

THE CHARTERED ACCOUNTANTS ACT, 1949



Celebrating the 60th Year of Excellence



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

**THE
CHARTERED ACCOUNTANTS
ACT, 1949**
(No. 38 of 1949)

**As amended by The Chartered Accountants
(Amendment) Act, 2006**
(No. 9 of 2006)

Corrected up to 1st November, 2008



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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CONTENTS

Section No.	Subject	Page No.
CHAPTER I PRELIMINARY		
1.	Short title, extent and commencement	1
2.	Interpretation	1
CHAPTER II THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA		
3.	Incorporation of the Institute	5
4.	Entry of names in the Register	5
5.	Fellows and Associates	7
6.	Certificate of practice	8
7.	Members to be known as Chartered Accountants	9
8.	Disabilities	9
CHAPTER III COUNCIL OF THE INSTITUTE		
9.	Constitution of the Council of the Institute	13
10.	Re-election or re-nomination to Council	14
10A.	Settlement of dispute regarding election	14
10B.	Establishment of Tribunal	14
11.	Nomination in default of election or nomination	15
12.	President and Vice-President	15
13.	Resignation of membership and casual vacancies	16
14.	Duration and dissolution of Council	17
15.	Functions of Council	18
15A.	Imparting education by Universities and other bodies	19

16.	Officers and employees, salary, allowances, etc.	20
17.	Committees of the Council	21
18.	Finances of the Council	21

CHAPTER IV REGISTER OF MEMBERS

19.	Register	29
20.	Removal from the Register	30

CHAPTER V MISCONDUCT

21.	Disciplinary Directorate	32
21A.	Board of Discipline	33
21B.	Disciplinary Committee	34
21C.	Authority, Disciplinary Committee, Board of Discipline and Director (Discipline) to have powers of civil court	35
21D.	Transitional provisions	35
22.	Professional or other misconduct defined	36
22A.	Constitution of Appellate Authority	36
22B.	Term of office of Chairperson and members of Authority	36
22C.	Allowances and conditions of service of Chairperson and members of Authority	37
22D.	Procedure to be regulated by Authority	37
22E.	Officers and other staff of Authority	37
22F.	Resignation and removal of Chairperson and members	37
22G.	Appeal to Authority	38

CHAPTER VI REGIONAL COUNCILS

23.	Constitution and functions of Regional Councils	44
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**CHAPTER VII
PENALTIES**

24.	Penalty for falsely claiming to be a member, etc.	45
24A.	Penalty for using name of the Council, awarding degree of chartered accountancy, etc.	45
25.	Companies not to engage in accountancy	46
26.	Unqualified persons not to sign documents	46
27.	Maintenance of branch offices	47
28.	Sanction to prosecute	47

**CHAPTER VIIA
QUALITY REVIEW BOARD**

28A.	Establishment of Quality Review Board	49
28B.	Functions of Board	49
28C.	Procedure of Board	50
28D.	Terms and conditions of services of Chairperson and members of Board and its expenditure	50

**CHAPTER VIII
MISCELLANEOUS**

29.	Reciprocity	51
29A.	Power of Central Government to make rules	51
30.	Power to make regulations	52
30A.	Powers of Central Government to direct regulations to be made or to make or amend regulations	54
30B.	Rules, regulations and notifications to be laid before Parliament	55
30C.	Power of Central Government to issue directions	55
30D.	Protection of action taken in good faith	56
30E.	Members, etc., to be public servants	56
31.	Construction of references	57

32.	Act not to affect right of accountants to practise as such in Acceding States	57
33.	[Repealed]	57

SCHEDULES

THE FIRST SCHEDULE

PART-I	Professional misconduct in relation to chartered accountants in practice	60
PART-II	Professional misconduct in relation to members of the Institute in service	63
PART-III	Professional misconduct in relation to members of the Institute generally	63
PART-IV	Other misconduct in relation to members of the Institute generally	64

THE SECOND SCHEDULE

PART-I	Professional misconduct in relation to chartered accountants in practice	65
PART-II	Professional misconduct in relation to members of the Institute generally	66
PART-III	Other misconduct in relation to members of the Institute generally	67

APPENDICES

Appendix No. 1	73
Appendix No. 2	74
Appendix No. 3	75
Appendix No. 4	77
Appendix No. 5	83
Appendix No. 6	86
Appendix No. 7	89
Appendix No. 8	89

Appendix No. 9	90
Appendix No. 10	91
Appendix No. 11	92
Appendix No. 12	93
Appendix No. 13	96
Appendix No. 14	97
Appendix No. 15	98
Appendix No. 16	99
Appendix No. 17	100
Appendix No. 18	100
Appendix No. 19	101
Appendix No. 20	102
Appendix No. 21	102
Appendix No. 22	104
Appendix No. 23	104
Appendix No. 24	105
Appendix No. 25	106
Appendix No. 26	110
Appendix No. 27	112
Appendix No. 28	113
Appendix No. 29	114
Appendix No. 30	116
Appendix No. 31	118
Appendix No. 32	119
Appendix No. 33	119
Appendix No. 34	123

THE CHARTERED ACCOUNTANTS ACT, 1949¹

(No. 38 of 1949)

[As amended by The Chartered Accountants (Amendment) Act, 2006 (No. 9 of 2006)²]

An Act to make provision for the regulation of the
³[profession of Chartered Accountants].

WHEREAS it is expedient to make provision for the regulation
of the ⁴[profession of chartered accountants] and for that purpose to
establish an Institute of Chartered Accountants;

It is hereby enacted as follows :—

CHAPTER - I PRELIMINARY

1. Short title, extent and commencement

(1) This Act may be called the Chartered Accountants Act, 1949.

⁵(2) It extends to the whole of India ⁶[.....]

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint in this behalf⁷.

2. Interpretation

(1) In this Act, unless there is anything repugnant in the subject or context,—

Footnotes given at the end of each Chapter.

The Chartered Accountants Act, 1949

- (a) “associate” means an associate member of the Institute;
- ⁸[(aa) “Authority” means the Appellate Authority constituted under Section 22A;
- (aaa) “Board” means the Quality Review Board constituted under Section 28A];
- (b) “chartered accountant” means a person who is a member of the Institute ⁹[.....];
- (c) “Council” means the Council of the Institute;
- (d) “holder of a restricted certificate” means a person holding a permanent or temporary restricted certificate granted by a Provincial Government under the Restricted Certificates Rules, 1932;
- (e) “Institute” means the Institute of Chartered Accountants of India constituted under this Act;
- ¹⁰[(ea) “notification” means a notification published in the Official Gazette];
- (f) “prescribed” means prescribed by regulations made under this Act;
- (g) “Register” means the Register of Members maintained under this Act;
- (h) “registered accountant” means any person who has been enrolled on the Register of Accountants maintained by the Central Government under the Auditor’s Certificates Rules, 1932;
- ¹¹[(ha) “specified” means specified by rules made by the Central Government under this Act;
- (hb) “Tribunal” means a Tribunal established under sub-section (1) of Section 10B;]

- (i) "year" means the period commencing on the 1st day of April of any year and ending on the 31st day of March of the succeeding year.
- (2) A member of the Institute shall be deemed "to be in practice", when individually or in partnership with chartered accountants ¹²[in practice], he, in consideration of remuneration received or to be received,–
 - (i) engages himself in the practice of accountancy; or
 - (ii) offers to perform or performs services involving the auditing or verification of financial transactions, books, accounts or records, or the preparation, verification or certification of financial accounting and related statements or holds himself out to the public as an accountant; or
 - (iii) renders professional services or assistance in or about matters of principle or detail relating to accounting procedure or the recording, presentation or certification of financial facts or data; or
 - (iv) renders such other services as, in the opinion¹³ of the Council, are or may be rendered by a chartered accountant ¹⁴[in practice];

and the words "to be in practice" with their grammatical variations and cognate expressions shall be construed accordingly.

Explanation :– An associate or a fellow of the Institute who is a salaried employee of a chartered accountant ¹⁵[in practice] or ¹⁶[a firm of such chartered accountants] shall, notwithstanding such employment, be deemed to be in practice for the limited purpose of the ¹⁷[training of articled assistants].

-
- ¹ This Act received the assent of the Governor-General on 1st May, 1949 and was published in Part IV of the Gazette of India Extraordinary dated 3rd May, 1949.
- ² This Act received the assent of the President on the 22nd March, 2006, and was published in Part II Section I of Gazette of India Extraordinary dated 23rd March, 2006.
- ^{3&4} Substituted for the words, “profession of accountants” by the Chartered Accountants (Amendment) Act, 1959 (No. 15 of 1959) — Gazette of India dated 7th May, 1960.
- ⁵ The original sub-section as published in the Gazette of India Extraordinary dated 3rd May, 1949 was as follows :—
^A“It extends to all the Provinces of India, and also to every Acceding State to the extent to which the Dominion Legislature has power to make laws for that State with respect to the matters dealt with in this Act.”
^AThis clause was substituted by the following :—
“It extends to the whole of India except the States of Hyderabad, Jammu and Kashmir, Mysore and Travancore-Cochin” by the Adaptation of Laws Order, 1950, published in the Gazette of India Extraordinary dated 26th January, 1950.
- ⁶ The words, ^A“except the State of Jammu and Kashmir” were deleted with effect from 15th August, 1968 by the Central Laws (Extension of Jammu and Kashmir) Act, 1968 (25 of 1968) — Notification No. F1/13/67-K dated 2nd August, 1968 of Ministry of Home Affairs.
^AThese words were substituted for the words, “except the States of Hyderabad, Jammu and Kashmir, Mysore and Travancore-Cochin” by the Part B States (Laws) Act, 1951, No. III of 1951, published in Part II Section 1 of the Gazette of India Extraordinary dated 23rd February, 1951.
- ⁷ For the Government Notification, please see Appendix No. (1).
- ^{8, 10 & 11} Inserted by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006.
- ⁹ The words, “and who is in practice” were omitted by the Chartered Accountants (Amendment) Act, 1959.
- ^{12, 14 & 15} Inserted by the Chartered Accountants (Amendment) Act, 1959.
- ¹³ Please see Appendix No. (2) and Regulation 191.
- ¹⁶ Substituted for the words, “a firm of chartered accountants” by the Chartered Accountants (Amendment) Act, 1959.
- ¹⁷ Substituted, for the words, “training of articled clerks” by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006.

CHAPTER - II

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

3. Incorporation of the Institute

- (1) All persons whose names are entered in the Register at the commencement of this Act and all persons who may hereafter have their names entered in the Register under the provisions of this Act, so long as they continue to have their names borne on the said Register, are hereby constituted a body corporate by the name of the Institute of Chartered Accountants of India, and all such persons shall be known as members of the Institute.
- (2) The Institute shall have perpetual succession and a common seal and shall have power to acquire, hold and dispose of property, both movable and immovable, and shall by its name sue or be sued.

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 recognised as equivalent thereto 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;¹
- (iv) any person who, at the commencement of this Act, is engaged in the practice of accountancy in any ²[Part B State] and who, although not possessing the requisite qualifications 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;³
- ⁴[(v) any person who has passed such other examination and completed such other training without India as is recognised by the Central Government or the Council⁵ as being equivalent to the 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 conditions⁶ 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, is at the commencement of this Act undergoing training, whether within or without India:

Provided that any such examination or training was recognised 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.

- ⁷[(3) Every person belonging to any of the classes mentioned in clauses (ii), (iii), (iv), (v) and (vi) of sub-section (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 notification⁸, by the Council, which shall not exceed rupees three thousand:

Provided that the Council may, with the prior approval of the Central Government, determine 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 class 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 classes 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 letters A.C.A. after his name to indicate that he is an

associate member of the Institute of Chartered Accountants.

- ⁹[(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 notification¹⁰, 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.C.A. 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 ¹¹[whether in India or elsewhere] unless he has obtained from the Council a certificate of practice:

¹²[**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.]

¹³[(2) Every such member shall pay such annual fee for his certificate as may be determined, by notification¹⁴, 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, determine the fee exceeding rupees three thousand, which shall not in any case exceed rupees six thousand.]

¹⁵[(3) The certificate of practice 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

¹⁶[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:]

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 accountancy, whether in India or elsewhere, as may be recognised¹⁷ 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.

8. Disabilities

Notwithstanding anything contained in Section 4, a person shall not be entitled to have his name entered in or borne on the Register if he –

- (i) has not attained the age of twenty-one years at the time of his application for the entry of his name in the Register; or

- ¹⁸[(ii) is of unsound mind and stands so adjudged by a competent Court;] or
- (iii) is an undischarged insolvent; or
- (iv) being a discharged insolvent, has not obtained from the Court a certificate stating that his insolvency was caused by misfortune without any misconduct on his part; or
- (v) has been convicted by a competent Court whether within or without India, of an offence involving moral turpitude and punishable with transportation or imprisonment or of an offence, not of a technical nature, committed by him in his professional capacity unless in respect of the offence committed he has either been granted a pardon or, on an application made by him in this behalf, the Central Government has, by an order in writing, removed the disability; or
- ¹⁹[(vi) has been removed from membership of the Institute on being found on inquiry to have been guilty of professional or other misconduct:

Provided that a person who has been removed from membership for a specified period, shall not be entitled to have his name entered in the Register until the expiry of such period.]

¹ For the Government Notification, please see Appendix No. (3).

² Substituted for the words, "Acceding State" by the Part B States (Laws) Act, 1951 (III of 1951) published in Part II Section 1 of the Gazette of India Extraordinary dated 23rd February, 1951.

³ For the Government Notifications, please see Appendix No. (4).

⁴ Substituted for clause (v) of sub-section (1) of Section 4 given below by the Chartered Accountants (Amendment) Act, 1955, (Act No. 40 of 1955), published in Part II Section 1 of the Gazette of India Extraordinary dated 22nd October, 1955 :-

"(v) Any person who has passed such other examination and completed such other training without India as is recognised by the Council as

equivalent to the 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 Council may prescribe such further conditions as it may think fit;"

5 For the Resolution of the Council, please see Appendices No. (5) and (6).

6 For the Resolution of the Council, please see Appendices No. (5), (6) and (7).

7 Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006 :-

"(3) Every person belonging to any of the classes mentioned in clauses (ii), (iii), (iv), (v) and (vi) of sub-section (1) shall have his name entered in the Register on application being made and granted in the prescribed manner and on payment of the prescribed fee, which shall not exceed rupees three hundred in any case."

