# 28. Important Provisions of the Act & Regulations

**Chartered Accountants Act**

Section No.

4. Entry of names in the Register
5. Fellows and Associates
6. Certificate of Practice
7. Members to be known as Chartered Accountants
20. Removal from the Register
27. Maintenance of Branch Offices

## IMPORTANT PROVISIONS OF THE ACT & REGULATIONS

**CHARTERED ACCOUNTANTS ACT**

**SECTIONS**

### 4. Entry of names in the Register

(1) Any of the following persons shall be entitled to have his name entered in the Register, namely :-

(i) Any person who is a registered accountant or a holder of a restricted certificate at the commencement of this Act:

(ii) Any person who has passed such examination and completed such training as may be prescribed for members of the Institute;

(iii) Any person who has passed the examination for the Government Diploma in Accountancy or an examination recognized as equivalent there to by the rules for the award of the Government Diploma in Accountancy before the commencement of this Act, and who, although not duly qualified to be registered as an accountant under the Auditor's Certificates Rules, 1932, fulfils such conditions as the Central Government may specify in this behalf;

(iv) any person who, at the commencement of this Act, is engaged in the practice of accountancy in any Part B State and who, although not possessing the requisite qualifications to be registered as an accountant under the Auditor's Certificate Rules, 1932, fulfils such conditions as the Central Government may specify in this behalf;

(v) any person who has passed such other examination and completed such other training without India as is recognized by the Central Government or the Council as being equivalent to examination and training prescribed for members of the Institute;

Provided that in the case of any person who is not permanently residing in India, the Central Government or the Council, as the case may be, may impose such further conditions as it may deem fit;

(vi) Any person domiciled in India who at the commencement of this Act is studying for any foreign examination and is at the same time undergoing training, whether within or without India or who having passed such foreign examination and is at the commencement of this act undergoing training whether within or without India.

**Provided** that any such examination or training was recognized before the commencement of this Act for the purpose of conferring the right to be registered as an accountant under Auditor's Certificates Rules, 1932, and provided further that such person passes the examination or completes the training within five years after the commencement of this Act.

(2) Every person belonging to the class mentioned in clause (i) of sub-section (1) shall have his name entered in the Register without the payment of any entrance fee.

(3) [1][Every person belonging to any of the classes mentioned in clauses (ii), (iii), (iv), (v) and (vi) of subsection (1) shall have his name entered in the Register on application being made and granted in the prescribed manner and on payment of such fees as may be determined by notification by the Council, which shall not exceed Rupees Three Thousand:

**Provided** that the Council may with the prior approval of the Central Government determined the fee exceeding Rupees Three Thousand which shall not in any case exceed Rupees Six Thousand].

(4) The Central Government shall take such steps as may be necessary for the purpose of having the names of all persons belonging to the dass mentioned in clause (i) of sub section (1) entered in the register.

**5. Fellows and Associates**

(1) The members of the Institute shall be divided into two dasses designated respectively as associates and fellows.

(2) Any person shall, on his name being entered in the Register, be deemed to have become an associate member of the Institute and be entitled to use the letter A.C.A. after his name to indicate that he is an associate member of the Institute of Chartered Accountants.

[2](3) [A member, being an associate who has been in continuous practice in India for at least five years, whether before or after the commencement of this Act, or whether partly before and partly after the commencement of this Act, and a member who has been an associate for a continuous period of not less than five years and who possesses such qualifications as the Council may prescribe with a view to ensuring that he has experience equivalent to the experience normally acquired as a result of continuous practice for a period of five years, as a chartered accountant shall, on payment of such fees as may be determined by notification by the Council which shall not exceed rupees five thousand and on application made and granted in the prescribed manner, be entered in the Register as a fellow of the Institute and shall be entitled to use the letters F.CA after his name to indicate that he is a fellow of the Institute of Chartered Accountants :

**Provided** that the Council may with the prior approval of the Central Government determine the fee exceeding rupees five thousand which shall not in any case exceed rupees ten thousand.]

## 6. Certificate of Practice

(1) No member of the Institute shall be entitled to practise whether in India or elsewhere unless he has obtained from the Council a certificate of practice:

**Provided** that nothing contained in this sub-section shall apply to any person who, immediately before the commencement of this Act, has been in practice as a registered accountant or a holder of a restricted certificate until one month has elapsed from the date of the first meeting of the Council.

[3](2) [Every such member shall pay such annual fee for his certificate as may be determined by notification by the Council which shall not exceed rupees three thousand and such fee shall be payable on or before the 1st day of April in each year:

**Provided** that the Council may with the prior approval of the Central Government determined the fee exceeding rupees three thousand which shall not in any case exceed rupees six thousand.]

(3) The COP obtained under sub-section (1) may be cancelled by the council under such circumstances as may be prescribed.

