VOLUME 65 | NO. 1 | PAGES-164 | JULY 2016 | ₹100

THE CHARTERED ACCOUNTANT JOURNAL

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SET UP BY AN ACT OF PARLIAMENT

Shri Pranab Mukherjee
President of India

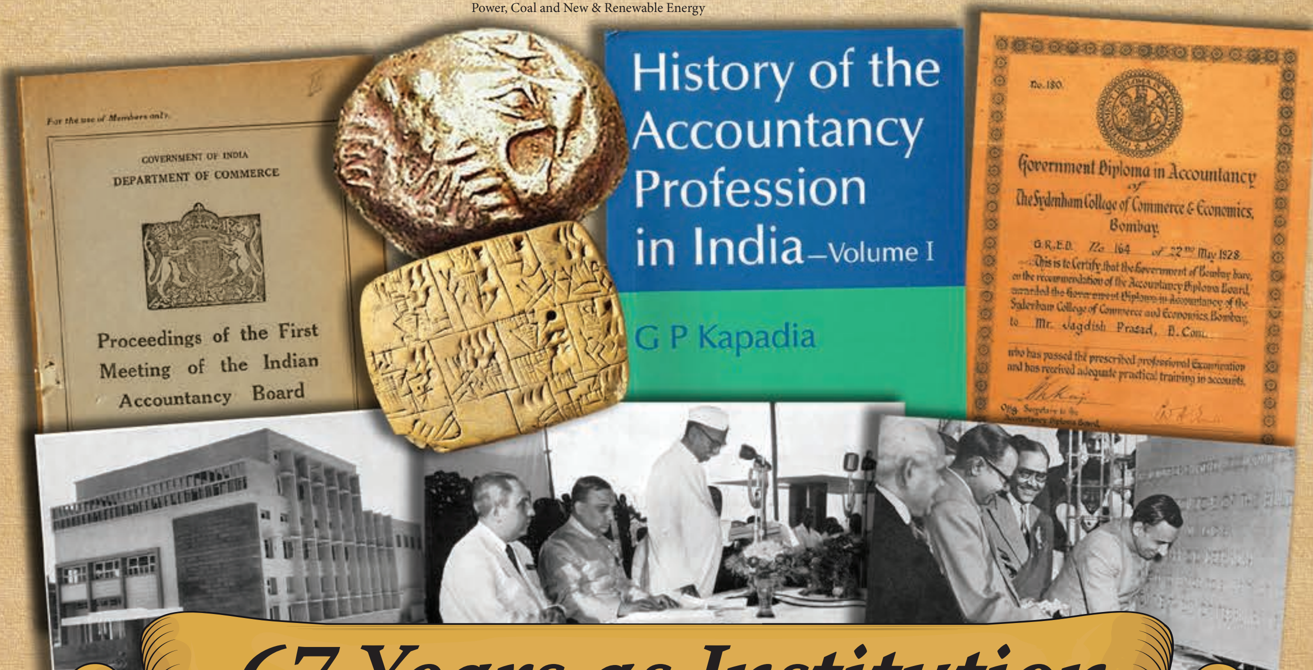
Shri Narendra Modi
Prime Minister of India

CA. Suresh Prabhu
Minister of Railways

CA. Piyush Goyal
Minister of State
(Independent Charge)
Power, Coal and New & Renewable Energy

CA. K. Rahman Khan
Member of Parliament

CA. (Dr.) Kirit Somaiya
Member of Parliament



67 Years as Institution of Public Trust

1 JULY - CA DAY

Advertisement

CA Day — Rejoicing Glorious Tradition of Excellence, Integrity and Service to the Nation

'Continuity gives us roots, change gives us branches, letting us stretch and grow and reach new heights,' goes the saying by noted educator Pauline R. Kezer. Greek philosopher Heraclitus too rightly says that "Nothing endures but change." These words of wisdom amply sum up the journey of Indian accountancy profession. Indeed, it is the *'Change for Better'* that has impelled the evolution of Indian accountancy profession, adding new layers of lustre to a tradition of excellence with every passing year since inception of the ICAI on July 1, 1949 under an Act of Parliament. ICAI's glorious enduring journey is set to accomplish another milestone of completing 67th year of existence on 1st July 2016 — CA Day. The Day signifies ICAI's riveting presence as the prominent institution promoting a widely acknowledged legacy of professional *integrity, independence, excellence and service to the nation*.

Indeed it's an occasion of national pride and glory but at the same time it is an occasion for introspection too. Mahatma Gandhi correctly said *"The future depends on what we do in the present"*. As ICAI members, we have to not only resolutely keep the legacy of professional excellence intact but also pass it on to our future generations. John F Kennedy said that *'The prudent heir takes careful inventory of his legacies and gives a faithful accounting to those whom he owes an obligation of trust"*. It seamlessly applies to the present day professionals.

Philosopher Ralph Emerson says: *What lies behind us and what lies before us are miniscule matters compared to what lies within us.* This particularly holds true to ICAI and Indian accountancy profession. Presently, what lies within Indian CAs is the enormous untapped potential to do good to the nation, economy and society at large. And this potential can be realised to the fullest with innovation and change, besides accentuating 'out of the box' thinking and taking a path yet untapped. Change is the only constant thing in life. Innovate and the change gets better. In this perspective, it is worthy to recount the insight of Robert Frost:

I shall be telling this with a sigh
Somewhere ages and ages hence:
Two roads diverged in a wood, and I—
I took the one less travelled by,
And that has made all the difference.

The poet emphasises the relevance of 'out of the box' thinking, which is worth emulating by the Indian accountancy professionals, keeping in mind the ever-increasing expectations of the society. As we celebrate the CA Day, let's recollect the maxim of Mahatma Gandhi *'You must be the change you wish to see in the world,'* and let's make a new beginning.

Bharat Ratna Dr. A. P. J. Abdul Kalam, coined the term *"Partner-in-Nation-Building"* for Indian accounting profession in recognition of its contribution to the nation. Another prodigious son of the soil Bharat Ratna Lal Bahadur Shastri exhorted professionals to play an imperative part in both public and private sectors, upholding honesty, creating an indelible imprint and boosting public confidence. Encouraged by such visionaries, the inspiring journey of the profession is continuing unabated led by its torch-bearers and peers, triumphing many hitherto uncharted territories of professional capabilities. The ICAI is leading by example as regulator-cum facilitator, serving the best interests of our nation, accountancy profession, its members, students and other allied stakeholders. As such, Indian accountancy profession is today at the forefront of present day knowledge economy, in harmony with ICAI's stated Mission, that is: *'The Indian Chartered Accountancy Profession will be the valued Trustees of World Class Financial Competencies, Good Governance and Competitiveness'.*

Tapping an ocean of professional opportunities offered by a fast-reviving economy and fast-paced globalisation with seamless expansion of various sectors, the accountancy profession is buoyant, taking in its stride the accounting reforms in India consequent to implementation of IFRS Convergence and new avenues emerging in the wake of Companies Act 2013, XBRL, Integrated Reporting, IT and Data Analytics, etc.

Present-day era calls for Indian accountancy profession to have a revolution of its own, and this is possible if the members transform their mindset, look beyond the traditional number crunching and take advantage of new-fangled opportunities emerging in the economy. Dr. A.P.J. Abdul Kalam has precisely summed up: *"Thinking is progress. Non-thinking is stagnation of the individual, organisation and the country. Thinking leads to action. Knowledge without action is useless and irrelevant. Knowledge with action, converts adversity into prosperity."*

Hence, let's Think Big and pool our skills, energies and strengths to develop a superior collaboration for higher growth and prosperity. Let's remember the saying that "future belongs to those who prepare for it today". As another year of ICAI begins, it is worth recalling the words of author Hal Borland that a year's end is neither an end nor a beginning but a going on, with all the wisdom that experience can instil in us.

Happy **CA Day** to all readers!

Editorial Board ICAI – *Partner in Nation Building*

Only someone who is well prepared has the opportunity to improvise. - Ingmar Bergman

Contents

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
ICAI Bhawan, Post Box No.7100, Indraprastha Marg,
New Delhi-110002, Tel: +91 (11) 39893989.
E-mail: icaiho@icai.in, Website: www.icai.org

SUBSCRIPTION RATES
Inland subscribers : ₹1,000 per annum
Overseas: $170 per annum
(subscribers by air mail)

For Overseas Members/Subscribers
•Air Mail Surcharge : ₹2,100 per annum

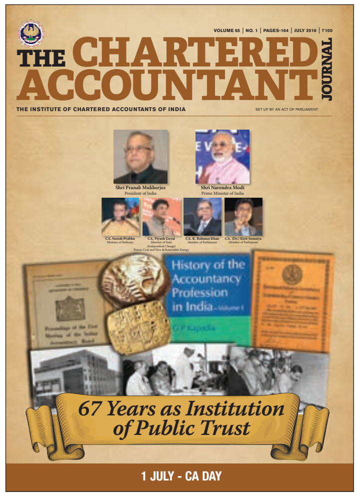
CA Students : ₹1,400 for 3.5 years
: ₹400 per annum
Other students & faculties : ₹600 per annum

CLASSIFIEDS:
Minimum ₹1,000/- for the first 25 words or part thereof and ₹250/- for five words or part thereof over and above first twenty five words. Please contact: The Journal Section at ICAI Bhawan, A-29, Sector-62, Noida or call at +91(120) 3045955 or e-mail at eboard@icai.in

EDITORIAL SUPPORT, DESIGN, ADVERTISEMENT & MARKETING SPENTA MULTIMEDIA PVT LTD
V. Kalidasan, Sanjay Khurana, Nilesh Juvalekar, Ganesh Waradkar.
MUMBAI: Spenta Multimedia Pvt. Ltd., Peninsula Spenta, Mathuradas Mill Compound, N. M. Joshi Marg, Lower Parel. Mumbai-400013.
Tel: +91 (22) 24811022/24811025, Telefax: -91(22) 24811021.
DELHI: 1102, 11th Floor, Akashdeep Building, 26/A, Barakhamba Road, New Delhi-110001. Tel: +91 (11) 4669 9999.
BENGALURU: No.606, 1st Floor, Rear Building, 80 Feet Road, 3rd Cross, Opp. Koramangala Police Station, Bengaluru-560 095. Landmark - Behind Boca Grande Restaurant.
Tel: +91(80) 4161 8966/77.
KOLKATA: 206-Jodhpur Park, Kolkata - 700068. Tel: +91(33) 2473 5896. Telefax: +91(33) 2413 7973.
CHENNAI: 8/4, First Floor, Meridian House, Montieth Lane (Behind Westin Park Hotel), Egmore, Chennai 600 008. Tel: +91-44-4218 8984/85

Printed and published by V. Sagar on behalf of The Institute of Chartered Accountants of India (ICAI)
Editor – CA. M. Devaraja Reddy
Published at ICAI Bhawan, P. O. Box No. 7100, Indraprastha Marg, New Delhi - 110 002 and printed at SPENTA MULTIMEDIA PVT LTD., Plot 15,16 & 21/1, Village Chikhloli, Morivali, MIDC, Ambernath (West), Dist. Thane

TOTAL CIRCULATION: 2,76,773
Total No. of Pages: 164 including Covers
Inside images and Graphics: www.shutterstock.com



JULY 2016
IN THIS ISSUE...

VOICE

LEADERSPEAK

MEMBERS

UPDATES

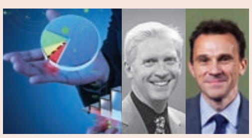

ICAI NEWS

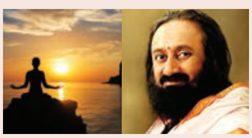
EVENTS

Contents

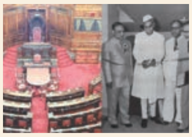
VOLUME 65 | NO. 1 | PAGES-164 | JULY 2016 | ₹100
THE CHARTERED ACCOUNTANT JOURNAL
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SET UP BY AN ACT OF PARLIAMENT

SPECIAL WRITE-UPS





DOWN MEMORY LANE



ICAI IN MEDIA

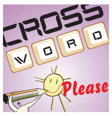
DID YOU KNOW?

IN QUOTES

TAXATION

INTERNATIONAL TAXATION

BACKPAGE



From the President

CA. M. Devaraja Reddy
President, ICAI

ICAI has been chosen as preferred institution to partner with the Government of India in creating awareness and maximise the potential of Income Declaration Scheme, 2016. We are, therefore, now actively involved in making this Scheme a great success by sensitising our fraternity and advising general public to take advantage of this scheme and join the mainstream of economic development. ICAI has advised all Regional and Branch Offices to organise knowledge dissemination programmes on the Scheme on 2nd July 2016 for both members as well as general public.

Dear Professional Colleagues,

Heartiest greetings on CA Day!

I wish all of you a very happy CA Day. All arrangements have been made to celebrate the legacy of the Indian accountancy profession with great enthusiasm in the form of flag hoisting and events that enhance and impart knowledge to the professional fraternity. Indian accountancy profession that had started its journey with a vision has been living up to the expectations of our nation.

Mahatma Gandhi says: *Adaptability is not imitation. It means power of resistance and assimilation.* While some people adapt themselves to the world, others constantly try to adapt the world to themselves. It is said that progress depends on the latter category of people. We should appreciate that to some extent, discontentment is positive. It is wise not to get overwhelmed and contented with the world around us and live life accordingly. In the interest of our generation next and the future of our world, we will have to act and change our tradition and condition we live in. The Bhagwad Gita says: *Without being attached to the fruits of activities, one should act as a matter of duty, for by working without attachment one attains the supreme.* Seniors in the profession have done that for us, and it is imperative for us to do the same for our younger fraternity. The wise can transform things the way they want and make life worth living; hence, for overall development, we should transform things suitably benefitting the present and the future generations.

ICAI's revered first President Shri G. P. Kapadia had once expressed on people's expectations from the accountancy profession which is relevant even today: *In discharging the duties and while performing the various functions, the paramount consideration which should weigh with the members of the profession is that they are not merely performing particular duties to earn emoluments, but that they have to discharge a wider function and their obligation—a moral one—is to function in a such a way that they are above suspicion and, as members of the learned and an honourable profession, they provide service to the community being accountable to the authorities and also to the legislature of the country which has bestowed autonomy on the profession.* With this vision, the profession has grown and we have nurtured its foundations.

With more than 2.5 lakh members and 8.5 lakh students, 5 Regional Councils, 154 Branches and 28 foreign Chapters, *The Institute of Chartered Accountants of India* is the second largest accounting body in the world, which regulates the chartered accountants' profession in India. ICAI is one of 63 founding members of *International Federation of Accountants (IFAC)* in 1977, 12 founding members of *Confederation of Asian and Pacific Accountants (CAPA)* in 1957 and 6 founding members of *South Asian Federation of Accountants (SAFA)* in 1984. More recently, *ICAI has joined Chartered Accountants Worldwide* (CAW). ICAI has been playing a key role in promoting accountancy profession in the world and has been successful in establishing itself as a premier global accounting body for its contribution in education and training, and its strict adherence to high ethical standards.

Some of the important developments that have taken place since last month are:

Draft Model GST Law

The 122nd Constitution Amendment (GST) Bill, 2014 that aims to thoroughly overhaul the indirect tax regime of India, had been passed by the Lok Sabha in May 2015, and is before the Rajya Sabha for its approval. The Ministry of Finance of Government of India has released the draft Model GST Law in public domain for comments and suggestions. The provision for audit under Section 42 (4) of the said Model GST Law may also be examined as a landmark opportunity for professionals. The model law has been created with an objective to consolidate indirect tax levies to overcome the existing challenges and create efficiencies in tax administration. GST is proposed to be a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at national level. In order to facilitate a smooth transition to GST from the existing regime, ICAI is in the process of collating the suggestions on the draft GST Law, which will help in making the law simple, fair and transparent. Also, a meeting was held recently with the officials of Goods and Services Tax Network (GSTN) with regard to online validation of the details of ICAI members under the proposed GST Law.

ICAI-ARF Applied Research Projects

ICAI-ARF is currently executing two Applied Research Projects for Indian Railways—i) Pilot Study on Migration to Accrual Based Accounting System at North Western Railways at Jaipur, and ii) Introduction of Cash based Government Accounting to Accrual Based Accounting at Rail Coach Factory (RCF), Kapurthala. As both the projects with Indian Railways are likely to be completed in next 2-3 months time, ICAI ARF is in discussion with the Railway authorities for the all India roll out of the same at their 16 zones and 6 production units spread across the Country.

Temporary MoU between ICAI and CBFS Renewed in Muscat

I am delighted to share with the fraternity that at the inaugural session of Annual International Conference of our Muscat Chapter on *Transformation and Excellence with Ethics* held in Muscat, we have signed the renewal of temporary MoU (memorandum of understanding) between ICAI and College of Banking and Financial Studies (CBFS) of Oman for a period of two months till we get the formal clearances from the Ministry of Corporate Affairs, Government of India. Oman Centre for Corporate Governance & Sustainability Executive Director Mr. Sayyid Hamid Al Bussaidi and Embassy of India Charge de Affairs Ms. Gloria Gangte were present as *Chief Guest* and *Guest of Honour* respectively on the occasion. CBFS Dean Dr. Ahmed Al Ghassani, among other dignitaries, was also present at the venue. As per the MoU, ICAI would continue to extend support and help to CBFS in capacity-building of the Omani nationals in finance, accounts, auditing, IT, corporate governance and allied areas, to foster competent accounting professionals in Muscat.

ICAI at CAW CEOs Meeting

I wish to inform that recently at the Chartered Accountants Worldwide (CAW) CEOs Meeting held in London, I got an opportunity to address the gathering on the ICAI's strategic plan about the working on the development and

From the President

promotion of CA brand in our region, while upholding the highest accounting and ethical standards.

ICAI at Edinburgh and IFAC Board Meeting in New York

I am happy to share with you that I recently attended the IFAC Board and Edinburgh Group meetings held in New York, along with IFAC Board member (and ICAI past-President) CA. K. Raghu. I was present at these meetings as Technical Advisor to IFAC Board member CA. K. Raghu.

ICAI Supports PM's 25-point *Swachh Bharat Abhiyan* Roadmap

ICAI welcomes the 25-point roadmap suggested by the Honourable Prime Minister Shri Narendra Modi endorsing the *Swachh Bharat Abhiyan* put on track in October 2014. The Prime Minister has desired to motivate people to make this *Abhiyan* a people's movement. ICAI is earnestly making a positive contribution to this benevolent initiative. Nominated as brand ambassador in the mission, its determined contribution is being appreciated by the Indian polity. As a partner in nation building, ICAI has been contributing immensely, also in *Swachh Vidyalaya Abhiyan* that was launched to construct separate toilets for boys and girls in all Government schools across the country.

Multiple activities are being taken within ICAI to sensitise and meet objectives of Swachh Bharat Abhiyan. The Institute has committed itself to the Clean India pledge with Institute's employees across India joining the campaign towards cleanliness of our offices and surroundings. I have personally administered the pledge at the head office that was voluntarily taken by the employees of the ICAI. We are also working to reduce the paper consumption that will help in our Green initiatives.

Firming up IFAC-ICAI

One of the vital strategies for this year is to unequivocally establish ICAI imprint on the world map and fortify its links with international accounting bodies, global standard-setters and regulators. Our special focus has been to showcase the achievements of ICAI and their importance in widening ICAI's role in global accounting affairs. To accomplish the initiative of taking their ties with ICAI to a new level, IFAC President Ms. Olivia Kirtley and its Chief Financial Officer Mr. Russell Guthrie have visited ICAI, on 23rd-24th June 2016. To ensure a successful visit of the IFAC delegation, ICAI has prearranged their meetings with Indian regulators to create awareness of global accounting perspectives. ICAI-IFAC delegation is meeting Securities Exchange Board of India, Reserve Bank of India, Controller and Auditor General of India, Comptroller General of Accounts in India and Ministry of Corporate Affairs. I am confident that this visit will pave a way to fortify strong ties on vital issues of auditing and assurance.

ICAI Collaborates with Government in Propagating IDS, 2016

I am happy to inform that ICAI has been chosen as preferred institution to partner with the Government of Indian in creating awareness and maximise the potential of Income Declaration Scheme (IDS), 2016. We are, therefore, now actively involved in making this Scheme a great success by sensitising our fraternity and advising general public to take advantage of this scheme and join the mainstream of economic development. ICAI has advised all Regional and Branch Offices to organise knowledge dissemination programmes on the Scheme on 2nd July 2016 for both members as well as general public. ICAI has also advised them to involve Income Tax officials and local trade associations in their programmes including lectures, workshops, *etc.* Quite recently, a portal on Income Declaration Scheme, 2016, *i.e.* www.idshelpline.org, has also been launched and a dedicated email id, *i.e.* ids@icai.in has been created to further popularise the Scheme and help all stakeholders in enriching themselves in this regard.

Appeal to Members for Generous Contribution to CA Benevolent Fund

Let us relate with the adage: *Charity begins at home.* My humble appeal to all the members of profession is to have compassion towards (i) deceased fellow members' families in misery and (ii) members suffering from critical illnesses. As human beings, we are taught by our elders at home and by our teachers at school about the importance of magnanimity to donate, give and comfort people who are in distress. Let us remember the axiom of Mohandas

Karamchand Gandhi: *Service to mankind is service to God*. As professionals, we effectively advise our clients to contribute to welfare funds for the benefit of the needy. Let us put to action the benevolence by contributing whatever amount we feel fine to the *Chartered Accountant Benevolent Fund* (CABF), to extend our care and succour. Quite recently, Ahmednagar Branch of WIRC has coordinated the collection of a sum of ₹1,11,000/- (rupees one lakh eleven thousand only) from members and submitted the same to the CA Benevolent Fund, and it has been submitting the same amount for the last three years in a row. I am sure, this generous gesture will inspire others to come forward and strengthen the cause of this Benevolent Fund. I request you to join the initiative and help in augmenting the CABF's corpus. Let us remember that a candle does not lose it radiance by illuminating another candle.

Career Ascent—A Unique ICAI Placement Programme

I am happy to apprise that we have introduced a unique initiative called *Career Ascent* to our successful Campus Placement Programmes, which is designed to offer placement prospects to the experienced professional members. In this perspective, interviews have been scheduled in Pune, Hyderabad, Bengaluru, Chennai, Kolkata, Mumbai and New Delhi in June 2016. Chartered Accountants having three-year and more post-qualification experience, especially having passed C.A. final examination in May, 2013 or prior to that, are eligible to take part in the *Career Ascent*. For details please visit www.placement.icai.org. I am confident that Career Ascent along with Campus Placement Programmes organised twice in a year will provide career advancement benefitting Indian Chartered Accountants to grasp the openings available.

International Conference Scheduled in October 2016 in Hyderabad

I am delighted to convey that ICAI is all set to invite global erudite specialists in the field of accountancy and allied fields to share their proficiencies in the two-day International Conference scheduled in Hyderabad International Convention Centre in the historic city of Hyderabad, India on 22nd and 23rd October 2016. Please note the change in dates of the conference. Minutiae of the prestigious event are under finalisation to be shared soon with all you. I wholeheartedly extend invitation to all the members to keenly participate in large numbers and make the event a grand success, and enjoy the marvelous hospitality of the historic Hyderabad, Capital city of Telangana, traditionally known as the *Pearl City*.

****

Nature has been kind this year to the nation and the monsoon season has set in pouring rains in southern part of India, cheering the farmers, the market and policymakers after two consecutive droughts parched up the fields and reservoirs distressing the population with spiralling prices and interest rates. Agriculture, which is a major source of employment, substantially relies on monsoon rains. As such, the rains are vital for progress of our economy. The four-month monsoon season also supplies 75% of India's annual requirement of fresh water. Any failure of the monsoon impacts the livelihood of Indians. CRISIL, a rating company evaluated that a good monsoon rains augur well for the country and keeps inflation at 5% resulting in reduced food prices. It will reverse the agrarian distress and augments farmer's income, thereby boosting overall economic growth. Let us all pray for normal monsoon rains to continue for next couple of months.

However, whatever be the weather conditions, the resilient Indian economy is trending on the path of growth. It is said that different weathers are significant in their own way and there is nothing good or bad weather.

With this reference of optimism, I extend my best wishes to all of you on the occasion of *Idu'l Fitr* that gives us an opportunity to express our gratefulness to God. *Rath Yatra*, procession festival of Lord Jagannath, which coincides with Idu'l Fitr, is bound to double the celebrations of our nation.

Best wishes,

CA. M. Devaraja Reddy
President, ICAI
New Delhi, 24th June 2016

To give pleasure to a single heart by a single act is better than a thousand heads bowing in prayer. - Mahatma Gandhi

Photographs

Felicitation of CA. K. Rahman Khan and Dr. M. Veerappa Moily

ICAI President CA. M. Devaraja Reddy and Vice President CA. Nilesh Vikamsey felicitate Lok Sabha MP Dr. M. Veerappa Moily and Rajya Sabha MP CA. K. Rahman Khan respectively, in presence of ICAI past President CA. G. Ramaswamy and Central Council member CA. Dhinal Ashvinbhai Shah (3rd June 2016)

Meeting with Haryana Chief Minister in Chandigarh

ICAI Vice-President CA. Nilesh Shivji Vikamsey meets Haryana Chief Minister Shri Manohar Lal Khattar, along with his Central Council colleagues CA. Naveen N. D. Gupta and CA. Rajesh Sharma, and Chandigarh Branch Chairman CA. Naveen Kumar Soni, among other members of Branch Managing Committee, on the occasion (9th June 2016)

34th Annual Conference at UAE (Dubai) Chapter of ICAI

ICAI President CA. M. Devaraja Reddy and UAE Cabinet Member and Minister of Culture & Knowledge Development H. H. Sheikh Nahyan Bin Mubarak Al Nahyan light the lamp to inaugurate the Conference, while ICAI Vice-President CA. Nilesh Shivji Vikamsey, former RBI Governor Dr. Duvvuri Subbarao and Chapter Chairman CA. Nimish Makvana, among others, celebrate the moment (19th-20th May 2016)

Inspiring Contribution of Ahmednagar Branch of WIRC towards CABF of ICAI

Branch Chairman CA. Sushil Madanlal Jain hands over a cheque of ₹1,11,000/- (rupees one lakh eleven thousand only) to ICAI President CA. M. Devaraja Reddy, towards the strengthening of CA Benevolent Fund of ICAI, in presence of Central Council member CA. Prafulla Premsukh Chhajed and other members of the Branch (17th June 2016)

Kanchipuram District Branch of SIRC Inaugurated

ICAI President CA. M. Devaraja Reddy along with his Central Council colleagues CA. Sripriya Kumar, CA. G. Sekar and CA. M. P. Vijay Kumar, SIRC Chairman CA. E. Phalguna Kumar and Branch Chairman CA. Rajasekaran P., among other members, on the occasion (20th June 2016)

Advertisement

Photographs

National Conference at Aurangabad Branch of WIRC

ICAI President CA. M. Devaraja Reddy along with Chief Guest Cabinet Minister of Finance Planning & Forest Department Shri Sudhir Mungantiwar and Keynote Speaker Indian Public Prosecutor Adv. Ujjwal Nikam, ICAI Central Council members CA. Madhukar Narayan Hiregange, CA. Prafulla Premsukh Chhajed, CA. Vijay Kumar Gupta and CA. Mangesh Pandurang Kinare, and Branch Chairperson CA. Renuka Arun Deshpande, among others, on the occasion (17th June 2016)

Meeting of ICAI, ICSI and ICAI (erstwhile ICWAI) Coordination Committee at ICAI

ICAI Vice-President CA. Nilesh S. Vikamsey along with ICAI (erstwhile ICWAI) President CMA Pramod Kumar Bhattad, ICSI President CS Mamta Binani, ICAI Central Council members CA. Madhukar Narayan Hiregange and CA. Rajesh Sharma, and ICAI Secretary Shri V. Sagar, among others, during the meeting at ICSI, New Delhi. (1st June 2016)

Interactive Meet on IDS, 2016 and CARO, 2016 in Hyderabad

ICAI President CA. M. Devaraja Reddy and his Central Council colleague CA. M. P. Vijay Kumar along with members of Managing Committee of Hyderabad Branch, among others, at the interactive meet on Income Declaration Scheme, 2016 and CARO, 2016 (4th June 2016)

Convocations of MBF Certificate Course in New Delhi

ICAI President CA. M. Devaraj Reddy and his Central Council colleagues CA. Atul Kumar Gupta, CA. Tarun Jamnadas Ghia, CA. Rajesh Sharma and CA. Mukesh Singh Kushwah share space with the successful participants at the Convocations (26th May 2016)

Advertisement

Photographs

Meeting with Sri Sri Ravishankar in Chandigarh

ICAI Vice-President CA. Nilesh Shivji Vikamsey presents memento to Art of Living founder Sri Sri Ravishankar, while Punjab and Haryana Governor-cum-Chandigarh UT Administrator Shri Kaptan Singh Solanki and Lok Sabha MP Ms. Kirron Kher look on, during 4-day curtain raiser event *Chandigarh Yoga Festival* (9th June 2016)

Workshop on Corporate Governance and CSR in Bengaluru

ICAI past President CA Amarjit Chopra and ICAI Central Council members CA Madhukar Narayan Hiregange and CA. Prafulla Premsukh Chhajed, share space with Chief Guest Deputy C&AG Shri. Prasenjit Mukherjee, Bangalore Branch Chairman CA. B. E. Pampanna, and Audit Board (Bangalore) members Ms. E. P. Nivedita and Shri. S. Gunasekaran, among others, during the Workshop jointly organised with Office of C&AG (30th May 2016)

Air-Conditioned Reading Room Inaugurated at Nashik Branch of WIRC

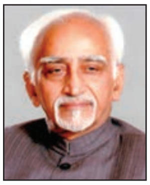
ICAI President CA. M. Devaraja Reddy along with his Central Council colleagues CA. Mangesh Pandurang Kinare, CA. Naveen N. D. Gupta, CA. Dhiraj Kumar Khandelwal and CA. Prafulla Premsukh Chhajed, and Branch Chairman CA. Ravi Rathi, among other members of the Branch, during the inauguration (18th June 2016)

Meeting of Professionals at British Columbia (Vancouver) Chapter of ICAI

ICAI Vice-President CA. Nilesh Shivji Vikamsey along with Consul General of India at Vancouver, Shri Rajiv K. Chander, Councillor Mr. Sav Dhaliwal , Chapter Chairman CA. Vijay Gupta, Vice-Chairman CA. Deepak Arora, Director CA. Ganesh Sharma, among other ICAI members, accomplished executives, entrepreneurs from Indo-Canadian business community (11th May 2016)

That's what careless words do. They make people love you a little less. - Arundhati Roy

Shri Mohammad Hamid Ansari, Hon'ble Vice-President of India



भारत के उप-राष्ट्रपति के विशेष कार्य अधिकारी
OFFICER ON SPECIAL DUTY
TO THE VICE-PRESIDENT OF INDIA
नई दिल्ली/NEW DELHI - 110011
TEL.: 23016422 / 23016344 FAX : 23012645

MESSAGE

The Hon'ble Vice President of India is happy to learn that the Institute of Chartered Accountants of India (ICAI), New Delhi is celebrating its Foundation Day on July 1, 2016 and publishing the special issue of its journal 'The Chartered Accountant' on this occasion.

The Vice President extends his warm greetings and congratulation to the organizers and the participants and wishes the event all success.

(Anshuman Gaur)

New Delhi
6th June, 2016.

Advertisement

Shri Arun Jaitley, Hon'ble Union Minister of Finance & Corporate Affairs

अरुण जेटली
ARUN JAITLEY

वित्त एवं कारपोरेट कार्य मंत्री
भारत
नई दिल्ली-110001

सत्यमेव जयते

FINANCE AND CORPORATE AFFAIRS MINISTER
INDIA
NEW DELHI-110001

June 09, 2016

Message

The contribution of the Institute of Chartered Accountants of India (ICAI) in the growth and development of accountancy profession has been well recognized. In the present scenario of globalization, the importance of accounting professionals as strategy formulators and facilitators has increased tremendously.

I am glad to learn that ICAI is an institution that is constantly evolving, innovating and inspiring its members to achieve the highest standards of professional excellence. ICAI should be commended for the role that it plays in training the accountants who are equipped to meet the challenges of today's complex business environment.

In its sixty seven years of existence, ICAI has many milestones to its credit. I congratulate the CA fraternity on this "Chartered Accountants Day" & trust that the CA profession would continue to play a dynamic role in ensuring stability and sustainability to the national growth.

(Arun Jaitley)

Ministry of Finance : 134, North Block, New Delhi-110001, Tel. : 23092810, 23092510 Fax : 23092828
Ministry of Corporate Affairs : 437, 'C' Wing, Shastri Bhawan, New Delhi-110 001
Tel. : +91-11-23073804-5, Fax. : +91-11-23073806

CA. Suresh Prabhu, Hon'ble Minister of Railways

सुरेश प्रभु
SURESH PRABHU

सत्यमेव जयते

स्वच्छ भारत
एक कदम स्वच्छता की ओर

रेल मंत्री
भारत सरकार, नई दिल्ली
MINISTER OF RAILWAYS
GOVERNMENT OF INDIA
NEW DELHI

8 JUN 2016

MESSAGE

It is heartening to know that 'The Institute of Chartered Accountants of India' is bringing out a special issue of ICAI Journal "The Chartered Accountant' on the occasion of 'Chartered Accountants Day' on 1st July, 2016.

It is really praiseworthy the way ICAI has achieved recognition as a premier accounting body for its contribution in the fields of education, professional development, maintenance of high accounting, auditing and ethical standards.

I wish the event all success.

(Suresh Prabhu)

239, रेल मंत्रालय, रेल भवन, नई दिल्ली-110001
239, Ministry of Railways, Rail Bhawan, New Delhi-110001
Tel. : 011-23381213, Fax : 011-23387333
spprabhu1@gmail.com

Shri Manohar Parrikar, Hon'ble Minister of Defence

सत्यमेव जयते

रक्षा मंत्री
भारत
MINISTER OF DEFENCE
INDIA

डी.ओ. सं. 4896/आर.एम./2016

MESSAGE

I am happy to learn that the Institute of Chartered Accountants of India. (ICAI) will be celebrating 'Chartered Accounts Day' which is coinciding with its foundation day on 01st July, 2016.

The accountancy function continues to play a strategic role in providing value added services to the stakeholders and takes key leadership roles to guide their organisations as creators, enablers, preservers and reporters of sustainable value through the process of embedding sustainability deep within an economy.

I convey my greetings to the ICAI for organizing this event and bringing out a special issue of the ICAI Journal, and wish them all success in their endeavours.

'Jai Hind'

Parrikar

(Manohar Parrikar)

New Delhi
16th June, 2016

कार्यालय : 104, साउथ ब्लॉक, नई दिल्ली-110011, फोन : +91 11 23012286, +91 11 23019030 फैक्स : +91 11 23015403
Office : 104, South Block, New Delhi-110011, Ph. : +91 11 23012286, +91 11 23019030 Fax : +91 11 23015403

Smt. Anandiben Patel, Hon'ble Chief Minister, Gujarat

apro/Jm/2016/06/03/Jcb

Dt. 03/06/2016

MESSAGE

"I do not believe that there is any inherent contradiction between protecting our environment and economic development. As long as we heed Gandhiji's great lesson, that there is enough in the world for man's need but not for man's greed, we are safe."

It gives me pleasure to read that The Institute of Chartered Accountants of India, **(ICAI) New-Delhi** is going to celebrate **Chartered Accountants Day** coinciding with its Foundation Day on **1st July, 2016**. A special issue of ICAI Journal **'The Chartered Accountant'** will also be released on the occasion.

I extend my best wishes for the success of this event and the Journal.

With best compliments.

Anandi patel

(Anandiben Patel)

Anandiben Patel
Chief Minister, Gujarat State

Ms. Mamata Banerjee, Hon'ble Chief Minister, West Bengal

মমতা ব্যানার্জী
ममता बैनर्जी
ممتا بنرجی
Mamata Banerjee

মুখ্যমন্ত্রী, পশ্চিমবঙ্গ
मुख्यमंत्री, पश्चिम बंगाल
وزیراعلیٰ مغربی بنگال
CHIEF MINISTER, WEST BENGAL

7th June, 2016

MESSAGE

I am glad to know that *The Institute of Chartered Accountants of India* will celebrate **'Chartered Accountants Day'** on 1st July, 2016 which is the Foundation Day of the Institute.

To mark the occasion, a special issue of the ICAI Journal - **'The Chartered Accountant'**, will be brought out.

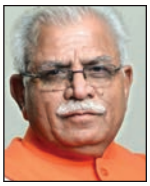
I convey my greetings on the occasion and wish the initiative all success.

(Mamata Banerjee)

Nabanna, West Bengal Secretariat, Howrah-711 102
West Bengal, India
Tel : + 91-33-22145555, + 91-33-22143101
Fax : + 91-33-22144046, + 91-33-22143528

Shri Manohar Lal, Hon'ble Chief Minister, Haryana

मनोहर लाल
MANOHAR LAL



सत्यमेव जयते

D.O. No. CMH-2016 /..

मुख्य मन्त्री, हरियाणा,
चण्डीगढ़।
CHIEF MINISTER, HARYANA,
CHANDIGARH.

Dated ....10-6-2016..............

Message

I am glad to know that the Institute of Chartered Accountants of India (ICAI) is bringing out a special issue of its journal "The Chartered Accountant" to celebrate Chartered Accountants Day in a befitting manner.

It is equally heartening that Chartered Accountants Day coincides with the foundation Day of ICAI on July 1, 2016. On the occasion of Chartered Accountants Day, I congratulate the faculty member and students of ICAI as well as other accounting professionals.

In the present scenario of globalization, the importance of accounting professionals as strategy formulators has increased. It's high time for them to gain fresh insights in global trends and professionally upgrade their knowledge.

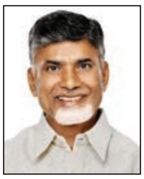
I extend my best wishes for the success of the publication.

(Manohar Lal)

Shri N. Chandrababu Naidu, Hon'ble Chief Minister, Andhra Pradesh

NARA CHANDRABABU NAIDU

AMARAVATHI



CHIEF MINISTER
ANDHRA PRADESH

MESSAGE

I appreciate the efforts of the Institute of Chartered Accountants of India (ICAI) for its overall contribution to the development of accountancy profession and towards the growth and economic development of the country. ICAI is an Institution which takes on the role of an educator, standard setter and a regulator. The ICAI in its 67 years of glorious existence has discharged all these roles in an exemplary manner.

The Chartered Accountancy profession has a proud history of innovation and reforms, an unwavering commitment to ethics and integrity. Today the role of Chartered Accountants has undergone a dynamic change. The CAs have become business solution providers and form the pivot of faith for all stakeholders in the economy. They are the conscience keepers of the society at large.

I extend my heartiest wishes on the occasion of CA Day. I am glad to know that ICAI would be completing 67years of its existence on July 1, 2016. My best wishes to ICAI on this occasion and in all its future endeavors.

(NARA CHANDRA BABU NAIDU)

Shri K. Chandrashekhar Rao, Hon'ble Chief Minister, Telangana

K. CHANDRASEKHAR RAO

HYDERABAD

CHIEF MINISTER
TELANGANA

Dt. 06.06.2016.

MESSAGE

I am happy to note that the Institute of Chartered Accountants of India is celebrating 'Chartered Accountants day' falling on 1st July 2016.

I am also happy to note that a souvenir is being brought out on this occasion.

I wish the entire chartered accountant's fraternity all the best in their endeavours.

(K. CHANDRASHEKHAR RAO)

Shri Arvind Kejriwal, Hon'ble Chief Minister, Delhi

ARVIND KEJRIWAL
CHIEF MINISTER

सत्यमेव जयते

GOVT. OF NATIONAL CAPITAL TERRITORY OF DELHI
DELHI SECRETARIAT, I.P. ESTATE, NEW DELHI-110002
PHONE : 23392020, 23392030

D.O. No. : OSDCM-I/68
Date : 20/06/2016

MESSAGE

I am happy to know that the **Institute of Chartered Accountants of India (ICAI)** is celebrating its' Foundation Day on July 1st and is bringing out a special issue of the Journal "The Chartered Accountant" on this occasion.

It is really a matter of proud that the Institute has come so far and has achieved many milestones in its' existence of 67 years. ICAI has made a name for itself in the development of accountancy discipline and has been catering to the needs of modern day accountancy requirement by generating qualified accountants to meet the present as well as the future needs of the economy.

Chartered Accountants are considered to be the guardians of financial decorum. They have also been recognized for playing a dynamic role in ensuring stability and sustainability of the nation. The Indian Chartered Accountants today have succeeded in meeting the rapidly changing demands of the Indian economy.

I am sure that in the years to come, ICAI will scale newer heights in its' service to the profession and our Nation.

I extend my best wishes for the entire endeavor.

(Arvind Kejriwal)

Shri Lal Thanhawla, Hon'ble Chief Minister, Mizoram

सत्यमेव जयते

LAL THANHAWLA
CHIEF MINISTER
MIZORAM, AIZAWL-796 001

Off. :0389-2322150 (O)
0389-2322274 (O)
Fax :0389-2322245
E-mail : cm-mizoram@nic.in

Message

I am glad to learn that the Institute of Chartered Accountants of India(ICAI), New Delhi is bringing out a special issue of ICAI Journal 'The Chartered Accountant' on the occasion of its celebration of 'Chartered Accountants Day' coinciding with its foundation Day on 1st July,2016.

Chartered Accountancy is one of the most important professions in today's world as it is requisite in all fields of business and finance, including audit, taxation, financial and general management. In India, the ICAI has been the guardian of this profession for the last 67 years and has lived up very well to its mandate as the regulatory body of the profession, having well over 250,000 registered members. I take this opportunity to congratulate the Institute on its Foundation Day and convey my best wishes to it so that it shall continue to uphold its high standards of professionalism and ethics.

I hope this magazine will become a source of inspiration to all its readers. I convey my best wishes to all members of the ICAI.

Dated Aizawl
The 10th June, 2016.

(LAL THANHAWLA)

CA. K. Rahman Khan, Hon'ble Member of Parliament

K. Rahman Khan F.C.A
Member of Parliament (Rajya Sabha)
Former Union Minister of Minority Affairs
Former Deputy Chairman - Rajya Sabha

MESSAGE

The Institute of Chartered Accountants of India (ICAI) is one of India's premier accounting institutions providing education, professional development and maintenance of high accounting and auditing standards. It is playing a vital role in creating an institutional framework for its members whereby the stakeholders are assured of quality services.

July 1st is a day of pride for me and for the entire Chartered Accountancy fraternity of ICAI. I am proud to be an alumnus of the Institute. The CA fraternity should always keep in mind that it belongs to a great profession, which has been entrusted by the society, the Government and the investing public with the responsibility to be the guardians of their interest. Let us justify that trust & let the Motto of the Institute be our guide.

Accountancy profession as an integral instrument has witnessed a paradigm change in its role in all spheres in recent times. A shift in business philosophy further emphasizes on a broadened role for the accounting professionals as strategy formulators and facilitators, complete business solution providers and much more.

I convey my best wishes on the occasion of "Chartered Accountants Day" and have full faith that ICAI will continue to do justice with its role of an educator, standard setter & regulator.

(K. Rahman Khan)

28, Akbar Road, New Delhi - 110 011. Telefax : +91 11 - 2379 5782 / 2379 5021 E-mail : krkhan@sansad.nic.in
200/C, 7th Main, III Block, Jayanagar, Bengaluru - 560 011. Tel : +91 80 2663 8778 / 2663 3755 Fax : +91 80 2663 6732

CA. (Dr.) Kirit Somaiya, Hon'ble Member of Parliament

Dr. Kirit Somaiya, MP
Chartered Accountant, Ph.D

CHAIRMAN
Parliamentary Committee on Energy

सत्यमेव जयते

Member Parliament Committees:
- Public Accounts Committee
- Finance Committee
- Privilege Committee
- Protocol Committee
- Urban Consultative Committee

KS/DEL/ICAI/2016 **9th June 2016**

Dear CA. M. Devaraja Reddy

I compliment the ICAI for the high standards of professionalism that it has set for itself. It is indeed commendable that the Institute has been at the forefront in the development of the accountancy profession in the country. Today ICAI has earned the trust and confidence of the society and more importantly has reached the distinction of becoming the 2nd largest accounting body in the world.

I would like to add that the Institute's commitment to the convergence of accounting, auditing and ethical standards with international best practices is laudable and these steps are likely to further improve corporate governance.

Our growth rate is highest in the world. The last quarter of 7.9% GDP could be achieved with the commitment from all the segments of the society.

We have to go a step further. It has to be inclusive. Every citizen must feel it is my growth and it for me. Sometimes it is felt that the common man do not find himself part of the growth. He feels aloof.

Recent data of income tax released by Hon'ble Prime Minister, Shri Narendra Modi in the end of April 16, demands introspection.

In a country of 125 crores, hardly half a dozen persons are earning Rs.100 crore or so per annum.

The total income tax payee is less than 5 crores. The average annual income of 3 crores tax payers is Rs.6.5 lakhs or so.

It is shocking that hardly there is anybody from the top 500 company's owner/promoter is named as top income tax payee in the data. Very few of these 500 pays more Rs.10 crores as individual income tax.

The Chartered Accountant can play an important role to improve this statement. The exemptions/relaxations/loopholes needed to be studied and streamlined.

The common man feels that Chartered Accountants tried to find loopholes, work to help their respective clients to get relaxation/exemption and CAs are working only for their clients, this perception needs to be change.

On the Chartered Accountant Day, I would request all fellow Chartered Accountants to become Chartered Accountant of the country.

July 1st is a day of pride for me and for the entire Chartered Accountancy fraternity of ICAI. I am proud to be an alumnus of the Institute. I am pleased to learn that the ICAI is coming out with a special issue of the journal *"The Chartered Accountant"* on the occasion of CA Day on July 1st. This journal has been keeping us abreast with the latest developments in the Accountancy field.

On this occasion, I extend my warm greetings and felicitations to the ICAI and wish all the success in their future endeavors.

Thanking you,

Yours Sincerely,

Kirit Somaiya

(Dr. Kirit Somaiya)

kiritbjp@gmail.com • www.kiritsomaiya.com • KiritSomaiyaBJP • @kiritsomaiya

203, South Avenue, New Delhi-110 001 • Tel: 011-23015513
Neelam Nagar, Mulund, Mumbai-400 081 • Tel: 022-21634152

Shri Shashi Kant Sharma, Comptroller & Auditor General

Shashi Kant Sharma

सत्यमेव जयते

भारत के नियंत्रक – महालेखापरीक्षक
COMPTROLLER & AUDITOR GENERAL OF INDIA

Message

I congratulate the Institute of Chartered Accountants of India and all its members on the occasion of the Chartered Accountants Day' being celebrated on 1st July, 2016. I am happy to learn that ICAI is publishing a special issue of 'The Chartered Accountant' on the occasion.

India is aspiring to be a global leader in manufacturing and services sector. India has also emerged as a favoured destination for global investment post economic liberalisation that commenced in the nineties. In this context, the need for a professional audit and accounting fraternity can never be over emphasised. The Institute of Chartered Accountants of India being mandated statutorily to regulate the chartered accountancy profession in the country has a dual role to play in this regard. The Institute has to raise the standards of professionalism to attract global investment in accounting, assurance and advisory services to the country. It also has critical role in creating a favourable investment climate in the country by promoting a sound financial reporting system. The transparency of such a system will contribute to economic growth by providing the local and global investors with high degree of confidence and ease of doing business.

Global leadership in accounting and auditing entails ensuring high quality of service as well as aligning the practices of the profession to global standards without losing sight of domestic requirements. I am aware that the Institute will accelerate its initiatives in this regard in future.

I extend my best wishes to the Institute of Chartered Accountants of India for success in its endeavours.

(Shashi Kant Sharma)
Comptroller & Auditor General of India

Place: New Delhi
Date: 17-06-2016

9, Deen Dayal Upadhyaya Marg, New Delhi - 110124
Tel. No. : ++91 11 23235797 Fax : ++91 11 23233618 e-mail : cag@cag.gov.in

Shri Tapan Ray, Secretary, Ministry of Corporate Affairs

तपन राय
सचिव
TAPAN RAY
Secretary

सत्यमेव जयते

भारत सरकार
कारपोरेट कार्य मंत्रालय
नई दिल्ली
Government of India
Ministry of Corporate Affairs
New Delhi

Message

I am happy to note that the Institute of Chartered Accountants of India (ICAI) is completing 67 years of its existence. It has been providing, over the years, a sustainable and resilient framework of reporting practices. The work program of ICAI is a step forward in the direction of better accountability, transparency and best practices. ICAI has been constantly evolving, and has contributed immensely in the rapidly changing and varied demands of the Corporate Sector.

The country's economy is going through significant changes where Chartered Accountants have to play a proactive role in corporate governance, responsible financial management and fiscal discipline. I am glad that ICAI is making all out efforts to meet the emerging challenges, as well as the opportunities, with greater confidence and expertise so as to add value and to contribute to nation building.

Tapan Ray

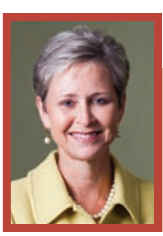
कमरा नं 519, 'ए' विंग, शास्त्री भवन, नई दिल्ली–110 001
Room No. 519, 'A' Wing, Shastri Bhawan, New Delhi - 110 001
Phones : 91-11-23382324, 23384017, Fax : 91-11-23384257, E-mail : tapanray@nic.in

(Continued on page no. 158...)

Special Write-Ups

Accountancy Opportunities Galore— 2016 and Beyond

Globalization presents the accountancy profession with remarkable challenges and opportunities. How we respond to them, how we identify trends and issues, and how we stay ahead of the curve is vital. We know the impact of the accountancy profession is significant. Based on recent research, we have found that the almost three million professional accountants represented by the International Federation of Accountants (IFAC)'s member organizations—including the Institute of Chartered Accountants of India—contribute almost a quarter-trillion US dollars to the global economy. There is also a strong correlation between the number of accountants working in economies and gross domestic product (GDP) per capita, says the author, President of International Federation of Accountants, in this article while highlighting the present and future opportunities for accountancy professionals. Read on…



Olivia F. Kirtley

(The author is President, International Federation of Accountants. She can be reached at LauraWilker@ifac.org.)

Clearly, professional accountants add value to society. We help deliver better information, which supports good decision-making in businesses and government organizations—and therefore leads to an improved quality of life. Accountants can also rightly lay claim to being further ahead than perhaps any other profession in our efforts to build a truly global profession. We are bound by high-quality, global standards, independently developed in the public interest.

Advertisement

Special Write-Ups

According to India's Ministry of Micro, Small and Medium Enterprises, MSMEs employ more than 80 million people in India and contribute about 8% to India's GDP. Wherever they are located, all SMEs need access to the expertise of professional accountants to advise on their formation and growth, to strengthen their internal controls and enhance their reporting, and to provide assurance on, and hence build confidence in, their financial statements.

Through IFAC's Statements of Membership Obligations (SMOs) and the work of our Compliance Advisory Panel, we monitor progress on the adoption and implementation of these standards. In addition to the standards on accounting and auditing, the SMOs obligate us to adhere to a rigorous ethical code, establish investigation and discipline mechanisms, and ensure that our skills remain up to date and relevant.

But a global profession is only as strong as the sum of its parts. The Professional Accountancy Organizations (PAOs) that comprise IFAC, help train, organize, and develop skilled professional accountants in their jurisdictions. They can be powerful voices advocating for the interests of the profession and of the public, speaking out on the issues and in those areas where the profession has a viewpoint and a role.

