in PSBs:
 - i. The list of eligible auditors/audit firms will be prepared by the Institute of Chartered Accountants of India (ICAI) as per the norms prescribed by RBI.
 - ii. The above list will be subjected to scrutiny by RBI for identifying the continuing and rested firms and excluding audit firms who have been denied audit.
 - iii. RBI will, thereafter, forward the final list of all eligible auditors/audit firms to PSBs for selection of the required number of branch auditors/audit

firms. Banks will be required to clearly advise the selected audit firms that each audit firm can take up audit assignment (branch audit) in one PSB only. The audit firm should give its consent in writing for consideration of appointment in the bank concerned for the particular year and the subsequent continuing years.

- iv. The consent given by an audit firm is irrevocable and no request from audit firms for changing the bank, after giving its consent will be entertained.
 - v. After the selection of branch auditors, PSBs will be required to recommend the names of both continuing and selected branch auditors to RBI for seeking its prior approval before their actual appointment, as per statutory requirement.
- ### C. General guidelines applicable to appointment of Statutory Branch Auditors
3. SBAs will have a maximum tenure of four years in a particular bank. The appointment of SBAs will be made on an annual basis, subject to their fulfilling the eligibility norms prescribed by RBI from time to time, and also subject to their suitability.
 4. The concept of compulsory rest for two years for audit firms located in the specified centres, after completion of four years of continuous branch audit, followed till FY 2019-20 has been done away with. Instead, the branch auditors across all the centres of the country, on completion of four years of continuous branch audit, will be subjected to the policy of rotation i.e. they may be considered for appointment as SBAs of any other PSB. However, the audit firms will not be eligible to be re-appointed as SBAs, in the same bank where they completed their audit assignment prior to rest/rotation, at least for one cycle of four years.
 5. While allotting branches, banks are required to select auditors/audit firms which are in close proximity to their offices/branches. Banks are also required to have a suitable mix of various categories of auditors / audit firms while selecting the branch auditors keeping in view the

- size of the branches to be audited. Banks are advised to allot branches, to the extent possible, to the audit firms taking into consideration their category and audit experience in such a way that specialised and larger branches are audited by bigger/experienced audit firms.
6. As regards statutory branch audit to be carried out by SCAs, banks will allot the top 20 branches (to be selected strictly in order of the level of outstanding advances) in such a manner as to cover a minimum of 15% of total gross advances of the bank by SCAs.
 7. All PSBs are required to have a Board approved policy for appointment of statutory auditors and the same shall be hosted on the bank's website. Banks are also required to ensure that the policy framed by the Board in the matter of selection of auditors/audit firms for appointment of auditors is strictly adhered to. Further, the list of firms selected for appointment as statutory branch auditors shall be placed before the ACB/Board of bank for its concurrence before it is forwarded to RBI for final approval.
 8. The policy of one audit firm for one PSB will be continued. Accordingly, an audit firm will be eligible to be appointed as a central/branch auditor of only one PSB during a particular year.
 9. In order to protect the independence of the auditors/audit firms, banks will have to make the appointments of branch auditors for a continuous period of four years subject to the firms satisfying the eligibility norms each year. Banks cannot remove the audit firms during the above period without the prior approval of the Reserve Bank of India.
 10. The firms whose partner/s are on the Boards of PSBs are not to be appointed as auditors of the same PSB.
 11. The audit firms retiring as Statutory Central Auditors from a PSB shall not be eligible to be appointed as SBAs of the same PSB during the prescribed cooling period for SCAs from that particular PSB.
- D. Eligibility norms for the empanelment of audit firms to be appointed as Statutory Branch Auditors in PSBs**
12. The eligibility norms are given in the Annex.

ANNEX
ELIGIBILITY NORMS FOR THE EMPANELMENT OF AUDIT FIRMS TO BE APPOINTED
AS STATUTORY BRANCH AUDITORS FOR PUBLIC SECTOR BANKS (2020-21 ONWARDS)

Category	No. of CAs exclusively associated* with the firm (Full time)	No. of partners exclusively associated*with the firm (full time) (Out of 2)	Professional staff*	Bank audit experience	Standing of the audit firm*
(1)	(2)	(3)	(4)	(5)	(6)
I.	5	3	8	The firm or at least one of the partners should have a minimum of 8 years experience of branch audit of a nationalised bank and/ or of a private sector bank.	8 years
II.	3	2	6	The firm or at least one of the partners should have preferably conducted branch audit of a nationalised bank or of a private sector bank for at least 5 years.	6 years (for the firm or at least one partner)
III.	2	1	4	The firm or at least one of the CAs should have preferably conducted branch audit of a nationalised bank or of a private sector bank for at least 3 years	5 years (for the firm or at least one partner)
IV.	2	2	2	Not necessary	3 years

Category	No. of CAs exclusively associated* with the firm (Full time)	No. of partners exclusively associated*with the firm (full time) (Out of 2)	Professional staff*	Bank audit experience	Standing of the audit firm*
(1)	(2)	(3)	(4)	(5)	(6)
	Even proprietorship concern without bank audit experience may be considered as hitherto. (The proprietary concerns of Chartered Accountants with 1 paid CA, 2 professional staff and not having any statutory branch audit experience of a nationalised bank or of a private sector bank will be treated at par with the partnership firm after deducting their 3 years seniority from the date of their establishment).				

* The definition of 'exclusive association', 'professional staff', and 'standing of the audit firm' will be the same as defined in the norms for empanelment of Statutory Central Auditors of Public Sector Banks.

Annexure 3 NABARD Norms

ANNEXURE-II

PART-B

APPOINTMENT OF STATUTORY BRANCH AUDITOR (SBA) FOR REGIONAL RURAL BANKS (RRBS)

1. Threshold Limit and Periodicity of Audit

Branch selection and allotment to Audit firms for SBA should be done by RRBs in such a way that at least 75% of the total advances of RRBs are covered by Statutory Audit. All branches are to be covered under Statutory Audit in a period of 2 years positively.

2. Norms to be followed for Appointment of new SBAs:

i) Categorisation of Statutory Branch Auditors (SBAs) for Branch Audit

- a) The audit firms will be categorised into category I, II, III & IV by ICAI as per the norms prescribed by RBI and as followed for Public Sector Banks.
- b) The ICAI will prepare a state-wise, category-wise list of audit firms and forward the same to NABARD.
- c) Audit firms will be selected for branch Audit from Category I, II and III, in that order. In case of non/ inadequate-availability of audit firms in Category I, II & III, firms may be selected from Category- IV.

ii) Other Criteria

- a) Sole Proprietorship firms shall not be considered for Statutory Audit of RRBs.
- b) Audit firms having experience of bank audit less than 5 years shall normally not be considered. However, in case of non-availability of audit firms with 5 years of experience, audit firms with 3 years of Bank audit experience may be considered in required category.

- c) For the audit of RRBs for the year ending 2016-17, DISA qualified partners/ employees in the audit firms shall be considered. However, for conduct of audit of RRBs from the year 2017- 18 onwards, DJSA/CISA qualified partners/ employees in the audit firms shall be considered.

iii) Location Criteria

- a) Audit firms located in the area of operation of the RRBs shall be preferred. If eligible audit firms are not available in the area of operation of the RRB, auditors from the neighbouring district will be considered. If eligible audit firm(s) in the neighbouring district(s) is not available, audit firms from a nearby state will be considered.
- b) In case where there is more than one audit firm in the area of operation, the experience of the audit firms in Bank audit will be considered for ranking.
- c) If the experience in the Bank audit of the audit firms is also the same then the year of establishment of the firm will be taken for final selection/empnment.

3. Allotment of Branches to SBAs

Each Statutory Branch Auditor are to be allotted 10-15 branches. However, RRB in exigencies may allot upto 20 branches per auditor with the prior approval of Board of RRB under advice to NABARD.

Empanelment/Continuation of SBAs

- a) The auditors -will be appointed on annual basis, extendable for a period of four years. The continuation of audit firm in subsequent year will be subject to vetting of the firm by ICAI.
- b) The cooling off period after completing the period of four years as SBA will be of two years.

5 Standby Auditors

There will be a panel of 4 to 20 Audit firms as standby Auditors for SBA, for each RRB, depending upon the number of branches.

S.No.	No. of Branches	No. of Standby Audit firms selected
1.	Upto 200	4
2.	201 to 400	8
3.	401 to 600	12
4.	601 to 800	16
5.	More than 800 branches	20 (maximum)

(Ref. Gol letter F.No.7/4/2015-RRB dated 18 May 2016). Standby Audit firms will be accorded priority for allotment as SBA.

6 Approval by Gol

NABARD will recommend the list of Auditors to GOJ for approval.

7 Refusal

In case of any changes/refusal by the existing appointed audit firm due to certain reasons considered satisfactory by NABARD and ICAI, stand-by audit firm will be appointed by RRBs with the prior approval of the Board of RRBs under advice to NABARD.

8 Complaint

- a) In case of any existing /continuing audit firm against whom ICAI receives any complaint and ICAI suggests black listing such firm or keeping it in abeyance, an audit firm from the stand-by list will be appointed by RRB. In case a new list of audit firm(s) is required NABARD will forward the list to RRB with prior approval of GOI.
- b) In case of any stand-by audit firm against whom ICAI receives any complaint and ICAI suggests black listing such firm or keeping it in abeyance,

the firm's name shall be removed from the stand-by list.

9 Deviation from Norms

Minor procedural deviations may be made by NABARD under extra-ordinary circumstances for smooth conduct of Statutory Audit under intimation to Gol indicating reasons thereof.

10 Monitoring by NABARD

- a) As soon as the auditor is appointed with the approval of the Board of RRB and work has been started in RRBs, the RRBs shall intimate to NABARD the names of Audit firms within 15 days from the commencement of audit work.
- b) After completion of the audit, RRBs shall intimate to NABARD the performance of the audit firms, in the prescribed format.

11 Other Procedure/ Norms

- a) On receipt of the approval from Gol, NABARD shall forward the approved list to the respective RRBs.
- b) On receipt of list from NABARD, the RRBs will obtain the willingness from the audit firms to accept the assignment of Statutory Branch Audit work valid for the period of 4 years. Seeking of willingness of an audit firm will not constitute any commitment to assign SBA work to the firm.
- c) Audit firms appointed by the RRBs with the approval of GOI may be debarred for a period of 3 years, if the firm refuses to carry out assigned work even after giving consent in writing, without reasonable ground considered satisfactory by NABARD and ICAI.
- d) The list of audit firms who have given consent as stated above will be placed before the Board for approval. In exigencies, Board approval may be obtained and audit firms may be asked for their consent subsequently.

Annexure 4 Government Scheme

There are a number of Central and State Government Schemes/programme, which are funded by multilateral agencies or by the Government relating to the basic functions and objectives of the Government. In most cases, such programme funds require a precise end-use accounting and auditing in order to assure continued access to the total committed funds. Chartered Accountants are being utilised for setting up systems for programme accounting and can also develop the necessary accounting manuals so that the envisaged systems can be implemented in line with the best practices worldwide. As programme auditors, they can also provide auditing and assurance services as may be required. Also, Chartered Accountants can give a certificate for the end-use of funds.

Ministry/ Department	Scheme	Quick Links
Department of Agriculture & Cooperation	National Food Security Mission (Green Revolution)	http://nfsm.gov.in/Guidelines/XIIPlan/NFSMXII.pdf
Department of Health and Family Welfare	National Urban Health Mission	https://nhm.gov.in/images/pdf/NUHM/Implementation_Framework_NUHM.pdf
Department of Health and Family Welfare	National Rural Health Mission	https://nhm.gov.in/WriteReadData/l892s/nrhm-framework-latest.pdf
National AIDS Control Organization	National AIDS Control Programme including STD Control	http://naco.gov.in/sites/default/files/19%2C%20Operational%20Guidelines%20for%20Financial%20Management%20Final.pdf
Department of School Education and literacy	National Programme of Nutritional Support to Primary Education (MDM)	http://www.upmdm.org/docs/MDM2004.pdf
Ministry of Human Resource Development	National Programme of Nutritional Support To Primary Education,2006 (NPNSPE) – Mid-Day Meal Scheme	http://www.schooleducation.kar.nic.in/pdffiles/mdmguidelines2006.pdf
Ministry of Human Resource Development	Scheme for Infrastructure Development Private AIDED/UNAIDED Minority Institutes (IDMI) – (Elementary Secondary/Senior Secondary Schools)	http://mhrd.gov.in/sites/upload_files/mhrd/files/upload_document/IDMI-scheme.pdf
Ministry of Human Resource Development	State Resource Centre (SRC)	http://mhrd.gov.in/sites/upload_files/mhrd/files/upload_document/Guidelines_Src.pdf
Ministry of Human Resource Development	Jan Shikshan Sansthan (JSS)	http://mhrd.gov.in/sites/upload_files/mhrd/files/upload_document/JSS_Guidelines.pdf

Ministry/ Department	Scheme	Quick Links
Ministry of Women And Child Development	Ujjawala	http://www.wcd.nic.in/sites/default/files/Ujjawala%20New%20Scheme.pdf
Ministry of Women And Child Development	Swadhar Greh	https://www.india.gov.in/spotlight/swadhar-greh-scheme
Ministry of Women And Child Development	Gender Budgeting Scheme (GBS)	http://www.wcd.nic.in/sites/default/files/gbscheme.pdf
Ministry of Tourism	Marketing Development Assistance Scheme (MDAS)	https://tourism.gov.in/sites/default/files/2020-01/RevisedguidelinesMDA.pdf
Ministry of Food Processing Industry	Integrated Cold Chain and Value Addition Infrastructure	https://www.mofpi.gov.in/sites/default/files/scheme_guidelines_cold_chain.pdf
Ministry of Food Processing Industry	Scheme For Creation/ Expansion of Food Processing/ Preservation Capacities (CFPC)	https://www.mofpi.gov.in/sites/default/files/cefppc_scheme_guidelines_dated_08.06.2022_1.pdf
Ministry of Food Processing Industry	Agro Processing Cluster (APC)	https://www.mofpi.gov.in/sites/default/files/20220608200951_1.pdf
Ministry of Food Processing Industry	Scheme for Creation of Backward And Forward Linkages (CBFL)	http://mofpi.nic.in/sites/default/files/revised_cbfl_guidelines_0.pdf
Department for Promotion of Industry and Internal Trade	Startup India Seed Fund Scheme	https://dpiit.gov.in/sites/default/files/Guidelines-FundScheme-Startup-29January2021.pdf
National Cooperative Development Corporation	Ayushman Sahakar Scheme	https://www.ncdc.in/documents/other/Ayushman-sahakar20102020.pdf
Department of Agriculture and Farmer Welfare	Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM AASHA)	https://agricoop.nic.in/sites/default/files/Guidelines%20PDPS.pdf
Petroleum Minister	SATAT Scheme (Sustainable Alternative Towards Affordable Transportation)	https://satat.co.in/satat/about.html
Indian Navy	Mission Sagar	Indiannavy.nic.in
Commerce Industry	NIRVIK Scheme (Niryat Rin Vikas Yojana)	https://commerce.gov.in/press-releases/enhanced-insurance-cover-for-exporters-affordable-and-accessible-credit-reduction-in-interest-rates-fm-announces-nirvik-scheme-for-exporters-in-union-budget-2020-21?hilitte=%27nirvik%27
Indian Navy	Mission Sagar	Indiannavy.nic.in

Ministry/ Department	Scheme	Quick Links
Commerce Industry	NIRVIK Scheme (Niryat Rin Vikas Yojana)	https://commerce.gov.in/press-releases/enhanced-insurance-cover-for-exporters-affordable-and-accessible-credit-reduction-in-interest-rates-fm-announces-nirvik-scheme-for-exporters-in-union-budget-2020-21?title=%27nirvik%27
Ministry of Panchayat Raj	SVAMITVA Scheme (Survey of Villages and Mapping with Improvised Technology in Village Areas)	https://svamitva.nic.in/DownloadPDF/SvमितvaGuidelinesupdated_1644233812678.pdf
Department of Science and Technology	SERB-POWER Scheme (Promoting Opportunities for Women in Exploratory Research)	http://serb.gov.in/serb_power.php#:~:text=SERB%20%E2%80%93%20POWER%20(Promoting%20Opportunities%20for%20academic%20institutions%20and%20R%26D%20laboratories
Ministry of Housing & Urban Affairs	Prime Minister Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi)	https://mohua.gov.in/upload/uploadfiles/files/PMSVANidhi%20Guideline_English.pdf
Ministry of Agriculture and Farmers' Welfare	Sahakar Mitra Scheme	https://ncdc.in/documents/whats-new/2616120620Sahakar_Mitra_English.pdf

Annexure 5

Tendering Guidelines issued by ICAI

*A notification dated 7th April, 2016 issued by the Council of ICAI to monitor the tendering system for attest functions. The Notification states as under:

GuidelineNo.1-CA(7)/03/2016

In exercise of the powers conferred on it under Item(1) of Part II of the Second Schedule of the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India hereby issue the following guidelines for compliance by the members of the Institute–

- (i) A member of the Institute in practice shall not respond to any tender issued by an organization or user of professional services in are as of services which are exclusively reserved for chartered accountants, such as audit and attestation services. However, such restriction shall not be applicable where minimum fee of the assignment is prescribed in the tender document itself or where the areas are open to other professionals alongwith the Chartered Accountants.
- (ii) This Guideline shall come in to force with immediate effect.