## 7. Members to be known as Chartered Accountants

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 additions thereto or in substitution therefor:

**Provided** that nothing contained in this section shall be deemed to prohibit any such person from adding any other description or letters to his name, if entitled thereto, to indicate membership of such other Institute of Accounting whether in India or elsewhere as may be recognised in this behalf by the Council, or any other qualification that he may possess, or to prohibit a firm, all the partners of which are members of the Institute and in practice, from being known by its firm name as Chartered Accountants.

## 20. Removal from the Register

(1) The Council may remove from the Register the name of any member of the Institute :-

(a) who is dead; or

(b) from whom a request has been received to that effect; or

(c) who has not paid any prescribed fee required to be paid by him, or

(d) who is found to have been subject at the time when his name was entered in the Register, or who at any time thereafter has become subject, to any of the disabilities mentioned in Section 8, or who for any other reason has ceased to be entitled to have his name borne on the Register.

(2) The Council shall remove from the Register the name of any member in respect of whom an order has been passed under this Act removing him from membership of the Institute.

(3) If the name of any members has been removed from the Register under clause (c) of sub-section (I) on receipt of an application his name may be entered again in the Register on payment of fee arrears of annual fee and entrance fee alongwith such additional fee as may be determined by notification by the council which shall not exceed Rs. 2,000/-

**Provided** that the council may with the prior approval of the central government determine the fee exceeding Rs. 2,000/- which shall not in any case exceed Rs. 4,000/-

**27. Maintenance of branch offices**

(1) Where a chartered accountant in practice or a firm of such chartered accountants has more than one office in India, each one of such offices shall be in the separate charge of a member of the Institute:

**Provided** that the Council may in suitable cases exempt any chartered accountant in practice or a firm of such chartered accountants from the operation of this sub-section.

(2) Every chartered accountant in practice or a firm of such chartered accountants maintaining more than one office shall send to the Council a list of offices and the persons in charge thereof and shall keep the Council informed of any changes in relation thereto.

## Chartered Accountants Regulations

**Regulations No.**

4. Qualification of members
5. Application for membership
6. Fees
7. Refund of fee
8. Certificate of membership
9. Certificate of practice
10. Cancellation of certificate of practice
11. Restoration of certificate of practice
18. Notification of removal
19. Restoration of membership
20. Notification of restoration
43. Engagement of articled assistants
44. Members not to engage in India articled assistants under the bye-laws of any other Institute or Society
48. Stipend to articled assistant
57. Fresh Articles
59. Leave to an articled assistant
60. Working hours of an articled assistant
61. Certificate of Service
64. Report to the Council
68. Engagement of audit assistants
182. Method of payment of fees
184. Issue of duplicate certificates
186. Members to supply information
187. Professional address
189. Council to be informed when a branch office is opened or closed
190. Register of offices and firms

190A. Chartered Accountant in practice not to engage in any other business or occupation

191. Part-time employment a chartered accountant in practice may accept.

## Chartered Accountants Regulations

### 4. Qualification of members

Subject to the provisions of Section 4 and 8, a person shall be entitled to have his name entered in the Register if he:

a) has completed the practical training as provided in these Regulations and passed the Final examination as specified in Schedule 'B'; or

b) has completed the practical training as provided in these regulations, completed such course(s) and passed the Final examination as per the syllabus as may be specified by the Council; or

c) possesses qualifications recognised by the Council as equivalent to the practical training and examinations referred to in clause (a) or (b) above.

### 5. Application for Membership

1) a) A person who desires to have his name entered in the Register shall submit to the Secretary an application, in the appropriate Form, together with documentary evidence about his eligibility for membership and the fee prescribed in these Regulations.

b) An associate who desires to be admitted as a fellow shall submit to the Secretary an application, in the appropriate Form, together with documentary evidence, if any required, about his eligibility for admission as a fellow, and the prescribed entrance fee.

2) The applicant shall furnish such further information as the Council may, from time to time, require.

3) For the purposes of sub-section (3) of Section (5), an associate shall be deemed to have acquired the experience normally acquired as a result of continuous practice for a period of five years as a chartered accountant, if he:-

i) being in government service or being employed in an educational institution approved by the Council or being employed in a private or government, industrial, commercial or trading undertaking, is ordinarily holding or has ordinarily held for a continuous period of not less than 5 years, any one or more posts carrying duties relating to accounts, cost accounts, audit finance, taxation, company law and or secretarial work;

ii) being employed under a statutory authority, is ordinarily holding or has ordinarily held for a continuous period of not less than five years, any one or more posts carrying duties mentioned in clause (i) above.

iii) being employed under a local authority is ordinarily holding or has ordinarily held for a continuous period of not less than five years any one or more posts carrying duties mentioned in clause (i) above provided the local authority has within its jurisdiction a population of not less than five lakhs of persons during each of the five years of his service;

iv) has served for a continuous period of not less than five years as a full-time paid assistant under a chartered accountant:

**PROVIDED** that the Council may, in its discretion, consider any other experience not specifically mentioned in clauses (i), (ii), (iii), or (iv) as equivalent to the experience normally acquired as a result of continuous practice for a period of five years as a chartered accountant.