Some of the challenges and opportunities facing the accountancy profession in 2016 and beyond will depend on the national context. But there are a number of important, truly global opportunities ahead, and the global profession—in partnership with regional and national accounting organizations—needs to respond. Several of these opportunities are identified in IFAC's 2016-18 strategy, *Charting the Future of the Global Profession*. In this strategic plan, IFAC seeks to prepare the global accountancy profession for the inevitable turbulence and corresponding opportunities of the future. The strategy identifies macro trends with significant implications for the profession, outlines IFAC's planned activities in response, and highlights the economic benefits of those activities.

Smart Regulation

In late 2015, IFAC conducted its first Global Regulation Survey. It underscored how complex regulation is hindering economic activity. Key findings included: Over 80% of respondents said regulatory impact had become more significant—and that it will continue to affect them more significantly going forward; 63% felt regulation was impacting their organization's opportunity to innovate; and four out of five respondents felt that the regulation impacting their organization was overly complex.

To be clear, smart, consistent regulation is an important part of the global economy. The profession needs to speak out, not just on regulation that affects accountants, but on regulation that impacts economic activity—and therefore the public interest. Generating an orderly and informed debate is a key role for IFAC, and we have developed 10 guiding principles to facilitate high-quality regulation.

Taxation

Tax is a hot topic, and one that is both a major local and international issue. This feeds, in part, into the profession's role in promoting smart regulation and a high-performing public sector. The issues are complex, and what is needed now is clarity on the scale of the problem, and proper international collaboration on its solution.

That's why IFAC supports the Organisation for Economic Co-operation and Development (OECD)'s holistic approach. The OECD's recently revised action plan on Base Erosion and Profit Shifting offers a rare opportunity to help address how we make taxation work better in a globalized, digital economy. If loud public outcry about corporate taxation leads more governments to unilateral action, then we will look back in a few years and wonder how we ended up with more taxation complexity than where we started. Our profession has tremendous skills to help governments understand the scale of the problem, and then tackle it.

Combating Fraud and Corruption

Another professional concern is fighting fraud and corruption. According to Transparency International: Only one billion of the world's seven billion citizens live in a country without serious fraud and corruption; and corruption costs the planet $2.6 trillion (US) or 5% of global GDP each year. Our profession's role in fighting corruption is linked in part to our ethical standards—a critical and key differentiator of our global profession. We possess deep expertise and strong skills to help combat fraud and corruption, and we need to be a leading voice in the fight against them.

Advertisement

We also need to emphasize that this is a fight that requires greater international collaboration, and that protections for whistleblowers must be extended to all employees of any organization, not just accountants. IFAC recently joined a number of professional accountancy organizations and the legal fraternity in the United Kingdom in signing a joint statement deploring global bribery and corruption. We agreed that these practices represent serious threats to "economic growth, individual livelihoods and civil society across the world." The joint statement is yet another testament of the accounting profession's decades-long support of this fight.

Beyond Financial Reporting

There is growing awareness that traditional financial statements do not tell the whole story. The public and the investor community are increasingly interested in corporate stewardship of non-financial resources. Integrated Reporting—or <IR>—speaks to the public's interest in good governance and high-quality information, and that makes it an excellent opportunity for the global profession.

IFAC strongly supports <IR>, and we've published *Creating Value with Integrated Thinking, The Role of Professional Accountants* which sets out a vision for integrated thinking and explores how professional accountants working in both the public and private sectors can facilitate it within their organizations. We have also established a professional accountancy organization network to share knowledge and experiences to assist the profession as it takes a lead role in operationalizing <IR>.

A High-performing Public Sector

Public sector spending is a significant component of global GDP. In many countries there is a strong demand for improved public services, but—unsurprisingly—very little demand for new taxes or tax reductions to achieve them. And it is astonishing how many countries utilize incomplete, low-quality information to develop policy, make spending decisions, and manage assets and liabilities.

As you are aware, IFAC has launched its *Accountability. Now.* program, which advocates for adoption and implementation of accrual accounting, and notes that the only high-quality international standards in this area are IPSAS. Our profession's support for sound public financial management is vital to ensuring sustainable services and stronger societies. The work of IFAC's professional accountants in business committee to influence good public sector governance is one of many examples of the way in which we can work to help improve public sector accountability.

It's crucial that our profession understands what attracts and retains the best possible talent... These rising professionals are generally ambitious, and eager to seize opportunities for leadership and senior management. But they also want to make a difference in their communities and in society at large... This is an especially salient point for ICAI given its contingent of approximately 850,000 students.

Supporting SMPs and PAIBs

Irrespective of the maturity of our economies or professions, the role of small and medium entities (SMEs) is vital—they are engines of growth, kernels of innovation, and sources of the majority of private sector value add. According to India's Ministry of Micro, Small and Medium Enterprises, MSMEs employ more than 80 million people in India and contribute about 8% to India's GDP. Wherever they are located, all SMEs need access to the expertise of professional accountants to advise on their formation and growth, to strengthen their internal controls and enhance their reporting, and to provide assurance on, and hence build confidence in, their financial statements.

In many jurisdictions, the small and medium practices (SMP) that provide these services likely account for the majority of those working in practice. IFAC's annual Global SMP Survey corroborates many findings from our Regulatory Survey. Key challenges identified for SMPs also included attracting new clients, differentiating from the competition; and pressure to lower fees.

Professional accountants in business (PAIBs) are another vital group—they support a range of key organizational improvement factors including reporting, internal control, and treasury functions. Raising awareness of the importance of this sector is an important IFAC goal. IFAC produces issues papers and guidance to help support their work, including publications on topics such as integrated reporting, accounting for sustainability and business resilience, and managing risk as an integral part of organizational management.

Special Write-Ups

Given that PAIBs operate at all levels of organizations and play critical roles in ensuring organizations are successful, the professional skills of PAIBs are vital. We continue to work to boost the number of qualified accountants available to work in business, and make sure they are indeed professionally qualified and well-supported.

IFAC's Global Knowledge Gateway, which includes discussions on topics such as attracting and retaining talent, collaboration, and financial leadership, provides a number of excellent tools and resources to SMPs and PAIBs, as well as all accountants.

Talent Acquisition

It's crucial that our profession understands what attracts and retains the best possible talent. Young people today have more choices and more preferences in terms of their work environment. They also have increasingly clear requirements for the purpose of their work.

These rising professionals are generally ambitious, and eager to seize opportunities for leadership and senior management. But they also want to make a difference in their communities and in society at large, and enjoy a good quality of life. This is an especially salient point for ICAI given its contingent of approximately 850,000 students.

How we address their aspirations—and prepare them to succeed as the accountants of tomorrow—will be critical to maintaining the flow of the best and brightest into our profession.

Diversity and inclusion is also an important consideration. In the accountancy profession, diversity and inclusion is not just the right thing to do; it's smart business strategy. Teams comprised of men and women of all races and socioeconomic backgrounds can think more creatively and implement strategic solutions to benefit their clients, their business, and the economy. Research has also shown that a more diverse workforce can lead to improved organization performance—both financial and otherwise.

We all know, for example, that the future will be filled with more and more data. As a profession we need to set the agenda and prepare the next generation of accountants so they know what to do with it. As the quantity and sources of available data increases, risk of misinformation and data overload also increase—making our profession even more critical to decision makers.

Technology

Accountancy started as a manually intensive craft. Over time, professionalization and technology have helped to standardize and systematize many of our functions. Today, automation is making transactional accounting tasks and inventory management processes more efficient.

Technology is an area in which India is particularly strong. As a profession, we must continue to embrace technology to ensure that we continue to have an even greater impact on the global economy. The pace of innovation and change continues to accelerate, computers are still becoming faster, and advanced learning algorithms are becoming more commonplace. In this environment, it's clear that a child born today will be a very different kind of professional accountant in the future. We must focus on influencing the change agenda to ensure that we—and the next generation of accountants—remain relevant and are ready to meet the challenges of the global economy's vast information needs.

We all know, for example, that the future will be filled with more and more data. As a profession we need to set the agenda and prepare the next generation of accountants so they know what to do with it. As the quantity and sources of available data increases, risk of misinformation and data overload also increase—making our profession even more critical to decision makers. This will be a great value add and differentiator for our profession.

The future promises to be exciting. What will our profession look like in the years and decades ahead? It is really up to us to determine the answer. Our thinking about the future of accountancy must be informed by conversations now—in partnership with technology providers and other professions too.

I am really proud to be a professional accountant. I know of no other profession that matches our effort to be truly global—bound by the same standards of excellence that transcend both borders and language. Yes, we have—and will always have—big challenges and great opportunities ahead. But what excites me about those challenges and opportunities, is working with IFAC's member organizations around the globe to meet each of them.

Individually we may be ordinary people, but together we can achieve extraordinary things. ■

Be yourself; everyone else is already taken. - Oscar Wilde

Advertisement

Future of Accountancy Profession and Agenda of Sustainable Development

In a recently declared Global Goals as key objectives of sustainable development agenda, the United Nations urges the world to put in their efforts to take care of the global environment and poverty while preserving the ethics. Being a member nation of the UN, India has agreed to take its share of the responsibility and initiate actions in that regard. However, it is also true that our nation already is into the UN's global sustainable agenda through its actions, measures and plans that are being carried out by many of its institutions and organisations across the nation's periphery. ICAI too is doing its bit quite responsibly that will ultimately contribute to the UN agenda. Former Rajya Sabha Deputy Chairman and currently Rajya Sabha MP (Member of Parliament) CA. K. Rahman Khan in this article discusses the ICAI's actions and measures in the context of the world's expectations. He argues how the accountancy profession responsibly is moving ahead in line with the challenges of our times. Read on...

CA. K. Rahman Khan

(The author is a Member of Parliament (Rajya Sabha), former Union Minister, and also a member of the ICAI and Director, Accounting Research Foundation of ICAI. He may be reached at krkhan@sansad.nic.in.)

Setting of Global Agenda of Sustainability

While globalisation and industrialisation have proved positive and beneficial for the world population in many respects, they have also led a variety of challenges and conflicts in social sector, global environment and ethics, and particularly in the matter relating to sustainable development. Last year in September, all 193 member nations of the United Nations gathered together and agreed

to adopt 17 global goals to transform our world by ending poverty, protecting the planet and ensuring prosperity for all, as part of their new sustainable development agenda. Committing to deal and resolve some of the most difficult and intractable problems of the world, the UN plans to involve everyone, including governments, private sector, civil society and individuals like us, and ensure a 15-year comprehensive action plan to address the agenda of planet and prosperity.

According to Stathis Gould and Alta Prinsloo[1], business will also play an equally important role in the aforementioned UN agenda, since some of the problems the UN plans to address are the result of short-cut measures carried out by capital markets, and that too without any vision for societal growth and health. Additionally, the challenges relating to ethics, ´such as corruption—largely arise from political and capital market failures.' Then, Gould & Prinsloo go on to speak on the role for accountants to play and call upon the accountancy profession to consider its contribution to achieving the Goals, as a special professional community. We need to articulate how accountancy and the profession currently facilitate achievement, and where there is room for improvement. One step in the right direction is to build on a strong and diverse profession that can continue to develop professional accountants with the relevant skills and awareness to contribute to sustainable and resilient organisations, capital markets, and economies.

Response of Evolving CA Profession

Being members of a great noble profession, chartered accountants were called "the first line of defence to the unwary public against money grabbers and opportunists" by the first President of our country Dr Rajendra Prasad, who also entrusted them with this big responsibility. As the time progressed, their responsibility too got bigger and more complex in nature, especially from the perspective of autonomy that the CA profession has been enjoying since its inception.

I have always believed in the power of our professionals to affect and change the world. Then, it is praiseworthy that Indian professionals have an ability to rise above their regular and routine crises of their complex life, which relate various social and economic factors.

The Institute of Chartered Accountants of India (ICAI) educates and trains its professionals, empower them and prepare them for various opportunities and challenges using its capacity-building exercises that are conducted systematically by the ICAI. ICAI takes enough measures to ensure a secured future and a successful professional life to its member professionals, which is a competitive advantage for them. Then, ICAI also knows how to capitalise on its members' professional competence and use that for the national advantage.

India seems to have evolved a lot over the years. Professionalism in our country has been redefined in the context of various success stories including that in entrepreneurship. I have always believed in the power of our professionals to affect and change the world. Then, it is praiseworthy that Indian professionals have an ability to rise above their regular and routine crises of their complex life, which relate various social and economic factors. Let us respect this virtue in them and welcome this trait as an X factor, using which our nation can move into its next phase of development and growth.

But in this context, it is also essential to understand how ICAI as professional accountancy institution is already contributing to the UN's Global Goals and where it can focus, what it should review, how it should devise its strategy, and what it should do to bring in sustainable development in its region. We need to talk it out among ourselves first and form a viewpoint on the way we will approach these Goals.

The relationship between accountancy and prosperity is a merited fact now and can be very well substantiated with ample real time stories from developing economies, where accountancy professionals are working hard to consolidate businesses and institutions that ultimately will help in improving their stakeholders' lives by bring more parity among them, and in creating space for many more stakeholders. Of course, accountancy professionals in India have already extending their support to the Government at all levels and in its various sectors.

With their key functioning in financial (and corporate) reporting and analysis, due diligence, etc., chartered accountants enable and facilitate investment in infrastructure and confidence in

[1] *Time to Act: The Accountancy Profession's Contribution to the Sustainable Development Goals (published under Viewpoints at IFAC's Global Knowledge Gateway on 8th March 2016. [Accessed on 1st June 2016]*

Governments across the globe recognise CA professionals as guardians of public money, and all that these professionals are required to do is to act in order to maintain this confidence in them.

financing. Then, this also helps in creating better economic and capital market decision making, which may further inspire the stakeholders towards long-term value creation. By adopting the converged standards in financial reporting, etc., and thereby supporting the uniform global financial practices. CA professionals through their valuable insight and analytical skills, help in effective governance and management of organisations and institutions. CA professionals can significantly contribute to the agenda of climate change adaptation and mitigation, by understanding their accountability and setting up organisational goals against various environmental targets.

Future Ahead

Need of the hour is to have a balanced approach towards private capital and public finance in order to achieve sustainable growth. Any imbalance may lead to a conflict and disorder. Private capital will have to act in a restrained and moderate manner to avoid any crisis. Having an ability to deal with financial conflicts and crisis, CA professionals today are required to not only analyse but also reflect on numbers from an ethical and transparent perspective.

Across the globe, when everybody, socially or professionally, is aspiring for growth at the cost of parity and equality, inclusive and sustainable governance is bound to get misappropriated by professionals across all the sectors. Professionals are exploiting the resources at the cost of balance. Since the CA profession works on ethical principles of the highest order, they can visibly bring a change in social and corporate conduct and dealings by presenting examples of their performance to their society and industry.

As expected, chartered accountants will have to rise to the occasion. They need to come up to the expectations of their times, present and future, by continuing to conduct themselves with the desired dignity and integrity. Governments across the globe recognise CA professionals as guardians of public money, and all that these professionals are required to do is to act in order to maintain this confidence in them. Let the Motto of Indian chartered accountants' Institute, *ya eṣa supteṣu jāgarti*, continue to be a guiding force and angel in their social and professional life. Let the Indian CA professionals not compromise with their ethics and integrity.

Challenges Ahead

Number of chartered accountants in the country has increased much more than with which we had started in the beginning, in the last sixty seven years of the ICAI's existence, and this reflects on the vast expansion of CA profession over the years rendering its services in various fields, apart from its traditional one. ICAI today has 5 Regional offices and 154 Branches in India, and 28 Chapters abroad to address the professional issues of its members and students. Chartered accountants today function as financial advisors, CEOs, consultants, bankers and administrators. They are involved in the process of decision-making, solution-finding, policy-framing and planning. Their skill and competence is very much desirable by the industry today and this could be verified from the fact that their number in industry has increased much more too. This indicates the rising degree of desirability of the chartered accountants in industry.

Therefore, the future of accountancy profession is quite bright and it is now the ICAI's responsibility to redesign its education and training keeping in view of the future challenges that may be faced by the profession and the same could be maintained and increased. Civil society in India that has given this profession its due, expects from the profession that CA professionals should discharge the role assigned to them and protect the interests of the civil society, by way of protecting the public savings and investments of all stakeholders in the nation.

Biggest challenge before the CA profession is maintain and develop its competence further, which its professionals achieve through the education and training imparted by ICAI, and through the challenges and opportunities offered by our times. Another challenge for the profession is to retain the trust of its stakeholders that include our nation, which the CA professionals have enjoyed over the years since the inception of ICAI. Despite the benefit of enjoying the statutory protection, only the ability in core professional skills can save and prepare the chartered accountants in facing the crises of their times. Therefore, they accountants will have to effectively deal with their complacency and continue their journey on learning curve. They will have to assess their present profile and analyse how they can enhance that and their competence. Unless CA professionals as a fraternity reengineer and reorient themselves to the demands of their time, and prepare themselves in intelligent anticipation of the future, they will not be able to retain their professional sharpness. Despite the fact that ICAI offers many training programmes, workshops and post-qualification courses to help its professional fraternity update their knowledge and enhance their competence, it should also do something for the chartered accountants who practice in small towns and mofussil areas serving smaller business units at those locations. That to me will be the inclusive growth of the Institute.

Implementation of IFRS-converged Indian Accounting Standards (Ind AS) is another imperative before the Indian accountancy profession to boost our economic growth in this age of globalisation and internationalisation of businesses. ICAI being the premier accounting body in the country had formulated all the Indian Accounting Standards (Ind AS), which were considered and approved by the National Advisory Committee on Accounting Standards. Ministry of Corporate Affairs of the Government of India has already notified all Ind ASs and also the roadmap for the applicability of Ind ASs for corporates. As per the roadmap, Ind ASs are applicable to certain class of companies from the financial year 2016-17 onwards on mandatory basis, while applicability of Ind AS for Scheduled Commercial Banks (excluding RRBs), insurers/ insurance companies and certain class of non-banking financial companies will begin from the financial year 2018-19 onwards. Till date, ICAI and the accounting fraternity in India have conducted themselves quite responsibly, as they have not given a single chance to the Government to look for an alternative. In order to ensure the implementation of these standards in the same spirit in which these have been formulated, the ICAI has been playing a proactive role in providing guidance to members and other stakeholders on these new standards through various initiatives. Ind AS Transition Facilitation Group of the ICAI had been constituted to provide clarifications on timely basis on various issues related to Ind AS transition and applicability and/ or implementation of Ind AS under the Companies (Indian Accounting Standards) Rules, 2015, as and when raised by preparers, users and other stakeholders. So far, the group has issued two clarification bulletins on 11 issues.

Implementation of IFRS-converged Indian Accounting Standards (Ind AS) is another imperative before the Indian accountancy profession to boost our economic growth in this age of globalisation and internationalisation of businesses. ICAI being the premier accounting body in the country had formulated all the Indian Accounting Standards (Ind AS), which were considered and approved by the National Advisory Committee on Accounting Standards.

Changing Education and Training

Commerce graduates in India have an option to build their career either by following the academic path through pursuance of Masters, MPhil/PhD, etc., in Commerce, or joining the professional courses like CA, MBA, MBE, etc. Options are too many today. Indian market offers a host of opportunities to those who qualify one of the aforementioned professional courses and compete for a job. But what sets the CA education and course apart from other professional courses is its viability and affordability. Students belonging to the lowest economic strata can also easily afford to complete this course.

For years in the past, ICAI has been constantly contributing to the world by way of providing highly-skilled and globally competent chartered accountants to national and international economies on an annual basis, who contribute to their organisation/ institutions in various capacities including finance professionals, business leaders and entrepreneurs. Then through its programmes (e.g. workshops, lectures, seminars, conferences, webinars, etc.) as part continuous professional development agenda, the ICAI constantly updates the knowledge and technical skills of its members throughout their professional life.

It is satisfying that ICAI is on course of revising the scheme of CA education and training, and CA curriculum in line with the requirements of our times. Inclusion of the hands-on training and developing an understanding into the intricacies of application aspect of the course modules will further promote the agenda of ICAI to empower its stakeholders, in their various professional roles, e.g. auditor, financial consultant, financial advisor, decision-maker solution-provider, etc. ICAI educates and trains its members and students and empowers them in successfully responding to various critical opportunities in CA profession.

Personally, my knowledge and competence being a chartered accountant has played a key role in shaping my professional growth and defining my career. It has further refined my decision-making and solution-providing abilities. It has contributed to whatever I have contributed till date after becoming a chartered accountant. It has always helped me in discharging my duty with effectiveness, refinement, conscience and integrity. In my public life as a legislator and a Parliamentarian, I have consciously and unconsciously used my CA education and training in the best interests of my dear nation.

Profession's Future

ICAI is probably only institution that combines in itself the role of an educator, standard-setter, qualifier and regulator. Over the last sixty seven years of its noble and exemplary existence, it has discharged all the aforementioned desired roles in an efficient way. With the rising number of members and students, and opportunities and challenges, the Indian accountancy profession aims to prepare itself to execute all its actions in those action sectors. The world today does not have any apprehension about the ICAI's dedication and commitment to its role as a regulator, since the policy-making body of the ICAI, i.e. its Central Council, under the suitable guidance of its leadership has always ensured an ethical environment to the accountancy professional fraternity.

The Government accounting procedures are outdated and not transparent. Being based on single-entry system, the accounting procedures not reflect the assets and liabilities of a department. Double-entry accounting methodology will ensure transparency and accountability. In an era of right to information, the single-entry accounting methodology will not provide the correct information of the expenditure. The Government has already accepted this in principle, but the pace of convergence in its departments and offices is slow. In my opinion, the ICAI in association with the Comptroller and Auditor General of India requires to launch an awareness programme for the public on the advantages of double-entry method of accounting.

The world today does not have any apprehension about the ICAI's dedication and commitment to its role as a regulator, since the policy-making body of the ICAI, i.e. its Central Council, under the suitable guidance of its leadership has always ensured an ethical environment to the accountancy professional fraternity.

To Conclude

Accountancy profession is globally considered one of the most effective organs to establish accountability in all spheres of financial activities. In India, it has played a very important role in its story of economic growth and sustainable development. Let us not forget that a legislative step was taken by the independent India to enact the Chartered Accountant Act of 1949, even before the country adopted its Constitution, which proves the crucial nature of this noble profession. Since its inception in 1949, the ICAI and the accountancy profession have made tremendous progress. However, the profession will face many more challenges, particularly when the country has embarked its journey towards sustainable development and emergence as an economic power. In order to play a more dynamic role in the country's growth story, the profession needs to redefine its role of a watchdog of public expenditure and investments, while coming out of its traditional client-centric approach in the interests of civil society and its financial ethics.

To conclude, my vision for the accountancy profession is to look beyond the profession, i.e. be more than just bean counters, and look beyond numbers. Wherever there is growth and development, there will be a need for financial prudence and fiscal discipline, be it a *Gram Panchayat*, an NGO, a quasi-judicial organisation or a government organisation. We must put in our efforts to be a true partner-in-nation-building. Our members must follow the motto of their alma mater, *ya esa suptesu jagarti* (who are awake amongst those who are asleep) in both thought and deed. They should continue to help the Government in fighting against the misappropriation of public money. With my world experience, I can fairly say that they will eventually provide new meaning to the image and identity of their profession.

I wish all stakeholders of the profession a very bright future on the eve of 68th CA day. ■

In three words I can sum up everything I've learned about life: it goes on. - Robert Frost

Special Write-Ups

Consistent Application of IFRS in Asia-Oceania Region: Obstacles and Role of AOSSG[1]

The accounting literature identifies that accounting practice of a country is greatly affected by the country's culture, legal and regulatory environment or social factors such as language and religion, as well as the level of economic development. To address such issues and to overcome the resulting challenges, the IFRS Foundation utilises the regional bodies like AOSSG to explore IFRS implementation issues and support consistent application. The AOSSG, which aims to provide its culturally and legally diverse region's collective views to the IASB to reflect them in the setting and amending processes of IFRS, promotes the consistent application of IFRS across the region. In this article, the author investigates the potential obstacles to achieving consistent IFRS application in the Asia-Oceania region and explores the possible roles that the AOSSG may play in effectively promoting consistent application of IFRS across AOSSG member jurisdictions. Read on…

Jee In Jang, Ph.D.
(The author is the Chair of Asian-Oceanian Standard-Setters Group, and Chair and CEO of Korea Accounting Standards Board. He may be contacted at jjang@kasb.or.kr.)

Introduction

According to the IFRS Foundation's jurisdictional profiles[2], 119 of the 143 countries (92%) require IFRS for all or most domestic publicly accountable entities in their capital market (as of March 2016). Considering that the primary goal of IFRS is to provide a single set of high-quality accounting standards that is expected to bring transparency, accountability and efficiency to financial markets

[1] The views and opinions expressed in this article are the author's own and do not necessarily reflect the views of the AOSSG or the KASB.
[2] http://www.ifrs.org/Use-around-the-world/Pages/Jurisdiction-profiles.aspx

around the world[3], the rapid spread of IFRS around the globe in recent years is considered as a remarkable achievement in this respect.

Spreading IFRS as a single set of global accounting standards around the world, however, is only a necessary condition to enhance global financial reporting comparability, not a sufficient condition fundamentally. To improve the quality and comparability of global financial reporting under IFRS, consistent application of IFRS across jurisdictions must be guaranteed.

The accounting literature identifies that accounting practice of a country is greatly affected by the country's culture, legal and regulatory environment or social factors such as language and religion, as well as the level of economic development (Gray 1988; Brown et al 2014). In particular, since IFRS is principle-based accounting standards, it is inevitable to use professional judgment, which would be considerably influenced by social and cultural factors of the country, in applying IFRS. Also, for those jurisdictions whose official language is not English, there always exists a risk of mistranslating or misinterpreting the standards during the translation process. Such factors may function as obstacles to achieving consistent application of IFRS across adopters of IFRS, thereby deteriorating the global financial reporting comparability between countries and/or entities in the long run.

In an endeavor to facilitate consistent application of IFRS and successful implementation of new standards across jurisdictions, the IFRS Foundation operates Transition Resource Groups and the Interpretations Committee, and also made the Post-Implementation Review mandatory. However, there are limits to such efforts in sufficiently resolving practical implementation issues since the issues usually arise from applying IFRS in widely ranging cultural and social environment. To overcome the challenge, the Foundation now utilises regional bodies[4] like the AOSSG to explore IFRS implementation issues and support consistent application.

The AOSSG has a relatively diverse group of member jurisdictions, with differing cultural, legal and regulatory environments and wide disparities in the levels of social and economic development. So it would be fair to say that there exist a significant number of potential obstacles to consistent IFRS application in this region.

The AOSSG is a regional body established in 2009. As many as 26 jurisdictions in the Asia-Oceania region are members of the AOSSG as of now. The objectives of the AOSSG include providing the region's collective views to the IASB to reflect them in the setting and amending processes of IFRS and supporting IFRS adoption in the region. Furthermore, it promotes consistent application of IFRS across the region by identifying common accounting issues in implementation and informing the IASB or Interpretations Committee of the issues to seek solutions.

The AOSSG has a relatively diverse group of member jurisdictions, with differing cultural, legal and regulatory environments and wide disparities in the levels of social and economic development. So it would be fair to say that there exist a significant number of potential obstacles to consistent IFRS application in this region.

Key Obstacles

Diversity in local GAAP and accounting conventions across jurisdictions is generally explained by vast differences in their culture, legal and regulatory environment, language, enforcement, level of economic development, etc. These factors may be the very factors which cause inconsistencies in IFRS application process in different jurisdictions. Thus, it is highly likely that professional judgments on accounting choices can be influenced by cultural, social and economic factors of each jurisdiction under IFRS, which is considered as principle-based accounting standards.

Literature reports that the primary factors which may affect accounting environment of each country are culture, language, legal origins, legal enforcement, audit power, and economic development as presented in Figure 1.This article focuses on the Asia-Oceania region, in particular, AOSSG member jurisdictions to discuss potential obstacles that hinder consistent application of IFRS in the region. In the light of the discussion, I would like to explore the implications

[3] Mr. Hoogervorst acknowledged: "Our mission is to develop IFRS that brings transparency, accountability and efficiency to financial markets around the world. Our work serves the public interest by fostering trust, growth and long-term financial stability within the global economy." (16 April 2015)

[4] The regional groups include: (a) Asian-Oceanian Standard-Setters Group (AOSSG); (b) European Financial Reporting Advisory Group (EFRAG); (c) Group of Latin-American Standard-Setters (GLASS); and (d) South African Financial Reporting Standards Council, supported by the Pan African Federation of Accountants (PAFA) in alphabetical order.

Special Write-Ups

Gray (1988) developed a theoretical framework of the influence of culture on accounting, based on the cultural dimensions by Hofstede (1980). He showed that conservatism – understatement of gains and assets and overstatement of losses and liabilities in financial statements– is closely related to a high level of uncertainty avoidance and long-term orientation.

of the AOSSG's role in enhancing consistent IFRS application across the Asian-Oceania region.

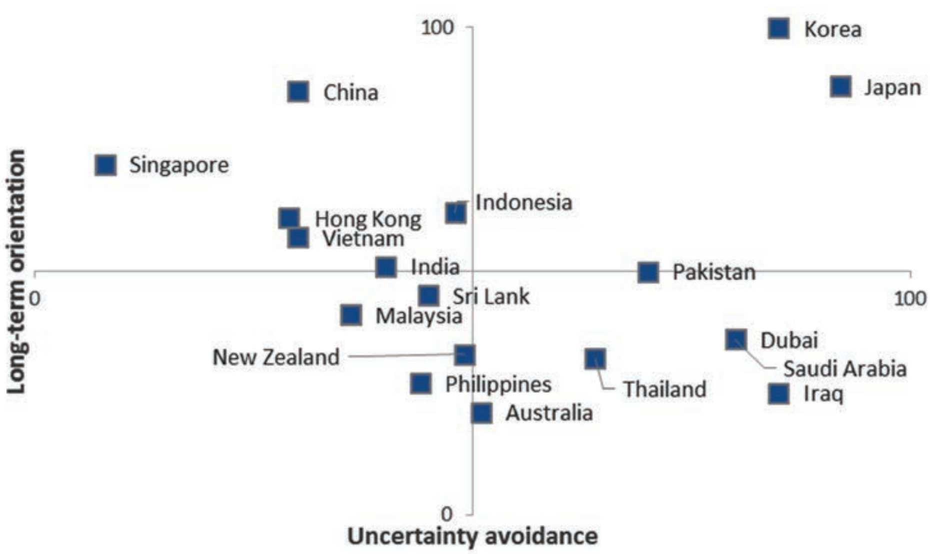
Figure 1. Key Obstacles

Culture

Culture influences every single aspect of a society, and accounting is no exception. Gray (1988) developed a theoretical framework of the influence of culture on accounting, based on the cultural dimensions by Hofstede (1980)[5]. He showed that conservatism–understatement of gains and assets and overstatement of losses and liabilities in financial statements– is closely related to a high level of uncertainty avoidance and long-term orientation. Also, secrecy–a preference for restriction of disclosure of accounting information–increases as uncertainty avoidance and power distance increase. These findings suggest that the culture of a country is closely linked with the country's accounting values and thus becomes a critical factor that affects the accounting practice in that country.

Figure 2 and Figure 3, respectively, show the level of conservatism and secrecy of AOSSG member jurisdictions. As you can notice from the figures, the level of conservatism and secrecy varies widely from one jurisdiction to another. For example, Korea and Japan seem to be more conservative, while Australia and New Zealand are classified as countries with weak conservatism in Figure 2. Also, Saudi Arabia and Korea show a stronger level of secrecy, whereas Australia, New Zealand and Hong Kong display a lower level of secrecy. These diversities in conservatism and secrecy levels may affect measurement and disclosure of accounting information in accounting practice across jurisdictions, indicating that different cultures may act as potential barriers to consistent application of IFRS.

Figure 2. Conservatism of AOSSG Countries



[5] *https://www.geert-hofstede.com/*

Figure 3. Secrecy of AOSSG Countries

The Korean Accounting Standards Board (KASB) and the Australian Accounting Standards Board (AASB) have been conducting a joint research project on interpretation of terms of likelihood in IFRS with accounting professionals in Korea and Australia[6]. Results show that a majority of the terms tend to be interpreted inconsistently between the two countries. This, I believe, clearly indicates that different cultures may lead to different interpretations and judgments when applying the same accounting standard, thereby causing the same accounting event to be reflected differently in the financial statements.

Because the cultural factor exists as an inherent factor in the application of accounting standards as explained above, we should be mindful of the cultural gaps between jurisdictions in order to promote consistent application of IFRS.

Legal Origins

Legal origins play an important role in the development of corporate ownership, corporate capital structure, and capital markets, and affect financial disclosures substantially. For example, firms in code law countries mainly depend on financing from the government, bank or private parties, thus accounting information obtained through private channels is more important than published financial statements. On the other hand, firms in common law countries typically rely on public financing, thus public information provided from financial statements is more important.

Also, common law countries are likely to exhibit greater investor protection than code law countries. In terms of accounting standards, local GAAPs of code law countries are more distant from IFRS than those of common law countries. Moreover, other regulatory environment such as tax reporting requirements may vary according to the legal origin.

Prior studies on legal origins and accounting found some interesting points as follows. Firms in common law countries tend to have higher financial disclosures than those in code law countries, which means that legal origins may affect comparability of financial statements. Also, common law countries are likely to exhibit greater investor protection than code law countries. In terms of accounting standards, local GAAPs of code law countries are more distant from IFRS than those of common law countries. Moreover, other regulatory environment such as tax reporting requirements may vary according to the legal origin. These findings suggest that the legal origins of the jurisdictions that adopt IFRS should also be considered as a factor that hinders consistent application of IFRS across jurisdictions.

Legal origins of AOSSG member jurisdictions classified by La Porta et al. (2008) are presented in

[6] http://www.ifrs.org/Meetings/MeetingDocs/ASAF/2015/December/1512-ASAF-01-AASB-KASB-Research-Project.pdf

Special Write-Ups

Table 1 below that shows diverse legal origins across jurisdictions in the region:

Table 1. Legal Origins by Members of AOSSG (La Porta et al., 2008)

English Common Law	French Code Law	German Code Law
Australia	Cambodia	China
Hong Kong	Indonesia	Japan
India	Iraq	Korea
Malaysia	Kazakhstan	Mongolia
Nepal	Macao	
New Zealand	Philippines	
Pakistan	Syria	
Saudi Arabia	Uzbekistan	
Singapore	Vietnam	
Sri Lanka		
Thailand		

Language

IFRS is originally written in English, and official translations into a number of other languages are provided by the IFRS Foundation[7]. IFRS Foundation notes that translation is a vital part of developing a single set of high-quality global accounting standards for use around the globe. Moreover, translation is often an important factor in a country's decision to adopt IFRS. In the process of translation, there always exist potential pitfalls of mistranslation and even the translated IFRS can be misinterpreted. In some cases, it may be difficult to find equivalent expressions in the target language. Such translation issues may be a potential obstacle to consistent application of IFRS around the world. Furthermore, even if equivalent translations are available, it may not be easy to deliver the exact intended meaning of the concepts if the relevant issues are rarely likely to arise in the accounting culture of a specific country.

Table 2. Official Languages of AOSSG Member Countries (As of December 2014)

Country	Language(s)	IFRS Translations
Australia	English (de facto)	No
Brunei	Malay, English	No
Cambodia	Khmer	Yes
China	Mandarin	Yes
Dubai	Arabic	Yes
Hong Kong	Cantonese(de facto), English	No
India	Hindi, English, 21 other officially	No
Indonesia	Indonesian	No
Iraq	Arabic	Yes
Japan	Japanese (national)	Yes
Kazakhstan	Kazakh (national)	n/a
Korea	Korean	Yes
Macao	Cantonese(de facto), Chinese(Traditional), Portuguese	No
Malaysia	Malaysian(national), English	No
Mongolia	Mongolian	Yes
Nepal	Nepali	No
New Zealand	English (de facto)	No
Pakistan	Urdu(national, official), English(official)	No
Philippines	Filipino, English	No
Saudi Arabia	Arabic	Yes
Singapore	English, Chinese, Malay(national), Tamil	No
Sri Lanka	Sinhala, Tamil	Yes
Syria	Arabic	Yes
Thailand	Thai	Yes
Uzbekistan	Uzbek (national)	Yes
Vietnam	Vietnamese	Yes

(Reference: Wikipedia, IASB Jurisdiction profiles)

[7] *Official IFRS translations are available in 12 languages on the IFRS Foundation website: Albanian, Arabic, Armenian, Brazilian Portuguese, French, Kazakh, Russian, Spanish, Traditional Chinese, Turkmen, Ukrainian and Uzbek.*

As presented in Table 2, there is a wide variety of official languages of AOSSG member jurisdictions. English-speaking jurisdictions are 9 countries which include Australia, Brunei, Hong Kong, India, etc., and the rest of the jurisdictions are classified as non-English-speaking jurisdictions. According to jurisdiction profiles provided by the IFRS Foundation, 13 countries require a translation process in adopting and applying IFRS. Although they are all subject to a translation process, the degree of difficulties and type of issues experienced by each jurisdiction would vary greatly depending on how similar its official language is to English[8].

Legal Enforcement

Many jurisdictions have adopted or are considering adopting IFRS to enhance the financial reporting quality and comparability of financial statements across jurisdictions. To achieve this goal, legal enforcement plays a pivotal role in promoting consistent IFRS application. Brown et al. (2014) developed an index which estimates differences in legal enforcement among countries in regard to the institutional setting for financial reporting. They argued that the effect of IFRS adoption may vary depending on the level of legal enforcement of each country, suggesting that discretionary accounting treatment by managers could be more restricted in a country with strong legal enforcement and thus producing higher quality accounting information.

Table 3 presents the level of legal enforcement of some AOSSG member jurisdictions estimated by Brown et al. (2014)[9]. There exist considerable differences in the extent of legal enforcement in each country. For example, countries such as Australia and Hong Kong display relatively strong legal enforcement, while countries such as Indonesia and Pakistan show relatively low legal enforcement. In order to achieve consistency in the application of IFRS, which in turn improves comparability of financial statements information, legal enforcement should be considered as an important factor.

Moreover, translation is often an important factor in a country's decision to adopt IFRS. In the process of translation, there always exist potential pitfalls of mistranslation and even the translated IFRS can be misinterpreted. In some cases, it may be difficult to find equivalent expressions in the target language. Such translation issues may be a potential obstacle to consistent application of IFRS around the world.

Table 3. Legal Enforcement (Brown et al., 2014)

Country	2002-2004	2005-2007	2008-2011
Australia	38	52	52
China	28	37	37
Hong Kong	24	30	52
India	15	17	21
Indonesia	12	14	14
Japan	16	34	34
Korea	12	24	28
Malaysia	15	17	40
New Zealand	16	39	43
Pakistan	15	18	18
Philippines	6	24	27
Singapore	21	32	32
Thailand	24	26	23

Audit Power

Differences in audit power across jurisdictions also affect consistency in the application of IFRS. The quality of financial statements is highly related to the quality of audit even though the financial statements are prepared under a single set of standards, such as IFRS. Francis et al. (1999) argue that higher audit quality can reduce bias or errors in financial statements reporting, further improve information environment of firms, and eventually facilitate the production of high quality accounting information. Thus, audit power is also a factor to be considered in consistent application of IFRS across jurisdictions.

Brown et al. (2014) created an audit power index by audit fee, audit rotation, and litigation risk. Table 4 shows considerable variations of audit power indexes of some AOSSG member jurisdictions. Similar to the level of legal enforcement, the audit power index of countries such as Australia and Hong Kong appear to be high, while countries such as Indonesia, Pakistan show relatively low audit power indexes.

[8] Hart-Gonzalez and Lindemann (1993) reported language scores for 43 languages which indicate a ranking of linguistic distance from English with a range from 1 to 3, lower scores meaning greater distance. Most of the official languages of AOSSG member jurisdictions display scores of below 2, suggesting that there may exist substantial difficulties in translation.

[9] Legal enforcement is measured by the level of monitoring of financial statements, the power of accounting and auditing standards, and the number of personnel in the regulatory department.

Table 4. Audit Power (Brown et al., 2014)

Country	2002-2004	2005-2007	2008-2011
Australia	16	30	30
China	12	21	21
Hong Kong	16	22	30
India	9	11	15
Indonesia	6	8	8
Japan	12	26	26
Korea	4	14	18
Malaysia	7	9	21
New Zealand	14	20	24
Pakistan	7	10	10
Philippines	4	8	11
Singapore	13	20	20
Thailand	9	11	11

Economic Development

The state of economic development varies considerably within the Asia-Oceania region. Such economic disparities can lead to different levels of education systems, national standard setters' capacity, and accounting professionals' technical expertise among the jurisdictions, and in turn, give rise to inconsistent application of IFRS in the region. Thus, IFRS implementation issues deriving from differing economic development levels of each jurisdiction are yet another challenge to overcome.

Conclusion

As noted above, the AOSSG consists of member jurisdictions with different cultures, languages, legal environments, etc. Because such characteristics of the Group can present serious challenges to adopting and applying IFRS consistently across the region, it is extremely important to understand and tackle the issues in order to successfully promote adoption and consistent application of IFRS by jurisdictions in the region.

A regional body can play various roles in this regard. In particular, it holds a key position in identifying common implementation issues experienced by the jurisdictions in the region during the adoption process; and, if necessary, communicating with the IASB or IFRS Interpretations Committee to seek solutions.

Since its inception in 2009, the AOSSG has continued to endeavor to promote consistent IFRS application within the Asia-Oceania region. Consistent application of IFRS across the region was stipulated in the AOSSG MoU as one of the

AOSSG's four major goals in 2009, and in 2011, the Group issued its Vision Paper to further clarify its goals and provide the detailed plans.

To live up to the goals it set, the AOSSG shares experience and knowledge with member jurisdictions so as to help them overcome the various implementation issues that arise during the IFRS adoption and implementation process, supporting them through a more systematic communication channel.

So far, the AOSSG has mainly focused on supporting those member jurisdictions that face difficulties in adopting IFRS due to a lack of technical expertise and support from the community through the AOSSG's IFRS Centre of Excellence in Developing Countries program (hereafter COEDC). Programs like the COEDC are vital in promoting IFRS in the Asia-Oceania region, and as the COEDC is an important project for the AOSSG now, such programs should continue further into the future.

The most crucial role of the AOSSG in the future will be to identify and resolve common accounting issues in the implementation process of IFRS in the Asia-Oceania region. Particularly, the AOSSG should explore implementation issues and the solutions by conducting joint researches and/or post-implementation reviews among countries in the region. Furthermore, the AOSSG Secretariat's function should be reinforced to facilitate effective and reliable delivery of the issues identified within the region to the IASB and/or the Interpretations Committee. It is worth noting that the issue of consistent application of IFRS is an area of great interest to not only AOSSG member jurisdictions but also international securities regulators. As the IASB chairman Hans Hoogervorst emphasised, it is important to systematically monitor consistent application of IFRS in cooperation with the securities regulators at a regional level. ■

If you tell the truth, you don't have to remember anything. - Mark Twain

The Role of Accounting in Powering Economic Prosperity in Asia

When a new set of Sustainable Development Goals were released last year, it was encouraging to see stakeholders aligned on addressing systemic and structural roots of global poverty – the need to build effective, accountable, and transparent institutions. As a goal for government leaders of Asian nations to unite behind, the topic was addressed by the Confederation of Asian and Pacific Accountants (CAPA) at the second Financial Reform for Economic Development Forum (FRED II) in Asia, held in Kuala Lumpur, Malaysia, and hosted jointly with the World Bank. Improved public sector reporting equips citizens with more information and paints a clearer picture of a government's ability to meet its obligations. Consequently CAPA, as the organisation representing the interests of the accountancy profession in the region, has taken a pivotal role. Read on...

The World Bank's twin goals are to reduce extreme poverty and to promote shared prosperity and greater equity in the developing world. In order to meaningfully address both poverty reduction and shared prosperity, strong financial management is crucial in paving the way for more accountable and transparent institutions. In addition to this, enhanced public financial management is essential to delivering sustainable and high-quality public services achieving desired outcomes, as well as minimising the incidence of fraud and corruption. Improved public sector reporting equips citizens with more information and paints a clearer picture of a government's ability to meet its obligations. Consequently CAPA, as the organisation representing the interests of the accountancy profession in the region, has taken a pivotal role.

Jackie Poirier and Brian Blood

(The authors are President and Chief Executive of Confederation of Asian and Pacific Accountants respectively. They can be reached at jackie.poirier@ns.sympatico.ca.)

At FRED II, stakeholders came together to share their experiences in public financial management, addressing challenges and exploring opportunities. The Secretary General of Treasury of the Malaysian Ministry of Finance opened proceedings. Representatives from the organisers and sponsors then joined with representatives from a diverse range of other interested parties such as the International

Federation of Accountants (IFAC), supreme audit institutions, the International Monetary Fund, the Asian Development Bank and various government officials to share experiences, build relationships and develop insights on the scalability of reform efforts.

Some of the key insights that contributed to the forum's overall objective included the importance of partnerships and collaboration, political will and commitment from leaders, and talent management to drive future outcomes in the form of strengthened accounting, auditing, financial management and performance measurement practices in the public sector. These were subjects discussed and debated over the course of two days by leaders of the accountancy profession, heads of supreme audit institutions, senior government officials and development partners from more than 30 countries.

CAPA discussed the need for strong public financial management (PFM) and the importance of professional accountancy organisations (PAOs) in engaging with the public sector to bring about change, noting that "good decision-making is founded on good information".

Fayezul Choudhury, Chief Executive Officer of IFAC, explained that the first step of getting the data right is a challenge in itself. Therefore, there is a need to examine current accounting practices and address any flaws through dialogue, which will hopefully result in better accountability and transparency. Importantly, these values should be reflected by every single person in the profession when carrying out their duties, and accountants must realise they have the responsibility for instigating change.

Public-Private Partnerships

An interesting session focused on the topic of public-private partnerships (PPPs). Syed Afsor, CEO of PPP Office of the Prime Minister, Bangladesh, opened the topic by outlining Bangladesh's national PPP program, while driving home the message that partnerships with financial advisors is the key to creating a successful PPP. Using Japan as an example, Eiji Koga from JICA concurred by saying that in order to fill Japan's huge gap in investment in the areas of climate change mitigation and non-energy infrastructure in Japan, collaborations between the private and public sectors are needed to cultivate an enabling environment for PPPs to accelerate national infrastructure development.

Despite the risks associated with PPPs, it was clear at the end of the panel discussion that PPP projects offer a wide range of benefits such as innovation, superior project management and risk alleviation, which can eventually contribute to the greater development of a country. In executing such partnerships however, it was noted that accounting expertise was crucial especially in areas relating to project finance, corporate finance, risk allocation and social economic analysis. The growth of PPPs in Asia is exciting, yet it also begs the question as to whether there are enough accountants with the necessary skills, particularly in the public sector, to ensure such programs are successful.

An interesting takeaway from an Indian case study is their ability to leverage technology to produce better public financial management. India's current e-system serves as a vehicle for greater transparency, more efficient and effective service delivery and reduced revenue leakages through improved tracking and monitoring systems.

Talent Needed

The issue of 'winning the war' for talent, especially specialists, within the public sector workforce is vital in ensuring the success of PFM. This issue was

examined during the launch of CAPA's publication titled 'Attracting and Retaining Finance Personnel in the Public Sector'. The publication discusses human resource challenges faced by the public sector, both generally and for accountants, particularly in developing economies. This includes a generally poor perception of the work environment, a compensation gap, inflexible bureaucratic systems and slow career advancement. The World Bank's Country Director, Pakistan, Illango Patchamuthu, echoed this challenge by calling for partnerships with educational institutions to provide quality training on financial systems and reporting.

According to a UNDP study, however, there are still many reasons individuals would opt for a career in the public sector, citing an attraction to public policymaking, commitment to the public interest and civic duty, and a sense of compassion. For these reasons, creative strategies were recommended to be able to respond to the challenges raised, and CAPA encourages a multidimensional stakeholder engagement initiative involving nine stakeholders, including PAOs, at three different levels. CAPA suggests policy-shapers and influencers, advocates and front line stakeholders all have a role to play, and PAOs, if appropriately resourced, can take a central role.

Managing Resources

In considering the forum's mantra, 'Driving Future Outcomes from Past Experience', experts looked at case studies from countries such as New Zealand, Greece, United Kingdom and India to draw lessons and insights on public financial management systems. As an interesting aside, it was observed that resource-rich countries need to better manage their resources and sovereign wealth funds in order to achieve fiscal stability. It was agreed that good fiscal performance comes hand-in-hand with a coherent PFM system as well as political commitment.

One must also keep in mind that the operational landscapes of countries differ, with cultural, social, and economic factors influencing the way policies are constructed. An interesting takeaway from an Indian case study is their ability to leverage technology to produce better public financial management. India's current e-system serves as a vehicle for greater transparency, more efficient and effective service delivery and reduced revenue leakages through improved tracking and monitoring systems.

The future is uncertain and is being shaped by the boom of the sharing and digital age, influencing government revenue and affecting public debt. Citizens are expecting more from their governments as well, demanding transparency and better decisions regarding expenditure and taxation. The challenges we face are varied, ranging from a lack of political will to a lack of capacity and capability.

Transforming Data into Solutions

Ultimately, the key takeaways from the Forum centred on what good public financial management actually means at the end of the day. More than just robust technical skills, successful public financial management is the ability to transform the data and knowledge gathered into sustainable, real-life solutions that influence the economies in which we live. Real value comes from using the numbers to support policy and decision making. These can be achieved through conducting trend analyses and detecting the cause and effect relationships between data. This is especially important in a time when the environment in which our society operates is constantly changing.

The future is uncertain and is being shaped by the boom of the sharing and digital age, influencing government revenue and affecting public debt. Citizens are expecting more from their governments as well, demanding transparency and better decisions regarding expenditure and taxation. The challenges we face are varied, ranging from a lack of political will to a lack of capacity and capability. The good news–every single person in the industry has the potential to create impactful change through their individual actions.

A copy of CAPA's publication titled 'Attracting and Retaining Finance Personnel in the Public Sector' is available on the CAPA website at: http://www.capa.com.my/article.cfm?id=442

About FRED

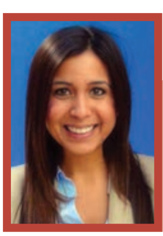
A joint initiative of CAPA and the World Bank, FRED–the Financial Reform for Economic Development in Asia–was established in 2014. FRED I, held in Sri Lanka, explored the role of key participants in the financial reporting supply chain. FRED II, in Kuala Lumpur, focused primarily on the role of the public sector, and the need for stronger public financial management to help the region's nations grow. ■

Be who you are and say what you feel, because those who mind don't matter, and those who matter don't mind. - Bernard M. Baruch

Special Write-Ups

Exploring Artificial Intelligence & the Accountancy Profession: Opportunity, Threat, Both, Neither?

Artificial intelligence (AI)—the capacity of machines or software to create and exhibit intelligence—bring with it both promise and concern. AI tools and applications are being developed to think, feel, and react like living creatures. A survey of recent literature suggests that there is a practical connection emerging between science and finance, more specifically, accountancy. How can accountants navigate their way in this emerging world of still developing, and possibly little-understood, technologies? Read on to know more…



Bhumi Jariwala

(The author is Assistant Editor, IFAC Global Knowledge Gateway. Comments can be sent to eboard@icai.in.)

Artificial Intelligence (AI) could become an invaluable partner in professions that demand considerable training, technical precision, and ethical judgments—including accountancy. According to a reliable report, AI could bring about entirely new classes of products and services, create new markets, and generate large gains for inventors.