8 For the notification, please see Appendix No. (8).

9 Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006 :-

^A["(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 the prescribed entrance fee, which shall not exceed rupees two hundred in any case, 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.C.A. after his name to indicate that he is a fellow of the Institute of Chartered Accountants."]

^AThis sub-section (3) was earlier substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-

"(3) 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, shall, on payment of the prescribed entrance fee which shall not exceed rupees two hundred in any case, 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.C.A. after his name to indicate that he is a fellow of the Institute of Chartered Accountants."

The Chartered Accountants Act, 1949

- ¹⁰ For the notification, please see Appendix No. (9).
- ¹¹ Inserted by the Chartered Accountants (Amendment) Act, 1959.
- ¹² Inserted by Section 2 of the Chartered Accountants (Amendment) Ordinance, 1949, Ordinance No. XV of 1949 - Gazette of India Extraordinary dated 1st July, 1949.
- ¹³ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006 :-
- ^A“(2) Every such member shall pay such annual fee for his certificate as may be prescribed, and such fee shall be payable on or before the 1st day of April in each year.”]
- ^AThis sub-section (2) was earlier substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-
- “(2) Every such member shall pay such annual fee, differing in amount according as he is an associate or a fellow of the Institute, for his certificate as may be prescribed, and such fee shall be due on the 1st day of April in each year.”
- ¹⁴ For the notification, please see Appendix No. (10).
- ¹⁵ Inserted by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006.
- ¹⁶ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-
- “Every member of the Institute in practice shall be designated as a Chartered Accountant and no person practising the profession of accountancy in India shall use any other designation whether in addition thereto or in substitution therefor:”
- ¹⁷ For the Resolution of the Council, please see Appendix No. (11) and Regulation 191.
- ¹⁸ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-
- “(ii) has been adjudged by a competent Court to be of unsound mind;”
- ¹⁹ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-
- “(vi) has been found on inquiry to have been guilty of conduct which renders him unfit to be a member of the Institute.”

CHAPTER - III

COUNCIL OF THE INSTITUTE

9. Constitution of the Council of the Institute

(1) There shall be a Council of the Institute for the management of the affairs of the Institute and for discharging the functions assigned to it under this Act.

¹[(2) The Council shall be composed of the following persons, namely :-

(a) not more than thirty-two persons elected by the members of the Institute from amongst the fellows of the Institute chosen in such manner and from such regional constituencies as may be specified²:

Provided that a fellow of the Institute, who has been found guilty of any professional or other misconduct and whose name is removed from the Register or has been awarded penalty of fine, shall not be eligible to contest the election, -

(i) in case of misconduct falling under the First Schedule of this Act, for a period of three years;

(ii) in case of misconduct falling under the Second Schedule of this Act, for a period of six years,

from the completion of the period of removal of name from the Register or payment of fine, as the case may be;

- (b) not more than eight persons to be nominated in the specified³ manner, by the Central Government.]

⁴[(3) No person holding a post under the Central Government or a State Government shall be eligible for election to the Council under clause (a) of sub-section (2).

- (4) No person who has been auditor of the Institute shall be eligible for election to the Council under clause (a) of sub-section (2), for a period of three years after he ceases to be an auditor.]

⁵**[10. Re-election or re-nomination to Council**

A member of the Council, elected or nominated under sub-section (2) of Section 9, shall be eligible for re-election or, as the case may be, re-nomination:

Provided that no member shall hold the office for more than three consecutive terms:

Provided further that a member of the Council, who is or has been elected as President under sub-section (1) of Section 12, shall not be eligible for election or nomination as a member of the Council.]

⁶**[10A. Settlement of dispute regarding election**

In case of any dispute regarding any election under clause (a) of sub-section (2) of Section 9, the aggrieved person may make an application within thirty days from the date of declaration of the result of election to the Secretary of the Institute, who shall forward the same to the Central Government.

10B. Establishment of Tribunal

- (1) On receipt of any application under Section 10A, the Central Government shall, by notification, establish a Tribunal consisting of a Presiding Officer and two other Members to decide such dispute and the decision of such Tribunal shall be final.

- (2) A person shall not be qualified for appointment,–
 - (a) as a Presiding Officer of the Tribunal unless he has been a member of the Indian Legal Service and has held a post in Grade I of the service for at least three years;
 - (b) as a Member unless he has been a member of the Council for at least one full term and who is not a sitting member of the Council or who has not been a candidate in the election under dispute; or
 - (c) as a Member unless he holds the post of a Joint Secretary to the Government of India or any other post under the Central Government carrying a scale of pay which is not less than that of a Joint Secretary to the Government of India.
- (3) The terms and conditions of service of the Presiding Officer and Members of the Tribunal, their place of meetings and allowances shall be such as may be specified.
- (4) The expenses of the Tribunal shall be borne by the Council.]

11. Nomination in default of election or nomination

If any body of persons referred to in Section 9 fails to elect any of the members of the Council which it is empowered under that Section to elect, the Central Government may nominate a person duly qualified to fill the vacancy, and any person so nominated shall be deemed to be a member of the Council as if he had been duly elected.

12. President and Vice-President

- (1) The Council at its first meeting shall elect two of its members to be respectively the President and the Vice-

President thereof, and so often as the office of the President or the Vice-President becomes vacant the Council shall choose another person to be the President or the Vice-President as the case may be:

Provided that on the first constitution of the Council a member of the Council nominated in this behalf by the Central Government shall discharge the functions of the President, until such time as a President is elected under the provisions of the sub-section.

- (2) The President shall be the Chief Executive Authority of the Council.
- (3) The President or the Vice-President shall hold office for a period of one year from the date on which he is chosen but so as not to extend beyond his term of office as a member of the Council, and, subject to his being a member of the Council at the relevant time, he shall be eligible for re-election ⁷[under sub-section (1)]
- (4) ⁸[On the expiration of the duration of the Council, the ⁹[President and the Vice-President] of the Council, at the time of such expiration] shall continue to hold office and discharge such administrative and other duties as may be prescribed until such time as a new ¹⁰[President and the Vice-President] shall have been elected and shall have taken over ¹¹[charge of their duties.]

13. Resignation of membership and casual vacancies

- (1) Any member of the Council may at any time resign his membership by writing under his hand addressed to the President, and the seat of such member shall become vacant when such resignation is notified in the Official Gazette.
- (2) A member of the Council shall be deemed to have vacated his seat if he is declared by the Council to have been absent without sufficient excuse from three

consecutive meetings of the Council, ¹²[or he has been found guilty of any professional or other misconduct and awarded penalty of fine,] or if his name is, for any cause, removed from the Register under the provisions of Section 20.

- (3) A casual vacancy in the Council shall be filled by fresh election from the constituency concerned or by nomination by the Central Government, as the case may be, and the person elected or nominated to fill the vacancy shall hold office until the dissolution of the Council:

¹³**[Provided** that no election shall be held to fill a casual vacancy occurring within ¹⁴[one year] prior to the date of the expiration of the duration of the Council, but such a vacancy may be filled by nomination by the Central Government after consultation with the President of the Council.]

- (4) No act done by the Council shall be called in question on the ground merely of the existence of any vacancy in, or defect in the constitution of, the Council.

14. Duration and dissolution of Council

¹⁵[(1)] The duration of any Council constituted under this Act shall be three years from the date of its first meeting, on the expiry of which it shall stand dissolved and a new Council constituted in accordance with the provisions of this Act.

¹⁶[(2)] Notwithstanding the expiration of the duration of a Council (hereinafter referred to as the former Council), the former Council shall continue to exercise its functions until a new Council is constituted in accordance with the provisions of this Act, and on such constitution, the former Council shall stand dissolved.]

¹⁷**[15. Functions of Council**

- (1) The Institute shall function under the overall control, guidance and supervision of the Council and the duty of carrying out the provisions of this Act shall be vested in the Council.
- (2) In particular, and without prejudice to the generality of the foregoing powers, the duties of the Council shall include –
 - (a) to approve academic courses and their contents;
 - (b) the examination of candidates for enrolment and the prescribing of fees therefor;
 - (c) the regulation of the engagement and training of articled and audit assistants;
 - (d) the prescribing of qualifications for entry in the Register;
 - (e) the recognition of foreign qualifications and training for the purposes of enrolment;
 - (f) the granting or refusal of certificates of practice under this Act;
 - (g) the maintenance and publication of a Register of persons qualified to practice as chartered accountants;
 - (h) the levy and collection of fees from members, examinees and other persons;
 - (i) subject to the orders of the appropriate authorities under the Act, the removal of names from the Register and the restoration to the Register of names which have been removed;
 - (j) the regulation and maintenance of the status and standard of professional qualifications of members of the Institute;

- (k) the carrying out, by granting financial assistance to persons other than members of the Council or in any other manner, of research in accountancy;
- (l) the maintenance of a library and publication of books and periodicals relating to accountancy;
- (m) to enable functioning of the Director (Discipline), the Board of Discipline, the Disciplinary Committee and the Appellate Authority constituted under the provisions of this Act;
- (n) to enable functioning of the Quality Review Board;
- (o) consideration of the recommendations of the Quality Review Board made under clause (a) of Section 28B and the details of action taken thereon in its annual report; and
- (p) to ensure the functioning of the Institute in accordance with the provisions of this Act and in performance of other statutory duties as may be entrusted to the Institute from time to time.]

¹⁸**[15A. Imparting education by Universities and other bodies**

- (1) Subject to the provisions of this Act, any University established by law or any body affiliated to the Institute, may impart education on the subjects covered by the academic courses of the Institute.
- (2) The Universities or bodies referred to in sub-section (1) shall, while awarding degree, diploma or certificate or bestowing any designation, ensure that the award or designation do not resemble or is not identical to one awarded by the Institute.

- (3) Nothing contained in this Section shall enable a University or a body to adopt a name or nomenclature which is in any way similar to that of the Institute.]

¹⁹[16. Officers and employees, salary, allowances, etc.

- (1) For the efficient performance of its duties, the Council shall—
- (a) appoint a Secretary to perform such duties as may be prescribed;
 - (b) appoint a Director (Discipline) to perform such functions as are assigned to him under this Act and the rules and regulations framed thereunder;
- (2) The Council may also—
- (a) appoint such other officers and employees as it considers necessary;
 - (b) require and take from the Secretary or from any other officer or employee such security for the due performance of his duties, as the Council considers necessary;
 - (c) prescribe the salaries, fees, allowances of the officers and employees and their terms and conditions of service;
 - (d) with the previous sanction of the Central Government, fix the allowances of the President, Vice-President and other members of the Council and members of its Committees.
- (3) The Secretary of the Council shall be entitled to participate in the meetings of the Council but shall not be entitled to vote thereat.]

17. Committees of the Council

- (1) The Council shall constitute from amongst its members the following Standing Committees, namely :-
 - (i) an Executive Committee,
 - (ii) an Examination Committee, and
 - ²⁰[(iii) a Finance Committee.]
- ²¹[(2) The Council may also form such other committees from amongst its members as it consider necessary for the purpose of carrying out the provisions of this Act, and any Committee so formed may, with the sanction of the Council, co-opt such other members of the Institute not exceeding one-third of the members of the committee as it thinks fit, and any member so co-opted shall be entitled to exercise all the rights of a member of the committee.
- (3) Each of the Standing Committees shall consist of the President and the Vice-President *ex officio*, and minimum of three and maximum of five members to be elected by the Council from amongst its members.]
- (4) The President and the Vice-President of the Council shall be the Chairman and Vice-Chairman respectively of each of the Standing Committees.
- (5) Every member of the Standing Committee other than the Chairman and the Vice-Chairman shall hold office for one year from the date of his election, but, subject to being a member of the Council, he shall be eligible for re-election.
- (6) The Standing Committees shall exercise such functions and be subject to such conditions in the exercise thereof as may be prescribed.

18. Finances of the Council

- (1) There shall be established a fund under the management and control of the Council into which shall

be paid all moneys received by the Council and out of which shall be met all expenses and liabilities properly incurred by the Council.

- (2) The Council may invest any money for the time being standing to the credit of the fund in any Government security or in any other security approved by the Central Government.

²²[(3) The Council shall keep proper accounts of the fund distinguishing capital from revenue in the manner prescribed.

- (4) The Council shall prepare in the manner prescribed and approve, prior to the start of the financial year, an annual financial statement (the budget) indicating all its anticipated revenues as well as all proposed expenditures for the forthcoming year.

- (5) The annual accounts of the Council shall be prepared in such manner as may be prescribed and be subject to audit by a chartered accountant in practice to be appointed annually by the Council:

Provided that no member of the Council or a person who has been a member of the Council during the last four years or a person who is in partnership with such member shall be eligible for appointment as an auditor under this sub-section:

Provided further that, in the event it is brought to the notice of the Council that the accounts of the Council do not represent a true and fair view of its finances, then, the Council may itself cause a special audit to be conducted:

Provided also that, if such information, that the accounts of the Council do not represent a true and fair view of its finances, is sent to the Council by the Central Government, then, the Council may, wherever appropriate cause a special audit or take such other action as it considers necessary and shall furnish an action taken report on it to the Central Government.]

²³[(5A) As soon as may be practicable at the end of each year, the Council shall circulate the audited accounts to

its members at least fifteen days in advance and consider and approve these accounts in a special meeting convened for the purpose.