***Explanation I -*** A member shall be deemed to have acquired the experience normally acquired as a result of continuous practice for a period of five years as a chartered accountant:

a) if he has served continuously for a period of not less than five years in any one or more posts mentioned in clauses (i), (ii), (iii), or (iv) above; or

b) if he has partly been in practice and partly served in any one or more posts mentioned in clauses (i), (ii), (iii), or (iv) above, so that the total period of practice and or service shall be continuous and be not less than five years:

PROVIDED that the Council may condone a break in continuity of service or practice of a period not exceeding one year, so however, that the actual period of service or practice shall not be less than the period of 5 years.

***Explanation II***- For the purposes of clause (i) above, the private or government, industrial, commercial or trading undertaking shall have at all material times (a) a minimum paid-up capital of twenty five lakhs of rupees or (b) a minimum turnover of fifty lakhs of rupees or (c) a minimum paid-up capital of ten lakhs of rupees and a minimum turnover of thirty lakhs of rupees or (d) a minimum total assets of fifty lakhs of rupees.

**6. Fees**

1) A person applying for a membership of the Institute shall pay an entrance fee of One Thousand rupees.

2) An associate applying for admission as a fellow shall pay an entrance fee of Fifteen hundred rupees.

3) An associate shall pay an annual membership fee of Six hundred rupees which shall be due and payable on the 1st day of April in each year.

4) A fellow shall pay an annual membership fee of Eighteen hundred rupees which shall be due and payable on the 1st day of April in each year:

   Provided that an associate, on being admitted as a fellow in the course of the year, shall pay Twelve hundred rupees, only for that year.

5) A member in practice shall pay an annual certificate fee of Sixteen hundred rupees which shall be due and payable on the 1st day of April in each year.

**7. Refund of fee**

A person whose application for admission as a member or as associate or fellow member to the membership of the Institute referred to in Regulation 5 or whose application for a certificate of practice referred in Regulation 9 is not accepted by the Council, shall be entitled to a refund of the fee paid by him.

**8. Certificate of membership**

If the application made under Regulation 5 is accepted by the Council, the applicant's name shall be entered in the Register and a certificate of membership in the appropriate Form shall be issued.

**9. Certificate of Practice**

1) A member may apply to the Council for a certificate entitling him to practise as a chartered accountant.

2) An application for the grant of certificate of practice shall be made in the appropriate Form and shall be accompanied by the annual certificate fee and the annual membership fee unless the same has already been paid in accordance with Regulation 6.

3) The certificate issued in the appropriate Form shall be valid until it is cancelled under the provisions of these Regulations.

4) Notwithstanding anything contained in this regulation, a certificate of practice held by a member on 31st March, 1975 shall be deemed to have been issued under this regulation and shall continue to be valid until it is cancelled.

5) On his ceasing to be in practice, a member shall inform the Council as soon as may be but in any case not later than one month from the day he ceases to practise.

**10. Cancellation of a certificate of practice**

1) A certificate of practice shall be cancelled:-

   i) when the name of the holder of the certificate is removed from the Register: or

   ii) when the Council is satisfied, after giving an opportunity of being heard to the person concerned, that such certificate was issued on the basis of incorrect, misleading or false information, or by mistake or inadvertence, or

   iii) when a member has ceased to practise; or

   iv) when a member has not paid annual fee for certificate of practice till the 31st day of July of the relevant year.

2) The cancellation of a certificate shall be effective:-

a) in a case falling under clause (i) of sub-regulation (1), from the date on which and during the period for which the name of the holder of the certificate was removed from the Register;

b) in a case falling under clause (iv) of sub-regulation (1), from the 15th day following the date of issue of notice by the Secretary on or after the 1st day of August; and

c) in any other case from such date and for such period as the Council may determine.

3) Where a certificate is cancelled, the date from which the certificate shall stand cancelled shall be communicated to the member and shall also be notified in the Gazette of India.

4) Where a certificate of practice is cancelled, the holder of such certificate shall surrender the certificate to the Secretary within 15 days from the date of receipt of notice of such cancellation or from the date of the notification thereof in the Gazette of India, whichever is later, under sub-regulation (3).

**11. Restoration of certificate of practice**

The Council may, on an application made in the approved Form and on payment of the fee as prescribed in sub-regulation (5) of regulation 6, restore the certificate of practice, with effect from the date on which it was cancelled to a member whose certificate has been cancelled due to the non-payment of the annual fee for the certificate of practice:

Provided that the application, complete in all respects, together with the payment, is received by the Secretary before the expiry of the relevant year.

**18. Notification of removal**

The removal of a member's name from the Register shall be notified in the Gazette of India and shall also be communicated in writing to him.