Application areas include customer service, research and development, logistics, sales, and marketing. The market for AI-based tools and applications is growing rapidly and, according to a report from the European Commission, the global market for AI is set to grow from €700 million in 2013 to €27 billion by the end of 2015.

As noted by CEO and Chairman, Institute for Global Futures Dr. James Canton, accountants in the near future will likely need to possess a set of aptitudes and skills that could be markedly different from today's professionals. With that in mind, does AI pose a threat to the future of the accountancy profession? Or a promise?

AI: Learning, Evolving, Taking on Increasing Tasks

Accountants' responsibilities often involve following long-established methodologies for information analysis and professional standards for report preparation. Specialised software already automates many accounting, tax, and audit data-gathering and processing tasks and provides the results to professionals who use their professional judgment to review. AI has the potential to completely transform the accountancy profession. According to a report from the Association of Chartered Certified Accountants, over the next two years, automation will alleviate many cumbersome processes, such as bookkeeping and transaction coding, enabling accountants to focus on advisory services and other higher-value work. As a result, the future will offer smart applications that drive value for accountants and their clients. *The Economist* also recently indicated that there is a 94% likelihood that AI will lead to job losses in the accountancy profession over the next two decades.

Artificial Governance?

In the near future, intelligent machines may not only monitor compliance with regulations and organisational policies but could also evaluate employee performance or even control hiring and firing. One common perception is that AI may cause an invasion of privacy by monitoring human behaviour and managing information about our lives. According to *The Economist*, "machine learning" is a way of programming computers to understand things by producing for themselves the rules their programmers cannot specify. If machines someday assume a greater role in assessing situations on its own, where do we strike a balance between the gray area of human empathy and the black and white, yes or no, lines computers would draw?

Machines as Fiduciaries?

Some professionals, both financial and legal, bear considerable fiduciary responsibilities. We trust them to make sound decisions but as they are not only professional but also human, misinterpretations and biases can occur. Could AI someday evolve to be more effective fiduciaries than their breathing counterparts? Would they be less prone to undue influences or poor decision making? In the case of public trust funds (e.g., for parks, educational institutions, and medical research), it is conceivable that AI could provide continuity over decades or even centuries to adhere to the original mandate.

Robotised Management

There is a common assumption that AI could result in greater productivity and the optimal management of resources. Already, accountants rely on different types of software, such as for customer relationship management and business process management

Accountants' responsibilities often involve following long-established methodologies for information analysis and professional standards for report preparation. Specialised software already automates many accounting, tax, and audit data-gathering and processing tasks and provides the results to professionals who use their professional judgment to review. AI has the potential to completely transform the accountancy profession.

systems, to inform their decision making and planning, and more is possible. A leading consulting firm recently shared best practices on how to evaluate what artificial intelligence can do for your business, including how cognitive technologies can help generate insights that can reduce costs.

Super-intelligent Investors

According to *The Economist*, "automated wealth managers" can offer sound financial advice for a small fraction of the price of a real-life advisers. AI is also on the radar of the global investment community. According to Bloomberg, Bridgewater Associates, one of the world's largest hedge fund managers, has started a new artificial-intelligence system. The system will reportedly create trading algorithms that make predictions based on historical data and statistical probabilities. While Bridgewater's AI system sounds like a promising competitive advantage for individual investors, it could present a detriment to markets in general. If all investors eventually have powerful AI systems, how will this impact capital flows and other macroeconomic realities? Decisions made quickly could ultimately offset entire markets.

Beware the "Runaway Effect"

As AI systems evolve, it is conceivable that—at some point—they could provide autonomous knowledge. However, algorithms designed to achieve optimal efficiencies could inadvertently result in negative or unforeseen consequences. This "runaway effect," which occurs when the very things we seek to fix or solve cause greater harm than good, is a hazard that should be considered. If we design systems to maximise productivity, we should be aware that negative side effects can arise in their wake. We may never reach a point of AI sophistication when it can be relied upon to mitigate all possible negative outcomes.

Algorithms designed to achieve optimal efficiencies could inadvertently result in negative or unforeseen consequences. This "runaway effect," which occurs when the very things we seek to fix or solve cause greater harm than good, is a hazard that should be considered. If we design systems to maximise productivity, we should be aware that negative side effects can arise in their wake. We may never reach a point of AI sophistication when it can be relied upon to mitigate all possible negative outcomes.

Alan Turing, one of the fathers of modern computing and subject of the recent movie The Imitation Game, concluded in his landmark paper, *Computing Machinery and Intelligence*, "we may hope that machines will eventually compete with men in all purely intellectual fields." To date, we have already seen impressive progress of AI in many fields and directions and it would be wise for accountants to actively embrace its potential, rather than shy away from the uncertainties.

From Threat to Opportunity

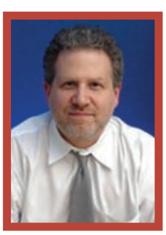
Alan Turing, one of the fathers of modern computing and subject of the recent movie The Imitation Game, concluded in his landmark paper, *Computing Machinery and Intelligence*, "we may hope that machines will eventually compete with men in all purely intellectual fields." To date, we have already seen impressive progress of AI in many fields and directions and it would be wise for accountants to actively embrace its potential, rather than shy away from the uncertainties. ■

(This article originally appeared on the IFAC Global Knowledge Gateway: www.ifac.org/Gateway. Visit the Gateway to find additional content on a variety of topics related to the accountancy profession.)

Choose a job you love, and you will never have to work a day in your life. - Anonymous

Of Scenarios and Accountants: The Importance of Scenario Analysis for Organisations

Scenario analysis has an important role to play in risk management. Organisations engage in scenario analysis or use methods or techniques to identify and assess risk to achieve its objectives. This article provides an insight into the significant contributions professional accountants may make towards improving the efficient management of resources, corporate governance, and the facilitation of information, by engaging in scenario analysis exercises. Read on to know more…



Eli R. Khazzam* and Vincent Tophoff**

(*The author is the Editor-in-Chief, Global Knowledge Gateway, IFAC. **The author is Senior Technical Manager, IFAC. Comments can be sent to eboard@icai.in.)

If I tell you it is going to rain tomorrow and you have outdoor plans, I have given you useful information. But I have not yet solved all of your problems: maybe you will only need to pack an umbrella or maybe you need to cancel your plans or move it indoors. In other words, even if you knew a risk event, the possible consequences and their likelihoods in advance, you still need to determine how best to respond. This is where scenario analysis comes into play and can help.

Scenario analysis in brief

The International Organisation for Standardisation (ISO)'s 31010: Risk Assessment Techniques standard describes scenario analysis as, *"the development of descriptive models of how the future might turn out." ISO goes on to say, scenario analysis "can be used to identify risks by considering possible future developments and exploring their implications. Sets of scenarios reflecting (for example) 'best case', 'worst case', and 'expected case' may be used to analyse potential consequences and their probabilities for each scenario as a form of sensitivity analysis when analysing risk."*

The objectives of scenario analysis vary, but the process is generally:

- Setting an intended *objective* and determining the context (internal and external environment) in which that objective needs to be achieved;
- Determining a limited series of *possible outcomes* and the assumptions underlying the achievement of those outcomes;
- Identifying, analysing, and evaluating *events*—positive (opportunities) or negative (threats)—that may or may not occur, which range from the probable to the highly improbable and might enable or thwart achievement of those outcomes;
- Considering existing *strengths and weaknesses* in an organisation's staff, procedures, and resources to deal with an event or its possible consequences; and
- Determining a series of *supplementary actions* needed to appropriately address the remaining and unwanted risk.

While going through the cause-and-effect sequence of creating a story, our imaginations may identify other variables. When groups of individuals engage in this exercise together, the number of newly detected variables increases. As a simple example, a group of business executives, each representing specific functions within an organisation (e.g., sales, marketing, product development, accounting, and human resources), are challenged to imagine the effect of different types of disaster scenarios on their business—a significant hurricane, a terrorist attack, an earthquake, and an health epidemic. Although the parameters of the exercise are the same for everyone, each participant applies his or her imagination as to how these developments could play out.

Risk Assessment Techniques standard describes scenario analysis as, *"the development of descriptive models of how the future might turn out."*

One participant may note that the primary threat from a hurricane is about flood damage to regional infrastructure, which interrupts the transportation of goods—they may not even consider flood damage for business facilities. Another participant could note that a terrorist attack may not come in the form of bloodshed and physical destruction but instead as cyber-attacks on security and consumer data. Someone who has experience in an area prone to earthquakes may bring to everyone's attention that if the business is not located in an earthquake zone where preparedness is commonplace, the implications could be even more chaotic and long term. Another participant could call attention to the possibility that a health epidemic may not be a gruesome plague like in a movie but, rather, a really bad strain of flu that strikes a high percentage the population. For each participant in such an exercise, there are at least as many nuanced perspectives on what could happen, resulting in more descriptive scenarios to consider.

Participants are also likely to assess the impact of these types of events in respect to their own objectives for the company. An individual from the accounting department will most likely be focused on managing financial risks while an individual from human resources will likely be focused on contingency plans for staff. Collectively, the views of participants contribute to developing a more inclusive set of scenarios, and create better plans to prevent events from happening and deal with consequences.

Scenario analysis and professional accountants

What ways can professional accountants provide unique contributions to scenario analysis exercises? As we are typically involved in the information provision processes of organisations, we can facilitate effective scenario analysis by providing participants with high-quality information, including explicit understanding of related risks and their potential consequences. Accountants can use scenario analysis to improve the efficient management of resources, corporate governance, and the facilitation of information.

To help facilitate efficient management of resources, accountants can provide cost/benefit analysis to assess potential impacts of scenarios. We can also plan for the movement or re-allocation of capital and other resources necessary to implement the measures deemed necessary based on the outcomes of the scenario analysis exercises. We are also able to plan for capital and other reserves to create sufficient resilience for dealing with certain events.

On the risk and governance front, we can advise on the possible responses that leave organisations vulnerable and recommend establishing internal controls, and the most appropriate internal controls for the organisation. We can also suggest improvements for corporate governance arrangements to change behavior and organisational procedures.

To help facilitate efficient management of resources, accountants can provide cost/benefit analysis to assess potential impacts of scenarios. We can also plan for the movement or re-allocation of capital and other resources necessary to implement the measures deemed necessary based on the outcomes of the scenario analysis exercises.

What is your experience with scenario planning?

Scenario analysis has an important role to play in risk management. Has your organisation engaged in some form of scenario analysis or does it use other methods or techniques to identify and assess risk to achieving your organisation's objectives? ■

(This article originally appeared on the IFAC Global Knowledge Gateway: www.ifac.org/Gateway. Visit the Gateway to find additional content on a variety of topics related to the accountancy profession.)

I have never met a man so ignorant that I couldn't learn something from him. - Galileo Galilei

Should Professional Accountants Care about Culture? Yes!

Extensive rules and procedures alone are not enough to ensure appropriate conduct in the work place—the financial crisis of 2008 illustrated this. At the Association of Chartered Certified Accountants (ACCA), we believe that a healthy culture is a prerequisite for corporate governance and risk management to be truly effective. Without it, the effectiveness of regulations and codes will always suffer. But what exactly is "culture"? Read on to know more…

Culture shows in the way things get done, how a company manages its operations and staff. It is about what is seen as important and appropriate. Culture is about how people behave when no one is looking.

Pauline Schu

(The author is a Policy and Research Officer, Association of Chartered Certified Accountants. Comments can be sent at eboard@icai.in.)

Appropriate conduct is about the behaviors that support an organisation's objectives over the long-term, as opposed to those that go against what the organisation is seeking to accomplish, those that lead to accidents, destroy value, and end up in financial and reputational loss. Examples in the UK that come to mind include the misselling of a wide range of financial products to businesses and individuals or instances of market manipulations but there are similar examples elsewhere in the world. These are dysfunctional corporate behaviors.

Academics have long argued that when a culture is strong and widely shared, it becomes a determining driver of behavior and a durable enabler of internal control. How culture directly influences behavior is not, however, fully understood. To contribute to the debate, ACCA has conducted an international study based on qualitative and quantitative research—*Culture and Channelling Corporate Behavior*.

The Influence of Leaders

When we asked our global membership about their views on the drivers of corporate behavior, more than 60% of those who responded thought that tone at the top was the most influential. By contrast, 20% said financial and non-financial incentives were most influential and only 10% thought rules and procedures had most influence.

These responses indicate that corporate leadership plays a significant role in driving staff behavior, and it does so by embedding and promoting organisational values. In other words by "walking the talk" and being accountable for their own actions.

The Role of Performance Management

The findings from our survey also highlighted how performance management considerably impacts behavior.

Although half of the respondents agreed or strongly agreed that performance-related pay schemes help foster the best possible performance, nearly two-thirds (65%) also suggested that such schemes may lead people to exaggerate or otherwise falsify their performance measures.

Over the past 30 years, target-based performance management has become standard practice in many organisations. Corporate leadership should, however, be aware, of unintended problems arising

Culture shows in the way things get done, how a company manages its operations and staff. It is about what is seen as important and appropriate. Culture is about how people behave when no one is looking.

It may be that we are overestimating the actual impact of financial incentives. For more than half of our survey respondents (all ages, industries, and locations considered), recognition was highly motivational while earning more money was as motivational for just about a third of them.

when pay is closely linked to performance targets. Our previous research highlighted examples of cases where staff would either come up with measures they can easily achieve, or they would fabricate their results in order to reach their targets but at the expense of quality.

Motivation and Incentives

It may be that we are overestimating the actual impact of financial incentives. For more than half of our survey respondents (all ages, industries, and locations considered), recognition was highly motivational while earning more money was as motivational for just about a third of them.

Our findings suggest that simple monetary reward is not necessarily the strongest motivator; receiving better recognition or more challenging work were cited ahead.

What's in it for Accountants?

While much work is still required to directly link culture to corporate behavior and more evidence is needed to understand how this influences performance, we think that it is important for professional accountants to address and adapt to these issues and ideas.

In our last edition of *Accountants in Business*, ACCA president Alexandra Chin dedicated her monthly column to the topic. She says that finance professionals have a "vital part to play" because of their "almost unique, overarching view of the organisations for which they work". She believes that "the information and insights, along with the ability to report them effectively and have an impact on performance management" allow finance professionals to help organisations engage in considerations and changes to promote functional behaviors and healthier cultures.

Our research findings provide ideas to start such dialogue at both the board and management level. ■

(This article originally appeared on the IFAC Global Knowledge Gateway: www.ifac.org/Gateway. Visit the Gateway to find additional content on a variety of topics related to the accountancy profession.)

Is Your Accounting Firm Future Ready?

Many of us, perhaps baby boomers and Gen X types especially, harbor general concerns or anxieties about change. And, more recently, these concerns have extended to the pace of that change. Yet evidence suggests that change is the new normal, and that the pace of change will keep getting faster. We are on a treadmill, and someone keeps turning up the tempo. In short, change and disruption are the new normal. In the business world, three megatrends—technology, demographics, and globalisation—are causing seismic shifts in the global landscape. Is your accounting firm ready for these shifts? Read on to know more….


Mats Olsson* and Paul Thompson**

(*The author is a member of IFAC SMP Committee. **The author is the IFAC director, Global Accountancy Profession Support. Comments can be sent at eboard@icai.in.)

Accountants Gazing into the Crystal Ball

Now there is groundbreaking new research from Dr. James Canton, CEO and Chairman, Institute for Global Futures, released at the Digital CPA Conference in December 2014, that highlights the relentless pace of change and disruption in business and accounting. This change and disruption will likely transform how we sell, market, communicate, collaborate, innovate, train, and educate.

According to Dr. Canton the business world now plays by a different set of rules. New business models, globalised markets, new asset classes, and new risk factors make this a "fast future" of great challenge, but even greater opportunity. And we must not lose sight of that last word. While change—even the mere thought of it—can make us feel anxious and exhausted, it presents great opportunity for the profession, accounting firms, and professional accountants. But we all need to get ready for a future where innovation and disruption from every aspect of society will affect our profession.

Dr. Canton's "fast future" is characterised by speed, complexity, risk, change, and surprise. The rate of change will be furious and impact every aspect of our lives. There will be quantum leaps in seemingly unrelated forces converging on everything. There will be new risks, higher risks, and more risks. There will be dramatic adjustments in our work, community, and relationships, forcing us to adapt quickly to radical changes. And sometimes good, sometimes difficult to imagine, surprises will become an everyday aspect of life.

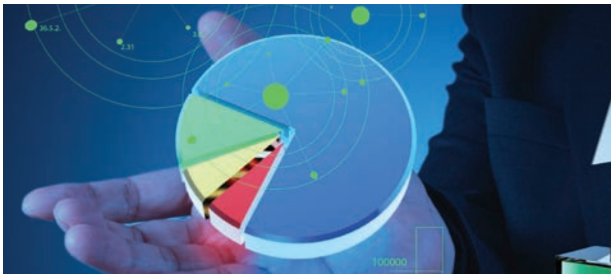
Findings from Futurist's Research

The research, sponsored by CPA.com—a subsidiary of the American Institute of CPAs (AICPA), was released in a whitepaper titled "The CPA of the Future." The research posed some searching questions of accountants working in practice. How ready for the future are we as a profession? How ready are we to understand, guide, and prepare our clients for the fast future that is emerging? What makes up the future readiness that could make a difference? What factors do we need to develop to increase future readiness?

The paper outlines a number of fascinating, sometimes surprising, findings. First is that the

While change—even the mere thought of it—can make us feel anxious and exhausted, it presents great opportunity for the profession, accounting firms, and professional accountants. But we all need to get ready for a future where innovation and disruption from every aspect of society will affect our profession.

IFAC is committed to doing what it can to help its member organisations support their members and their members' clients to get future ready. Let's make sure the profession is future ready for the fast future and capitalise on the enormous opportunities the future holds.



business environment for CPAs and their clients will be characterised by "unprecedented, massive, and highly accelerated change" through 2025. Other more specific findings from the survey of accounting firms include the following:

- 82 percent need to better understand innovation;
- 80 percent have concerns about recruitment to meet future needs;
- 90 percent believe the digital future is rapidly approaching; and
- 8 percent believe the CPA profession is future ready today.

How Can We Make Ourselves and Our Firms Future Ready?

Dr. Canton offered these words of advice during his closing keynote speech at the Digital CPA Conference:

- Get in synch with marketplace trends that will shape future markets;
- Understand emerging innovation faster;
- Create a competitive talent strategy; and
- Embrace globalisation opportunities.

Being Future Ready

IFAC is committed to doing what it can to help its member organisations support their members and their members' clients to get future ready. Let's make sure the profession is future ready for the fast future and capitalise on the enormous opportunities the future holds. ■

(This article originally appeared on the IFAC Global Knowledge Gateway: www.ifac.org/Gateway. Visit the Gateway to find additional content on a variety of topics related to the accountancy profession.)

A false friend and a shadow attend only while the sun shines. - Benjamin Franklin

An Insight on How Yoga, Spirituality and Meditation Can Help in Learning

Numerous studies at many, many prestigious Universities all over the world have repeatedly shown the immense benefits of yoga and meditation. Some have shown that the brain actually changes it's physical shape when one meditates over a prolonged period of time. This new shape makes it especially suited to learning new things. It sharpens the intellect and greatly boosts the power of the memory. In this article, the author explains as to how the ancient techniques of Yoga, Spirituality and meditation help a contemporary person struggling with their studies. Read on to know more...

Ancient India has been the source of innumerable, almost magical for that time in history scientific advances. We knew how to make rust proof iron. We could peer into the vastness of space and make out that a faint blur was actually a twin star system. We performed plastic surgery. We gave the world zero. We calculated the value of Pi to 21 decimal places. The Ayurvedic system of medicine is still widely and effectively used. The knowledge of science and arts was surprisingly deep.

Throughout history, India has perhaps been the only country and civilisation where science and religion were never at loggerheads with each other. In fact, all our scientists were saints!

Through spiritual practices of pranayama, yoga and meditation, these great seers managed to look into the furthest reaches of space and probe into the microscopic world of atoms as well. Sage Vasishtha in the Yoga Vasishtha, tells the young Prince Rama very matter of factly that the world appearance is an illusion, just like the blueness of the sky! The general population knew that the blueness of the sky was an illusion- 10,000 years ago.

Fortunately a lot of the yogic practices and related knowledge were passed on through the generations more or less intact. They survived the Islamic invasions as well as the onslaught of the British. This precious Knowledge is now easily available to anyone who will care to learn, practice and apply these principles in their lives.

How would these ancient techniques of Yoga, Spirituality and meditation help a contemporary person struggling with their studies?

Recently, Prime Minister Narendra Modi mentioned in his address to the US Congress that there are more Americans who bend their bodies to do Yoga than play with a curved ball!! Yoga, meditation, pranayama and Indian Spirituality have become truly global. An intelligent student will

Sri Sri Ravishankar

(The author is spiritual leader and founder of Art of Living. Comments can be sent to eboard@icai.in.)

grab the opportunity to learn and practice these techniques to perform better than he could imagine in his studies.

A huge component of being able to study effectively is the ability to keep the mind focused for long periods of time on the task at hand. Regular practice of meditation grants you this ability.

Numerous studies at many, many prestigious Universities all over the world have repeatedly shown the immense benefits of yoga and meditation. Some have shown that the brain actually changes it's physical shape when one meditates over a prolonged period of time. This new shape makes it especially suited to learning new things. It sharpens the intellect and greatly boosts the power of the memory.

Learning happens through the neurons in our brains. We have 100 billion neurons in our brains. Each neuron can grow up to 10,000 very thin filaments that are called dendrites. These dendrites can interact with the each other in billions and billions of permutations and combinations through a process called synapses. So many, that they are more than the number of elementary particles in the universe.

As we read, there are electrical impulses that travel along our dendrites and make connections. When we write, re read or practice what we have learned, these connections become stronger. If we discuss or teach this material to others, then the connections acquire a sheath of a substance called myelin, which makes the connection super strong and effectively makes it a long term memory.

The catch here is that the neurons in the brain work best in a stress free environment.

When you are not feeling threatened and are feeling safe, the body is suffused with serotonin among other "good" hormones. The neurons in the brain love this environment and can function at peak efficiency.

On the other hand stress, both external and internal, causes the secretion of cortisol and other "danger" hormones - the ones that trigger the fight or flight systems of the body. When the body is on high alert like this, it becomes almost impossible to study anything new and the chances of forgetting material you have already covered becomes greatly increased. These danger hormones can destroy the delicate connections of the dendrites that you may have carefully cultivated.

A huge component of being able to study effectively is the ability to keep the mind focused for long periods of time on the task at hand. Regular practice of meditation grants you this ability.

Meditation is known to cause the release of serotonin and stop the release of cortisol. This creates an environment in the body and the brain that is super conducive to learning and remembering.

Meditation is known to cause the release of serotonin and stop the release of cortisol. This creates an environment in the body and the brain that is super conducive to learning and remembering.

Yoga is a form of relaxed exercising. Dopamine is the hormone released by exercising and this prevents anxiety and depression from setting into the system. A bit of time spent doing Yoga everyday will shield you from mental fatigue and grant you immense stamina and flexibility in your body.

Pranayama and meditation will make you mentally alert and grant you the ability to remain focused until your work gets done.

Quite a few times while studying, you have to assimilate all the things you have learned and manage to come up with something new. Throughout history, the greatest of discoveries and inventions have been "accidents". They have happened when the person after wrestling with a problem for a long time, decided to relax. Then some event happened which triggered a powerful insight. Newton and Gravity, Kekule and the Benzene Ring structure, Archimedes and his Law of displacement come to mind.

After a gruelling session of mental activity, the brain needs to wind down. The mind needs to relax. Meditation does exactly this. After a lot of taxing work, in deeper states of relaxation, fortuitous connections among the dendrites may happen and valuable insights could be gained.

There are many who know their subjects, but simply don't know how to communicate effectively. The combined package of yoga, meditation, knowledge and spirituality will greatly enhance your ability to express yourself and become a team player.

Learn and practice yoga and meditation for achieving an unbeatable edge over others.

All the very Best! ■

All that we are is the result of what we have thought. The mind is everything. What we think we become. - Gauthama Buddha

History of the Designation Chartered Accountant— A Story of Struggle for Professional Equality and Dignity

Many of you may not be aware that there is a long history of Indian accountants struggle and determined thought process of many of the then leading lights of Indian polity behind the adoption of the designation 'Chartered Accountant' in Indian rule books. The struggle reached its climax in the debate over the designation 'Chartered Accountant' in the Legislative Assembly in 1936 and in resultant developments in later years. There was a tussle of thought process between accounting professionals who were trained and educated in India (enlisted in Register of Accountants of Government of India) and their contemporary Chartered Accountants, who got their formal education from one of the British chartered societies (under Royal Charter), who were, out of general perception, seen as having better brand value. In the Legislative Assembly, it all started with an honest demand for a common status for all accountants of India. Veterans like Shri Govind Ballabh Pant, Shri Mohammad Ali Jinnah, Shri Krishna Kant Malaviya, etc., came out strongly in favour of the Indian accountants in the Legislative Assembly. Many felt in those days that the designation 'Chartered Accountant' has a colonial baggage in it because Charter referred to royal charter in many countries. But the debate in the Legislative Assembly in 1936 discounted all such notions and apprehensions. This articles touches upon the history of Indian accounting profession in brief and revisits the debate over the designation 'Çhartered Accountant' in Legislative Assembly in 1936. Read on…

Development of Indian Accountancy Profession: History

In pre-independent India, **the Companies Act, 1913** prescribed various books which had to be maintained by a Company registered under that Act. It also required the appointment of a formal Auditor with prescribed qualifications to audit such records. In order to act as an auditor a person had to acquire a restricted certificate from the local government upon such conditions as may be prescribed. The holder of a restricted certificate was allowed to practice only within the province of issue and in the language specified in the restricted certificate. **In 1918** a course called **Government Diploma in Accountancy** (GDA) was launched in Bombay (Mumbai). On passing this diploma and completion

(Contributed by Editorial Board Secretariat of the ICAI. Comments can be sent at eboard@icai.in)

of three years of articled training under an approved accountant, a person was held eligible for grant of an unrestricted certificate. This certificate entitled the holder to practice as an auditor throughout India. Later on the issue of restricted certificates was discontinued in the year **1920**.

In the year **1930** it was decided that the Government of India should maintain a register called the Register of Accountants. Any person whose name was entered in such register was called a Registered Accountant. Later, in the year **1932**, a Board called the **Indian Accountancy Board** was established to advise the Governor General of India on accountancy and the qualifications for auditors. The Indian Accountancy Board held its first examination in the year 1933 and GDAs had been exempted from taking the test in the same year. The GDA was completely abolished in 1943.

However, it was felt that the accountancy profession was largely unregulated, and this caused lots of confusion as regards the qualifications of auditors. Hence in the year 1948, just after independence in **1947**, an **Expert Committee** was formed to look into the matter. This Expert Committee recommended that a separate autonomous association of accountants should be formed to regulate the profession. The Government of India accepted the report of the Committee and passed the Chartered Accountants Act in 1949 even before India became a republic. Under section 3 of the said Act, ICAI is established as a body corporate with perpetual succession and a Common Seal.

Struggle for the Designation Chartered Accountant

If we go down the memory lane of world accounting history, we come to know that Chartered accountants were the first accountants to form a professional accounting body, initially established in Scotland in 1854. The Edinburgh Society of Accountants (formed 1854), the Glasgow Institute of Accountants and Actuaries (1854) and the Aberdeen Society of Accountants (1867) were each granted a royal charter almost from their inception. In India, the accounting professionals accession to the designation 'chartered accountant' turned into reality after a prolonged struggle of our accountants, who were trained and educated in India, and were socially and professionally perceived different despite an equality in their abilities and rightfulness to audit accounts of companies in India, with their contemporary Chartered Accountants, who got their formal education from one of the British chartered societies. In those days, many accountants had registered themselves as a member of the Institute of Chartered Accountants in England & Wales and other British societies of Chartered Accountants and continued to practicing as Chartered Accountants. They were somehow perceived to command better brand value and of higher professional order than others including the members of the Society of Auditors founded in Madras in 1930 or those who later came to be known as 'Registered Accountants.' After the formation of the Society of Auditors in Madras in 1930, the Government of India decided to keep records of members practicing as an auditor in a register called Register of Accountants and the person whose name was enlisted in the register were called a Registered Accountant.

In those days, many accountants had registered themselves as a member of the Institute of Chartered Accountants in England & Wales and other British societies of Chartered Accountants and continued to practicing as Chartered Accountants. They were somehow perceived to command better brand value and of higher professional order than others including the members of the Society of Auditors founded in Madras in 1930 or those who later came to be known as 'Registered Accountants.'

This negative distinction and inferior treatment spurred the Registered Accountants for a struggle for professional equality and dignity. Through their constitution of *Indian Society of Accountants and Auditors* in Bombay, Registered accountants systematically attempted to secure the appellation, *Chartered Accountant*, for themselves through a memorandum. This memorandum was discussed during the discussions on the sub-Clause (b) of the Clause 75 of the Companies (Amendment) Bill in the Legislative Assembly on March 23, 1936, which purported to amend the Section 144 of the Bill by adding to its sub-Section (2B): *and when so acting to append to his signature the style 'Chartered Accountant (India)'*. As a result, the Legislative Assembly witnessed an organised effort for securing the desired designation of *'chartered'* with an almost agreement among the members of the Assembly. The memorandum read (on page 6):

> *'We should be allowed to carry on as accountants in our own motherland with a decent and self-respecting status, without any artificial device being imposed on us which would brand us, and, therefore, the whole nation, with an inferiority complex.'*

Down Memory Lane

Mohan Lal Saxena (Lucknow Division) and Pt. Krishna Dutt Paliwal were among the firsts to rise to the defence of the Registered accountants' case. They were then amply supported by Mr. N. M. Joshi (nominated non-official), Pt. Govind Ballabh Pant (Rohilkund and Kumaon Division), Pt. Krishna Kant Malaviya (Benaras and Gorakhpur Division), Pt. Lakshmi Kanta Maitra (Presidency Division), Sir H. P. Mody (Bombay Millowners' Association), Mr. M. S. Aney (Berar Representative), Sir Cowasji Jehangir (Bombay City), Mr. M. A. Jinnah (Bombay Division) and Mr. Bhulabhai Desai (Bombay Northern Division).

It all started with an honest demand for a common status for all accountants of India. Veterans like Shri Govind Ballabh Pant, Shri Mohammad Ali Jinnah, Shri Krishna Kant Malaviya, etc., came out strongly in favour of the Indian accountants in the Legislative Assembly in 1936. Shri Jinnah argued: *...I stand for Indian talent, I want complete privileges and same rights as those given to anybody else in India.* In fact, this demand reminded of a 1925 recommendation of the Indian External Capital Committee that included the educationist Shri Madan Mohan Malviya and the celebrated legislator Shri Vithalbhai Patel, to establish the order of chartered accountants in this country through the formation of an all-India Institute.

Many felt in those days that the designation 'Chartered Accountant' has a colonial baggage in it because Charter referred to royal charter in many countries. But the debate in the Legislative Assembly in 1936 discounted all such notions and apprehensions. In this regard, we may recall the words of Shri Govind Ballabh Pant: *"...we have M.A.'s and LL.B.'s as in Cambridge...There are mechanical engineers again qualified in England as in India. Are not their titles common?...I do not mind suffering from an inferiority complex if it goads us on to a superior status, but I do not want superior arrogance if it tends to perpetuate an inferior status.*

Debate in Legislative Assembly in 1936

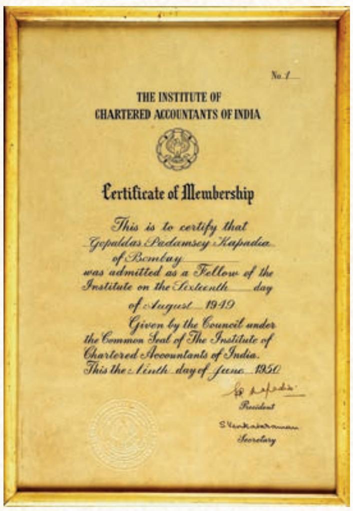
Sir Abdur Rahim was the President of the Legislative Assembly in 1936. The discussions in the assembly, however, started with discouraging argumentations from Mr. Sushil Chandra Sen (a nominated official of the Government of India) and Sir Nripendranath Sircar (a Law Member of the Viceroy's Executive Council). Mr. K. Ahmad (from Rajshahi Division) helped them further. Mr. Sen considered the memorandum an effort of usurping the superior designation without holding any merit: *there was 'neither any logic nor any justification for bestowing a designation.'* Sir Sircar was quite popular among the English for attacking the Indians being an Indian. In this case too, he warned: *'any efforts on the part of the Government of India to take up this matter will be a cause of retardation and not progress, so far as the Indian accountants are concerned.'* He pointed out that this designation will *'enable them to commit a fraud, on at least a part of the public by posing as Chartered Accountants'* and tried to ridicule the members-in-support in lowly language. He also informed the Assembly to have received many letters of protest and resolutions from Indians at Calcutta objecting to the provision made by the Select Committee (*that it was mandatory for the auditor to get a certificate from the Governor General in Council to act as an auditor and that the Government might make rules for grant, renewal, or, cancellation of such certificatesand can provide for the maintenance of a register of accountants, can prescribe qualifications and emoluments on the register, and, so on*).

Mohan Lal Saxena (Lucknow Division) and Pt. Krishna Dutt Paliwal were among the firsts to rise to the defence of the Registered accountants' case. They were then amply supported by Mr. N. M. Joshi (nominated non-official), Pt. Govind Ballabh Pant (Rohilkund and Kumaon Division), Pt. Krishna Kant Malaviya (Benaras and Gorakhpur Division), Pt. Lakshmi Kanta Maitra (Presidency Division), Sir H. P. Mody (Bombay Millowners' Association), Mr. M. S. Aney (Berar Representative), Sir Cowasji Jehangir (Bombay City), Mr. M. A. Jinnah (Bombay Division) and Mr. Bhulabhai Desai (Bombay Northern Division). Mr. Jinnah came out slowly but strongly to the extent: *'Mind you, I stand for Indian talent, I want complete privileges and same rights as those given to anybody else in my country.'* Pt. Malviya, Pt. Pant, Sir Jehangir and Mr. Desai argued thoroughly for the cause of the Registered accountants. In fact, it was Mr. Bhulabhai Desai who first mentioned the need 'to create by means of a statute an autonomous body of accountants in India' so that the body would have a constitution of its own and a power to grant the required designation. Finally the Deputy Speaker Shri Akhil Chandra Datta pronounced the motion adopted.

Such a promise from the Government was fulfilled only after the appointment of the Accountancy Expert Committee in 1948 that

Down Memory Lane

decided to call all practicing Registered Accountants by the name Chartered Accountants. After this, the dealing Ministry (of Commerce) sought the opinion of the Ministry of Law, which noted: *'...a Charter can only be granted by the Crown...'* In the second and final meeting of the Committee in June 1948, the Chairman Mr. C. C. Desai discussed the draft Bill and the legal difficulty in adopting the recommended designation. It was also discussed that Indian accountants must be called *chartered accountants* only, as this designation inherited a public impression that chartered accountants had better qualification. Mr. G. P. Kapadia, a member of the Board then, supported and shared the same concern. It was then decided to call the Act as The Chartered Accountants Act. Then the Ministry of Commerce referred its recommendations on the adoption of the name to the Ministry of Law, while noting the positive advantages against this adoption. The Ministry of Law noted that the Dominion Parliament is not incompetent to make a law to that effect and expressed its view that the Act should not be called Chartered, as charter meant royal charter by British usage. The Ministry of Commerce noted the viewpoint of the Ministry of Law and by referring to the speeches made by Pt. Paliwal, Pt. Pant and Mr. B. Desai, concluded that there was *'no insuperable legal objection in using the designation 'Chartered Accountants' that precedents exist in other parts of' the British Dominions. It further agreed that the same might be adopted 'for designating the members of the profession in this country.'*


No. 1

THE INSTITUTE OF
CHARTERED ACCOUNTANTS OF INDIA

Certificate of Membership

This is to certify that
Gopaldas Padamsey Kapadia
of Bombay
was admitted as a Fellow of the
Institute on the Sixteenth day
of August 1949
Given by the Council under
the Common Seal of The Institute of
Chartered Accountants of India.
This the Ninth day of June 1950

President

Secretary

Mr. S. B. Billimoria, a member of the Indian Accountancy Board, submitted to the Accountancy Expert Committee in June 1948 that it would not be legally correct to use 'chartered accountants'. He cited the example of the American accountants and their Institute and said that their standing was not any less in comparison to the chartered accountants and institutes for the same. However, the Committee, after careful consideration, decided that *'the members of the profession in this country should be designated as Chartered Accountants.'* A little later in July 1948, a member of the Committee, Mr. N. R. Mody, voiced his concerns over the designation accepted and suggested alternatives to the Committee. However, the Committee went ahead with its decision. During the 18th meeting of the Indian Accountancy Board, Mr. Kapadia informed that the Charter of the English Institute was being amended and that an application regarding the abolishment of the prohibition of the use of the designation 'Chartered Accountants' was in process. Mr. S. Ranganathan, the Chairman of the Board, suggested that the Board did not recommend the practice of using '(India)' as part of the designation and everybody agreed.

The Government drew attention of the Cabinet to the recommendations of the Expert Committee that the Registered Accountants should be called Chartered Accountants in future and an institute of Chartered Accountants should be incorporated by a special Act of the Legislature, despite an objection raised by the Ministry of Finance over the designation, which was duly responded by the Ministry of Commerce. The Chartered Accountants Bill as vetted by the Ministry of Law was introduced in the Constituent Assembly of India and was consequently referred to the Select Committee that submitted its supportive report along with the redrafted Bill on March 1, 1949, despite a dissent from its member Mr. H. P. Mody who opposed the adoption. The Committee redrafted especially Clause 7 of the Bill by inserting its comments on the name of the firm of chartered accountants. There were no further obstacles and the Bill retaining the Select Committee's corrections was eventually passed by the Legislature and assented to by the Governor General.

Participating in the Legislative Assembly debate in 1936, Pandit Krishna Dutt Paliwal said: "...Why should they (Indian accountants) be prevented from designating themselves as "Chartered Accountants" simply for the advantage of those who have wasted the hard-earned money of Indian in other countries?... I have seen the syllabuses which are prescribed for the Accountancy examinations in different parts of the British Empire, and I am satisfied that the Indian examination is as stiff, I may even say, it is superior in certain respects to the examination which the accountants in other countries

Down Memory Lane

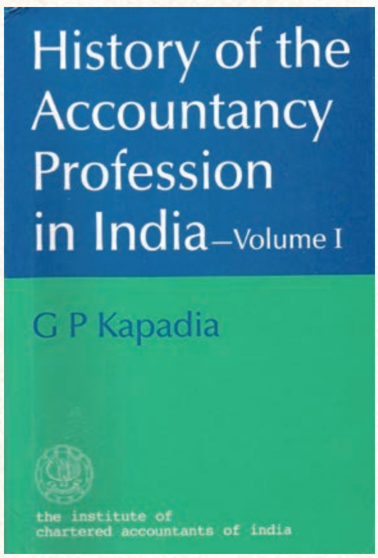
Excerpts from the Debate

The discussions held in the Legislative Assembly and their patriotic undercurrent, even today, retain the power to affect and impress all about the glorious caretakers and their passion for the accountancy profession in their times. Readers will sure find the following excerpts from the historic debate in March 1936 not only interesting but inspiring too, especially so because the people who argued for the case were politically quite aware of their rights and responsibilities:

Pandit Krishnakant Malviya said in the 1936 Legislative Assembly debate that "...The Registered Accountants want that the Government of India should raise the standard of examination as high as possible. These accountants are proficient and are well up so far as their duties are concerned, and they say that they should be allowed to call themselves chartered accountants, or anything which will suit the Government of India and which will compel the latter to regard them as the best in this land, as those who can be compared with the best in other lands."

Pandit Shri Krishna Dutta Paliwal:

"In the first place, the Indian Society of Accountants and Auditors say that the belief that the designation of "Chartered Accountants" is the exclusive and monopolized privilege of the chartered accountants who are qualified only in England is erroneous. In fact, such is not the case. Almost all the Dominions in the British Empire (except India) have themselves provided, independently of the English qualification, for the awarding to their nationals the designation of "Chartered Accountants" by the legislative enactments. Sir, it is written here in the memorandum sent by the Indian Society of Accountants and Auditors that the designation "Chartered Accountants" is allowed in the following countries: Canada, Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Prince Edward Island, Quebec, Saskatchewan, South Africa, Transvaal, Natal, Cape of Good Hope, Orange Free State, South Rhodesia. So the suggestion of my Honourable friend that this designation is confined only to these five or six societies in UK is wrong. I submit this is done in all other parts of the British Empire also. Now, Sir, I admit that this is done not by the Company's law but by special laws enacted for the purpose."



"It may be said or it may be hinted that the professional qualifications of the Indian accountants are not so good as those of the "Chartered Accountants" of other countries – I say that it is not so. The Indian Society of Accountants and Auditors says: 'Regarding the tests in general education, and practical training and the range of knowledge in professional subjects required by Government before granting the auditor's diploma of Registered Accountant, they are undoubtedly rigorous and connote a high standard and a wide range of professional attainments as admitted by the Government themselves and they compare quite favourably with those required in England and in other British Dominions...'...I do not understand why Indian accountants should be put to any disadvantage for the benefit of the British or England-returned accountants."

"Why should they (Indian accountants) be prevented from designating themselves as "Chartered Accountants" simply for the advantage of those who have wasted the hard-earned money of Indian in other countries? How is it justifiable that for that very reason and no other, these England-returned accountants should demand special privileges for themselves? I have seen the syllabuses which are prescribed for the Accountancy examinations in different parts of the British Empire, and I am satisfied that the Indian examination is as stiff, I may even say, it is superior in certain respects to the examination which the accountants in other countries, especially these so-called "Chartered Accountants" have to undergo."

"...another inconvenience which the Indian accountants have to suffer on account of this invidious distinction is that investors and the general public wrongly believe that if an auditor does not hold the designation of "Chartered Accountant", he is no good and he is looked upon as an inferior class of auditor. Even Courts of law in India while passing orders in matters concerning accounts and audit at times inadvertently make similar mistakes."

Pandit Krishna Kant Malviya:

"Aristotle thought that man is a social being, Karl Marx and others also of his way of thinking made out that man is always actuated by selfish motives, that classes always are anxious to crush the masses. Fraud and Jung have come to the conclusion that sexual instinct is the incentive for all our activities, and so on, but Sir, it was left to the Honourable the Law Member to come forward and declare that our poor registered accountants only wanted to be chartered accountants because they are anxious to commit frauds and to deceive the unwary public... The Governor General or the Viceroy in every-day parlance is said to represent the King but so far as the poor registered accountants are concerned, he cannot issue a royal charter; and what these poor accountants feel is this, that in their own motherland they cannot rise to the highest positions. In spite of passing examinations, in spite of all that they may do, they will be dubbed as inferior beings. This is what they resent."

"Why is it that there is a glamour around the name of the chartered accountants? Why is it that the Government of Indian themselves attach more importance to an examination which is held in a foreign country as compared with the examination which they hold themselves? The Registered Accountants want that the Government of India should raise the standard of examination as high as possible. These accountants are proficient and are well up so far as their duties are concerned, and they say that they should be allowed to call themselves chartered accountants, or anything which will suit the Government of India and which will compel the latter to regard them as the best in this land, as those who can be compared with the best in other lands."

Pandit Govind Ballabh Pant:

"...it seems to me really incomprehensible as to why the Government should not be prepared to call people, who are entirely under their control, chartered accountants if they are prepared to empower other bodies to give them that designation? It comes to this that because a person is entirely under my control and because I can regulate the syllabus, the examination and everything that has to be done with reference to the examination of accountancy, therefore he should not be called a chartered accountant, but if I were to entrust these duties to another independent person, then we can do so! That is really illogical."

In the 1936 Legislative Assembly debate, Pandit Govind Ballabh Pant said "...it seems to me really incomprehensible as to why the Government should not be prepared to call people, who are entirely under their control, chartered accountants if they are prepared to empower other bodies to give them that designation?.."

"If Honorable Members will be pleased to look at Section 144, they will find that no Act framed with the sole object of establishing a Board of Accountancy and of prescribing a designation for persons securing the certificates through such examinations could be more thorough than this Section 144...It controls and regulates the entire profession, Accountancy for the whole of India, for the formation of Local Accountancy Boards, for the registration of qualified Accountants, for the control of their professional etiquette and all other things connected with the establishment, constitution and regulation of these Boards. Now, Sir, are we to be blamed because this provision forms part of the Companies Act and is not a separate statute by itself?"

"If there are anomalies, who is to blame for it? Why did they not take steps to establish this order of Chartered Accountants in this country as recommended unanimously by this Committee[1] in 1925 and since then twelve long years have elapsed, but no steps have been taken to establish this order of Chartered Accountants in this country."

"...the difference is only this, that while the members of the Indian Civil Service are called I.C.S. the members of the provincial civil services in our country performing duties even more onerous and responsible, because they are brown in colour, are called P.C.S. and get lower salary emoluments. That is the main difference. So far as the status in the matter of duties and responsibilities goes, I do not see any distinction between the two. The fact remains that a registered accountant is an Indian, - registered accountants are exclusively Indian, - but so far as the fairies only a few lucky Indians are admitted. So, Sir, the difference is not altogether non-racial."

"Does Sir Homi Mody really think that an ordinary company manager here really knows the difference between a registered accountant and a Chartered Accountant? Why does he favour a Chartered Accountant? Why does he favour a Chartered Accountant at the cost of a registered

[1] *Reference to recommendation made by Indian External Capital Committee in 1925.*

Down Memory Lane

In the debate in Legislative Assembly in 1936, Sir Cowasji Jehangir said: "There is no crime in any body of professional men making a memorial to Government stating that they desire to have in their motherland the same status, the same position as anyone else, be they their own countrymen or not, educated in a foreign country..."

accountant? ...The difference is that the man has only heard the name Chartered Accountant. The name Registered Accountant is not known; so men who have gone through the fire here and possess similar qualifications are denied the opportunity which they are entitled to because of the wrong designation. And why should this invidious distinction be made in the name?

"I want a common status for all of them; but I am prepared to offer a compromise, and it is this. Let it be a rule that even Chartered Accountants practicing in this country will be called Registered Accountants…If they are registered, call them also Registered Accountants. Do not accept their status as Chartered Accountants as adequate for the discharge of their duties here. It is because they are registered here that they possess those qualifications. Eliminate that phrase "Chartered Accountant", call them Registered Accountants. Make it penal for anybody to call himself a Chartered Accountant here, and I will not quarrel. Let all be called Registered Accountants. That also will satisfy my sense of national pride; it will give me equality with other alien people."

"Up to this time I had thought there was no distinction made, but when I was told that it is fraud to allow these people to call themselves Chartered Accountants, then I discovered that there was some distinction in the background to these people, otherwise, so far as the performance of duties and the discharge of responsibilities go, these people are as fully qualified as the Chartered Accountants, with this difference that Chartered Accountants get higher fees…"

"Sometimes one may require a telescope to distinguish the faces of his own country men sitting opposite to him. I do not quite see what their colour is, what their complexion is, what is in their heart, - I do not know if they have a soul or not. For that I require a telescope, though they have a soul or not. For that I require a telescope, though they are sitting just opposite to me. So it may be necessary to have a microscope for looking at these letters. But, Sir, is there no remedy to be found for this, while these unscrupulous people may put in the letters 'Ind.' in that obscure, illegible manner, is there anything to prevent others from advertising "Non-Ind." In blazing waving lines that may be seen from a distance of 101 miles."

"Sir, we have M.A.'s and LL.B.'s as in Cambridge, but our people do not put 'Ind.' after their degrees. There are mechanical engineers again qualified in England as in India. Are not their titles common? Are we thereby defrauding the employers? This glamour for foreign degrees and diplomas will continue under this hypnotism of foreign rule. We are told that we are suffering from an inferiority complex. I do not mind suffering from an inferiority complex if it goads us on to a superior status, but I do not want superior arrogance if it tends to perpetuate an inferior status."

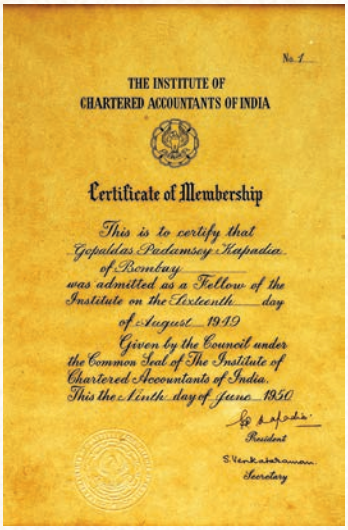
Sir Cowasji Jehangir:

"There is no crime in any body of professional men making a memorial to Government stating that they desire to have in their motherland the same status, the same position as any one else, be they their own countrymen or not, educated in a foreign country. There is no crime in drawing the attention of Government to their feelings of disappointment, after years of petitioning, at not being allowed to have that status in their own country."

"There were accountants in India before 1925. They audited accounts and nobody challenged their authority to do so; and many of those men are alive today, men who had not passed the examination specified in section 144, and who are still efficiently doing their work as accountants. They are not called registered accountants; they have a registered of their own and they will soon naturally die out. In the same way, the registered accountants say: "You have made us pass an examination; you now call us registered accountants; why do you not put us on the same basis and give us the same status that accountants have in different parts of the Empire?" Is it a crime to aspire to be put in the same position in India as the South African is in South Africa? Is it a crime to desire and petition Government that they should in future give Indian accountants the same position and the same status that a Canadian has in Canada?"

"Because the fact that a man happens to be a chartered accountant or an incorporated accountant signifies nothing to me till I see his work, and I have known cases where chartered accountants have been very poor specimens of their profession, and I have known registered accountants who have been first class professional men in their own work. I have also been informed, - my information may, or may not be accurate, but it comes from a good source, viz., the men who have been examiners for these registered accountants – that the syllabus which is now laid down for registered accountants is no inferior to the syllabus laid down in England."

"The difference is that an Indian going to England for three or four years naturally is in a different atmosphere to that in his own country, and naturally he has perhaps better opportunities of gaining experience. That is certainly an advantage, and I would be the last to deny the advantage that is gained by an Indian who lives in Europe for two or three years. I do not deny that advantage, but my information is that that is the only difference."



No. 1

THE INSTITUTE OF
CHARTERED ACCOUNTANTS OF INDIA

Certificate of Membership

This is to certify that
Gopaldas Padamsey Kapadia
of Bombay
was admitted as a Fellow of the
Institute on the Sixteenth day
of August 1949
Given by the Council under
the Common Seal of The Institute of
Chartered Accountants of India.
This the Ninth day of June 1950

G. Kapadia
President

S. Venkataraman
Secretary

Mr. Mohammad Ali Jinnah:

"But I want to make my position more clear generally. At present, there is nothing at all to prevent any company from appointing an auditor who holds a certificate, whether he be a chartered accountant or a registered accountant. One is as good as the other within the meaning of the statute. Apart from the qualifications, my friend, Sir Cowasji Jehangir, pointed out that there are certain Indian Registered Accountants who are far more efficient and far superior to any chartered accountant. We have got instances in other professions also."