- (5B) The Council shall cause to be published in the Gazette of India not later than the 30th day of September of the year next following, a copy of the audited accounts and the Report of the Council for that year duly approved by the Council and copies of the said accounts and Report shall be forwarded to the Central Government and to all the members of the Institute.]
- (6) The Council may borrow from a scheduled bank, as defined in the Reserve Bank of India Act, 1934, (II of 1934) or from the Central Government—
- (a) any money required for meeting its liabilities on capital account on the security of the fund or on the security of any other assets for the time being belonging to it, or
 - (b) for the purpose of meeting current liabilities pending the receipt of income, by way of temporary loan or overdraft.

¹ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 5th September, 2006:—

“(2) The Council shall be composed of the following persons, namely :—

^A[(a) not more than twenty-four persons elected by members of the Institute] from amongst the fellows of the Institute chosen in such manner and from such regional constituencies as may be specified in this behalf by the Central Government by notification in the Official Gazette;^B

(b) ^C[six] persons nominated by the Central Government.”

^ASubstituted for the words, “persons elected by members of the Institute” by the Chartered Accountants (Amendment) Act, 1959.

^BFor the Government Notification, please see Appendix No. (12).

^CSubstituted for the word, “five” by the Chartered Accountants (Amendment) Act, 1959.

The Chartered Accountants Act, 1949

² Rules made by the Central Government by Notification No. G.S.R.534(E) have been published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 5th September, 2006 and have come into force from that date.

³ Rules made by the Central Government by Notification No. G.S.R.490(E) have been published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 19th August, 2006 and have come into force from that date.

⁴ Inserted by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 5th September, 2006.

⁵ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006 :-

^A["10. Mode of election to the Council

(1) Elections under clause (a) of sub-section (2) of Section 9 shall be conducted in the prescribed manner.

(2) Where any dispute arises regarding any such election, the matter shall be referred by the Council to a Tribunal appointed by the Central Government in this behalf and the decision of such Tribunal shall be final:

Provided that no such reference shall be made except on an application made to the Council by an aggrieved party within thirty days from the date of the declaration of the result of the election.

(3) The expenses of the Tribunal shall be borne by the Council."]

^AThis Section 10 was earlier substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-

"10. Mode of election to Council

(1) Elections under clause (a) of sub-section (2) of Section 9 shall be conducted in the prescribed manner:

Provided that the first election under the said clause shall be held in such manner as the Central Government may prescribe*.

(2) Where any dispute arises regarding any such election, the matter shall be referred to a Tribunal appointed by the Central Government in this behalf and the decision of such Tribunal shall be final."

*For Government Notification regarding election to the First Council, please see Gazette of India Extraordinary dated 1st June, 1949.

^{6,12&23} Inserted by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006.

- ⁷&¹⁸ Inserted by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006.
- ⁸ Substituted for the words, “On the dissolution of the Council, the President of the Council at the time of such dissolution” by the Chartered Accountants (Amendment) Act, 1959.
- ⁹&¹⁰ Substituted for the word, “President”, in both the places by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006.
- ¹¹ Substituted for the words, “charge of his duties” by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006.
- ¹³&¹⁶ Inserted by the Chartered Accountants (Amendment) Act, 1959.
- ¹⁴ Substituted for the words, “six months” by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006.
- ¹⁵ Numbered as sub-section (1) by the Chartered Accountants (Amendment) Act, 1959.
- ¹⁷ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006 :—

“15. Functions of the Council

- (1) The duty of carrying out the provisions of this Act shall be vested in the Council.
- (2) In particular, and without prejudice to the generality of the foregoing power, the duties of the Council shall include —
- (a) the examination of candidates for enrolment and the prescribing of fees therefor;
 - (b) the regulation of the engagement and ^A[training of articled and audit clerks];
 - (c) the prescribing of qualifications for entry in the Register;
 - (d) the recognition of foreign qualifications and training for purposes of enrolment;
 - (e) the granting or refusal of certificates of practice under this Act;
 - (f) the maintenance and publication of a Register of persons qualified to practise as chartered accountants;
 - (g) the levy and collection of fees from ^B[.....] members, examinees and other persons;

The Chartered Accountants Act, 1949

- (h) the removal of names from the Register and the restoration to the Register of names which have been removed;
- (i) the regulation and maintenance of the status and standard of professional qualifications of ^C[members of this Institute];
- (j) the carrying out, by financial assistance to persons other than members of the Council or in any other manner, of research in accountancy;
- (k) the maintenance of a library and publication of books and periodicals relating to accountancy; and
- (l) the exercise of disciplinary powers conferred by this Act.”

^ASubstituted for the words, “Articled clerks” by the Chartered Accountants (Amendment) Act, 1959.

^BThe words, “chartered accountants, associate,” were deleted by the Chartered Accountants (Amendment) Act, 1959.

^CSubstituted for the words, “chartered accountants” by the Chartered Accountants (Amendment) Act, 1959.

¹⁹ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006 :-

“16. Staff, remuneration and allowances

- (1) For the efficient performance of its duties, the Council may –
 - (a) appoint a Secretary who may also, if so decided by the Council, act as Treasurer;
 - (b) appoint such other officers and servants as it deems necessary;
 - (c) require and take from the Secretary or from any other officer or servant of the Council such security for the due performance of his duties, as the Council considers necessary;
 - (d) fix the salaries, fees, allowances and other conditions of service of the officers and servants of the Council;
 - (e) with the previous sanction of the Central Government, fix the allowances of the President, Vice-President and other members of the Council ^A[and members of its Committees].
- (2) Notwithstanding anything contained in sub-section (1), on the first constitution of the Council the Secretary shall be a person appointed by the Central Government in consultation with the Council, and he shall hold office during the pleasure of the Central Government, but so as not to exceed a period of three years from the date of his appointment.

^B[(3) The Secretary of the Council shall be entitled to participate in the meetings of the Council but shall not be entitled to vote thereat.]”

^{A&B} Inserted by the Chartered Accountants (Amendment) Act, 1959.

²⁰ Substituted for the words, “a Disciplinary Committee” by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006.

²¹ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006 :—

^A[(2) The Council may also form such other committees from amongst its members as it deems necessary for the purpose of carrying out the provisions of this Act, and any committee so formed may, with the sanction of the Council, co-opt such other members of the Institute not exceeding two-thirds of the members of the committee as the committee thinks fit, and any member so co-opted shall be entitled to exercise all the rights of a member of the committee.]

(3) Each of the Standing Committees shall consist of the President and the Vice-President *ex-officio*, and three other members of the Council elected by the Council:

Provided that in the case of the Disciplinary Committee, out of the members to be elected, two shall be elected by the Council, and the third nominated by the Central Government from amongst the persons nominated to the Council by the Central Government.”

^AThis sub-section (2) was earlier substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :—

“(2) The Council may also form such other committees from amongst its members as it deems necessary for the purpose of carrying out the provisions of this Act.”

²² Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006 :—

“(3) The Council shall keep proper accounts of the fund distinguishing capital from revenue.

(4) The annual accounts of the Council shall be subject to audit by a chartered accountant ^A[in practice] to be appointed annually by the Council:

The Chartered Accountants Act, 1949

Provided that no member of the Council or a person who is in partnership with such member shall be eligible for appointment as an auditor under this sub-section.

(5) As soon as may be practicable at the end of each year, but not later than the 30th day of September of the year next following, the Council shall cause to be published in the Gazette of India a copy of the audited accounts and the Report of the Council for that year and copies of the said accounts and Report shall be forwarded to the Central Government and to all the members of the Institute.”

^AInserted by the Chartered Accountants (Amendment) Act, 1959.

CHAPTER - IV

REGISTER OF MEMBERS

19. Register

- (1) The Council shall maintain, in the prescribed manner, a Register of the Members of the Institute.
- (2) The Register shall include the following particulars about every member of the Institute, namely :—
 - (a) his full name, date of birth, domicile, residential and professional address;
 - (b) the date on which his name is entered in the Register;
 - (c) his qualifications;
 - (d) whether he holds a certificate of practice; and
 - (e) any other particulars which may be prescribed.
- ¹[(3) The Council shall cause to be published in such manner as may be prescribed, a list of members of the Institute as on the 1st day of April of each year, and shall, if requested to do so by any such member, send to him a copy of such list ²[on payment of such amount as may be prescribed].]
- ³[(4) Every member of the Institute shall, on his name being entered in the Register, pay such annual membership fee as may be determined, by notification⁴, by the Council, which shall not exceed rupees five thousand:

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.]

⁵[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.]
- ⁶[(3) If the name of any member has been removed from the Register under clause (c) of sub-section (1), on receipt of an application, his name may be entered again in the Register on payment of the arrears of annual fee and entrance fee along with such additional fee, as may be determined, by notification⁷, by the Council which shall not exceed rupees two thousand:

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

¹ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-

“(3) The Council shall cause to be published in the Gazette of India a list of members of the Institute as on the first day of April of each year, and a copy of such list shall be sent to each member of the Institute.”

² Inserted by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006.

³ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006 :-

“(4) Every member of the Institute shall, on his name being entered in the Register, pay such annual membership fee ^A[differing in amount according as he is an associate or a fellow of the Institute] as may be prescribed.”

^AThese words were inserted by the Chartered Accountants (Amendment) Act, 1959.

⁴ For the notification, please see Appendix No. (13).

⁵ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-

"20. Removal from the Register.

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

- (a) from whom a request has been received to that effect; or
- (b) who has not paid any prescribed fee required to be paid by him; or
- (c) 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 who has been found by the High Court to have been guilty of conduct which renders him unfit to be a member of the Institute.”

⁶ Inserted by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006.

⁷ For the notification, please see Appendix No. (14).

CHAPTER - V

MISCONDUCT

¹[21. Disciplinary Directorate

- (1) The Council shall, by notification², establish a Disciplinary Directorate headed by an officer of the Institute designated as Director (Discipline) and such other employees for making investigations in respect of any information or complaint received by it.
- (2) On receipt of any information or complaint along with the prescribed fee, the Director (Discipline) shall arrive at a *prima facie* opinion on the occurrence of the alleged misconduct.
- (3) Where the Director (Discipline) is of the opinion that a member is guilty of any professional or other misconduct mentioned in the First Schedule*, he shall place the matter before the Board of Discipline and where the Director (Discipline) is of the opinion that a member is guilty of any professional or other misconduct mentioned in the Second Schedule** or in both the Schedules, he shall place the matter before the Disciplinary Committee.
- (4) In order to make investigations under the provisions of this Act, the Disciplinary Directorate shall follow such procedure as may be specified³.

* Please see pages 60-64.

** Please see pages 65-67.

- (5) Where a complainant withdraws the complaint, the Director (Discipline) shall place such withdrawal before the Board of Discipline or, as the case may be, the Disciplinary Committee, and the said Board or Committee may, if it is of the view that the circumstances so warrant, permit the withdrawal at any stage.]

⁴21A. Board of Discipline

- (1) The Council shall constitute a Board of Discipline consisting of–
 - (a) a person with experience in law and having knowledge of disciplinary matters and the profession, to be its presiding officer;
 - (b) two members one of whom shall be a member of the Council elected by the Council and the other member shall be nominated by the Central Government from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy;
 - (c) the Director (Discipline) shall function as the Secretary of the Board.
- (2) The Board of Discipline shall follow summary disposal procedure in dealing with all cases before it.
- (3) Where the Board of Discipline is of the opinion that a member is guilty of a professional or other misconduct mentioned in the First Schedule, it shall afford to the member an opportunity of being heard before making any order against him and may thereafter take any one or more of the following actions, namely :–
 - (a) reprimand the member;
 - (b) remove the name of the member from the Register up to a period of three months;

- (c) impose such fine as it may think fit which may extend to rupees one lakh.
- (4) The Director (Discipline) shall submit before the Board of Discipline all information and complaints where he is of the opinion that there is no *prima facie* case and the Board of Discipline may, if it agrees with the opinion of the Director (Discipline), close the matter or in case of disagreement, may advise the Director (Discipline) to further investigate the matter.

21B. Disciplinary Committee

- (1) The Council shall constitute a Disciplinary Committee consisting of the President or the Vice-President of the Council as the Presiding Officer and two members to be elected from amongst the members of the Council and two members to be nominated by the Central Government from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy:

Provided that the Council may constitute more Disciplinary Committees as and when it considers necessary.

- (2) The Disciplinary Committee, while considering the cases placed before it shall follow such procedure as may be specified⁵.
- (3) Where the Disciplinary Committee is of the opinion that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or both the First Schedule* and the Second Schedule**, it shall afford to the member an opportunity of being heard before making any order against him and may thereafter take any one or more of the following actions, namely :—

* Please see pages 60-64.

** Please see pages 65-67.

- (a) reprimand the member;
 - (b) remove the name of the member from the Register permanently or for such period, as it thinks fit;
 - (c) impose such fine as it may think fit, which may extend to rupees five lakhs.
- (4) The allowances payable to the members nominated by the Central Government shall be such as may be specified.

21C. Authority, Disciplinary Committee, Board of Discipline and Director (Discipline) to have powers of civil court

For the purposes of an inquiry under the provisions of this Act, the Authority, the Disciplinary Committee, Board of Discipline and the Director (Discipline) shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908*, in respect of the following matters, namely :-

- (a) summoning and enforcing the attendance of any person and examining him on oath;
- (b) the discovery and production of any document; and
- (c) receiving evidence on affidavit.

Explanation :- For the purposes of Sections 21, 21A, 21B, 21C and 22, “member of the Institute” includes a person who was a member of the Institute on the date of the alleged misconduct although he has ceased to be a member of the Institute at the time of the inquiry.

21D. Transitional provisions

All complaints pending before the Council or any inquiry initiated by the Disciplinary Committee or any reference or appeal

* No.5 of 1908

made to a High Court prior to the commencement of the Chartered Accountants (Amendment) Act, 2006, shall continue to be governed by the provisions of this Act, as if this Act had not been amended by the Chartered Accountants (Amendment) Act, 2006.]

⁶**[22. Professional or other misconduct defined**

For the purposes of this Act, the expression “professional or other misconduct” shall be deemed to include any act or omission provided in any of the Schedules, but nothing in this Section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of Section 21 to inquire into the conduct of any member of the Institute under any other circumstances.]