**19. Restoration of membership**

The Council may, on an application in appropriate Form, received in this behalf from a member whose name has been removed from the Register restore his name, if he is otherwise eligible to such membership, on his paying before such restoration, the balance of the entrance-fee, if any, the annual membership fee for the year during which his name is restored, a restoration fee of One Thousand Rupees together with the annual membership fee for the year in which his name was removed from the Register:

Provided that where such removal has taken place under clause (c) of sub-section (1) of section 20, an application for restoration, complete in all respects, is received by the Secretary within the same year in which the name was removed, the Council may restore the name with effect from the date on which it was removed from the Register:

Provided further that the restoration of a member's name which was removed under the orders of the High Court shall be effected only in accordance with such orders.

**20. Notification of restoration**

The restoration of a member's name to the Register shall be notified in the Gazette of India and shall also be communicated in writing to him.

**43. Engagement of Articled assistants**

1) Subject to the provisions of these Regulations and subject to such terms and conditions, as the Council may deem fit to impose in this behalf, the members designated as an associate or a fellow, who has been in practice continuously, whether in India or elsewhere or an associate or a fellow, who is deemed to be in practice within the meaning of Explanation to sub-section (2) of section 2 of the Act, shall only be eligible to engage an articled assistant or assistants:

Provided that in the case of an associate or a fellow practising outside India, the Council may impose such additional terms and conditions as it may deem fit.

(2) An associate or a fellow, covered by sub-regulation (1), shall be entitled to train such number of articled assistant or assistants, under such terms and conditions, as are specified in Tables I and II given hereinafter:

**TABLE-I**

(Applicable to members practising the profession of chartered accountants in his individual name or as **proprietor or as partner)**

| Category | Period of continuous practice | Entitlement of articles assistant or assistants |
|---|---|---|
| | | 1 |
| | | 3 |
| (iii) | An associate or fellow in continuous practice for any period from 5 years to 10 years | |
| | | 10 |

**TABLE-II**

(Applicable to members who are in full time sala ried employment under a chartered accountant in practice or a firm of such chartered accountants)

| | | Entitlement of articled assistant or assistants |
|---|---|---|
| | | |
| | | |
| | | employees above 500 |

(3) The entitlement to engage and train articled assistant or articled assistants under this regulation shall be subject to following conditions:-

(i) a full-time salaried employee shall be eligible to engage and train an articled assistant only if he has been in employment with the same employer for a continuous period of twelve months.

(ii) a member who ceases to be in practice or resigns his partnership or gives up salaried employment under a chartered accountant in practice or a firm of such chartered accountants and who, at the time of discontinuance of practice or paid employment, as the case may be, has one or more articled assistants serving under him, shall not be eligible to take any articled assistant, if he subsequently sets up practice or takes up salaried employment under a chartered accountant in practice or a firm of such chartered accountants, until such time as the articled assistant or assistants serving under him previously complete the period of articles intended to be served under him, had he not given up his practice or the salaried employment.

(iii) a member shall be entitled to engage and train an articled assistant only if he is in practice and such practice, in the opinion of the Council, is his main occupation and for the purposes of this sub-regulation, in ascertaining the number of years for which a member was in continuous practice, only the number of years in respect of which the member's practice was his main occupation shall be considered:

Provided that the Council may, in its discretion, condone any break in the continuity of practice, for a period not exceeding 182 days in the aggregate.

***Explanation-*** For the purpose of this sub-regulation, a member who sets up practice, with practice as his main occupation, after having been in employment for a minimum period of six years in one or more financial, commercial or industrial undertakings approved under regulations 51 and 72, shall be deemed to have been in continuous practice for three years.

(4) The entitlement of a member to train articled assistants under this regulation shall be subject to such decisions as may be made by the Council under regulation 67.

**44. Members not to engage in India articled assistants under the bye-laws of any the accountancy Institutions or bodies outside India**

A member entitled to engage and train articled assistants, under regulation 43, shall not engage any other articled clerk, articled assistant or apprentice, by whatever name called, under the bye-laws of any other Institute or Society or Body:

Provided that such a member may engage any person who has been registered as a student with any of the accountancy institutions or bodies whose training is recognized by the Council as being equivalent to the training prescribed for members of the Institute under clause (v) of sub-section (1) of section 4 of the Act.

**48. Stipend to articled assistants**

(1) Every principal engaging and training articled assistant or assistants, under regulation 43, shall pay every month to such assistant a minimum monthly stipend, at the rates specified in the table below:

**Table**

| (1) | During the first year of training (2) | During the second year of training (3) | During the remaining period of training (4) |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

***Explanation 1*** - For the purposes of this regulation, no stipend shall be payable for any excess leave taken.

***Explanation 2*** - For the purposes of determining the rates at which stipend is payable under this regulation, the period of articled training of the student under any previous principal or principals (not being any such period prior to 1st July, 1973) shall also be taken into account.

***Explanation 3*** - For the purposes of this regulation, the figures of population shall be taken as per the last published Census Report of India.

(2) The stipend under this regulation shall be paid by the principal to the articled assistant either (a) by a crossed account payee cheque every month against a stamped receipt to be obtained from the articled assistant; or (b) by depositing the amount every month in an account opened by the articled assistant in his own name with a branch of the bank to be specified by the principal.