"If an ordinary litigant attaches more importance to me than to my friend, the Leader of the Opposition, and says "Well, Mr. Jinnah is a barrister while my friend, the Leader of the Opposition, is an Advocate", same footing, we have the same rights and the same privileges, and if some misguided person attaches more importance to me because I am a barrister, well it is his misfortune. My friend, the Leader of the Opposition, may be far superior. Therefore, Sir, it really comes down to this. A glamour is attached to Chartered Accountants…"

"Mind you, I stand for Indian talent, I want complete privileges and same rights as those given to anybody else in my country. But let us proceed in some methodical manner. I do hope that the Government will not any longer delay in taking up this matter."

Mr. Bhulabhai J. Desai:

"…if it was competent to the Governor-General in Council to call them "R.A.", they could equally and easily have been called Chartered Accountants, India. It is purely a question of name which is given. It is a same which can be altered at their pleasure, because 'Registered Accountants' is an artificial description…It is within the power of the Governor General in Council within the meaning of section 144 and the rule making powers in that behalf to give any designation they think proper as the Act stands at present. But if the intention is to create by means of a statute an autonomous body of Accountants in India."

"I certainly would prefer it, and though it is competent within the law to do it, yet because of the promised creation of a body of Accountants with an autonomous constitution of their own having the power to grant degrees and give designations, and in particular "Chartered Accountants (India)", we do not think it worthwhile to press this matter."

Use of Designation(s) Other Than the Designation of "Chartered Accountant"

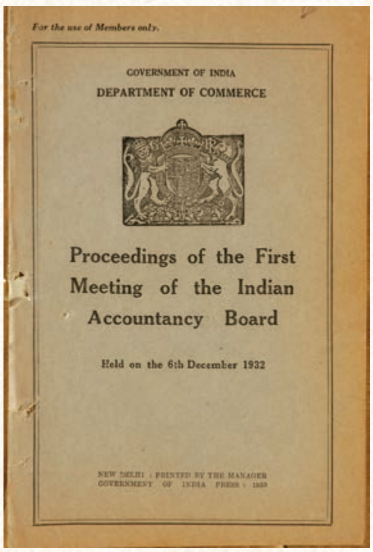
Given the Indian accountancy profession's commendable track record of excellence, integrity and service to the nation, the designation Chartered Accountant commands high reputation, prestige and trust. As such, the Chartered Accountants Act, 1949 and Code of Ethics of the ICAI prescribe certain norms and requirements while using the

Given the Indian accountancy profession's commendable track record of excellence, integrity and service to the nation, the designation Chartered Accountant commands high reputation, prestige and trust. As such, the Chartered Accountants Act, 1949 and Code of Ethics of the ICAI prescribe certain norms and requirements while using the designation Chartered Accountant.

Down Memory Lane

designation Chartered Accountant. Broadly, the members of the ICAI are not permitted to use any other designation alongwith the designation 'Chartered Accountant'. In this regard, it is worth recalling an announcement issued by the ICAI on 18th February, 2015 in the name of the Secretary of the Institute. The announcement said:

"It has been brought to the notice of the Institute that some members are using the certain designation (s) other than Chartered Accountant in addition to the designation "Chartered Accountant'. In this regard, the attention of the members is drawn on Item (7) of Part-I of First Schedule to the Chartered Accountants Act, 1949 which provides that a Chartered Accountant in practice shall be deemed to be guilty of professional misconduct if he uses any designation or expressions other than chartered accountant on professional documents, visiting cards, letter heads or sign boards, unless it be a degree of a University established by law in India or recognised by the Central Government or a title indicating membership of the Institute of Chartered Accountants of India or of any other institution that has been recognised by the Central Government or may be recognised by the Council.



"Further, attention of the members is also drawn to the following paras appearing at page no. 154 of the Code of Ethics, 2009 under commentary of Item (7):-

> *"It is improper for a Chartered Accountant to state on his professional documents that he is an Income-tax Consultant, Cost Accountant, Company Secretary, Cost Consultant or a Management Consultant".*
>
> *"While noting that it had already allowed its members to appear before the various authorities including Company Law Board, Income Tax Appellate Tribunal, Sales Tax Tribunal where the law has permitted the same, so far as the designation "Corporate Lawyer" is concerned, the Council was of the view that as per the existing provisions of law, a Chartered Accountant in practice is not entitled to use the designation "Corporate Lawyer".*
>
> *"The members are not permitted to use the initials 'CPA' (standing for Certified Public Accountant) on their visiting cards".*
>
> *"Members of the Institute in practice who are otherwise eligible may also practice as Company Secretaries and/or Cost Accountants. Such members shall, however, not use designation/s of the aforesaid Institute/s simultaneously with the designation "Chartered Accountant".*

"Section 7 of the Chartered Accountants Act, 1949 also provides that every member of the Institute in practice shall, and any other member may, use the designation of a chartered accountant and no member using such designation shall use any other description, whether in addition thereto or in substitution therefor unless such descriptions indicate the membership of any other accounting body recognized by the Council in this behalf or the qualification he may possess.

"In view of the above, though the members are allowed to use the description as to their qualifications however members are not permitted to use any other designation alongwith the designation 'Chartered Accountant'. Members are therefore advised to abstain from using any other designation with the designation 'Chartered Accountant' failing which they may be liable for disciplinary action, as per the provisions of the Chartered Accountants Act, 1949 and Rules/ Regulations framed thereunder."

Conclusion

It can very well be inferred from the above-mentioned historical background that a very positive and futuristic thought process has gone into while deciding upon the designation Chartered Accountant, against all the odds created by a small section of the then Indian polity. The debate in the 1936 Legislative Assembly and its patriotic undercurrent remain relevant even today and highlights all about the leaders of those times and their positive passion for the accountancy profession. The designation Chartered Accountant for Indian accountancy professionals has been conceived so as to symbolize trust, integrity and excellence, and as acknowledged by a cross-section of Indian polity ever since the inception of the ICAI in 1949, the Indian accountancy profession has very effectively lived up to those expectations. ■

ICAI in Media: Glimpses of 2015-16

The ICAI and Indian accountancy profession's glorious journey of excellence, trust, integrity, independence and service to the nation continues unabated since inception on July 1, 1949. Commended and acknowledged by a cross-section of Indian polity over the decades for its enabling role as Partner in Nation Building, ICAI has been continuously making positive and constructive news in India. As its core mission, it has been working to find out new ways to help accountancy students and Chartered Accountant fraternity, the government, economy and society at large. Many such initiatives of the ICAI are being given wide media coverage. In this special section, we provide you a glimpse of that. Check out the following collage of news items over the last one Volume Year to gauge ever-widening scope of ICAI mission and work, especially how its stakeholders have been reacting to its contributions to our society and nation at large. Have a look...

India lightly taxed; help govt collect more: Sinha to CAs

India is a "lightly taxed" nation, MoS for finance Jayant Sinha said on Thursday, urging CAs to help the government collect due taxes and raise the tax-GDP ratio to 20 per cent. Along with tax officers, chartered accountants too have a responsibility to ensure that due taxes are collected by the government, he said. "When you look at the books of your clients as business advisors and chartered accountants, your thinking should not be about tax avoidance," Sinha said at the annual function of ICAI.

CAs to audit accounts of private schools

New Window of professional opportunity for CAs, the Delhi Assembly has recently passed, The State Government will now form a committee which will get accounts of private schools audited through Chartered Accountants. This Bill will achieve its objectives for the good of Delhi education system. CA.M.Devaraja Reddy, President, ICAI and CA. Nilesh Shivji Vikamsey, Vice President, ICAI were present on the occasion.

THE FREE PRESS JOURNAL SINCE 1928 | Indore, February 19, 2016

'ICAI has emerged as an institute of public trust'

66th annual function of ICAI held in New Delhi

• OUR STAFF REPORTER
Indore

CA Manoj Fadnis, national president of Institute of Chartered Accountants of India (ICAI), said that following the virtues of 'Excellence, Independence and Integrity' the ICAI has emerged as an institution of public trust. The CAs in the country are playing a major role in the growth of economy, he added.

CA Fadnis was addressing the 66th annual function of ICAI held in New Delhi. Jayant Sinha, Union Minister of State for Finance inaugurated the annual function. Addressing the function, Fadnis highlighted the achievements of the institute during these years which included association with various govt initiatives like accounting reforms for Indian Railways, workshop on black money (undisclosed foreign income and assets) and imposition of Tax Act 2015, pilot study project for Coal India Ltd, etc.

Jayant Sinha complimented the ICAI for its 66 years of excellent service to the nation. He said that the CAs have provided their remarkable services to all sectors of the economy with diligence and honesty that the Chartered Accountancy profession has played a significant role in the growth of business and industry in India. The minister further said that patriotism, professionalism and sense of duty in chartered accountants are commendable.

While delivering the vote of thanks, CA M Devaraja Reddy, vice president, ICAI said, "Chartered Accountancy is an economical professional course to pursue and is the most sought after course in the country.

Today the CAs are recognised as complete business solution providers."

The chief guest released various publications and distributed awards under different categories. CA students who secured top three ranks were felicitated with gold, silver and bronze medals and certificates of merit.

CA Manoj Fadnis welcoming Union Minister Jayant Sinha.

'CAs must maintain high standards'

SPECIAL CORRESPONDENT

HYDERABAD: Newly-elected office-bearers of the Institute of Chartered Accountants of India (ICAI) on Tuesday spoke of the imminent need for accounting professionals to maintain high standards and get back the trust of the people.

The first-ever President of the ICAI to be elected from erstwhile Andhra Pradesh, M. Devaraja Reddy and vice-president Nilesh S. Vikamsey on Tuesday said society's perception of an auditor's signature on balance sheets was being challenged. "Every signature of ours is going to be under scrutiny and our relevance is at stake," they said, adding that it was the collective responsibility of accounting professionals to respect their own signatures first, considering the economic, financial and social ramifications, they said.

On the sidelines of a rousing reception accorded to Mr. Devaraja Reddy as the first professional from the Hyderabad Branch of ICAI to be elected President, since ICAI's inception in 1949, he said he would be working on coming up with a vision document. "It will include initiatives aimed at helping poor students to access accounting education so that they could become CAs. We will come up with a document that will specify what is right for our profession," he said.

The implementation of the new Indian Accounting Standards for companies with a net worth of Rs. 500 crore and above from the financial year 2016-17 presented a great opportunity for accounting professionals, said the newly-elected Vice-President, Nilesh S. Vikamsey.

ICAI president M. Devaraja Reddy and vice-president Nilesh S. Vikamsey being felicitated on Tuesday. — PHOTO: NAGARA GOPAL

ICAI in Media

ICAI says banks selecting own auditors behind NPA mess

Amid worsening bad loans scenario at the lenders, Institute of Chartered Accountants of India (ICAI) on Wednesday blamed the current system of banks appointing its own auditors for the rising non performing assets (NPAs).

The chartered accountants' apex body president M Devaraja Reddy, who assumed office on Friday, said the system, in which the management of a bank is authorised to select and appoint the auditor from a list provided by the Reserve Bank of India (RBI), could have indirectly caused the NPA crisis.

"Chairman of a bank will search for a person who is comfortable to him where an auditor is not having much knowledge. Earlier, RBI used to select central statutory and joint auditors based on the advances of banks.

"Now, banks are taking their decisions and appoint auditors sometimes just two or three (where it is required to appoint five or six). Lack of proper appointment of auditors is one of the reasons in escalation of NPAs," Reddy told a press conference.

He said ICAI has submitted the pre-budget memorandum to the Ministry of Finance for Budget 2016-17. The suggestions given by the accountants' body do not only relate to fiscal laws and taxation but also pertain to overall economic development. He said the body has received a Letter of Acceptance from Indian Railways for its technical and financial offer for the project on "Comprehensive study of the existing cash-based Government Accounting system in a production unit of Indian Railways and a pilot study for introduction of Accrual based Accounting on rail Coach Factory, Kapurthala as an additional set of Accounts". **PTI**

Black money probe to continue

Mumbai, August 26

Revenue Secretary Shaktikanta Das on Wednesday said the investigations into black money stashed in overseas banks will continue and the persons against whom the investigations are underway will not be able to seek amnesty under the Black Money Act 2015 (Undisclosed foreign income and assets). Under the Act, amnesty has been provided to Income Tax assessees until September 30 for those having undisclosed foreign income and assets. Das was addressing the media on the sidelines of a workshop on black money organised by the ICAI. He said the government is committed to implement the stringent law on black money and there would be no benevolent approach on the issue. OUR BUREAU

DISCOVER THE SEAMLESS POSSIBILITIES OF CHARTERED ACCOUNTANCY AS A PROFESSION

The Institute of Chartered Accountants of India (ICAI), India's premier accounting body and the second largest in the world, has played a major role in catapulting India's stance globally on economic front. The resurgent India's foundation has been strengthened by ICAI that constantly strives to adhere to the higher standards of credibility, reliability and accountability.

CA. Manoj Fadnis, President, ICAI said "In a borderless world, where individual economies have merged with the global order, the challenges and opportunities too have undergone a swift change, bringing along with it a need for the Chartered Accountants to upgrade their skills. Today, CAs take on responsibilities beyond their conventional duties and render their valuable services."

The scope of education and training of Chartered Accountancy students is quite vast compared to other courses. The CA Course is an integrated course exclusively designed to cater to the requirements of the economy. ICAI's competent and skilled professionals directly or indirectly render their esteemed services in the nation's capacity building.

ICAI enrolls students for the Chartered Accountancy Course and holds qualifying examinations in three stages:

1. Common Proficiency Test (CPT) – Entry Level Examination.
2. Intermediate Integrated Professional Competence Course (IIPCC) – Mid or Intermediate Level Examination (with enrolment for graduates etc. with specified percentage of marks directly joining the course)
3. Final Course Examination – Final Level Examination

Fadnis added "The Chartered Accountancy is a highly prestigious course and a unique professional qualification which provides ample opportunities to students coming from any stream. The Chartered Accountants today are not only the backbone of Indian financial system but are also an 'institution of

PRESS TRUST OF INDIA

India's Premier News Agency

ICAI offers certificate programme on anti-money laundering laws

By PTI | 25 Jan, 2016, 06.17PM IST

NEW DELHI: Chartered accountants' apex body ICAI has started offering a short term programme on anti-money laundering laws to help its members have a better understanding to deal with the menace of black money.

The government is working on various ways to curb the menace of illicit fund flows. Apart from provisions already in place, last year, Parliament had passed a bill to deal with black money stashed abroad.

The certificate course, being offered by the Institute of Chartered Accountants of India (ICAI), on anti-money laundering laws is spread over six days and the course is for a total of 40 hours.

ICAI course on laundering laws

New Delhi, January 25

Chartered accountants' apex body ICAI has started offering a short term programme on anti-money laundering laws to help its members have a better understanding to deal with the menace of black money. The certificate course, being offered by the Institute of Chartered Accountants of India (ICAI), on anti-money laundering laws is spread over six days and the course is for a total of 40 hours. ICAI President Manoj Fadnis told PTI that the course would be useful for members since anti-money laundering laws are becoming important and they need to be trained in this area from the beginning itself. PTI

'सीए सेवा की गुणवत्ता बढ़ाने के लिये उठाये जाएँगे कदम'

हैदराबाद, 17 फरवरी
(श्रद्धा विजयलक्ष्मी)

इंस्टीट्यूट ऑफ चार्टर्ड अकाउंटेंट्स ऑफ इंडिया (आईसीएआई) के नवनियुक्त अध्यक्ष सीए एम. देवराजा रेड्डी ने संस्थान द्वारा उठाये जा रहे नवीन प्रयासों को लेकर आईसीएआई भवन, रेड हिल्स में आयोजित संवाददाता सम्मेलन में अपने विचार रखे। उन्होंने पाठ्यक्रमों में परिवर्तन से लेकर सरकारी सेवाओं में सीए की सेवाओं की आवश्यकता पर बल दिया। उन्होंने कहा कि सीए सेवा की गुणवत्ता बढ़ाने हेतु कई कदम उठाये जाएँगे।

उन्होंने कहा कि यह गर्व का विषय है कि हमारे संस्थान के सीए अंतर्राष्ट्रीय स्तर पर प्रतिस्पर्धात्मक प्रदर्शन कर रहे हैं। संस्था में वर्तमान में 2.4 लाख सदस्य हैं, जिनमें 90,000 हजार सीए स्वतंत्र रूप से कार्य कर रहे हैं। 1.2 लाख कार्पोरेट कंपनियों तथा 30,000 लोग विदेशों में कार्यरत हैं। उनका उद्देश्य इसकी गुणवत्ता को बढ़ाना है, ताकि हमारे सीए अंतर्राष्ट्रीय मानकों के अनुसार और अधिक उन्नत और कुशल सेवाएँ दे सकें।

इंस्टीट्यूट ऑफ चार्टर्ड अकाउंटेंट्स ऑफ इंडिया द्वारा उठाये जा रहे नये कदमों के विषय में जानकारी देते हुए देवराजा रेड्डी ने कहा कि हम नवीनतम पाठ्यक्रम लागू करने जा रहे हैं। इसके तहत अनावश्यक विषयों को हटाने तथा

नये विदेशी पाठ्यक्रम को शामिल करके सीए परीक्षा पाठ्यक्रम में सुधार किया गया है। नया सिलेबस मंत्रालय द्वारा अनुमोदित है। संवैधानिक तरीके से पुनरीक्षित करने के क्रम में 45 दिनों के लिए सार्वजनिक टिप्पणी की समय-सीमा के बाद इसे नवंबर-2016 या मई-2017 तक लागू कर दिया जायेगा। उन्होंने अन्य सुधारों का उल्लेख करते हुए कहा कि गैर-गंभीर छात्रों की छंटाई के लिये भी प्रस्ताव हैं। हमारा उद्देश्य है कि सीए को गंभीरता से लेने वाले छात्रों को ही प्राथमिकता मिले। उन्होंने बताया कि परीक्षा में भाग लेने की नई पात्रता 12वीं पास होना होगा। इसके साथ ही परीक्षा में मौजूदा 200 अंकों के प्रावधान के बजाय 400 अंक किया जायेगा। परीक्षा को वस्तुनिष्ठ तथा वैकल्पिक प्रश्नों हेतु 200-200 अंको में बांटा गया है।

देवराजा रेड्डी ने कहा कि संस्थान की शाखाओं को बढ़ाने का भी प्रस्ताव है। उन्होंने बताया कि भारत में 153 शाखाओं सहित दुनिया भर में 27 अध्याय हैं। हम उन स्थानों में और शाखाएँ खोल रहे हैं, जहाँ 100 सदस्य हैं। इस संदर्भ में वरंगल में 2, हैदराबाद तथा करीमनगर में 1-1 है। आंध्र-प्रदेश के एलुरु, तिरुपति, कर्नूल, ओंगोल, अनंतपुर में शाखाओं को शुरू किया गया है। गुंटूर और विजयवाड़ा शाखा के लिये 2 एकड़ भूमि की जरूरत है। हम सरकारी जमीन की दर से भुगतान करने को तैयार हैं। भवन निर्माण पर 3-3 करोड़ रुपये की लागत प्रस्तावित है। उन्होंने कहा कि अगर सरकार हमें अमरावती में 5 एकड़ भूमि देती है, तो हम उत्कृष्टता केन्द्र की स्थापना कर सकते हैं। उन्होंने दोनों प्रदेशों के मुख्यमंत्रियों से अपील की कि वे सरकारी दर पर भूमि उपलब्ध कराने में मदद करें। देवराजा रेड्डी ने कहा कि सीए सेवाओं का निजी क्षेत्रों में प्रभावपूर्ण ढंग से इस्तेमाल किया जा रहा है, लेकिन सरकारी सेवाओं में इसका उपयोग अभी ठीक प्रकार से नहीं हो रहा है। सरकारी सेवाओं में सीए सेवाओं का लाभ लेने के प्रयास किये जाने चाहिए, निश्चित रूप से इससे सकारात्मक परिणाम सामने आएँगे। अवसर पर आईसीएआई हैदराबाद शाखा के उपाध्यक्ष सीए वी. रघुनंदन तथा सीए अंशुमाली वेंकटेश्वर राव भी उपस्थित थे।

'ICAI offers technical support towards accounting reforms of Govt offices'

■ Business Bureau

ICAI to submit report on accounting system for Jaipur division to Railways by August

Tue, 29 Mar 2016-08:15pm , Mumbai , PTI

From April 8, ICAI will start working on a similar study for Kapurthala-based rail coach factory.

The Institute of Chartered Accountants of India (ICAI) is likely to submit its report on the double entry accounting system for Jaipur division of Railways by August, a top executive has said.

The study will cover areas like traffic revenue, fixed assets, and balance-sheet accrual system.

The Indian Railways had approached the institute to undertake pilot project on study of existing budgeting and costing system and proposal for outcome budgeting and integrated cost accounting architecture in line with Union Budget.

"Railways has got vast assets across the country and huge manpower. Hence, the double accounting system will help them to know how to manage those assets and manpower in a cost-effective manner," ICAI President M Devaraja Reddy told PTI.

ICAI in Media

दिल्ली में वैट ऑडिट

वैट विभाग कराएगा कारोबारियों का विशेष ऑडिट

रामवीर सिंह गुर्जर
नई दिल्ली, 27 मई

दिल्ली का मूल्य वर्द्धित कर (वैट) विभाग पंजीकृत कारोबारियों का विशेष ऑडिट कराने जा रहा है। विभाग को लग रहा है कि कारोबारी जिस तरह बार-बार इनपुट टैक्स क्रेडिट, रिटर्न संशोधन और कारोबार में असामान्य रूप से बढ़ोतरी दिखा रहे हैं, उससे विभाग को राजस्व की तगड़ी चपत लग रही है। इन्हीं गड़बड़ियों को पकड़ने तथा दूर करने के इरादे से विभाग ने विशेष ऑडिट कराने का फैसला किया है। विशेष ऑडिट की इस कवायद के लिए विभाग चार्टर्ड अकाउंटेंट (सीए) फर्मों का एक पैनल बनाएगा। विभाग ने इस पैनल के लिए सीए फर्मों से आवेदन भी मांगे हैं।

वैट आयुक्त सज्जन सिंह यादव ने बिजनेस स्टैंडर्ड को बताया कि विभाग कारोबारियों का विशेष ऑडिट कराने की योजना पर काम कर रहा है। ऑडिट के लिए विभाग ने कुछ दिशा-निर्देश तैयार किए हैं। इस योजना के तहत ऐसे कारोबारियों का विशेष ऑडिट कराया जाएगा, जो वैट रिटर्न को बार-बार संशोधित कर रहे हैं। बार-बार इनपुट टैक्स क्रेडिट लेने वाले कारोबारी भी इस ऑडिट के दायरे में आएंगे।

...होगी सख्ती

- अक्सर रिटर्न संशोधित करने व इनपुट टैक्स क्रेडिट लेने वालों का होगा ऑडिट
- पंजीकृत होते ही कारोबार में असामान्य वृद्धि दिखाने वालों का भी ऑडिट
- विभाग ने विशेष ऑडिट के लिए सीए फर्मों से मांगे आवेदन

उन्होंने बताया कि अक्सर यह बात भी सामने आती है कि पंजीयन कराने के कुछ अरसे बाद ही कारोबारियों का कारोबार असामान्य रूप से बढ़ जाता है। पंजीकृत होते ही कारोबार एकदम से बढ़ना निश्चित रूप से सामान्य स्थिति नहीं मानी जा सकती है। लिहाजा इन कारोबारियों का भी विशेष ऑडिट कराया जाएगा।

विभाग ने विशेष ऑडिट कराने के लिए सीए फर्मों का एक पैनल गठित करने का निर्णय लिया है। विभाग ने इन सीए फर्मों से आवेदन लेने की प्रक्रिया शुरू कर दी है। जो शर्तें रखी गई हैं, उनके मुताबिक आवेदन करने वाली फर्मों का कार्यालय दिल्ली या एनसीआर क्षेत्र में होना चाहिए। फर्म को और प्रोप्राइटरशिप फर्म के मामले में इसके साझेदार को दिल्ली बिक्री कर और वैट के संदर्भ में कम से कम 10 साल का अनुभव होना चाहिए। आवेदक को पांच साल से अधिक समय से बिक्री कर बार संघ का सदस्य भी होना चाहिए। आवेदक के खिलाफ कर चोरी का कोई मामला भी नहीं होना चाहिए। उन आवेदकों को वरीयता दी जाएगी, जो आयकर विभाग, सेवा कर विभाग और केंद्रीय सीमा व उत्पाद विभाग की ऑडिटर सूची में शामिल हैं।

Mix of descriptive and MCQs in new CA level 1 format

ISTOCK

Gauri Kohli
gauri.kohli@hindustantimes.com

Aspirants aiming for a qualification in chartered accountancy from the Institute of Chartered Accountants of India (ICAI) may soon have to prepare for changes in the CA curriculum. Currently, the different levels of the CA course are Common Proficiency Test (CPT), Intermediate (Integrated Professional Competence) Course (IIPCC) and the final course.

The entry-level test is named CPT and is currently designed in the pattern of entry-level tests for engineering, medical and other professional courses. Students who are in the final year of their graduation can also register for the IIPCC on provisional basis. The last leg of the CA course is the final course, designed to impart expert knowledge in financial reporting, auditing and professional ethics, taxation, corporate laws, system control, strategic finance and advanced management accountancy.

As per the proposed changes, the three levels would be called foundation, intermediate and final. The weightage given to some of the level 1 subjects will be changed. The paper on fundamentals of accounting, which is already there at the CPT level carrying 60 marks, will be renamed as principles and practices of accounting and will carry 100 marks as it is the core subject for the CA profession.

General English and business and commercial knowledge will also be added at the first level as new subjects, given their importance in the modern business world and preparing the CAs for tomorrow.

"This is to ensure that entry level becomes somewhat difficult. Also, the foundation examination will be partly descriptive and partly objective. The present MCQ-based system encourages students to do a lot of guesswork. As a result, even undeserving students reach the next level. It affects the quality of the profession," says M Devaraja Reddy, president, ICAI. Since the foundation exam is likely to be partly descriptive in nature, the pass percentage has been proposed at 50% aggregate and 40% subject-wise, just like for other courses (intermediate and final). The foundation exam is likely to be conducted along with intermediate and final in May and November.

In another proposed change, students will have to appear for eight papers in level 2 (intermediate) under the new scheme. At present, the second stage is the IIPCC which requires a student to clear seven papers. The papers on business laws (60 marks), communication (20 marks) and ethics (20 marks) in level 2 may be changed to corporate laws and other laws (100 marks). Cost accounting may carry 100 marks (instead of 50). A new paper on business economic environment (40 marks) may be added.

"A new subject called financial and capital market services has been proposed in the final level to make professionals more competitive in finance-related areas. International taxation for 30 marks may also be added in view of increasing importance of the subject in the present globalised world," adds Reddy.

ICAI is now in the process of preparing a syllabus for each subject. Once syllabi are prepared, the new study material based on this syllabi will be prepared. The government-approved scheme will be notified in the Gazette of India for inviting comments for 45 days. The modified scheme will be sent to the ministry of corporate affairs for final approval. The institute is expecting the changes to be implemented by November 2016.

WHAT'S NEW

- The three levels in the proposed format are likely to be called foundation, intermediate and final
- General English and business, and commercial knowledge will be added at the first level as new subjects
- ICAI is now in the process of preparing a syllabus for each subject

New CA course will make entry tough

Gauri Kohli

Aspirants aiming for a qualification in chartered accountancy from the Institute of Chartered Accountants of India (ICAI) may soon have to gear up for changes in the CA curriculum. Currently, the different levels of the CA course are Common Proficiency Test (CPT), Intermediate (Integrated Professional Competence) Course (IIPCC) and the final course.

The entry-level test is named CPT and is currently designed in the pattern of entry-level tests for engineering, medical and other professional courses. Students who are in the final year of their graduation can also register for the IIPCC on provisional basis. The last leg of the CA course is the final course, designed to impart expert knowledge in financial reporting, auditing and professional ethics, taxation, corporate laws, system control, strategic finance and advanced management accountancy.

As per the proposed changes, the three levels would be called foundation, intermediate and final. The weightage given to some of the level 1 subjects will be changed. The paper on fundamentals of accounting, which is already there at the CPT level carrying 60 marks, will be renamed as principles and practices of accounting and will carry 100 marks as it is the core subject for the CA profession.

General English and business and commercial knowledge will also be added at the first level as new subjects, given their importance in the modern business world and preparing the CAs for tomorrow.

"This is to ensure that entry level becomes somewhat difficult. Also, the foundation examination will be partly descriptive and partly objective. The present MCQ-based system encourages students to do a lot of guesswork. As a result, even undeserving students reach the next level. It affects the quality of the profession," says M Devaraja Reddy, president, ICAI. Since the foundation exam is likely to be partly descriptive in nature, the pass percentage has been proposed at 50% aggregate and 40% subject-wise, just like for other courses (intermediate and final). The foundation exam is likely to be conducted along with intermediate and final in May and November.

WHAT'S NEW

- The three levels in the proposed changes are likely to be called foundation, intermediate and final
- General English, business and commercial knowledge will also be added at the first level as new subjects
- ICAI is preparing the syllabus for each subject

CAs associated to CAG to probe private school accounts

Till now the government had no way or means to gather information or monitor accounts of private schools. Samuya Gupta, Education Director, has made arrangements to get audit accounts of private schools with the help of chartered accountants associated with the CAG. Notably, Gupta is also a chartered accountant. The state government is setting up a panel of CAs for the purpose, post this initiative of Gupta. This CA panel will inspect private schools that are functioning on the government land and verify their accounts and expenditure. Services of about 500 accountants will be employed, so that the pace of the inquiry is maintained.

The government would decide on allowing a fee hike in such schools only after investigation by CAs. If sources are to be believed, many schools will be forced to reduce their fees, if their financial accounts are audited.

This is because profit from running the school cannot be invested in any other business.

New CA syllabus coming 'to reduce dropout rate'

Governing body ICAI aims to improve standards

CH RS SARMA
Visakhapatnam, March 13

The Institute of Chartered Accountants of India (ICAI) is planning to introduce new syllabus for CA students from November, or at least by May next year, to improve standards and reduce the dropout rate, according to M Devaraja Reddy, President of ICAI.

He was speaking here after participating in a programme on the 'Startup India' policy, organised by the institute.

He said that at present, even those who passed the SSC exam were appearing for the entrance test, which consists of multiple choice questions for 200 marks.

"A number of non-serious candidates are getting into the course and dropping out later.

To improve standards, we have decided that the minimum qualification for appearing for the entrance exam is plus-two (or twelfth standard or intermediate course) and those who have passed degree exams can directly enroll themselves.

Further, the entrance will now carry 400 marks - 200 marks for multiple choice questions and 200 for the subject.

We hope this will address the problem," he explained.

Proposal to Ministry

Reddy said proposals to revise the syllabus and exam rules had been sent to the Ministry of Corporate Affairs, and later would be referred to the Ministry of Law for approval.

In all probability, the new syllabus and rules may come into effect from November or latest by May next year, in case of any delay.

Reddy also said CA coaching institutes were mushrooming, but the ICAI did not have any power to control them. These institutes were misleading parents as well as students, and therefore the ICAI will also open career counselling centres to guide them.

The ICAI President said there are 2,50,000 CAs in the country at present and 30,000 Indian CAs were working in foreign countries.

"In the next ten years, at least 10 lakh CAs will be required and therefore there is great demand for the course, but we must maintain the highest professional standards," Reddy said.

In response to a question on the Kingfisher Airlines issue, he said the role of auditors was nil in the affair, and the banking system would have to be streamlined to prevent such things.

ICAI for double accounting system

KOLKATA, March 26: The Institute of Chartered Accountants of India (ICAI) is approaching various ministries and departments of both Central and State governments to advocate double accounting system, a top Institute official said on Friday.

The institute plans to approach the Defence Ministry in the next two-three months for introduction of double accounting system as the Ministry traditionally gets on an average one-third of the budgetary allocation, the official said.

"The institute has been extending its technical and infrastructural support towards the accounting reforms of various Government offices. We have been approaching various ministries and departments of the Central and State governments for advocating a double accounting system. This would help in better analysis and taking informed decisions," ICAI president M Devaraja Reddy said.

He said the Railways approached the Institute to undertake the pilot project on 'Study of Existing Budgeting and Costing System and Proposal for Outcome Budgeting and Integrated Cost Accounting Architecture in the line of Indian Budget Announcement 2015-16'.

It undertook the job and a concept paper on outcome budgeting has been submitted to the railway authorities, he said.

"The project aim is to analyse the costs and to arrive at concrete scientific data," Reddy said. – IANS

Govt to hire CAs to audit accounts of private schools

AGE CORRESPONDENT
NEW DELHI, MAY 30

Arvind Kejriwal

The Aam Aadmi Party dispensation, in a bid to rein in fee hike by the private schools operating on the government land, has approved a proposal to hire chartered accountants to facilitate audit of the schools' accounts in case of complaints.

The decision was taken at a meeting of the Delhi Cabinet on Saturday, chaired by chief minister Arvind Kejriwal.

The government has taken this step after distressed parents recently approached it, complaining of fee hike ranging from 20 to 55 per cent. "As per the Delhi Cabinet's decision, the government will only hire the CAG-empanelled chartered accounts to get accounts of schools running on its land audited. The audit of the accounts will be done if the government receives any complaint from the parents against a particular school," said a senior government official.

The directorate of education (DoE) had recently warned private schools in the national capital, citing rules that schools running on the government land cannot do so without the prior sanction from the authorities.

In the past, a delegation of parents had met Mr Kejriwal and deputy CM Manish Sisodia and apprised them of "arbitrary" hike in school fees.

Mr Sisodia, who also holds education portfolio, had directed the DoE to take necessary action against the "errant" schools that have not only hiked fees, but also "compelled" students to buy books from private publishers.

Sebi Asks Listed Cos to Explain Audit Impact

PTI

New Delhi: Markets regulator Securities & Excghange Board of India (Sebi) on Friday asked listed companies to disseminate cumulative impact of audit qualifications in a separate format along with the annual audited financial results to the stock exchanges.

Besides, the management of a company would be required to explain its view about audit qualifications.

The new framework would ensure that the impact of audit qualifications are clearly communicated by the companies concerned to their investors in a timely manner apart from streamlining the whole process.

Sebi decided to have the new system on audit qualifications after extensive discussions with its advisory committees, Institute of Chartered Accountants of India (ICAI), stock exchanges and industry bodies.

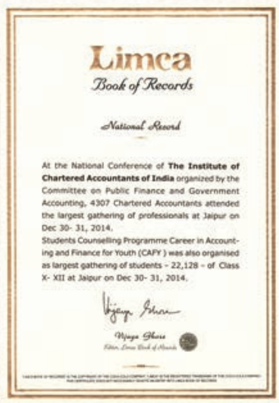
Life is really simple, but we insist on making it complicated. - Confucius

Did You Know?

Looking Back on Some Lesser Known but Vital Facts about ICAI and Accountancy Profession





Limca

Book of Records

National Record

At the National Conference of **The Institute of Chartered Accountants of India** organized by the Committee on Public Finance and Government Accounting, 4307 Chartered Accountants attended the largest gathering of professionals at Jaipur on Dec 30- 31, 2014.

Students Counselling Programme Career in Accounting and Finance for Youth (CAFY) was also organised as largest gathering of students – 22,128 – of Class X- XII at Jaipur on Dec 30- 31, 2014.

Vijaya Ghose

Many of you might not be aware that in Arthaśāstra, written around 4th century BC by Viṣṇugupta, also known as Kauṭilya or Chāṇakya, three chapters provide an encompassing account on accounting, and deal with some vital concepts in accounting including expenditure and profit, checks and balances, and audit practices. Sources like Ṛgveda (circa 1500 BC), Vedic Saṃhitās (1500-1000 BC), Upniṣadas (1000-500 BC) Manusmṛti (200 BC-200 AD), Pāṇinī (5th Century BC), Vālmīki Rāmāyaṇa (C. 400-300 BC), Arthaśāstra (4th century BC), Jātakas (2nd Century BC) and Qur'ān (633-653 AD) provide significant insight into the accounting practices in those days and, therefore, help in tracing the process of their evolution in ancient India. History has it that Accountancy profession has existed in India in different forms for ages even during the times of the Vedas, Sutras and the Upanishads. The present shape of the profession is the result of assiduous and meticulous efforts of the ICAI and its mentors over the years ever since its inception on 1st July 1949. The history of ICAI and Indian accountancy profession's journey is replete with many interesting information which are adding on year after year. A look back at these vital information inspires a sense of pride and accomplishment among accountancy professionals in India. In this special feature, we bring to you some lesser known historical as well as recent facts about the ICAI and accountancy profession.

(Contributed by Editorial Board Secretariat of the ICAI with inputs from some committees and departments of the ICAI. Comments can be sent to eboard@icai.in)

Did You Know?

ICAI Membership Strength

- ***As on 13th June 2016:*** The membership strength of the ICAI has gone up to 256592 (out of which 122334 are COP Holders). Total 66831 FCAs were full time COP holders, of which 60675 were males and 6156 were females. Total numbers of women members were 59119. There were 7641 FCAs and 51478 ACAs.
- ***As on 1st April 1950:*** After the first Council of the ICAI started functioning, i.e. as on 1st April 1950, there were just 1,689 members–569 Fellows and 1,120 Associates.
- ***First Member:*** Shri GP Kapadia, the founder President of the ICAI was the first member of the ICAI.
- ***Interesting Statistics of 1954***
  1) Number of CPAs (United States): Just crossed 50,000 mark.
  2) Number of U.K. Accountants (comprising three Chartered Institutes, The Society of Incorporated Accountants, and the other Association): Over 41,000 Members.
  3) Number of Members of our ICAI (as on 31.03.1954): 2,819 members

  (Source: ICAI Data Centre and History of Accountancy Profession Volume 1)

Strength of ICAI Students as on 13th June 2016

TOTAL_CPT	MALE	FEMALE
119277	0	119277
169362	169362	0
288639		

TOTAL_IPCC	MALE_PCC	FEMALE_PCC
132494	0	132494
231586	231586	0
364080		

TOTAL_FINAL	MALE_FINAL	FEMALE_FINAL
77613	0	77613
132551	132551	0
210164		

ICAI Making Important Contribution as one of the Brand Ambassadors of Swachh Bharat Abhiyan

As advisors, statutory auditors, tax consultants and leaders, Chartered Accountants are known for their abilities to handle the brain of the businesses; representing the next group of business leaders across the globe. At the same time, CA are grounded and strong rooted professional who take pride in service to the society with acceptance of their responsibility to the public. Acknowledging these traits of Indian Accountancy profession, in a first, in late 2014, Hon'ble Prime Minister Shri Narendra Modi nominated the ICAI to take forward the important national flagship programme 'Swachh Bharat Abhiyan'.

It was for the first time that any professional body had been nominated by the Prime Minister for such a national initiative. Ever since, the ICAI and CA fraternity in India is exclusively contributing to this national cause of cleanliness individually as well as collectively. Taking it up as a vital corporate social responsibility, the ICAI is making important contribution to this drive particularly through Swachh Vidyalaya Abhiyan— launched to provide separate toilets for boys and girls in all the government schools throughout the country. The task of construction of new toilets as well as repairs of dysfunctional toilets has been undertaken by the central public sector undertakings under the Ministries of Power, Coal and New & Renewable Energy who will spend their CSR funds for this noble initiative.

Chartered Accountants are important part of this benevolent initiative. They are doing physical

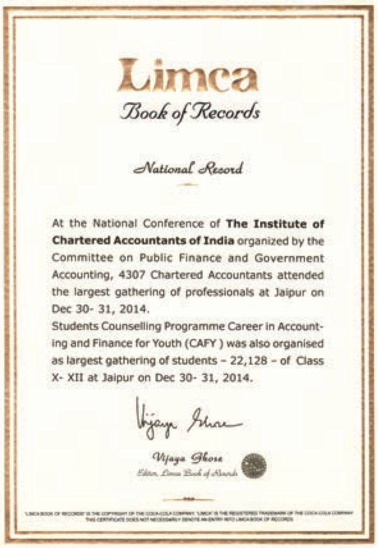
Did You Know?

verification of the completed school toilets blocks/ units constructed/repaired by the concerned CPSUs on pro bono basis. The first such physical verification was conducted for a school toilet constructed by NTPC in the Karimnagar district in Telangana. Members holding Certificate of Practice or firms registered with the ICAI are eligible to participate in this Abhiyan. So far 804 members of the ICAI have already expressed their interest to take part in this Abhiyaan. More than 2826 toilet blocks have been assigned to the ICAI members. As many as 124 appointment letters have been issued by the concerned Central Public Sector Undertakings (CPSUs) and 768 toilet blocks are under verification across the country. ICAI has received 840 reports till date.

Interested members can download the Acceptance form & participate in Swachh Vidyalaya Abhiyaan at http://icai.org/new_post.html?post_id=11352

ICAI in Limca Book of Records

Maximum Participation in ICAI Programmes: Committee on Public Finance & Government Accounting of ICAI along with the Committee on Banking, Insurance and Pension of ICAI, had organized a National Conference at Birla Auditorium Jaipur on 30th-31st December 2014, on Rising to the Challenges- Redefining our Role, which was hosted by Jaipur Branch of CIRC of ICAI. Coinciding with the Conference, another programme, Student's Counselling Programme - Career in Accounting and Finance for Youth (CAFY) had also been organised, where students from Standards X-XII aspiring for CA profession had participated. Both the National Conference as well as Student Counseling Programme were attended by record number of CA professionals (i.e. 4307) and Standard X-XII students (i.e. 22,128). Limca Book of Records 2016 has registered these two events and the number of participations as entries for National Records for maximum number of participating professionals and students in a single event.


Limca
Book of Records
National Record
At the National Conference of **The Institute of Chartered Accountants of India** organized by the Committee on Public Finance and Government Accounting, 4307 Chartered Accountants attended the largest gathering of professionals at Jaipur on Dec 30- 31, 2014.
Students Counselling Programme Career in Accounting and Finance for Youth (CAFY) was also organised as largest gathering of students – 22,128 – of Class X- XII at Jaipur on Dec 30- 31, 2014.
Vijaya Ghose
Editor, Limca Book of Records

ICAI Infrastructure Initiatives since Approval of Infrastructure Policy 2014

As on 8th June 2016, The ICAI has purchased 10 new infrastructure, i.e. land, premises, etc., after the approval of its Infrastructure Policy 2014 for the Branches of SIRC (i.e. Kannur Branch), NIRC (i.e. Jalandhar and Gurgaon Branches), CIRC (i.e. Gorakhpur, Jabalpur, Moradabad, Pali and Agra Branches), and WIRC (i.e. Goa Branch) and 15 cottah Land for EIRC Kolkata. Meanwhile, construction proposals have been approved for the Ajmer Branch of CIRC, Surat Branch of WIRC and Hubli Branch, Kannur Branch, Rajamahendravaram Branches of SIRC, Bathinda Branch of NIRC and Bareilly Branch of CIRC. Construction is also underway at the Centre of Excellence in Jaipur.

A first in the form of International Placement Programme

In a first in its history, the ICAI organised an International Placement Programme through Video Conferencing Mode in November-December 2015 at six centres viz. Bangalore, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi for placement/employment of Indian CAs at international level. This International Campus Programme was a step ahead as an extension to the already existing and highly successful Campus Placement programme of the ICAI. As many as 1043 candidates participated in this first international campus programme.

ICAI's Recent Green Initiatives

ICAI has a commendable history of Green Initiatives. This Green drive has got new momentum in recent months with a number of far-reaching decisions taken. As a step to reduce the use of paper that will help us preserve the earth's ecosystem, it has now been decided that agenda and other related documents should be circulated electronically at all its meetings rather than in hard copy.

In another green initiative, it has been decided to shift the publication of newsletters at Regional and Branch levels of the ICAI to the digital mode in a phased manner.

Meanwhile, recently an option has been given to green-thinking members to opt for the electronic version of *The Chartered Accountant* monthly journal while discontinuing the hard copy, to save vegetation. In an encouraging response, hundreds of members have opted to receive only electronic/ digital version of the journal instead of hard copy. The readers interested in contributing to this green initiative can send their request along with their membership no. and mobile no. by email at eboard@icai.in.

History of ICAI Journal and its Many Facets of Digital Versions

The journal of the Institute, *The Chartered Accountant*, started its journey with an eight-page Bulletin in January 1950 and this Bulletin transformed into a full-fledged journal in July 1952, which had a circulation of less than 5000 copies. The journal, which is being brought out monthly ever since July 1952 with a circulation of about 260,000 copies today, is available in many facets of digital version also.

- An eJournal is hosted online on ICAI website www.icai.org as a transformed new hi-tech user-friendly e-magazine in eMagPro format with a range of convenience features wherein users can browse as if turning page after page like in hard copy. One can also 'listen to' the contents.
- However, for the added and alternative convenience of readers, particularly for separate content-wise downloads, the journal continues to be hosted in the PDF format and also in Indexed mode. The archives of digital journal are available on ICAI website from July 2002 onwards.
- Further, this eJournal is now also available on mobile, compatible on iOS (IPad/IPhone etc.) and Android devices. It can be accessed at http://www.icai.org/ under 'e-journal' tab. The eJournal is also available on ICAI Mobile App.
- As an add-on service, the highlights of every issue of journal in capsule form and the President Message in the journal are mass-emailed to all the members.
- In an important initiative to provide a single point reference window to the readers of *The Chartered Accountant* journal and leverage the technology to serve them better, a DVD of past issues of the journal is also available for readers and other stakeholders. While a DVD of 10 years of the journal (July 2002-June 2012) in PDF format has been brought out for readers at a nominal cost, a more recent HTMLised DVD containing 63 years of *The Chartered Accountant* journal (July 1952 to June 2015) has also been released. In this HTML-version DVD in a searchable mode, readers can global search the contents through key words relating to accounting, auditing, taxation, etc., besides searching by month, year, volume, category (like Circulars & Notifications, ICAI News, Legal Decisions, etc.), author, etc.

Global Accountancy Profession Contributes USD $575 Billion Annually to World Economy

In 2015, International Federation of Accountants (IFAC) Commissioned an independent Centre for Economics and Business Research (CEBR) to analyse its membership data from 2009 to 2013. The

Did You Know?

Report titled *Nexus 2: The Accountancy Profession–A Global Value* Add, the second of the two reports published after the analysis, highlights the accountancy profession's link to national economic growth and improved living standards. The study report, available on IFAC website www.ifac.org, estimates that the global profession contributes USD $575 billion annually to the global economy, and shows the opportunity to further strengthen the profession as a unified voice. Importantly, the report reveals the correlation between the share of accountants in total employment, and both GDP per capita improvement and improved human development outcomes.

A First was Scored in 2015 CA Elections

The mammoth triennial ICAI elections for 23rd Council and 22nd Regional Councils were successfully conducted on 4-5 and 18-19 December 2015 across 621 polling booths in 424 cities in India. In a first in ICAI Elections history, votes cast every two hours were displayed through ICAI website, and earlier the draft list of voters was hosted well in advance on ICAI website, which added to the transparency of the entire process.

Suresh Prabhu casting vote

Oath of Allegiance to CA Act, 1949

The Council Year 2016-17 marked the beginning of a unique tradition wherein every member of the Council has been requested, at their discretion, to take an oath of allegiance to the Chartered Accountants Act, 1949 and regulations/rules framed thereunder. As such, President CA. M Devaraja Reddy and Vice-President CA. Kamlesh Vikamsey led the new initiative by taking a solemn oath in February 2015 to mark the beginning of the new tradition.

ICAI now Associate Member of Chartered Accountants Worldwide

As per a decision of the ICAI Council, the Institute has recently taken the membership of Chartered Accountants Worldwide (CAW) as an Associate Member. CAW brings together leading global institutions of Chartered Accountants to support, develop and promote the vital role that Chartered Accountants may play in economy. During the CAW CEOs and Board Meetings held in February 2016, the Certificate of Associate Membership was awarded to ICAI.

Accountancy Existed in Vedic India

"Sufficient evidence exists to lead one to conclude that the art and practice of accounting, as a highly developed system, was in vogue in India even during the times of the *Vedas, Sutras* and the *Upanishads*... The discussions in the Vedas about matters like the system of land tenure, currency, trade, various occupations as well as the general social and economic conditions in those times are indicative of the existence of a highly developed system of record keeping... Sale appears to have regularly consisted in barter in *Rig veda*; 10 cows are regarded as a possible price for an image

Did You Know?

of *Indra* to be used as a fetish. The haggling of the market was already familiar in the days of the *Rig Veda*, and a characteristic hymn of the *Atharvaveda*, is directed to procuring success in trade. Price was referred to as a *Vasna* and the Merchant, *Vanij*.

An arithmetical progression of some interest is found in the *Panchavimsa Brahmana*, where occurs a 'list of sacrificial gifts' in which each successive figure doubles the amount of the preceding one... *Vikraya* is found in the *Atharvaveda* and the *Nirukta* denoting 'sale'. *Sulka* in the *Rig Veda* clearly means 'price'. In the Dharma Sutras it denotes a 'tax'.

Rna, meaning debt, is repeatedly mentioned from the time of the *Rig Veda* onwards having apparently been a normal condition among the Vedic Indians. Reference is often made to debts contracted at dicing. To pay off a debt was *Rnam Samni*. Allusion is made to debit contracted without intention of payment.

The trade and industry of the period were characterised by a highly developed organisation and the institution was called *'Sreni'*. It was a corporation of men following the same trade, art, or craft and resembled the guilds of medieval Europe.

A keen business instinct characterised the society and trade, commerce and industry flourished in ancient India to a very large degree. This extensive scale of trading operations could not have been carried on without systematic record keeping. Indeed, archaeologists have found abundant remains of the ancient commercial records, but the historians have seldom indicated any interest in these embryonic accounting records. These, no doubt, do not much resemble modern accounting records, but they constitute evidence that commercial record keeping enjoyed its infancy in such a civilisation."

(Source: History of Accounting Profession in India-Volume I)

What the Founder President of ICAI Shri GP Kapadia said about CSR of Indian Accountants

Shri G. P. Kapadia, one of ICAI's founding fathers and its president for three successive years since its inception on July 1, 1949, wrote in the last chapter *'Behold Thy Future'* of his much acclaimed historical account, History of the Accountancy Profession in India published in 1973:

"The members of the profession should show increasing involvement in civic affairs...(and these affairs include) participation and involvement in the field of social service...One cannot escape the idea of social responsibility with autonomy having been bestowed upon the profession and in this light it is essential that a learned profession must always think in terms of assuming responsibilities along with the privileges bestowed upon

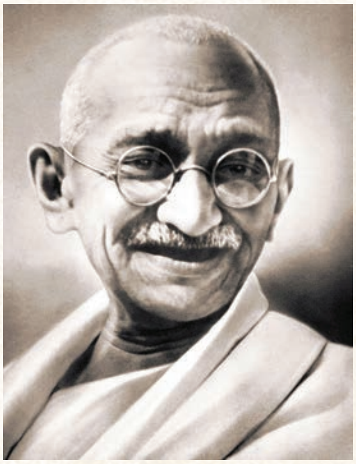
Did You Know?

it or the privileges it desires to enjoy for the efficient performance of duties. Throughout the world, there is a great awareness amongst the citizens in general that every learned profession should develop a real sense of social purpose and social obligation and this should be more so in the case the accountancy profession, which, because of the present context in the country has assumed considerable importance. The Chartered Accountant is a person on whom every section of society could rely and rely strongly... In the performance of any type of duty, the Chartered Accountant would have to think not only of the interests that he is serving, but of the general interest that he is expected to serve in his relation to society."