The same is available at

https://www.icai.org/new_post.html?post_id=12547

Frequently Asked Questions (FAQs) on Responding to Tenders have been prepared for general guidance purpose for members, for details, please visit

http://pdicai.org/docs/Frequently%20Asked%20Questions_18.6.2016_1862016135710211.pdf

Source: https://www.icai.org/new_post.html?post_id=12547



Annexure 6 Public Sector Banks

Banks	Website
Bank of Baroda	https://www.bankofbaroda.in/
Bank of India	https://bankofindia.co.in/
Bank of Maharashtra	https://bankofmaharashtra.in/
Canara Bank	https://canarabank.com/
Central Bank of India	https://www.centralbankofindia.co.in/en
Indian Bank	https://www.indianbank.net.in/jsp/startIBPreview.jsp
Indian Overseas Bank	https://www.iobnet.co.in/ibanking/html/index.html
Punjab and Sind Bank	https://punjabandsindbank.co.in/
Punjab National Bank	https://www.pnbindia.in/
State Bank of India	https://www.onlinesbi.com/
UCO Bank	https://www.ucobank.com
Union Bank of India	https://www.unionbankofindia.co.in/english/home.aspx

Annexure 7

Private Sector Banks

Banks	Website
AXIS Bank Ltd.	http://www.axisbank.com
Bandhan Bank Limited	http://www.bandhanbank.com
City Union Bank Ltd.	https://www.cityunionbank.com
CSB Bank	https://www.csb.co.in/
DCB Bank Ltd.	http://www.dccb.com
Dhanlaxmi Bank Ltd.	http://www.dhanbank.com
Federal Bank	https://www.federalbank.co.in/
HDFC Bank Limited	https://www.hdfcbank.com/
ICICI Bank Limited	http://www.icicibank.com
IDBI Bank	https://www.idbibank.in/
IDFC Bank Limited	http://www.idfcbank.com
IndusInd Bank Limited	http://www.indusind.com
Jammu & Kashmir Bank	https://www.jkbank.com/
Karnataka Bank Ltd.	https://karnatakabank.com/
Kotak Mahindra Bank Limited	http://www.kotak.com
Karur Vysya Bank	https://www.kvb.co.in/
Nanital Bank	https://www.nainitalbank.co.in/english/home.aspx
RBL Bank Ltd	http://www.rblbank.com
Tamilnad Mercantile Bank Ltd.	http://www.tmb.in
The South Indian Bank Ltd.	http://www.southindianbank.com
Yes Bank	https://www.yesbank.in/

Annexure 8

Important Links Related to Trade Measures

Particulars	Links
Govt.of India Directory	http://goidirectory.nic.in/
Ministry of Finance	http://finmin.nic.in/
Central Board of Excise& Customs	https://www.cbic.gov.in/
Ministry of Commerce	https://commerce.gov.in/
Directorate General of Anti-Dumping	http://www.dgtr.gov.in/
Ministry of External Affairs Government of India Directorate General of CIS	https://www.mea.gov.in/
Federation of Indian Chambers of Commerce & Industry(FICCI)	http://ficci.in/
The Associated Chambers of Commerce & Industry (ASOCHAM)	http://www.assochem.org/
World Trade Organisation	http://www.wto.org/
Safeguard Measures–World Trade Organisation	www.wto.org/english/tratop_e/safeg_e/safeg_e.html
United Nations	http://www.un.org/
Centre for Trade Development	https://www.ictsd.org/
The World Bank	http://www.worldbank.org/
Asian Development Bank	http://www.adb.org

Related Websites of Authorities and Organization International and National relevant for foreign Trade

Particulars	Links
Directorate General of Foreign Trade-Ministry of Commerce	http://dgft.delhi.nic.in/
Govt .of India Directory	http://goidirectory.nic.in/
Ministry of Finance	http://finmin.nic.in/
Central Board of Excise & Customs	https://www.cbic.gov.in/
Federation of Indian Export Organisations (FIEO)	www.fieo.org
Reserve Bank of India (RBI)	http://www.rbi.org.in/
Indian Missions & Posts, Ministry of External Affairs Government of India	https://mea.gov.in/index.htm
Ministry of External Affairs, Government of India	https://mea.gov.in/index.htm
Ministry of Textiles, Govt. of India-Office of the Textile Commissioner, Mumbai	www.txcindia.com/
Federation of Indian Chambers of Commerce & Industry(FICCI)	http://ficci.in/
The Associated Chambers of Commerce & Industry (ASOCHAM)	www.assochem.org/

World Trade Organisation	http://www.wto.org/
Safeguard Measures–World Trade Organisation	https://www.wto.org/
Centre for Trade Development	https://www.ictsd.org/
The Cotton Textiles Export Promotion Council of India [TEXPROCIL]	www.texprocil.com/
World Customs Organisation	http://www.wcoomd.org/
World Bank, Washington, US	http://www.worldbank.com/
Asia Trade Forum of the Irish Exporters Association	www.irishexporters.ie/asia
Australia India Chamber of Commerce	www.aicc.com.au/
China Council for the Promotion of International Trade	http://en.ccpit.org/info/index.html
Chinese Manufacturers' Association	www.cma.org.hk/
Indian Business Chamber in Vietnam	http://www.incham.vn/
KualaLumpur and Selangor Indian Chamber of Commerce and Industry	www.klsicci.com.my/
Korea International Trade Association(KITA)	www.kita.org/

Annexure 9

Important Links Related to Intellectual Property Rights

Patents Office	http://www.ipindia.nic.in/patents.htm
CopyRight Authority under the Ministry of Human Resource and Development	http://copyright.gov.in/
Trade Mark registry	http://ipindia.nic.in/trade-marks.htm
Designs registration office	http://www.ipindia.nic.in/designs.htm
Information on Geographical Indicators	https://www.wipo.int/geo_indications/en/
The Convention on Biological Diversity	https://www.cbd.int/
India's Clearing-House Mechanism site	http://envfor.nic.in/envis/envis.html
Ministry of Environment & Forests	http://envfor.nic.in/
Information on protection of plantvarieties and farmersrights	http://www.plantauthority.in/
https://plantauthority.gov.in/	
Ministry of Electronics & Information Technology	https://www.meity.gov.in/ipr-initiatives
Websites related to Competition	
The International Competition Network	www.internationalcompetitionnetwork.org/
Competition Commission of India	www.competitioncommission.gov.in/ https://www.cci.gov.in/

Annexure 10

Important Links Related to International Organizations

Asia-Pacific Economic Cooperation(APEC)	https://www.apec.org/
Business and Industry Advisory Committee for the OECD(BIAC)	http://www.biac.org/
Economic Commission for Latin America and the Caribbean(ELAC)	https://www.cepal.org/en
Free Trade Area of Americas (FTAA)-Competition Policy	http://www.ftaa-alca.org/ngroups/ngcomp_e.asp
International Chamber of Commerce	http://www.iccwbo.org/
International Trade Centre UNCTAD/WTO	http://www.intracen.org/
The International Trade Forum- The Magazine of the International Trade Centre	http://www.tradeforum.org/
International Monetary Fund(IMF)	http://www.imf.org/
North Atlantic Treaty Organisation (NATO)	http://www.nato.int/
OECD Organisation For Economic Co-operation and Development, Competition Law and Policy	www.oecd.org/daf/clp
United Nation Conference on Trade and Development(UNCTAD)	www.unctad.org
United Nations Commission on International Trade Law (UNCITRAL)	http://www.uncitral.org/
United Nations Economic and Social Development	https://www.un.org/development/desa/en/
United Nations Industrial Development Organization(UNIDO)	http://www.unido.org/
World Trade Organization(WTO)	http://www.wto.org/
World Intellectual Property Organisation	https://www.wipo.int/portal/en/index.html

Annexure 11

Global Accounting Bodies

Country Name	Name of the Accounting Body	Website Address
Albania	Albanian Institute of Authorized Chartered Accountants	
Argentina	Federacion Argentina de Consejos Profesionales de Ciencias Economicas	www.facpce.org.ar
Armenia	Association of Accountants and Auditors in Armenia	www.aaaa.am
Australia	CPA Australia The Institute of Chartered Accountants in Australia National Institute of Accountants in Australia	www.cpaonline.com.au
Austria	Institut Osterreichischer Wirtschaftsprufer Kammer der Wirtschaftstreuhander	www.kwt.or.at/iwp/frame.html www.kwt.or.at/ www.kwt.or.at/index.html
Azerbaijan Republic	The Chamber of Auditors of Azerbaijan Republic	www.audit.gov.az
Bahamas	The Bahamas Institute of Chartered Accountants	www.bica.bs
Bahrain	Bahrain Accountants Associations Accounting and Auditing Organization for Islamic Financial Institutions	
Bangladesh	The Institute of Chartered Accountants of Bangladesh. The Institute of Cost and Management Accountants of Bangladesh	www.icmab.org.bd
Barbados	The Institute of Chartered Accountants of Barbados	www.icab.bb
Belgium	Institut des Experts Comptables Institut des Reviseurs d'Entreprises	www.ibr-ire.be
Bolivia	Colegio de Auditores de Bolivia	
Bosnia and Herzegovina	Association of Accountants and Auditors of Republika Srpska	
Bulgaria	Institute of Certified Public Accountants of Bulgaria	
Cameroon	The Institute of Chartered Accountants of Cameroon	
Canada	CMA Canada The Canadian Institute of Chartered Accountants Certified General Accountants' Association of Canada	www.cma-canada.org www.cica.ca www.cga-canada.org/
Chile	Colegio de Contadores de Chile	https://www.contach.cl/

Country Name	Name of the Accounting Body	Website Address
China	The Chinese Institute of Certified Public Accountants	www.cicpa.org.cn
Chinese Taiwan	Federation of CPA Associations of Chinese Taiwan	https://www.ifac.org/about-ifac/membership/members/federation-cpa-associations-chinese-taiwan
Colombia	Instituto Nacional de Contadores Publicos de Colombia	www.incp.org.co
Costa Rica	Colegio de Contadores Publicos de Costa Rica	www.ccpa.or.cr
Cyprus	The Institute of Certified Public Accountants of Cyprus	www.icpac.org.cy
Czech Republic	Chamber of Auditors of the Czech Republic Union of Accountants of the Czech Republic	www.kacr.cz www.svaz-ucetnich.cz
Denmark	Foreningen af Statsautoriserede Revisorer Foreningen Registrerede Revisorer FRR	www.frr.dk
Dominican Republic	Instituto de Contadores Publicos Autorizados de la Republica Dominicana	https://www.icpard.org/
Egypt	The Egyptian Society of Accountants & Auditors	https://www.ifac.org/about-ifac/membership/members/egyptian-society-accountants-auditors
EL Salvador	Corporacion de Contadores de El Salvador Instituto Salvadoreno de Contadores Publicos	https://www.ifac.org/about-ifac/membership/members/instituto-salvadore-o-de-contadores-p-blicos
Estonia	Audiitorkogu (Estonian Auditing Board)	www.audiitorkogu.ee
Federation of Republics of Serbia and Montenegro	Serbian Association of Accountants and Auditors Institute of Accountants and Auditors of Montenegro Society of Certified Accountants and Auditors of Kosovo (SCAAK)	https://www.ifac.org/about-ifac/membership/members/institute-accountants-and-auditors-montenegro
Fiji	Fiji Institute of Accountants	
Finland	KHT-yhdistys-Foreningen CGR ry HTM-tilintarkastajat ry	
France	Compagnie Nationale des Commissaires aux Comptes Ordre des Experts Comptables Federation Internationale des Experts Comptables Francophones	www.cncc.fr www.fidef.org
Georgia	Georgian Federation of Professional Accountants and Auditors	https://www.ifac.org/about-ifac/membership/members/georgian-federation-professional-accountants-and-auditors
Germany	Institut der Wirtschaftsprufer in Deutschland e.V. Wirtschaftspruferkammer	www.idw.de
Greece	Association of Certified Accountants and Auditors of Greece (SELE) Institute of Certified Public Accountants of Greece (SOEL)	www.soel.gr
Guatemala	Instituto Guatemalteco de Contadores Publicos y Auditores	https://igcpa.org.gt/
Guyana	The Institute of Chartered Accountants of Guyana	https://www.icag.org.gy/
Haiti	Ordre des Comptables Professionels Agreees d'Haiti	http://www.ocpah.ht/
Honduras	Colegio de Peritos Mercantiles y Contadores Publicos	
Hong Kong	Hong Kong Society of Accountants	www.hksa.org.hk
Hungary	Chamber of Hungarian Auditors Chamber of Hungarian Auditors	www.mkvk.hu

Country Name	Name of the Accounting Body	Website Address
Iceland	Felag loggiltrá Endurskooenda	www.fle.is
India	The Institute of Chartered Accountants of India The Institute of Cost Accountants of India	www.icaai.org www.icwai.org
Indonesia	Indonesian Institute of Accountants	
Iran	The Iranian Institute of Certified Accountants Iranian Association of Certified Public Accountants	www.iacpa.ir
Iraq	Iraqi Union of Accountants and Auditors	
Ireland	The Institute of Certified Public Accountants in Ireland The Institute of Chartered Accountants in Ireland The Institute of Accounting Technicians in Ireland	www.cpairland.ie
Israel	Institute of Certified Public Accountants in Israel	
Italy	Consiglio Nazionale dei Dottori Commercialisti Consiglio Nazionale dei Ragionieri e Periti Commerciali	www.cndc.it
Ivory Coast	Ordre des Experts Comptables et Comptables Agréés de Côte d'Ivoire	https://www.ifac.org/about-ifac/membership/members/ordre-des-experts-comptables-de-cote-d-ivoire
Jamaica	The Institute of Chartered Accountants of Jamaica	
Japan	The Japanese Institute of Certified Public Accountants	www.jicpa.or.jp
Jordan	Jordanian Association of Certified Public Accountants Arab Society of Certified Accountants	
Kenya	Institute of Certified Public Accountants of Kenya	www.icpak.com
Korea	Korean Institute of Certified Public Accountants	www.kicpa.or.kr
Kuwait	Kuwait Association of Accountants and Auditors	https://www.ifac.org/about-ifac/membership/members/kuwait-association-accountants-and-auditors
Kyrgyzstan	Union of Accountants and Auditors of Kyrgyzstan	www.oba.kg
Latvia	Latvian Association of Certified Auditors	https://eng.lzra.lv/
Lebanon	Middle East Society of Associated Accountants Lebanese Association of Certified Public Accountants	
Lesotho	Lesotho Institute of Accountants	http://www.lia.org.ls/
Liberia	The Liberian Institute of Certified Public Accountants	
Libya	Libyan Certified and Public Accountants Union	
Luxembourg	Institut des Réviseurs d'Entreprises	www.ire.lu
Macedonia	Association of Accountants, Financial Experts and Auditors of the Republic of Macedonia	
Madagascar	Ordre des Experts Comptables et Financiers et des Comptables Agréés de Madagascar	https://www.ifac.org/about-ifac/membership/members/ordre-des-experts-comptables-et-financiers-de-madagascar https://www.ifac.org/about-ifac/membership/members/ordre-des-experts-comptables-et-financiers-de-madagascar
Malawi	The Society of Accountants in Malawi	https://www.ifac.org/about-ifac/membership/members/institute-chartered-accountants-malawi
Malaysia	Malaysian Institute of Accountants The Malaysian Association of Certified Public Accountants	www.mia.org.my https://www.micpa.com.my/

Country Name	Name of the Accounting Body	Website Address
Malta	The Malta Institute of Accountants	www.miamalta.org
Mexico	Instituto Mexicano de Contadores Publicos, A.C.	www.imcp.org.mx
Morocco	Ordre des Experts Comptables du Royaume du Maroc (Morocco) (Certified Public Accountants Association)	https://www.oecmaroc.com
Namibia	The Institute of Chartered Accountants of Namibia	https://www.icancpd.net/
Nepal	The Institute of Chartered Accountants of Nepal	www.ican.org.np
Netherlands	Koninklijk Nederlands Instituut van Registeraccountants	www.nivra.nl
New Zealand	New Zealand	
Nicaragua	Colegio de Contadores Publicos de Nicaragua	www.ccpn.org.ni
Nigeria	The Institute of Chartered Accountants of Nigeria	www.ican-ngr.org
Norway	Den norske Revisorforening (DnR)	www.revisornett.no
Pakistan	Institute of Cost and Management Accountants of Pakistan The Institute of Chartered Accountants of Pakistan Pakistan Institute of Public Finance Accountants	www.icmap.com.pk www.icap.org.pk
Paraguay	Colegio de Contadores de Paraguay	www.ccpy.org.py
Peru	Federacion de Colegios de Contadores Publicos del Peru	
Philippines	Philippine Institute of Certified Public Accountants	www.picpa.com.ph
Poland	National Board of Chartered Accountants Association in Poland National Chamber of Statutory Auditors	www.skwp.org.pl
Romania	Corpul Expertilor Contabili si Contabililor Autorizati din Romania The Chamber of Financial Auditors of Romania	http://ceccar.ro/ro/ www.cafr.ro
Russia	The Institute of Professional Accountants of Russia Russian Collegium of Auditors	https://www.ipbr.org/ https://www.ipbr.org/
Saudi Arabia	Saudi Organization for Certified Public Accountants	http://www.altala.com.sa/
Sierra Leone	The Institute of Chartered Accountants of Sierra Leone	http://ica-sl.org.hyssop.arvixe.com/
Singapore	Institute of Singapore Chartered Accountants	www.isca.org.sg
Slovakia	Slovenska Komora Auditorov	https://www.skau.sk/
Slovenia	The Slovenian Institute of Auditors	www.si-revizija.si
South Africa	The South African Institute of Chartered Accountants	www.saica.co.za
Sri Lanka	The Institute of Chartered Accountants of Sri Lanka Association of Accounting Technicians of Sri Lanka	www.ims.casrilanka.com
Swaziland	Swaziland Institute of Accountants	https://www.ifac.org/about-ifac/membership/country/swaziland
Sweden	Foreningen Auktoriserade Revisorer Svenska Revisorsamfundet SRS	www.far.se https://www.ne.se/upplagsverk/encyklopedi/l%C3%A5ng/svenska-revisorsamfundet-srs

Country Name	Name of the Accounting Body	Website Address
Switzerland	Treuhand-Kammer -Swiss Institute of Certified Accountants and Tax Consultants	www.treuhand-kammer.ch
Syria	Association of Syrian Certified Accountants	
Tanzania	Tanzania Association of Accountants National Board of Accountants and Auditors (NBAA) Tanzania	www.nbaa-tz.org/
Thailand	The Institute of Certified Accountants and Auditors of Thailand	
Trinidad and Tobago	The Institute of Chartered Accountants of Trinidad & Tobago	icatt.org
Tunisia	Ordre des Experts Comptables de Tunisie	www.oect.org.tn
Turkey	Union of Chambers of Certified Public Accountants of Turkey	https://www.ifac.org/about-ifac/membership/members/union-chambers-certified-public-accountants-turkey
Ukraine	Ukrainian Federation of Professional Accountants and Auditors	http://ufpaa.org
Uganda	Institute of Certified Public Accountants of Uganda	
United Kingdom	The Chartered Institute of Management Accountants The Institute of Chartered Accountants in England & Wales The Chartered Institute of Public Finance and Accountancy The Association of Chartered Certified Accountants The Institute of Chartered Accountants of Scotland Association of Accounting Technicians	www.cimaglobal.com www.icaew.com https://www.cipfa.org/ www.accaglobal.com www.icas.com
United States	Institute of Management Accountants American Institute of Certified Public Accountants National Association of State Boards of Accountancy Information Systems Audit & Control Association The Institute of Internal Auditors	www.imanet.org www.aicpa.org www.nasba.org www.isaca.org www.theiia.org
Uzbekistan	National Association of Professional Accountants and Auditors of Uzbekistan	https://www.ifac.org/about-ifac/membership/members/national-association-accountants-and-auditors-uzbekistan
Venezuela	Federacion de Colegios de Contadores Publicos de Venezuela	www.fccpv.org
Vietnam	Vietnam Accounting Association	
Yugoslavia	The Association of Accountants and Auditors of the FR of Yugoslavia	https://www.zica.co.zm/
Zambia	Zambia Institute of Chartered Public Accountants	
Zimbabwe	The Institute of Chartered Accountants of Zimbabwe	www.icaaz.org.zw

Annexure 12

Revised Minimum Recommended Scale of Fees for the Professional Assignments done by The Chartered Accountants

The Committee for Members in Practice (CMP) of ICAI as a part of its commitment to strengthen the Practitioners has initiated the Revised Minimum Recommended Scale of Fees for the professional assignments done by the members of ICAI. The recommendation is about the fee to be charged as per the work performed for various professional assignments. The fee has been recommended separately for Class A, Class B and Class C cities.