**57. Fresh Articles**

(1) Where an articled assistant is not able to complete the term of the articles by reason of the fact that (a) the principal has ceased to practise; or (b) the name of the principal has been removed from the Register: or (c) the principal has died: or (d) the articles are terminated under sub-regulation (1) of regulation 56, he may enter into fresh articles for the remainder term of his service with another member entitled to engage and train one or more articled assistants.

Provided that the Secretary may, in an appropriate case covered by category (a), (b) or (c) above, permit the articled assistant to be trained as an additional articled assistant by a member entitled to engage and train one or more articled assistants, notwithstanding anything contained in regulation 43.

(2) Where an articled assistant is not able to complete the term of articles for any other valid reason, he may with the permission of the President or the Vice-President, as the council may decide from time to time, enter into fresh articles for the remainder of the term of service with another member entitled to engage and train one or more articled assistants.

Provided that the President or the Vice-President, as the Council may decide from time to time, may, in any appropriate case, permit the articled assistant to be trained as an additional articled assistant by a member entitled to engage and train one or more articled assistants notwithstanding anything contained in regulation 43.

[1][(3) Omitted.]

(4) In every case referred to in sub-regulation (1) of sub-regulation (2) above, the provisions of regulation 46 shall apply mutatis mutandis except that no fee shall be payable by the articled assistant.

Provided that in such cases, the request for permission to be taken as additional articled assistant under another principal is sent, so as to reach the Secretary within thirty days and the statement in Form approved by the Council is sent so as to reach the Secretary within thirty days from the date of the letter of the Secretary granting such permission :

Stipend rates revised w.e.f. 17-8-2007 vide notification 1-CA(7)/102/2007 (E) dt. 17-8-2007

Provided further that in a case covered under category (c) of sub-regulation (1), the date of commencement of training under fresh articles shall be taken as the date following the date of the death of the principal.

**59. Leave to an articled assistant**

(1) An articled assistant shall earn leave at the rate of one-sixth of the period for which he has actually served, excluding from such period the period for which he has been on leave subject to a maximum of 180 days.

(2) An articled assistant who has served as an audit assistant before the commencement of his articles shall, in addition to the leave earned under this regulation, be entitled to leave equal to one-half of the leave earned and not availed of as an audit assistant, subject to a maximum of three months.

(3) Leave due shall ordinarily be granted if reasonable notice has been given to the principal by the articled assistant.

(4) For the purposes of preparing for an examination of the Institute, the articled assistant shall be granted by the Principal leave for three months or to the extent due, whichever is less, provided an application for the leave has been made at least fifteen days in advance.

(5) Leave not earned may also be granted by the principal subject to the condition that the total leave to be taken by the articled assistant shall not exceed one-seventh of the total period of his actual service, together with the leave due under sub-regulation (2).

(6) Notwithstanding anything contained in the foregoing sub-regulations, the principal shall allow the articled assistant to receive training in the Territorial Army, the Home Guards or any similar organisation approved by the Council and shall treat the period of such training not exceeding sixty days in a year, as period actually served under articles.

(7) For the purpose of this regulation, the days (including intervening holidays) on which an articled assistant appears for any examination under these Regulations or attends a course of academy of accounting conducted by the Institute and recognised by the Council in this behalf, shall not be treated as leave but would be treated as period actually served under articles.

***Explanation-*** *(1)* For the removal of doubts, it is clarified that attendance by an articled assistant with the consent of the principal, at a conference, including course on Information Technology Training and course on General Management & Communication Skills or seminar organised by the Institute including a regional council or a students association or a branch or a regional council for the benefits of assistants, shall be treated as period actually served under articles.

(2) An articled assistant who has secured admission in a course at an academy of accounting conducted by the Institute shall be relieved by the principal, without termination of articles, for attending the academy, provided he has given notice of not less than two months of his intention to join the academy.

**60. Working hours of an articled assistant**

The working hours of an articled assistant shall be 35 hours per week (excluding lunch break) which shall be regulated by the Principal from time to time, subject to such directions and guidelines, as may be issued by the Council.

**61. Certificate of Service**

(1) The principal shall, on completion of the service of an articled assistant forthwith issue a certificate in respect of the service, rendered under him in the form* approved by the Council and forward a copy thereof, duly signed by both the principal and the articled assistant to the Secretary.

(2) In the event of discontinuance or termination of the service of an articled assistant before the expiry of the full period of service the principal shall issue to the articled assistant, a certificate in the form approved by the Council and forward forthwith a copy thereof duly signed by the principal and the articled assistant, to the Secretary. A printed copy of such form shall be obtained on request from the Secretary and shall bear the stamp of the Institute and date of its issue and shall be valid only for sixty days thereafter.

(3) Where the principal is unable to obtain the signatures of articled assistant within thirty days of completion of the service, he may forward the certificate to the Secretary, duly signed by himself, without the requisite signatures of the articled assistant, within forty-five days of the completion of the service and send two copies thereof to the last known address of the articled assistant by registered post.