What the Visionary Late Dr APJ Abdul Kalam said About Accountancy Profession

As the Chief Guest at ICAI's International Conference on Accountancy Profession: *Aiding Value to New Horizons of Economic Growth* at New Delhi on September 1, 2005, late president of India Dr. APJ Abdul Kalam spoke on the topic *"Chartered Accountants: Partners in National Development."* It was after this speech that the ICAI adopted the slogan "Chartered Accountants— Partners in Nation Building." He said: *"It is essential that the benefits of maximum portion of the fund allocated in Government projects reach the intended beneficiaries. To realise this situation of bringing about higher yield from projects, sanctioning authorities can seek the help of Chartered Accountants for simplifying the procedures... ICAI has acquired financial management experience for many decades within the country and abroad. One of the national Challenges is: How do we get maximum economic benefit for the given investment? I believe this is your core competence. As you are thinking in terms of value maximisation, I would like to suggest your participation in one of the very important national needs of the country... When I am with the members of the ICAI, I realise that by virtue of your tasks, you have unique experiences... the CAs have an integrated experience of auditing, financial advice and financial management and providing leadership to certain industries and establishments...Time has now come for the Chartered Accountants to elevate themselves from component audit to system performance audit..."*

Mahatma's Tryst with Accountancy and Learning



Few people know that Father of our Nation Mahatma Gandhi was quite ignorant about even the basic intricacies of accountancy till he realised its importance and, given his knack for learning from scratch, put in his time and effort to understand this stream of knowledge. Mahatma Gandhi found the words like *debit, credit, P. Note*, etc., all Greek since neither his school syllabus nor his higher education in England had anything to do with accountancy. While preparing for his client Dada Abdulla Sheth's case, he got troubled as he could not follow even the basic terminologies of accountancy that were the repertoire of the case. He immediately concluded that knowledge of accountancy was essential even for his basic understanding of the case. He decided to learn accountancy from scratch and purchased a book on accountancy.

He wrote in his autobiography *My Experiments with Truth: "Abdulla Sheth gave me this letter to read, and asked me if I would go to Pretoria. "I can only say after I have understood the case from you, said I. At present I am at a loss to know what I have to do there..." He thereupon asked his clerks to explain the case to me. As I began to study the case, I felt as though I ought to begin from A B C of the subject...A*

Parsi lawyer was examining a witness and asking him questions regarding credit and debit entries in account books. It was all Greek to me. Book-keeping I had learnt neither at school nor during my stay in England. And the case for which I had come to South Africa was mainly about accounts. Only one who knew accounts could understand and explain it. The clerk went on talking about this debited and that credited, and I felt more and more confused. I did not know what a P. Note meant. I failed to find the word in the dictionary. I revealed my ignorance to the clerk, and learnt from him that a P. Note meant a promissory note. I purchased a book on book-keeping and studied it. That gave me some confidence. I understood the case. I saw that Abdulla Sheth, who did not know how to keep accounts, had so much practical knowledge that he could quickly solve intricacies of book-keeping. I told him that I was prepared to go to Pretoria."

Role of Indian Accountancy Board (1932) in Shaping Accountancy Profession

The Indian Accountancy Board set up in 1932 to regulate the accountancy profession and constituted after the Indian Companies' (Amendment) Act, 1930 came into force, had 16 members selected from all provinces—namely, Bombay, Bengal, Madras, United Province, Punjab, Central Province and Burma. Few among us would be aware that it was the Board's Expert Committee appointed in 1948, which had examined the tentative scheme of an autonomous body for accountancy education under the chairmanship of Shri C. C. Desai, who was then Secretary to the Ministry of Commerce, Govt. of India. The Committee had the privilege of drafting the Chartered Accountants Bill. Then it was this Committee that had decided to call the special Act as Chartered Accountants Act. Three of ICAI's past-Presidents, Shri G. P. Kapadia, Shri S. B. L. Vaish and Shri. N. R. Mody, were part of that Committee. CAs Shri M. S. Krishnaswami and Shri S. N. Banerjea, also part of that Committee, became the members of first Council of our Institute. Expert Committee's Chairman Shri C. C. Desai also came on to ICAI's first Council, as Government-nominated member. It was again the Expert Committee that had officially brought about the much-desired parity among various practitioners of accountancy; it said that accountants in India would be called Chartered Accountants and no other designation would be used in India.

Indian Accountancy Board, 1932

Paving the Way for Indian Youth enter CA Profession in 1905

Shri Kalyan S. Aiyar(b.1859) (Courtesy: Mr. Raghu Aiyar)

Shri K. S. Aiyar, arguably the father of Indian accountancy and the pioneer of Commerce education in India, brought the three-year apprenticeship of Society of Incorporated Accountants and Auditors of London to India in 1905 paving the way for Indian youth entering the profession in greater number. Among the aspiring Incorporated Accountants, Shri Sorab S. Engineer was the first to serve his apprenticeship in India under Shri K. S. Aiyar.

First Indian to Become Member of ICAEW

Shri A. E. Cama was the first Indian to become a member of the Institute of Chartered Accountants of England and Wales as early as in 1908. ■

The greatest wealth is to live content with little. - Plato

In-Quotes

What the Leaders Said About ICAI and Indian Accountancy Profession since July 2015— An Overview

Completing 67 years of professional excellence since its inception in 1949, the Institute of Chartered Accountants of India and Indian accountancy profession has grown hand-in-hand with our country and the world, and won the acknowledgement, accolades and admiration of the leaders of Indian polity. The faith affirmed in our profession's aims, objectives and achievements becomes apparent on going through what the leaders said about the Institute and the profession over the years. Here is a glimpse of the views expressed by some of them on various occasions of the ICAI and reported in this journal over its last Volume Year from July 2015.

Finance Minister of India, Shri Arun Jaitley

"As we know accounting is backbone of business financial world and in the growth of the country, Chartered Accountants play an important role. With the sound educational background of the Chartered Accountant, there is no reason to doubt the Institute's ability to consolidate and extend its influential role in the services of the Indian community... I extend my congratulations to the Institute of Chartered Accountants of India (ICAI) on its Foundation Day being observed on July 1st to lead Indian to a new level of economic competence by producing excellent Chartered Accountant professionals...The Institute of Chartered Accountants of India has maintained its legacy toward nation building and also carved out a niche for itself at international level..."
(In a message published in The Chartered Accountant journal July 2015 issue.)

(Contributed by Editorial Board Secretariat of the ICAI. Comments can be sent at eboard@icai.in)

Union Minister of State for Finance, Shri Jayant Sinha

"I commend the Indian accountancy profession for playing an important role in development of economy. .. the Institute has rendered outstanding services with utmost diligence to the Government in maintaining the nation's financial health... India is a lightly taxed nation and CAs should help the government collect due taxes and raise the tax-GDP ratio to 20 per cent. Along with tax officers, chartered accountants too have a responsibility to ensure that due taxes are collected by the government...You are responsible along with tax officials. We have to get our tax:GDP ratio from 16/17 per cent to well over 20 per cent... you, because you are CAs, experts, you know India is not a highly taxed country. We have very moderate taxes in India... As our economy heads for substantial growth in the ensuing years, the Chartered Accountant fraternity assumes an extremely important role as a partner of the Nation in manoeuvring the financial growth of the economy... India relies heavily on the Accountancy professionals who are the trusted advisors to the investors as well as to the policy makers. The Government places heavy reliance on the CA fraternity to keep it informed on the sound working of its strategies. The risk assessment of the national policies to be implemented by the Government is another arena which is dependent on the expertise of the Accounting professionals. The role of the accounting profession is critical in lending credibility to financial markets and for building the India's economy into a global power.

(In his address at ICAI Annual Day Function in New Delhi on 11th February 2016)

Union Minister for Railways, CA. Suresh Prabhu

"As a Chartered Accountant, I can vouch for the fact that switching over to accrual accounting is today a global imperative for all governments as well as big business entities. As a big accounting reform in the country, the Accrual accounting can simply present a better picture of financial performance besides tracking historical trends and recording and measuring transactions... The accountancy profession provides the backbone of financial discipline in India... I believe that the accountancy profession has been and will always be a critical factor in India's economic growth provided it sticks to the spirit, values, excellence and ethics as propounded by founding members of the profession...The future of the CAs is very bright and it is required that the Institute fine-tunes and upgrades the training programmes of the future CAs keeping in view the future challenges, faced by the profession... It should come out of its traditional role of client centric approach and emerge as representative of the civil society to maintain financial ethics and propriety in the civil society."

(In an interview to the Chartered Accountant journal of the ICAI published in July 2015 issue)

"CAs can play a key role in the development of economy and society together in India as well as globally, and to play that role they must have to excel in their individual fields. You cannot just play that role if everybody is just batting and nobody is fielding. That way we cannot win the game. So ritualism to excellence is very long journey and to make that journey successful we have to work in many many fields simultaneously..." and I am sure that the Chartered Accountants will be able to do that in a very significant way."

(In a video message at ICAI International Conference in Indore on 7th August 2015)

Union Minister of State (Independent Charge) for Power, Coal and New & Renewable Energy, CA. Piyush Goyal

"The profession, over the years, has clearly become a pre-eminent profession in the scheme of things in India. I think chartered accountants are not only accountants for businesses any more, they are not only accountants for Government any more, but in some sense, the chartered accountancy profession has become like an in-keeper, a profession which ensures probity in public life, which ensures that things are run well, the machinery of Government performs its duties well, businesses are honest to their system, honest to their stakeholders, and in that sense, I think, both nationally and internationally, the chartered accountancy profession has truly held the Indian flag high, has redeemed itself with excellent performance and I do believe that we have a great role to play in the years to come and making India the economic superpower of the world that we have all set out to do. I am sure this effort for global dominance that India is hoping to have in different spheres of life will be incomplete without the active participation of all of you in this room and all chartered accountants in India and all over the world who have come out of our Institute and are truly serving mankind and truly serving the world in the best possible manner.

...If at all there is one word which we often used to describe the Hon'ble Prime Minister, it was *bharosa*. All of you chartered accountants are the epitome of that *bharosa* that India and Indians have in this profession. I believe every chartered accountant brings with him and his signature, *bharosa* to the people of India, trust to the people of India, and it is your signature which adds value to whatever report whatever accounts whatever certifications that people put up for Government, put up for different requirements.

....The work that you are doing whether it is as a master of the Swachch Bharat Abhiyaan, that Hon'ble Prime Minister had nominated the Institute for last year, whether it is the work for the audit of the school toilets... Our contribution in that mission, our contribution in that programme is truly praiseworthy."

(In his address at CA Day function in New Delhi on July 2015)

Member of Parliament, Lok Sabha, CA. (Dr.) Kirit Somaiya

"I wish that the accounting fraternity in India starts social service akin to corporate social responsibility to help the deprived sections of the society... CAs can play a pivotal role in social services and Corporate Social Responsibility in their individual capacity as well as collectively with the ICAI and their clients... the CA qualification and skills have tremendously helped me make a difference in Parliament...It was my passion to serve the country through politics, but it was my well-thought out decision to qualify as CA to perform my duties in a better way... There is no meaning of economic growth if one section of society progresses while the others lag behind... our prime minister has given the idea of *Adarsh Gram*. Likewise every branch of the ICAI should vie to become *Adarsh Branch*."

(In his address at ICAI International Conference in Indore on 9th August 2015)

Member of Parliament, Rajya Sabha, CA. K. Rahman Khan

"Today Indian Chartered Accountants are all capable to take up global roles while India is well set to become a global accounting leader by 2020. I have been a member of the ICAI for 51 years and has closely observed the Institute and Indian accountancy profession evolve and grow ever since the ICAI had just 6000 members compared to 240000 now and the ICAI has done exceptionally well in all the capacities of educator, certifier of accounts and regulator...Although the Institute has effectively taken in its stride all the challenges of changing times, still some formidable challenges persist. One major challenge for us CAs is the need to develop an 'Early Warning System' for Indian society, corporate and overall economy...We are the trustees of society. We have been given a very important position in Indian society, which has high expectations of vigilant monitoring of financial affairs of the country from us... CAs are well placed in a position where they can know about any deviation or wrongdoing in financial affairs of the country as well as corporates."

(In his address at ICAI International Conference in Indore on 8th August 2015)

Defence Minister, Shri Manohar Parrikar

"The pioneering role of ICAI in enriching and revamping the accountancy education in the country needs no special mention as they have shaped the minds of CA fraternity in diverse ways. Hence the decision to celebrate the foundation day as CA DAY is very apt and relevant…I convey my best wishes to the CA fraternity celebrating this great event."

(In a message published in The Chartered Accountant journal July 2015 issue.)

Union Minister of Minority Affairs, Dr. Najma Heptulla

"I am glad to know that the Institute of Chartered Accountants of India (ICAI) will be celebrating its Foundation Day as CA Day on 1 July...It is heartening to note that the Institution has completed 66 years of its existence and during this period, the Institute has groomed professionals who are dynamic thinkers and solution providers. Further, it has guided business and industry as a partner in nation building... On the occasion of CA Day, I extend my best wishes to the Institute of Chartered Accountants of India for success in its endeavours.

(In a CA Day message published in July 2015 issue of the journal)

Comptroller & Auditor General of India, Shri Shashi Kant Sharma

"…Accounting and Auditing Profession has seen some far reaching significant changes and initiatives in the last two years in the fields of corporate governance and accountability regime. The Companies Act, 2013 and the rules framed thereunder are in place. A roadmap for transition to Indian Accounting Standards (IndAs) is also in place and Ind AS have been notified by the Government. The positive role played by the Institute of Chartered Accountants of India in furthering these initiatives is commendable… I am sure Chartered Accountancy as a profession will rise up to the demands of emerging responsibilities associated with the developments and continue to provide professional service to the corporate sector and all stakeholders. Dissemination of various implications of new initiatives along with measures to improve the quality of compliance with demands of corporate governance through effective and continuous training to the professionals would be essential. I am sure Institute of Chartered Accountants of India has geared itself towards fulfilling these responsibilities efficiently and purposefully.

(In a CA Day Message published in The Chartered Accountant journal in July 2015 issue)

IFAC President, Ms. Olivia Kirtley

"There is no doubt that good corporate governance and quality financial reporting are mutually desirable – and intrinsic to improving India's competitiveness and economic growth. IFAC supports the way in which the Indian government and ICAI have embarked on a journey towards globally consistent financial reporting standards. We believe that the new Indian Accounting Standards (IndASs) will significantly support India's growth and competitiveness. And, helping the nation's businesses, transition to the new accounting standards will continue cohere the profession at the center of India's economic strategy...IFAC also lauds the initiatives of ICAI to improve audit quality. The Companies Act, 2013 introduced several new reporting requirements in regard to the statutory audit of companies…Not only do professional accountants have the training and competencies to provide valuable inputs to this process, but it is also in our best interest to play a significant leadership role. Effective governance leads to transparency and high quality information. This enables professional accountants to do a better job, so it is essential that our profession be involved at every level of corporate governance… As the

In-Quotes

global voice of the accountancy profession, IFAC strives to be a positive catalyst for more effective governance on a global level... "Financial expertise" and "professional skepticism" are two of the most important factors for effective boards and oversight functions. They are at the core of the highly developed competencies of professional accountants."
(In her article contributed for July 2015 Special Issue of the The Chartered Accountant journal of the ICAI)

ITAT President, Justice (Retd.) D. D. Sud

"It is to be acknowledged that the ICAI has undergone paradigm shift and transformation ever since its inception and has seen India grow from backward economy, to developing economy to an advanced stage of being a developed economy... Today when India is on way to become a developed economy, Indian CAs have a vital role to play as an enabling force of development... I suggest that standards and processes recommended by the ICAI to the Government should be India-oriented and made after taking into considerations the problems and ground realities of the country... All such suggestions and standards should be able to withstand national as well as international scrutiny... India should effectively adopt and implement International accounting standards as part of its growth phenomenon... Indian accountancy profession should always be rooted in ethics so as to remain a force to reckon with... there is a need to simplify the complex Indian taxation system and granting functional autonomy to CBDT & CBEC... It is high time for India to make the much awaited shift from cash to accrual system of accounting, and the CA fraternity must ensure that in addition to ensure certainty, precision and accountability in the profession for a robust growth in India economy.
(In his address at ICAI International Conference in Indore on 7th and 8th August 2015)

Chairman of Securities and Exchange Board of India (SEBI), Shri UK Sinha

"I acknowledge the all-beneficial role being played by the ICAI and Indian accountancy profession in India... we regard ICAI as a partner in our overall mission. No efforts of the SEBI can be implemented without the support of the ICAI and accountancy profession.. if we analyse the role of the ICAI, it has come up with flying colours in the capacity of educator and certifications. It has been setting standards with foresight and comprehensiveness... However there is still a lot of scope in improvement in regulatory role so as to further improve the integrity and financial system of the country... we need to further improve peer review mechanism... I also call upon Indian accountancy profession to think in terms of going to the next frontier of accounting which is 'Integrated Reporting' and should adopt it in India."
(In his address at ICAI International Conference in Indore on 8th August 2015)

RBI Deputy Governor, Shri S.S. Mundra

"In view of various dimensions - social, economic and political, of the causes and consequences of financial crisis, I call upon the accountancy fraternity to remain vigilant to factors like weakness in the underlying structure, prolonged easy monetary policy, inadequate supervision of market behaviour, etc., which are usually the origin of a financial crisis... There have been many reforms in Indian banking sector recently and the RBI has not only implemented the globally agreed reformatory norms but has also proactively introduced various macro-prudential norms to further strengthen the sector... the banking sector relies heavily on the CA fraternity for concurrent and forensic audits... While a strong financial sector is the *sine qua non* for a sturdy economy, we acknowledge the pivotal role played by the ICAI in enabling the banking sector to remain robust and thereby contributing to the growth of the nation's economy."
(In his address at ICAI International Conference in Indore on 8th August 2015)

IAASB Chairman, Mr. Arnold Schilder

"I am very optimistic about Auditing & Assurance Services and related emerging global trends. After five years of intense global consultation, the IAASB has unanimously agreed on the revision of International Standards on Auditing (ISAs). There was a need to enhance quality of audit and IAASB has taken up the task of enhancing audit quality as its new ambitious project. I would appreciate if the Indian Chartered Accountants also pay heed to various initiatives taken by the IAASB's 'Innovation Working Group' on integrated reporting and data analytics.

(In his address at ICAI International Conference in Indore on 7th August 2015)

International Integrated Reporting Council CEO, Mr. Paul Druckman

"Groundbreaking developments have taken place with respect to Integrated Reporting <IR> Framework across many parts of the world and there is now a need further improve upon it.... The related reports should be precise and informative rather than overloaded with data. I fully recognise accountancy profession's rich heritage and acknowledge the contributions of Luca Pacioli, Father of Accounting, who laid the foundation of Double entry book-keeping in 1494...In present day, accountants are not just the trusted source of corporate information, but the catalyst for change to the system of accounting and reporting. I acknowledge initiatives of Tata Steel and Tata Power for using Integrated Reporting... Using <IR> as a catalyst is our call for the accountancy profession to stand up and take its place as the true innovators of the accounting ecosystem in the 21st century..."

(In his address at ICAI International Conference in Indore on 8th August 2015)

The then, CPA Ireland President, Mr Brian Purcell

"The number of countries adopting GST have increased substantially from 10 countries in 1960s to 164 countries in 2015. Five more countries, including India, are on the way to adopt GST. There are innumerable advantages of GST including effectiveness of collection, staged payment, encourage savings, etc. The GST also offers a multitude of professional opportunities. I quote Lord Justice Sedley, *beyond the everyday world…lies the world of VAT (GST), a kind of fiscal theme park in which factual and legal realities are suspended or inverted."*

(In his address at ICAI International Conference in Indore on 8th August 2015)

CPA Ireland CEO, Mr. Eamonn Siggins

"A gap indeed exist between the excellence demonstrated by audit firms and the expectancy of the regulator as well as that of the clients... the various possible factors responsible for some major failures of audit include lack of professional skepticism, lack of auditors' independence, lack of corroboration of management explanations and conflict of interests... The Small & Medium Entities (SMEs) make up over 90% of businesses and hence, it is imperative to cater to their needs & expectations. I quote the Greek philosopher Aristotle, *"We are what we repeatedly do. Excellence, then, is not an act, but a habit" and wish that the chartered accountants worldwide should never stop striving for more and more excellence in their services."*

(In his address at ICAI International Conference in Indore on 8th August 2015)

Taxation

GST Model Law— A Significant Way Forward

The much awaited "Model GST law" has now been made available in public domain to help us understand the nuances of the proposed GST law. Professionals at large and Industry experts have a unique opportunity to make representations, suggest changes, contribute with their expertise in evolving a new law, which will be a game changer in the history of independent India. Implementation of GST would also bring many professional opportunities for Chartered Accountants, in addition to their playing a key role during transition from existing regime to new GST regime. Read on to know more...

Implementation of GST in India would integrate a large number of taxes into one single legislation while minimising the cascading effect of taxes, making available tax credits across the chain (other than the 5 petroleum products), development of a Common National Market and making Indian products and services more competitive in the global market. A 'Dual Rate Structure' consisting of CGST [Central Goods and Services Tax] and SGST [State Goods and Services Tax] would be applicable on all transactions involving supply of goods and/or services within a State. The Inter-State transactions of Goods and/or Services would be taxed vide IGST model.

(Contributed by Indirect Taxes Committee of the ICAI. Comments can be sent to idtc@icai.in)

As the 122nd Constitution (Amendment GST) Bill, 2014 awaits a green signal from the Upper House or the Rajya Sabha, the release of Model GST Law on 14th June 2016 has raised hopes of GST implementation in India by 1st April 2017 though there are many seen and unseen challenges other than passing of the bill. Considering that this is a landmark legislation, likely to be passed in the

Monsoon Session, we need to analyse the GST Model Law and understand the provisions.

General

The Model GST Law right from the start of the definitions till the end, indicates that it is an amalgam of the old laws cumulated as required to cover all types of real situation. Many of the concepts have been well settled in the earlier indirect tax laws such as central sales tax, central excise, customs, service tax and some VAT concepts. This may avoid disputes as there would be clear precedents.

Levy, Taxability and Registration

The taxable event under GST regime would be supply of goods and/or services. Supply, it appears, is all encompassing and here it would include all forms of supply of goods and/or services such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration. It also provides for cases where even though ***consideration is not present such transactions would also be liable to tax such as*** importation of service.

GST Model Law provides that a person carrying any business in India and registered under this Act would be liable to pay taxes if the **aggregate turnover** in a financial year exceeds ₹10 lakhs (earlier expectation was ₹25 Lakhs) whereas the threshold limit for the North Eastern States including Sikkim has been pegged at ₹5 lacs. There could be challenges for those centrally registered service tax assessees.

Time & Value of Supply

The liability to pay CGST/SGST would arise at the time of supply (including supplies taxable on reverse charge basis) which shall be earliest of one of the following events:

- removable goods and non-removable goods on delivery to the receiver; or
- issuance of invoice, or
- receipt of payment, or
- receipts reflecting in books of accounts of recipient/bank statement, or

in case of continuous supply of goods (to be notified based on the recommendation of the Council) where successive payments/statements of account are involved the time of supply shall be the date of expiry of the period to which successive payments/statements of accounts relate to. The relevant provisions also speak of certain classes of supplies where the time of supply has been stipulated in section 12.

Services

In case of change of rate in respect of supply of services the present Point of Taxation Rules, 2011 may be considered *mutatis mutandis*.

It may be noted here that under the proposed law the tax needs to be paid on advances received against goods which was not the case under existing Excise/VAT laws. This principle is also against the revenue recognition standards applicable to financial statements and may require a revisit.

Valuation

The value of supply of goods & services would be price actually paid/ payable for a transaction between unrelated parties with price as a sole consideration. Where the price is not influenced due to the relation, then that value would be accepted. The various methods have been prescribed for valuation, if transaction value is tainted. The options are transaction value of goods or services of like kind; computed value and residual method. If value cannot be determined as per these, then the value shall be determined using reasonable means consistent with the principles and general provisions of these Rules.

Input Tax Credit

Every registered taxable person is entitled to avail credit of tax paid on inputs, input services and capital goods provided goods and/or services have been received and tax has been deposited by the supplier with certain other conditions being satisfied. The restriction of receipt of goods and/or services is a paradigm shift from the present law.

It is important to note that time limit of one year is provided for taking the credit. Credit needs to be

Implementation of GST would bring many professional opportunities in addition to playing a key role during transition from existing regime to new GST regime. The CAs can provide services like undertaking various audits under the law, filing of returns, helping the assessees with assessments & litigations etc. Advent of GST would bring in new venture areas of practice and consultancy for members in practice as well as in industry.

taken by the month of September following the end of financial year to which the credit pertains.

TDS: The Central or a State Government may mandate certain departments (viz, local authority, government agencies) to deduct tax (TDS) at the rate of 1% on notified goods or services, where the total value of such supply, under a contract, exceeds ₹10 lakhs. This is a concept borrowed from the VAT law where compliances were very poor across India as these entities have not been used to compliances and may not be having high accountability.

TCS: Further, every E-commerce operator engaged in facilitating the supply of any goods and/or services (aggregators like Amazon, Flipkart, etc.) shall collect tax at source (TCS) at the time of credit or at the time of payment whichever is earlier. The GST collected by e-commerce players would be paid to the government within 10 days after the end of the month in which collection was made.

GST Compliance Rating

Every taxable person shall be assigned a GST compliance rating score based on his record of compliance with the provisions of this Act. The GST compliance rating score shall be updated at periodic intervals and intimated to the taxable person and also placed in public domain.

Transitional Provisions

The transitional provisions for registration, transfer of credits, overlapping transactions, goods lying at job-workers premises, pending refund claims, litigations assessments, etc., goods in transit or pending approval, taxable person switching to composition scheme, exempted/dutiable goods returned, inputs/semi-finished goods/finished goods removed for job work & returned, long term construction/works contracts, retention payments, branch transfers and more have also been provided for. It's indeed worth noting that the ICAI's report ***"Discussion Paper on Key Transitional Issues in Proposed GST Regime"*** has been partially considered in Chapter XXV on Transitional Provisions.

The IGST Act

This Act provides for the determination of the principles for the supply of goods and/or services in the course of interstate trade or commerce.

Members in practice can look at avenues in the areas of GST implementation, systems study, optimisation of taxes, engage in study of selling and distribution patterns/chains, impact analysis, purchase/sales patterns, contract vetting, impact analysis etc… Apart from these activities a professional can also think of compliances, development of a GST Manual, accounting/transaction advisory/representation services.

A supply of goods and/or services is said to be in the course of inter-State trade or commerce where the location of supplier and the place of supply are in different States. This condition is however subject to change in certain cases such as in a situation where– a) no movement of goods/ services are involved; b) when goods are assembled/ installed at site or when goods are taken on board a conveyance, etc.

A supply of goods and/or services is said to be intra-State Supply where the location of supplier and the place of supply are in the same State.

Professional Opportunities

Implementation of GST would bring many professional opportunities in addition to playing a key role during transition from existing regime to new GST regime. The CAs can provide services like undertaking various audits under the law, filing of returns, helping the assessees with assessments & litigations etc. Advent of GST would bring in new venture areas of practice and consultancy for members in practice as well as in industry. Members in practice can look at avenues in the areas of GST implementation, systems study, optimisation of taxes, engage in study of selling and distribution patterns/ chains, impact analysis, purchase/sales patterns, contract vetting, impact analysis, etc. Apart from these activities a professional can also think of compliances, development of a GST Manual, accounting/ transaction advisory/representation services.

Conclusion

This article provides a bird's eye view or an insight into the proposed law and does not delve deep into the proposed provisions nor examine the issues.

Please provide your comments/suggestions to Indirect Taxes Committee at its website www.idtc.icai.org. ■

Significant Amendments made in Lok Sabha while Passing the Finance Bill, 2016

The Finance Bill, 2016 introduced in the Parliament on 28.2.2016 contained 112 clauses proposing changes/additions in the various sections of the Income-tax Act, 1961. The issues arising out of the proposals contained in the Finance Bill, 2016 were deliberated and many of the concerns were appropriately addressed while passing the same in the Lok Sabha. Accordingly, this year, 47 amendments were made in 19 clauses and 3 new clauses were inserted while passing the Finance Bill, 2016 in the Lok Sabha on 5th May, 2016. The Finance Bill, 2016, so amended, received the assent of the President on 14th May, 2016. The following table contains an overview of the said amendments:

S. No.	Clause of the Finance Bill, 2016	Section of the Income-tax Act, 1961	Particulars including the proposal, if any, contained in the Finance Bill, 2016 as introduced in the Parliament on 28.2.2016	Amendment made while passing the Finance Bill, 2016 in the Lok Sabha on 5.5.2016
1.	3	2(42A)	As per para 127 of the Finance Minister's Budget Speech [Union Budget 2016-17], the period for getting benefit of long term capital gain regime in case of unlisted companies is to be reduced from three to two years. However, there was no proposal in the Finance Bill, 2016 introduced in the Parliament on 28.02.2016 to give effect to the reduction in the period of holding. The said issue has been also raised via the Post-Budget Memorandum of the ICAI.	**Reduction in the period of holding of unlisted shares from "more than 36 months" to "more than 24 months" for being treated as long term capital asset:** Third proviso has been inserted in section 2(42A) of the Income-tax Act, 1961, while passing the Finance Bill, 2016 in the Lok Sabha. Resultantly, the period of holding of unlisted shares for being treated as a long term capital asset has been reduced from "more 36 months" to "more than 24 months" from A.Y. 2017-18.
2.	7(A)(i)	10(12)	This section exempts the accumulated balance due and becoming payable to an employee participating in a recognised provident fund, subject to fulfilment of the conditions laid down in Rule 8 of Part A of the Fourth Schedule. A proviso was proposed to be inserted in section 10(12) to bring to tax withdrawals in respect of contributions made on or after 1st April, 2016 by an employee participating in a recognised provident fund, in excess of 40% of the accumulated balance attributable to such contributions.	**No tax on withdrawals from recognised provident fund:** This proviso has been omitted. Consequently, there would be no tax on withdrawals from recognised provident fund, if the conditions laid down in Rule 8 of Part A of the Fourth Schedule are fulfilled.

(Contributed by Direct Tax Committee of the ICAI. Comments can be sent to dtc@icai.in)

Taxation

S. No.	Clause of the Finance Bill, 2016	Section of the Income-tax Act, 1961	Particulars including the proposal, if any, contained in the Finance Bill, 2016 as introduced in the Parliament on 28.2.2016	Amendment made while passing the Finance Bill, 2016 in the Lok Sabha on 5.5.2016
3.	**7(A)(iii)**	**10(13)(ii)**	This section exempts any payment from an approved superannuation fund made to an employee in lieu of or in commutation of an annuity on his retirement at or after a specified age or on his becoming incapacitated prior to such retirement. A proviso was proposed to be inserted in section 10(13)(ii) to bring to tax any payment in lieu of or in commutation of an annuity purchased out of contributions made on or after 1st April, 2016, where it exceeds forty per cent of the annuity.	**<u>No tax on payment in lieu of or in commutation of annuity purchased out of contributions from approved superannuation fund:</u>** This proviso has been omitted. Consequently, there would be no tax on any payment from an approved superannuation fund in lieu of or in commutation of an annuity purchased out of such contributions.
4.	**16**	**35ABA**	New section 35ABA proposed to be inserted to provide for tax treatment of capital expenditure incurred for acquiring any right to use spectrum for telecommunication services, for which payment has actually been made to obtain such right.	**<u>Consequences of failure to comply with the provisions of section 35ABA specified:</u>** New sub-section (3) has been inserted in section 35ABA to provide that in case any deduction has been claimed and granted to the assessee under section 35ABA(1) and, subsequently, there is failure to comply with any of the provisions of section 35ABA, then,— (a) the deduction shall be deemed to have been wrongly allowed; (b) the Assessing Officer may re-compute the total income of the assessee for the said previous year and make the necessary rectification; (c) the provisions of section 154 shall apply and the period of four years specified in section 154(7) would be reckoned from the end of the previous year in which the failure to comply with the provisions of section 35ABA takes place.
5.	**19**	**35CCC**	The weighted deduction of 150% of expenditure incurred on notified agricultural extension project was proposed to be reduced to 100% of the expenditure incurred **with effect from assessment year 2018-19**. Section 35CCC(1) was to be amended to give effect to the proposal.	**<u>Weighted deduction @ 150% to continue till assessment year 2020-21:</u>** Weighted deduction@150% would continue to be applicable for 3 more years, i.e., A.Y.2018-19 to A.Y.2020-21. Accordingly, instead of amending section 35CCC(1), a proviso has been inserted thereto to provide that, with effect from A.Y.2021-22, deduction @ 100% of the expenditure incurred on notified agricultural extension project would be allowed.
6.	**29A**	**49(5)**	The Income Declaration Scheme, 2016, proposed to be introduced vide Chapter IX of the Finance Bill, 2016, provides an opportunity to persons who have paid not full taxes in the past to come forward and declare the undisclosed income and pay tax, surcharge and penalty totalling in all to 45% of such undisclosed income declared. A declaration under the aforesaid Scheme may be made in respect of any income or income in the form of investment in any asset located in India and acquired from income chargeable to tax under the Income-tax Act for any assessment year prior to the assessment year 2017-18 for which the declarant had failed to furnish a return under section 139; or failed to disclose such income in a return furnished before the date of commencement of the Scheme or such income had escaped assessment by reason of the omission or failure on the part of such person to make a return under the Income-tax Act or to disclose fully and truly all material facts necessary for the assessment or otherwise. Where the income chargeable to tax is declared in the form of investment in any asset, the fair market value of such asset as on 1st June, 2016 computed in accordance with Rule 3 of the Income Declaration Scheme Rules, 2016 shall be deemed to be the undisclosed income. However, there was no provision in the Finance Bill, 2016 introduced in the Parliament on 28.2.2016 providing for the cost of acquisition in case of subsequent transfer of such assets, whose fair market value has been declared under the Income Declaration Scheme.	**<u>Cost of acquisition deemed to be the fair market value which has been taken into account for the Income Declaration Scheme, 2016:</u>** Sub-section (5) has been inserted in section 49 (cost with reference to certain modes of acquisition) to provide that where the capital gain arises from the transfer of an asset declared under the Income Declaration Scheme, 2016, and the tax, surcharge and penalty have been paid in accordance with the provisions of the Scheme on the fair market value of the asset as on the date of commencement of the Scheme, the cost of acquisition of the asset shall be deemed to be the fair market value of the asset which has been taken into account for the purposes of the said Scheme.

S. No.	Clause of the Finance Bill, 2016	Section of the Income-tax Act, 1961	Particulars including the proposal, if any, contained in the Finance Bill, 2016 as introduced in the Parliament on 28.2.2016	Amendment made while passing the Finance Bill, 2016 in the Lok Sabha on 5.5.2016
7.	41	80-IAC	New section 80-IAC proposed to be inserted to provide a deduction @ 100% of the profits and gains derived by an eligible start-up from a business involving innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property. The 'eligible start-up' included only a company fulfilling the prescribed conditions. The ICAI had, vide its Post-budget Memorandum - 2016, suggested extending the benefit of this deduction to limited liability partnerships as well.	<u>**Extension of benefit of deduction to an eligible start-up, being a Limited Liability Partnership fulfilling prescribed conditions:**</u> The definition of "eligible start up" in clause (i) of Explanation to section 80-IAC has been amended to include both a company as well as a limited liability partnership fulfilling the prescribed conditions set out thereunder.
8.	43	80-IBA	New section 80-IBA proposed to be inserted to incentivise affordable housing sector as a part of the larger objective of 'Housing for All'. Where the gross total income of an assessee includes any profits and gains derived from the business of developing and building housing projects, an amount equal to 100% of the profits and gains derived from such business proposed to be allowable as deduction, subject to fulfilment of certain conditions. The conditions relating to minimum size of plot of land on which the project is located, maximum size of the residential unit comprised in the housing project and minimum floor area ratio permitted to be utilised in respect of projects located within the cities of Chennai, Delhi, Kolkata or Mumbai or **within the area of 25 kms from the municipal limits of these cities** were more stringent *vis-a-vis* the conditions specified in respect of projects located in any other place.	<u>**Distance from municipal limits to be measured aerially:**</u> The distance of the place from the municipal limits of the cities of Chennai, Delhi, Kolkata or Mumbai has to be measured aerially. <u>**Project to be the only housing project on the plot of land, which fulfils the measurement criterion:**</u> Further, an additional condition has been laid down for claim of deduction, namely, that the project should be the only housing project on the plot of land which fulfils the measurement criterion of not less than 1000 sq.m or 2000 sq. m., as the case may be.
9.	47A	111A	In order to encourage the growth of International Financial Services Centres (IFSCs) into a world class financial services hub, a competitive tax regime is proposed. Accordingly, the following incentives were proposed to units set up in the IFSC under the Income-tax Act, 1961: (1) Exemption from levy of STT and CTT, in respect of taxable securities transactions or taxable commodities transactions entered into by any person on a recognised stock exchange or recognised association, as the case may be, located in unit of IFSC where the consideration for such transaction is paid or payable in foreign currency. (2) Section 10(38) to be amended to provide that the exemption from levy of tax on long-term capital gains in respect of income arising from transaction undertaken in foreign currency on a recognised stock exchange located in an IFSC would be available even when securities transaction tax is not paid in respect of such transaction. However, no consequential amendment was proposed in section 111A to extend the concessional taxation regime thereunder to short-term capital gains arising from transaction undertaken in foreign currency on a recognised stock exchange located in an IFSC, even when STT is not paid, in respect of such transaction.	<u>**Short-term capital gains arising from transaction undertaken in foreign currency on a recognised stock exchange located in an IFSC to be taxable at a concessional rate of 15% even when STT is not paid in respect of such transaction:**</u> Under section 111A, short term capital gains arising from transfer of listed equity shares or listed units of an equity oriented fund or business trust is taxable at a concessional rate of 15% provided securities transaction tax is paid. Second proviso has been inserted in section 111A(1) to provide that short term capital gains arising from transaction undertaken in foreign currency on a recognised stock exchange located in an IFSC would be taxable at a concessional rate of 15% **even when STT is <u>not</u> paid** in respect of such transaction.
10.	49	115BA	New section 115BA proposed to be inserted to provide an option to newly setup domestic companies registered on or after 01.03.2016 and **engaged in the business of manufacturing or production of any article or thing** to avail the benefit of concessional rate of taxation@25%, subject to fulfilment of prescribed conditions. Further, the domestic company was required to exercise the option for being taxed under this section in the prescribed manner **on or before the due date specified under section 139(1) for furnishing the return of income for the relevant previous year**.	<u>**Extension of benefit of exercising option to be taxed under section 115BA to a domestic company engaged in research, in relation to, or distribution of, such article or thing manufactured or produced by it:**</u> The benefit of exercise of option to be taxed under section 115BA would be available to a domestic company, which is not engaged in any business, other than the business of manufacture or production of any article or thing **and research, in relation to, or distribution of, such article or thing manufactured or produced by it.**

S. No.	Clause of the Finance Bill, 2016	Section of the Income-tax Act, 1961	Particulars including the proposal, if any, contained in the Finance Bill, 2016 as introduced in the Parliament on 28.2.2016	Amendment made while passing the Finance Bill, 2016 in the Lok Sabha on 5.5.2016
				Option, once exercised, to be irreversible: The domestic company is required to exercise the option for being taxed under this section in the prescribed manner **on or before the due date specified under section 139(1) for furnishing the first of the returns of income** which the person is required to furnish under the provisions of the Income-tax Act, 1961. However, once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year.
11.	50	115BBDA	New section 115BBDA proposed to be inserted to bring to tax any income by way of dividend received in excess of ₹ 10 lakhs in the case of an individual, Hindu undivided family (HUF) or a firm who is resident in India, at the rate of ten percent. However, the language of the section was not clear as to whether only the amount in excess of ₹ 10 lakhs would be subject to tax in the hands of the recipient or the entire dividend received would be subject to tax in the hands of the recipient, in a case where dividend in excess of ₹ 10 lakhs is received by a resident Individual, HUF or a firm.	**Tax@10% to be paid on aggregate dividend income in excess of ₹ 10 lakhs:** The section has been appropriately redrafted to clarify that aggregate dividend income in excess of ₹ 10 lakhs, would be subject to income-tax at the rate of 10% in the hands of the recipient, being a resident individual, HUF or a firm.
12.	52	115BBF	New section 115BBF proposed to be inserted to provide for a concessional taxation regime for income by way of royalty in respect of a patent developed and registered in India. The requirement contained in the section read with the definition of "developed" in *Explanation* to section 115BBF required that the eligible assessee should incur **the entire expenditure** (for any invention in respect of which patent is granted under the Patents Act, 1970) **in India**, to be eligible for the concessional taxation regime. ICAI, in its Post Budget Memorandum-2016, had suggested that in order to make the regime truly meaningful and comparable to the regimes which exist in other jurisdictions, its scope will need to be extended to cover or clarify that condition of "developed and registered in India" is fulfilled once the qualifying taxpayer gets the patent developed under his control and direction while some part of expenditure may be incurred outside India or some part of R&D activity (say, not more than a certain percentage, like 20%) may be outsourced to any other agency which works as per the direction and control of the taxpayer.	**Definition of "developed" modified:** The definition of "developed" has been modified to require the eligible assessee to incur **at least 75% of the expenditure** (for any invention in respect of which patent is granted under the Patents Act, 1970) **in India**, to be eligible for the concessional taxation regime. **Eligible assessee to exercise option for concessional tax regime under new section 115BBF on or before due date of filing return of income specified in section 139(1):** New sub-section (3) has been inserted in section 115BBF to require the eligible assessee to exercise the option for concessional tax regime thereunder in the prescribed manner, on or before the due date specified under section 139(1) for furnishing the return of income for the relevant previous year. **Consequence of not offering income as per section 115BBF, thereafter, in a succeeding previous year:** New sub-section (4) has been inserted in section 115BBF to provide that once the eligible assessee opts for the concessional tax regime under section 115BBF for any previous year and thereafter, in any of the five assessment years relevant to the previous year succeeding such previous year, he does not offer the income for taxation under this section, then, he would not be eligible to claim the benefit of the concessional tax regime under this section for five assessment years subsequent to the assessment year relevant to the previous year in which such income has not been offered to tax as per section 115BBF(1).
13.	53(II)	115JB	New sub-section (7) to be inserted in section 115JB to provide that in case of a company, being a unit established in International Financial Services Centre (IFSC) **on or after 1.4.2016** and deriving its income solely in convertible foreign exchange, the minimum alternate tax shall be chargeable at the rate of **9%** instead of 18.5%.	**Extension of benefit of concessional rate of MAT to existing units in IFSC:** The requirement that the unit should be established in an IFSC on or after 01.04.2016 has been removed, thereby extending the benefit of concessional rate of MAT to all units in IFSC, even if they have been established prior to that date.

S. No.	Clause of the Finance Bill, 2016	Section of the Income-tax Act, 1961	Particulars including the proposal, if any, contained in the Finance Bill, 2016 as introduced in the Parliament on 28.2.2016	Amendment made while passing the Finance Bill, 2016 in the Lok Sabha on 5.5.2016
14.	60	115TD	In order to ensure that the benefit conferred over a period of time by way of exemption is not misused and to plug the gap in law that allows the charitable trusts having built up corpus/wealth through exemptions being converted into non-charitable organisation with no tax consequences, new Chapter XII-EB to be inserted for imposing tax on accreted income at the maximum marginal rate when the organization is converted into a non-charitable organization or gets merged with a non-charitable organization or does not transfer the assets to another charitable organisation. Accreted income to mean the amount by which the aggregate fair market value of the total assets of the trust or institution, as on the specified date, exceeds the total liability of such trust or institution computed in accordance with the prescribed method of valuation. The tax on accreted income was required to be paid within fourteen days from the following date : In case of cancellation of registration granted under section 12AA, the date of receipt by the trust or institution, of the order cancelling the registration. In case a trust or institution has adopted or undertaken modification of its objects which do not conform to the conditions of registration and it has filed application for fresh registration under section 12AA, but the said application has been rejected, the date on which the order rejecting application for fresh registration is received by the trust or institution. The ICAI had, vide its Post Budget Memorandum – 2016, suggested that the time limit of 14 days should be from the date when the order disposing the appeal is received by the assessee, in case where the relevant cancellation order is the subject matter of an appeal to the Appellate Tribunal under section 253.	**<u>Certain Assets, and related liability, excluded from computation of accreted income :</u>** A proviso has been inserted in section 115TD(2) to exclude the following assets and related liability for the purposes of calculation of accreted income: (a) any asset which is established to have been directly acquired by the trust or institution out of its agricultural income. (b) any asset acquired by the trust or institution during the period beginning from the date of its creation or establishment and ending on the date from which registration under section 12AA became effective, if the trust or institution has not been allowed any benefit of sections 11 and 12 during the said period It is also clarified that in case due to first proviso to section 12A(2), the benefits of section 11 and 12 have been allowed to the trust before the registration under section 12AA is effective, then, for the assets falling under (b) above, the registration shall be deemed to have become effective from the first day of the earliest previous year. For this purpose, clause (iii) has been inserted in the *Explanation* to section 115TD to clarify that registration under section 12AA shall include any registration obtained under section 12A, as it stood before its amendment by the Finance (No.2), 1996. **<u>Extension of time for payment of tax on accreted income :</u>** Now, it has been provided that tax shall be paid within 14 days from the following dates: In case of cancellation of registration granted under section 12AA, the date on which - (a) the period for filing appeal under section 253 against the order cancelling the registration expires and no appeal has been filed by the trust or the institution; or (b) the order in any appeal, confirming the cancellation of the registration, is received by the trust or institution . In case of rejection of application for fresh registration under section 12AA, the date on which – (a) the period for filing appeal under section 253 against the order rejecting the application expires and no appeal has been filed by the trust or the institution; or (b) the order in any appeal confirming the cancellation of the application, is received by the trust or institution.
15.	66(a)(II)	143(1D)	Section 143(1D) provides that processing of a return shall not be necessary, where a notice has been issued to the assessee under section 143(2). Proviso to be inserted in section 143(1D) to provide that such return shall be processed before the issuance of an order under section 143(3).	**<u>Time limit of one year (from end of financial year in which return is made) not to be applicable for processing of returns, where notice has been issued under section 143(2):</u>** Section 143(1D) has been substituted to provide that the processing of a return shall not be necessary before the expiry of the period specified in the second proviso to section 143(1) [i.e., one year from the end of the financial year in which return is made], where a notice has been issued to the assessee under section 143(2). However, such return shall be processed before the issuance of an order under section 143(3).

Taxation

S. No.	Clause of the Finance Bill, 2016	Section of the Income-tax Act, 1961	Particulars including the proposal, if any, contained in the Finance Bill, 2016 as introduced in the Parliament on 28.2.2016	Amendment made while passing the Finance Bill, 2016 in the Lok Sabha on 5.5.2016
16.	81	194LBB	Section 194LBB to be amended to require the person responsible for making the payment to the unit-holder of an investment fund to deduct income-tax at the rate of 10% where the payee is a resident and at the rates in force where the payee is a non-corporate non-resident or a foreign company.	**No tax to be deducted in respect of any income not chargeable to tax of a payee, being a non-corporate non-resident or a foreign company:** A proviso has been inserted in section 194LBB to provide that no tax will be deducted at source in case of a payee, being a non-corporate non-resident or a foreign company, in respect of any income that is not chargeable to tax under the provisions of the Income-tax Act, 1961.
17.	86	206C	Under section 206C(1), the seller is required to collect tax at source at specified rates from the buyer at the time of sale of specified goods such as alcoholic liquor for human consumption, tendu leaves, timber, other forest produce, scrap, mineral being coal or lignite or iron ore, at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the buyer, whichever is earlier. Scope of tax collection under section 206C(1) to be expanded to require the seller to collect from the buyer, tax@1% on sale of motor vehicle of the value exceeding ₹10 lakhs, **at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the buyer, whichever is earlie**r.	**Requirement to collect tax on sale of motor vehicle exceeding the value of Rs.10 lakhs, only at the time of receipt of sale consideration:** Instead of amending section 206C(1), new sub-section (1F) has been inserted to provide that every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ₹10 lakhs, shall, **at the time of receipt of such amount**, collect from the buyer, a sum equal to 1% of the sale consideration as income-tax. Accordingly, the requirement to collect tax on sale of motor vehicle of the value exceeding ₹10 lakhs would arise only at the time of receipt of sale consideration.
18.	86	206C	Section 206C(1D) requires collection of tax at source on cash sale of bullion or jewellery@1% of sale consideration, if such consideration exceeds ₹2 lakh for bullion and ₹5 lakh for jewellery. The scope of tax collection at source under section 206C (1D) to be expanded to provide that every person, being the seller shall, at the time of receipt of consideration exceeding ₹2 lakh in cash, collect tax at the rate of 1% from the purchaser on sale of any goods (other than bullion and jewellery), or providing of any services (other than amounts on which tax is deducted at source by the payer under Chapter XVII-B).	**Definition of seller amended:** Consequent to expansion of scope of TCS to include transaction of provision of services, the definition of seller under clause (c) of *Explanation* to section 206C has been amended to include individuals/HUFs whose total gross receipts from business or profession exceed the monetary limits specified in section 44AB during the financial year immediately preceding the financial year **in which such services are provided**.
19.	96	270A	Section 271(1)(c) provides for penalty on account of concealment of particulars of income or furnishing inaccurate particulars of income. For the purpose of ensuring objectivity, certainty and clarity in the penalty provisions, new section 270A to be inserted with effect from A.Y.2017-18 providing for levy of penalty in cases of under reporting and misreporting of income. Consequently, the penal provisions under section 271 not to apply in relation to A.Y.2017-18 and onwards. **Competent authorities for levy of penalty** Sub-section (1) to provide that the Assessing Officer or the Commissioner (Appeals) or the Principal Commissioner or the Commissioner may direct that any person who has under-reported his income shall be liable to pay a penalty in addition to tax, if any, on the under-reported income. **Under-reporting of income: Circumstances** Section 270A(2) to provide six circumstances when a person shall be considered to have under-reported his income.	**Direction for levy of penalty on under-reported income to be in the course of any proceeding under the Act:** Sub-section (1) has been amended to provide that such direction for levy of penalty on under-reported income by the concerned authorities has to be during the course of any proceedings under the Act **Inclusion of the seventh circumstance when a person shall be considered to have under-reported his income:** A person shall be considered to have under-reported his income also in a case where the amount of deemed total income reassessed as per the provisions of section 115JB (Minimum Alternate Tax) or section 115JC (Alternate Minimum Tax), as the case may be, is greater than the deemed total income assessed or reassessed immediately before such reassessment.