PARTICULARS		Revised minimum Recommended scale of Fees		
		Class 'A' Cities (₹)	Class 'B' Cities (₹)	Class 'C' Cities (₹)
1) ADVISING ON DRAFTING OF DEEDS/AGREEMENTS				
(a)	i) Partnership Deed	15,000/- & Above	10,000/- & Above	8,000/- & Above
	ii) Partnership Deed (With Consultation & Tax Advisory)	20,000/- & Above	15,000/- & Above	10,000/- & Above
(b)	Filling of Forms with Registrar of Firms	7,000/- & Above Per Form	5,000/- & Above Per Form	3,000/- & Above
(c)	Supplementary / Modification in Partnership Deed	12,000/- & Above	9,000/- & Above	6,000/- & Above
(d)	Joint Development Agreements / Joint Venture Agreements	12000 & Above (See Note-1)	9000 & Above (See Note-1)	6,000/- & Above (See Note-1)
(e)	Others Deeds such as Power of Attorney, Will, Gift Deed etc.	5000 & Above	4000 & Above	3,000/- & Above
2) INCOME TAX				
A.	Filling of Return of Income			
l)	For Individuals/HUFs etc.			
(a)	Filling of Return of Income with Salary/ Other Sources/Share of Profit	8,000/- & Above	6,000/- & Above	4,000/- & Above
(b)	Filling of Return of Income with detailed Capital Gain working			
	i) Less than 10 Transactions (For Shares & Securities)	11,000/- & Above	8,000/- & Above	5,000/- & Above
	ii) More than 10 Transactions (For Shares & Securities)	17,000/- & Above	12,000/- & Above	8,000/- & Above
(c)	Filling on Return of Income for Capital Gain on Immovable property	32,000/- & Above	22,000/- & Above	15,000/- & Above
(d)	Filling on Return of Income with Preparation of Bank Summary, Capital A/c & Balance Sheet.	12,000/- & Above	9,000/- & Above	6,000/- & Above

PARTICULARS		Revised minimum Recommended scale of Fees		
		Class 'A' Cities (₹)	Class 'B' Cities (₹)	Class 'C' Cities (₹)
II)	(a) Partnership Firms/Sole Proprietor with Advisory Services	15,000/- & Above	10,000/- & Above	8,000/- & Above
	(b) Minor's I.T. Statement	8,000/- & Above	6,000/- & Above	4,000/- & Above
	(c) Private Ltd. Company:			
	i) Active	25,000/- & Above	18,000/- & Above	12,000/- & Above
	ii) Defunct	12,000/- & Above	9,000/- & Above	6,000/- & Above
	(d) Public Ltd. Company			
	i) Active	65,000/- & Above	45,000/- & Above	30,000/- & Above
	ii) Defunct	25,000/- & Above	18,000/- & Above	12,000/- & Above
B.	Filling of Forms etc.	(Quarterly Fees)	(Quarterly Fees)	(Quarterly Fees)
(a)	Filling of TDS/TCS Return (per Form)			
	i) With 5 or less Entries	4,000/- & Above	3,000/- & Above	2,000/- & Above
	ii) With more than 5 entries	9,000/- & Above	7,000/- & Above	5,000/- & Above
(b)	Filling of Form No. 15-H/G (per Set)	4,000/- & Above	3,000/- & Above	2,000/- & Above
(c)	Form No. 49-A/49-B	4,000/- & Above	3,000/- & Above	2,000/- & Above
(d)	Any other Forms filed under the Income Tax Act	4,000/- & Above	3,000/- & Above	2,000/- & Above
C.	Certificate			
	Obtaining Certificate from Income Tax Department	14,000/- & Above	10,000/- & Above	7,000/- & Above
D.	Filling of Appeals etc.			
(a)	First Appeal Preparation of Statement of Facts, Grounds of Appeal, Etc.	32,000/- & Above	22,000/- & Above	15,000/- & Above
(b)	Second Appeal (Tribunal)	65,000/- & Above	45,000/- & Above	30,000/- & Above
E.	Assessments etc.			
(a)	Attending Scrutiny Assessment/Appeal			
	(i) Corporate	See Note 1	See Note 1	See Note 1
	(ii) Non Corporate	32,000/- & Above	22,000/- & Above	15,000/- & Above
(b)	Attending before Authorities	10,000/- & Above Per Visit	7,000/- & Above Per Visit	5,000/- & Above Per Visit
(c)	Attending for Rectifications/ Refunds/Appeal effects Etc.	7,000/- & Above Per Visit	5,000/- & Above Per Visit	3,000/- & Above Per Visit
(d)	Income Tax Survey	80,000/- & Above	55,000/- & Above	35,000/- & Above
(e)	T.D.S. Survey	50,000/- & Above	35,000/- & Above	25,000/- & Above
(f)	Income Tax Search and Seizure	See Note 1	See Note 1	See Note 1
(g)	Any other Consultancy	See Note 1	See Note 1	See Note 1
3) CHARITABLE TRUST				
(a)	(i) Registration Under Local Act	25,000/- & Above	18,000/- & Above	12,000/- & Above
	(ii) Societies Registration Act	32,000/- & Above	22,000/- & Above	15,000/- & Above
(b)	Registration Under Income Tax Act	25,000/- & Above	18,000/- & Above	12,000/- & Above

PARTICULARS		Revised minimum Recommended scale of Fees		
		Class 'A' Cities (₹)	Class 'B' Cities (₹)	Class 'C' Cities (₹)
(c)	Exemption Certificate under section 80G of Income Tax Act	20,000/- & Above	15,000/- & Above	10,000/- & Above
(d)	Filing Objection Memo/other Replies	10,000/- & Above	7,000/- & Above	5,000/- & Above
(e)	Filing of Change Report	10,000/- & Above	7,000/- & Above	5,000/- & Above
(f)	Filing of Annual Budget	10,000/- & Above	7,000/- & Above	5,000/- & Above
(g)	Attending before Charity Commissioner including for Attending Objections	8,000/- & Above per visit	6,000/- & Above per visit	4,000/- & Above
(h)	(i) F.C.R.A. Registration	35,000/- & Above	25,000/- & Above	18,000/- & Above
	(ii) F.C.R.A. Certification	8,000/- & Above	6,000/- & Above	4,000/- & Above
4) COMPANY LAW AND LLP WORK				
(a)	Filing Application for Name Approval	8,000/- & Above	6,000/- & Above	4,000/- & Above
(b)	Incorporation of a Private Limited Company/ LLP	35,000/- & Above	25,000/- & Above	18,000/- & Above
(c)	Incorporation of a Public Limited Company	65,000/- & Above	45,000/- & Above	30,000/- & Above
(d)	Advisory or consultation in drafting MOA, AOA	15,000/- & Above	11,000/- & Above	8,000/- & Above
7) CERTIFICATION WORK				
(a)	Issuing Certificates under the Income Tax Act i.e. U/s 80IA/80IB/10 A/10B & other Certificates	See Note 1	See Note 1	See Note 1
(b)	Other Certificates For LIC/ Passport/Credit Card/Etc.	10,000/- & Above	7,000/- & Above	5,000/- & Above
(c)	Other Attestation (True Copy)	3,000/- & Above per form	2,000/- & Above per form	1,000/- & Above
(d)	Net worth Certificate for person going abroad	18,000/- & Above	12,000/- & Above	8,000/- & Above
8) RERA				
(a)	Audit of Accounts	10,000/- & Above	7,000/- & Above	5,000/- & Above
(b)	Appearance Before Appellate Tribunal of Regulatory Authority or Adjudicating Authority	50,000/- & Above	35,000/- & Above	25,000/- & Above
(c)	Advisory & Consultation	See Note 1	See Note 1	See Note 1
(d)	Certification for withdrawal of amount	See Note 1	See Note 1	See Note 1
9) CONSULTATION & ARBITRATION				
Rate per hour would depend on the complexity of the work and the number of hours spends by each person				
(a)	Principal	35,000/- & Above (initial fees) + additional fees @ 8,000/- & Above per hour	25,000/- & Above (initial fees) + additional fees @ 6,000/- & Above per hour	18,000/- & Above (initial fees) + additional fees @ 4,000/- & Above per hour
(b)	Qualified Assistant	6,000/- & Above per hour	4,000/- & Above per hour	3,000/- & Above per hour
(c)	Semi Qualified Assistant	3,000/- & Above per hour	2,000/- & Above per hour	1,000/- & Above per hour

PARTICULARS		Revised minimum Recommended scale of Fees		
		Class 'A' Cities (₹)	Class 'B' Cities (₹)	Class 'C' Cities (₹)
10) NBFC/RBI MATTERS				
(a)	NBFC Registration with RBI	See Note 1	See Note 1	See Note 1
(b)	Other Returns	18,000/- & Above	12,000/- & Above	8,000/- & Above
11) GST				
(a)	Registration	20,000/- & Above	15,000/- & Above	10,000/- & Above
(b)	Registration with Consultation	See Note 1	See Note 1	See Note 1
(c)	Tax Advisory & Consultation i.e. about value, taxability, classification, etc.	See Note 1	See Note 1	See Note 1
(d)	Challan/Returns	15,000/- & Above + (4,000/- Per Month)	10,000/- & Above + (3,000/- Per Month)	8,000/- & Above + (2,000/- Per Month)
(e)	Adjudication/Show Cause notice reply	30,000/- & Above	20,000/- & Above	15,000/- & Above
(f)	Filing of Appeal / Appeals Drafting	30,000/- & Above	20,000/- & Above	15,000/- & Above
(g)	Furnish details of inward/outward supply	See Note 1	See Note 1	See Note 1
(h)	Misc services i.e. refund, cancellation/ revocation registration, maintain electronic cash ledger etc.	See Note 1	See Note 1	See Note 1
(i)	Audit of accounts and reconciliation Statement	40,000/- & Above	20,000/- & Above	12,000/- & Above
(j)	Any Certification Work	10,000/- & Above	7,000/- & Above	5,000/- & Above
12) FEMA MATTERS				
(a)	Filing Declaration with RBI in relation to transaction by NRIs/ OCBs	35,000/- & Above	25,000/- & Above	18,000/- & Above
(b)	Obtaining Prior Permissions from RBI for Transaction with NRIs/ OCBs	50,000/- & Above	35,000/- & Above	25,000/- & Above
(c)	Technical collaboration: Advising, obtaining RBI permission, drafting and preparing technical collaboration agreement and incidental matters	See Note 1	See Note 1	See Note 1
(d)	Foreign collaboration: Advising, obtaining RBI permission, drafting and preparing technical collaboration agreement and incidental matters (incl. Shareholders Agreement)	See Note 1	See Note 1	See Note 1
(e)	Advising on Non Resident Taxation Matters including Double Tax Avoidance Agreements including FEMA	See Note 1	See Note 1	See Note 1
13) PROJECT FINANCING				
(a)	Preparation of CMA data	See Note 1	See Note 1	See Note 1
(b)	Services relating to Financial sector	See Note 1	See Note 1	See Note 1
14) ACCOUNTANCY SERVICES (New Heading)				
	Book Keeping and the preparation of financial statements	See Note 1		
	Other Services	See Note 1		
15)	Other Services not listed above	See Note 1		

Notes:

- 1) Fees to be charged depending on the complexity and the time spent on the particular assignment.
- 2) The above recommended minimum scale of fees is as recommended by the Committee for Members in Practice (CMP) of ICAI
- 3) The aforesaid table states recommendatory minimum scale of fees works out by taking into account average time required to complete such assignments. However, members are free to charge varying rates depending upon the nature and complexity of assignment and time involved in completing the same.
- 4) Office time spent in travelling & out-of-pocket expenses would be chargeable. The Committee issues for general information the above recommended scale of fees which it considers reasonable under present conditions. It will be appreciated that the actual fees charged in individual cases will be matter of agreement between the member and the client.
- 5) GST should be collected separately wherever applicable.
- 6) The Committee also recommends that the bill for each service should be raised separately and immediately after the services are rendered.
- 7) Classification of Class A, Class B & Class C Cities are given in Annexure 'A'
- 8) The amount charged will be based on the location of the service provider.

S. No.	STATES/UNION TERRITORIES	CL CITIES AS ASSIFIED "A"	CITIES CLASSIFIED AS "B"	CITIES CLASSIFIED AS "C"
1.	ANDAMAN & NICOBAR ISLANDS			All cities
2	ANDHRA PRADESH		Vijayawada, Greater Visakhapatnam, Guntur, Nellore	Other Cities
3	ARUNACHAL PRADESH			All cities
4	ASSAM		Guwahati	Other Cities
5	BIHAR		Patna	Other Cities
6	CHANDIGARH		Chandigarh	
7	CHHATTISGARH		Durg-Bhilai Nagar, Raipur	Other Cities
8	DADRA & NAGAR HAVELI			All cities
9	DAMAN & DIU			All cities
10	DELHI	Delhi		
11	GOA			All cities
12	GUJARAT	Ahmedabad	Rajkot, Jamnagar, Bhavnagar, Vadodara Surat	Other Cities
13	HARYANA		Faridabad, Gurgaon	Other Cities
14	HIMACHAL PRADESH			All cities
15	JAMMU & KASHMIR		Srinagar, Jammu	Other Cities
16	JHARKHAND		Jamshedpur, Dhanbad, Ranchi, Bokro Stell City	Other Cities
17	KARNATAKA	Bengaluru	Belgaum, Hubli-Dharwad, Mangalore, Mysore, Gulbarga	Other Cities
18	KERALA		Kozhikode, Kochi, Thiruvananthapuram, Thrissur, Malappuram, Kannur, Kollam	Other Cities

S. No.	STATES/UNION TERRITORIES	CL CITIES AS ASSIFIED "A"	CITIES CLASSIFIED AS "B"	CITIES CLASSIFIED AS "C"
19	LAKSHADWEEP			All cities
20	MADHYA PRADESH		Gwalior, Indore, Bhopal, Jabalpur, Ujjain	Other Cities
21	MAHARASHTRA	Greater Mumbai, Pune	Amravati, Nagpur, Aurangabad, Nashik, Bhiwandi, Solapur, Kolhapur, Vasai-Virar City, Malegaon, Nansws-Waghala, Sangli	Other Cities
22	MANIPUR			All cities
23	MEGHALAYA			All cities
24	MIZORAM			All cities
25	NAGALAND			All cities
26	ODISHA		Cuttack, Bhubaneswar, Rourkela	Other Cities
27	PUDUCHERRY		Puducherry/ Pondicherry	
28	PUNJAB		Amritsar, Jalandhar, Ludhiana,	Other Cities
29	RAJASTHAN		Bikaner, Jaipur, Jodhpur, Kota, Ajmer	Other Cities
30	SIKKIM			All cities
31	TAMIL NADU	Chennai	Salem, Tiruppur, Coimbatore, Tiruchirappalli, Madurai, Erode	Other Cities
32	TELANGANA	Hyderabad	Warangal	Other Cities
33	TRIPURA			All cities
34	UTTAR PRADESH		Moradabad, Meerut, Ghaziabad, Aligarh, Agra, Bareilly, Lucknow, Kanpur, Allahabad, Gorakhpur, Varanasi, Saharanpur, Noida, Firozabad, Jhansi	Other Cities
35	UTTARAKHAND		Dehradun	Other Cities
36	WEST BENGAL	Kolkata	Asansol, Siliguri, Durgapur	Other Cities

Annexure 13

MoU/MRA/Joint Declarations signed with Foreign Bodies

SN	MoU/ Agreement	link
Qualification Reciprocity Agreements		
1.	MoU with Chartered Accountants – Australia and New Zealand (CA ANZ)	https://resource.cdn.icai.org/60403ia49227.pdf
2.	MRA with CPA Australia	https://www.icai.org/post.html?post_id=4289&c_id=227
3.	MRA with Malaysian Institute of Certified Public Accountants (MICPA)	https://www.icai.org/post/mra-micpa-icai
4.	MRA with the Institute of Chartered Accountants of Nepal (ICAN)	https://www.icai.org/post/mra-between-icai-ican
5.	MoU with Institute of Chartered Accountants in England and Wales (ICAEW)	https://www.icai.org/post.html?post_id=16369
6.	MoU with the Chartered Professional Accountants of Canada (CPA Canada)	https://www.icai.org/post.html?post_id=15255
7.	MRA with the Institute of Certified Public Accountants (CPA Ireland)	https://www.icai.org/post.html?post_id=15250
8.	MRA with the South African Institute of Chartered Accountants (SAICA)	https://www.icai.org/post.html?post_id=14858
Technical Collaborative Agreements		
1.	MoU with Chamber of Auditors of Azerbaijan Republic (CAAR)	https://www.icai.org/post.html?post_id=5617
2.	MoU with Polish Chamber of Statutory Auditors (PIBR)	https://www.icai.org/post.html?post_id=5617
3.	College of Banking and Financial Studies (CBFS), Oman	https://www.icai.org/post.html?post_id=9283
4.	MoU with Institute of professional accountants of Russia (IPAR)	https://www.icai.org/post/icai-mou-ipar
5.	MoU with Qatar Financial Center (QFC)	https://www.icai.org/post/mou-qfc
6.	MoU with Certified Practising Accountants - Papua New Guinea (CPA PNG)	https://www.icai.org/post.html?post_id=5617
7.	MoU with Higher Colleges of Technology (HCT), UAE	https://www.icai.org/post.html?post_id=5617
8.	MoU with VRC, the Netherlands	https://www.icai.org/post.html?post_id=5617
9.	MoU with CPA Afghanistan	https://www.icai.org/post.html?post_id=5617
10.	MoU with Saudi Organization for Certified Public Accountants (SOCPA)	https://www.icai.org/post.html?post_id=5617
11.	MoU with Kuwait Accountants and Auditors Association (KAAA), Kuwait	https://www.icai.org/post.html?post_id=5617
12.	MoU with Institute of Certified Public Accountants of Kenya (ICPAK)	https://www.icai.org/post.html?post_id=15441
13.	MoU with National Board of Accountants and Auditors (NBAA), Tanzania	https://www.icai.org/post.html?post_id=15443
14.	MoU with Bahrain Institute of Banking & Finance (BIBF)	https://www.icai.org/post.html?post_id=15442
15.	MoU with the Institute of Chartered Accountants of Nepal (ICA Nepal)	https://www.icai.org/post.html?post_id=15444

Form 2A and FAQs for Entry in ICAI Register as an Associate Member under MRA / MoU of a Foreign Accounting Body - https://www.icai.org/post.html?post_id=10488

Annexure 14

Revised Guidelines of Network

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

[Set up by an Act of Parliament]

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

The Guidelines for Networking of Indian CA firms, 2021

1. Preamble

1.1 Over the years, our Members have adopted different models of practice viz.

- Practice in individual name
- Practice as a sole proprietary firm
- Practice as a partnership / Limited Liability Partnership firm
- Merger of two or more firms
- Network firms

1.2 All the above forms of practice are recognised by the ICAI.

1.3 Amongst the above, networking is generally considered as the most effective platform for capacity building. It facilitates multi locational presence of the firm, strengthening partnerships and enhanced functioning of the CA firms. Though Members are at liberty to adopt any form of practice as they choose, it is overwhelmingly felt that to see exponential growth of one's practice, Networking is one of the preferred choices.

1.4 In this context, the Council of ICAI issued Network Guidelines for the first time in the year 2005 and thereafter, the same was revised by the Council in the year 2011.

1.5 Members may note that the Council, at the present, is focussing on revision in Networking guidelines in order to enable the Indian CA firms to develop a sound Network of Firms, and after a gestation period, move towards allowing foreign firms to join the Indian CA networks. Therefore, this paper is limiting itself to

networking amongst domestic CA firms only. At a later stage, the Council may consider further modifications in the present Networking Guidelines so as to pave way for Indian CA Networks to enter into networking arrangement with foreign accounting firms and have networking arrangements with foreign networks.

1.6 The previous guidelines did not fetch expected level of enthusiasm from members and only close to 100 networks could get registered with ICAI as on date. This threw up the need to review the Guidelines in order to make it more relevant and attractive in terms of current professional scenario.

1.7 Therefore, the Council of ICAI decided to modify the Guidelines to make it easier for the Indian CA firms to form network and also remove any impediments and bottlenecks that dissuade the firms from growing bigger by joining a network. Another equally critical concern was not only to protect the professional practice of the small and medium firms, but also their identity. Therefore, an attempt is made to mitigate the hardships in the revised Guidelines and encourage practising Members to consider Networking.

1.8 With the above intent in mind, the Council formed a Group of Council members in March, 2020 to have holistic review/ study of the Guidelines for Networking. The Group held several rounds of discussions and came out with a proposal to offer to the Members different options, which the Members can choose depending upon what suits them the best. The Council at its 396th meeting held in September-October, 2020 decided to conduct Outreach Programmes, so that the views of Members be heard, collated and placed before the Council for approving the revised Guidelines.

1.9 Accordingly, Outreach Programmes were held in January, 2021 and views of members were collected. The same were considered by the Council at its 397th meeting held on 9th-11th January, 2021 at Kumarakom, Kerala and thereafter at its 398th meeting held on 9th-10th February, 2021 at New Delhi. Accordingly, the existing Guidelines have been revised and the same are given at Annexure I “The Guidelines for Alliance”, Annexure II “The Guidelines for Networking” (revised) & Annexure III “The Guidelines for Networking with Lead Firm concept” to this Paper.

1.10 The Council decided that the the existing Guidelines be revised in the light of above and brought into force from 9th February, 2021, and an appropriate ecosystem be developed in the Self Service Portal for registration and regulation of the Alliance, the Network and the Lead Firm in Network Models.

2. Concerns relating to growth of Indian CA firms

2.1 The practising CA firms in India have generally done well. The common features noticed with Indian CA profession are –

- Majority CA firms are small sized firms.
- A large number of firms have confined practice to audit and taxation.
- Many firms have audits allotted through the ICAI-PDC empanelment process.
- Members have attachment with their firm name and do not want to go for Merger or Network due to fear of loss of identity.
- When client grows bigger, they tend to switch over to a larger firm with an expectation that a larger firm will better cater to the diversified and growing needs.
- Firms that have ventured into newer areas of practice have found success and have been able to scale up.
- Firms that have developed expertise or specialisation have prospered.
- Firms that have networked and formed a larger structure have by and large scaled up.

2.2 Technology is gradually replacing human intervention. Competition from other professionals has been a perennial challenge and will continue to be so in areas other than audit. Merger of public sector banks and consequent reduction in number of branches, increase of tax audit limits, etc are also factors to be taken note of.

2.3 The Council of ICAI, with a view to ensuring small and medium practitioners (SMPs) to stay relevant with the times, has enabled the CA firms to –

- form LLPs so as to overcome the limitation of number of partners;
- merge so as to form a larger structure, with a provision to demerge within 5 years, if merger is not meeting the objective;
- establish multidisciplinary firms, working together with other professionals such as Cost Accountants, Company Secretaries, Advocates, Engineers, Architects and Actuaries (the modalities for same are presently being developed and will be notified in due course);
- form Network with other firm(s).