(4) The articled assistant shall, upon receipt of the certificate referred to in sub-regulation (3), sign one copy of thereof and forward the same to the Secretary forthwith.

**64. Report to the Council**

(1) The principal imparting training to articles assistants shall ensure that the training imparted is of such an order that the quality and standing of the profession are maintained as well as enhanced. For that purpose, he shall maintain a record about the progress and nature of training imparted by him to the articled assistant, in such form and manner, as may be determined by the council.

(2) The principal shall submit the records of training maintained as and when required by the Council. In the event of the death of the principal his legal representative or the surviving partner shall submit the records, as and when required by the Council.

# B. AUDIT ASSISTANTS

**68. Engagement of audit assistants**

(1) A member who has been in continuous practice for not less than three years, either before or after the commencement of the Act, or partly before and partly after the commencement of the Act, shall be entitled to engage one audit assistant.

(2) A member shall be entitled to engage or train an audit assistant only if he is in practice and such practice, in the opinion of the Council, is his main occupation and in ascertaining the number of years; for which a member was in continuous practice, only the number of years in respect of which the member's practice was his main occupation shall be considered.

(3) The Council may, subject to such terms and conditions as it may deem fit, relax the provisions of sub-regulation (1) or sub-regulation (2) in any particular case.

(4) The entitlement of a member to train an audit assistant under this regulation shall be subject to such orders as may be passed by the Council under Regulation 80.

[1][(5) A member shall be entitled to engage a person as an audit assistant only if such person had been in service as a salaried employee for a minimum period of one year either under him or in the firm of chartered accountants in practice wherein he is a partner, on a monthly remuneration at the rates specified below, depending upon where the normal place of service of the audit assistant is situated:

(a) cities with a population of one million and above Rs. 1,500/- per month

(b) cities/towns having a population of less than one million Rs. 1,000/- per month

***Explanation -*** For the purpose of this sub-regulation, the figures of population shall be taken as per the last published Census Report of India.]

(6) A member registering under these regulations, the service of the person referred to under sub-regulation (5) of this regulation shall pay a minimum monthly remuneration at the rates specified in sub-regulation (5) of this regulation, to the assistant during the period he is in service with him in accordance with these Regulations.

**182. Method of payment of fees**

All fees specified in these Regulations shall be paid to the Secretary in such manner as the Council may direct.

**184. Issue of duplicate certificate**

(1) Where a holder of a certificate granted by the Council has lost it, the Council may, on an application made in this behalf, duly supported by an affidavit of the applicant to the effect that he was in possession of such a certificate and had lost it, issue a duplicate, on receipt of such fee not exceeding fifty rupees as may be determined by the Council and different fees may be fixed for different forms of certificates.

(2) Where any certificate granted by the Council is damaged, the Council may, on an application made in this behalf, issue a duplicate on receipt of the fee prescribed above and on return of the damaged certificate.

**186. Members to supply information**

(1) For the purpose of the publication of the list of members, the Council may require members to supply such information as it considers relevant.

(2) The Council may also require members to supply such additional information as may be required for statistical purposes.

**187. Professional Address**

(1) Every member in practice shall have a professional address in India in his own charge or in charge of another member.

(2) In the case of a member who is an employee of a chartered accountant or a firm of such chartered accountants and is not holding a certificate of practice, the professional address of the employer shall be deemed to be his professional address.

(3) Except in the case of a person enrolled under the provision to Section 4 (1)(v), a member not in practice may specify a place which shall be deemed to be his professional address for the purpose of Section 21 and these Regulations.

(4) The postal address or the professional address shall be intimated to the Council at the time of making the application for membership and any change in the professional address or the postal address shall be communicated to the Council within 30 days of the change.

(5) The Council may remove the name of a member from the Register who has contravened the provisions of this regulation after giving him an opportunity of being heard.

**189. Council to be informed when a branch office is opened or closed**

A chartered accountant in practice or a firm of such chartered accountants shall inform the Council within one month of the opening or closing of a branch office.

**190. Register of offices and firms**

(1) A chartered accountant in practice or a firm of such chartered accountants shall, before commencement of practice in a trade name or firm name, apply to the Council in the form approved by the Council for approval to use a trade or a firm name:

Provided that a chartered accountant in practice who wishes to practice in his own name need not apply for approval as aforesaid.

(2) (i) A trade/firm name shall be restricted to the name/s of the proprietor/partners or a name which is already in use.

(ii) A trade/firm name may include the name/s of the member/s as it/they may appear in the Register of Members in the following manner:

(a) the full Surname of the member/s; or

(b) the full first name of the member/s; or

(c) the combination of the first name, middle name, the initials and/or the Surname of the member/s, or any expansion thereof; or

(d) the initials of the first name and the full Surname of the member/s; or

(e) the initials of his full name; or

(f) the full name including the surname of the member/s; or

(g) such distinguishing part of the name/s as is indicative of the manner in which he/they is/are commonly known; or

(h) The combination of names and/or surnames of one or more partners of the firm or

(i) Permitting the use as a firm/trade name a part of the name of the proprietor or one or more partners.