⁷**[22A. Constitution of Appellate Authority**

- (1) The Central Government shall, by notification, constitute an Appellate Authority consisting of—
 - (a) a person who is or has been a judge of a High Court, to be its Chairperson;
 - (b) two members to be appointed from amongst the persons who have been members of the Council for at least one full term and who is not a sitting member of the Council;
 - (c) two members to be nominated by the Central Government from amongst persons having knowledge and practical experience in the field of law, economics, business, finance or accountancy.
- (2) The Chairperson and other members shall be part-time members.

22B. Term of office of Chairperson and members of Authority

- (1) A person appointed as the Chairperson shall hold office for a term of three years from the date on which he

enters upon his office or until he attains the age of sixty-five years, whichever is earlier.

- (2) A person appointed as a member shall hold office for a term of three years from the date on which he enters upon his office or until he attains the age of sixty-two years, whichever is earlier.

22C. Allowances and conditions of service of Chairperson and members of Authority

The allowances payable to, and other terms and conditions of service of, the Chairperson and members and the manner of meeting expenditure of the Authority by the Council and such other authorities shall be such as may be specified⁸.

22D. Procedure to be regulated by Authority

- (1) The office of the Authority shall be at Delhi.
- (2) The Authority shall regulate its own procedure.
- (3) All orders and decisions of the Authority shall be authenticated by an officer duly authorised by the Chairperson in this behalf.

22E. Officers and other staff of Authority

- (1) The Council shall make available to the Authority such officers and other staff members as may be necessary for the efficient performance of the functions of the Authority.
- (2) The salaries and allowances and conditions of service of the officers and other staff members of the Authority shall be such as may be prescribed.

22F. Resignation and removal of Chairperson and members

- (1) The Chairperson or a member may, by notice in writing under his hand addressed to the Central Government, resign his office:

Provided that the Chairperson or a member shall, unless he is permitted by the Central Government to relinquish his office sooner, continue to hold office until the expiry of three months from the date of receipt of such notice or until a person duly appointed as his successor enters upon his office or until the expiry of term of office, whichever is earlier.

- (2) The Chairperson or a member shall not be removed from his office except by an order of the Central Government on the ground of proved misbehaviour or incapacity after an inquiry made by such person as the Central Government may appoint for this purpose in which the Chairperson or a member concerned has been informed of the charges against him and given a reasonable opportunity of being heard in respect of such charges.

22G. Appeal to Authority

- (1) Any member of the Institute aggrieved by any order of the Board of Discipline or the Disciplinary Committee imposing on him any of the penalties referred to in sub-section (3) of Section 21A and sub-section (3) of Section 21B, may within ninety days from the date on which the order is communicated to him, prefer an appeal to the Authority:

Provided that the Director (Discipline) may also appeal against the decision of the Board of Discipline or the Disciplinary Committee to the Authority, if so authorised by the Council, within ninety days:

Provided further that the Authority may entertain any such appeal after the expiry of the said period of ninety days, if it is satisfied that there was sufficient cause for not filing the appeal in time.

- (2) The Authority may, after calling for the records of any case, revise any order made by the Board of Discipline or the Disciplinary Committee under sub-section (3) of

Section 21A and sub-section (3) of Section 21B and may –

- (a) confirm, modify or set aside the order;
- (b) impose any penalty or set aside, reduce, or enhance the penalty imposed by the order;
- (c) remit the case to the Board of Discipline or Disciplinary Committee for such further enquiry as the Authority considers proper in the circumstances of the case; or
- (d) pass such other order as the Authority thinks fit:

Provided that the Authority shall give an opportunity of being heard to the parties concerned before passing any order.]

¹ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006 :–

^A“21. *Procedure in inquiries relating to misconduct of members of Institute*

- (1) Where on receipt of information by, or of a complaint made to it, the Council is *prima facie* of opinion that any member of the Institute has been guilty of any professional or other misconduct, the Council shall refer the case to the Disciplinary Committee, and the Disciplinary Committee shall thereupon hold such inquiry and in such manner as may be prescribed, and shall report the result of its inquiry to the Council.
- (2) If on receipt of such report the Council finds that the member of the Institute is not guilty of any professional or other misconduct, it shall record its finding accordingly and direct that the proceedings shall be filed or the complaint shall be dismissed, as the case may be.
- (3) If on receipt of such report the Council finds that the member of the Institute is guilty of any professional or other misconduct, it shall record a finding accordingly and shall proceed in the manner laid down in the succeeding sub-sections.
- (4) Where the finding is that a member of the Institute has been guilty of a professional misconduct specified in the First Schedule^{*}, the Council

^{*} Please see pages 67-69.

The Chartered Accountants Act, 1949

shall afford to the member an opportunity of being heard before orders are passed against him on the case, and may thereafter make any of the following orders, namely :—

- (a) reprimand the member;
- (b) remove the name of the member from the Register for such period, not exceeding five years, as the Council thinks fit:

Provided that where it appears to the Council that the case is one in which the name of the member ought to be removed from the Register for a period exceeding five years or permanently, it shall not make any order referred to in clause (a) or clause (b), but shall forward the case to the High Court with its recommendations thereon.

- (5) Where the misconduct in respect of which the Council has found any member of the Institute guilty is misconduct other than any such misconduct as is referred to in sub-section (4), it shall forward the case to the High Court with its recommendations thereon.
- (6) On receipt of any case under sub-section (4) or sub-section (5), the High Court shall fix a date for the hearing of the case and shall cause notice of the date so fixed to be given to the member of the Institute concerned, the Council and to the Central Government, and shall afford such member, the Council and the Central Government an opportunity of being heard, and may thereafter make any of the following orders, namely :—
 - (a) direct that the proceedings be filed, or dismiss the complaint, as the case may be;
 - (b) reprimand the member;
 - (c) remove him from membership of the Institute either permanently or for such period as the High Court thinks fit;
 - (d) refer the case to the Council for further inquiry and report.
- (7) Where it appears to the High Court that the transfer of any case pending before it to another High Court will promote the ends of justice or tend to the general convenience of the parties, it may so transfer the case, subject to such conditions, if any, as it thinks fit to impose, and the High Court to which such case is transferred shall deal with it as if the case had been forwarded to it by the Council.

Explanation 1 :— In this Section “High Court” means the highest civil court of appeal, not including the Supreme Court, exercising jurisdiction in the area in which the person whose conduct is being inquired into carries on business, or has his principal place of business at the commencement of the inquiry:

Provided that where the cases relating to two or more members of the Institute have to be forwarded by the Council to different High Courts, the Central Government shall, having regard to the ends of justice and the general convenience of the parties, determine which of the High Courts to the exclusion of others shall hear the cases against all the members.

Explanation II :- For the purposes of this Section “member of the Institute” includes a person who was a member of the Institute on the date of the alleged misconduct although he has ceased to be a member of the Institute at the time of the inquiry.

- (8) For the purposes of any inquiry under this Section, the Council and the Disciplinary Committee shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, in respect of the following matters, namely :-
- (a) summoning and enforcing the attendance of any person and examining him on oath;
 - (b) the discovery and production of any document; and
 - (c) receiving evidence on affidavit.”

^AThis Section was earlier substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-

“21. *Procedure in inquiries relating to misconduct of members of the Institute* –

- (1) Where on receipt of information or on receipt of a complaint made to it, the Council is of opinion that any member of the Institute has been guilty of conduct which, if proved, will render him unfit to be a member of the Institute or where a complaint against a member of the Institute has been made by or on behalf of the Central Government, the Council shall cause an inquiry to be held in such manner as may be prescribed, and the findings of the Council shall be forwarded to the High Court.
- (2) On receipt of the finding, the High Court shall fix a date for the hearing of the case and shall cause notice of the day so fixed to be given to the member of the Institute concerned, the Council and to the Central Government, and shall afford such member, the Council and the Central Government an opportunity of being heard before orders are passed on the case.
- (3) The High Court may, thereafter, either pass such final orders on the case as it thinks fit or refer it back for further inquiry by the Council and upon receipt of the finding after such inquiry, deal with the case in the manner provided in sub-section (2) and pass final orders thereon.

The Chartered Accountants Act, 1949

- (4) Where it appears to the High Court that the transfer of any case, pending before it to another High Court will promote the ends of justice, or tend to the general convenience of the parties, it may so transfer the case, subject to such conditions, if any, as it thinks fit to impose, and the High Court, to which such case is transferred, shall deal with it as if the finding of the Council relating to case had been forwarded to it.

Explanation :- In this Section, 'High Court' means the highest civil court of appeal, not including the Federal Court, to which the Council forwards its finding, exercising jurisdiction in the area in which the person whose conduct is being inquired into carries on business, or has his principal place of business at the commencement of the inquiry:

Provided that where the findings of the Council relating to two or more members of the Institute have to be forwarded by the Council to different High Courts, the Central Government shall, having regard to the ends of justice and the general convenience of the parties, determine which of the High Courts, to the exclusion of the others, shall hear the cases against all the members.

² For the notification, please see Appendix No. (15).

^{3&5} Rules made by the Central Government, called 'The Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007' have been published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) dated 28th February, 2007 and have come into force from that date.

⁴ Inserted by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006.

⁶ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006 :-

^A22. Professional misconduct defined

For the purposes of this Act, the expression "professional misconduct" shall be deemed to include any act or omission specified in any of the Schedules, but nothing in this Section shall be construed to limit or abridge in any way the power conferred or duty cast on the Council under sub-section (1) of Section 21 to inquire into the conduct of any member of the Institute under any other circumstances."

^AThis Section was earlier substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-

"22. Misconduct defined

For the purpose of this Act, the expression, "conduct which, if proved, will render a person unfit to be a member of the Institute" shall be deemed to

include any act or omission specified in the Schedule, but nothing in this Section shall be construed to limit or abridge in any way the power conferred on the Council under sub-section (1) of Section 21 to inquire into the conduct of any member of the Institute under any other circumstances.”

- 7 Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006, and came into force w.e.f. 17th November, 2006 :—

^A“22A. Appeals

(1) Any member of the Institute aggrieved by any order of the Council imposing on him any of the penalties referred to in sub-section (4) of Section 21, may within thirty days of the date on which the order is communicated to him, prefer an appeal to the High Court:

Provided that the High Court may entertain any such appeal after the expiry of the said period of thirty days, if it is satisfied that the member was prevented by sufficient cause from filing the appeal in time.

(2) The High Court may, on its own motion or otherwise, after calling for the records of any case, revise any order made by the Council under sub-section (2) or sub-section (4) of Section 21 and may—

- (a) confirm, modify or set aside the order;
- (b) impose any penalty or set aside, reduce, confirm, or enhance the penalty imposed by the order;
- (c) remit the case to the Council for such further inquiry as the High Court considers proper in the circumstances of the case; or
- (d) pass such other order as the High Court thinks fit:

Provided that no order of the Council shall be modified or set aside unless the Council has been given an opportunity of being heard and no order imposing or enhancing a penalty shall be passed unless the person concerned has also been given an opportunity of being heard.

Explanation :— In this Section “High Court” and “member of the Institute” have the same meanings as in Section 21.”

^AThis Section was inserted by the Chartered Accountants (Amendment) Act, 1959.

- 8 Rules made by the Central Government, called ‘The Appellate Authority (Allowances payable to, and other terms and conditions of service of Chairperson and members and the manner of meeting expenditure of the Authority) Rules, 2006 have been published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) dated 17th November, 2006 and have come into force from that date.

CHAPTER - VI

REGIONAL COUNCILS

23. Constitution and functions of Regional Councils

- (1) ¹[For the purpose of advising and assisting it on matters concerning its functions, the Council may constitute such Regional Councils] as and when it deems fit for one or more of the regional constituencies that may be specified² by the Central Government under clause (a) of sub-section (2) of Section 9.
- (2) The Regional Councils shall be constituted in such manner and exercise such functions as may be prescribed.

¹ Substituted, for the words, "The Council may constitute such Regional Councils" by the Chartered Accountants (Amendment) Act, 1959.

² For the notification, please see Appendix No. (12).

CHAPTER - VII

PENALTIES

24. Penalty for falsely claiming to be a member, etc.

Any person who –

- (i) not being a member of the Institute –
 - (a) represents that he is a member of the Institute;
or
 - (b) uses the designation Chartered Accountant; or
- (ii) being a member of the Institute, but not having a certificate of practice, represents that he is in practice or practises as a chartered accountant, shall be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months or with fine which may extend to five thousand rupees, or with both.

¹[24A. Penalty for using name of the Council, awarding degree of chartered accountancy, etc.

- (1) Save as otherwise provided in this Act, no person shall–
 - (i) use a name or the common seal which is identical with the name or the common seal of the Institute or so nearly resembles it as to deceive or as is likely to deceive the public;

- (ii) award any degree, diploma or certificate or bestow any designation which indicates or purports to indicate the position or attainment of any qualification or competence similar to that of a member of the Institute; or
 - (iii) seek to regulate in any manner whatsoever the profession of chartered accountants.
- (2) Any person contravening the provisions of sub-section (1) shall, without prejudice to any other proceedings which may be taken against him, be punishable with fine which may extend on first conviction to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months, or with fine which may extend to five thousand rupees, or with both.

²[(3)]]

25. Companies not to engage in accountancy

- (1) No company, whether incorporated in India or elsewhere, shall practise as chartered accountants.
- (2) If any company contravenes the provisions of sub-section (1), then, without prejudice to any other proceedings which may be taken against the company, every director, manager, secretary and any other officer thereof who is knowingly a party to such contravention shall be punishable with fine which may extend on first conviction to one thousand rupees, and on any subsequent conviction to five thousand rupees.

26. Unqualified persons not to sign documents

- (1) No person other than a member of the Institute shall sign any document on behalf of a ³[chartered accountant in practice or a firm of such chartered accountants] in his or its professional capacity.

- ⁴[(2) Any person who contravenes the provisions of sub-section (1) shall, without prejudice to any other proceedings, which may be taken against him, be punishable on first conviction with a fine not less than five thousand rupees but which may extend to one lakh rupees, and in the event of a second or subsequent conviction with imprisonment for a term which may extend to one year or with fine not less than ten thousand rupees but which may extend to two lakh rupees or with both.]