<table>
<tr><th>S. No.</th><th>Clause of the Finance Bill, 2016</th><th>Section of the Income-tax Act, 1961</th><th>Particulars including the proposal, if any, contained in the Finance Bill, 2016 as introduced in the Parliament on 28.2.2016</th><th>Amendment made while passing the Finance Bill, 2016 in the Lok Sabha on 5.5.2016</th></tr>
<tr><td></td><td></td><td></td><td><u>Manner of calculation of tax payable in respect of under-reported income modified:</u>
Section 270A(10) to provide that the tax payable on under-reported income shall be the amount of tax calculated –
(a) on such income as if it were the total income, in case of a company, firm or local authority.
(b) at the rate of 30%, of the amount of under-reported income, in any other case.</td><td><u>Manner of calculation of tax payable in respect of under-reported income modified:</u>
<table>
<tr><th></th><th>Case</th><th>Manner of computation of tax payable on under-reported income</th></tr>
<tr><td>(1)</td><td>Where no return of income has been furnished and the income has been assessed for the first time</td><td>The tax payable on under reported income shall be the amount of tax calculated on the under-reported income as increased by the basic exemption limit as if it were the total income.</td></tr>
<tr><td>(2)</td><td>Where the total income determined under section 143(1)(a) or assessed or reassessed or recomputed in a preceding order is a loss</td><td>The tax payable in respect of the under-reported income shall be the amount of tax calculated on the under-reported income as if it were the total income.</td></tr>
<tr><td>(3)</td><td>In any other case</td><td>The amount of tax calculated on the under-reported income as increased by the total income determined under section 143(1)(a) or total income assessed, reassessed or recomputed in a preceding order as if it were the total income
Minus
The amount of tax calculated on the total income determined under section 143(1)(a) or total income assessed, reassessed or recomputed in a preceding order.</td></tr>
</table></td></tr>
<tr><td>20.</td><td>97</td><td>270AA</td><td>New section 270AA(1) to be inserted to provide that an assessee may make an application to the Assessing Officer for grant of immunity from imposition of penalty under section 270A and initiation of proceedings under section 276C, provided he pays the tax and interest payable as per the order of assessment or reassessment within the period specified in such notice of demand and does not prefer an appeal against such assessment order.</td><td><u>Immunity from initiation of proceedings under 276CC also</u>
Section 270AA(1) to provide that an assessee may also make an application to the Assessing Officer for grant of immunity from initiation of proceedings under section 276CC (for wilful failure to furnish returns of income in due time) in addition to immunity from penalty under section 270A for under-reporting of income or mis-reporting of income and prosecution under section 276C for wilful attempt to evade tax, penalty or interest chargeable or imposable under the Act.</td></tr>
<tr><td>21.</td><td>106A</td><td>276C</td><td>Under section 276C(1), prosecution shall be instituted if a person willfully attempts in any manner to evade any tax, penalty or interest chargeable or imposable under the Income-tax Act, 1961. Rigorous imprisonment for a period of 6 months to 7 years and fine would be attracted in a case where the amount sought to be evaded exceeds ₹25 lakhs. However, no amendment was proposed in section 276C(1) consequent to proposed insertion of section 270A for levy of penalty for under-reporting of income.</td><td><u>Section 276C to provide for prosecution, in case of under-reporting of income:</u>
Prosecution under section 276C may also be instituted if a person under-reports his income under the Income-tax Act, 1961. Rigorous imprisonment for a period of 6 months to 7 years and fine would also be attracted in a case where the tax on under-reported income exceeds ₹25 lakhs.</td></tr>
<tr><td>22.</td><td>112</td><td>Part A of the Fourth Schedule</td><td>Rule 6 of Part A of Fourth Schedule to the Income-tax Act, 1961 provides that the portion of the annual accretion in any previous year to the balance at the credit of an employee participating in a recognised provident fund as consists of, inter alia, contributions made by the employer in excess of 12% of the salary of the employee, shall be included in the total income of the employee.
Rule 6 to be amended to include in the total income of the employee, contributions made by the employer in excess of 12% of the salary of the employee or ₹1,50,000, whichever is less.</td><td><u>Removal of monetary limit of ₹1,50,000</u>
The said monetary limit of ₹1,50,000 has been removed. Accordingly, only the contribution made by the employer in excess of 12% of salary shall be included in the total income of the employee.</td></tr>
</table>

Don't limit a child to your own learning, for he was born in another time. - Rabindranath Tagore

Indirect Tax Dispute Resolution Scheme, 2016

"I'm the parliamentary draftsman, I compose the country's laws; And of half the litigation, I'm undoubtedly the cause" – Anonymous.Tax disputes highlight our collective failings and if one half of the litigation belongsto the draftsman then the other half must lie at the doorstep of the Subject. To trump these failings, the law provides a salutary recourse– appeal. But the nature of tax disputes speaks volumes as to whose failings are greater. Indirect Tax Dispute Resolution Scheme, 2016 proposed in the Budget of 2016 is now here to address these pending disputes from June 1, 2016 to all 'declarants' and this window remains open till December 31, 2016. The extent to which disputes will stand 'resolved' remains to be seen. After a brief statement about the framework of this Scheme, this article seeks to identify considerations of concern within this Scheme and the justice to society by the framing of such schemes. Read on…

Dispute Resolution Scheme contained in the Sections 212 to 218 of Finance Act, 2016 seeks to resolve 'indirect tax disputes' where the assessee is aggrieved by order of adjudication and has approached the Commissioner (Appeals) by offering rebate on penalty and immunity from prosecution. If the dispute is pending in appeal before the Tribunal then such dispute, having received the due consideration of the Principal Commissioner/Commissioner as the adjudicating authority or the Commissioner (Appeals) as the appellate authority, appears to enjoy the confidence of the Central Government that the extent of relief offered by the Scheme may be excessive. That the Union is a compulsive litigator is an image that this Government appears to have accepted and taking decisive steps to reconcile disputes.In making an efficient business environment requires minimisation of disputes and most certainly the elimination of unproductive ones.

CA. Jatin Christopher
(The author is a member of the Institute who may be contacted at jatin.christopher@gmail.com)

Framework

Disputes Covered

- Disputes may involve tax duesor violation of law where an order of adjudication is passed by officer lower in rank than Principal Commissioner or Commissioner.
- Appealisfiled against such order under Customs Act, 1962, Central Excise Act, 1944 and Chapter-V of Finance Act, 1994 (s.213(1)(a)).
- Appeal is pending before Commissioner (Appeals) as on March 31, 2016(s.213(1)(g)).

This Scheme is expected to provide much needed relief to the large pendency of cases before the Commissioner (Appeals).

Disputes Excluded (s.215)
- Scheme excludes appeal if impugned order:
  - o involves search or seizure proceedings.
  - o prosecution launched (by June 1, 2016).
  - o involves narcotics or prohibited articles.
  - o involves offence under IPC or NDPS Act or Prevention of Corruption Act.
  - o any detention order is passed under COFEPOSA.

Eligible Declarants
- Any person in a dispute under these Acts.
- Dispute for tax dues or for violation of law.
- Order of adjudication passed.
- Appeal filed before Commissioner (Appeals).

Ineligible Declarants
- Appeal not filed before March 31, 2016.
- Prosecution initiated before June 1, 2016.

Payment Required – T+I+¼P
- Tax disputed – entire 100%.
- Interest disputed – entire 100%*.
- Penalty disputed – only 25%.

* Interest continues until payment of tax under the Scheme

Timelines
- Appeals pending as on March 31, 2016.
- Declaration filed by December 31, 2016.
- Acknowledge declaration – no time stated.
- Paywithin 15 days of acknowledgement.
- Inform within 7 days of payment.
- Order-of-discharge within 15 days.

Process (s.214)
- Step 1 – File declaration.
- Step 2 – Collect acknowledgement.
- Step 3 – Pay "T+I+¼P".
- Step 4 – Collect order-of-discharge.

Relief Granted (s.216)
- Permanent closure of the specific cases of indirect tax disputes covered by the order-of-discharge issued under s. 214(4).
- Bar on any further proceedings under the Act (three specifiedActs) in respect of the disputes coveredincluding imminent threat of prosecution.

Relief to Declarant
- Non-binding closure of case on merits.
- 75 per cent concession in penalty imposed.

'To be' Prescribed
The 'form' as well as the 'manner' in which the following steps are to be taken will be prescribed:
- Declaration by declarant.
- Acknowledgement by designated authority.
- Order-of-discharge by designated authority.

Special Notes

This Scheme is expected to provide much needed relief to the large pendency of cases before the Commissioner (Appeals). However, there are yet various legal considerations both in respect of the Scheme itself that begs attention.

Tax under 'the' Act
Scheme applies to tax levied under the (thee specified) Acts and pending in appeal before Commissioner (Appeals). So, tax (or duty) levied under these Acts is not the same as appeal filed under them. Taxes/duties imposed under other legislations (like Customs Tariff Act) that borrow appellate provisions from Customs Act* or Central Excise Act appear to be excluded from the scope of the Scheme.

In such instances, while the appeal may be under the 'Act', but it is not a 'tax' levied under the 'Act'. Therefore, Scheme applies only to disputes in respect of tax levied under the Act and pending in appeal before the Commissioner (Appeals). Appeals filed under Customs Act or Central Excise Act in respect of taxes levied under other legislations is somehow left outside the purview of this Scheme.

* Section 3(8), 8B(4A) or 9(7A) of Customs Tariff Act

Disputes involving independent appellate provisions such as those under section 9C of Customs Tariff Act are anyway also outside the purview of the Scheme.

Ranking of 'indirect tax dispute' or 'tax'
Often, indirect tax disputes in respect of a certain transaction may involve demands not only of taxes levied under the three Acts but also those levied under the other legislations (like Customs Tariff

Act or additional duties of excise or cess levied under various legislations). And the appeal (that is pending) cannot be partly resolved by the Scheme but continue with regard to rest of the taxes. Such an undesirable and subverting consequence that defeats the purpose of this entire exercise can be resolved by:

- Amending the definition of 'tax' in section 213(1)(i) to include all other indirect taxes pending in appeal or
- Deriving support from the words 'unless the context otherwise requires', the definition of 'indirect tax dispute' (s. 213(1)(g)) may be supplied a meaning of a higher rank to include all disputes under these Act

Dispute pending 'as an' Appeal

Interesting description finds place in the definition of 'indirect tax dispute' (s.213(1)(g)). An appeal may have been filed but is liable to be dismissed for delay or non-payment of pre-deposit amount. Such appeals also appear to meet the requirements of indirect tax dispute. However, on examination of (say) section 35F of Central Excise Act, it becomes clear that the authority 'shall not entertain' the appeal unlessthese precedent conditions complied with.Hence, in order for the case to come within the Scheme, it must have been properly filed and admissible to be pending 'as an' appeal before the Commissioner (Appeals).

What happens to the Appeal?

Appeal filed continues but it may be prudent for declarant-appellant to notify Commissioner (Appeals) that declaration has been filed.

Appeal remains pending until issuance of order-of-discharge. If there is default inpayment,as per acknowledgement, the appeal continues 'as if' no declaration was filed under the Scheme.

Order-of-discharge (s.214(4)) is not discharge of appeal but discharge of dues pending under the Scheme.

Passing of order-of-discharge does not render Commissioner (Appeal) functus officio.He would dispose the appeal on–'no order on merits' basis– in view of order-of-discharge of dues passed by designated authority.

While there is no limitation for initiation of prosecution*, theScheme is barred if prosecution has been launched under these Acts. Prosecution requires final determination about violation after exhausting last appellate remedy.

Point of 'no return'

Once the 'acknowledgement' under section 214(2) is issued, the tax administration is barred from denying the relief under the Scheme to the declarant because there is no further examination or inquiry that is authorised if payment by declarant follows.

Once payment under the Scheme is made, the declarant is barred from seeking relief except that available under the Scheme because occasion to consider the acceptability of extent of relief (and immunity) has passed after having filed the declaration.

Prosecution Bars Scheme

While there is no limitation for initiation of prosecution*, theScheme is barred if prosecution has been launched under these Acts. Prosecution requires final determination about violation after exhausting last appellate remedy. It is interesting that the Scheme which is applicable to disputes pending at the first appellate level isbarred where prosecution is prematurely launched. Premature prosecution is generally resorted to when there is risk of evading or abscondingby offender.

*Schedule to Economic Offences (Inapplicability of Limitation) Act, 1974

Binding timelines

Certain key steps in the Scheme are attached with timelines which are of binding nature, namely:

- Appeal pending as on March 31, 2016.
- Declaration filed by December 31, 2016.
- 15 days to pay after acknowledgement – if made a 'condition' for validity.

Non-binding timelines

If there were any default in the following timelines, the process involved would not be disturbed even though remedy for bona fide lapse is not prescribed:

- 7 days to inform payment– when payment has been made within the time permitted (15 days),any delay in intimating the fact about such payment is only ancillary.
- 15 days to pass order-of-discharge– except for verification of the fact of payment and to the correct extent, no other examination or inquiry is required to be undertaken and any delay in

Inequality is not only when equals are treated unequally but even when unequals are treated equally. To permit those found to be in tax default without a heavy incidence of penalty is injustice to the rest of the law abiding citizenry. Justice towards society at large demands imposition of penalty on defaulters.

issuance of this order does not occasion any additional liability to declarant.

Interest upto 'when'?
Interest is very often not quantified in the impugned order in view of the continuing nature of the default even during pendency of appeal. Under the Scheme, full extent of interest is to be paid. Therefore, interest involved in the 'indirect tax dispute' must be paid upto the date of payment against the acknowledgement issued.

There is no provision authorising the stoppage of interest payment up to any earlier date such as date of appeal or date of declaration under the Scheme.

Payment
It making payment is made a 'condition' of acknowledgementthen:

- Delay in payment may annul acknowledgement received if issued with 'valid only if paid by' condition. No remedy for bona fide delay provided in the Scheme.
- Short payment against acknowledgement may also have effect of annulment if payment is made a 'condition precedent'.
- Non-payment may operate 'as if' no declaration had been filed.

It making payment is NOT made a 'condition' of acknowledgementthen:

- Delay or shortfall in payment would not be fatal to the declaration and consequent benefit of the Scheme. Since no remedy for bona fide delay is provided in the Scheme, the continuation of interest liability itself may be adequate compensation.
- Non-payment may operate 'as if' no declaration had been filed and the appeal pending before Commissioner (Appeals) continues undisturbed.

Rules to be 'laid' before Parliament
Laying down of rules is a salutary measure of exercise of superintendence by Parliament over authority delegated to the Executive (s. 24 General Clauses Act). The degree of superintendence here is of a 'lower' grade because no affirmative action is required after its 'laying down'(required for 30 days). Only modification or deletion, if any, agreed by both Houses will be given effect to and that too only prospectively.

'Jus in rem'
Inequality is not only when equals are treated unequally but even when unequals are treated equally. To permit those found to be in tax default without a heavy incidence of penalty is injustice to the rest of the law abiding citizenry. Justice towards society at large demands imposition of penalty on defaulters. And introduction of such Schemes fail in this duty towards tax paying citizens. Those who may have missed qualifying for the Scheme due to the binding timelines prescribed may also feel wronged. But the justification for this is a matter of policy and wisdom of legislature.

Now, the extent of burden– of penalty and prosecution–that a defaulter has escaped presents the extent to which the Central Government is really interested in enforcement of the law on all defaulters. This has significant value and can be pressed for by those who miss the opportunity of this Scheme.

Cross purpose with Settlement Commission
Relief available under this Scheme appears to be at cross purposes with the relief available from Settlement Commission. However, the fixed rate of penalty at 25 per cent ensures there is no discretion available to the designated authority unlike the Commission which can allow more equitable relief.

Conclusion

Disputes are the outcome of two opposing and unreconciled views. Appeal is the general recourse. Balancing the scales of justice often leads to pile up of cases. Tackling pendency very early in the path of litigation has long term benefits.Rigid language used in drafting provisions on penalty that enjoys favour of the highest Court to eschew use of discretion in its imposition can itself compel litigation in the hope of appellate relief.

Indirect Tax Dispute Resolution Scheme, 2016 is an olive branch that the Central Government is extending to make peace and discharge disputes that are neither productive nor purposive in making India the destination of choice.The enthusiasm anticipated from industry will only be knownin early 2017. ■

When words are both true and kind. They can change the world. - Gautama Buddha

Equalisation Levy – A Tax to Tax the Untaxed

The Finance Bill 2016 has introduced a new levy on payments made to foreign e commerce companies for consideration received on provision of certain services. This is one of the steps aimed at tapping the e commerce companies that have largely gone untouched as a result of provisions in the tax laws of many countries that have outlived their utility. The article makes an attempt to explore the levy at the rate of 6%, which is applicable from June 1, 2016.

CA. Vivek Raju P.

(The author is a member of the Institute. He can be reached at vivekrajup@yahoo.co.in.)

The digital age has erased the geographical boundaries for communication and information transfer. Companies operating on the digital and e-commerce space have fast overtaken their traditional counterparts that have been in existence for decades. Market capitalisation of companies like Google at approximately $500 bn, Facebook

$300bn & Amazon $270 bn , which are in existence for around a decade are miles ahead of traditional companies like IBM at $130bn and General Motors at $50bn which have been in business for over a century now. E-commerce with its explosive growth has transformed the way business is conducted and rendered the traditional legal and fiscal frameworks of many countries irrelevant and caused the need for reforms in the legislation.

Traditional provisions in the taxation have not been able to catch up with the digital models which these companies have invented for reduction/ shifting of tax liabilities across the borders. Countries across the globe have realised that e commerce companies have been using the gaps in the tax frameworks to escape taxation and shift tax bases and sometimes end up in double non-taxation scenario. The traditional concept of Permanent Establishment (PE) based taxation, established a time when internet was not in existence, fell through in the virtual world. The nexus between the quantum of business carried and the physical presence in the country of revenue source has virtually vanished. Google used an innovative model to maintain lower tax rates by using subsidiaries in Ireland and managing to pay lower taxes. It has faced criticism from both regulators and general public in countries like UK and agreed in January 2016 to pay approximately £ 130 mn as settlement with the UK tax authorities covering taxes since 2005. It is known to utilise a model called Double Irish Dutch Sandwich which involves managing taxes using two Irish companies and a company based in Netherlands to minimise taxes, where profits pass from one Irish company to a Dutch company and in turn back to another Irish company and finally to a tax heaven country.

Indian tax laws were not adequate to tax the profits of these companies in the absence of PE in India. The business model of these companies does not necessitate PE in India to carry their business. The transactions are effected through Internet. Certain litigations by the tax department for tax deduction in respect of payments made to these companies have been decided in favour of the assessees. The Mumbai Tribunal in case of *Yahoo India Pvt Ltd (ITA No.506/Mum/2008)* where payment was made in respect of advertising services to Yahoo Holdings (Hong Kong) Ltd, held it was not in the nature of royalty as it did not involve use or right to use by the assessee of any industrial, commercial or scientific equipment and no such use was granted by the foreign company to the assessee. The amount was held to be in the nature of business profits which in the absence of PE in India of Yahoo HK does not give rise to tax liability in India.

The issue was again decided in the favour of the assessee in the case of *Pinstorm Technologies Pvt Ltd Vs ITO (ITA No.4332/Mum/2009).* The assessee has paid certain amounts to Google Ireland Ltd for buying space on the Internet for advertising on behalf of its clients. Mumbai Tribunal following its earlier ruling in this aspect of Yahoo discussed above, has decided the matter in favour of the assessee ruling this revenue to be in the nature of business profits and is not taxable in the absence of PE in India. It reversed the order of the first appellate authority which ruled the payment to be in the nature of royalty u/s 9 (1)(iv) of the act. Another such judgement was delivered by Kolkata Tribunal in the case of *ITO v. Right Florists Pvt Ltd (ITA No. 1336/Kol/ 2011)* against the revenue where the issue was discussed at length by the tribunal, whether these services would constitute as Fees for Technical Services (FTS)u/s 9(1)(vii) of the act. The tribunal applying *"noscitur a sociis"* (The doctrine under which the meaning of a word may be known from the accompanying words) in interpreting the meaning of technical services u/s 9(1)(vii) held that no human intervention involved and hence the payment does not fall in the ambit of FTS and are business profits which are untaxable absent a PE in India.

To address this challenge, the OECD in its Base Erosion and Profit Shifting (BEPS) project has worked on Action 1– *Address the tax challenges of the Digital economy*. The action plan has noted that income can artificially be segregated from the activities that generate it. E-commerce companies interact with the customers in another country virtually without any physical establishment. The tax laws of many countries still are based on companies having some kind of physical presence to tax them. These companies are able to allocate functions, assets and risks to low tax jurisdictions to minimise the tax liabilities and allocate incomes to these countries. BEPS Actions 6 and 7 are also aimed at preventing treaty abuse and artificial avoidance of PE by the companies. To address the tax challenges of the

International Taxation

Internet age BEPS action plan 1 suggested measures aiming at,

- Extending the PE concept to classify that an enterprise engaged in fully de-materialised digital activities would constitute a PE if it maintained a significant digital presence in another country.
- Classify as PE when an enterprise maintains a website on a server of another enterprise located in a jurisdiction and carries on business through that website.
- Levying a withholding tax on payments for digital goods or services which a foreign e-commerce company provides or an equalisation levy on consideration received by a non-resident not having a PE in the country.

BEPS task force under Action 1, felt that to avoid difficulties from new rules to attribute profits among other options, an "Equalisation Levy" could be considered as an alternate to address the challenges of the digital economy. Though is not of recommendation in nature, this levy can serve as a way to tax the non-resident entity's significant economic presence in a country. It opined that the levy could be imposed on the gross value of the goods or services provided and paid by the users. It has also mentioned that the levy so imposed could create a situation in which a non-resident entity may suffer levy in the revenue source country and also subject to income tax in the country of residence as the levy may not likely be adjustable against tax payable. As such it was felt necessary to impose the levy at a very low rate.

Equalisation Levy as per Finance Act 2016

Finance minister Shri Arun Jaitley has proposed the introduction of "Equalisation Levy" (Levy) in India through Chapter VIII of the Finance Bill 2016. This levy will attempt to garner revenues from the transactions which have the source of revenues in India but hitherto were not contributing to the exchequer of the nation. The levy is only on non-resident companies of the likes of Google, Facebook, LinkedIn etc. and not on the domestic companies. It is also not applicable to companies that have a PE in India.

The levy has been inserted through a separate chapter (Chapter VIII) in the finance act and not clubbed with Chapter III where amendments and insertions to the Income Tax Act 1961 have been made. It appears to be the intention of the government to keep this as a separate tax and not make it a part of income tax so as to exclude it from the preview of tax treaties. As such this levy is not subject to the DTAAs in force as of now. Also the chapter contains all the machinery and compliance provisions for the levy making it a self-contained code. However, the administration of this levy shall rest with the Income Tax department.

Chapter VIII, Clause 162 of the Finance Bill 2016 in which the levy is mentioned reads as *"On and from the date of commencement of this Chapter, there shall be charged an equalisation levy at the rate of six per cent. of the amount of consideration for any specified service received or receivable by a person……."* The bill only mentions online advertising as specified service. However, this may in future be expanded to cover others in types of services in its ambit. An interpretation of the wording shows that the levy is proposed to be charged only on services, which means purchase of goods from sites like Amazon or Alibaba from the global portals will still be exempt from levy. Further the wording mentioned is "Consideration" and not income which shows that there is no need to determine which types of amounts are subject to consideration, there is no subjectivity involved and no need to classify whether the payment is in the nature of royalty, business profit or FTS. The moment an amount is payable/ paid to the non-resident for provision of services the levy is attracted.

It also appears to be the thought that this levy has to be kept simple for interpretation and application. Notable is the fact that there is no exemption from levy in respect of services availed for the use in business or profession carried outside India or for earning any income from a source outside India. This may perhaps be a

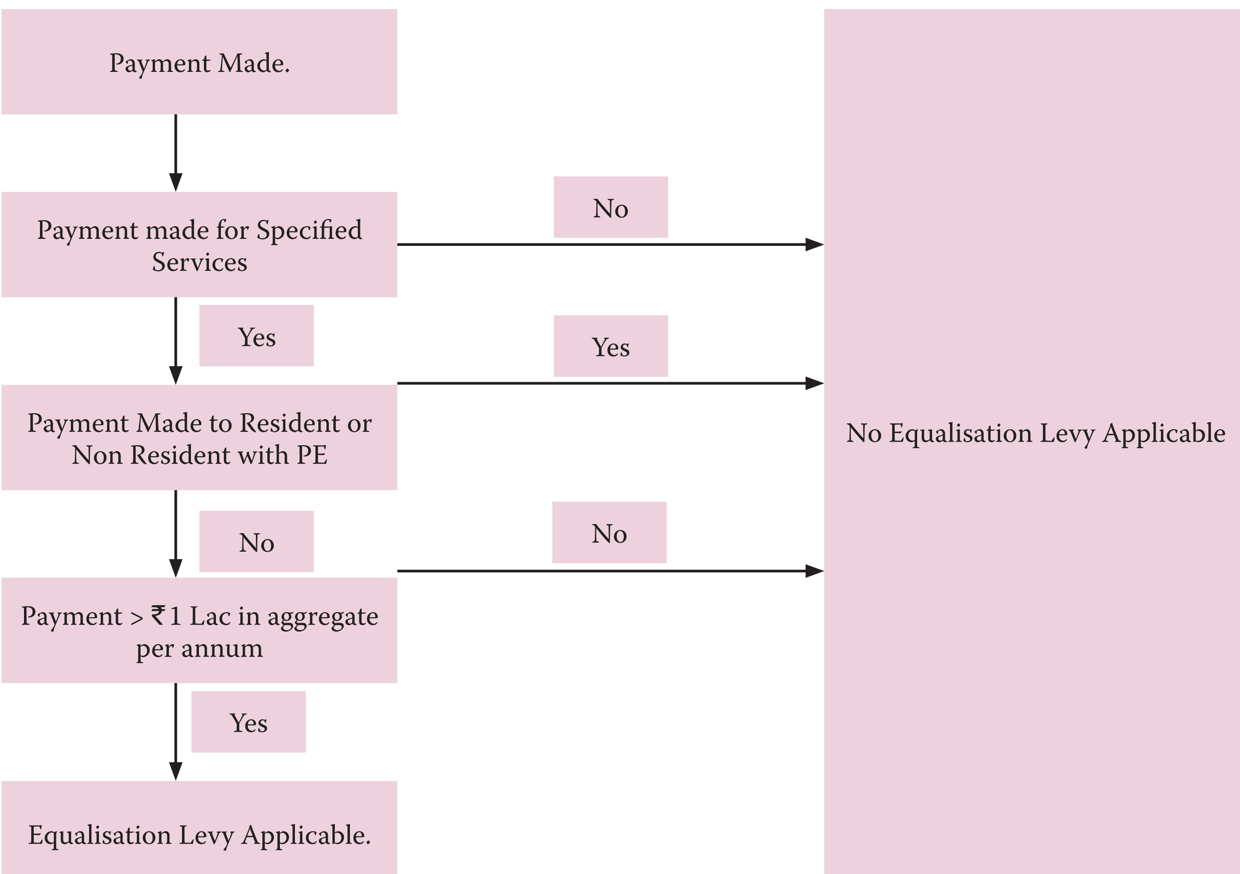
The levy has to be deducted from payment made only by persons carrying business or profession, the government wanted to exempt the individuals using the services for personal consumption out of the compliance net. Further to benefit small business from the hassles of compliance, a threshold limit of ₹1 Lakh has been specified per year is specified beyond which only the liability to deduct levy is attracted.

trespass of Article 265 of the constitution on the territorial jurisdiction.

The levy has to be deducted from payment made only by persons carrying business or profession, the government wanted to exempt the individuals using the services for personal consumption out of the compliance net. Further to benefit small business from the hassles of compliance, a threshold limit of ₹1 Lakh has been specified per year is specified beyond which only the liability to deduct levy is attracted. As this levy in is actually in the nature of TDS only with a different name, it appears that the date of deposit of this amount to the account of the government is aligned to the TDS calendar as 7th day the end of the month in which it is deducted. A return of the levy shall also be filed by the payee on an annual basis to the department. The date and format are not yet available, it is expected that it may have to be filed on the due date of the income tax return to keep the compliance at minimum. The rules which specify the format may also require a certificate from a chartered accountant to this effect certifying the particulars. Penalties have been prescribed under clause 169 for delayed filing of the return.

It may also happen that the current form 15CA–CB may be modified to include the levy to be filed at the time of effecting the payment. Any amount on which the levy is not deducted but paid out of India is disallowed under section 40(a)(ib) of the Income-tax Act, 1961. Further non deduction of levy will make the payer liable to payment of levy, interest and penalty as per the chapter.

The new levy will likely provide revenues to the tax authorities for opening new avenues for collection of taxes. As the threshold is quite low it may not be feasible for assesses to try and bypass by tweaking the agreements or route the spend through multiple entities. The final impact needs to be seen in the days to come where most of the non-resident companies may request Indian customers to gross up the amount and make a payment. ■



Our prime purpose in this is to help others. And, if you can't help them, at least don't hurt them. - Dalai Lama

Know Your Ethics

Ethical Issues in Question-Answer Form

Q. Whether the information contained in the website of the Chartered Accountants and/ or Chartered Accountants' firms can be circulated on their own or through e-mail or by any other mode or technique?

A. Sub-paras (3) & (4) of Para (m) under Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949 as appearing in the Code of Ethics, 2009 prescribe that the Chartered Accountants and/or Chartered Accountants' firms should ensure that none of the information contained in the website be circulated on their own or through e-mail or by any other mode or technique except on a specific "pull" request. The Chartered Accountants and/or Chartered Accountants' Firms would ensure that their Websites are run on a "pull" model and not a "push" model of the technology to ensure that any person who wishes to locate the Chartered Accountants or Chartered Accountants' firms would only have access to the information and the information should be provided only on the basis of specific "pull" request.

Q. Whether the word "Chartered Accountants" and name of city after the name of the members of the Institute be mentioned in the articles contributed by such members and published in the Institute's Journal?

A. Yes, under Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949, there is no restriction in the Code of Ethics for mentioning the word "Chartered Accountant" and also the name of city in an article contributed by a member in the Institute's Journal as well as in newspapers and other periodicals.

Q. A Chartered Accountants firm issued circulars to the non- clients that a Chartered Accountant, who was the former partner in-charge of Taxation of one of the largest accounting firms of the world, had joined them as partner. Can they do it? (Case Study)

A. No, Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949 prohibits solicitation of clients or performing work either directly or indirectly by circular, advertisement, personal communication or interview or by any "other means". The issuance of circular to persons who are not clients but may likely requires services of a chartered accountant would tantamount to advertisement since it is solicitation of professional work by making roving enquiries. As per Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949, the usage of the words "one of the largest accounting firms of the World" and the specification of specialisation in "taxation" would also amount to advertisement and, thus, constitute professional misconduct.

Q. Can a Chartered Accountant in practice seek professional work from his professional colleagues?

A. Yes, in terms of proviso (i) of Clause (6) of Part-I of the First Schedule to the Chartered Accountants Act, 1949, a member is permitted to apply or request for or to invite or to secure professional work from another Chartered Accountant in practice.

The issue of advertisement or a circular by a Chartered Accountant, seeking work from professional colleagues on any basis whatsoever is in violation of Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949. However, classified advertisement in the Journal/Newsletter of the Institute is permissible in this regard. A member is permitted to issue a classified advertisement in the Journal/Newsletter of the Institute intended to give information for sharing professional work on assignment basis or for seeking professional work on partnership basis or salaried employment in the field of accounting profession provided it only contains the accountant's name, address, telephone, fax number and E-mail address.

Q. Can a member in practice indicate in a book or an article, authored/contributed/ published by him, his association with any firm of Chartered Accountants?

A. No, as per Para (e) under Clause (6) of Part I of First Schedule to the Chartered Accountants Act, 1949 as appearing in the Code of Ethics, 2009 a member is not permitted to indicate in a book or an article, authored/contributed/ published by him, the association with any firm of Chartered Accountants.

Q. Can a Chartered Accountant advertise his professional attainments or services, or can he use any designation or expression other

* Contributed by the Ethical Standards Board of the ICAI

than Chartered Accountants on professional documents, visiting cards, letter heads or sign boards, etc.?

A. No, as per Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949, a Chartered Accountant shall be deemed to be guilty of professional misconduct, if he advertises his professional attainments or services, or uses any designation or expressions other than chartered accountant on professional documents, visiting cards, letter heads sign boards, unless it be a degree of a University established by law in India or recognised by the Central Government or a title indicating membership of the Institute of Chartered Accountants or of any other institution that has been recognised by the Central Government or may be recognised by the Council.

However, a member in practice may advertise through a write-up setting out the services provided by him or his firm and particulars of his firm subject to such guidelines as may be issued by the Council.

Q. Can a member put up his photograph on the website?

A. Yes, revised Sub-Para (8) of Para (m) under Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949 provides that display of passport size photograph on the website of member is permitted.

Q. Can a Chartered Accountant in practice/ firm of Chartered Accountants post the particulars of himself/itself on a website?

A. Yes, the Council has approved the detailed guidelines for posting the particulars on Website by Chartered Accountants in practice and firm(s) of Chartered Accountants in practice.

Q. Can a Chartered Accountant in practice also practice as an Advocate?

A. Yes, Council direction under Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949 prescribes that a Chartered Accountant in practice who is otherwise eligible may practice as an Advocate subject to the permission of the Bar Council but in such cases, he should not use designation 'Chartered Accountant' in respect of the matters involving the practice as an Advocate. In respect of other matters he should use the designation 'Chartered Accountant' but he should not use the designation 'Chartered Accountant' and 'Advocate' simultaneously.

Q. Can a member in practice print QR Code on his visiting cards?

A. A member in practice may print QR code on the visiting card, provided that the Code does not contain information that is not otherwise permissible to be printed on a visiting card.

Q. Whether a Chartered Accountant in practice can use expression like Income Tax Consultant, Cost Accountant, Company Secretary, Cost Consultant or a Management Consultant?

A. No, Council direction under Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949 prescribes that it is improper for a Chartered Accountant to state on his professional documents that he is an Income-tax Consultant, Cost Accountant, Company Secretary, Cost Consultant or a Management Consultant, whereas it is permitted to mention his degrees.

Q. Whether public notice published in the newspaper by a Chartered Accountant individually or jointly with an Advocate in respect of acquisition of land by their client is permitted.

A. Yes, in terms of the Council Guidelines under Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949 the public notice published by a Chartered Accountant in the newspaper in respect of acquirement of land by his client is permissible.

Q. Whether a Chartered Accountant/Firm is permitted to use logo on letter-heads, stationery, etc.?

A. No, the use of logo/monogram of any kind/ form/style/design/colour etc. whatsoever on any display material or media e.g. paper stationery, documents, visiting cards, magnetic devices, internet, signboard by the Chartered Accountant, firm of Chartered Accountants is prohibited. Use/printing of member/ firm name in any other manner tantamounting to logo/monogram is also prohibited. However, a common CA logo has been allowed to the members, provided it is used in the correct manner within terms of the Council guidelines. ■

Learn from the mistakes of others. You can't live long enough to make them all yourselves! - Chanakya

Opinion

Accounting treatment for the project assets under construction

The following is the opinion given by the Expert Advisory Committee of the Institute in response to a query sent by a member. This is being published for the information of readers.

A. Facts of the Case

1. The Sardar Sarovar Project (SSP) is a collaborative effort between four states, viz., Gujarat, Maharashtra, Madhya Pradesh and Rajasthan (collectively referred to as Party states). On reference by the Government of Gujarat (GOG), the Central Government ('CG') constituted Narmada Water Disputes Tribunal (NWDT) in October, 1969, under the provisions of section 4 of the Inter-State River Water Disputes Act, 1956 to settle the disputes between the Party States. The project report of SSP prepared by GOG was submitted to Central Water Commission (CWC) for clearance. Narmada Water Scheme, 1980 was published in Gazette on 10-09-1980 by the Government of India (GOI). Narmada Control Authority (NCA) started functioning in December, 1980. As per the NWDT order, the GOG was given the primary responsibility for the execution of the project.
2. The querist has stated that to comply with NWDT order and with specific objective to execute the SSP, the GOG incorporated a company (hereinafter referred to as 'the company'), as a wholly owned Government company under the Companies Act, 1956 as per the Government Resolution ('GR') dated 21st March, 1988, passed by the Government of Gujarat. The relevant extracts of the NWDT order have been provided by the querist for the perusal of the Committee.
3. On formation of the company, the Government of Gujarat, Narmada Development Department vide Resolution dated 31st March, 1988 transferred en-bloc the entire staff and officers of the circles and other heads etc. working under the control of Narmada Development Department to the company. Further, the Government of Gujarat also transferred assets of Sardar Sarovar Narmada Project to the company vide G.G. No. COR-1488-H dated 27 October, 1988. The value of the assets transferred was tentatively fixed at Rs. 533.09 crore at the prices prevailing in the year 1988 for which the valuation was finalised at the same amount vide GR No. PARCH/2013/1323/74/N dated 10 July 2015. In consideration for the transfer of assets, equity shares were issued to Government of Gujarat.

Brief of SSP assets and project status as on date

4. The querist has further stated that SSP envisaged by the company can be divided into three broad parts:
   (i) Power Plants – Eleven (11) hydro power stations consisting of six units of canal head power houses (CHPH) and five units of river bed power houses (RBPH)
   (ii) Water Project – comprising of branch canals, distributaries, minors and sub minors
   (iii) Common Assets– consisting of dam and main canal
5. The querist has also stated that while the work on SSP commenced in 1980, work on some portions is still in progress. The project status for each of the segments identified as on 31st March, 2015 is as under:
   (i) Power Plants- The company started generation of electricity during F.Y. 2004-05 and all the five units of CHPH and six units of RBPH have been functioning since then. Generation of power mainly depends upon the reservoir level which is determined by the height of dam. At dam height of 138.68 meters, the power can be generated to 6343 MU. While at present dam height of 121.92 meters, the power is generated to the tune of 3600 MU. Thus, the additional 2743 MU, i.e., 43.25% is yet to be generated against the planned capacity. The full reservoir storage capacity will be reached only after the installation of gates.
   (ii) Water Project- The water project comprises of branch canals, distributaries, minors and sub minors. The physical work done in respect of canal network as on 31st March, 2015 is given under Table 1 below.
   (iii) The Dam and Main Canal- The Sardar

Sarovar Dam has reached the spillway crest level, i.e., EL 121.92 meters on December 31, 2006. At this stage about 96% of the total concrete work has been completed. The live storage capacity at full reservoir level (FRL) 138.68 meters is 5760 million cubic meter (MCM), whereas at the dam height of 121.92 meters, the live storage capacity is of 1565.84 MCM which is 27.18% of the total live storage capacity.

6. The construction of entire 458 Km length of concrete lined Narmada Main Canal (NMC) within Gujarat is completed. The water of Narmada is being released to Rajasthan State since March 2008 through Narmada Main Canal. In nutshell, at the present height of EL 121.92 of dam and Main Canal having completed its intended length of 458 Kms, the power plants are functioning at the level of not at the intended capacity, moreover the other irrigation network has been completed at a level which does not give 100% of its anticipated capacity but are functioning at sub-optimum level.

   The table below summarises % of completion status as on 31st March, 2015 for various components of SSP:

Table 1

Sr. No.	Particulars	Achieved till date 31.03.15	Target	% completion	Parts as identified under section B
1	Power generation capacity - MU	3,600	6,343	**56.76**	**1**
2	No. of Power Plants	11	11	**100.00**	
3	Branch Canal – KMs	2408	2,585	**93.15**	**2**
4	Branch Canal - Nos.	37	38	**97.36**	
5	Distributaries – KMs	3657	5,112	**71.53**	
6	Minors – KMs	10,222	18,413	**55.52**	
7	Sub Minors – KMs	10,444	48,058	**21.73**	
8	Irrigation potential - Lac hectares	11.11	17.92	**62.00**	
9	Live storage capacity @MCM	1,565.84	5,760	**27.18**	
3	Dam Height – meters	121.92	138.68	**87.91**	**3**
4	Main Canal – KMs**	458	458	**100.00**	

**certain structures are still remaining to be constructed.

Notes:

- Against the targeted Culturable Command Area (CCA) of 17.92 lac hectare to be developed, 3.70 lac hectare (21%) has been developed till March 31, 2015.
- Against the targeted irrigation potential of 17.92 lac hectare to be created, 11.11 lac hectare (62%) has been created till March 31, 2015.

Present accounting policy with respect to capitalisation

7. The querist has also reproduced the present accounting policy adopted by the company as below and duly disclosed in the annual accounts of the company for the financial year (F.Y.) 2013-14. The querist has also mentioned that the accounting policy was approved in the meeting of the board of directors (BOD) held on 25th June, 2009 and it was also decided to continue with the accounting policy and treatments for F.Y. 2008-09 and onwards and hence, the company has continued the same accounting policy and accounting treatment for F.Y. 2011-12 to F.Y. 2013-14. The said financial years have been duly approved in the same manner in the BOD meeting held on 22.11.12, BOD meeting held on 11.09.13 and BOD meeting held on 27.11.14, respectively. The company has also continued the same accounting policy and treatment for F.Y. 2014-15:

"6(d) Till the substantial completion of the project, all the direct expenditure incurred on the works are treated as Capital Work in Progress. All the indirect expenditure incurred in respect of such structures, Canals and Power Houses including its operational income and expenditure are stated under 'Incidental Expenditure Pending Capitalisation'. Balance of 'Incidental Expenditure Pending Capitalisation' will be apportioned to the various components of the project on substantial completion of the project."

8. Project will be considered as 'substantially' completed on satisfaction of the following two conditions together:
   (i) Achievement of 15.23 lac hectares, being 85% of 17.92 lac hectares of the land contemplated for irrigation potential; and
   (ii) Physical completion of dam and other allied components including power houses.

   Further, the company has taken a view that being incorporated specifically for the purposes of execution of the SSP, its existence is limited to completion of the said objective. Considering the provisions of the NWDT order, it would not be incorrect to consider the company as an agency for execution of the project and not the owner of the same.

   The querist has also reproduced the net block of fixed assets as on March 31, 2015 (unaudited) as under:

Table 2

Fixed Assets	Amount in ₹(crores)
Tangible Assets	**3,659.64**
Intangible Assets	**0.77**
Capital work-in-progress**	**43,108.64**
Intangible assets under development	**2.53**
Incidental Expenditure pending capitalisation	**(1,321.81)**
Total	**45,449.77**

**Capital work-in-progress consists of major assets as follows as on March 31, 2015:

Capital Work-in-progress	Unaudited Amount in ₹(crores)
Dam & Appurtenant works	7,761.11
Main Canal	8,503.19
Power	5,063.02
Branches & Distributaries	21,780.05
Buildings & others	125.31
Stock of Construction materials, stores & spares	0.07
Less: Receipts & Recoveries	(124.11)
Total	**43,108.64**

9. The company's contention for each segment, as identified, is as follows:
   (i) **Power Project-** Hydro power project is functioning at sub-optimal level at the present dam's height of 121.92 meters considering the fact that the live storage capacity achieved is of only 27.18% as compared to that of at the full height of 138.68 meters. Though the company started generation of electricity during F.Y. 2004-05 and all the five units of CHPH as well as six units of RBPH are functioning, the generation of power mainly depends upon the reservoir level which is determined by the height of dam. The potential of power generation for additional 2743 MU i.e., 43.25% is yet to be achieved at the full height of the dam. *Therefore, the power project and dam have not been completed 'substantially'* (emphasis supplied by the querist).
   (ii) **Water Project –** With reference to table 1 above, while the targeted irrigation potential of 17.92 lac hectare is to be created at the full height of the dam, only 11.11 lac hectare (being 62%) has been created till 31st March, 2015. Therefore, the water project is also not substantially completed as on 31st March, 2015.
   (iii) The whole SSP is under implementation and the identifiable components should not be seen in isolation as they are interdependent and interlinked with one another. The concept of completion as envisaged in AS 10 implies completion of substantially all the material activities attributing to the qualifying assets. As per the accounting policy followed by the company consistently, the substantial completion of at least 85% of project components should be viewed in totality. Date of substantial completion is prerequisite for date of commissioning for commercial operation.
   (iv) The company has referred the matter to the Finance Department of Gujarat with respect to present accounting policy and the Department suggested to continue the same treatment.

10. The querist has also reproduced the observations/comments from the auditors and response of the management as follows:

Summary of observations and comments	Summary of management responses
Statutory auditors have been qualifying/commenting the accounting policy and treatment adopted by the company since F.Y. 2007-08.	The management presented as under: • SSP is an integrated project having interdependent and interlinked components and is still under execution. It is not substantially completed as on balance sheet date. • The company was incorporated for the purposes of execution of the SSP and in terms of the object clause as well as the provisions of the NWDT order, there is no provision to own the project. • SSP being a socio-economic project, the company is not an entity carrying on commercial or business activities and hence, accounting standards are not applicable. • Management is of the view that it is not possible to arrive at an allocation of the common expenses and ascertain the amounts of rehabilitation & resettlement, forest & environment expenses and other indirect cost of various components required to be capitalised. • Based on the allocation of the revenue and cost for various components as suggested by the NWDT order, it would not be prudent to capitalise full cost based on the matching concept. • It is in line with the direction of the Finance Department, Department of Gujarat, as mentioned above. Detailed responses have been enumerated in the Annual Report of the company, which has been provided by the querist for the perusal of the Committee.
C&AG auditors have commented on non-capitalisation of power houses until F.Y. 2009-10. Post that, until F.Y. 2012-13, they have commented on non-capitalisation of the dam, main canal and parts of branches and distributaries in addition to power houses. They also emphasised on quantification of amounts involved. The querist has provided extracts of C&AG qualification for the perusal of the Committee.	The company has referred the matter to Finance Department of Gujarat, as mentioned above. The accounting policy as suggested there in has been followed.

B. Query

11. On the basis of the facts and circumstances stated above, the company has sought the opinion of the Expert Advisory Committee on the following accounting issues:
    (i) Whether the present accounting policy followed by the company and the accounting treatment of non-capitalisation of the SSP in its books of account on the grounds that the entire SSP is not 'substantially' ready for its intended use, is in accordance with generally accepted accounting principles in India.
    (ii) If the answer to above query (i) is negative, should the SSP be broken into units of accounts (UOA), viz., (1) Power Plants (2) Water Projects and (3) Common Assets, with each part being evaluated for capitalisation under the guidance of generally accepted accounting principles in India?
    (iii) If the answer to above query (ii) is yes, would it be correct to capitalise the identified units of accounts at their present stage of completion considering the fact that they are functioning at

sub optimal capacity as compared to the intended full capacity? Whether subsequent expenditures would be evaluated for capitalisation based on the provisions enumerated under AS 10.

(iv) If the answer to above query (ii) & (iii) is yes, then would it be correct to consider dam and main canal as common assets for the purpose of capitalisation of SSP, the cost being allocated on the basis of allocation specified under Clause XII of the NWDT Order? If no then, what would be an appropriate basis for the purposes of allocation of the cost?

C. Points considered by the Committee

12. The Committee notes that the basic issue raised in the query relates to propriety of accounting policy of the company of recognising various items of expenditure incurred on the SSP as 'Capital Work-in-Progress'. The Committee has, therefore, considered only this issue and has not examined any other issue that may arise from the Facts of the Case, such as, treatment of different items of costs (direct and indirect) which may be eligible for capitalisation as per the principles of AS 10 as the details pertaining to these expenditure have not been provided by the querist, non-preparation of the statement of profit and loss by the company till substantial completion of the Project, interpretation of the NWDT order, etc. The Committee further wishes to point out that the extent of readiness of intended full capacity of SSP, depending on technological evaluation of the project, has not been examined by the Committee.

13. At the outset, the Committee notes from the Facts of the Case that the querist has stated that the company being incorporated specifically for the purposes of execution of the SSP, its existence is limited to completion of the said objective and considering the provisions of the NWDT order. Thus, it would not be incorrect to consider the company as an agency for execution of the project and not the owner of the same. In this regard, the Committee wishes to point out that on formation of the company, the assets of the Narmada Development Department were transferred to the company and in consideration of that, equity shares were issued to the Government of Gujarat. Further, it is also observed from the Annual Report of the company that time and again shares have been issued to the Government of Gujarat. The Committee also notes that at present also, the company is recognising the expenditure incurred on project as 'capital work-in-progress' and shall capitalise the same in its financial statements as and when the project is substantially complete as per the company. From the above, it appears to the Committee that the project being undertaken by the company is controlled by the company that can be capitalised in its books.

14. The Committee further notes that the querist has further contended that SSP being a socio-economic project, the company is not an entity carrying on commercial or business activities and hence, accounting standards are not applicable. In this regard, the Committee wishes to point out that the company being incorporated under the provisions of Companies Act, all provisions including the provisions related to compliance with the Accounting Standards notified under the Companies Act shall be applicable to it unless specifically exempted.

15. With regard to the issue raised by the querist, the Committee notes from the Facts of the Case that at present, the dam has reached the spillway crest level , i.e., EL 121.92 meters and the power is generated to 3600MU whereas at the targeted/planned dam height of 138.68 meters, the power can be generated at 6343MU. Thus, the balance 2743MU is yet to be generated against planned capacity. Further, targeted irrigation potential of 17.92 lac hectare is to be created at full height of dam (viz., 138.68 meters), whereas only 11.11 lac hectare (being 62%) has been created till 31 March, 2015. On the basis of the above-mentioned facts, the Committee notes that the querist has contended that the power plants are functioning at the level of not at intended capacity. Moreover, the other irrigation network has been completed at a level which does not give 100% of its anticipated capacity but are functioning at sub optimum level. On this basis, the querist has contended that the power project and the relevant asset have not been completed 'substantially' and therefore, these should not be capitalised in the books of account. Thus, the Committee notes that the issue to be examined is the point of time at which the cost of the relevant assets of the project should be capitalised. In this regard, the Committee notes the following requirements of Accounting Standard (AS) 10,

'Accounting for Fixed Assets', notified under the Companies (Accounting Standards) Rules, 2006 (hereinafter referred to as the 'Rules'):

> "9.3 The expenditure incurred on start-up and commissioning of the project, including the expenditure incurred on test runs and experimental production, is usually capitalised as an indirect element of the construction cost. However, the expenditure incurred after the plant has begun commercial production, i.e., production intended for sale or captive consumption, is not capitalised and is treated as revenue expenditure even though the contract may stipulate that the plant will not be finally taken over until after the satisfactory completion of the guarantee period.
>
> 9.4 If the interval between the date a project is ready to commence commercial production and the date at which commercial production actually begins is prolonged, all expenses incurred during this period are charged to the profit and loss statement. ..."

From the above, the Committee notes that the above provisions require a fixed asset (comprising the plant) to be capitalised once it is *ready* to commence commercial production. The Committee is of the view that the date when an asset is ready to commence commercial production is a question of fact which should be determined on the basis of various factors, such as, technological evaluation of the readiness of the project and other facilities, the quality and the quantity of the output produced, etc. Commercial production means production in commercially feasible quantities and in a commercially practicable manner. Thus, if an asset is operational and is able to produce the commercially feasible quality and quantity of goods, then the costs should be capitalised even if it is not achieving targeted or 100% production. The Committee further notes that what is important is when the project is ready to commence commercial production and not the intended capacity to be achieved. In this regard, the Committee also notes paragraphs 21 and 22 of Accounting Standard (AS) 16, 'Borrowing Costs', notified under the 'Rules', which although addresses the issue from the point of view of the borrowing costs, however, the Committee is of the view that the principle enunciated in these paragraphs can be applied to other expenditures also. Paragraphs 21 and 22 of AS 16 are reproduced below:

> ***"21. When the construction of a qualifying asset is completed in parts and a completed part is capable of being used while construction continues for the other parts, capitalisation of borrowing costs in relation to a part should cease when substantially all the activities necessary to prepare that part for its intended use or sale are complete.***
>
> 22. A business park comprising several buildings, each of which can be used individually, is an example of a qualifying asset for which each part is capable of being used while construction continues for the other parts. An example of a qualifying asset that needs to be complete before any part can be used is an industrial plant involving several processes which are carried out in sequence at different parts of the plant within the same site, such as a steel mill."

From the above, the Committee is of the view that those units/parts of the project which are ready for their intended use and can be operated independently of the remaining units/parts, should be considered to be ready for commencement of commercial production/intended use. In this context, the Committee notes that in the extant case, the project is functional although at sub-optimal level and the company has started generation of power, from which income is also being recognised. Accordingly, it appears to the Committee that although the project may not be substantially complete to operate at its intended capacity and the components/units of the project are interdependent and interlinked (as being contended by the querist), since the project is functional and can be operated for its intended use as mentioned above, it can be considered to be ready to commence commercial production and therefore, relevant asset(s) of the project should be capitalised.