(j) A trade/firm name shall not be allowed where a members seeks to use a part of his surname.

(k) The only suffixes to be allowed in a trade/firm name shall be "& Co." and "Associates" or their equivalents. Suffixes like "& Partners" & Fellows" "& others" etc. shall not be allowed.

(l) A trade/firm name which bears the name of a god/goddess/deity and which has no relationship with the name of member/s as above, shall not be allowed.

(m) Descriptive trade/firm names shall not be allowed.

(n) Trade/firm names which smack of publicity shall not be allowed.

**Explanation I** - The name or surname of the member should normally conform to the name or surname as they appear in the Register of Members. If the member is also known by any other name or Surname, this may be allowed to be used on production of an affidavit or other evidence to the satisfaction of the Secretary.

**Explanation II** - After various permutations and combinations under the above clause (ii) have been exhausted and the member is not able to get approval of firm/trade name in accordance with the same he may be permitted to adopt or coin a firm/trade name out of the names of his/her family members provided that such name was not already registered by some other members. The term "family" for this purpose means husband, wife, father, mother, son and daughter.

(3) The Council may, at its discretion, refuse to approve a particular trade or firm name (i) if the same or similar or nearly similar name is already used by a chartered accountant in practice or a firm of such chartered accountants and has been entered in the register of offices and firms; or (ii) if that name, in the opinion of the Council, is undesirable.

(4) The chartered accountant in practice or a firm of such chartered accountants shall within one month of the approval of the trade or firm name, or commencement of practice as the case may be, supply to the Council in the appropriate Form particulars regarding his office or the firm as the case may be.

(5) With effect from such date as the Council may decide the particulars regarding offices or firms shall also be furnished by a Chartered Accountant in practice or a firm of such Chartered Accountants whose particulars are already entered in the Register of Firms in the appropriate Forms as revised by the said Amendment Regulations.

(6) The Council shall maintain a register of offices and firms and shall register therein the particulars referred to in sub-regulation (4):

Provided that the Council may refuse to register a trade or firm name which has not been approved under sub-regulation (2).

(7) Every time there is a change in the particulars referred to in sub-regulation (4), the member or the firm, as the case may be, shall within one month communicate it to the Council.

(8) Where the same trade or firm name has been registered in the past in the register of offices and firms in the case of two or more members or firms, the Council may direct the member or the firm, as the case may be, other than one whose name was registered first in the register of offices and firms, to alter the name in such manner as the Council may consider proper and inform the Council of such alteration within six months of the issue of the direction.

(9) (i) No member shall practice under a trade or firm name which has not been approved under sub-regulation (2).

(ii) No member shall practice under a trade or firm name in respect of which a direction has been issued under sub-regulation (8) after the expiry of six months from the date of issue of the direction.

(10) Nothing contained in this regulation shall apply to firms of chartered accountants in practice (i) with identical names, if at least one of the partners of the firm is common; or (ii) with similar or nearly similar names if they are based on the names of any one or more partners of the firm.

(11) The Executive Committee may, in its discretion, condone the delay in filling the particulars under sub-regulation (4) or sub-regulation (7) in appropriate cases.

**190A. Chartered accountant in practice not to engage in any other business or occupation**

A chartered accountant in practice shall not engage in any business or occupation other than the profession of accountancy, except with the permission granted in accordance with a resolution of the Council.

**191. Part-time employments a chartered accountant in practice may accept**

Notwithstanding anything contained in regulation 190A but subject to the control of the Council, a chartered accountant in practice may act as a liquidator, trustee, executor, administrator, arbitrator, receiver, adviser or representative for costing, financial or taxation matter, or may take up an appointment that may be made by the Central Government or a court of law or any other legal authority or may act as a Secretary in his professional capacity, provided his employment is not on a salary-cum-full-time basis.

# Appendix No. 9

**Permission Granted Generally**

(A) Members of the Institute in practice be generally permitted to engage in the following categories* in individual cases:

(1) Employment under Chartered Accountants in practice or firms of such Chartered Accountants.

(2) Private tutorship.

(3) Authorship of Books and articles.

(4) Holding of Life Insurance Agency Licence for the limited purpose of getting renewal commission.

(5) Attending classes and appearing for any examination.

(6) Holding of public elective offices such as M.P., M.L.A. & M.L.C.

(7) Honorary office-bearership of charitable, educational or other non-commercial organisations.

(8) Acting as Notary Public, Justice of the Peace, Special Executive Magistrate and the like.

(9) Part-time tutorship under the Coaching Organisation of the Institute.

(10) Valuation of papers, acting as-paper-setter, head-examiner or moderator for any examination.

(11) Editorship of professional journals.

(12) Acting as Surveyor and Loss Assessor under the Insurance Act, 1938.

(13) Acting as Recovery Consultant in the Banking Sector.

**Permission to be Granted specifically**

(B) Members of the Institute in practice may engage in the following categories of business or occupations, after obtaining the specific and prior approval of the Council in each case:

(1) Full-time or part-time employment in business concerns provided that the member and/or his relatives do not hold substantial interest in such concerns.