27. Maintenance of branch offices

- (1) Where a ⁵[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 ⁶[chartered accountant in practice or a firm of such chartered accountants] from the operation of this sub-section.⁷

- (2) Every ⁸[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.

28. Sanction to prosecute

No person shall be prosecuted under this Act except on a complaint made by or under the order of the Council or of the Central Government.

¹ Inserted by the Chartered Accountants (Amendment) Act, 1959.

² The following sub-section (3) omitted by the Chartered Accountants (Amendment) Act, 2006 w.e.f. 8th August, 2006 :-

“(3) Nothing contained in this Section shall apply to any University established by law or to any body affiliated to the Institute.”

The Chartered Accountants Act, 1949

^{3,5,6 & 8} Substituted for the words, "chartered accountant or a firm of chartered accountants" by the Chartered Accountants (Amendment) Act, 1959.

⁴ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006 :-

"(2) Any person contravening the provisions of sub-section (1) shall, without prejudice to any other proceedings, which may be taken against him, be punishable with fine which may extend on first conviction to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months or with fine which may extend to five thousand rupees or with both."

⁷ For the Resolutions passed by the Council, please see Appendix No. (16).

¹[CHAPTER - VIIA

QUALITY REVIEW BOARD

28A. Establishment of Quality Review Board

- (1) The Central Government shall, by notification, constitute a Quality Review Board consisting of a Chairperson and ten other members.
- (2) The Chairperson and members of the Board shall be appointed from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy.
- (3) Five members of the Board shall be nominated by the Council and other five members shall be nominated by the Central Government.

28B. Functions of Board

The Board shall perform the following functions, namely :-

- (a) to make recommendations to the Council with regard to the quality of services provided by the members of the Institute;
- (b) to review the quality of services provided by the members of the Institute including audit services; and
- (c) to guide the members of the Institute to improve the quality of services and adherence to the various statutory and other regulatory requirements.

28C. Procedure of Board

The Board shall meet at such time and place and follow in its meetings such procedure as may be specified².

28D. Terms and conditions of services of Chairperson and members of Board and its expenditure

- (1) The terms and conditions of service of the Chairperson and the members of the Board, and their allowances shall be such as may be specified³.
- (2) The expenditure of the Board shall be borne by the Council.]

¹ Inserted by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006.

^{2&3} Rules made by the Central Government, called 'The Chartered Accountants (Procedures of Meetings of Quality Review Board, and Terms and Conditions of Service and allowances of the Chairperson and members of the Board) Rules, 2006' have been published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) dated 5th December, 2006 and have come into force from that date.

CHAPTER - VIII

MISCELLANEOUS

29. Reciprocity

- (1) Where any country, specified by the Central Government in this behalf by notification in the Official Gazette, prevents persons of Indian domicile from becoming members of any institution similar to the Institute of Chartered Accountants of India or from practising the profession of accountancy or subjects them to unfair discrimination in that country, no subject of any such country shall be entitled to become a member of the Institute or practise the profession of accountancy in India.
- (2) Subject to the provisions of sub-section (1), the Council may prescribe the conditions, if any, subject to which foreign qualifications relating to accountancy shall be recognised for the purposes of entry in the Register.

¹[29A. Power of Central Government to make rules

- (1) The Central Government may, by notification, make rules to carry out the provisions of this Act.
- (2) In particular, and without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters, namely :—
 - (a) the manner of election² and nomination³ in respect of members to the Council under sub-section (2) of Section 9;

- (b) the terms and conditions of service of the Presiding Officer and Members of the Tribunal, place of meetings and allowances to be paid to them under sub-section (3) of Section 10B⁴;
- (c) the procedure of investigation under sub-section (4) of Section 21⁵;
- (d) the procedure while considering the cases by the Disciplinary Committee under sub-section (2), and the fixation of allowances of the nominated members under sub-section (4) of Section 21B⁶;
- (e) the allowances and terms and conditions of service of the Chairperson and members of the Authority and the manner of meeting expenditure by the Council under Section 22C⁷;
- (f) the procedure to be followed by the Board in its meetings under Section 28C⁸; and
- (g) the terms and conditions of service of the Chairperson and members of the Board under sub-section (1) of Section 28D⁹.]

30. Power to make regulations

- (1) The Council may, by notification in the “Gazette of India”, make regulations for the purpose of carrying out the objects of this Act. ¹⁰[.....]
- (2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters :—
 - (a) the standard and conduct of examinations under this Act;
 - (b) the qualifications for the entry of the name of any person in the Register as a member of the Institute;

- (c) the conditions under which any examination or training may be treated as equivalent to the examination and training prescribed for members of the Institute;
- (d) the conditions under which any foreign qualification may be recognised;
- (e) the manner in which and the conditions subject to which applications for entry in the Register may be made;
- (f) the fees payable for membership of the Institute and the annual fees payable by associates and fellows of the Institute in respect of their certificates;
- (g) the manner in which elections to ¹¹[.....] the Regional Councils may be held;
- (h) the particulars to be entered in the Register;
- (i) the functions of Regional Councils;
- ¹²[(j) the training of articled and audit ¹³[assistants], the fixation of limits within which premia may be charged from articled ¹⁴[assistants] and the cancellation of articles and termination of audit service for misconduct or for any other sufficient cause;]
- (k) the regulation and maintenance of the status and standard of professional qualifications of members of the Institute;
- (l) the carrying out of research in accountancy;
- (m) the maintenance of a library and publication of books and periodicals on accountancy;
- (n) the management of the property of the Council and the maintenance and audit of its accounts;

- (o) the summoning and holding of meetings of the Council, the times and places of such meetings, the conduct of business thereat and the number of members necessary to form a quorum;
- (p) the powers, duties and functions of the President and the Vice-President of the Council;
- (q) the functions of the Standing and other Committees and the conditions subject to which such functions shall be discharged;
- (r) the terms of office, and the powers, duties and functions of the Secretary and other officers and servants of the Council; ¹⁵[and]

¹⁶[(s)]

- (t) any other matter which is required to be or may be prescribed under this Act.
- (3) All regulations made by the Council under this Act shall be subject to the condition of previous publication and to the approval of the Central Government.
 - (4) Notwithstanding anything contained in sub-sections (1) and (2) the Central Government may frame the first regulations¹⁷ for the purposes mentioned in this Section, and such regulations shall be deemed to have been made by the Council, and shall remain in force from the date of the coming into force of this Act, until they are amended, altered or revoked by the Council.

¹⁸**[30A. Powers of Central Government to direct regulations to be made or to make or amend regulations**

- (1) Where the Central Government considers it expedient so to do, it may, by order in writing, direct the Council to make any regulations or to amend or revoke any regulations already made within such period as it may specify in this behalf.

- (2) If the Council fails or neglects to comply with such order within the specified period, the Central Government may make the regulations or amend or revoke the regulations made by the Council, as the case may be, either in the form specified in the order or with such modifications thereof as the Central Government thinks fit.]

¹⁹**[30B. Rules, regulations and notifications to be laid before Parliament**

Every rule and every regulation made and every notification issued under this Act shall be laid, as soon as may be after it is made or issued, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule, regulation or notification, or both Houses agree that the rule, regulation or notification should not be made or issued, the rule, regulation or notification, shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule, regulation or notification.]

²⁰**[30C. Power of Central Government to issue directions**

- (1) In the event of non-compliance by the Council of any provisions of this Act, the Central Government may give to the Council such general or special directions as it considers necessary to ensure compliance and the Council shall, in the discharge of its functions under this Act, comply with such directions.
- (2) If, in the opinion of the Central Government, the Council has persistently made default in giving effect to the directions issued under sub-section (1), it may, after giving an opportunity of being heard

to the Council, by notification, dissolve the Council, whereafter a new Council shall be constituted in accordance with the provisions of this Act with effect from such date as may be decided by the Central Government:

Provided that the Central Government shall ensure constitution of a new Council in accordance with the provisions of this Act within a period of one year from the date of its dissolution.

- (3) Where the Central Government has issued a notification under sub-section (2) dissolving the Council, it shall, pending the constitution of a new Council in accordance with the provisions of this Act, nominate any person or body of persons not exceeding five members to manage the affairs and discharge all or any of the functions of the Council under this Act.

30D. Protection of action taken in good faith

No suit, prosecution or other legal proceeding shall lie against the Central Government or the Council or the Authority or the Disciplinary Committee or the Tribunal or the Board or the Board of Discipline or the Disciplinary Directorate or any officer of that Government, Council, Authority, Disciplinary Committee, Tribunal, Board, Board of Discipline or the Disciplinary Directorate, for anything which is in good faith done or intended to be done under this Act or any rule, regulation, notification, direction or order made thereunder.

30E. Members, etc., to be public servants

The Chairperson, Presiding Officer, members and other officers and employees of the Authority, Disciplinary Committee, Tribunal, Board, Board of Discipline or the Disciplinary Directorate shall be deemed to be public servants within the meaning of Section 21 of the Indian Penal Code.*]

* No. 45 of 1860

²¹**[31. Construction of references**

Any reference to a chartered accountant or a registered accountant or a certified or qualified auditor in any other law or in any document whatsoever shall be construed as a reference to a chartered accountant in practice within the meaning of this Act.]

32. Act not to affect right of accountants to practise as such in Acceding States

Nothing contained in this Act shall affect the right of any person who, at the commencement of this Act, is entitled to engage himself in the practice of accountancy in any ²²[Part B State] under any law in force in that State, to continue to engage himself in the practice of accountancy in that State after the commencement of this Act.

33. ²³[Repealed]

^{1&15} Inserted by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006.

² Rules made by the Central Government, called 'The Chartered Accountants (Election to the Council) Rules, 2006' have been published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) dated 5th September, 2006 and have come into force from that date.

³ Rules made by the Central Government, called 'The Chartered Accountants (Nomination of Members to the Council) Rules, 2006' have been published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) dated 19th August, 2006 and have come into force from that date.

⁴ Rules made by the Central Government, called 'The Chartered Accountants (Election Tribunal) Rules, 2006' have been published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) dated 17th November, 2006 and have come into force from that date.

^{5&6} Rules made by the Central Government, called 'The Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007' have been published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) dated 28th February, 2007 and have come into force from that date.

⁷ Rules made by the Central Government, called 'The Appellate Authority (Allowances payable to, and other terms and conditions of service of Chairperson and members and the manner of meeting expenditure of the Authority) Rules, 2006' have been published in the Gazette of India,

The Chartered Accountants Act, 1949

Extraordinary, Part II, Section 3, sub-section (i) dated 17th November, 2006 and have come into force from that date.

^{8&9} Rules made by the Central Government, called 'The Chartered Accountants (Procedures of Meetings of Quality Review Board, and Terms and Conditions of Service and allowances of the Chairperson and members of the Board) Rules, 2006' have been published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) dated 5th December, 2006 and have come into force from that date.

¹⁰ The words, "and a copy of such regulations shall be sent to each member of the Institute" omitted by the Chartered Accountants (Amendment) Act, 2006 w.e.f. 8th August, 2006.

¹¹ The words, "the Council and" omitted by the Chartered Accountants (Amendment) Act, 2006 w.e.f. 8th August, 2006.

¹² Substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-

"(j) The training of articled clerks and the fixation of limits within which premia may be charged from such clerks and the cancellation of articles for misconduct or for any other sufficient cause."

^{13&14} Substituted, for the word, "clerks" by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006.

¹⁶ The following clause omitted by the Chartered Accountants (Amendment) Act, 2006 w.e.f. 8th August, 2006 :-

"(s) the exercise of disciplinary powers conferred by this Act; and"

¹⁷ The Regulations framed by the Central Government by Notification No. 10-A(6)/49 dated 25th June, 1949 were published in the Gazette of India of the same date.

¹⁸ Inserted by the Chartered Accountants (Amendment) Act, 1959.

¹⁹ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006 :-

"*30B. Laying of regulations

Every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation, or both Houses agree that the regulation should not be made, the regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under the regulation."

*Inserted by "The Delegated Legislation Provisions (Amendment) Act, 1983 (No. 20 of 1983) w.e.f. 30th August, 1983.

- ²⁰ Inserted by the Chartered Accountants (Amendment) Act, 2006. Whereas Section 30C came into force w.e.f. 8th August, 2006, Sections 30D and 30E came into force w.e.f. 17th November, 2006.
- ²¹ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 1959 :-
- “31. References to registered accountants, etc. to be construed as references to chartered accountants*
- Any reference to a registered accountant or a certified or qualified auditor in any other law for the time being in force or in any document whatsoever shall be construed as a reference to a chartered accountant as defined in this Act.”
- ²² Substituted, for the words, “Acceding State” by Part B State (Laws) Act, 1951 (III of 1951) published in Part II Section I of the Gazette of India Extraordinary dated 23rd February, 1951.
- ²³ The following Section 33 was repealed by the Repealing and Amending Act, 1952 (No. XLVIII of 1952) - Gazette of India Extraordinary dated 2nd August, 1952:
- “33. Amendment of Section 144, Indian Companies Act, 1913*
- In Section 144 of the Indian Companies Act, 1913 (VII of 1913), for sub-sections (1), (2), (2A), and (2B), the following sub-section shall be substituted, namely :-
- “(1) No person shall be appointed to act as an auditor of any company other than a private company, not being the subsidiary company of a public company, unless he is a chartered accountant within the meaning of the Chartered Accountants Act, 1949:
- Provided that a firm whereof all the partners practising in India are chartered accountants may be appointed by its firm name to be auditor of a company and may act in its firm name.
- ^A(2) Notwithstanding anything contained in sub-section (1) but subject to the provisions of rules made under sub-section (2A), the holder of a certificate granted under a law in force in the whole or any portion of a Part B State immediately before the commencement of the Part B States (Laws) Act, 1951 entitling him to act as an auditor of companies in that State or any portion thereof shall be entitled to be appointed to act as an auditor of companies registered anywhere in the State.
- (2A) The Central Government may, by notification in the Official Gazette, make rules providing for the grant, renewal, suspension or cancellation of auditors' certificates to persons in Part B States for the purposes of sub-section (2), and prescribing conditions and restrictions for such grant, renewal, suspension or cancellation.”
- ^AInserted by Part B States (Laws) Act, 1951 (III of 1951) Gazette of India Extraordinary dated 23rd February, 1951.