3. Why Networking?

3.1 It is of paramount importance to enable Indian CA Firms to come together and grow stronger so that they can serve the need of the country as we move to become a \$5 trillion economy and also render services in the global market. The Government of India has a firm commitment for export of accounting services and has listed same as one of the champion sectors for export promotion. It is also in line with the vision expressed by Hon'ble Prime Minister of India when he addressed the profession from the precincts of I.G. Indoor Stadium, New Delhi on the 68th Chartered Accountants Day held on 1st July, 2017, and called upon the CA profession to form 100 big Indian firms.

3.2 The Indian CA firms have to be given opportunity for pooling resources, expertise and build a Pan India presence. The focus eventually ought to be on how to enable Indian network firms to tap global opportunities by growing big, without compromising with their identity.

3.3 It is acknowledged that no model of network will be successful, unless the firms meet some reasonable economic considerations. Unless networking can result in substantially more earnings to all the firms in the network, any model presented to the firms will only remain on paper. Therefore, it is imperative that ICAI through its relevant Committees should make all out efforts to secure recognition to the Network model of practice from appointing authorities by making representations to different Government Departments, PSUs, autonomous bodies etc. Initially, the networks may

achieve limited success, but consistent and sustained efforts will secure governmental recognition to them, and this in turn will encourage the stand alone practitioners to upgrade their model of practice.

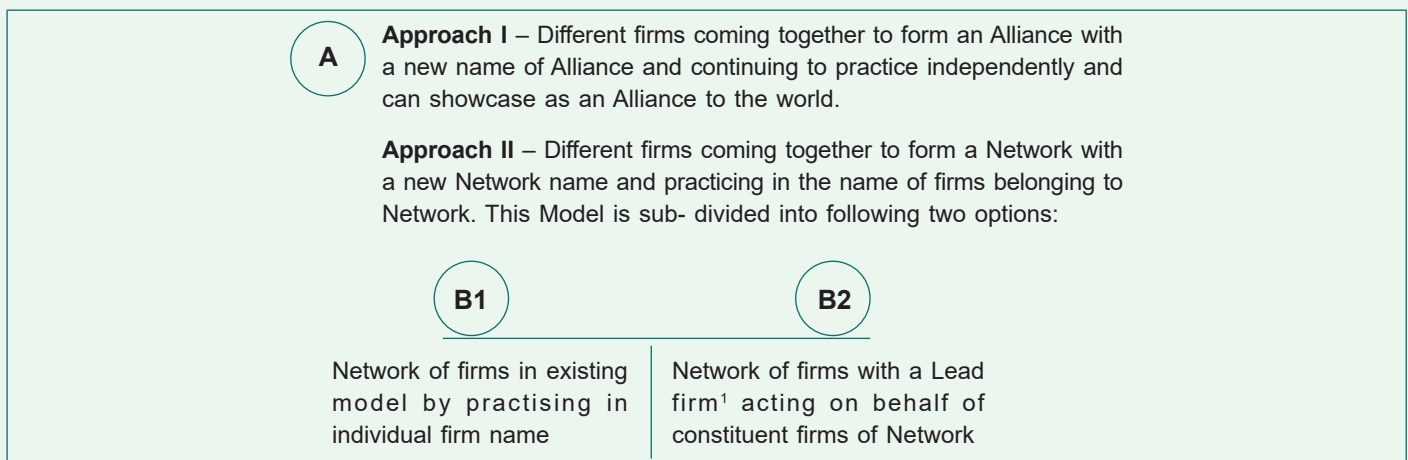
3.4 It needs to be understood that Networking per-se may not create new professional opportunities. Most Indian firms who have tried networking have had wrong expectation that clients will be referred, work shared, geographical demarcation, etc – these are totally wrong expectations. Networking will only enable:

- Cost sharing
- IP/ knowledge sharing
- Common branding and marketing efforts
- Common work procedures (best practice)
- Common IT Infrastructure (hardware and software)
- Common quality control procedures

The individual firms in network have to put their efforts to grow/ add clientele etc. Initially tangible benefits may not be visible, but eventually, if the model succeeds, the firms will stand to gain substantially.

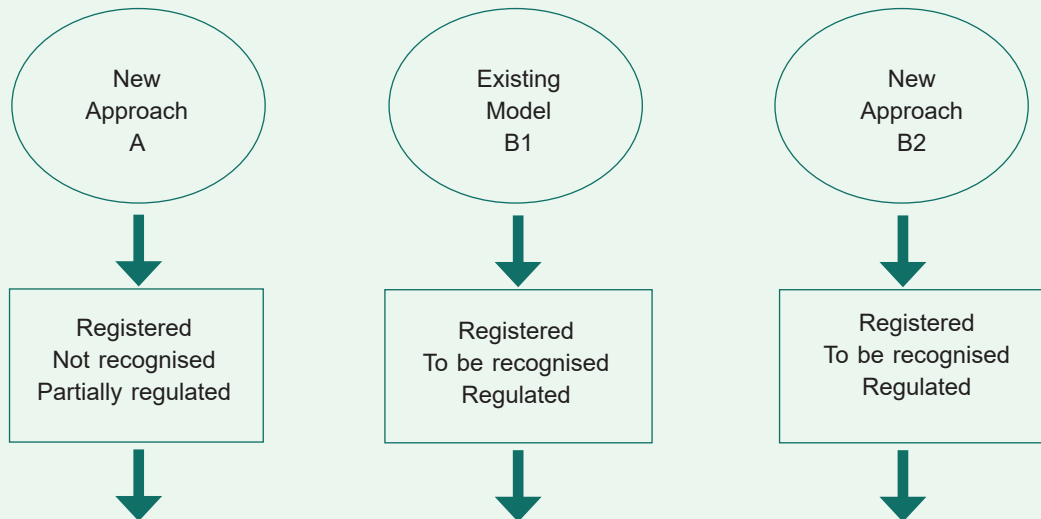
4. Three models of networking – Options offered to Members

4.1 Following approaches are placed before the Members in practice, any one of which can be adopted by those desirous of expanding their practice:



4.2 Firms may adopt any of the three Models that will be best suited for expansion of practice. It may be noted that different models may be suitable for different practitioners, depending upon their needs and inhibitions. Therefore, the intention is not to force any one particular model upon members, rather members are at liberty to continue with their existing model of practice and need not adopt any of the following models:

¹ Lead Firm model is explained at the end of the Table



S. No.	Criteria	Approach A Alliance Model	Approach B1 Network Model	Approach B2 Lead Firm Model
1	Name	<p>When four firms viz., A & Co., B & Co., C & Co., and D & Co., come together to form an Alliance, they may name their Alliance as "ABCD". In case they wish to use suffix, they will use the suffix "& Alliance" to their common name to make it "ABCD & Alliance".</p> <p>In all professional stationery, the member-firms can mention that they are member-firms of so & so Alliance. The Alliance can also mention in its professional stationery that so & so firms are part of its Alliance.</p>	<p>When four firms viz., A & Co., B & Co., C & Co., and D & Co., come together to form a Network, they may name their Network as "ABCD". In case they wish to use suffix, they will use the suffix "& Affiliates" or "Network" to their common name to make it "ABCD & Affiliates" or "ABCD Network".</p> <p>In all professional stationery, the member-firms can mention that they are member-firms of so & so Network. The Network can also mention in its professional stationery that so & so firms are part of its Network.</p>	<p>When four firms viz., A & Co., B & Co., C & Co., and D & Co., come together to form a Network, they will suffix "& Affiliates" or "Network" to one of the firms selected by constituent firms as Lead firm e.g. if A & Co. is chosen as Lead firm, then name of Network will be "A & Co. & Affiliates"</p> <p>In all professional stationery, the member-firms can mention that they are member-firms of so & so Network. The Network can also mention in its professional stationery that so & so firms are part of its Network.</p>
2	Registration	Alliance will be registered with ICAI. ICAI will allot unique Alliance Registration Number (ARN)	Network will be registered with ICAI. ICAI will allot unique Network Registration Number (NRN)	Network will be registered with ICAI. ICAI will allot unique Network Registration Number (NRN)
3	Practice	<p>Firms are free to carry on practice as independent firms, despite being constituents of Alliance.</p> <p>Alliance may direct the best practices to be followed by individual constituent firms.</p> <p>Firms belonging to one Alliance can't be allowed to become Associates of another Alliance or Network, so that regulatory complexities are avoided.</p>	<p>Firms are bound by internal integration agreement, and practice as independent firms, subject to internal agreement. Network's decision prevails upon other firms.</p> <p>Firms belonging to one Network can't be allowed to become Associates of another Network or Alliance, so that regulatory complexities are avoided.</p>	<p>Firms can have an internal agreement recognising one of the firms as the lead firm, depending upon the specialism and expertise required for each assignment. The individual firms can carry on practice as independent firms.</p> <p>The lead firm and its constituents can't be allowed to become Associates of another Network or Alliance, so that regulatory complexities are avoided.</p>

S. No.	Criteria	Approach A Alliance Model	Approach B1 Network Model	Approach B2 Lead Firm Model
4	Empanelment	All firms in Alliance can apply for empanelment separately as individual firms. Their coming together is basically for nonaudit services. For audit practice, they all remain as independent practitioners	All firms belonging to Network can apply for empanelment, separately as individual firms. ICAI will put in efforts to secure recognition of the combined strength and resources.	Lead firm is entitled to apply for empanelment in its own name, but by way of internal agreement, it will be on behalf of entire Network. When Lead firm applies for empanelment, other constituent firms cannot apply. ICAI will put in efforts to secure recognition of the combined strength and resources
5	Conflict	Conflict exists e.g. if one firm does statutory audit of an entity, another firm in Alliance cannot do internal audit. If one firm does audit work, another firm in the Alliance cannot perform non-audit services of same client. Rotation of audit amongst constituent firms will not be permitted	Conflict exists e.g. if one firm does statutory audit of an entity, another firm in Network cannot do internal audit. If one firm does audit work, another firm in the Network cannot perform non-audit services of same client. Rotation of audit amongst constituent firms will not be permitted	Conflict exists e.g. if one firm does statutory audit of an entity, another firm in Network cannot do internal audit. If one firm does audit work, another firm in the Network cannot perform non-audit services of same client. Rotation of audit amongst constituent firms will not be permitted
6	Characteristics	Firms come together for mutual benefits Individual firms take up professional work on their own Since all constituents are Indian CA firms, referral of work and sharing of fees/ profits is permitted. They should have own bye-laws, the provisions of which should not run contrary to CA Act, CA Regulations, ICAI Code of Ethics and Council Guidelines	Firms come together for mutual benefits by pooling resources, showcase their combined strength, and have uniform policies, technology and collaterals, and showcase themselves as one big unit Quality control is well documented and complied with, which is applicable to network as well as to individual constituent firms. Individual firms take up professional work on their own, and a partner of said firm can sign the reports and documents Since all constituents are Indian CA firms, referral of work and sharing of fees/ profits is permitted. Bye-laws / agreement is entered by all firms, the provisions of which should not run contrary to CA Act, CA Regulations, ICAI Code of Ethics and Council Guidelines	Firms come together for mutual benefits by pooling resources, showcase their combined strength, and have uniform policies, technology and collaterals, and showcase themselves as one big unit Quality control is well documented and complied with, which is applicable to network as well as to individual constituent firms. Individual firms take up professional work on their own, and a partner of said firm can sign the reports and documents Since all constituents are Indian CA firms, referral of work and sharing of fees/ profits is permitted. Bye-laws / agreement is entered by all firms, the provisions of which should not run contrary to CA Act, CA Regulations, ICAI Code of Ethics and Council Guidelines

S. No.	Criteria	Approach A Alliance Model	Approach B1 Network Model	Approach B2 Lead Firm Model
7	Accountability	<p>In case delinquency occurs in a particular assignment, then the firms that have jointly executed the assignment will be accountable. Therefore, division of work needs to be well documented.</p> <p>Whatever is taboo for a firm under Code of Ethics, is taboo for the Alliance as well i.e. whatever cannot be done by a firm, cannot be done by Alliance as well</p> <p>A partner of firm that gets appointment will sign reports and certificates</p> <p>Alliance shall have to submit to ICAI copy of internal agreement signed by an authorised partner of all constituent firms.</p>	<p>In case delinquency occurs in a particular assignment, then the firms that have jointly executed the assignment will be accountable. Therefore, division of work needs to be well documented.</p> <p>Whatever is taboo for a firm under Code of Ethics, is taboo for the Network as well i.e. whatever cannot be done by a firm, cannot be done by Network as well</p> <p>A partner of firm that gets appointment will sign reports and certificates</p> <p>Network shall have to submit to ICAI copy of internal agreement signed by an authorised partner of all constituent firms</p>	<p>In case delinquency occurs in a particular assignment, then the firms that have jointly executed the assignment will be accountable. Therefore, division of work needs to be well documented.</p> <p>Whatever is taboo for a firm under Code of Ethics, is taboo for the Network as well i.e. whatever cannot be done by a firm, cannot be done by Network as well</p> <p>A partner of lead firm will sign reports and certificates, as it is the lead firm which will get the appointment in its name</p> <p>Network shall have to submit to ICAI copy of internal agreement signed by an authorised partner of all constituent firms</p>
8	Reconstitution	<p>Firms are free to join and exit Alliance.</p> <p>Reconstitution has to be registered with ICAI</p>	<p>Firms are bound by Network's internal integration agreement.</p> <p>Reconstitution has to be registered with ICAI</p>	<p>Firms are bound by Network's internal integration agreement.</p> <p>Reconstitution has to be registered with ICAI</p>
9	Exit/ closure	<p>Much more easier to quit the arrangement</p> <p>If one or more firms quit the Alliance, it will not deprive the remaining firms from doing the work they have already secured by virtue of Alliance.</p>	<p>Easy to quit the arrangement</p> <p>If one or more firms quit the Network, it will not deprive the remaining firms from doing the work they have already secured by virtue of Network.</p>	<p>Easy to quit the arrangement</p> <p>If one or more firms quit the Network, it will not deprive the remaining firms from doing the work they have already secured by virtue of Network. If Lead firm quits the network, after having secured professional work, then it will have to share the fees with other constituent firms. A clause to this effect can be incorporated in the internal agreement</p>

Lead Firm model – B2

The Network guidelines was issued by the Council in the year 2005 and thereafter was amended in the year 2011. These guidelines have not evinced desired level of interest from firms, so much so that till date close to 100 networks have been formed. The Group considered the probable reasons as to why firms are not forming a Network, which are illustrated hereunder:

- Network amongst Indian CA firms is not recognized by appointing authorities
- Confusion as to under which legislation, a Network should be registered
- Network cannot take up assignment in its own name
- Fear of being over-shadowed by Network, thereby loss of identity by individual firms.

In order to overcome the above impediments, it is proposed in Network Guidelines that firms may come together to form a Network and register the same with ICAI. By way of an internal agreement amongst the firms, one of the firms will be chosen as the Lead firm. This Lead firm will bid for professional work on the basis of the combined strength and resources of the Network firms. ICAI will consistently persuade the Government and other appointing authorities to recognize strength of Network for the purpose of determining eligibility to bid for tenders. While doing so, the ICAI will also emphasise merit points based on longevity of association of firms in Network.

The Network firms will then discuss and decide amongst themselves the strategy for execution of the professional work. They may distribute the work on the basis of expertise possessed by each firm or on the basis of geographical location of the firms or on any basis mutually acceptable to them. They will also decide how the fees will be distributed amongst the firms, on the basis of quantum of work, mandays and expenses involved. Initially, some firms may sacrifice a bit in order to sustain and continue in the Network, but gradually when work starts flowing in, all firms are benefitted and can grow bigger. More importantly, when big professional work starts flowing in, it will enhance the competency of all the firms in Network. Capacity building and capability building will take care by itself.

The constituent firms will be at liberty to choose a different constituent firm as the Lead firm to represent the Network, depending upon the specialism and expertise required for a particular assignment.

Since it may not be possible to obtain and execute work in the name of Network, the lead firm will secure work and distribute tasks amongst the constituent firms, provided the client has no objection for such an arrangement. There are enormous opportunities available other than audits allotted by authorities, and consultancy works, which can be executed under lead firm concept. Once work starts to flow in the name of Network itself, lead firm concept can be done away with.

ICAI may prescribe certain do's and don'ts in the Internal agreements, so as to guide the firms as to what is permissible and what is not. The general prescription will be to adhere to ICAI's Code of Ethics and Council Guidelines.

The issues that need to be kept in mind is wherever appointment letter is taken in the name of Lead firm, other firms, though they may contribute in completing the assignment, but may not be able to claim credit of experience of task. The situation can be met by entering into Agreement listing out respective tasks.

5. Further guidance given by Council

Based on views collected at Outreach Programmes and based on deliberations within the Council, the Council has given following further guidance to the members:

- a) Firms might need to have detailed knowledge of other firms to make up their mind as to with which firm they will go for Alliance/ Networking. Therefore, data of firms will be made available in the Self Service Portal for the

members to view and take informed decision.

- b) Any firm of Chartered Accountants can become a part of any one Alliance or any one Network. If it intends to become part of one Alliance, it cannot become part of a Network, and vice versa.
- c) ICAI will consider providing a Model deed/ template.
- d) Name of Alliance/ Network should resemble name of member-firms or a combination of acronym. Alliance/ Network should not bear the name of God/ Goddess/ deity or which has no relationship with name of member-firms. Descriptive names will not be allowed. Names which smack of publicity will not be allowed. Names which resemble any of the existing firms or network will not be allowed. Brand name should be owned only by Indian citizen who is resident in India.
- e) Alliance/ Network will be permitted as joint ventures for specific assignments.
- f) Documents such as deeds, MOUs, forms can be signed by the Managing Partner of each of the member-firms and need not be signed by all partners.
- g) Only firms and LLPs can become member-firms in Alliance/ Network. Individual practitioners are not permitted to be part of Alliance/ Network.
- h) Every agreement, bye-law, MOUs, by whatever name called, must be filed with ICAI, without which registration will not be given.
- i) The legal status of Alliance/ Network can be that of AOP as recognised by tax laws. Alliance/ Network may open bank accounts in its own name, obtain PAN and GST registration.
- j) Alliance/ Network can take up non-attest assignments in its own name, if work is so assigned.
- k) Alliance/ Network may prepare a common balance sheet and get the same audited.
- l) Alliance/ Network can have website of its own. Appropriate guidelines will be prepared by Ethical Standards Board of ICAI.

ANNEXURE I THE GUIDELINES FOR ALLIANCE

1. Short Title & Commencement

- (i) These guidelines may be called "The Guidelines for Alliance", hereinafter referred as "The Alliance Guidelines".
- (ii) The Alliance Guidelines have come into force on the 9th February, 2021.

2. Objective

- 2.1 The objective of the Alliance Guidelines is to provide a framework for a firm of Chartered Accountants seeking benefits from Alliance, such as:

- Wider co-operation amongst the professionals
- Sharing of common name of Alliance, if desired by Alliance firms, and to showcase their combined strength for securing professional work.
- Wider professional reach
- Referral practices
- Wider geographical presence

2.2 The objective of the Alliance Guidelines is not to establish/ generate an Alliance, when it is not intended to do so. An Alliance will only be recognized, if registered with the ICAI, as mentioned in para 6 hereinbelow.

2.3 Any specific regulations applicable to the respective constituents of the Alliance will continue to apply. The Alliance Guidelines do not intend to override specific regulations applicable to such entities.

3. Definitions

In the Alliance guidelines, unless there is anything repugnant in the subject or context, --

- (a) Act – “Act” means The Chartered Accountants Act, 1949.
- (b) Alliance - “Alliance” means a larger structure of a group of Indian CA Firms that have come together for mutual benefits by pooling resources, showcase their combined strength, and have uniform policies, technology and collaterals, and showcase themselves as one big unit. Please refer to the guidance in Appendix 1 of this Annexure.
- (c) Alliance Entity – “Alliance Entity” means an Indian CA firm that belongs to an Alliance.
- (d) Code of Ethics – “Code of Ethics” means the Code of Ethics issued by the ICAI and relevant Council Guidelines.
- (e) Cooperation - “Co-operation” means the act of working or acting together for a common purpose or benefit.
- (f) Council – “Council” means the Council of the ICAI.
- (g) Entity - “Entity” means a sole proprietor firm, partnership firm, limited liability partnership, or any such form of entity as may be permitted by law and in the context of the Alliance Guidelines, would comprise of those registered with the recognized professional body in India, i.e., The Institute of Chartered Accountants of India
- (h) ICAI – “ICAI” or the “Institute” means the Institute of Chartered Accountants of India.
- (i) Member – “Member” means a Member of the ICAI as defined in Section 2(x) of The Chartered Accountants Regulations, 1988.