16. With regard to the issue raised by the querist relating to breaking of the project into different units of account in case of capitalisation of the project, the Committee is of the view that those units/parts of the project which are ready for their intended use and can be operated independently of the remaining units/parts, should be capitalised as and when these are so ready, as discussed in paragraph 15 above using

appropriate heads and classification, considering the requirements of Schedule II and Schedule III to the Companies Act, 2013. In this context, the Committee also wishes to point out that once the relevant assets are capitalised, depreciation should be provided on such capitalised asset(s) as per the provisions of Accounting Standard (AS) 6, 'Depreciation Accounting', notified under the Rules.

17. In the context of expenditure incurred subsequent to capitalisation since the project is still under implementation and activities to reach the intended capacity of the project are still in progress, the Committee notes the following paragraphs of AS 10, notified under the Rules:

> "12.1 Frequently, it is difficult to determine whether subsequent expenditure related to fixed asset represents improvements that ought to be added to the gross book value or repairs that ought to be charged to the profit and loss statement. Only expenditure that increases the future benefits from the existing asset beyond its previously assessed standard of performance is included in the gross book value, e.g., an increase in capacity.
>
> 12.2 The cost of an addition or extension to an existing asset which is of a capital nature and which becomes an integral part of the existing asset is usually added to its gross book value. Any addition or extension, which has a separate identity and is capable of being used after the existing asset is disposed of, is accounted for separately."

From the above, the Committee is of the view that the subsequent expenditure on the project should be evaluated for capitalisation as per the above-reproduced requirements of AS 10. If the expenditure incurred increases the future benefits from the existing asset beyond its previously assessed standard of performance, e.g., an increase in capacity, it should be capitalised and if it becomes an integral part of the existing asset, it should be included in the gross book value of the existing asset.

D. Opinion

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

(i) The fixed asset/project should be capitalised once it is ready to commence commercial production. Since in the extant case, the company has started generation of power, from which income is also being recognised, it appears to the Committee that the project is functional and can be operated for its intended use as mentioned above. Accordingly, it can be considered to be ready to commence commercial production and therefore, relevant asset(s) of the project should be capitalised, as discussed in paragraph 15 above.

(ii) The units/parts of the project which are ready for their intended use and can be operated independently of the remaining units/parts, should be capitalised as and when these are ready, as discussed in paragraph 15 above using appropriate heads of assets, considering the requirements of Schedule II and Schedule III to the Companies Act, 2013, as discussed in paragraph 16 above.

(iii) The identified units of account should be capitalised as and when these are ready to commence commercial production irrespective of the fact that these are functioning at sub-optimal capacity and not at intended full capacity. Subsequent expenditure on the project should be evaluated for capitalisation as per the requirements of AS 10, as discussed in paragraph 17 above.

(iv) Answer to this question does not arise in view of (ii) and (iii) above.

1	The Opinion is only that of the Expert Advisory Committee and does not necessarily represent the Opinion of the Council of the Institute.
2	The Opinion is based on the facts supplied and in the specific circumstances of the querist. The Committee finalised the Opinion on February 1, 2016. The Opinion must, therefore, be read in the light of any amendments and/or other developments subsequent to the issuance of Opinion by the Committee.
3	The Compendium of Opinions containing the Opinions of Expert Advisory Committee has been published in thirty four volumes. A CD of Compendium of Opinions containing thirty four volume has also been released by the Committee. These are available for sale at the Institute's office at New Delhi and its regional council offices at Mumbai, Chennai, Kolkata and Kanpur.
4	Recent opinions of the Committee are available on the website of the Institute under the head 'Resources'.
5	Opinions can be obtained from EAC as per its Advisory Service Rules which are available on the website of the ICAI, under the head 'Resources'. For further information, write to eac@icai.in.

Success is not final, failure is not fatal: it is the courage to continue that counts. - Winston S. Churchill

Circulars/Notifications

Given below are the important Circulars and Notifications issued by the CBDT, CBEC, SEBI, RBI during the last month for information and use of members. Readers are requested to use the citation/website or weblink to access the full text of desired circular/ notification. You are requested to please submit your feedback and suggestions on the column at **eboard@icai.in**

DIRECT TAXES

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

I. NOTIFICATIONS

1. Relevant dates notified for the purpose of the Income Declaration Scheme, 2016-Notification No 32/2016, dated 19-05-2016

The Income Declaration Scheme, 2016 is incorporated as Chapter IX of the Finance Act, 2016. Section 183 of the Finance Act, 2016 provides, inter-alia, for a date to be notified on or before which a person may make a declaration thereunder. Section 184 and 185 provides for the payment of tax, surcharge and penalty under the scheme. Section 187 provides for a date to be notified by which tax, surcharge and penalty under the scheme shall be paid. Section 190 provides for the period to be notified by which transfer of specified asset may take place so that the provisions of the Benami Transactions (Prohibition) Act, 1988 shall not apply in respect of the declaration of undisclosed income made in the form of investment in any asset.

Accordingly, in exercise of the powers conferred by section 183, section 187 and section 190 of the Finance Act, 2016, the Central Government has appointed -

(i) the 30th September, 2016 as the date on or before which a person may make a declaration under section 183(1);

(ii) the 30th November, 2016 as the date on or before which the tax and surcharge is payable under section 184, and the penalty is payable under section 185 in respect of the undisclosed income;

(iii) the 30th September, 2017 as the date on or before which the benamidar shall transfer to the declarant, being the person who provides the consideration for such asset, or his legal representative.

2. The Income Declaration Scheme Rules, 2016 notified- Notification No 33/2016, dated 19-05-2016

In exercise of the powers conferred by section 199(1)/(2) of the Finance Act, 2016, the CBDT, subject to the control of the Central Government has made the rules for carrying out the provisions of Chapter IX of the said Act relating to the Income Declaration Scheme, 2016. The Income Declaration Scheme Rules, 2016 have come into force on the 1st June, 2016. The Rules provide for the various definitions, the methods to determine the fair market value of assets declared and the manner of declaration of income or income in the form of investment in any asset etc. The Rules have also notified the various forms under the said scheme like Form 1 (Form of declaration under section 183 of the Finance Act, 2016, in respect of the Income Declaration Scheme, 2016), Form 2 (Acknowledgement of declaration), Form 3 (Intimation of payment under section 187(1)) and Form 4 (Certificate of declaration under section 183). The rules for furnishing of:

(a) electronically under digital signature; or

(b) through transmission of data in the form electronically under electronic verification code; or

(c) in print form, to the concerned Principal Commissioner or the Commissioner who has the jurisdiction over the declarant.

The Rules further provide the time limit within which acknowledgement of declaration in Form 2 has to be issued and certificate of declaration in Form 4 has to be granted by the concerned authority.

3. Challan-cum-statement in Form No. 26QB to be now filed within 30 days- Notification No 39/2016, dated 31-05-2016

Rule 31A of the Income-tax Rules, 1962 provide for the time-limits within which statement of deduction of tax under section 200(3) of the Income-tax Act, 1961 needs to be furnished by the tax deductor. Rule 30 provides for the time-limits within which tax deducted at source be deposited to the credit of the Central Government. Earlier, Rule 30(2A) was amended to increase the time limit for payment of tax deduction under section 194-IA to Government account from 7 days to 30 days from the end of the month in which deduction is made vide Notification No 30/2016, dated 29-04-2016. Since a challan-cum-statement in Form No. 26QB is filed for deposit of tax deducted under section 194-IA, now Rule 31A(4A) has been amended to increase the time-limit to furnish the challan-cum-statement in Form No. 26QB electronically from 7 days to 30 days from the end of the month in which deduction is made.

4. Simplification of procedure for Form No. 15G & 15H – Clarifications - Notification No 09/2016, dated 09-06-2016

The existing provisions of section 197A of the Income-tax Act, 1961 inter alia provide that tax shall not be deducted, if the recipient of certain payment on which tax is deductible furnishes the payer a self-declaration Form No. 15G/15H in accordance with provisions of the said section. The manner of filing such declarations and the particulars have been laid down in Rule 29C of the Income-tax Rules, 1962 w.e.f. 1-10-2015 vide Notification No. 76/2015, dated 29-9-2015.

As per Rule 29C(7)/(8), the Principal Director General of Income-tax (Systems) is required to specify the procedures formats and standards for the purposes of furnishing and verification of the declaration and allotment of unique identification number. In pursuance of the same, Principal Director General of Income-tax (Systems) has issued Notification No. 4/2015, dated 1st December, 2015 to notify the procedure, formats and standards.

The CBDT has vide this notification clarified the following issues:

(a) **Due date for quarterly uploading of 15G/H declarations by payers on e-filing portal.**

The due date for quarterly furnishing of 15G/15H declarations received by the payer from 1-4-2016 onwards shall be as given below:

Sl. No.	Date of ending of the quarter of the financial year	Due date
(1)	(2)	(3)
1.	30th June	15th July of the financial year
2.	30th September	15th October of the financial year
3.	31st December	15th January of the financial year
4.	31st March	30th April of the financial year immediately following the financial year in which declaration is made.

(b) The manner for dealing with Form 15G/15H received by payer during the period from 1-10-2015 to 31-3-2016.

In this regard, it is specified that:

The payer shall furnish 15G/15H declarations received during the period from 1-10-2015 to 31-3-2016 on e-filing portal (http://incometaxindiaefiling.gov.in) in the given format on or before 30th June, 2016.

The complete text of the above Notifications can be downloaded from the link below: http://www.incometaxindia.gov.in/Pages/communications/notifications.aspx

II. CIRCULARS

1. Explanatory Notes on provisions of the Income Declaration Scheme, 2016 as provided in Chapter IX of the Finance Act, 2016– Circular No. 16/2016, Dated 20-05-2016

The Income Declaration Scheme, 2016 is contained in the Finance Act, 2016, which received the assent of the President on the 14th of May 2016.

The Scheme provides an opportunity to persons who have paid not full taxes in the past to come forward and declare the undisclosed income and pay tax, surcharge and penalty totalling in all to forty-five per cent of such undisclosed income declared.This Circular explains the substance of the provisions of the said scheme as incorporated in Chapter IX of the Finance Act, 2016. The Circular covers in detail about the following:

(a) the scope of the scheme,
(b) rate of tax, surcharge and penalty,
(c) time limits for declaration and making payment,
(d) form for declaration,
(e) declaration not eligible in certain cases,
(f) circumstances where declaration shall be invalid and
(g) effect of valid declaration.

2. Clarifications on the Income Declaration Scheme, 2016-FAQ– Circular No. 17/2016, Dated 20-05-2016

The Income Declaration Scheme, 2016 incorporated as Chapter IX of the Finance Act, 2016 has come into force from 1st June,2016. The complete text of the Scheme is available on the website of the Ministry of Finance as part of the Finance Bill 2016.

The first of the Tax Payer Education series of Frequently Asked Questions (FAQs) specifying details of the scheme and clarifying eligibility available under the same has been uploaded on the official website of the Income Tax Department www.incometaxindia.gov.in for viewing.

The above are aimed at explaining the various provisions of the Scheme with respect to eligibility, nature of assets, periods of availability, kinds of immunities available under the scheme and persons excluded from its benefits. Circumstances in which the scheme shall not apply have also been clarified.

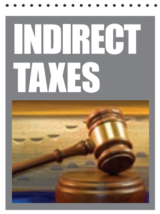
These are expected to be updated from time to time based upon feedback and further queries received.

3. Jurisdictional Principal Commissioner/ Commissioner to be the Principal Commissioner/ Commissioner to whom declaration under the Income Declaration Scheme, 2016 is to be made– Circular No. 19/2016, Dated 25-05-2016

Income Declaration Scheme, 2016, introduced vide Finance Act, 2016 provides an opportunity to persons who have not paid full taxes in the past to come forward and declare their undisclosed income. Rule 4 of the Income Declaration Scheme Rules, 2016 provides that a declaration of income or income in the form of investment in any asset u/s 183 shall be made in the prescribed manner to the Principal Commissioner or the Commissioner who exercises jurisdiction over the declarant.

The CBDT has clarified that the jurisdictional Principal Commissioner or the Commissioner, as the case may be, who exercises jurisdiction u/s 120 of the Income-tax Act, 1961, as notified from time to time over such declarant, shall be the Principal Commissioner or the Commissioner as referred to in section 186 of the Income Declaration Scheme 2016 to whom declaration under 183 of that Scheme is to be made.

The detailed circulars can be downloaded from the link below: http://www.incometaxindia.gov.in/Pages/communications/circulars.aspx



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

A. SERVICE TAX

1. Leviability of service tax in respect of services provided by arbitral tribunal and its members

The services provided or agreed to be provided by an arbitral tribunal to a business entity located in the taxable territory with turnover exceeding Rs 10 lakh is taxable under reverse charge mechanism and recipient of service (business entity) is liable to discharge service tax liability vide Rule 2(1)(d) of Service Tax Rules, 1994 and Notification No. 30/3012 – ST.

Further, Services provided by an arbitral tribunal to (i) any person other than a business entity; or (ii) a business entity with a turnover up to Rs 10 lakh in the preceding financial year, were exempt from services tax vide Entry 6(a) of Notification No. 25/2012 – ST.

In this regard, Central Government vide Circular No. 193/03/2016-ST, Dated: May 18, 2016 has clarified that service Tax liability for services provided by an arbitral tribunal (including the individual arbitrators of the tribunal) shall be on the service recipient if it is a business entity located in the taxable territory with a turnover exceeding ₹10 lakh in the preceding financial year.

[Circular No. 193/03/2016-ST, Dated: May 18, 2016]

2. Exclusion of some services provided by Government to business entity from Mega Exemption Notification No. 25/ 2012

The Central Government vide Notification No. 07/2016-Service Tax, Dated: February 18, 2016 amended the Mega Exemption Notification to provide exemption to Services provided by Government or a local authority to a business entity with a turnover up to ₹10 lacs in the preceding financial year.

Now, the Central Government vide Notification No. 26/2016-Service Tax, Dated: May 20, 2016 has provided that following services provided by Government or a local authority to a business entity with a turnover up to Rs. 10 lacs in the preceding financial year would be liable to service tax:

a) services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than Government;
b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
c) services of transport of goods or passengers
d) Services by way of renting of immovable property.

[Notification No. 26/2016-Service Tax, Dated: May 20, 2016]

3. Krishi Kalyan Cess

In order to support financing initiatives relating to improvement of agriculture and welfare of farmers, Central Government has imposed Krishi Kalyan Cess (KKC) @ 0.5% on all taxable services with effect from 1st June 2016.

Now, the Central Government vide Circular No. 194/04/2016-ST, Dated: May 26, 2016 has provided the following accounting codes for KKC:

KKC (Minor Head)	Tax Collection	Other Receipts (Interest)	Deduct Refunds	Penalties
0044-00-507	00441509	00441510	00441511	00441512

Further, the following have also been provided for w.e.f 1st June 2016:

a) For tax payable on services covered under reverse charge or partial reverse charge, KKC would also be required to be paid along with Service Tax. Provisions of the Reverse Charge Notification will be applicable mutatis mutandis for the purposes of KKC also.

b) KKC will not be leviable on services which are exempt from Service tax. Therefore, KKC @ 0.5% will be levied on value of all taxable services except the following:
   i. Activity excluded from the definition of Service under Section 65B(44) of the Finance Act;
   ii. Negative List of Services under Section 66D of the Finance Act;
   iii. Services exempted by a notification issued under Section 93(1) of the Finance Act i.e.
      - Services exempted under Mega Exemption Notification vide Notification No. 25/2012-ST dated June 20, 2012.
      - Services exempted, as specified to specified percentage under the Abatement Notification No. 26/2012-ST dated June 20, 2012 i.e. KKC would be computed on abated value of taxable services.
   iv. Services exempted by Special Order issued under Section 93(2) of the Finance Act.

c) Value of taxable services for the purposes of the Krishi Kalyan Cess will be the value as determined in accordance with the Service Tax (Determination of Value) Rules, 2006.

In terms of Service Tax Valuation Rules, Service tax along with SB Cess and KKC needs to be applied on taxable value. Accordingly, effective rate of Service tax in following illustrative cases would be:

Particulars	Service Tax Rate
Works Contract: Original works	6% (15% x 40%)
Works Contract: Other than Original Work	10.50% (15% x 70%)
Restaurant and Outdoor catering: AC Restaurant services	6% (15% x 40%)
Restaurant and Outdoor catering: Outdoor catering services	9% (15% x 60%)

d) A Service provider is eligible to claim rebate of KKC paid on all the input services used in providing services exported in terms of Rule 6A of the Service Tax Rules, 1994, as KKC is included in definition of "service tax & cess" in the amended Notification No. 39/2012-ST dated June 20, 2012 *(Rebate of the duty paid on excisable inputs or Service tax and cess paid on all input services used in providing service exported)*

e) The SEZ Unit or the Developer of SEZ unit are eligible for refund of:
   - KKC paid on the specified services on which ab-initio exemption is admissible but not claimed.
   - That portion of KKC paid on the specified services which pertain to the authorised operation in a SEZ. When the services provided are common to the authorised operation in a SEZ and the operation in domestic tariff area, the same would be bifurcated in the manner as prescribed in rule 7 of the Cenvat Credit Rules. The same would be calculated as under:

$$\frac{\text{Total service tax pertaining to authorised operation in a SEZ * 0.5 (KKC)/ 0.5(SBC)}}{\text{14 (being the rate of service tax)}}$$

f) For services relating to air travel agents, insurance premium, purchase & sale of foreign currency and lottery distributor where the service tax is paid at an alternative rate in terms of sub-rules 7,7A,7B and 7C to Rule 6 of the Service Tax Rules, 1994, KKC would also be computed in proportion to such alternative rate i.e.

$$\frac{\text{Total Service tax liability calculated under Rule 6(7)(7A), (7B) or (7C) * 0.5 (KKC)/ 0.5(SBC)}}{\text{14 (being the rate of service tax)}}$$

For example: for domestic bookings the rate of KKC would be: 0.7% * 0.5% 14% = 0.025%

[Circular No. 194/04/2016-ST, Dated: May 26, 2016 & Notification Nos. 27/2016-Service Tax, 28/2016-Service Tax, 29/2016-Service Tax, 30/2016-Service Tax & 31/2016-Service Tax, all Dated: May 26, 2016]

4. Service Tax on Senior Advocates under reverse charge

Union Budget 2016-17, provided for service tax to be paid by Senior Advocates (as defined under Advocates Act) under forward charge w.e.f. 1st April 2016.

Now, Central Government vide *Notification No. 32/2016* – ST dated June 6, 2016 has amended Mega Exemption Notification No. 25/2012 -ST to exempt services provided by a Senior Advocate by way of legal services to any person other than a business entity; or a business entity with a turnover up to ₹10 lacs in the preceding financial year.

Also, *Notification No. 33/2016 – ST dated June 6, 2016* has amended Service Tax Rules, 1994 to provide that services provided by senior advocates would be covered under reverse charge mechanism. Also, if the senior advocate is engaged by another lawyer, the Service Tax is to be paid by the litigant under reverse charge.

Further, *Notification No. 34/2016 – ST dated June 6, 2016* has amended Reverse Charge Notification No. 30/2012 – ST to provide 100% payment of tax by the recipient of the service provided by senior advocates.

In the nutshell, it has now been provided that services provided by senior advocate to a business entity with a turnover of more than Rs. 10 lacs are taxable under reverse charge mechanism and the whole of the tax is to be paid by the client who is litigating.

[Notification Nos. 32/2016 – ST, 33/2016 – ST, 34/2016 – ST all dated June 6, 2016]

Legal Update

B. CENVAT CREDIT RULES

5. Cenvat credit of Krishi Kalyan Cess (KKC) to service providers

Central Government vide *Notification No. 28/2016-Central Excise (N.T.), Dated: May 26, 2016* has amended CENVAT Credit Rules, 2004 to allow Cenvat credit of KKC to a service provider. Rule 3 of CENVAT Credit Rules, 2004 has been amended to provide the following:

- Provider of 'output services' will be eligible to avail credit of KKC paid
- Cenvat credit availed (other than KKC) shall not be utilised towards payment of KKC (10th proviso to rule 3(4)) i.e CENVAT credit in respect of KKC shall be utilised only towards payment of KKC.

Thus, unlike SBC, CENVAT credit of KKC paid on input services will be allowed to be used for payment of the KKC on taxable services provided by a service provider. Further, CENVAT credit of Service tax or Excise duty can neither be utilised for payment of KKC nor vice versa.

[Notification No. 28/2016-Central Excise (N.T.), Dated: May 26, 2016]

C. CENTRAL EXCISE

6. Indirect Tax Dispute Resolution Scheme, 2016

The Indirect Tax Dispute resolution Scheme has been introduced vide Union Budget 2016-17, under which a taxpayer who has an appeal pending before the Commissioner (Appeals) can settle his case by filing a declaration before the Designated Authority and by paying the disputed tax and interest up to the date of assessment.

"Designated authority" means an officer not below the rank of Assistant Commissioner who is authorised to act as Assistant commissioner by the Commissioner for the purposes of this Scheme.

Further, Central Government vide *Notification No. 29/2016-CE(NT) dated 31st May 2016* has notified Indirect Tax Dispute Resolution Scheme Rules, 2016, effective 1st June 2016, which provides for manner of operation of the scheme and the forms to be used for making the scheme operational. Following Forms have been prescribed by the said Rules:

S. No.	Form No.	Purpose	Time Limit
1	Form 1	Making declaration under the scheme	Upto 31st Dec, 2016
2	Form 2	designated authority shall give the acknowledgement about the receipt of declaration by him	60 Days
3	Form 3	filed by the declarant giving the details of the amounts deposited by him as required under the scheme Report the details of deposit made	Within 15 Days – of receipt of the acknowledgement Within 7 Days of of making the deposit
4	Form 4	designated authority will pass an order of discharge of dues in respect of the case before Commissioner (Appeals)	Within 15 Days of the receipt of tax deposit proof

For details the said Notification and Instruction may be referred.

[Notification No. 29/2016-CE(NT) dated 31st May 2016 & Instruction No. F.No.1080/06/DLA/IDRS/2016 dated 1st June 2016.]

7. Information returns to be furnished under 'Service Tax and Central Excise (Furnishing of Annual Information Return) Rules, 2016'

Rule 3 of 'Service Tax and Central Excise (Furnishing of Annual Information Return) Rules, 2016' provides that a State Electricity Board or an electricity distribution or transmission licensee under the Electricity Act 2003, or any other similar entity, who is duly authorised by 'State Electricity Agency', shall furnish information return electronically under Section 15A(I) of the Central Excise Act, 1944, with regard to certain class of assesses in the Form AIRF along with the Annexure Form (AIRA-II).

Further, the Principal Chief Commissioner or the Chief Commissioner of Central Excise and Service Tax in-charge needs to identify and intimate the State Electricity Agency, information of such manufacturers using an induction furnace or rolling mill to manufacture goods falling under Section XV of the First Schedule to the Central Excise Tariff Act, 1985, whose aggregate value of clearances exceeds ₹150 lakh in the financial year to which the return pertains. For detailed procedure the said circular may be referred.

[Instruction F.No.221/01/2016-CX.6 Dated: June 6, 2016]

D. CUSTOMS

8. Transitional provisions relating to Duty Free Shops/ Ship stores/Airline Stores/Diplomatic Stores

Finance Act, 2016 has inserted a new section 58A to the Customs Act, 1962 to provide for licensing of Special Warehouse wherein dutiable goods may be deposited duly 'locked' by proper officer. Following goods may be deposited in the special warehouse:

a) gold, silver, other precious metals and semi-precious metals and articles thereof

b) goods warehoused for the purpose of supply to duty free shops in a customs area or supply as stores to vessels or aircrafts or supply to foreign privileged persons

For details the said circular may be referred.

[Circular No. 20/2016-Cus, Dated: May 20, 2016]

9. Security to be furnished by Importers u/s 59(3) of Customs Act

Section 59(3) of the Customs Act, 1962 prescribes that an importer, shall, in addition to the execution of a bond, furnish a security for transit as well as for storage of goods in the warehouse.

Central Government vide *Circular No. 21/2016-Customs, Dated: May 31, 2016* has amended the security related norms and dispensed the security u/s 59(3) in following cases:

a) Imports by the Central Government, State Government or a Union Territory administration or their undertakings;

b) Machinery, equipment and raw-materials imported for manufacture and installation of power generation units;

c) Project imports;

d) Petroleum products;

e) Machinery, equipment and raw materials imported for building and fitment to ships;

f) Goods used in the units operating under manufacture-in-bond scheme (section 65);

g) Goods warehoused for supply to diplomats;

h) Goods warehoused and sold through duty free shops;
i) Goods warehoused for supply as ship stores/ airlines stores

Importers under Accredited Clients Program or approved Authorised Economic Operators will be required to provide security as per circulars issued in their regard.

Security for Transit

A comprehensive transit risk insurance policy equal in sum to the duty involved in the goods, in favour of the President of India needs to be obtained by the Importer to cover the transit of goods i.e. movements from customs station of import to the warehouse or warehouse to another warehouse or warehouse to a customs station for export. However in case of liquid bulk cargo transported through pipelines, the requirement of transit insurance may be waived.

Security for Storage

	PERIOD			
Particulars	**1 Year**	**Beyond 1 Year**	**Exceeding 2 years**	**Exceeding 3 years**
Security for Goods, other than sensitive goods	no requirement of furnishing any security	bank guarantee for an amount equivalent to 25% of the sum of duty plus interest accrued thereon during the preceding period	bank guarantee for an amount equivalent to 50% of the sum of duty plus interest accrued thereon during the preceding period	bank guarantee for an amount equivalent to duty involved plus interest accrued thereon during the preceding period
Security For Sensitive Goods warehoused in a public bonded warehouse	no requirement of furnishing any security	bank guarantee for an amount equivalent to 50% of the sum of duty plus interest accrued thereon during the preceding period	bank guarantee for an amount equivalent to duty involved plus interest accrued thereon during the preceding period	bank guarantee for an amount equivalent to duty involved plus interest accrued thereon during the preceding period

In case where sensitive goods are to be stored in the importer's private bonded warehouse, the importer shall

a) furnish a security by way of a bank guarantee equivalent to the duty involved at the customs station of import before removal of the goods from the customs station of import and no transit insurance is required in this case.
b) furnish a security by way of a bank guarantee at the customs station of import if goods are to be brought in from public warehouse
c) furnish a security by way of a bank guarantee equivalent to the duty involved and interest accrued thereon during the preceding period for any extension in the period of warehousing

Provisions of this circular are not applicable to imports by 100% Export Oriented Units, EHTP Units & STPI Units as corresponding provisions of Foreign Trade Policy apply to these units.

[Circular No. 21/2016-Customs, Dated: May 31, 2016 & Circular No. 23/2016 -Customs, Dated: June 1, 2016]

10. Procedure regarding filing of ex-bond bill of entry on ICES

Presently, the ex-bond bills of entry required to filed as per section 68 of the Customs Act, 1962 for clearance of any warehoused goods for home consumption are being filed manually.

In order to lend efficiency to the process of clearance of the warehoused goods and avail the benefits of automation the Central Government vide *Circular No. 22/2016-Cus, Dated: May 31, 2016* has provided that the importer or owner of the warehoused goods w.e.f 15th June file ex-bond bills of entry on ICES to clear goods for home consumption under section 68.

The importer or owner of the goods will provide a copy of the assessed ex-bond bill of entry with the order of proper officer for clearance of goods for home consumption to the jurisdictional bond officer assigned to the warehouse, for permitting clearance of the warehoused goods. The Jurisdictional Bond Officer will then verify the documents provided from details available at from ICEGATE and if found correct he will permit removal of goods from the warehouse for home consumption by affixing his dated signature on the copy of the ex-bond bill of entry.

In case of any mismatch not permit removal of goods immediately inform his AC/DC of Customs who will resolve the matter in consultation with the customs station of import.

[Circular No. 22/2016-Cus, Dated: May 31, 2016]

11. Solvency Certificate required along with application for licensing of a private bonded warehouse

Central Government vide *Circular No. 24/2016 -Customs, Dated: June 2, 2016* has provided that while making an application for licensing of a private bonded warehouse, an applicant (importer) will be required to furnish a solvency certificate from a scheduled bank in addition to providing details of maximum amount of duty involved on the goods proposed to be stored in the private bonded warehouse at any point of time. This Solvency Certificate would be equivalent to the amount of duty involved as per Regulation 3 (1) (c) of the Private Warehouse Licensing Regulations, 2016.

Further, where the applicant is the Central Government, State Government or a Union Territory administration or their undertakings or EoUs/EHTP/STPI units there will be no need to obtain any solvency certificates. EoUs/EHTP/STPI units will furnish a bank guarantee/security as per Chapter 6 of Foreign Trade Policy.

[Circular No. 24/2016 -Customs, Dated: June 2, 2016]

12. Maintenance of Electronic Records in relation to warehoused goods

Regulation 11 of the Warehouse (Custody and Handling of Goods) Regulations, 2016 requires the licensee to maintain detailed records of the receipt, handling, storage and removal of goods into and from the warehouse and file monthly returns regarding the same.

Central Government vide *Circular No. 25/2016-Customs, Dated: June 8, 2016* has provided that w.e.f 14th June 2016, every licensee is required to maintain the aforesaid records electronically in prescribed Form A accurately and immediately upon the goods being deposited in or removed from the warehouse. The software for maintaining the electronic records must have a feature of audit trail.

A licensee will file a monthly return of the receipt, storage, operations and removal of the goods in Form A within 10 days after the close of the month. Where the period specified for warehousing is expiring in a particular month, the return in Form B needs to be filed on or before the 10th day of the preceeding month. Upon receipt of the goods in a warehouse, the licensee will send an acknowledgement to AC/or warehouse keeper.

For the purpose of discharging these responsibilities, the licensee may appoint one or more employees as authorised signatories. The specimen signatures authorised signatories and the specimen impression of the stamp of the licensee to be affixed on the documents should be kept updated with the Bond officer at all times.

The warehouse shall have facilities such as computer, photocopier, scanner and printer.

[Circular No. 25/2016-Customs, Dated: June 8, 2016]

13. Chandigarh Notified as Customs airport

Central Government vide *Notification No. 83/2016-Customs (NT), Dated June 09, 2016* has notified Chandigarh as a Customs airport for *"Unloading of imported goods and the loading of export goods or any class of such goods"*. Before this amendment, Chandigarh was a Customs airport for:

(i) Unloading of baggage and the loading of baggage and

(ii) Unloading of imported goods and the loading of export goods related to Ministry of Defence.

[Notification No. 83/2016 -Customs (NT), Dated June 09, 2016]

E. VALUE ADDED TAX

DELHI VAT:

14. Grant of Registration through Mobile DVATMsewa Application

The Department of Trade and Taxes has developed a mobile application DVATMsewa to provide registration service along with few other services. Further, the registration number/ TIN will be issued within one working day. The following procedure is prescribed for instant registration without verification of business premises:-

- The dealer has to download the mobile application "DVATMsewa" and register by giving his basic information. Thereafter, business related information will have to be provided including uploading the image of business premise.
- On submission, the system of the Department will verify the Aadhar details and PAN details of the dealer. Thereafter, the details will be provided to VATO for checking the address & location of business premises. After verifying the same, reference ID and password will be sent through e-mail on the same day.
- Dealer will then file the registration application along with scanned documents and deposit fee online. On approval of application by VATO, final TIN will be generated.
- Registration Certificate will be available for login on the same day. Signed copy of the RC would be dispatched by post till the online dispatch facility through digital signatures is extended.

[Circular No. 6 of 2016-17 F.3(521)/ Policy/2015/221-26 dated 17th May, 2016]

15. Requirement of item-wise detail in Annexure-2A, Annexure-2B, DVAT-30 and DVAT-31

The Delhi Government vide *Notification No. F.3(30)/Fin(Rev-l)/dsvi/121 dated 12th April, 2016* required furnishing of item-wise details of sales and purchases in DVAT Returns and in Forms DVAT-30 and DVAT-31. It has now been clarified that furnishing item-wise details is mandatory for the tax period commencing from 01.04.2016. For the tax period commencing from 01.01.2016 to 31.03.2016 it is optional to specify the item-wise details.

[Circular No.09 of 2016-17 No.F.3(670)/VAT/ Policy/2016/343-348 dated 6th June, 2016]

16. Introduction of Reward/ Appreciation scheme for Good dealers

The Delhi Government has introduced a Reward/ Appreciation Scheme for Good Dealers with intent to acknowledge the dealers for better tax compliance.

Reward for the dealers falling under the following categories-

New entrepreneur who is registered in 2015-16 and is the highest tax payer and/or has the highest growth with respect to turnover of previous year having 1 slab which is ranging from Nil to ₹50 lakhs or 3 slabs ranging between ₹50 lakhs to 500 Crores or 1 slab above ₹500 Crores.

Eligibility-

- Admitted tax due and tax paid (VAT/CST) with the returns will be accounted for.
- Refund claimed and tax credit carried forward would be deducted from the tax collected.
- Tax, interest, penalty or any other dues pertaining to past periods but deposited during

current year will not be considered for Reward purposes.

- Dealers showing decline in tax will not be eligible for Reward purposes.
- No adverse material should be on record against the dealer.
- There should be no outstanding un-stayed demands/ dues.
- Dealer should not be a return defaulter during the financial year.
- No penalty has been imposed against the dealer during the preceding 2 years.

The Reward Evaluation Committee shall work out the claims of the winners for reward/appreciation.

[Order No.F.3(632)/Policy/VAT/2015/PF/363-69 dated 10th June, 2016]

ANDHRA PRADESH VAT:

17. Instructions for goods vehicles movement within/ outside the state

The Deputy Commissioners are directed to ensure that the following instructions, which have been issued with an intention to arrest the tax evasion by preventing concealed movement of goods vehicles and misuse of waybills or rotating one waybill for multiple trips:

- No goods vehicle will be detained for long periods without issuance of detention notice. Further, the officers are required to be accessible to the dealers or the person in-charge of the goods vehicle till the issue is settled.
- Under VAT, it is compulsory to register only sensitive commodities. In case, the dealers apply for online registration and it is pending with the department for more than 3 days then system allows for generation of way bill. Therefore, vehicles possessing these way bills shall not be detained. For manual way bills, report of pending application can be checked online in VATIS. Further, action can be taken if the details in the waybills do not match with the goods in the vehicle.
- In cases of trans-shipment, goods vehicles should not be detained if these are covered by all other documents. However, proper enquiry may be conducted in case of suspicion.
- Certain mistakes may be inadvertently committed by the dealers which can be treated as technical offences and action may be taken accordingly.
- During interstate movement, if any parcel lorry is not covered by Transporter declaration then action may be taken against the transporter and penalty may also be levied. Further, the check post staff will mandatorily conduct thorough physical verification & afterwards generate a document similar to Transporter declaration with vehicle number on all the e-waybills and issue it to the transporter. However, necessary action can be taken if any other irregularities are noticed.

[Circular No. CCT's Ref. No.Enft/E3/329/2015 dated 17th May2016]

RAJASTHAN VAT:

18. Insertion of Rule 16A & Rule 28 under Rajasthan Value Added Tax Rules, 2006

Following rules have been inserted under Rajasthan Value Added

Tax Rules, 2006 which shall come into force from 23.05.2016:

Rule 16A (Application for seeking permission for change of Assessing Authority and amendment in registration certificate)

- An application for change in principal place of business outside the territorial jurisdiction of the present assessing authority shall be filed in e-Form VAT-05 within 30 days from the date of occurrence of such event to the officer authorised by the Commissioner.
- An enquiry shall be conducted by the authorised officer within 30 days of receipt of application and thereafter if he grants the permission then the competent authority may amend the registration certificate in Form VAT-03 within 2 working days. The present assessing authority shall be informed regarding the same.

Rule 28 (Refund in case of wrong deposition or excess deposition of any amount)

- An application for refund of any amount which has been deposited wrongly or in excess shall be submitted by a dealer in e-Form VAT-20AA, after submission of return in Form VAT-10, and along with Form VAT-26 (certificate by CA) duly digitally signed by the Chartered Accountant to the officer authorised by the Commissioner.
- The authorised officer shall conduct an enquiry to verify the refund amount mentioned in the application. If any amount is found refundable, then the application will be forwarded to the assessing authority to grant refund. If the authorised officer is of the opinion that amount is not refundable then he shall pass an order after providing an opportunity of being heard to the dealer.
- The assessing authority shall pass an order for refund in e-Form VAT-23 within 30 days and shall submit the same on www.rajtax.gov.in to the Central Refund Officer within 2 working days of passing of such order.

[Notification No. F. 12(79) /FD/Tax/2014-15 dated 23rd May, 2016]

19. Only Form EL-1 to be filed within 15 days from the end of the relevant month

The Rajasthan Government has specified that the following persons effecting transactions within the State of Rajasthan through electronic media, shall furnish the information for every month or part thereof in Form EL-1 (earlier it was Form EL-1, EL-2 and EL-3) to the Assistant Commissioner/ CTO, within 15 days from the end of the relevant month to which it relates through the website portal rajtax.gov.in:

(i) effecting sale or purchase; or
(ii) transports, receives for transportation or delivers goods; or
(iii) receives any amount for the goods sold or purchased.

[Notification No. F. 16(708)/Tax/CCT/2015/122 dated 31st May, 2016]

MAHARASHTRA VAT:

20. Go Live of SAP based new registration functionality

The Maharashtra Government has provided a new SAP based system. Accordingly, the Billing Software was made available from 14.05.2016 for helping the small dealers to prepare annexures of sales and purchases. Now the new functionality of Registration based on SAP has been provided from 25.05.2016. Further, actual dates for implementation of other functionalities (i.e. other than registration) will be notified as and when these become ready for deployment.

Moreover, the circular also provides following Annexures in a detailed manner regarding the procedure to download the Billing Software, information as to how to use the Billing Software, the changed procedure because of new SAP based registration:

Annexure A: The changes in the processes of Registration

Annexure B: The free Billing Software

Annexure C: The Transition Issues relating to registration

Annexure D: About the Help from offices

[Trade Circular No. 18T of 2016 dated 24th May, 2016]

HARYANA VAT:

21. Amendments in Rule 11, 13 & 14 of Haryana Value Added Tax 2003

Following amendments have been made vide *Notification No. 15/ST-1/H.A. 6/2003/S.60/2016 dated 25th May, 2016* in Haryana Value Added Tax Rules, 2003:

Rule 11 (Procedure for Registration)

- A proof of deposit of ₹500 to the appropriate Government treasury on account of registration fee shall be submitted along with Form VAT-A1 (application for registration). Hitherto, treasury receipt showing deposit of ₹100 was to be duly affixed on the application of registration.
- A notice will be issued to applicant ***within 5 days*** from the receipt of registration application if any deficiency is noticed by the assessing authority. In case the applicant fails to rectify the deficiency, then the application may be rejected. Earlier, if the application was not correct and complete or the applicant was not a bonafide dealer or has not complied with any direction given, then the assessing authority may reject the application after giving the dealer an opportunity of being heard.
- If the assessing authority is satisfied that the applicant is a bonafide dealer and has deposited the registration fee in full, and has furnished the security (if demanded) and the application is in order then registration certificate in Form VAT-G1 shall be issued within 15 days from the date of receipt of application. Hitherto, the time limit of 15 days was not provided.

Rule 13 (Procedure for amendment in Registration Certificate)

A proviso has been inserted stating that the assessing authority may dispose of the application for amendment in registration certificate within 15 days from the date of receipt of the application along with the supporting documents.

The aforesaid proviso has also been inserted under **Rule 14(1)** for cancellation of Registration Certificate.

[Notification No. 15/ST-1/H.A. 6/2003/S.60/2016 dated 25th May, 2016]

22. Procedure for Haryana Amnesty Scheme, 2016

The Haryana Amnesty Scheme, 2016 is an arrangement for dealers affected during the reservation agitation in the month of February, 2016 to provide relief in respect of tax, interest, penalty or other dues payable for the period from the 01.01.2016 to 31.03.2016. Following are some conditions & restrictions provided for this scheme:

Submission of application: The affected dealer shall apply for the scheme within 60 days from the date of the notification of the scheme in the Official Gazette or from the date of being considered entitled to compensation by the designated authority or committee, whichever is later.

Constitution of committee: A committee consisting of two senior most Excise and Taxation Officers and the concerned Assessing Authority shall examine each application and make a report within 30 days to the concerned Deputy Excise and Taxation Commissioner (ST). If he finds that the information provided in the application is incomplete or incorrect then he may serve a notice directing the applicant to show cause as to why his application should not be rejected. Thereafter, within 15 days from the date of notice, the Deputy Excise and Taxation Commissioner (ST) may pass an appropriate order on the application.

Objects of Scheme:

- The tax payable by an affected dealer on the turnover of goods sold by him during February, 2016 shall stand waived off. However, the relief of tax waiver allowed shall not exceed the average monthly tax payable under the Haryana VAT Act and CST Act during the period 01.04.2015 to 31.12.2015.
- The affected dealer shall be exempted from payment of interest, for non-payment of tax on the turnover of goods sold during the months of January, 2016 and March, 2016 provided such tax is paid by the 31.07.2016.
- An affected dealer who has failed to use the goods purchased for specified purpose against declaration in Form D-1 or Form C due to damage, destruction or loss of such goods during the reservation agitation shall get immunity from penalty.
- The dealer who has lodged claim may submit the returns for the period 01.01.2016 to 31.03.2016 upto 31.07.2016.
- An affected dealer shall be entitled to claim ITC even in respect of the goods damaged, destroyed or lost during the reservation agitation.
- The amount received as compensation or insurance claim received shall not be considered as valuable consideration towards the goods damaged, destroyed or lost during the reservation agitation.

[Notification No.16 /ST-1/H.A.6/2003/S.59A/2016 dated 27th May, 2016]

GUJARAT VAT:

23. Provisional Refund upto ₹1 lakh within 30 days

Sub-rule (5A) has been inserted under Rule 37 (Provisional Refund) empowering the Commissioner to grant provisional refund upto ₹1 lakh for a full amount within 30 days from the date of submission of all documents & after fulfilling the following conditions:

- The refund paid in the previous year should not have exceeded ₹1 lakh.
- The dealer should be holding a registration certificate for more than 2 years.

[Notification No. (GHN-34) VAR-2016(38)TH dated 25th May, 2016]

24. Amendment in Rule 5 of Gujarat Value Added Tax Rules, 2006

Following sub-rules of Rule 5 have been amended vide Notification No. (GHN-36) VAR-2016(39) / TH dated 31st May, 2016:

Sub-rule (1): The dealer making an application shall upload on the website the scanned copies of Form 101 along with the Forms appended to Form 101 duly signed and scanned copies of the required documents. Hitherto, the application was to be made to the registering authority along with the attested copies of the requisite documents.

Sub-rule (1)(c)(iii): Along with attested copy of agreement or lease deed, a copy of property card or property tax bill of last year or copy of latest index-2 issued by the Sub-Registrar of Stamp Duties received by the owner of the rented premises is also be attached.

A sub-clause (11) has been inserted under sub-rule (1)(d) stating that copy of DIN obtained from the registrar of companies shall be submitted with the registration application.

Copies of challan for the payment towards security amount are not required to be submitted along with registration application. **[Sub-rule (1)(e)]**

Sub-rule (11): The security amount of ₹10,000 has to be deposited by way of e-payment in the Government treasury for each registration.

Sub-rule (13): A provisional registration number shall be given within 24 hours from uploading the application along with required documents. Hitherto, it was allotted within 3 working days from the date of receipt of application.

Sub-rule (14): For the procedure of post verification, hard copies of the documents duly signed by the applicant shall be obtained and shall be attested by the officer carrying out post verification. Further, a registration certificate converting the provisional into permanent registration shall be issued within 48 working hours after the completion of post verification. Hitherto, it was issued within 30 days from the date of receipt of application.

Sub-rule (15): During post verification, if the registering authority is not satisfied with any detail furnished by the dealer then within 3 working days from the date of uploading the application he shall give an opportunity to the dealer for the compliance of the query raised within 7 days. If the registering authority is satisfied with the compliance by the dealer then permanent registration shall be issued within 1 day from the date of such compliance. However, if he is not satisfied with the compliance then he shall intimate the dealer about refusal within 7 days.

Sub-rule (16): The provisional registration number shall be deemed to have been converted into permanent registration if the post verification is not carried out within 11 days from the date of uploading of application. (Earlier it was within 30 days from the date of receipt of application)

[Notification No. (GHN-36) VAR-2016(39) / TH dated 31st May, 2016]

TELANGANA VAT:

25. Tax payer friendly procedure for e-registration

The Telangana Government has provided the following registration procedure to ensure a tax payer friendly regime and thereby ensuring ease of doing business:

Registration Application: The dealer shall apply via e-Registration from 01.06.2016 onwards through the CTD portal to the concerned Circle Office for Registration. A GIS based jurisdictional mapping system will assist the dealers to locate their correct Jurisdiction. Alternately, the dealer can file VAT/CST/TOT registration application through TS I Pass portal. All supporting Documents shall be scanned and uploaded by the dealer.

Processing of Registration Application:

- On receipt of the application, the Registering authority shall scrutinise the application along with the supporting documents and cross check the validity of Aadhar number and PAN of the dealer.
- If the application is found to be in order, then it shall be approved within 1 working day of its receipt.
- If any discrepancy is found in application or the uploaded documents then the Registering authority may raise a query with valid reasons and the dealer has to reply within 7 days, else his online application is deemed to be cancelled.
- In case of rejection of a registration application, the Registering Authority should issue a rejection order by recording the reasons in writing in Form VAT 103/TOT 017.

Issue of Registration Certificate:

- If the Registration application is accepted, TIN is generated and intimated to the dealer by e-mail.
- Once the TIN is generated, the Registration

Certificate is to be signed by the Registering Authority, scanned and uploaded to dealer's login.

- Once Digital Signatures are in place; the RC is to be issued with the Digital Signature of the Registering Authority.
- It is also informed that the authenticity of the TIN and the dealer registration details can be verified using the "Verify TIN" Facility on the CTD portal.

[Circular-CCT's Ref No. CS(1)/18/2015, dated 23rd May, 2016]

26. Prescribed discount rate of 8% for calculating & paying net present value of deferred taxes by an industrial unit

The Telangana Government has prescribed a discounting rate of 8% for calculating and paying the net present value of the deferred taxes by an industrial unit if the current year instalment is paid at least 10 months in advance. This discounting rate shall be in force from 01.06.2016 and valid upto 31.03.2017. Accordingly, the discount rate of 7% has been rescinded w.e.f. 01.06.2016.

[Notification No. G.O. Ms. No. 115 dated 1st June, 2016]

27. Instructions for Inspections/ Audits & Assessments

The objective of audit is to optimise Revenue collection and improve Tax Compliance. Therefore, planning and arranging an appointment for audit with the dealer is required in General Audit, 'except,' in case of a surprise or specific or special audit. Selection of general audit should be made on the basis of defined parameters in the VATis and authorised through System in FORM ADM 1B.

The Add./Joint Commissioner, Enforcement wing and the Deputy Commissioners should authorise the officers for inspection/Audit/ Assessments for addressing probable tax evasion:

- Surprise Audit wherein prior intimation is not necessary to maintain confidentiality in addressing probable Tax evasion.
- Specific Audit is to be done on the basis of intelligence information or on receipt of urgent reference and potential unregistered dealers.
- Special Audit is to be done where evidences or information of serious fraud are available that needs in depth investigation.

[Circular-TSCCT's Ref No. Enft/33/75/2016 dated 10th June, 2016]

JAMMU & KASHMIR VAT:

28. Exemption period extended for hotels, lodges & guest houses upto 31.03.2017

The Jammu & Kashmir Government has extended the exemption from payment of tax by hotels, lodges and guest houses providing lodging facilities from 30.06.2016 to 31.03.2017.

[Notification No. SRO 164. dated 30th May, 2016]

MADHYA PRADESH VAT:

29. Two classes of registered dealers are notified for the assessments cases for FY 2014-15

The Madhya Pradesh Government has notified the following two classes (A) and (B) of registered dealers whose assessments cases are pending for the year 2014-15 and directed that their assessments shall be deemed to have been made as per the following scheme:

Particulars	Class (A)	Class (B)
Registered dealers included	Having annual turnover up to ₹50 crore during the year 2014-15	Having annual turnover above ₹50 crore during the year 2014-15
Does not include	-	• Dealers in whose assessment orders of last three continuous years, additional demand of tax has been created.
	• Industrial unit eligible to avail the exemption/ deferment of tax payment/ Investment Promotion Assistance under any notification issued. • Dealers whose tax evasion case has been detected for FY 2014-2015. • Dealers in whose cases notice have been issued for additional tax amount or where notice have been issued after Tax Audit and this requirement has not been complied with before submission of application. • In case refund of any kind is due to him.	
Acts & the assessment year	Pending assessment cases under the MP VAT Act, 2002, CST Act, 1956 and the MP Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam, 1976 for the year 2014-15.	
Application	Form A, B or C	Form D, E or F

Time limit	To be submitted within 60 days from the publication of scheme to the assessing officer before whom the assessment case for the year 2014-15 is pending.
Documents to be enclosed	• A court fee stamp of Rs. 5 shall be affixed on every application. • A copy of challan as a proof of payment of tax and interest if any. • A list of sales and purchases for the assessment period. If already submitted then it will not be needed again. • Every dealer whose turnover exceeds ₹1 crore during FY 2014-15 shall submit an audit report prepared by the Chartered Accountant. However in case turnover exceeds Rs. 10 crore then audit report in form 41-A has to be submitted. • The declaration prescribed for exemption and concessional rate of tax also shall be enclosed.
Dealers not submitted application	If no information is available relating to purchases or sales made in the departmental record or where a satisfactory field report has been filed by any departmental officer to this effect then assessment shall be deemed to have been made for such dealer.
Procedure	• An opportunity of being heard shall be given to the applicant if the application is incomplete or any mistake of calculation is detected. • If any aforesaid defect is found, a show cause notice shall be issued and the hearing date shall be fixed and communicated to the applicant. • The applicant shall rectify the defect and file the documents. Afterwards the competent officer shall accept the application and assessment shall be deemed to have been made. • If the dealer remains absent on the hearing date or the defect is not removed, the application shall be rejected. • The intimation for acceptance of the application shall be sent within 30 days from the date of application.

[Notification No. F-A-3-20-2013-1-V-(32). dated 30th May, 2016]

KERELA VAT:

30. Date extension for filing Annual return for FY 2015-16 upto 31.07.2016

Kerala Government vide Circular No. 06/ 2016 No.C1-17064/16/ CT dated 01st June, 2016 has extended the due date for filing Annual Return & enclosures for the financial year 2015-16 from 30.04.2016 to 31.07.2016.

[Circular No. 06/ 2016 No.C1-17064/16/CT dated 01st June, 2016]

HIMACHAL PRADESH VAT:

31. Amendments made to the Himachal Pradesh Value Added Tax Act, 2005

The Himachal Pradesh Bill No. 7 of 2016 have received the assent of the Governor on 26th May 2016 and therefore, the following amendment will take effect accordingly:

Section 11 (Input Tax Credit)

Situation where dealer-	Earlier Penalty	New Proposed
Falsely claims ITC in his returns	Twice of such claim or credit	Amount equal to such claim or credit
Claims incorrect ITC in the return	50% of such claim or credit	25% of such claim or credit

Legal Update

Section 14A (Application for grant of Provisional Registration Certificate) has been inserted which provides that:

- Any person can apply for registration by online application along with scanned copies of the prescribed documents.
- The Provisional Registration Certificate (RC) shall be granted within 3 working days of receipt of application.
- Afterwards, the applicant may be directed to produce evidence and documents and also the accounts relating to the business for verification. On being satisfied, the prescribed authority shall issue a Permanent RC within 30 days from the date of receipt of application.
- However, prescribed authority may reject the application & cancel the Provisional RC within 30 days of receipt of application if it is satisfied that the particulars given are incorrect or that the applicant has misrepresented certain facts only after giving an opportunity of being heard to the applicant.