¹[THE FIRST SCHEDULE

[See Sections 21(3), 21A(3) and 22]

PART I : Professional misconduct in relation to chartered accountants in practice

A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he –

- (1) allows any person to practice in his name as a chartered accountant unless such person is also a chartered accountant in practice and is in partnership with or employed by him;
- (2) pays or allows or agrees to pay or allow, directly or indirectly, any share, commission or brokerage in the fees or profits of his professional business, to any person other than a member of the Institute or a partner or a retired partner or the legal representative of a deceased partner, or a member of any other professional body or with such other persons having such qualifications as may be prescribed, for the purpose of rendering such professional services from time to time in or outside India.

Explanation :- In this item, “partner” includes a person residing outside India with whom a chartered accountant in practice has entered into partnership which is not in contravention of item (4) of this Part;

- (3) accepts or agrees to accept any part of the profits of the professional work of a person who is not a member of the Institute:

Provided that nothing herein contained shall be construed as prohibiting a member from entering into profit sharing or other similar arrangements, including receiving any share commission or brokerage in the fees, with a member of such professional body or other person having qualifications, as is referred to in item (2) of this Part;

- (4) enters into partnership, in or outside India, with any person other than a chartered accountant in practice or such other person who is a member of any other professional body having such qualifications as may be prescribed, including a resident who but for his residence abroad would be entitled to be registered as a member under clause (v) of sub-section (1) of Section 4 or whose qualifications are recognised by the Central Government or the Council for the purpose of permitting such partnerships;
- (5) secures, either through the services of a person who is not an employee of such chartered accountant or who is not his partner or by means which are not open to a chartered accountant, any professional business:

Provided that nothing herein contained shall be construed as prohibiting any arrangement permitted in terms of items (2), (3) and (4) of this Part;

- (6) solicits clients or professional work either directly or indirectly by circular, advertisement, personal communication or interview or by any other means:

Provided that nothing herein contained shall be construed as preventing or prohibiting–

- (i) any chartered accountant from applying or requesting for or inviting or securing professional work from another chartered accountant in practice; or

- (ii) a member from responding to tenders or enquiries issued by various users of professional services or organisations from time to time and securing professional work as a consequence;
- (7) advertises his professional attainments or services, or 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:

Provided that 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 guidelines² as may be issued by the Council;
- (8) accepts a position as auditor previously held by another chartered accountant or a certified auditor who has been issued certificate under the Restricted Certificate Rules, 1932 without first communicating with him in writing;
- (9) accepts an appointment as auditor of a company without first ascertaining from it whether the requirements of Section 225 of the Companies Act, 1956* in respect of such appointment have been duly complied with;
- (10) charges or offers to charge, accepts or offers to accept in respect of any professional employment, fees which are based on a percentage of profits or which are contingent upon the findings, or results of such employment, except as permitted under any regulation made under this Act;

* No. 1 of 1956

- (11) engages in any business or occupation other than the profession of chartered accountant unless permitted by the Council so to engage:

Provided that nothing contained herein shall disentitle a chartered accountant from being a director of a company (not being a managing director or a whole time director) unless he or any of his partners is interested in such company as an auditor;

- (12) allows a person not being a member of the Institute in practice, or a member not being his partner to sign on his behalf or on behalf of his firm, any balance-sheet, profit and loss account, report or financial statements.

PART II : Professional misconduct in relation to members of the Institute in service

A member of the Institute (other than a member in practice) shall be deemed to be guilty of professional misconduct, if he being an employee of any company, firm or person—

- (1) pays or allows or agrees to pay directly or indirectly to any person any share in the emoluments of the employment undertaken by him;
- (2) accepts or agrees to accept any part of fees, profits or gains from a lawyer, a chartered accountant or broker engaged by such company, firm or person or agent or customer of such company, firm or person by way of commission or gratification.

PART III : Professional misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he—

- (1) not being a fellow of the Institute, acts as a fellow of the Institute;

- (2) does not supply the information called for, or does not comply with the requirements asked for, by the Institute, Council or any of its Committees, Director (Discipline), Board of Discipline, Disciplinary Committee, Quality Review Board or the Appellate Authority;
- (3) while inviting professional work from another chartered accountant or while responding to tenders or enquiries or while advertising through a write up, or anything as provided for in items (6) and (7) of Part I of this Schedule, gives information knowing it to be false.

PART IV: Other misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he—

- (1) is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term not exceeding six months;
- (2) in the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work.

THE SECOND SCHEDULE

[See Sections 21(3), 21B(3) and 22]

PART I : Professional misconduct in relation to chartered accountants in practice

A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he—

- (1) discloses information acquired in the course of his professional engagement to any person other than his client so engaging him, without the consent of his client or otherwise than as required by any law for the time being in force;
- (2) certifies or submits in his name, or in the name of his firm, a report of an examination of financial statements unless the examination of such statements and the related records has been made by him or by a partner or an employee in his firm or by another chartered accountant in practice;
- (3) permits his name or the name of his firm to be used in connection with an estimate of earnings contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast;
- (4) expresses his opinion on financial statements of any business or enterprise in which he, his firm, or a partner in his firm has a substantial interest;
- (5) fails to disclose a material fact known to him which is not disclosed in a financial statement, but disclosure of which is necessary in making such financial statement where he is concerned with that financial statement in a professional capacity;

- (6) fails to report a material misstatement known to him to appear in a financial statement with which he is concerned in a professional capacity;
- (7) does not exercise due diligence, or is grossly negligent in the conduct of his professional duties;
- (8) fails to obtain sufficient information which is necessary for expression of an opinion or its exceptions are sufficiently material to negate the expression of an opinion;
- (9) fails to invite attention to any material departure from the generally accepted procedure of audit applicable to the circumstances;
- (10) fails to keep moneys of his client other than fees or remuneration or money meant to be expended in a separate banking account or to use such moneys for purposes for which they are intended within a reasonable time.

PART II: Professional misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he—

- (1) contravenes any of the provisions of this Act or the regulations made thereunder or any guidelines³ issued by the Council;
- (2) being an employee of any company, firm or person, discloses confidential information acquired in the course of his employment except as and when required by any law for the time being in force or except as permitted by the employer;
- (3) includes in any information, statement, return or form to be submitted to the Institute, Council or any of its Committees, Director (Discipline), Board of Discipline, Disciplinary Committee, Quality Review Board or the

Appellate Authority any particulars knowing them to be false;

- (4) defalcates or embezzles moneys received in his professional capacity.

PART III : Other misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term exceeding six months.]

¹ Substituted, for the following, by the Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 17th November, 2006 :-

^A [THE FIRST SCHEDULE
(See Sections 21(4) and 22)]

PART I: Professional misconduct in relation to chartered accountants in practice

A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he—

- (1) allows any person to practise in his name as a chartered accountant unless such person is also a chartered accountant in practice and is in partnership with or employed by himself;
- (2) pays or allows or agrees to pay or allow, directly or indirectly, any share, commission or brokerage in the fees or profits of his professional business, to any person other than a member of the Institute or a partner or a retired partner or the legal representative of a deceased partner;

Explanation :- In this item “partner” includes a person residing outside India with whom a chartered accountant in practice has entered into partnership which is not in contravention of item (4) of this Part.

- (3) accepts or agrees to accept any part of the profits of the professional work of a lawyer, auctioneer, broker, or other agent who is not a member of the Institute;
- (4) enters into partnership with any person other than a chartered accountant in practice or a person resident without India who but for his residence abroad would be entitled to be registered as a member under clause (v) of sub-section (1) of Section 4 or whose qualifications are recognised by the Central Government or the Council^B for the

The Chartered Accountants Act, 1949

purpose of permitting such partnerships, provided that the chartered accountant shares in the fees or profits of the business of the partnership both within and without India;

- (5) secures, either through the services of a person not qualified to be his partner or by means which are not open to a chartered accountant, any professional business;
- (6) solicits clients or professional work either directly or indirectly by circular, advertisement, personal communication or interview or by any other means;
- (7) advertises his professional attainments or services, or 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 or of any other institution that has been recognised by the Central Government or may be recognised by the Council;
- (8) accepts a position as auditor previously held by another chartered accountant or a ^Crestricted state auditor without first communicating with him in writing;
- (9) accepts an appointment as auditor of a company without first ascertaining from it whether the requirements of Section 225 of the Companies Act, 1956, in respect of such appointment have been duly complied with;
- (10) charges or offers to charge, accepts or offers to accept in respect of any professional employment fees which are based on a percentage of profits or which are contingent upon the findings, or results of such employment, except in cases which are permitted under any regulations made under this Act;
- (11) engages in any business or occupation other than the profession of chartered accountants unless permitted by the Council so to engage:

Provided that nothing contained herein shall disentitle a chartered accountant from being a director of a company, unless he or any of his partners is interested in such company as an auditor;
- (12) accepts a position as auditor previously held by some other chartered accountant or a ^Crestricted state auditor in such conditions as to constitute undercutting;
- (13) allows a person not being a member of the Institute or a member not being his partner to sign on his behalf or on behalf of his firm, any balance-sheet, profit and loss account, report or financial statements.

PART II: Professional misconduct in relation to members of the Institute in service

A member of the Institute (other than a member in practice) shall be deemed to be guilty of professional misconduct, if he being an employee of any company, firm or person—

- (a) pays or allows or agrees to pay directly or indirectly to any person any share in the emoluments of the employment undertaken by the member;
- (b) accepts or agrees to accept any part of fees, profits or gains from a lawyer, a chartered accountant or broker engaged by such company, firm or person or agent or customer of such company, firm or person by way of commission or gratification;
- (c) discloses confidential information acquired in the course of his employment except as and when required by law or except as permitted by the employer.

PART III : Professional misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he—

- (1) includes in any statement, return or form to be submitted to the Council any particulars knowing them to be false;
- (2) not being a fellow styles himself as a fellow;
- (3) does not supply the information called for, or does not comply with the requirements asked for, by the Council or any of its Committees.^D

THE SECOND SCHEDULE

(See Sections 21(5) and 22)

PART I: Professional misconduct in relation to chartered accountants in practice requiring action by a High Court

A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he—

- (1) discloses information acquired in the course of his professional engagement to any person other than his client, without the consent of his client or otherwise than as required by any law for the time being in force;
- (2) certifies or submits in his name or in the name of his firm a report of an examination of financial statements unless the examination of such statements and the related records has been made by him or by a partner or an employee in his firm or by another chartered accountant in practice;

The Chartered Accountants Act, 1949

- (3) permits his name or the name of his firm to be used in connection with an estimate of earnings contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast;
- (4) expresses his opinion on financial statements of any business or any enterprise in which he, his firm or a partner in his firm has a substantial interest, unless he discloses the interest also in his report;
- (5) fails to disclose a material fact known to him which is not disclosed in a financial statement, but disclosure of which is necessary to make the financial statement not misleading;
- (6) fails to report a material mis-statement known to him to appear in a financial statement with which he is concerned in a professional capacity;
- (7) is grossly negligent in the conduct of his professional duties;
- (8) fails to obtain sufficient information to warrant the expression of an opinion or his exceptions are sufficiently material to negate the expression of an opinion;
- (9) fails to invite attention to any material departure from the generally accepted procedure of audit applicable to the circumstances;
- (10) fails to keep moneys of his client in a separate banking account or to use such moneys for purposes for which they are intended.

PART II: Professional misconduct in relation to members of the Institute generally requiring action by a High Court

A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he—

- (i) contravenes any of the provisions of this Act or the regulations made thereunder;
- (ii) is guilty of such other act or omission as may be ^Especified by the Council in this behalf, by notification in the Gazette of India.”

^AThese Schedules were earlier substituted, for the following Schedule, by the Chartered Accountants (Amendment) Act, 1959 :—

**“SCHEDULE
(See Section 22)**

A chartered accountant shall be deemed to be guilty of misconduct rendering him unfit to be a member of the Institute, if he—

- (a) allows any person to practise in his name as a chartered accountant unless such person is also a chartered accountant and is in partnership with or employed by himself;

- (b) pays or allows or agrees to pay or allow, directly or indirectly, to any person other than a member of the Institute or a retired partner or a nominee or the legal representative of such partner, any share, commission or brokerage in the fees or profits of his professional services;
- (c) accepts or agrees to accept any part of the profits of the professional work of a lawyer, auctioneer, broker or other agent who is not a member of the Institute;
- (d) enters into partnership with any person other than a chartered accountant or secures, either through the services of a person not qualified to be a chartered accountant or by means which are not open to a chartered accountant, any professional business;
- (e) solicits clients or professional work either directly or indirectly, by circular, advertisement, personal communication or interview or by any other means;
- (f) advertises his professional attainments or services, or 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;
- (g) discloses information acquired in the course of his professional engagement to any person other than his client, without the consent of his client, or otherwise than as required by any law for the time being in force;
- (h) accepts a position as auditor previously held by another chartered accountant without first communicating with him in writing;
- (i) accepts an appointment as auditor of a company without first ascertaining from it whether the requirements of Section 144 of the Indian Companies Act, 1913 (VII of 1913) as respects the appointment of auditors or, if the company is registered in an Acceding State, the provisions of any similar law for the time being in force in that State, have been duly complied with;
- (j) certifies or submits in his name or in the name of his firm a report of an examination of financial statements unless the examination of such statements and the related records has been made by him or by a partner or an employee in his firm or by another chartered accountant;
- (k) permits his name or the name of his firm to be used in connection with an estimate of earnings contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast;

- (l) expresses his opinion on financial statements of any business or any enterprise in which he, his firm or a partner in his firm has a substantial interest, unless he discloses the interest also in his report;
- (m) charges in respect of any professional employment fees which are based on a percentage of profits or which are contingent on results;
- (n) engages in any business or occupation other than the profession of chartered accountants unless permitted by the Council so to engage:

Provided that nothing contained herein shall disentitle a chartered accountant from being a director of a company, unless he or any of his partners is interested in such company as an auditor;
- (o) fails to disclose a material fact known to him which is not disclosed in a financial statement, but disclosure of which is necessary to make the financial statement not misleading;
- (p) fails to report a material mis-statement known to him to appear in a financial statement with which he is concerned in a professional capacity;
- (q) is grossly negligent in the conduct of his professional duties;
- (r) fails to obtain sufficient information to warrant the expression of an opinion or his exceptions are sufficiently material to negate the expression of an opinion;
- (s) fails to invite attention to any material departure from the generally accepted procedure of audit applicable to the circumstances;
- (t) fails to keep moneys of his client in a separate banking account or to use such moneys for purposes for which they are intended;
- (u) includes in any statement, return or form to be submitted to the Council any particulars knowing them to be false;
- (v) is guilty of such other act or omission in his professional capacity as may be specified by the Council in this behalf, by notification in the Gazette of India."