(j) Referral practice - “Referral practice” means the arrangements to facilitate access to and transfer of knowledge, database, tools, technology, resources, best practices and/ or referral of clients, sharing of fees & cost.

(k) Regulations – “Regulations” means Chartered Accountants Regulations, 1988.

4. Concept and Forms of Network

The concept of Alliance is explained in Appendix 1, which forms an integral part of the Alliance Guidelines.

4.1 An Alliance may either be an Alliance of those entities registered with the ICAI or other entities referred to in para 3(e). (Refer to para 6 hereinbelow)

4.2 A registration of Alliance or an affiliation/ membership referred to in para 4.1 above, may only be initiated by a firm of Chartered Accountants registered with the ICAI.

4.3 The form of Alliance shall be as under:

An Alliance will act as a facilitator for the constituents of the Alliance. The constituents will be free to carry out any professional practice on their own. Alliance may be constituted as a group of firms and may register as AOP as recognised under income-tax laws.

4.4 An Alliance may consist of proprietorship firm, partnership, limited liability partnership, as may be permitted under applicable laws/ regulations.

4.5 An entity is allowed to join only one Alliance. Firms belonging to one Alliance are not allowed to become Associates of another Alliance or Network firm.

4.6 Entities having majority of common partners shall join only one Alliance.

4.7 Modalities of working of an Alliance are contained in Appendix 2 to this Annexure.

5. Approval of name of Alliance amongst entities

5.1 The Alliance shall have a distinct name. When four firms viz. A & Co., B & Co., C & Co. and D & Co. come together to form an Alliance, they will name their Alliance as “ABCD”. In case they wish to use suffix, they will use the suffix “& Alliance” to their common name to make it “ABCD & Alliance”. The name should be approved by the ICAI. The prescribed format of application for approval of name for Alliance is at Form “A” as enclosed. The name of Alliance may be as mentioned in Appendix 3 to this Annexure.

5.2 In all professional stationery, the member-firms can mention that they are member-firms of so & so Alliance. The Alliance can also mention in its professional stationery that so & so firms are part of its Alliance.

5.3 Provisions of Regulation 190 of the Chartered Accountants Regulations, 1988 shall be applicable to the name of an Alliance. However, even if a name is approved and subsequently it is found that the same is undesirable, the said name may be withdrawn at any time by the ICAI.

5.4 The ICAI shall approve or reject the name of an Alliance and intimate the same to the Alliance at its address mentioned in the prescribed Form “A” within a period which shall not be later than 30 days from the date of receipt of the said Form.

6. Registration of an Alliance

6.1 After the name of an Alliance is approved as per the provisions under para 5 of the Guidelines, the ICAI shall reserve such name for a period of three (3) months from the date of approval.

6.2 An Alliance shall come into existence only if it is registered with the ICAI and for which an application in the prescribed Form “B” shall be duly filed. Every agreement, bye-law, MOUs, by whatever name called, must be filed with ICAI, without which registration will not be given. The ICAI shall register or reject the application within 30 days of filing the application or submission of information as desired by the ICAI.

6.3 In order to use the name of an Alliance within the meaning of the Alliance Guidelines, its registration with the ICAI is mandatory. An Alliance Registration Number (ARN) and a certificate of registration to this effect will be issued by the ICAI.

6.4 Unregistered Alliances, if any, are not permitted to derive undue advantage over registered Alliances. However, all restrictions imposed by Alliance Guidelines on registered Alliances will be applicable to them. Hence, they are advised not to operate unless registered with ICAI.

7. Change in constitution of a registered Alliance

7.1 In case of change in the constitution of a registered Alliance on account of any entry into or exit from or a discontinuation of the Alliance, the Alliance shall communicate the same to the ICAI by filing a prescribed Form “C” within a period of thirty (30) days from the date of such change and a revised certificate of registration will be issued by the ICAI in this regard. In case, an intimation is received at ICAI beyond 30 days, then the change in constitution or discontinuation, as the case may be, will be reckoned from the date of receipt of intimation at ICAI.

7.2 The Alliance will cease to exist, in case only one entity remains in Alliance on account of change in constitution of Alliance.

8. Ethical Compliance

8.1 Once an Alliance as referred to in para 4.1 is registered with the ICAI, it will be necessary for such an Alliance and its constituent entities to comply with the Code of Ethics prescribed by ICAI and relevant Council Guidelines.

8.2 If one firm of the Alliance is the statutory auditor of an entity then the associate [including the Alliance firm(s)] or the said firm directly/ indirectly shall not accept the internal audit or book-keeping or such other professional assignments which are prohibited for the statutory auditor firm. If one firm does audit work, another firm in the Alliance cannot perform non-audit services of same client.

8.3 In those cases where rotation of firms is prescribed by any regulatory authority, no member firm of an Alliance can accept appointment as an auditor in place of any member firm of the Alliance which is retiring.

8.4 An Alliance may advertise the Alliance to the extent permitted by the Advertisement Guidelines issued by the ICAI. The firms constituting the Alliance are permitted to use the words “A Member Firm of A B” or “A Member Firm of A B & Alliance” on their professional stationery. The Council will make appropriate changes to this effect in Code of Ethics.

9. Consent of Clients

The effect of registration of an Alliance with the ICAI will be deemed to be a public notice of the Alliance and, therefore, consent of client will be deemed to have been obtained.

10. Framework of internal byelaws of an Alliance

An Alliance arrangement, as referred to in para 3 above may include the following (illustrative only):

- (i) Administration of the Alliance
- (ii) Dispute settlement procedures through arbitration and conciliation and assumption of liabilities
- (iii) Resource sharing arrangements

Appendix-1

(Referred to in para 4 of the Guidelines for Alliance and forms an integrated part of the Guidelines)

Concept

1.1 To enhance their ability to provide professional services, firms frequently form larger structures of a group of entities with other entities. Whether these larger structures create an Alliance, depends on the particular facts and circumstances. The firms enjoy more freedom to operate in comparison to constituents of Network.

For example, a larger structure of a group of entities may be aimed only at facilitating the referral of work, which in itself does not meet the criteria necessary to constitute an Alliance. However, a larger structure of a group of Indian CA firms that have come together for mutual benefits may be deemed as an “Alliance” if so intended.

- 1.2 Where the larger structure of group of entities is aimed at wider co-operation amongst professionals, wider professional reach and wider geographical presence, and it is clearly aimed at profit or cost sharing amongst the entities within the structure, it may be an Alliance. However, the sharing of costs does not in itself create an Alliance. Further, an association between firms to jointly provide a service or develop a product may in itself create an Alliance.
- 1.3 Where the larger structure of a group of entities is aimed at co-operation and the entities within the structure share professional work and fees, without common ownership, control or management, it may be an Alliance.
- 1.4 Where the larger structure of a group of entities is aimed at co-operation and the entities within the structure share the use of a common name, it may be an Alliance. A firm which is part of Alliance, may project itself as “An Independent Member Firm of A B” or “An Independent Member Firm of A B & Alliance”.
- 1.5 If an entity does not belong to an Alliance, it should not give the appearance that it belongs to an Alliance in any manner.
- 1.6 Several factors may contribute in reaching a conclusion, whether a structure constitutes an Alliance or not. A written arrangement demonstrating an intention to co-operate and create an Alliance would play a significant role, along with the registration with the ICAI.

Appendix-2

(Referred to in para 4.7 of the Guidelines for Alliance and forms an integrated part of the Guidelines)

Modalities of Working

- 2.1 Alliances may not be given professional assignment in their own name, but their combined strength may be recognised. Potential clients can assign non-attestation work in the name of Alliance. Consistent efforts will be made by ICAI to enable Alliances to secure work in their own name.
- 2.2 While submitting a bid, individual member firms belonging to the Alliance may be assessed in terms of their own strength. All firms belonging to Alliance can apply for empanelment separately as individual firms. ICAI will make efforts to secure recognition to the model of practice from appointing authorities by making

representations to different Government Departments, PSUs, Autonomous bodies etc.

- 2.3 Name approval and registration of Alliance will be centralized. Unique Alliance Registration Number (ARN) to be allotted to all Alliances by ICAI.
- 2.4 If one firm in the Alliance is performing Central Statutory audit of an entity, another firm in the same Alliance cannot be allowed to perform internal/ concurrent/ branch audit of the same entity. However, both the Firms be allowed simultaneously to perform branch audits or concurrent audits of different branches if no firm in the Alliance is central statutory auditor.
- 2.5 Rotation of audit amongst the constituent firms in an Alliance is not permitted.
- 2.6 The provisions of Section 144 of the Companies Act, 2013 which restricts auditor from rendering other services to the same client, will apply to all constituent firms in the Alliance.
- 2.7 Standard on Quality Control (SQC) 1, “Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements” issued by ICAI is applicable to firms and Alliances.
- 2.8 In a situation where the client or empanelment/ appointment authority awards work based on the combined strength of Alliance, a subsequent change in constitution of the Alliance will not debar rest of the constituent firms from executing the work. In a worst case scenario, if the Alliance is unable to discharge the work because one or more firms have left, it can always resign from the assignment.
- 2.9 Alliances can register themselves as AOPs as recognised under income-tax laws. Alliances may form AOP and open bank account in their own name, obtain PAN and GST registration. Income received by AOP can be distributed as per MOU entered into amongst the member-firms of Alliance. IT returns will have to be filed by AOP.
- 2.10 AOPs can prepare common balance sheet and get it audited.

Appendix-3

(Referred to in para 5.1 of the Guidelines for Alliance and forms an integrated part of the Guidelines)

Naming the Alliance & Name Approval

- 3.1 The Alliance can be named as “A B” or “A B & Alliance”
- 3.2 The member firms of Alliance can project themselves as “An Independent Member Firm of A B” or “An Independent Member Firm of A B & Alliance”, in their professional stationery and letterheads.

3.3 Following naming provisions as are applicable for approval of firm/ trade name under Regulation 190(2)(ii) will be applicable for approval of Alliance name:

- Name approval will be subject to availability of proposed name.
- Name of Alliance should resemble name of member-firms or a combination of their acronym.
- Alliance should not bear the name of god/ goddess/ deity or which has no relationship with name of member-firms
- Descriptive name will not be allowed
- Names which smack of publicity will not be allowed.

FORM `A`
APPLICATION FOR APPROVAL OF NAME OF ALLIANCE OF FIRMS

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

*[See the relevant Rule of The Guidelines for Alliance amongst
the firms registered with The Institute of Chartered Accountants of India]*

- | | |
|--|--|
| 1. Proposed name of Alliance
(in order of preference) | 1. _____
2. _____
3. _____
4. _____ |
| 2. Names of the firms(s) forming Alliance | Firm Regn. No. |
| 1. _____ | _____ |
| 2. _____ | _____ |
| 3. _____ | _____ |
| 4. _____ | _____ |
| 3. Address of the Office of the Alliance | |
| _____ | |
| _____ | |
| _____ | |
| _____ Pin _____ | |
| E-mail (if any) _____ | |
| Phone/ Mobile Nos. _____ | |
| 4. We hereby declare that the above firm(s)/ Member(s) proposed/ have entered into an understanding to form an Alliance in accordance with the Guidelines for Networking amongst the firms registered with The Institute of Chartered Accountants of India and further affirm and confirm that the partners signing the application have been duly authorised by the other partners of the respective firms. | |

Place :

Name(s) with Membership No(s). and
signature(s) of duly authorized Partner(s)/

Date :

Proprietor(s) of the firms constituting Alliance

Instruction: A copy of the authorisation to be filed with the ICAI by the partners signing the declaration on behalf of the firms.

FORM 'B'
**APPLICATION FOR REGISTRATION OF ALLIANCE OF
FIRMS THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

*[See relevant Rule of The Guidelines for Alliance amongst the firms registered with
The Institute of Chartered Accountants of India]*

PARTICULARS OF ALLIANCE

1. Name of the Alliance
2. Address of the Alliance
3. Names and addresses of firms constituting the Alliance
Names and addresses of Firm(s) Firm Registration No.
1. _____
2. _____
3. _____
4. _____
4. Date and approval number of Alliance name given by the ICAI
5. Date of formation of Alliance
6. We undertake to comply with the guidelines/ directions laid down by the Council regarding Alliance from time to time.
7. We hereby confirm that all the Alliance firms have entered into an understanding to work as an Alliance in accordance with the Guidelines for Alliance amongst the firms registered with the Institute of Chartered Accountants of India and further affirm and confirm that the partners signing the application have been duly authorized by the other partners of the respective firms.

Place :

Name(s) with membership No(s).
and signature(s) of duly authorised

Date:

Partner(s)/Proprietor(s) of the Firms constituting Alliance

Instruction: Copy of agreement, bye-law, MOUs, by whatever name called, must be filed with ICAI, without which registration will not be given.

FORM 'C'
DECLARATION FOR CHANGE IN CONSTITUTION OF REGISTERED ALLIANCE

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

*[See relevant Rule of The Guidelines for Alliance amongst the firms registered with
The Institute of Chartered Accountants of India]*

1. Name of the Alliance:
2. Address of the Alliance:
3. Alliance Registration Number (ARN):
4. Names and addresses of firms constituting the Alliance
Names and addresses of Firm(s) Firm Registration No.
1. _____
2. _____
3. _____
4. _____

5. Name and address of the firm(s) willing to enter/ exit into/ from the Alliance

Name and address of Firm(s)	Firm Registration No.
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____

6. Date of change in the constitution:

7. We hereby declare that the above firm(s) propose to enter/exit into/from the Alliance in accordance with the Guidelines for Alliance amongst the firms registered with the Institute of Chartered Accountants of India and further affirm and the confirm that the partners signing the application have been duly authorized by the other partners of the respective firms.

Place :

Name(s) with Membership No(s).
and signature(s) of duly authorized
Partner(s)/Proprietor(s) of the firms

Date :

Instruction: A copy of the authorisation to be filed with the ICAI by the partners signing the declaration on behalf of the firms.

ANNEXURE II THE GUIDELINES FOR NETWORKING (REVISED)

1. Short Title & Commencement

- (i) These guidelines may be called “The Guidelines for Networking”, hereinafter referred as “The Networking Guidelines”.
- (ii) The Networking Guidelines have come into force on the 9th February, 2021.

2. Objective

2.1 The objective of the Networking Guidelines is to provide a framework for a firm of Chartered Accountants seeking benefits from networking, such as:

- Wider co-operation amongst the professionals
- Sharing of common name of Network, if desired by Network firms, and to showcase their combined strength for securing professional work.
- Pooling of knowledge, guidance, training, resources and infrastructure.
- Wider professional reach
- Sharing of methodologies, practices, strategy etc., in domestic and international markets
- Referral practices
- Wider geographical presence

2.2 The objective of the Networking Guidelines is not to establish/ generate a Network, when it is not intended to do so. A Network will only be recognized, if registered with the ICAI, as mentioned in para 6 hereinbelow.

2.3 Any specific regulations applicable to the respective constituents of the Network will continue to apply. The Networking Guidelines do not intend to override specific regulations applicable to such entities.

3. Definitions

In the Networking guidelines, unless there is anything repugnant in the subject or context, --

- (a) Act – “Act” means The Chartered Accountants Act, 1949.
- (b) Code of Ethics – “Code of Ethics” means the Code of Ethics issued by the ICAI and relevant Council Guidelines.
- (c) Cooperation - “Co-operation” means the act of working or acting together for a common purpose or benefit.
- (d) Council – “Council” means the Council of the ICAI.
- (e) Entity - “Entity” means a sole proprietor firm, partnership firm, limited liability partnership, or any such form of entity as may be permitted by law and in the context of the Networking Guidelines, would comprise of those registered with the recognized professional body in India, i.e., The Institute of Chartered Accountants of India
- (f) ICAI – “ICAI” or the “Institute” means the Institute of Chartered Accountants of India.
- (g) Member – “Member” means a Member of the ICAI as defined in Section 2(x) of The Chartered Accountants Regulations, 1988.
- (h) Network - “Network” means a larger structure of a group of Indian CA Firms that have come together for mutual benefits by pooling resources, showcase their combined

strength, and have uniform policies, technology and collaterals, and showcase themselves as one big unit.

- (i) Network arrangement - “Network arrangement” means a written arrangement with an intent to create a Network in accordance with the Networking Guidelines. Please refer to the guidance in Appendix 1 of this Annexure.
- (j) Network Firm – “Network Firm” means a firm or Entity that belongs to a Network.
- (k) Referral practice - “Referral practice” means the arrangements to facilitate access to and transfer of knowledge, database, tools, technology, resources, best practices and/ or referral of clients, sharing of fees & cost.
- (l) Regulations – “Regulations” means Chartered Accountants Regulations, 1988.

4. Concept and Forms of Network

The concept of Network is explained in Appendix 1, which forms an integral part of the Networking Guidelines.

- 4.1 A Network may either be a Network of those entities registered with the ICAI or other entities referred to in para 3(e). (Refer to para 6 hereinbelow)
- 4.2 A registration of Network or an affiliation/ membership referred to in para 4.1 above, may only be initiated by a firm of Chartered Accountants registered with the ICAI.
- 4.3 The form of Network shall be as under:
A Network may be constituted as a group of firms and may register as AOP as recognised under income-tax laws.
- 4.4 Network may consist of proprietorship firm, partnership, limited liability partnership, as may be permitted under applicable laws/ regulations.
- 4.5 An entity is allowed to join only one Network. Firms belonging to one Network are not allowed to become Associates of another Alliance or Network firm.
- 4.6 Entities having majority of common partners shall join only one Network.
- 4.7 Modalities of working of a Network are contained in Appendix 2 to this Annexure.

5. Approval of name of Network amongst entities

- 5.1 The Network shall have a distinct name. When four firms viz. A & Co., B & Co., C & Co. and D & Co. come together to form a Network, they will name their Network as “ABCD”. In case they wish to use suffix, they will use the suffix “& Affiliates” or “Network” to their common name to make it “ABCD & Affiliates” or “ABCD Network”. The name should be approved by the

ICAI. The prescribed format of application for approval of name for Network is at Form “A” as enclosed. The name of Network may be as mentioned in Appendix 3 to this Annexure.

- 5.2 In all professional stationery, the member-firms can mention that they are member-firms of so & so Network. The Network can also mention in its professional stationery that so & so firms are part of its Network.
- 5.3 Provisions of Regulation 190 of the Chartered Accountants Regulations, 1988 shall be applicable to the name of a Network. However, even if a name is approved and subsequently it is found that the same is undesirable, the said name may be withdrawn at any time by the ICAI.
- 5.4 The ICAI shall approve or reject the name of a Network and intimate the same to the Network at its address mentioned in the prescribed Form “A” within a period which shall not be later than 30 days from the date of receipt of the said Form.

6. Registration of a Network

- 6.1 After the name of a Network is approved as per the provisions under para 5 of the Guidelines, the ICAI shall reserve such name for a period of three (3) months from the date of approval.
- 6.2 A Network shall come into existence only if it is registered with the ICAI and for which an application in the prescribed Form “B” shall be duly filed. Every agreement, bye-law, MOUs, by whatever name called, must be filed with ICAI, without which registration will not be given. The ICAI shall register or reject the application within 30 days of filing the application or submission of information as desired by the ICAI.
- 6.3 In order to use the name of a Network within the meaning of the Network Guidelines, its registration with the ICAI is mandatory. A Network Registration Number (NRN) and a certificate of registration to this effect will be issued by the ICAI.
- 6.4 Unregistered Networks, if any, are not permitted to derive undue advantage over registered networks. However, all restrictions imposed by Network Guidelines on registered Networks will be applicable to them. Hence, they are advised not to operate unless registered with ICAI.

7. Change in constitution of a registered Network

- 7.1 In case of change in the constitution of a registered Network on account of any entry into or exit from or a discontinuation of the Network, the Network shall communicate the same to the ICAI by filing a prescribed Form “C” within a period of thirty (30) days from the date of such change and a revised certificate of registration will be issued by the ICAI in this regard. In case, an

intimation is received at ICAI beyond 30 days, then the change in constitution or discontinuation, as the case may be, will be reckoned from the date of receipt of intimation at ICAI.