(2) Full-time or part-time employment in non-business concerns.

(3) Office of Managing Director or a whole-time Director of a body corporate within the meaning of the Companies Act, 1956, provided that the member and/or his relatives do not hold substantial interest in such a concern.

(4) Interest in family business concern or concerns in which interest has been acquired as a result of relationship and in the management of which no active part is taken.

(5) Interest in agricultural and allied activities carried on with the help, if required, of hired labour.

(6) Interest in an educational institution.

(7) Part-time or full-time lectureship for courses other than those relating to the Institute's examination conducted under the auspices of the Institute or the Regional Councils or their branches.

(8) Part-time or full-time tutorship under any educational institution other than the Coaching Organisation of the Institute.

(9) Editorship of journals other than professional journals.

(10) Any other business or occupation for which the Executive Committee considers that permission may be granted.

Further, resolved that the Council may refuse permission in individual cases though covered under any of the above categories.

It was also decided that for the purpose of the above resolution:-

(i) the expression "relative", in relation to a member means the husband, wife brother or sister or any lineal ascendant or descendant of that member; and

(ii) a member shall be deemed to have a "substantial interest" in a concern -

(i) in a case where the concern is a company, if its shares (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) carrying not less than twenty per cent of voting power at any time, during the relevant years are owned beneficially by such member or by any one or more of the following persons or partly by such member and partly by one or more of the following persons:

(a) One or more relatives of the member;

(b) Any concerns in which any of the persons referred to above has a substantial interest;

(ii) in the case of any other concern, if such member is entitled or the other persons referred to above or such member and one or more of the. other persons referred to above are entitled in the aggregate, at any time during the relevant years to not less than twenty per cent of the profit of such concern.

***Explanation:***

(a) The relevant years in the context of clause (4) of Part I of the First Schedule to the Chartered Accountants Act, 1949 read with Appendix (17) mean the year/period which the report/certificate relates and the year/period during which the said report/certificate is'signed.

(b) The relevant years in the context of clause (11) of Part I of the First Schedule to the Chartered Accountants Act, 1949 read with Appendix (10) mean the year/period in which not less than 20% of voting power/20% share of profits were owned beneficially.

Attention of the members is also invited to para 3 of the above Resolution relating to the holding of office of a managing director or a whole time director in a company. In such cases, a member can accept the office of a managing director or a whole-time director only after obtaining the specific and prior approval of the Council. Attention of the members is also invited to the provisions of Section 2(26) of the

*Annexure 1*

# Resolution Passed By The Council Regulation 190A

AS A PART OF AND IN CONTINUATION OF THE EXISTING REGULATION [UNDER REGULATION 190A, WHICH APPEARS AS APPENDIX NO. (9) TO THE CHARTERED ACCOUNTANTS REGULATIONS 1988 (2002 EDITION)]

"IT IS FURTHER RESOLVED that the general and specific permission granted by the Council is subject to the condition that -

i. any member engaged in any other business or occupation, in terms of general or specific permission granted as per Appendix No. (9) given above shall not be entitled to perform any attest function. However, a member engaging in any of the following area(s), in terms of the specific or general permission so granted, shall be entitled to perform attest function:

   a. Authorship of books and articles
   b. Holding of Life Insurance Agency Licence for the limited purpose of getting renewal commission.
   c. Attending classes and appearing for any examination.
   d. Holding of public elective offices such as M.P., M.L.A. & M.L.C.
   e. Honorary office-bearership of charitable, educational or other non-commercial organisations.
   f. Acting as Notary Public, Justice of the Peace, Special Executive Magistrate and the like.'
   g. Part-time tutorship under the Coaching Organisation of the Institute.
   h. Valuation of papers, acting as paper-setter, head-examiner or a moderator for any examination.
   i. Editorship of professional journals - (not in employment)
   j. Acting as surveyor and Loss Assessor under the Insurance Act, 1938 - (not in employment).
   k. Acting as Recovery consultant in the Banking Sector - (not in employment).
   l. Any coaching assignment organized by the Institute, its Regional Councils and Branches of Regional councils.
   m. Engagement as Lecturer in an University, affiliated college, educational institution, coaching organisation, private tutorship, provided the direct teaching hours devoted to such activities taken together do not exceed 25 hours a week.
   n. Engagement in any other business or occupation permitted by the Executive Committee from time to time.

ii. A member who is not entitled to perform attest function shall not be entitled to train articled assistants.

iii. The decision (of the Council) taken at its 223rd meeting held in February, 2002 prescribing the criteria for individual cases of articleship shall continue to be in operation, mutatis mutandis."

***The Council in this connection also clarified that the Attest function for the purpose of this Resolution would cover services pertaining to audit, review, certification, agreed upon procedures, and compilation, as defined in the Framework of Statements on Standard Auditing Practices and Guidance Notes on Related Services published in the July, 2001 Issue of the Institute's Journal.***