^BFor Resolution of Council, please see Appendix No. (17).

^CLater known as "Certified Auditor".

^DFor Notification issued under this clause, please see Appendix No. (18).

^EFor Notifications of the Council, please see Appendices No. (19) to (32).

² For Guidelines issued by the Council, please see Appendix No. (33).

³ For Guidelines issued by the Council, please see Appendix No. (34).

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Appendix No. (1)

[Ref. Sub-section (3) of Section 1]

MINISTRY OF COMMERCE
NOTIFICATION
CHARTERED ACCOUNTANTS
New Delhi, the 1st June, 1949

No. 10-A(4)/49. – In pursuance of sub-section (3) of Section 1 of the Chartered Accountants Act, 1949 (38 of 1949), the Central Government is pleased to appoint the 1st day of July 1949, as the date on which the said Act shall come into force.

S. RANGANATHAN,
Joint Secy.

[Published in Part II sub-section (ii) of Section 3 of the Gazette of India Extraordinary dated 10th August, 2006]

MINISTRY OF COMPANY AFFAIRS
NOTIFICATION
New Delhi, the 8th August, 2006

S.O.1276(E). – In exercise of the powers conferred by sub-section (2) of Section 1 of the Chartered Accountants (Amendment) Act, 2006 (9 of 2006), the Central Government hereby appoints 8th day of August, 2006, as the date on which Sections 1, 2, 3, 4, 5, 7, 9, 12, 16 except clause (i), 17, 22, 23, 25, 26, 27 and 28 except new Sections 30D and 30E to the Chartered Accountants Act, 1949 of the said Act, shall come into force.

[F.No. 5/27/2006-CL-V]
JITESH KHOSLA, Jt. Secy.

[Published in Part II sub-section (ii) of Section 3 of the Gazette of India Extraordinary dated 5th September, 2006]

NOTIFICATION
New Delhi, the 5th September, 2006

S.O.1440(E). – In exercise of the powers conferred by sub-section (2) of Section 1 of the Chartered Accountants (Amendment) Act, 2006 (9 of 2006), the Central Government hereby appoints the

The Chartered Accountants Act, 1949

5th September, 2006, as the date on which Section 6 of the said Act shall come into force.

[F.No. 5/27/2006-CL.V]
JITESH KHOSLA, Jt. Secy.

[Published in Part II sub-section (ii) of Section 3 of the Gazette of India Extraordinary dated 17th November, 2006]
MINISTRY OF COMPANY AFFAIRS
NOTIFICATION
New Delhi, the 17th November, 2006

S.O. 1985(E). – In exercise of the powers conferred by sub-section (2) of Section 1 of the Chartered Accountants (Amendment) Act, 2006 (9 of 2006), the Central Government hereby appoints 17th day of November, 2006, as the date on which Sections 8, 10, 11, 13, 14, 15, clause (i) of Section 16, 18, 19, 20, 21, 24, 28 (new Sections 30D and 30E to the Chartered Accountants Act, 1949) and Section 29 of the said Act, shall come into force.

[F.No. 5/27/2006-CL-V]
JITESH KHOSLA, Jt. Secy.

Appendix No. (2)

Resolutions passed by the Council under clause (iv) of sub-section (2) of Section 2

- (1) “Resolved that a member of the Institute shall be deemed to be in practice during the period he renders ‘service with armed forces’.”
- (2) “Pursuant to Section 2(2)(iv) of the Chartered Accountants Act, 1949, the Council hereby reiterates its opinion that the service that may be rendered by a Chartered Accountant in practice include the entire range of Management Consultancy Services.”
- (3) “Pursuant to Section 2(2)(iv) of the Chartered Accountants Act, 1949, the Council hereby reiterates its opinion that a member shall be deemed to be in practice if he, in his professional capacity and neither in his personal capacity nor in his capacity as an employee, acts as a liquidator, trustee, executor,

administrator, arbitrator, receiver, adviser or representative for costing, financial or taxation matters or takes up an appointment made by the Central Government or a State Government or a Court of law or any other legal authority or acts as a Secretary unless his employment is on a salary-cum-full-time basis;

Provided that nothing contained hereinabove, shall apply to a member who is holding a Certificate of Practice from the Institute of Cost & Works Accountants of India or the Institute of Company Secretaries of India or from the Bar Council or such other bodies, as may be specified in this behalf, by the Council.”

Appendix No. (3)

[Ref. Clause (iii) of sub-section (1) of Section 4]

[Published in the Gazette of India, Extraordinary dated the 10th January 1950]

MINISTRY OF COMMERCE
NOTIFICATION
CHARTERED ACCOUNTANTS
New Delhi, the 10th January 1950

No. 63(1)-Law(C.A.)/49. – In pursuance of clause (iii) of sub-section (1) of Section 4 of the Chartered Accountants Act 1949 (38 of 1949) the Central Government is pleased to specify the following conditions which a person referred to in the said Clause shall fulfil in order to be entitled to have his name entered in the Register of Members of the Institute of Chartered Accountants of India:–

- (1) If he has served as an Articled ¹[clerk] under a Registered Accountant entitled or permitted to train Articled ²[clerks] under the Auditor's Certificates Rules, 1932, or under a Member of the Institute of Chartered Accountants of India entitled to train Articled ³[clerks] under the Chartered Accountants Regulations, 1949⁴ or partly under such Registered Accountant and partly under such Member, for a period of ⁵[three years];

Explanation :- Any period of apprenticeship served under the Regulations for the award of the Government Diploma in Accountancy and duly registered with Accountancy Diploma

The Chartered Accountants Act, 1949

Board, Bombay, shall be reckoned as service as an Articled⁶[clerk] under a Registered Accountant; or

- (2) If he has served as an Audit⁷[clerk] in the office of any Registered Accountant, prior to the coming in force of the Chartered Accountants Act, 1949, or under a practising Member of the Institute of Chartered Accountants, or partly under such Registered Accountant and partly under such practising Member of the Institute of Chartered Accountants, for a period of six years; or
- (3) If he as an officer, not below the rank of an Income-tax Officer, in the Income-tax Department of the Government of India, having –
 - (a) a minimum service of six years in such capacity, and
 - (b) reasonable experience in assessment of companies or experience of a similar nature; or
- (4) If he has practised as an Income-tax consultant for a minimum period of ten years; or
- (5) If he has practised as an auditor, having –
 - (a) a minimum practice of ten years, and
 - (b) at least 15 units under his audit at the time of his application for enrolment;

Explanation:– In this clause, a “unit” means a company registered under the Indian Companies Act, 1913 or a Co-operative Society registered under the Co-operative Societies Act, 1912, or under any corresponding Provincial Law, or a private firm;

- (6) If he has served for a minimum period of ten years as a chief accountant, accountant, or internal auditor or in any similar other post, by whatever name designated, in a commercial firm (including a limited liability company) which has a minimum paid-up capital of Rs. 2 lakhs and/or a working capital of Rs. 6 lakhs, or in any similar post which would give equivalent experience under Government or a local authority.

Explanation:- (1) For the purpose of counting the service referred to in clause (2) one year's service as Articled ⁸[clerk] under clause (1) shall be reckoned as two years of service as an Audit ⁹[clerk], fractions of a year being ignored.

(2) For the purpose of computing service or practice referred to in clauses (3) to (6), every year of service as Articled ¹⁰[clerk] under clause (1) shall be reckoned as two years of service or practice, as the case may be, and every year of service under clause (2) shall be reckoned as one year of service or practice, as the case may be, fractions of a year being ignored.

S. RANGANATHAN.
Joint Secy.

^{1,2,3,6,7,8,9} & ¹⁰ Now known as "Articled Assistant(s)" pursuant to Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006

⁴ Now, the Chartered Accountants Regulations, 1988

⁵ Now, three and half years, pursuant to Notification No. 1-CA(7)/92/2006 published in the Gazette of India dated 13th September, 2006 and came into force w.e.f. 13th September, 2006.

Appendix No. (4)

[Ref. Clause (iv) of sub-section (1) of Section 4]

[Published in Part II Section (ii) of the Gazette of India dated 8th July 1961]

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
Department of Company Law Administration
New Delhi, dated the 27th June, 1961
NOTIFICATION
CHARTERED ACCOUNTANTS

¹**S.O.No. 1577.** – In pursuance of clause (iv) of sub-section (1) of Section 4 of the Chartered Accountants Act, 1949 (38 of 1949), and in supersession of the Notification of the Government of India in the late Ministry of Commerce, No. 63(15)-Law(B)/50 dated the 24th October, 1950 as amended from time to time, the Central

The Chartered Accountants Act, 1949

Government hereby specifies the following conditions which a person referred to in the said clause shall fulfil in order to entitle him to have his name entered in the Register of Members of the Institute of Chartered Accountants of India, namely:—

A. In the case of a person who has passed the examination for the Government Diploma in Accountancy or an examination recognized as equivalent thereto by the rules for the award of the Government Diploma in Accountancy before the commencement of the Chartered Accountants Act, 1949 –

- (1) he shall have been in practice as an auditor or Income Tax Consultant on the date of commencement of the Act and shall have at the time of his application for enrolment –
 - (a) a minimum practice of ten years to the satisfaction of the Council of the Institute; and
 - (b) at least fifteen units under his audit or fifteen assesseees in his charge during the period of twelve months immediately preceding the date of his application, or
- (2) he shall have been in practice as an auditor on the date of commencement of the Act and shall have at the time of his application for enrolment –
 - (a) a minimum practice of five years; and
 - (b) at least two ²[public or private companies] with limited liability under his audit during each of at least four of the said five years.

B. In the case of a person who has not passed one of the examinations mentioned in paragraph A, he shall have been in practice as an auditor or Income Tax Consultant on the date of commencement of the Act and shall have at the time of application for enrolment, either –

- (1) (a) a minimum practice of ten years to the satisfaction of the Council of the Institute, provided that he shall have done at least ten audits of ³[public or private companies] with limited liability, at least one such audit having been done in each one of any six years in the said ten years, and

- (b) at least fifteen units under his audit or fifteen assessees in his charge during the period of twelve months immediately preceding the date of his application, provided that the units shall include two companies with limited liability or the income of the assessee shall exceed Rs. 5 lakhs, as the case may be, or
- (2) (a) a minimum practice of five years as an auditor; and
- (b) at least two ⁴[public or private companies] with limited liability with a total paid-up capital or at least Rs. 3 lakhs under his audit during each of at least four of the said five years.

Explanation:— (1) (i) Any service as chief accountant, accountant or internal auditor or in any other similar post, by whatever name designated, in a commercial firm (including a limited liability company) which has a minimum paid-up capital of Rs. 2 lakhs or working capital of Rs. 6 lakhs, or in any similar post under Government or a local authority, which, in the opinion of the Council of the Institute, would give equivalent experience, shall be set off against minimum number of years of practice required by paragraphs A(1)(a) and B(1)(a) above.

(ii) For the purpose of computing practice referred to in paragraph A(1), every year of service as Articled ⁵[Clerk] either under a Registered Accountant entitled or permitted to train Articled ⁶[Clerks] under the Auditor's Certificates Rules, 1932, or under a member of the Institute of Chartered Accountants of India entitled to train Articled ⁷[Clerks] under the Chartered Accountants Regulations, 1949⁸, or partly under such Registered Accountant and partly under such member shall be reckoned as two years of practice, and every year of audit service rendered under a Registered Accountant or a practising member of the Institute of Chartered Accountants of India or partly under such Registered Accountant and partly under such practising member of the Institute shall be reckoned as one year of practice, fractions of a year being ignored, and for this purpose, any period of apprenticeship served under the Regulations for the award of the Government Diploma in Accountancy and duly registered with the Accountancy

The Chartered Accountants Act, 1949

Diploma Board, Bombay, shall be reckoned as service as an Articled ⁹[Clerk] under a Registered Accountant.

Explanation (2):– A “unit” means a company registered under the Indian Companies Act, 1913, or the Companies Act, 1956, or a Co-operative Society registered under the Co-operative Societies Act, 1912, or a company or Co-operative Society registered under any corresponding State Law, or a firm.

Explanation (3):– For the purpose of computing practice, credit shall be given for any practice by an auditor or Income Tax Consultant irrespective of whether such practice was inside or outside any former Part ‘B’ State or any former Acceding State.

B.S. MANCHANDA

Joint Secretary to the Government of India.