7.2 The Network will cease to exist, in case only one entity remains in Network on account of change in constitution of Network.

8. Ethical Compliance

8.1 Once a Network as referred to in para 4.1 is registered with the ICAI, it will be necessary for such a Network and its constituent entities to comply with the Code of Ethics prescribed by ICAI and relevant Council Guidelines.

8.2 If one firm of the network is the statutory auditor of an entity then the associate [including the networked firm(s)] or the said firm directly/ indirectly shall not accept the internal audit or book-keeping or such other professional assignments which are prohibited for the statutory auditor firm. If one firm does audit work, another firm in the Network cannot perform non-audit services of same client.

8.3 In those cases where rotation of firms is prescribed by any regulatory authority, no member firm of a Network can accept appointment as an auditor in place of any member firm of the Network which is retiring.

8.4 A Network may advertise the Network to the extent permitted by the Advertisement Guidelines issued by the ICAI. The firms constituting the Network are permitted to use the words “A Member Firm of A B” or “A Member Firm of A B & Affiliates” or “A Member Firm of A B Network” on their professional stationery. The Council will make appropriate changes to this effect in Code of Ethics.

9. Consent of Clients

The effect of registration of a Network with the ICAI will be deemed to be a public notice of the Network and, therefore, consent of client will be deemed to have been obtained.

10. Framework of internal byelaws of a Network

A Networking arrangement, as referred to in para 3 above may include the following (illustrative only):

- (i) Appointment of a Managing Committee, from among the managing partners of the member firms of the Network and the terms and conditions under which it should function. The minimum and maximum number of members of the Managing Committee shall also be agreed upon.
- (ii) Administration of the Network

- (iii) Contribution of membership fees to meet the cost of the administration of the Network.
- (iv) Identifying a partner of any of the member firms of the Network to be responsible for the administration of the Network
- (v) Dispute settlement procedures through arbitration and conciliation and assumption of liabilities
- (vi) Development of training materials for members of the Network
- (vii) Development and maintenance of data bases relevant for different types of assignments
- (viii) Library
- (ix) Appointment of a technical director to whom references can be made
- (x) Development of software and tools for the use of member firms
- (xi) Resource sharing arrangements

11. Repeal and saving

The Networking Guidelines issued in 2011 shall stand withdrawn from this date.

12. Existing Networks and affiliations registered with the ICAI

The existing Networks registered with the ICAI will be deemed to be registered under the new Guidelines as per its corresponding provisions. The Network should comply with the new Guidelines on a prospective basis.

Appendix-1 (Referred to in para 4 of the Guidelines for Networking and forms an integrated part of the Guidelines)

Concept

- 1.1 To enhance their ability to provide professional services, firms frequently form larger structures of a group of entities with other entities. Whether these larger structures create a Network, depends on the particular facts and circumstances and does not depend on whether the entities are legally separate and distinct. For example, a larger structure of a group of entities may be aimed only at facilitating the referral of work, which in itself does not meet the criteria necessary to constitute a Network. Alternatively, a larger structure might be such that a group of Indian CA firms that have come together for mutual benefits by pooling resources, showcase their combined strength and have uniform policies, technology and collaterals, and showcase themselves as one big unit, and, consequently, may be deemed to be a Network, if so intended.

- 1.2 Where the larger structure of group of entities is aimed at wider co-operation amongst professionals, sharing of common name of network, pooling of knowledge, guidance, training, resources and infrastructure, sharing of methodologies, practices, strategies, common quality control policies and procedures and wider geographical presence, and it is clearly aimed at profit or cost sharing amongst the entities within the structure, it may be a Network.
- 1.3 Where the larger structure of a group of entities is aimed at co-operation and the entities within the structure share common ownership, control or management, it may be a Network.
- 1.4 Where the larger structure of a group of entities is aimed at co-operation and the entities within the structure share the use of a common name, it may be a Network. A firm which is part of Network, may project itself as “A Member Firm of A B” or “A Member Firm of A B & Affiliates” or “A Member Firm of A B Network”.
- 1.5 If an entity does not belong to a Network, it should not give the appearance that it belongs to a Network in any manner.
- 1.6 Several factors may contribute in reaching a conclusion, whether a structure constitutes a Network or not. A written arrangement demonstrating an intention to co-operate and create a Network would play a significant role, along with the registration with the ICAI.

Appendix-2

(Referred to in para 4.7 of the Guidelines for Networking and forms an integrated part of the Guidelines)

Modalities of Working

- 2.1 Globally Networks are not given work, but their combined strength is recognised. Potential clients can assign non-attestation work in the name of Network. Consistent efforts will be made by ICAI to enable networks to secure work in their own name.
- 2.2 All firms belonging to Network can apply for empanelment separately as individual firms. ICAI will make efforts for credit points for combined strength to be given based on the mechanism in vogue with C&AG. Appropriate changes can be made in MEF. ICAI will make all out efforts to secure recognition to the model of practice from appointing authorities by making representations to different Government Departments, PSUs, Autonomous bodies etc.
- 2.3 Name approval and registration of Network will be centralized. Unique Network Registration Number (NRN) to be allotted to all Networks by ICAI.
- 2.4 If one firm in the Network is performing Central Statutory audit of an entity, another firm in the same Network

cannot be allowed to perform internal/ concurrent/ branch audit of the same entity. However, both the Firms be allowed simultaneously to perform branch audits or concurrent audits of different branches if no firm in the Network is central statutory auditor.

- 2.5 Rotation of audit amongst the constituent firms in a Network is not permitted.
- 2.6 The provisions of Section 144 of the Companies Act, 2013 which restricts auditor from rendering other services to the same client, will apply to all constituent firms in the Network.
- 2.7 Standard on Quality Control (SQC) 1, “Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements” issued by ICAI is applicable to firms and networks.
- 2.8 In a situation where the client or empanelment/ appointment authority awards work based on the combined strength of Network, a subsequent change in constitution of the Network will not debar rest of the constituent firms from executing the work. In a worst case scenario, if the Network is unable to discharge the work because one or more firms have left, it can always resign from the assignment.
- 2.9 Networks can register themselves as AOPs as recognised under income-tax laws. Networks may form AOP and open bank account in their own name, obtain PAN and GST registration. Income received by AOP can be distributed as per MOU entered into amongst the member-firms of Network. IT returns will have to be filed by AOP.
- 2.10 AOPs can prepare common balance sheet and get it audited.

Appendix-3

(Referred to in para 5.1 of the Guidelines for Networking and forms an integrated part of the Guidelines)

Naming the Network & Name Approval

- 3.1 The Network can be named as “A B” or “A B & Affiliates” OR “A B Network”
- 3.2 The member firms of Network can project themselves as “A Member Firm of A B” or “A Member Firm of A B & Affiliates” or “A Member Firm of A B Network”, in their professional stationery and letterheads.
- 3.3 Following naming provisions as are applicable for approval of firm/ trade name under Regulation 190(2) (ii) will be applicable for approval of Network name:
- Name approval will be subject to availability of proposed name.

- Name of Network should resemble name of member-firms or a combination of their acronym.
- Network should not bear the name of god/ goddess/ deity or which has no relationship with name of member-firms
- Descriptive name will not be allowed
- Names which smack of publicity will not be allowed.

FORM 'A'
APPLICATION FOR APPROVAL OF NAME OF NETWORK OF FIRMS

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

*[See the relevant Rule of The Guidelines for Networking amongst the firms registered with
The Institute of Chartered Accountants of India]*

1. Proposed name of Network (in order of preference)
- | | | |
|--|----|--|
| | 1. | |
| | 2. | |
| | 3. | |
| | 4. | |
2. Names of the firms(s) forming network
- | | | Firm Regn. No. |
|----------|----|----------------|
| 1. _____ | 1. | |
| 2. _____ | 2. | |
| 3. _____ | 3. | |
| 4. _____ | 4. | |
3. Address of the Office of the Network
- _____
- _____
- _____ Pin _____
- E-mail (if any) _____
- Phone/ Mobile Nos. _____
4. We hereby declare that the above firm(s)/ Member(s) proposed/ have entered into an understanding to form a network in accordance with the Guidelines for Networking amongst the firms registered with The Institute of Chartered Accountants of India and further affirm and confirm that the partners signing the application have been duly authorised by the other partners of the respective firms.

Place :

Name(s) with Membership No(s). and
signature(s) of duly authorized Partner(s)/

Date :

Proprietor(s) of the firms constituting Network

Instruction: A copy of the authorisation to be filed with the ICAI by the partners signing the declaration on behalf of the firms.

FORM 'B'
APPLICATION FOR REGISTRATION OF NETWORK OF FIRMS
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

*[See relevant Rule of The Guidelines for Networking amongst the firms registered with
The Institute of Chartered Accountants of India]*

PARTICULARS OF NETWORK

1. Name of the Network

- 2. Address of the Network
- 3. Names and addresses of firms constituting the Network

Names and addresses of Firm(s)	Firm Registration No.
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____

- 4. Date and approval number of network name given by the ICAI
- 5. Date of formation of Network
- 6. We undertake to comply with the guidelines/ directions laid down by the Council regarding Network from time to time.
- 7. We hereby confirm that all the Network firms have entered into an understanding to work as a network in accordance with the Guidelines for Networking amongst the firms registered with the Institute of Chartered Accountants of India and further affirm and confirm that the partners signing the application have been duly authorized by the other partners of the respective firms.

Place : Name(s) with membership No(s).
and signature(s) of duly authorised
Date: Partner(s)/Proprietor(s) of the Firms constituting Network

Instruction: Copy of agreement, bye-law, MOUs, by whatever name called, must be filed with ICAI, without which registration will not be given.

FORM 'C'
DECLARATION FOR CHANGE IN CONSTITUTION OF REGISTERED NETWORK

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

*[See relevant Rule of The Guidelines for Networking amongst the firms registered with
The Institute of Chartered Accountants of India]*

- 1. Name of the Network:
- 2. Address of the Network:
- 3. Network Registration Number (NRN):
- 4. Names and addresses of firms constituting the Network

Names and addresses of Firm(s)	Firm Registration No.
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____

- 5. Name and address of the firm(s) willing to enter/ exit into/ from the Network

Name and address of Firm(s)	Firm Registration No.
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____

6. Date of change in the constitution:
7. We hereby declare that the above firm(s) propose to enter/exit into/from the network in accordance with the Guidelines for Networking amongst the firms registered with the Institute of Chartered Accountants of India and further affirm and the confirm that the partners signing the application have been duly authorized by the other partners of the respective firms.

Place :

Name(s) with Membership No(s).
and signature(s) of duly authorized
Partner(s)/Proprietor(s) of the firms

Date :

Instruction: A copy of the authorisation to be filed with the ICAI by the partners signing the declaration on behalf of the firms.

ANNEXURE III THE GUIDELINES FOR NETWORKING WITH LEAD FIRM CONCEPT

1. Short Title & Commencement

- (i) These guidelines may be called “The Guidelines for Networking with Lead Firm Concept”, hereinafter referred as “The Networking Guidelines”.
- (ii) The Networking Guidelines have come into force on the 9th February, 2021.

2. Objective

- 2.1 The objective of the Networking Guidelines is to provide a framework for a firm of Chartered Accountants seeking benefits from networking, such as:
- Wider co-operation amongst the professionals
 - Sharing of common name of Network, if desired by Network firms, and to showcase one lead firm² with their combined strength for securing professional work.
 - Pooling of knowledge, guidance, training, resources and infrastructure.
 - Wider professional reach
 - Sharing of methodologies, practices, strategy etc., in domestic and international markets
 - Referral practices
 - Wider geographical presence
- 2.2 The objective of the Networking Guidelines is not to establish/ generate a Network, when it is not intended to do so. A Network will only be recognized, if registered with the ICAI, as mentioned in para 6 hereinbelow.
- 2.3 Any specific regulations applicable to the respective constituents of the Network will continue to apply. The Networking Guidelines do not intend to override specific regulations applicable to such entities.

3. Definitions

In the Networking guidelines, unless there is anything repugnant in the subject or context, --

- (a) Act – “Act” means The Chartered Accountants Act, 1949.
- (b) Code of Ethics – “Code of Ethics” means the Code of Ethics issued by the ICAI and relevant Council Guidelines.
- (c) Cooperation - “Co-operation” means the act of working or acting together for a common purpose or benefit.
- (d) Council – “Council” means the Council of the ICAI.
- (e) Entity - “Entity” means a sole proprietor firm, partnership firm, limited liability partnership, or any such form of entity as may be permitted by law and in the context of the Networking Guidelines, would comprise of those registered

² Lead Firm concept explained in Modalities under Appendix-2 of Guidelines

with the recognized professional body in India, i.e., The Institute of Chartered Accountants of India

- (f) ICAI – “ICAI” or the “Institute” means the Institute of Chartered Accountants of India.
- (g) Member – “Member” means a Member of the ICAI as defined in Section 2(x) of The Chartered Accountants Regulations, 1988.
- (h) Network - “Network” means a larger structure of a group of Indian CA Firms that have come together for mutual benefits by pooling resources, showcase their combined strength, and have uniform policies, technology and collaterals, and showcase themselves as one big unit, with one lead firm acting on behalf of the member-firms
- (i) Network arrangement - “Network arrangement” means a written arrangement with an intent to create a Network in accordance with the Networking Guidelines. Please refer to the guidance in Appendix 1 of this Annexure.
- (j) Network Firm – “Network Firm” means a firm or Entity that belongs to a Network.
- (k) Referral practice - “Referral practice” means the arrangements to facilitate access to and transfer of knowledge, database, tools, technology, resources, best practices and/ or referral of clients, sharing of fees & cost.
- (l) Regulations – “Regulations” means Chartered Accountants Regulations, 1988.

4. Concept and Forms of Network

The concept of Network is explained in Appendix 1, which forms an integral part of the Networking Guidelines.

- 4.1 A Network may either be a Network of those entities registered with the ICAI or other entities referred to in para 3(e). (Refer to para 6 hereinbelow)
- 4.2 A registration of Network or an affiliation/ membership referred to in para 4.1 above, may only be initiated by a firm of Chartered Accountants registered with the ICAI.
- 4.3 The form of Network shall be as under:

A Network may be constituted as a group of firms and may register as AOP as recognised under income-tax laws. The Network may authorise one of its member-firms as the lead firm³ to act as a facilitator for the constituents of the Network.

- 4.4 Network may consist of proprietorship firm, partnership, limited liability partnership, as may be permitted under applicable laws/ regulations.
- 4.5 An entity is allowed to join only one Network. Firms belonging to one Network are not allowed to become Associates of another Alliance or Network firm.
- 4.6 Entities having majority of common partners shall join only one Network.
- 4.7 Modalities of working of a Network are contained in Appendix 2 to this Annexure.

5. Approval of name of Network amongst entities

- 5.1 The Network shall have a distinct name. When four firms viz. A & Co., B & Co., C & Co. and D & Co. come together to form a Network, they will name their Network as “ABCD”. In case they wish to use suffix, they will use the suffix “& Affiliates” or “Network” to their common name to make it “ABCD & Affiliates” or “ABCD Network”. The name should be approved by the ICAI. The prescribed format of application for approval of name for Network is at Form “AA” as enclosed. The name of Network may be as mentioned in Appendix 3 to this Annexure.
- 5.2 In all professional stationery, the member-firms can mention that they are member-firms of so & so Network. The Network can also mention in its professional stationery that so & so firms are part of its Network.
- 5.3 Provisions of Regulation 190 of the Chartered Accountants Regulations, 1988 shall be applicable to the name of a Network. However, even if a name is approved and subsequently it is found that the same is undesirable, the said name may be withdrawn at any time by the ICAI.
- 5.4 The ICAI shall approve or reject the name of a Network and intimate the same to the Network at its address mentioned in the prescribed Form “AA” within a period which shall not be later than 30 days from the date of receipt of the said Form.

6. Registration of a Network

- 6.1 After the name of a Network is approved as per the provisions under para 5 of the Guidelines, the ICAI shall reserve such name for a period of three (3) months from the date of approval.
- 6.2 A Network shall come into existence only if it is registered with the ICAI and for which an application

3 Lead Firm concept explained in Modalities under Appendix-2 of Guidelines

in the prescribed Form “BB” shall be duly filed. Every agreement, bye-law, MOUs, by whatever name called, must be filed with ICAI, without which registration will not be given. The ICAI shall register or reject the application within 30 days of filing the application or submission of information as desired by the ICAI.

6.3 In order to use the name of a Network within the meaning of the Network Guidelines, its registration with the ICAI is mandatory. A Network Registration Number (NRN) and a certificate of registration to this effect will be issued by the ICAI.

6.4 Unregistered Networks, if any, are not permitted to derive undue advantage over registered networks. However, all restrictions imposed by Network Guidelines on registered Networks will be applicable to them. Hence, they are advised not to operate unless registered with ICAI.

7. Change in constitution of a registered Network

7.1 In case of change in the constitution of a registered Network on account of any entry into or exit from or a discontinuation of the Network, the Network shall communicate the same to the ICAI by filing a prescribed Form “CC” within a period of thirty (30) days from the date of such change and a revised certificate of registration will be issued by the ICAI in this regard. In case, an intimation is received at ICAI beyond 30 days, then the change in constitution or discontinuation, as the case may be, will be reckoned from the date of receipt of intimation at ICAI.

7.2 The Network will cease to exist, in case only one entity remains in Network on account of change in constitution of Network.

8. Ethical Compliance

8.1 Once a Network as referred to in para 4.1 is registered with the ICAI, it will be necessary for such a Network and its constituent entities to comply with the Code of Ethics prescribed by ICAI and relevant Council Guidelines.

8.2 If one firm of the network is the statutory auditor of an entity then the associate [including the networked firm(s)] or the said firm directly/ indirectly shall not accept the internal audit or book-keeping or such other professional assignments which are prohibited for the statutory auditor firm. If one firm does audit work, another firm in the Network cannot perform non-audit services of same client.

8.3 In those cases where rotation of firms is prescribed by any regulatory authority, no member firm of a Network can accept appointment as an auditor in place of any member firm of the Network which is retiring.

8.4 A Network may advertise the Network to the extent permitted by the Advertisement Guidelines issued by the ICAI. The firms constituting the Network are permitted to use the words “A Member Firm of A B” or “A Member Firm of A B & Affiliates” or “A Member Firm of A B Network” on their professional stationery. The Council will make appropriate changes to this effect in Code of Ethics.

9. Consent of Clients

The effect of registration of a Network with the ICAI will be deemed to be a public notice of the Network and, therefore, consent of client will be deemed to have been obtained.

10. Framework of internal byelaws of a Network

A Networking arrangement, as referred to in para 3 above may include the following (illustrative only):

- (i) Appointment of one of the firms as the Lead Firm to act as a facilitator on behalf of the member-firms of the Network. The same may be agreed to by the member-firms by way of an internal agreement, a copy of which will have to be filed with the ICAI. The constituent firms will be at liberty to choose a different constituent firm as the Lead firm to represent the Network, depending upon the specialism and expertise required for a particular assignment.
- (ii) Appointment of a Managing Committee, from among the managing partners of the member firms of the Network and the terms and conditions under which it should function. The minimum and maximum number of members of the Managing Committee shall also be agreed upon.
- (iii) Administration of the Network
- (iv) Contribution of membership fees to meet the cost of the administration of the Network.
- (v) Identifying a partner of any of the member firms of the Network to be responsible for the administration of the Network
- (vi) Dispute settlement procedures through arbitration and conciliation and assumption of liabilities
- (vii) Development of training materials for members of the Network
- (viii) Development and maintenance of data bases relevant for different types of assignments
- (ix) Library
- (x) Appointment of a technical director to whom references can be made

- (xi) Development of software and tools for the use of member firms
- (xii) Resource sharing arrangements

Appendix-1

(Referred to in para 4 of the Guidelines for Networking with Lead Firm Concept and forms an integrated part of the Guidelines)

Concept

- 1.1 To enhance their ability to provide professional services, firms frequently form larger structures of a group of entities with other entities. Whether these larger structures create a Network, depends on the particular facts and circumstances and does not depend on whether the entities are legally separate and distinct. For example, a larger structure of a group of entities may be aimed only at facilitating the referral of work, which in itself does not meet the criteria necessary to constitute a Network. Alternatively, a larger structure might be such that a group of Indian CA firms that have come together for mutual benefits by pooling resources, showcase their combined strength and have uniform policies, technology and collaterals, and showcase themselves as one big unit, and, consequently, may be deemed to be a Network, if so intended.
- 1.2 Where the larger structure of group of entities is aimed at wider co-operation amongst professionals, sharing of common name of network, showcasing one firm as the lead firm⁴, pooling of knowledge, guidance, training, resources and infrastructure, sharing of methodologies, practices, strategies, common quality control policies and procedures and wider geographical presence, and it is clearly aimed at profit or cost sharing amongst the entities within the structure, it may be a Network.
- 1.3 Where the larger structure of a group of entities is aimed at co-operation and the entities within the structure share common ownership, control or management, it may be a Network.
- 1.4 Where the larger structure of a group of entities is aimed at co-operation and the entities within the structure share the use of a common name, it may be a Network. A firm which is part of Network, may project itself as “A Member Firm of A B” or “A Member Firm of A B & Affiliates” or “A Member Firm of A B Network”
- 1.5 If an entity does not belong to a Network, it should not give the appearance that it belongs to a Network in any manner.
- 1.6 Several factors may contribute in reaching a conclusion, whether a structure constitutes a Network or not. A

written arrangement demonstrating an intention to co-operate and create a Network would play a significant role, along with the registration with the ICAI.