Section 16 (Payment of tax and returns)

Particulars	Earlier penalty when annual tax liability is more than ₹20 lakhs	New Penalty
Failure/delay to file monthly returns	₹1,000 per day	₹1,000 per day subject to maximum of ₹50,000

Further, where a dealer has closed down his business or has left the business without getting his RC cancelled then the Assessing Authority shall suspend the RC immediately and thereafter no further incremental penalty shall be imposed.

Section 27A (Special provision for settlement of pendency and arrears) has been inserted, which provides a Settlement Scheme for cases of a particular period where the dealer could not submit the statutory forms required for assessment. The Scheme will allow for waiver of the tax amount, interest and penalty.

Section 49A (Advance Ruling) has been inserted, which provides that:

- An 'Advance Ruling Authority (ARA)' is constituted to clarify the rate of tax or the eligibility to tax of any transaction or eligibility of deduction of input tax or liability of deduction of tax at source.
- Any registered dealer can make an application accompanied by proof of fee payment.
- The Authority after examining may either admit or reject the application. Further, the application shall not be accepted where the question raised:
  -is already pending or
  -relates to a transaction which is designed apparently for the avoidance of tax.
  Moreover, no application shall be rejected unless an opportunity of being heard is given and reasons for such rejection shall be recorded in the order.
- The order shall be passed within 90 days of the receipt of application. A copy of every order shall be sent to the applicant and the officer concerned.

[Act No. 10 of 2016]

JHARKHAND VAT:

32. Insertion of Section 80A (Advance Ruling) under Jharkhand Value Added Tax Act, 2005

Section 80A has been inserted under Jharkhand Value Added Tax Act, 2005 to provide for advance ruling which has been made effective from 01.04.2016:

- Any registered dealer may apply for obtaining an advance ruling on the interpretation of any provision of Act, Rules or Notifications issued in respect of a transaction proposed to be undertaken.
- The Tribunal may reject the application if it finds that there is no involvement of any important or substantial question of Law, but only after giving a reasonable opportunity of being heard to the applicant.
- The Tribunal shall pronounce its advance ruling within 4 months of the receipt of the application by it. Further, the pronouncement made shall be prospective & binding on the applicant and the authorities appointed unless there is a change in Law or facts.
- On an application from Commissioner, the Tribunal shall review, amend or revoke its ruling for good and sufficient reason after giving an opportunity to the affected applicant.
- When the Tribunal finds that the advance ruling has been obtained by misrepresentation of facts then it may by order & after giving an opportunity of being heard shall declare the ruling as void-ab-initio & thereupon all the provisions of the Act shall apply to the applicant as if such Advance Ruling has never been made.

[Jharkhand Ordinance-03, 2016]

33. Issuance of registration certificate within one day of application submission

The Jharkhand Government has directed that the registration certificate in Form JVAT-106 be issued within one day instead of 5 days from date of filing of application in Form-JCRF for obtaining registration under JVAT, JENT, JHLT, JAT & JED.

Further, a new clause (d) has been inserted under sub-rule (vi) providing that the facilities of issuance of SUGAMS P, G and B to newly registered dealers shall be available to the extent of amount of security bond furnished and equal to the amount of tax involved in transactions made through SUGAMS. If further issuance of SUGAMS is required, the dealer shall be required to furnish additional security bond and to deposit additional tax as required.

[Notification No. S.O-27 dated 8th June, 2016]

SIKKIM VAT:

34. Suppliers and contractors having turnover above taxable limit should have valid registration certificate

The Sikkim Government has directed that all the suppliers and contractors having turnover above ₹5 Lakhs shall hold a valid registration certificate. Further, all the Heads of the Departments and PSUs are also directed to ensure that bills submitted for payment are bearing the registration number (TIN) of the supplier or the contractor i.e. bills not bearing the TIN shall not be accepted for payment.

Moreover, all the payments against supply and work contract are also subjected to deduction of VAT and environment Cess at source.

[Circular No. 1/CT1/2016 dated 9th June, 2016]

TAMIL NADU:

35. Issue of manual C & F Forms has been extended upto 31.07.2016

The Tamil Nadu Government has extended the last date from 31.03.2016 to 31.07.2016 for issue of manual C & F forms for the inter-state transactions already reported and properly accounted for. Therefore, all the dealers are informed to utilise this opportunity and get the forms from the assessment circles by producing the connected documents as this date will not be extended further.

[Circular No.6/2016 CC4/678/2012 dated 13th June, 2016]

(Matter on Corporate Laws has been contributed by CA. Rahul Joglekar)

SEBI (www.sebi.gov.in)

SEBI notification no.SEBI/ LAD-NRO/ GN/2016-17/001 dated 25th May 2016 – Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016

SEBI has amended the aforesaid regulations to include certain matters with respect to audit reports issued by the Statutory Auditors on the annual financial statements which are submitted to the stock exchanges. A statement on impact of audit qualifications is also to be included with the submissions made. For complete text of the notification, please refer the link: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1464244385630.pdf

RBI (www.rbi.org.in)

RBI Circular no. DBR.No.BP.BC.103/21.04.132/2015-16 dated 13th June 2016 - Scheme for Sustainable Structuring of Stressed Assets

RBI has released a new set of guidelines involving co-ordinated deep financial restructuring of stressed assets where the aggregate exposure (including accrued interest) of all institutional lenders in the account is more than ₹500 crore. The eligibility conditions require that the project must have commenced commercial operations and the debt must be sustainable. The guidelines also define Sustainable Debt, provide for the resolution plan for such assets and deal with valuation and provisioning for such assets. For complete text of the circular, please refer the link: https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10446&Mode=0#AN

RBI Master Direction DBR.FSD.No.101/24.01.041/2015-16 dated 26th May 2016 - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016

RBI has released the aforesaid directions to lay down suitable guidelines for various financial services provided by Banks. The provisions of these Directions apply to every Scheduled Commercial Bank in India. For complete text of the Directions, please refer the link: https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10425&Mode=0 ■

Anyone who has never made a mistake has never tried anything new. - Albert Einstein

ACCOUNTANT'S BROWSER

'PROFESSIONAL NEWS & VIEWS PUBLISHED ELSEWHERE'

Index of some useful articles taken from Periodicals received during May-June 2016 for the reference of Faculty/ Students & Members of the Institute.

1 Accountancy

Companies (Accounting Standards) Amendment Rules,2016. *Company Law Journal*, Vol.2, May 2016, pp.80-118.

What will be Tested on the Next CPA Exam: Testing Higher-Order Skills will become a Bigger Focus in 2017 by Ken Tysiac. *Journal of Accountancy*, May 2016, pp.26-31.

2 Auditing

Companies (Auditor's Report) Order, 2016. Company Law Journal, Vol.2, May 2016, pp.71-79.

Mandatory Audit Firm Rotation and Audit Quality by Mara Cameran and Annalisa Prencipe. *European Accounting Review*, Vol. 25/1, May 2016, pp.35-58.

3 Economics

Consolidation Among Public Sector Banks by R. Gandhi. *Reserve Bank of India Bulletin (R.B.I Bulletin)*, May 2016, pp.17-22.

Finances of Non-Government Non-Financial Public Limited Companies, 2014-15. *Reserve bank of India Bulletin (R.B.I Bulletin)*, May 2016, pp.37-46.

Indian Debt Market 2020: The Underpinnings & the Path Ahead by Harun R. Khan. *Reserve bank of India Bulletin (R.B.I Bulletin)*, May 2016, pp.5-16.

Performance of Non-Government Non-Banking Financial and Investment Companies, 2014-15. *Reserve Bank of India Bulletin (R.B.I Bulletin)*, May 2016, pp.47-64.

4 Law

Joint Ventures Under the Competition Act, 2002 by Dishi bhomawat. *Company Law Journal*, May 2016, pp.62-76.

Jurisdiction Under Negotiable Instruments Act: Conflicting Perspectives of Legislature and Judiciary in India by Mitti Shrivastava and Akshay Goel. *Company Law Journal*, Vol.2, May 2016, pp.77-80.

Real Estate (Regulation and Development) Bill, 2016: Ushering in of a New Era of consumer protection? By Debottam Chattorpadhyay. *Company Law Journal*, Vol.2, May 2016, pp.55-61.

5 Management

Business Practices that Not-for-Profits can't Afford to Overlook by Maria L. Murphy. *Journal of Accountancy*, May 2016, pp.42-47.

How to Hedge Your Strategic Bets: Make Short-Term Investments to Test Opportunities by George Stalk JR. and Ashish Iyer. *Harvard Business Review*, May 2016, pp.71-76.

Organisational Culture: Increase Your Return on Failure by Julian Birikinshaw and Martine Haas. *Harvard Business Review*, May 2016, pp.80-85.

Superforecasting: How to Upgrade your Company's Judgment by Paul J. H. Schoemaker and Philip E. Tetlock. *Harvard Business Review*, May 2016, pp.63-68.

Third-Party Risk: How to Trust Your Partners by Andrew Kenney. *Journal of Accountancy*, May 2016,pp.57-61

Boards Attributes that Increase Firm Risk-Evidence from the UK by Sudha Mathew and Salma Ibrahim. *Corporate Governance*. Vol. 16/2, 2016, pp.233-258.

Corporate Governance: The Impact of Director and Board Structure, Ownership Structure and Corporate Control on the Performance of Listed Companies on the Ghana Stock Exchange by Josephine Darko and Zakaria Ali Aribi. *Corporate Governance*. Vol. 16/2, 2016, pp.259-277. ■

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

But better to get hurt by the truth than comforted with a lie. - Khaled Hosseini

Remove Fear of Harassment Among Taxpayers, PM Tells CBDT, CBEC Officials

Prime Minister Narendra Modi has recently asked the CBDT and CBEC officials to remove fear of harassment from the minds of taxpayers and focus on five pillars of administration — revenue, accountability, probity, information and digitisation (RAPID). Inaugurating the two-day Rajasva Gyan Sangam, Prime Minister asked the officials to "move towards digitisation" in a bid to make tax administration better and efficient and work towards bridging the "trust deficit". Modi also suggested that officials should endeavour to remove "fear of harassment" from the minds of assesses and emphasised that their behaviour should be "soft and sober", Minister of State for Finance Jayant Sinha said while briefing reporters about the meeting.

*(**Source:** Economic Times)*

Draft GST Law Envisages Harsher Penalties for Tax Evaders

Tax evaders could be exposed to harsher penalties, including a lower threshold for arrest provisions, according to the draft model goods and services tax (GST) law. A tax evasion of ₹25 lakh could attract prison sentence of up to one year and a fine. The sentence could go up to three years if the evasion exceeds ₹50 lakh. Non-bailable arrest with imprisonment of up to five years could follow if the evasion value exceeds ₹2.5 crore, apart from fines, say the experts, who feel that in the initial years, when the GST provisions would be new, the government should tackle such issues with soft hands than through threats of arrest.

*(**Source:** www.thehindubusinessline.com/)*

Amended India-Mauritius Tax Treaty Only Covers Investments in Shares

The revamped India-Mauritius tax treaty will apply to only investments in shares and not to other instruments, details of the agreement released by Port Louis showed. Investors in mutual funds, derivatives and debt will likely escape tax as these instruments aren't mentioned in the reworked double taxation avoidance agreement, said tax experts. The new protocol sets a lower tax rate on interest earned by taxpayers in Mauritius, when compared with India's treaties with other countries. It also plugs a significant loophole that foreign entities used to avoid paying tax: sending staff to India via a Mauritius entity. GAAR, too, will kick in on April 1, 2017.

(Source: www.financialexpress.com)

CBDT to Look into High Value Transactions to Trace Tax Evaders

In order to identify tax evaders, the Income Tax department has said it will use 360 degree profiling and match the database of people filing returns with those of informations about high value transactions. The Central Board of Direct Taxes has received one crore information through the Non-Filers Management System (NMS), and more than 50 lakh tax payers were added and about ₹7,000 crore taxes were collected, CBDT Chairman Atulesh Jindal said.

*(**Source:** http://www.business-standard.com/)*

Capital Gains Tax Payout to Go Up on Lower Indexation Benefit

Taxpayers claiming indexation benefits while computing long-term capital gains will have to shell out more to the taxman following the decision by the Central Board of Direct Taxes to tweak the cost inflation index (CII) for 2016-17. The higher tax outgo is, curiously, the downside of falling inflation rates in recent times.

The income-tax law allows long-term capital gains to be computed after adjusting for inflation. The cost of acquisition as well as the cost of improvement is adjusted for inflation between the date of purchase and date of sale (through the CII), and the long-term capital gains are then ascertained.

*(**Source:** www.economictimes.com)*

FDI from Tax Havens Raises Concerns about Transfer Pricing

Experts have warned that foreign invested enterprises (FIEs) from tax havens may be conducting transfer pricing, and have urged state management agencies to investigate enterprises with 'abnormal signs'. Enterprises, through contracts on goods supply signed with legal entities in tax havens, could wrongly declare production costs higher than the real costs. This allows them to reduce the tax they have to pay in Vietnam. Meanwhile, the real profit goes to the pocket of their holding companies in tax havens, where they don't have to pay tax or only pay low tax thanks to preferential tax policies applied in countries.

*(**Source:** http://www.business-standard.com/)*

A day without laughter is a day wasted. - Nicolas Chamfort

International Update

Representatives From Over 30 Countries Discuss Public Financial Management for Economic Prosperity in Asia

Senior representatives from governments, Supreme Audit Institutions, and professional accountancy organisations representing virtually every country and jurisdiction in Asia recently gathered in Malaysia to discuss how improved public financial management can promote better public services, accountability and transparency to support poverty reduction and economic growth. The 2nd Financial Reform for Economic Development (FRED II) Forum in Asia—hosted in Kuala Lumpur by the Confederation of Asian and Pacific Accountants (CAPA) and the World Bank—included thought leaders and development partners from 33 Asian jurisdictions, including larger economies such as China, India, and Japan. "Achieving sustainable economic growth requires the coordination of public and private sector leaders who are dedicated to sound decision making based on high-quality information, accountability, and transparency," said Fayez Choudhury, Chief Executive Officer of IFAC. "The accountancy profession plays a critical role in ensuring that sound financial management practices—in both the public and the private sectors—lead to economic development both globally and in Asia, as the region looks to emerge from recent financial pressures.

IFAC Announces New Partnership in Zimbabwe to Strengthen Accountancy Capacity in the Public Sector

The International Federation of Accountants recently announced the selection of the Chartered Institute of Public Finance and Accountancy (CIPFA) to partner with the Institute of Chartered Accountants of Zimbabwe (ICAZ) and the Public Accountants and Auditors Board, Zimbabwe (PAAB), to strengthen the capacity of public sector accountancy.

"This partnership will enhance the ability of Zimbabwe's accountancy profession to fully support the needs of the country's public sector," said Alta Prinsloo, IFAC Executive Director, Strategy, and Chief Operating Officer. "Stronger accountancy capacity in the public sector will contribute to transparency and accountability, which are crucial for all nations." In 2014, IFAC received almost £5 million from the UK Department for International Development (DFID) to fund professional accountancy organization (PAO) capacity building in ten emerging countries over a period of seven years.

IESBA Releases 2015 Annual Report, Elevating Global Ethics

The *2015 IESBA Annual Report* summarises the International Ethics Standards Board for Accountants (IESBA)'s achievements, project developments, and operating context in 2015. In 2015, the IESBA achieved a high level of outputs with respect to standard setting, progressing all the projects on its Work Plan. Highlights include 'issuing a final pronouncement on the topic of non-assurance services,' 'approving four Exposure Drafts (EDs) on the topics of non-compliance with laws and regulations (NOCLAR), the structure of the Code, safeguards, and long association,' and ''joining a tripartite working group with the IAASB and the IAESB to explore whether there may be opportunities for enhancements in the respective boards' standards on the topic of professional skepticism in response to feedback from regulatory and other stakeholders.'

Strong International Standards, Governance & Ethics Help Fight Bribery: IFAC

At a recent OECD Anti-Bribery Ministerial Meeting, International Federation of Accountants President Olivia F. Kirtley, CPA, CGMA, highlighted an increasingly complex and interconnected world that requires strong collaboration and commitment from the private, public and regulatory communities to fight bribery and corruption. Addressing justice ministers and representatives of more than 40 countries Ms. Kirtley said: "For decades, the global accountancy profession—including auditors, and professional accountants in business and government—have supported the fight against bribery. Transparency, accountability, and serving the public interest motivate our ongoing support for global reporting standards and ethical behaviour. These standards underpin the profession's role in detection of fraud, corruption and bribery—and strengthen organisations to assist in prevention." The IFAC President called for re-energized collaboration and commitment to fighting foreign bribery and a commitment to addressing both the demand and supply side of fraud and corruption across all sectors.

(Source: www.ifac.org)

Knowing yourself is the beginning of all wisdom. - Aristotle

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Committee for Capacity Building of Members in Practice, CCBMP)

website www.icai.org.in

Offer for Software and Antivirus Protection Shield

The Committee for Capacity Building of Members in Practice, (CCBMP) ICAI aims to strengthen Members and CA Firms to rejuvenate their practice portfolio and raise professional competency. The Committee promotes Networking, Merger and setting of Corporate Form of Practice. To support the members Committee has arranged Professional software, Knowledge Database & Library and antivirus protection tools at heavily discounted price.

These are under independent agreement with the Vendor open for all the members of ICAI. Members are invited to avail benefits of these arrangements through direct purchase.

Professional Software:

- **Cloud Based SVT, TDS software & PDF Signer at Special price through KDK Software (India) Pvt Ltd.**
  http://www.icai.org/post.html?post_id=9915
- **Tax suite software at special price through KDK Software (India) Pvt Ltd.**
- **XBRL software at special price through KDK Software (India) Pvt Ltd.**
  http://www.icai.org/new_post.html?post_id=8143&c_id=240
- **IT Auditor Software at Special price through KDK software Pvt. ltd.**
  http://www.icai.org/post.html?post_id=9916
- **Single DVD of CTR Library of Tax Cases (comprehensive coverage on Direct Taxes) at special price through Wolters Kluwer (India) Pvt Ltd.**
  http://www.icai.org/post.html?post_id=9911
- **India Financial Reporting Manager (IFRM) at discounted Price through Wolters Kluwer (India) Pvt Ltd.**
  http://www.icai.org/post.html?post_id=9787
- **Accounting Software at Discounted Price through Busy Infotech Pvt. Ltd.**
  http://www.icai.org/post.html?post_id=9805

Antivirus Protection Facility for Computer System & Mobiles

- **Quick Heal Total Security antivirus software for PC at Special price.**
  http://www.icai.org/post.html?post_id=11505
- **Quick Heal Total Security software for Android enabled Mobile phones at special price.**
  http://www.icai.org/post.html?post_id=11019

Members may directly apply online to purchase the product and services of the concerned company. Details of the software's are given on the aforesaid link.

For queries please contact:
Secretary, Committee for Capacity Building of Members in Practice (CCBMP), The Institute of Chartered Accountants of India (ICAI), ICAI Bhawan, First Floor, Administrative, Block, A-29, Sector-62, Noida, Distt.- Gautam Budh Nagar, U.P.-201309, Telephone: 0120-3045994 E-mail: ccbcaf@icai.in, ccbcaf.software@icai.in

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Committee for Capacity Building of Members in Practice, CCBMP)

website www.icai.org.in

CERTIFICATE COURSE ON WEALTH MANAGEMENT & FINANCIAL PLANNING

The Committee for Capacity Building of Members in Practice, (CCBMP) ICAI aims to strengthen Members and CA Firms to rejuvenate their practice portfolio and raise professional competency. In the recent global scenario new opportunities in profession are growing up. A Chartered Accountant may opt for profession of Wealth Management and Financial Planning & Advisory Services. To enable the members in this area the Committee has launched a specialised certificate course namely **"Wealth Management and Financial Planning"**. The course is designed to equip the members with advanced exposure in procedural aspects of Estate & Investment Planning.

The Certificate course on Wealth Management and Financial Planning is going to commence in major cities across the Country. The details of batch scheduled is hosted on **website** www.icai.org.in

Applications are invited for the members willing to join the course at their preferable location. The batch has limited seats for 30 participants on first come first serve basis.

The course consists of classroom lectures and practical sessions on case studies. There will be 20 classes of 5 hours duration to be held on Saturday/Sunday followed by test. Required number of attendance will be compulsory. Successful participants will be awarded Certificate. On qualifying the course due CPE hours will also be given.

The course will be lectured by renowned faculty from Insurance Sector, Academics & Industry and CA Professionals practicing in this field. The details of the course are available on Committee site **www.icai.org.in / www.icai.org**. Application Form is available at the Committee Secretariat, Noida and the link http://www.icai.org/new_post.html?post_id=11179&c_id=240. The desirous member may please contact and register for the Course by paying through DD of Rs.15,000/- favouring Secretary, ICAI, New Delhi or may apply online at the link http://online.icai.org/ccm.html?progid=715.

For queries please contact:
Secretary, Committee for Capacity Building of Members in Practice (CCBMP), The Institute of Chartered Accountants of India (ICAI), ICAI Bhawan, First Floor, Administrative, Block, A-29, Sector-62, Noida, Distt.- Gautam Budh Nagar, U.P.-201309, Telephone: 0120-3045994 E-mail: certificate.wmfp@icai.in

Invitation for empanelment as Resource Persons for the programmes to be organised by the Career Counseling Committee in the Year 2016-17

The Career Counseling Committee (CCC) of the Institute of Chartered Accountants of India (ICAI) is constituted a non-standing Committee under regulatory provisions of The Chartered Accountants Act, 1949, proposes to organise a Career Counseling Programmes during the year 2016-17. The Committee emphasise on holding the career counseling programmes in various parts of India in the year 2016-17 to Counsel the students at Secondary school, Higher/Senior Secondary School, Graduation/Post Graduation level & others for connecting them with the Chartered Accountant profession.

Career Counsellors/Experts/Resource persons who have experience in the relevant area and/or who have delivered lectures at various forums of Chartered Accountants are eligible for the enlistment in the Panel of Experts, who are interested to be associated with the CCC of ICAI as Career Counsellors to conduct the aforesaid programmes are requested to send their resume at: Secretary, Career Counseling Committee (CCC), The Institute of Chartered Accountants of India (ICAI), ICAI Bhawan, A-29, First Floor, Administrative Block, Sector-62, Noida (U.P.), P.C.-201309, Tel No. 0120-3876871 or e-mail the same at sambit.mishra@icai.in with a copy marked to ccc.secretary@icai.in. It would be appreciated if the resume including all details regarding qualification, Membership no. of ICAI (if any), Experience, areas of specialisation, contact address, etc. is sent at the earliest, preferably within 31.07.2016.

Alternatively, Career Counsellors/Experts/Resource persons who have experience in the relevant area and/or who have delivered lectures at various forums of Chartered Accountants are eligible for the enlistment in the Panel of Experts, who are interested to be associated with the CCC of ICAI as Career Counsellors are requested fill the Counsellor Registration form available in the home page at Committee's exclusive website cccicai.in. Thereafter, Experts are also requested to send/e-mail their resume atccc.secretary@icai.in.

Career Counsellors/Experts/Resource persons empaneled with the CCC of ICAI may host the programmes to be organised by CCC in the Committee's exclusive website cccicai.in. We have also provided the facility for them to login in the Committee's exclusive website cccicai.in & fill the details in the dashboard provided to them after logging into the aforesaid website for hosting the aforesaid Career Counseling programme.

CCC, ICAI reserves the right to invite similar proposal from any other Member/ Members of ICAI though they may not have offered their expression of interest in this regard. No communications will be entertained from the applicant Member/Members in this regard. Only selected applicant Member/ Members will be individually communicated. CCC, ICAI reserves the right to reject the Expression of Interest received from the applicant Member/ Members of ICAI without assigning any reason therefore.

Chairman
Career Counseling Committee (CCC), ICAI
Email: ccc.chairman@icai.in

Invitation for Expression of Interest from POUs i.e. Branches & Regional Councils to host the Career Counselling Programmes in the year 2016-17

The Career Counselling Committee (CCC) of ICAI is constituted as a non-standing Committee of the Institute of Chartered Accountants of India (ICAI) under regulatory provisions of The Chartered Accountants Act, 1949, with the prime objective to promote the Commerce Education with special focus on CA course amongst Secondary, Senior/Higher Secondary, Graduate/ Post Graduate students as well as other stakeholders.

ICAI News

The CCC of ICAI has taken an initiative to hold career counseling programmes in various parts of India in the year 2016-17 to advise to counsel the students for connecting them with the Chartered Accountancy profession. The CCC of ICAI proposes to hold these aforesaid programmes wherein Resource Persons/Experts/Career Counselor with the aforesaid purpose shall interact with the students.

POUs i.e. Branches/Regional Councils therefore requested to host the programmes to be organised by CCC within jurisdiction of your branch/ Regional Council. We have also provided the facility to login in the Committee's exclusive website cccicai.in & fill the details in the dashboard provided to them after logging into the aforesaid website.

Please contact Secretary, Career Counselling Committee, The Institute of Chartered Accountants of India(ICAI),ICAI Bhawan, First Floor, Administrative Block, A-29, Sector-62, Noida, Distt.-Gautam Budh Nagar(U.P.), P.C.-201309, E-mail: sambit.mishra@icai.in, Telephone: 0120-3876871, Mobile: 09312085025 for hosting the aforesaid Career Counselling programmes within jurisdiction of your branch Regional Council.

Chairman,
Career Counselling Committee, ICAI
E-mail: ccc.chairman@icai.in

Certificate Course on Concurrent Audit of Banks

The concurrent audit system of banks has become very crucial and important for banks. The main objective of the system is to ensure compliance with the audit systems in banks as per the guidelines of the Reserve Bank of India and importantly, to ensure timely detection of lapses/ irregularities. In view of the core competence of the chartered accountants in the area of finance and accounting, risk management, understanding of the internal functioning and controls of banks, etc., the banking sector has been relying extensively on them to comply with these requirements of the regulator. The Internal Audit Standards Board of ICAI conducts six days Certificate Course on Concurrent Audit of Banks. The purpose of the ***Certificate Course on Concurrent Audit of Banks*** is to provide an opportunity to the members to understand the intricacies of concurrent audit of banks thereby improving the effectiveness of concurrent audit system in banks, and also the quality and coverage of concurrent audit reports.

The course is open for the members of the Institute of Chartered Accountants of India as well as the students who have cleared CA final examinations.

Please refer link for further details of the Course:http://www.icai.org/post.html?post_id=8236

Course Fees: For metro cities: ₹15,000 per participant, for non-metro cities: ₹12,500/- per participant *(Cheque may be drawn in favor of "Secretary, ICAI" Payable at Delhi and should be submitted to respective branch)*

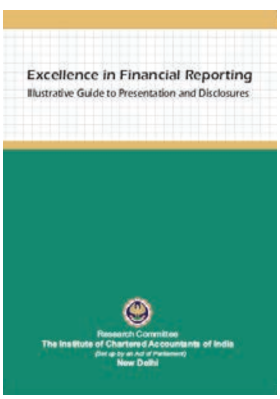
The details of the forthcoming batches of the Certificate Course on Concurrent Audit of Banks, organised by the Internal Audit Standards Board in July and August, 2016 are as follows:

Location	Scheduled Dates	Registration and Course Details
Bhuj	July 2 & 3, 9 & 10 and 16 & 17, 2016	http://resource.cdn.icai.org/42091iasb-bhuj-244.pdf
Ghaziabad	July 2 & 3, 9 & 10 and 16 & 17, 2016	http://resource.cdn.icai.org/42168iasb-ghaziabad-245.pdf
Guntur	July 9 & 10, 16 & 17 and 23 & 24, 2016	http://resource.cdn.icai.org/42192iasb-guntur-251.pdf
Sirsa	July 16 & 17, 23 & 24 and 30 & 31, 2016	http://www.icai.org/post.html?post_id=9611

Location	Scheduled Dates	Registration and Course Details
New Delhi	July 16 & 17, 23 & 24 and 30 & 31, 2016	http://resource.cdn.icai.org/42246iasb-nirc-250.pdf
Coimbatore	July 23 & 24, 30 & 31 and August 6 & 7, 2016	http://resource.cdn.icai.org/42347iasb-coimbatore-256.pdf
Bhopal	August 6 & 7, 13 & 14 and 20 & 21, 2016	http://www.icai.org/post.html?post_id=9611
Agra	August 6 & 7, 13 & 14 and 20 & 21, 2016	http://www.icai.org/post.html?post_id=9611
Hyderabad	August 13 & 14, 20 & 21 and 27 & 28, 2016	http://resource.cdn.icai.org/42168iasb-ghaziabad-245.pdf
Kakinada	August 13 & 14, 20 & 21 and 27 & 28, 2016	http://resource.cdn.icai.org/42245iasb-kakinada-254.pdf
Bikaner	August 20 & 21, 27 & 28 and September 3 & 4, 2016	http://resource.cdn.icai.org/42185iasb-bikaner-234.pdf
Jamnagar	August 20 & 21, 27 & 28 and September 3 & 4, 2016	http://www.icai.org/post.html?post_id=9611
Jammu & Kashmir	August 20 & 21, 27 & 28 and September 3 & 4, 2016	http://resource.cdn.icai.org/42258iasb-jammu&kashmir-253.pdf

Chairman
Internal Audit Standards Board, ICAI
E-mail: cia@icai.in; concurrentaudit@icai.in

New Publication: Excellence in Financial Reporting: Illustrative Guide to Presentation and Disclosures (Revised 2016)



Research Committee of the ICAI has brought out a publication titled **'Excellence in Financial Reporting: Illustrative Guide to Presentation and Disclosures'.** The publication is a compilation of the observations made during the review of the annual reports for past two competitions 'ICAI Awards for Excellence in Financial Reporting' i.e. competition for the year's 2012-13 & 2013-14. This publication is intended to be a ready referencer, to be used by both preparers and auditors and is an attempt to supplement and aid the preparers and reviewers of the financial statements in avoiding such common errors or omissions.

Ordering Information :

Price: ₹ 100/ Postal Charges extra

Available at: Sale counters of the Institute of Chartered Accountants of India at New Delhi, Chennai, Mumbai, Kolkata and Kanpur. Copies can also be obtained by post. To order by post, request may be sent along with a demand draft for the amount of the price of the publication plus the shipping charges in favour of "The Secretary, The Institute of Chartered Accountants of India", payable at New Delhi, to the Postal Sales Department, The Institute of Chartered Accountants of India, ICAI Bhawan, A-29, Sector-62, Noida – 201309 (U.P) or alternatively at postalsales@icai.in

Setting-up of WICASA Branches of ICAI at Kalyan-Dombivli, Amravati and Bhuj with effect from May 31st, 2016

June 2nd, 2016

In pursuance of Regulation 81(5) of the Chartered Accountants Regulations, 1988, read with Rule 4 of the Chartered Accountants Students' Association Rules, the Council of the Institute of Chartered Accountants of India is pleased to announce the setting up of Branches of **Western India Chartered Accountants Students' Association** at **Kalyan-Dombivli, Amravati and Bhuj** with effect from **May 31st, 2016**.

The Branches shall be known as **Kalyan-Dombivli Branch of WICASA**, **Amravati Branch of WICASA**, and **Bhuj Branch of WICASA**.

As prescribed Rule 4(b) of the Chartered Accountants Students' Association Rules, the Branch shall, at all time function subject to the control, supervision and direction of the Central Council, exercised through the Regional Council or the Regional Students' Association and shall be governed by the directions issued by the Central Council from time to time, for the functioning of the Branches of Students' Association or such other directions that may be issued from time to time.

(V. Sagar)
Secretary

CAMPUS PLACEMENT PROGRAMME

for Newly Qualified Chartered Accountants

August-September, 2016

The Committee for Professional Accountants in Business & Industry (CPABI) of ICAI organises Campus Placement Programme for newly qualified Chartered Accountants twice a year at various centres all over India. This initiative on the part of CPABI provides a unique opportunity both to the employing organisations as well as the young professional aspirants to meet and explore the possibility of taking up positions in Industry.

Invitation to Organisations/CA Firms

Campus Placement Programme this time will be organized at 22 (twenty two) centres viz. Ahmedabad, Bangalore, Baroda, Bhubaneswar, Chandigarh, Chennai, Coimbatore, Durgapur, Ernakulam, Hyderabad, Indore, Jaipur, Kanpur, Kolkata, Ludhiana, Mumbai, Nagpur, Navi Mumbai, New Delhi, Pune, Thane & Vasai. The schedule of interview dates is given below.

No.	Centre	Dates
1.	Ludhiana	17th August, 2016
2.	Baroda, Durgapur , Ernakulam, Kanpur, Nagpur & Vasai	19th-20th August, 2016
3.	Bhubaneswar, Chandigarh, Coimbatore, Indore, Navi Mumbai & Thane	22nd-23rd August, 2016
4.	New Delhi & Mumbai	19th, 20th, 21st, 22nd, 23rd & 24th September, 2016
5.	Bangalore, Chennai & Kolkata	20th, 21st, 22nd, 23rd & 24th September, 2016
6	Ahmedabad, Hyderabad, Jaipur & Pune	21st, 22nd, 23rd & 24th September, 2016

The above Campus Placement Programme is meant for the candidates who would be passing the CA Final examination held in May, 2016 and are otherwise, eligible. Organisations intending to recruit Newly Qualified Chartered Accountants through campus may contact at following details.

Chairman
Committee for Professional Accountants in Business & Industry
The Institute of Chartered Accountants of India

Organised By:
Committee for Professional Accountants in Business & Industry
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
ICAI Bhawan, Indraprastha Marg, New Delhi - 110002,
Tel. No. (011) 30110491/548/549/526/430
Email: campus@icai.in, placements@icai.in
or log on to www.placement.icai.org or http://www.icai.org .

Classifieds

5434 NCR Delhi based CA, MBA, CPA with 30+ years of MNC experience in India & abroad with track record in SOX, Process Improvements, Internal Audit & Controls. Seeking assignments on subcontract, project, full time/part time basis. Please Contact: abc101253@gmail.com

5435 A Chartered Accountant with 30 years experience with a Industrial House in New Delhi willing to/join as a Partner/Consultant/Open branch in New Delhi, Contact: arunmalikin@yahoo.co.in; 9810746620.

5436 FCA is interested in employment- Bombay New Delhi, Merger proposals from Firm may contact: 08050374690

5437 A Mumbai based firm of chartered accountants looking for a young chartered accountant who has aptitude for practice and interested to make practice as career. Contact: jananillp@gmail.com.

5438 UP/MP based CA firm with 10 partners, 28 years experience seeks professional work from CA friends on sub-contract. Required Partners, Articled assistants, paid staff etc. Experience of E & P Co. preferred. fcaofindia@gmail.com, 9415003111

5439 Mumbai based CA, DISA with 25 years of Industry experience wishes to join a CA firm on Partnership basis preferably in Mumbai. Invitation for partnership is also sought from CA firm outside Mumbai and interested in expanding in Mumbai. Contact 9869049930, shahatul_b@yahoo.com

5440 Need a CA on partnership/job basis from any city of UP, MP, CG etc. for outstation PSU audits. 3 years post qualification experience is must. Apply at fcaofindia@gmail.com

5441 Pune based CA having 20 years experience in designing, implementing and monitoring Internal Financial Controls is seeking assignment on partnership basis across India. ifcofr@gmail.com

5442 Lucknow based CA having 19 years working experience in Sugar & others, recently started practice, is interested in professional work on assignment/contract basis. Contact- ajaykumarfca@gmail.com

5443 Mumbai based FCA, FCS, ACMA having proprietorship CA firm and having 34 years Industry plus CA Firm experience requires professional work relating to Accounting, Audit, Company Law, Direct Tax on assignment/subcontract/retainership/sharing basis or any proposal for partnership. Please contact: cassk.ssk@gmail.com

5444 Wanted qualified/semi-qualified CA, CMA, CS, Cisa/Disa qualified professionals to represent and work for our ca firm at their district level all over India. Energetic & retired professionals would be preferable. Contact No.- 7830379783, 9837064956.

5445 Mukesh K. Malhotra & Associates, Partnership Firm based in New Delhi & Gurgaon, established since 2009, invites proposal for merger for growth prospects. CAs Retiring from Industry looking forward for partnership may also contact:- 8447281567, 9899037713 Email: associatesmkm@gmail.com

Opt for e-Journal and *Go Green*

Receding green space of the earth is a serious environmental issue today. As responsible community, we need to address this concern—and sooner the better. Let us not underestimate the power of a group of thoughtful and committed professionals. British architect Richard Rogers says: *The only way forward if we are going to improve the quality of the environment is to get everybody involved.* We need to leave the earth in a better shape to our generation next. Let us correct our ways and save paper to save trees.

Considering trees as symbols of hope and in accordance with the ICAI's *Go Green initiative*, the Editorial Board has decided to collect an opinion from ICAI members regarding their choice to opt for e-journal/linked Journal Highlights instead of a hard copy of Journal. Readers may send their option/choice at eboard@icai.in.

—Editor

For every minute you are angry you lose sixty seconds of happiness. - Ralph Waldo Emerson

Events

Forthcoming Events[1]

Sl. No.	Title of the Seminar/Conference	Date	Place	CPE Hours
Committee on Management Accounting **Programme Chairman:** CA. Tarun Ghia, Chairman, CMA, ICAI				
1.	Five days' Workshop on Hedge Funds & Private Equity	15th, 16th, 17th, 23rd & 24th July, 2016	ICAI Tower, Bandra Kurla Complex, Bandra (East), Mumbai	30 hours
Topics	1. Introduction to Alternative Investments 2. Types of Alternative Investments 3. Alternative Investments – Growth and Regulatory Framework in India 4. Alternative Investments – Global Scenario 5. Introduction to Hedge Funds 6. Hedge Funds Performance Attribution 7. Hedge Funds Strategies - Global Macro Hedge Funds 8. Hedge Funds Strategies – Event-driven Hedge Funds 9. Hedge Funds Strategies – Relative Value Hedge Funds 10. Hedge Funds Strategies – Equity Hedge Funds 11. Funds of Hedge Funds 12. Introduction to Private Equity 13. Equity forms of Private Equity – Venture Capital 14. Equity forms of Private Equity – Leveraged Buyouts 15. Debt Forms of Private Equity 16. Private Equity Fund – Portfolio Construction 17. Private Equity Fund – Performance Attribution 18. Private Equity Fund – Valuation 19. Private Equity – Development in India 20. Private Equity – Regulatory Landscape in India			
Fees	Registration up to 30th June, 2016; Early Bird Fee: ₹7,500/- per member After 30th June, 2016 ₹9000/- per member			
Contact Person	**Programme Director and Chief Co-ordinator:** CA. Dhiraj Khandelwal, Vice-Chairman, CMA, ICAI **Programme Co-ordinator:** CA. Shruti Shah, Chairperson, WIRC of ICAI **For online payment, please visit –** https://www.wirc-icai.org/EventDetailsNew.aspx?id=2525 **For Registration & further details:** ICAI Tower, Plot no C-40, G Block, Opp. MCA Academy, Besides Standard Chartered Bank, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Contact No. 022-33671421/24	Committee on Management Accounting ICAI Bhawan, Administrative Block, 3rd Floor, A - 29, Sector 62, Noida (U.P.) – 201 309. E - mail: cma.events@icai.in Contact No. (0120) – 3045905		
Indirect Taxes Committee **Programme/Course Chairman:** CA. Madhukar N. Hiregange, Chairman, Indirect Taxes Committee				
2.	Two Days Workshop on Service Tax	23rd & 24th July ,2016	Ranchi Branch of CIRC of ICAI	12 Hours
Contact Person	**For Information contact:** CA. Manish Jain, 9386368240, ranchi@icai.org **Visit website of the Committee:** www.idtc.icai.org			
3.	One Day National Seminar on GST	16th July, 2016	Gurgaon Branch of NIRC of ICAI	6 Hours
Contact Person	**For Information contact:** CA. Rakesh K. Agarwal, 9310630306, gurgaon@icai.org **Visit website of the Committee:** www.idtc.icai.org			
4.	Certificate Course on Service Tax	6th August, 2016 to 4th September, 2016 (Only on Weekends) Time: 9.30 am to 5.30 pm	New Delhi	30 Hours
Fees	₹18,000			
Contact Person	Secretariat, Indirect Taxes Committee, Ph:0120-3045954, E-mail: idtc@icai.in **For Registration visit:** http://idtc.icai.org/about-certificate-course.html **Visit website of the Committee:** www.idtc.icai.org			
5.	Certificate Course on Service Tax	July/August, 2016 (date will be notified later) (Only on Weekends) Time: 9.30 am to 5.30 pm	Mumbai	30 Hours
Fees	₹18,000			
Contact Person	Secretariat, Indirect Taxes Committee, Ph:0120-3045954, E-mail: idtc@icai.in **For Registration visit:** http://idtc.icai.org/about-certificate-course.html **Visit website of the Committee:** www.idtc.icai.org			
Young Members Empowerment Committee **Programme Chairman:** CA. Mukesh Singh Kushwah, Chairman, Young Members Empowerment Committee, M. No. 098104 70274; 093104 70274 or Email: chairmanymec@icai.in & kushwah@rediffmail.com; cakushwah@gmail.com				
6.	Live Webcast on Advanced Features of MS Word and MS-Power Point	15.07.2016 (3.00 PM-6.00 PM)	ICAI Head Office, New Delhi	3
Topics	Advanced Features of MS Word and MS-Power Point			
Contact Person	**For Further Information Contact:** Young Members Empowerment Committee, ICAI Tel. No. + 91-11-30110557or E mail: ymec@icai.in Kindly visit www.ymec.in for more details.			

[1] For more details about the forthcoming events, please refer the detailed announcements hosted on the ICAI website www.icai.org

Sl. No.	Title of the Seminar/Conference	Date	Place	CPE Hours
7.	Seminar on New emerging areas - Start Up and Entrepreneurship, New avenues of practice, Soft Skills and Office management	23.07.2016 (10.00AM-5.30PM)	ICAI Tower, Plot no C-40,BKC, Bandra(East)- Mumbai-400051	6
Topics	• Chartered Accountants- Start Up and Entrepreneurship • Soft skills • New avenues of practice -IT and Forensic • Office management and Practice Development Strategy for Young CAs			
Fees	**Kindly visit www.ymec.in for more details.**			
Contact Person	**Programme Director(s)** CA. N.C. Hegde, Vice – Chairman, Young Members Empowerment Committee, M.No.98204 23420 or Email: nhegde@deloitte.com; CA. Prafulla Premsukh Chhajed, Central Council Member, ICAI CA. Nihar Niranjan Jambusaria, Central Council Member, ICAI CA. Dhiraj Kumar Khandelwal, Central Council Member, ICAI CA. Anil Satyanarayan Bhandari, Central Council Member, ICAI **Programme Convener** CA. Shruti Shah, Chairperson – WIRC, ICAI; M. No. 9892407988 or Email: shrutishah_ca@yahoo.co.in **For Registration & Further Information Contact:** WIRC of ICAI Phone. [+91] 22-33671421/424 E-mail: wirc@icai.in , Website. http://www.wirc-icai.org			
Committee Name: Committee on Financial Markets and Investors' Protection **Course Chairman:** CA. G Sekar				
8.	Certificate course on Forex and Treasury Management	6th August, 2016-28th August, 2016(organised on weekends)	Chennai	30 hrs
Topics	The Certificate course covers the following topics: **Module – I** Chapter– 1 Treasury – Organisational Structure Chapter– 2 Treasury – Process Chapter– 3 Treasury – Domestic Chapter– 4 Treasury – Forex Chapter– 5 Treasury – Mathematics Chapter– 6 Treasury – Technology **Module – II** Chapter– 7 Treasury – Accounting Chapter – 8 Treasury – Taxation Chapter – 9 Treasury – Types Chapter – 10 Treasury – Risk Management Chapter – 11 Treasury – Regulation, Supervision And Compliance Chapter – 12 Treasury – Auditing			
Fees	₹17,500			
Contact Person	**Course Co-ordinator:** Committee Secretariat **For Registration and making online payment, please visit:** http://icai.org/post.html?post_id=3552&c_id=266 **The minimum batch size required for the course is 30-35 participants.** **For any other queries, contact at:** 0120-3045945 or email at: fxtm@icai.in			

Courage isn't having the strength to go on - it is going on when you don't have strength. - Napoléon Bonaparte

Leaderspeak

(...Continued from page no. 31)

Shri Kalikho Pul, Hon'ble Chief Minister, Arunachal Pradesh

Kalikho Pul
Chief Minister

ARUNACHAL PRADESH
Phone : (O) 0360 - 2212456
- 2212173
- 2212341
Fax : 0360 - 2212439

MESSAGE

I am delighted to learn that the Institute of Chartered Accountants of India (ICAI) is publishing a special issue of the ICAI Journal "The Chartered Accountant" on the occasion of "Chartered Accountant Day", coinciding with its Foundation Day on July 1, 2016.

I express my thanks and gratitude to the President and Governing Body Council of Chartered Accountants for giving me the privilege to share a few lines in its upcoming journal.

ICAI, which is the only licensing-cum-regulating body of the financial audit and accountancy profession in India, has played a pivotal role in setting and maintaining the auditing and assurance standards to be followed in the audit of financial statements.

It being the 2nd largest professional accounting & finance body in the world in terms of membership, with 2.5 lakh plus professionals, after the American Institute of Certified Public Accountants, the help rendered by ICAI in aiding and advising economic policy formulation of various government agencies like RBI, SEBI, MCA, CAG, IRDA, etc., has played a critical role as a partner in nation building.

Since it's formation in the year 1949, it has truly lived to its motto *"Ya Aeshu Suptaeshu Jagruti"*, meaning a person who is awake in those that sleep and proved to be a most valued trustee with world class financial competencies, good governance and competitiveness.

I am glad to note that the recent activities of ICAI like support to the Paris Agreement on Climate Change, suggestions to Finance Bill 2016 and representation on Companies (Amendment) Bill 2016 are favourably considered and accepted by the govt.

I take this opportunity to endorse and support its Go-Green Initiatives to minimize the use of paper, safeguard trees and environment in the long run and other initiatives at national and international level.

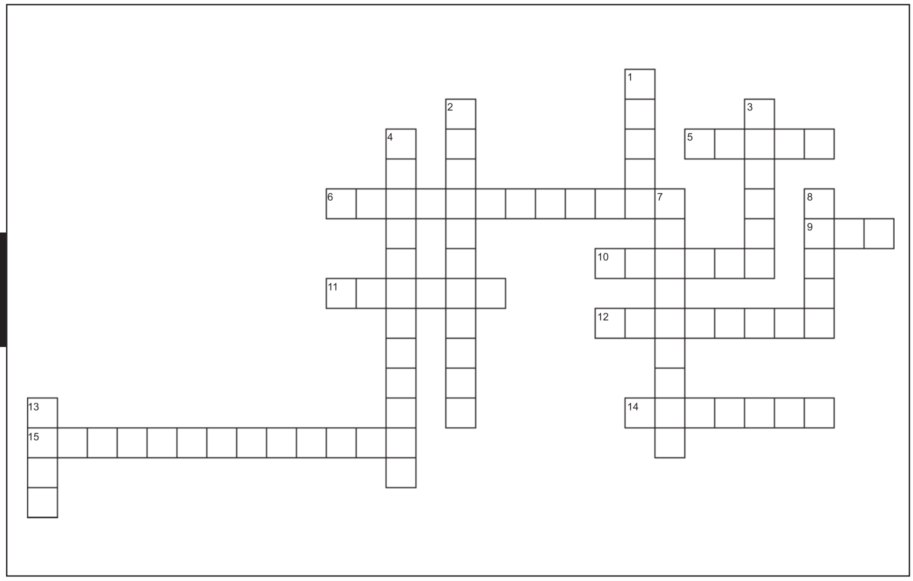
I do believe that the ICAI will continue to play its strategic role in providing value added services to the stakeholders and key leadership role to guide their organizations as creators, enablers, preservers and reporters of sustainable value. I hope that in the process, it will foster and generate sustainability deep within the Indian economy.

I extend my heartfelt greeting on the "Chartered Accountants Day" to all its professionals and members and wish the best for the journal.

(Kalikho Pul)

Backpage

CROSS WORD 121



ACROSS

5. Committee for Members in Industry of the ICAI is now known as _________.
6. To mark the International _______ ______Day, a historic Paris Agreement on Climate Change was signed at the UN headquarters in New York by 175 countries, including India.
9. 28th Chapter of ICAI was inaugurated on 18th May 2016 in Ras Al Khaimah ______.
10. Shri A. E. Cama was the first ________to become a member of the Institute of Chartered Accountants of England and Wales as early as in 1908.
11. Shri GP Kapadia, the founder President of the ICAI was the first_________ of the ICAI.
12. __________was the first visually impaired CA as recorded in ICAI history.
14. Swachh Bharat Cess (SBC) was introduced vide Section 119 of the Finance Act, 2015 on all or selected _________ services.
15. A new initiative added to the already successful Campus placement Programme of ICAI.

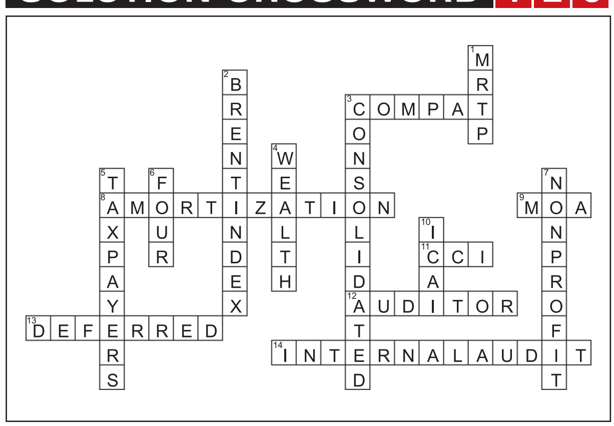
DOWN

1. The journal of the Institute, The Chartered Accountant, started its journey as an _____ page Bulletin in January 1950.
2. The Career Ascent is a platform specifically designed and aimed to provide placement opportunities to the ___________ Chartered Accountants.
3. National Clean Energy Fund was created in 2010-11 for using the _______ tax.
4. The three levels of the revised scheme of CA curriculum will be known as foundation, _________ and final.
7. ICAI International Conference for the Council Year (2016-17) is to be held in__________ on 26th-27th November 2016.
8. 34th Annual International Conference on Building Financial Resilience… Right Time Right Now was held at ________Chapter of ICAI on 19th-20th May 2016.
13. The amount collected by the Government by way of 'clean energy cess' is being used for the ______.

NOTE: Members can claim one hour – CPE Credit – Unstructured Learning for attempting this crossword by filling the details in the self-declaration form to be submitted to your regional office annually to avail CPE hours credit for Unstructured Learning activities under the activity 'Providing Solutions to Questionnaires/puzzles available on Web/Professional Journals'. There is no need to individually send this crossword in hard copy or email.

A client to a bank staff:
- My cheque was returned with a remark: "Insufficient funds". I'd like to know whether it refers to mine or the Bank?

SOLUTION CROSSWORD 120



One of the greatest talents of all is the talent to recognize and to develop talent in others. - Frank Tyger