Appendix-2

(Referred to in para 4.7 of the Guidelines for Networking with Lead Firm concept and forms an integrated part of the Guidelines)

Modalities of Working

- 2.1 Globally Networks are not given work, but their combined strength is recognised. Potential clients can assign non-attestation work in the name of Network. Consistent efforts will be made by ICAI to enable networks to secure work in their own name. Till such time, a lead firm in the Network can secure work in its name on behalf of the Network.
- 2.2 The constituent firms will be at liberty to choose a different constituent firm as the Lead firm to represent the Network, depending upon the specialism and expertise required for a particular assignment.
- 2.3 By way of an internal agreement amongst the firms, one of the firms will be chosen as the Lead firm. Only the Lead firm can apply for empanelment and not the other member-firms. While submitting a bid, the lead firm belonging to the Network may get credit points for the combined resources of the whole of the Network firms. ICAI will make efforts for credit points for combined strength to be given based on the mechanism in vogue with C&AG. Appropriate changes can be made in MEF. ICAI will make all out efforts to secure recognition to the model of practice from appointing authorities by making representations to different Government Departments, PSUs, Autonomous bodies etc.
- 2.4 The Network firms may decide amongst themselves through agreement the strategy for execution of the professional work. They may distribute the work on the basis of expertise possessed by each firm or on the basis of geographical location of the firms or on any basis mutually acceptable to them. They will also decide how the fees will be distributed amongst the firms, on the basis of quantum of work, mandays and expenses involved. Initially, some firms may sacrifice a bit in order to sustain and continue in the Network, but gradually when work starts flowing in, all firms are benefitted and can grow bigger. More importantly, when big professional work starts flowing in, it will enhance the competency of all the firms in Network. Capacity building and capability building will take care by itself.
- 2.5 Name approval and registration of Network will be centralized. Unique Network Registration Number (NRN) to be allotted to all Networks by ICAI.

4 Lead Firm concept explained in Modalities under Appendix-2 of Guidelines

- 2.6 Since it may not be possible to obtain and execute work in the name of Network, the lead firm will secure work and distribute tasks amongst the constituent firms, provided the client has no objection for such an arrangement. There are enormous opportunities available other than audits allotted by authorities, and consultancy works, which can be executed under lead firm concept. Once work starts to flow in the name of Network itself, lead firm concept can be done away with.
- 2.7 The issues that need to be kept in mind is wherever appointment letter is taken in the name of Lead firm, other firms, though they may contribute in completing the assignment, but may not be able to claim credit of experience of task. The situation can be met by entering into Agreement listing out respective tasks.
- 2.8 If one firm in the Network is performing Central Statutory audit of an entity, another firm in the same Network cannot be allowed to perform internal/ concurrent/ branch audit of the same entity. However, both the Firms be allowed simultaneously to perform branch audits or concurrent audits of different branches if no firm in the Network is central statutory auditor.
- 2.9 Rotation of audit amongst the constituent firms in a Network is not permitted.
- 2.10 The provisions of Section 144 of the Companies Act, 2013 which restricts auditor from rendering other services to the same client, will apply to all constituent firms in the Network.
- 2.11 Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by ICAI is applicable to firms and networks.
- 2.12 In a situation where the client or empanelment/ appointment authority awards work based on the combined strength of Network, a subsequent change in constitution of the Network will not debar rest of the constituent firms from executing the work. In a worst case scenario, if the Network is unable to discharge the work because one or more firms have left, it can always resign from the assignment.
- 2.13 Networks can register themselves as AOPs as recognised under income-tax laws. Networks may form AOP and open bank account in their own name, obtain PAN and GST registration. Income received by AOP can be distributed as per MOU entered into amongst the member-firms of Network. IT returns will have to be filed by AOP.
- 2.14 AOPs can prepare common balance sheet and get it audited.

Appendix-3
(Referred to in para 5.1 of the Guidelines for Networking with Lead Firm concept and forms an integrated part of the Guidelines)

Naming the Network & Name Approval

- 3.1 The Network can be named as "A B" or "A B & Affiliates" OR "A B Network"
- 3.2 The member firms of Network can project themselves as "A Member Firm of A B" or "A Member Firm of A B & Affiliates" or "A Member Firm of A B Network", in their professional stationery and letterheads.
- 3.3 Following naming provisions as are applicable for approval of firm/ trade name under Regulation 190(2) (ii) will be applicable for approval of Network name:
- Name approval will be subject to availability of proposed name.
 - Name of Network should resemble name of member-firms or a combination of their acronym.
 - Network should not bear the name of god/ goddess/ deity or which has no relationship with name of member-firms
 - Descriptive name will not be allowed
 - Names which smack of publicity will not be allowed.

FORM 'AA'
APPLICATION FOR APPROVAL OF NAME OF NETWORK OF FIRMS

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

[See the relevant Rule of The Guidelines for Networking with Lead Firm concept amongst the firms registered with The Institute of Chartered Accountants of India]

- | | | |
|-----------------------------|----|--|
| 1. Proposed name of Network | 1. | |
| (in order of preference) | 2. | |
| | 3. | |
| | 4. | |

- | | | |
|----|---------------------------------------|----------------|
| 2. | Names of the firms(s) forming network | Firm Regn. No. |
| 1. | _____ | _____ |
| 2. | _____ | _____ |
| 3. | _____ | _____ |
| 4. | _____ | _____ |

3. Address of the Office of the Network
- _____
- _____
- _____ Pin _____
- E-mail (if any) _____
- Phone/ Mobile Nos. _____

4. We hereby declare that the above firm(s)/ Member(s) proposed/ have entered into an understanding to form a network in accordance with the Guidelines for Networking amongst the firms registered with The Institute of Chartered Accountants of India and further affirm and confirm that the partners signing the application have been duly authorised by the other partners of the respective firms.

Place : Name(s) with Membership No(s). and signature(s) of duly authorized Partner(s)/ Proprietor(s) of the firms constituting Network

Date :

Instruction: A copy of the authorisation to be filed with the ICAI by the partners signing the declaration on behalf of the firms.

FORM 'BB'
APPLICATION FOR REGISTRATION OF NETWORK OF FIRMS
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

[See relevant Rule of The Guidelines for Networking with Lead Firm concept amongst the firms registered with The Institute of Chartered Accountants of India]

PARTICULARS OF NETWORK

1. Name of the Network
2. Address of the Network
3. Names and addresses of firms constituting the Network

Name and address of Firm(s)	Firm Registration No.
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
4. Date and approval number of network name given by the ICAI
5. Date of formation of Network
6. We undertake to comply with the guidelines/ directions laid down by the Council regarding Network from time to time.
7. We hereby confirm that all the Network firms have entered into an understanding to work as a network in accordance with the Guidelines for Networking amongst the firms registered with the Institute of Chartered Accountants of India and further affirm and confirm that the partners signing the application have been duly authorized by the other partners of the respective firms.

Place :

Name(s) with membership No(s).
and signature(s) of duly authorised

Date:

Partner(s)/Proprietor(s) of the Firms constituting Network

Instruction: Copy of agreement, bye-law, MOUs, by whatever name called, must be filed with ICAI, without which registration will not be given.

FORM 'CC'
DECLARATION FOR CHANGE IN CONSTITUTION OF REGISTERED NETWORK

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

*[See relevant Rule of The Guidelines for Networking with Lead Firm
concept amongst the firms registered with The Institute of Chartered Accountants of India]*

1. Name of the Network:
2. Address of the Network:
3. Network Registration Number (NRN):
4. Names and addresses of firms constituting the Network

	Name and address of Firm(s)	Firm Registration No.
1.	_____	_____
2.	_____	_____
3.	_____	_____
- 4.
5. Name and address of the firm(s) willing to enter/ exit into/ from the Network

	Name and address of Firm(s)	Firm Registration No.
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
6. Date of change in the constitution:
7. We hereby declare that the above firm(s) propose to enter/exit into/from the network in accordance with the Guidelines for Networking amongst the firms registered with the Institute of Chartered Accountants of India and further affirm and the confirm that the partners signing the application have been duly authorized by the other partners of the respective firms.

Place :

Name(s) with Membership No(s).
and signature(s) of duly authorized
Partner(s)/Proprietor(s) of the firms

Date :

Instruction: A copy of the authorisation to be filed with the ICAI by the partners signing the declaration on behalf of the firms.

Annexure 15

ICAI Rules of Merger & Demerger of CA Firms

ANNOUNCEMENT

RULES OF NETWORK AND MERGER - DEMERGER AMONGST THE FIRMS REGISTERED WITH THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

The Council at its 245th Meeting held from 31st August, 2004 to 2nd September, 2004 at New Delhi considered the Report of the Study Group on Capacity Building Measures of CA Firms and accepted the same with certain modification. The report as accepted has been hosted in the web site of the Institute under the title, 'Capacity Building Measures 2004'.

The Council at its 247th Meeting held from 4th January to 6th January, 2005 at New Delhi has decided that the Rules of Network amongst the firms registered with ICAI, Rules of Merger & Demerger formulated and finalized on the basis of recommendations of the Study Group shall come into force w.e.f. 6th January, 2005.

In the matter relating to network of firms registered with ICAI and entities outside India, the Council decided that in addition to the compliance with the Rules of Network amongst the firms registered with ICAI, the entities outside India willing to form network with Indian CA firms would give a declaration in Form 'D' (enclosed).

RULES OF NETWORK

1. These Rules are called Rules for Network amongst the firms Registered with The Institute of Chartered Accountants of India.

2. Definition.

(i) Network -

"Network amongst two or more firms means an arrangement to facilitate the better functioning of the affiliate member firms in the interest of the profession and not for acquisition of any gain. Such Network shall include the formal Network to use the collective resources such as turnover, infrastructures, manpower, location for execution of Professional services of one or more type.

[Explanation —

1. An affiliation as referred to above shall also include: -

(i) having an association with an accounting entity within or outside India such that it results directly or indirectly in a common professional economic or beneficial interest.

(ii) one or more of the entities holding out that it is so affiliated or networked.

2. An entity shall not be treated as an affiliate of another merely for the reason that they

(a) share professional knowledge and data base;

(b) refer certain professional assignments or authorize the other to represent certain specific matters.

3. If different Indian firms are networked with a common Multi National Accounting Firm (MAF) then irrespective of the presence/absence of any

'affiliate' relationship between the Indian firms inter-se, they shall be considered as part of a network.]

(ii) Formal Network - Formal network means a network amongst two or more firms registered with The Institute of Chartered Accountants of India (ICAI), where the object of network is to use the collective resources of the affiliates for execution of professional services of one or more types at one and/or at multi-locational points. The resources would include financial, technical and other logistic

support required to execute the professional assignments. In such type of network, the common resources may be pooled and exhibited together before the service user as those belonging to one particular set of professionals.

- (iii) Referral Practice – Referral Practice means a practice to refer professional work by a firm to one of its associate/affiliate either situated at a different place or rendering professional services not provided by it, to the user of the services. The pre-dominant objective of such a network is not to pool in their collective resources and exhibit them as those belonging to one particular set of professionals.
- (iv) Act — Act means The Chartered Accountants Act, 1949.
- (v) Regulations — Regulations means Chartered Accountants Regulations, 1988.
- (vi) Code of Ethics — Code of Ethics means the Code of Ethics issued by the Institute and decisions of the Council in this regard.
- (vii) Institute — Institute means the Institute of Chartered Accountants of India.
- (viii) Council — Council means the Central Council of the Institute.
- (ix) Member — Member means a Member in Practice. Member in Practice means a Member in Practice as defined in the Chartered Accountants Act, 1949.

3. Name of Network:

- (i) The Network may have distinct name which should be approved by the Institute. To distinguish a “Network” from a “firm” of Chartered Accountants, the words “& Affiliates” should be used after the name of the network and the words “& Co.” / “& Associates” should not be used. The prescribed format of application for approval of Name for Network is at Form ‘A’ (enclosed).
- (ii) Standards prescribed in Regulations 190 of the Chartered Accountants Regulations, 1988 shall be applicable to the name of Network. However, even if a name is provided and subsequently it is found that the same is undesirable then, the said name can be withdrawn at any time by the Institute. The Institute shall reject any undesirable name and the provisions in respect of names of companies as prescribed in the Companies Act, 1956 shall be applicable in spirit.
- (iii) The network should neither be permitted to advertise nor to use logo. The firms constituting the network are permitted to use the words “Affiliates/

Members of” (a network of Indian CA firms) on their professional stationery.

- (iv) Network may work without a Name also.

4. Registration:

- (i) A Formal Network is required to be registered with the Institute in a prescribed Form ‘B’ (enclosed).
- (ii) Referral Practice requires no registration.
- (iii) It is for each firm to decide whether its affairs and relations with another firm results in creation of a Formal Network. Network shall evaluate for itself whether or not it is a formal network requiring registration with the Institute.
- (iv) If different Indian firms are networked with a common Multinational Accounting Firm (MAF) then irrespective of the presence/absence of any ‘affiliate’ relationship between the Indian firms inter-se, they shall be considered as part of a network. As such, for these firms the registration with the Institute is not mandatory. It is only if these Indian firms decide to constitute a Formal Network, then the registration with the Institute is mandatory.

5. Ethical Compliance:

Once the relationship of network arises, whether registered or not with the Institute, it will be necessary for such a network to comply with all applicable ethical requirements prescribed by the Institute from time to time in general and the following requirements in particular: -

- (a) If one firm of the network is the statutory auditor of an entity then the associate [including the networked firm(s)] or the said firm directly/indirectly should not accept the internal audit or book-keeping or such other professional assignments which are prohibited for the statutory auditor firm.
- (b) The Notification No. 1-CA(7)/60/2002 dated 8th March, 2002 (enclosed) in respect of ceiling on Non-audit fees is applicable in relation to a Network as follows: -
 - i) For a constituent member of a Network who is doing statutory audit (including its associate concern and/or firm(s) having common partnership), it shall be the same as mentioned in the said notification; and
 - ii) For other constituent member(s) of the same Network collectively, it shall be 3 times of the fee payable for carrying out the statutory audit of the same undertaking/company.
- (c) In those cases where rotation of firms is prescribed by any regulatory authority, no

member firm of the network can accept appointment as an auditor in place of any member firm of the network which is retiring. However, this restriction shall not apply in case of appointment as Statutory Central Auditor of Government agencies/Undertakings such as Public Sector Undertakings (PSUs), Public Sector Banks and Financial Institutions etc.

- (d) The Constituent member firms of a Network & the Network shall comply with all the Ethical Standards prescribed by the Council from time to time.

6. Consent of Client:

The network shall obtain consent of the client to engage an affiliate in discharging the professional assignments.

7. Constitution of Network:

- (i) Proprietary/partnership firm(s) as well as individual member(s) are permitted to form a Network.
- (ii) A proprietary/partnership firm as well as individual Member are allowed to join only one Formal network.
- (iii) Firms having common partners shall join only one network.

8. Object of Network:

The Network itself will not carry on any business for acquisition of gain for itself and only act as a facilitator for its members/constituent Member firms to pursue their professional jobs.

9. Responding to Enquiries:

Only one firm/Member can apply on behalf of the network showing the collective strength of all the constituent firms of the network, when responding to any enquiry.

10. Issuing Reports:

Only the firm(s)/Member(s) forming Network are eligible to issue/sign/attest any certificate/Report/professional document/assignment.

11. Violation of Act:

In case of alleged violation of the provisions of the Act, Regulations framed thereunder, guidelines/directions laid down by the Council from time to time and Code of Ethics by the Network firm, the proprietary/partnership firm(s)/individual Member constituting the Network would be answerable.

12. Exit From Network:

A constituent Member firm/Member of a Network can exit from the network by sending the declaration in Form 'C' (enclosed) to the Institute and also to each and every constituent of the network. The concurrence/acceptance of the same by other firms forming part of the network firm shall not be required.

13. Framework of Internal Byelaws of Network requiring Registration:

To streamline the networking, a network shall formulate operational byelaws. Byelaws may contain the following clauses on which the affiliates of the network may enter into a written agreement among themselves:

- (i) Appointment of a Managing Committee, from among the managing partners of the member firms of the network and the terms and conditions under which it should function. The minimum and maximum number of members of the Managing Committee shall also be agreed upon.
- (ii) Administration of the network
- (iii) Contribution of membership fees to meet the cost of the administration of the network.
- (iv) Identifying a partner of any of the member firms of the network to be responsible for the assignment (engagement partner)
- (v) Dispute settlement procedures through arbitration and conciliation
- (vi) Development of training materials for members of the network
- (vii) Issue of News-letters for staff and clients
- (viii) Development of softwares for different types of assignments
- (ix) Development and maintenance of data bases relevant for different types of assignments
- (x) Library
- (xi) Appointment of a technical director to whom references can be made
- (xii) Determining the methodology for drawing resources from each member firm
- (xiii) Determining compensation to member firms for resources to be drawn from them
- (xiv) Peer review of the member firms These clauses are illustrative.

FORM 'A'
APPLICATION FOR APPROVAL OF NAME FOR NETWORK OF FIRMS
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

[See Rule 3 of Rules of Network amongst the firms registered with The Institute of Chartered Accountants of India]

1. Proposed name of Network 1. _____
 (in order of preference) if the Network 2. _____
 has a distinct name 3. _____
 4. _____
2. Name(s) of the Firm Name/ Firm Regn. No./
 firm(s)/Member(s) Member Name M.No.
 forming network
1. _____
 2. _____
 3. _____
 4. _____

3. Address of the Office of the Network
- _____
- _____

Pin _____

E-mail (if any) _____

4. We hereby declare that the above firm(s)/Member(s) proposed/have entered into an understanding to form a network in accordance with Rules of Network amongst the firms registered with The Institute of Chartered Accountants of India and further affirm and confirm that the partner signing the application has been duly authorised by the other partners of the respective firms.

Place :

Name(s) with Membership No(s).
 and signature(s) of duly authorized
 Partner(s)/Proprietor(s) of the firms/
 Member constituting Network

Date:

FORM 'B'
DECLARATION FOR REGISTRATION OF FORMAL NETWORK AMONGST FIRMS REGISTERED WITH ICAI
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

PARTICULARS OF NETWORK HAVING INDIAN AFFILIATION

1. Name of the Network
2. Address of the Network
3. Names and addresses of firms/Member constituting the Network
- Names and addresses of Firm(s)/Member(s) Firm Registration No./M.No.
4. (a) Date of formation of Network
 (b) Date on which present network arrangement was entered into
5. We undertake to comply with the guidelines/directions laid down by the Council regarding Network from time to time.

We hereby declare that:

- (a) the network constituents have entered into an agreement to form this network.
- (b) that the partner(s) signing this declaration has been duly authorized by the other partners of the firm

Place :

Name(s) with Membership No(s).
and signature(s) of duly authorized

Date

Partner(s)/Proprietor(s) of the firms/
Member constituting Network

NOTIFICATION NO.1-CA(7)/60/2002, 8TH MARCH, 2002

1-CA(7)/60/2002: In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India hereby specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he accepts the appointment as statutory auditor of Public Sector Undertaking(s)/Government Company(ies)/Listed Company(ies) and other Public Company(ies) having turnover of Rs. 50 crores or more in a year and accepts any other work(s) or assignment(s) or service(s) in regard to the same Undertaking(s)/Company(ies) on a remuneration which in total exceeds the fee payable for carrying out the statutory audit of the same Undertaking/company.

Provided that in case appointing authority(ies)/regulatory body(ies) specify(ies) more stringent condition(s)/restriction(s), the same shall apply instead of the conditions/restrictions specified in this Notification.

Explanation:

1. The above restrictions shall apply in respect of fees for other work(s) or service(s) or assignment(s) payable to the statutory auditors and their associate concern(s) put together;
2. For the above purpose,
 - (i) the term “other work(s)” or “service(s)” or “assignment(s)” shall include Management Consultancy and all other professional services permitted by the Council pursuant to Section 2(2)(iv) of the Chartered Accountants Act, 1949 but shall not include: -
 - (i) audit under any other statute;
 - (ii) certification work required to be done by the statutory auditors; and
 - (iii) any representation before an authority;
 - (ii) the term “associate concern” means any corporate body or partnership firm which renders the Management Consultancy and all other professional services permitted by the Council wherein the proprietor and/or partner(s) of the statutory auditor firm and/or their “relative(s)” is/are Director/s or partner/s and/or jointly or severally hold “substantial interest” in the said corporate body or partnership;
 - (iii) the terms “relative” and “substantial interest” shall have the same meaning as are assigned under Appendix (10) [now Appendix (9)] to the Chartered Accountants Regulations, 1988.
3. In regard to taking up other work(s) or service(s) or assignment(s) of the undertaking/company referred to above, it shall be open to such associate concern or corporate body to render such work(s) or service(s) or assignment(s) so long as aggregate remuneration for such other work(s) or service(s) or assignment(s) payable to the statutory auditor/s together with fees payable to its associate concern(s) or corporate body(ies) do/does not exceed the aggregate of fee payable for carrying out the statutory audit.
4. This notification is applicable for any appointment(s) on or after 1st April, 2002.

FORM 'C'
DECLARATION FOR DISSOCIATION FROM A NETWORK THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

[See Rule 12 of Rules of Network amongst the firms registered with The Institute of Chartered Accountants of India]

1. Name of the Network
2. Address of the Network
3. Names and addresses of firms constituting the Network

Names and addresses of Firm(s)/Member(s)	Firm Registration No./M. No.
--	------------------------------
4. Name and address of the firm/member willing to dissociate from the Network

Name and address of Firm(s)/Member(s)	Firm Registration No./M. No.
---------------------------------------	------------------------------

In pursuance to the Rule 12 of Rules of the Network issued by The Institute of Chartered Accountants of India, We/I hereby declare our dissociation from the Network w.e.f.

.....

I hereby declare that I have been duly authorised by the other partners to issue this declaration.

Place :

Date :

Name with Membership No(s).
and signature(s) of duly authorized
Partner(s)/Proprietor of the firm/
Member dissociating from the Network

FORM 'D'
DECLARATION TO BE FILED FOR NETWORK WITH ENTITIES OUTSIDE INDIA

NETWORK WITH ENTITIES OUTSIDE INDIA REGISTRATION NO.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
PARTICULARS OF NETWORK WITH ENTITIES OUTSIDE INDIA

1. Name of the Network
2. Address of the Network
3. Name(s) & address(es) of firm(s)/entity(ies) constituting the Network
 - (A) Indian firm(s) forming part of Network:

Name(s) of Firm(s)	Firm Registration Number(s)
--------------------	-----------------------------
 - (B) Outside entity(ies) forming part of Network :

Name(s) of the entity(ies)	Registration No. of entity(ies), the name(s) of enactment(s)/charter(s) under which Registered with the name of country(ies)
----------------------------	--

4. (a) Date of formation of Network
 - (b) Date on which present network arrangement was entered into
5. Detail of ownership and management structure of outside entity(ies) constituting the Network

We, the authorized representative(s) of the entity(ies) outside India, hereby solemnly declare and undertake that :

- (1) we are conversant with the provisions of the Chartered Accountants Act, 1949, the Chartered Accountants Regulations, the Code of Ethics and guidelines/directions regarding Network issued by the Council from time to time;
- (2) in regard to the activities of the Network in India, we undertake to comply with the aforesaid provisions/guidelines/directions, in general, and in particular clauses (2) to (7) of Part-I of the First Schedule to the Chartered Accountants Act, 1949; and
- (3) the activities under the Network will not tantamount to rendering services so as to constitute a commercial presence in India or in any way result in Mode 3* or Mode 4* rendering of services as per WTO terminology.

Place :

Date :

Name(s) with membership no. (if any) and
signature(s) of duly authorized representative(s) of the entity(ies)
outside India constituting Network

We, the authorized representative(s) of Indian Firm(s), solemnly declare as under:-

- (1) the information given above is true and correct as per our information and belief; and
- (2) non-compliance with the provisions of the Clauses (6) & (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949 and the guidelines/directions laid down by the Council thereunder by the outside entity(ies) shall be deemed to be on our behest, unless proved otherwise.

Place :

Date :

Name(s) with Membership No(s) and signature(s)
of duly authorized representative(s) of the Indian firm(s)/
Member constituting the Network

- * Mode 3: Commercial Presence – Where services are provided through establishment of an office in the other country.
- * Mode 4: Movement of Natural Persons – Where the professional accountant travels from one country to another to deliver a service.

RULES OF MERGER & DEMERGER AMONGST THE FIRMS REGISTERED WITH THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

1. These rules are called Rules of Merger & Demerger amongst the Firms registered with The Institute of Chartered Accountants of India.
2. Concept of Merger & Demerger:
 - (i) The Partnership Act has not prescribed merger & demerger of partnerships. In the corporate world, merger and demerger have become universal practices for securing survival, growth, expansion and globalization of enterprise and achieving multitude of objectives. Merger is the fusion of two or more existing companies. On the other hand, demerger signifies a movement in the company just opposite to merger.

'Demerger' is also used to describe spinning off of an "undertaking" of a Corporate entity. The concept of 'Merger', 'Demerger' & 'Acquisition' are arising out of the 'Arrangement' under Sections 391-394 of the Companies Act, 1956. Merger and Demerger are natural corollary of globalization.
 - (ii) To incorporate the spirit of Corporate World and to imbibe the consolidation creed, the Council used the term 'merger' and 'amalgamation' of CA firms. The Council in its 198th Meeting held from 25th to 27th February, 1999

and in 223rd Meeting held from 2nd to 5th February, 2002 considered the Seniority and Mergers of the firm and implications of the decisions, are enclosed in Tabular form.

- (iii) In order to have an orderly and sustainable growth of the CA firms, it is desirable that the coming together of the firms begins with networking and then matures to mergers. Networking will enable the firms to develop working relationships with each other. However, it is not to suggest that there cannot be mergers without networking.
- (iv) The mergers should be effected to develop core competencies and to render professional services of a larger range spread over bigger geographical area. A merged big entity will always be superior to a network arrangement.

3. Merger

- (i) To effectuate merger, a merger agreement in Form 'E' (enclosed) is to be filed with the Institute within 30 days from the date of the agreement. The re-constitution agreement/partnership deed shall be filed with the Registrar of Firms.
- (ii) Upon the merger of the firms, the Institute will freeze the names of the merging firms and shall not allot the same names to any other firm.

4. Demerger

- (i) The merger has to precede the demerger. The merger agreement itself shall contain the terms and conditions for demerger. Therefore no concurrence/acceptance is required from the continuing partners. The merger agreement shall stipulate that in case 75% or more of the continuing partners of one of the erstwhile firm(s) are willing to demerge then they can do so after giving due notice in Form 'F' (enclosed) to the other partners and to the Institute.
- (ii) In case 75% or more of the continuing partners of one of the erstwhile merging firm have demerged after giving due notice to the other partners, then in such case, the merger shall come to an end and if the remaining erstwhile merging firms/partners of the erstwhile merged firm decided to continue, then they should enter into a fresh Merger/ Partnership Agreement.
- (iii) The Demerged Firm is entitled to practice in its old trade name, which existed at the time of merger.
- (iv) The Constitution Certificate issued by the Institute to the demerged firm shall state the original date of establishment, the date of its merger and the date of the demerger. For the purpose of computing the seniority of the firm, the total period will be reckoned from the original date of establishment.
- (v) The demerger can be demanded within a period of 5 years from the date of merger.

Council Decision on Change in Firm name/Seniority of firms

Prepared on the basis of Council Decisions of 198th Meeting held from 25-27th February, 1999 & 223rd Meeting held from 2 - 5th February, 2002.

PARTICULARS OF CASES:	SENIORITY	DATE OF EFFECT
I Proprietor of firm: A member practicing as a sole proprietor in a trade name, admits one or more members as partners thereby constituting a firm, and		
i. the firm name is the same trade name	The date of establishment of practice in the trade name	27.2.1999
ii. the firm name is different from the trade name	The date of approval of the firm name or the date of establishment of the firm in the firm name, whichever is later	27.2.1999
II Death of the individual member If the member practicing in a trade name dies and if the trade name is sold/assigned to another member and if the other member practices (either as sole proprietor or in partnership with others) immediately after such sale/assignment		

PARTICULARS OF CASES:	SENIORITY	DATE OF EFFECT
(i) In the same trade name	Date of establishment as recognized by the Institute in the case of the deceased member if the sale/assignment is made (within one year from the date of death of the member)	27.2.1999
(ii) In the new trade/firm name	The date of approval of the new trade/firm name or the establishment of practice under new trade/firm name by other member/members, whichever is later	27.2.1999
III Partnership firms		
(a) Firm consisting of two partners – If one of the partners retires/dies and if the remaining partner continues either as sole proprietor or in partnership with others		27.2.1999
(i) in the same firm name	There is no change in the date of the establishment of the firm	
(ii) in a new firm name	Date of approval of new firm name or the date of establishment of the firm under the new firm name, whichever is later	
(b) Firm consisting of more than two partners – If one or more of the partners dies/retires and the remaining partners continue to practice in the same firm name with or without dissolution.	There is no change in the date of establishment of the firm.	27.2.1999
IV Merger or amalgamation of two or more firms		
If two or more firms merge/amalgamate, the new firm after merger/amalgamation practices.		
(i) in the firm name of one of the merged firms.	Date of establishment of the firm, which firm name is continued to be used after merger.	27.2.1999
(ii) in a new firm name, in cases where the existing firm is seeking change of firm name and approval thereof.	(i) Change of name from the date of approval. (ii) There is no change in the date of establishment. The old trade/firm name will be frozen in the Institute's records for three years from the date of approval of the new trade/firm name. In the constitution certificate issued by the Institute during that period of three years, the name will be mentioned as "M/s (formerly known as M/s)" During that period of three years, the firm will be given the option to have its original name at the choice of all the partners only if all those partners so apply to the Institute in the prescribed manner.	4.2.2002

Example:

Name of firm	Name of firm	Name of new firm	Seniority	Date of Effect
1. A & Co., 1966	B & Co., 1980	A & Co.	Date of establishment will be 1966	27.2.1999
2. A & Co., 1966	B & Co., 1980	B & Co.	Date of establishment will be 1980	27.2.1999
3. A & Co., 1966	B & Co., 1980	Y & Co.	Date of establishment will be date of approval of Y & Co. by the Institute or constitution of the Partnership firm, whichever is later.	27.2.1999
4. A & Co., 1966	B & Co., 1980	Either AB & Co. or BA & Co.	Date of establishment will be 1966	4.2.2002

PARTICULARS OF CASES:	SENIORITY	DATE OF EFFECT
<p>V. Change in trade/ firm name</p> <p>The member/firm continues the practice (with or without change in constitution) with the change in trade/firm name.</p>	<p>(i) Change of name from the date of approval.</p> <p>(ii) There is no change in the date of establishment. The old trade/firm name will be frozen in the Institute's records for three years from the date of approval of the new trade/firm name. In the constitution certificate issued by the Institute during that period of three years, the name will be mentioned as "M/s _____ (formerly known as M/s _____)"</p> <p>During that period of three years, the firm will be given the option to have its original name at the choice of all the partners only if all those partners so apply to the Institute in the prescribed manner.</p>	27.2.1999

Note:

- Trade name: The name in which the member practices as a sole proprietor.
- Firm name: The name in which the firm practices.
- 'Trade name' and 'Firm name' are the names as approved by ICAI.
- Merger/amalgamation is a term not applicable to firms under the Partnership Act. It is reconstitution of firm by addition/deletion of partners. The principles applicable to any reconstitution will, therefore, apply in these cases.

FORM 'E'
FORMAT OF MERGER AGREEMENT
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

[See Rule 3 of Rules of Merger & Demerger amongst the firms registered with The Institute of Chartered Accountants of India]

We, (1)..... (2) (3) partners of (1) M/s. A & Co. (2) M/s. B & Co. & (3) execute this Merger Agreement on this day of....., at

- M/s A & Co., a Partnership/Proprietorship firm of Chartered Accountants having its registered Head Office at, duly registered with the Institute of Chartered Accountants of India vide Firm No. _____ in _____ region (which expression shall include its successors, heirs and assigns).

The date of establishment, name of the partners, their membership nos, are as follows:-

- Date of establishment
- Name of the Partners _____ Membership No. _____

- M/s B & Co., a Partnership/Proprietorship firm of Chartered Accountants having its registered Head Office at _____, duly registered with the Institute of Chartered Accountants of India vide Firm No. _____ in _____ region (which expression shall include its successors, heirs and assigns).

The date of establishment, name of the partners, their membership nos, are as follows :-

- Date of establishment
- Name of the Partners _____ Membership No. _____

- _____ Now, therefore, in consideration of mutual promise herein made and the consideration hereunder expressed, the parties hereto mutually covenant and agree as follows:

- That the name of the merged firm will be _____ and the date of establishment of the merged firm is the date of establishment of the oldest/older firm i.e. _____

2. That this merger will come into force w.e.f. _____ 20XX, whereafter, the merging firm i.e. M/s A & Co., and M/s B & Co. cease to exist and a separate partnership deed has been executed on _____ amongst the partners of the merged firm.
3. That the following persons are the partners of the merged firm:
 1. Mr. _____ Membership No. _____
 2. Mr. _____ Membership No. _____
 3. Mr. _____ Membership No. _____
 4. Mr. _____ Membership No. _____
 5. Mr. _____ Membership No. _____
 6. Mr. _____ Membership No. _____
 7. Mr. _____ Membership No. _____
 8. Mr. _____ Membership No. _____

We, all the partners of the merged firm understand that this merger has the following consequences in pursuance to the decision of the Council of the Institute: -

1. That the name of the erstwhile merging firms will be frozen by the Institute.
2. And in case 75% or more of the continuing partners of one or more erstwhile merging firm(s) are willing to demerge, they may demerge after giving due notice and will be entitled to the following benefits :
 - (i) They shall be entitled to the total seniority acquired i.e. their earlier pre-merger seniority and the years during which they were in merged firm.
 - (ii) They are entitled to their old firm's name.

Provided in case, 75% is a fraction, then the same shall be rounded off to the next number.
3. That the date of establishment of the new demerged firm shall be the date of demerger.
4. That to effectuate such demerger, no concurrence/acceptance is required from the other continuing partners of the merged firm. The partners of such demerged firm shall execute a partnership deed. The merged firm as well as the demerged firm shall submit fresh Form 18 as prescribed under the Chartered Accountants Regulations, 1988 to the Institute within the prescribed period.
5. In case of 75% or more of the continuing partners of one of the erstwhile merging firm have demerged after giving due notice to the other partners, then in such case, the merger shall come to an end and if the remaining erstwhile merging firms/partners of the erstwhile merged firm decided to continue, then they should enter into a fresh Merger/ Partnership Agreement and shall submit fresh Form 18 as prescribed under the Chartered Accountants Regulations, 1988 to the Institute within the prescribed period.
6. That the demerger in the manner hereinbefore mentioned can be demanded only within a period of 5 years from the date of merger.

IN WITNESS WHEREOF, the Partners of the Merged firm M/s _____ hereto set their hands on this agreement in the presence of the witnesses.

WITNESSES :

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. 2. | <ol style="list-style-type: none"> (i) (ii) (iii) (iv) (v) (vi) (vii) (viii) <p>Partners of M/s.....</p> |
|--|--|

FORM 'F'
NOTICE FOR DEMERGER

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

*[See Rule 4(i) of Rules of Merger and Demerger amongst the firms registered with
The Institute of Chartered Accountants of India]*

1. We the following persons

Name(s)	Membership No.(s)
_____	_____
_____	_____

being partners of M/s _____ which merged with the firm M/s _____ as per merger agreement dated willing to demerge with effect from _____

2. We are the partners of the erstwhile Merging firms, M/s _____ merged with M/s. _____ & constitute the merged firm _____ with effect from _____. The Merger Agreement dated _____ and Form 18 were filed before the Institute on _____

3. We constitute 75% or _____ % of the continuing partners of the erstwhile firm M/s. _____

4. This demerger is within a period of 5 years from the date of merger.

5. We desire that our pre-merger name be allotted to us.

Place: _____

Date: _____

Signature of all the Partners of the
Erstwhile Firm M/s. _____ willing to demerge.

Annexure 16

Multi Disciplinary Partnership

Announcement

Sub: Chartered Accountants (Amendment) Regulations, 2021 dated July 8, 2021

This has reference to the Notification No. 1-CA(7)/197/2021 dated July 08, 2021 published in the Gazette of India regarding the Chartered Accountants (Amendment) Regulations, 2021. Pursuant to these amendment Regulations, in the Chartered Accountants Regulations, 1988, in Schedule "A", the existing Form 18 has been replaced by Revised Form 18 to facilitate formation of Multi-disciplinary Partnership Firm of Chartered Accountants in Practice.

In this regard, reference may be made to below cited documents:

1. The Chartered Accountants (Amendment) Regulations, 2021 dated July 08, 2021
2. Guidelines for Formation of Multi-disciplinary Partnership as per the Chartered Accountants Act, 1949
3. Frequently Asked Questions (FAQs) on Multi-disciplinary Partnership Firm of Chartered Accountants in Practice (MDP CAs in Practice)

Acting Secretary, ICAI

The Institute of Chartered Accountants of India

Source: <https://www.icai.org/post/chartered-accountants-amendment-regulations-2021-dated-july8-2021>



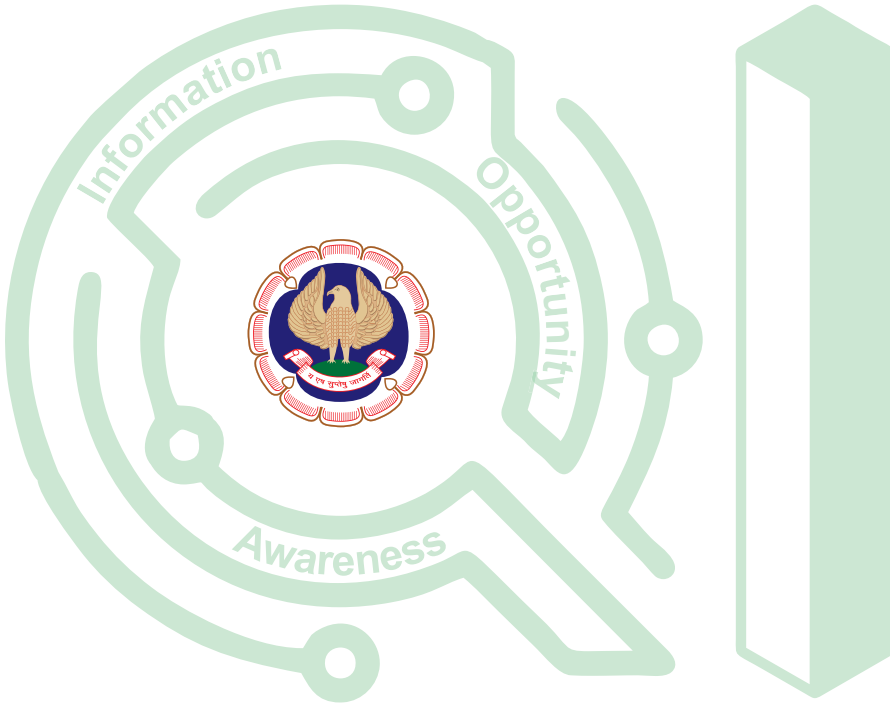
Vision

Mentor

Goals

Motivate

SUCCESS



Professional Development Committee

भारतीय सनदी लेखाकार संस्थान

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

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