[Published in Part II Section 3(ii) of the Gazette of India
dated 6th October, 1973]

Government of India

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS

Department of Company Affairs

Shastri Bhawan, 5th Floor, “A” Wing, Dr. Rajendra Prasad Road, New
Delhi – 1, the 25th September, 1973

(As modified by Notification No. S.O. 2002 dated 5th June, 1979 of
the Department of Company Affairs)

NOTIFICATION

Chartered Accountants

S.O.2860. – In pursuance of clause (iv) of sub-section (1) of Section 4 of the Chartered Accountants Act, 1949 (38 of 1949) and in partial modification of the notification of the Government of India in the late Ministry of Commerce and Industry (Department of Company Law Administration) No. S.O.1577 dated the 27th June, 1961, the Central Government hereby specifies that a person referred to in the said clause shall, in order to entitle him to have his name entered in the Register of Members of the Institute of Chartered Accountants of India have to fulfil only the following conditions, namely, that he was in practice as an auditor in any Part B State on the commencement of the said Act in that State and is in practice as an auditor in any State or Union Territory at the time of

his application for enrolment (whether or not he ceased to be in practice as an auditor during any portion of the intervening period).

Explanation:– For the removal of doubts, it is hereby declared that a person who fulfils the conditions specified in this notification shall be entitled to have his name entered in the Register of Members of the Institute of Chartered Accountants of India notwithstanding that he does not fulfill all or any of the conditions specified in the notification of the Government of India in the late Ministry of Commerce and Industry (Department of Company Law Administration) No. S.O.1577 dated the 27th June, 1961.

(F.No. 7/14/69-IGC/2/7/79 CLV)

R.K. Talwar

Under Secretary to the Government of India

¹ Substituted for the following Notification:–

[Published in Part I Section 1 of the Gazette of India dated the 28th October, 1950]

MINISTRY OF COMMERCE

NOTIFICATION

CHARTERED ACCOUNTANTS

New Delhi, the 24th October, 1950

[As amended by Notifications Nos. 63(15)-ICL(A)/50 dated the 11th September 1951 and 61(2)-ICA/53 dated the 19th December, 1954 of the Ministry of Finance, Department of Economic Affairs, Government of India.]

No. 63(15)-Law(B)/50. – In pursuance of clause (iv) of sub-section (1) of Section 4 of the Chartered Accountants Act, 1949 (XXXVIII of 1949), the Central Government is pleased to specify the following conditions which a person referred to in the said clause shall fulfil in order to entitle him to have his name entered in the Register of Members of the Institute of Chartered Accountants of India:–

A. In the case of a person who has passed the examination for the Government Diploma in Accountancy or an examination recognized as equivalent thereto by the rules for the award of the Government Diploma in Accountancy before the commencement of the Chartered Accountants Act, 1949 –

- (1) he shall have been in practice as an auditor on the date of the commencement of the Act, shall have continued in practice thereafter and shall have at the time of his application for enrolment –

The Chartered Accountants Act, 1949

- (a) a minimum practice of ten years; and
- (b) at least 15 units, including a minimum of five public companies with limited liability under his audit.

Explanation:- (i) Any service as a chief accountant, accountant or internal auditor or in any other similar post, by whatever name designated, in a commercial firm (including a limited liability company) which has a minimum paid-up capital of Rs. 2 lakhs or working capital of Rs. 6 lakhs, or in any similar post under Government or a local authority, which, in the opinion of the Council of the Institute, would give equivalent experience, shall be set off against the practice mentioned in this clause.

(ii) For the purpose of computing service or practice, referred to in this clause, every year of service as Articled Clerk either under a Registered Accountant entitled or permitted to train Articled Clerks under the Auditor's Certificates Rules 1932, or under a member of the Institute of Chartered Accountants of India entitled to train Articled Clerks under the Chartered Accountants Regulations, 1949, or partly under such Registered Accountants and partly under such member shall be reckoned as two years of service or practice, as the case may be, and every year of audit service rendered under a Registered Accountant or a practising member of the Institute of Chartered Accountants of India or partly under such Registered Accountant and partly under such practising member of the Institute shall be reckoned as one year of service or practice, as the case may be, fractions of a year being ignored.

(iii) Any period of apprenticeship served under the Regulations for the award of the Government Diploma in Accountancy and duly registered with the Accountancy Diploma Board, Bombay, shall be reckoned as service as an Articled Clerk under a Registered Accountant; or

- (2) he shall have been in practice on the date of the commencement of the Act and shall have at the time of his application for enrolment –
 - (a) a minimum practice of five years; and
 - (b) at least five public companies with limited liability with a total paid up capital of Rs. 20 lakhs under his audit during each of the said five years.

B. In the case of a person who has not passed one of the examinations mentioned in paragraph A, he shall have been in practice on the date of commencement of this Act and shall have at the time of his application for enrolment, either –

- (a) (i) a minimum practice of ten years; and

- (ii) at least fifteen units, including a minimum of five public companies with limited liability with a total paid-up capital of Rs. 20 lakhs for all the units put together, under his audit; or
- (b) (i) a minimum practice of five years; and
- (ii) at least five public companies with limited liability with a total paid-up capital of Rs. 20 lakhs under his audit during each of the said five years.

Explanation:- (1) In paras A and B above, a “unit” means a company registered under the Indian Companies Act, 1913, or a Co-operative Society registered under the Co-operative Societies Act, 1912, or a Company, Co-operative Society registered under any corresponding State Law, or a private firm.

Explanation:- (2) For the purpose of computing practice, credit shall be given for any practice by an auditor irrespective of whether such practice was inside or outside Part ‘B’ State or any former Acceding State.

S. RANGANATHAN
Joint Secretary to the Government of India

^{2,3&4} Substituted, for the words, “public companies” by Notification No. S.O. dated 26th February, 1966 of the Government of India, Ministry of Law, Department of Company Affairs.

^{5,6,7&9} Now known as “Articled Assistant(s)” pursuant to Chartered Accountants (Amendment) Act, 2006 and came into force w.e.f. 8th August, 2006.

⁸ Now, the Chartered Accountants Regulations, 1988.

[The Resolution passed by the Council and given in Appendix No. (5) is no longer in operation in view of resolution subsequently passed by the Council at its 188th meeting held on 8th-10th December, 1997 given thereunder]

Appendix No. (5)

Resolution passed by the Council under clause (v) of sub-section (1) of Section 4

“Resolved that the examinations and training of the following institutions, organizations etc. in the relevant countries be recognized under Section 4(1)(v) of the Chartered Accountants Act, 1949, as being equivalent to the examination and training prescribed for the members of the Institute:-

1. The Institute of Chartered Accountants of Ceylon.

The Chartered Accountants Act, 1949

2. The Public Accountants' and Auditors' Board of South Africa.
3. The Institute of Chartered Accountants of Pakistan
4. The Registered Accountants of Burma, and
5. The Institute of Chartered Accountants in Australia

Further resolved that a person who has passed the Final R.A. Examination held under the Burma Auditors' Certificate Rules and who has either undergone the requisite training as an articled/audit clerk or has been practising as Public Accountant and Auditor, but who cannot get himself enrolled as a Registered Accountant of Burma, for the reason only that he is a permanent resident of India, would also be eligible for membership of the Institute.

Provided that under the proviso to Section 4(1)(v), the following further conditions be prescribed in the case of a person not permanently residing in India:

- (i) That such person be required to reside in India to practise the profession of Accountancy or to serve as an assistant in a Chartered Accountant's office in India; and
- (ii) That such person shall not be eligible for membership of the Council or the Regional Councils nor have a right to vote in elections under the Chartered Accountants Act, 1949 and the Regulations framed thereunder; and
- (iii) That the membership of the Institute will cease if and when the person concerned ceases to reside or practise in India".

Resolution passed by the Council at its 188th meeting held on 8th-10th December, 1997

"Resolved that -

By virtue of powers vested under Regulation 205 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India hereby orders that the period of training undergone in the respective countries under the

bye-laws/regulations of one or more of the following institutes, namely -

1. The Institute of Chartered Accountants of Ceylon.
2. The Public Accountants' and Auditors' Board of South Africa.
3. The Institute of Chartered Accountants of Pakistan.
4. The Registered Accountants of Burma, and
5. The Institute of Chartered Accountants in Australia.

be recognised only in the case of persons who had left India before 8th December, 1997 for the sole purpose of pursuing the Chartered Accountancy Course in any of the aforementioned countries provided :

- (a) such persons return to India, register with the Institute on or before 31st March, 1999 after fulfilling the requirements of the Chartered Accountants Regulations, 1988 for admission to articleship and producing satisfactory proof that they had completed training - wholly or partly - in the respective country and undergo practical training
 - i) for a minimum additional period of 12 months in entirety in the case of those who have already completed the prescribed period of training not being less than three years in the respective country; or
 - ii) for a minimum period of 12 months in entirety in the case of those who are not covered under (a) above but have completed 24 months of training or more in the respective country; or
 - iii) for the balance period of training in entirety as required under the Chartered Accountants Regulations, 1988 in the case of those who have completed less than 24 months of training in the respective country;
- and
- (b) appear in and qualify both the Intermediate and Final Examinations of the Institute in their entirety under the

Chartered Accountants Regulations, 1988 irrespective of whether they had passed the corresponding examinations, - wholly or partly - under the bye-laws/regulations of the aforementioned Institutions, organisations etc.”

[The Resolution passed by the Council and given in Appendix No. (6) is no longer in operation in view of resolution subsequently passed by the Council at its 182nd meeting held on 3rd & 4th September, 1996 given thereunder]

Appendix No. (6)

Resolution passed by the Council under clause (v) of sub-section (1) of Section 4

“Resolved that the examinations and [.....]¹ training in the United Kingdom of the following four Institutes (formerly six) mentioned in Rule 7 of the Auditor’s Certificates Rules, 1932, be recognized by the Council under Section 4(1)(v) of the Act as being equivalent to the examination and training prescribed for the members of this Institute:-

- (a) The Institute of Chartered Accountants in England and Wales;
- (b) The Institute of Chartered Accountants of Scotland;
- (c) The Institute of Chartered Accountants in Ireland;
- (d) The Society of Incorporated Accountants and Auditors, London.

Provided that under the proviso 4(1)(v), the following further conditions be prescribed in the case of persons not permanently residing in India:

- (i) That such persons be required to reside in India to practise the profession of Accountancy or to serve as an assistant in a Chartered Accountant’s office in India; and

²[.....]

- (ii) That such person be not eligible for membership of the Council or the Regional Councils or to the right of voting

in elections under the Chartered Accountants Act, 1949;
and

- (iii) That the membership of the Institute will cease if and when the persons concerned ceases to reside or practise in India; and
- (iv) That the Board of Trade in the United Kingdom accords the right to the members of this Institute to practise the profession of Accountancy in the United Kingdom in respect of the audit of public companies as defined in the (U.K.) Companies Act, 1948.”

***Resolution passed by the Council at its 182nd meeting held on
3rd & 4th September, 1996***

“Resolved that –

By virtue of powers vested under Regulation 205 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India hereby orders that the period of training undergone in the United Kingdom and/or Ireland under the bye-laws/regulations of one of more of the following Institutes, namely –

- (a) The Institute of Chartered Accountants of England and Wales;
- (b) The Institute of Chartered Accountants of Scotland;
- (c) The Institute of Chartered Accountants of Ireland; and
- (d) The Society of Incorporated Accountants and Auditors, London

be recognized only in the case of persons who had left India before 8th December, 1995 for the sole purpose of pursuing the Chartered Accountancy Course in the United Kingdom and/or Ireland provided:

- (a) such persons return to India, register with the Institute on or before 31st March, 1997 after fulfilling the requirements of the Chartered Accountants Regulations, 1988 for admission to articleship and producing satisfactory proof that they had

completed training – wholly or partly – in the United Kingdom and/or Ireland and undergo practical training

- (i) for a minimum additional period of 12 months in entirety in the case of those who have already completed the prescribed period of training not being less than three years in the United Kingdom and/or Ireland; or
- (ii) for a minimum period of 12 months in entirety in the case of those who are not covered under (a) above but have completed 24 months of training or more in the United Kingdom and/or Ireland; or
- (iii) for the balance period of training in entirety as required under the Chartered Accountants Regulations, 1988 in the case of those who have completed less than 24 months of training in the United Kingdom and/or Ireland;

and

- (b) appear in and qualify both the Intermediate and Final Examinations of the Institute in their entirety under the Chartered Accountants Regulations, 1988 irrespective of whether they had passed the corresponding examinations – wholly or partly – under the bye-laws/regulations of the aforementioned Institute(s).

Further Resolved that the effect and application of the aforementioned Order/Resolution shall cease to operate effective from 1st April, 1997.”

¹ The Council has since decided to omit the word “practical”.

² The following clause has been deleted:-

“(ii) That the recognition be for a period of five years upto 31st March, 1958; and.”

Appendix No. (7)

Resolutions passed by the Council under the proviso to clause (v) of sub-section (1) of Section 4

- (1) “Resolved that the Membership of a person covered by proviso to Section 4(1)(v) of the Chartered Accountants Act, 1949, shall be subject to the condition that the person in question has a place of business in India either in his own charge or in charge of a Member of the Institute.”

* * * * *

- (2) Criteria laid down regarding “residence” applicable to cases falling under the proviso to Section 4(1)(v):
- (a) if a person is in India in a year for a period or periods amounting in all to 182 days or more; or
- (b) if he maintains or causes to be maintained for him a dwelling place in India for a period or periods amounting in all to 182 days or more in a year and has been in India for 90 days or more in that year.

Appendix No. (8)

[Ref. sub-section (3) of Section 4]

[Published in the Gazette of India, Extraordinary Part III,
Section 4 dated 5th March, 2008

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
NOTIFICATION

New Delhi, the 4th March, 2008
(CHARTERED ACCOUNTANTS)

No. 1-CA(7)/109/2008 – Whereas the Chartered Accountants Act, 1949 (38 of 1949) has been amended by the Chartered Accountants (Amendment) Act, 2006 (9 of 2006);

And whereas the Council of the Institute of Chartered Accountants of India has been empowered to determine, under sub-section (3) of section 4 of the said Act, the fee for entry of names in the Register;

The Chartered Accountants Act, 1949

Now, therefore, in exercise of the powers conferred by said sub-section (3) of section 4 of the said Act, the Council hereby determines that,-

with effect from the 1st day of April, 2008, the fee payable by every person eligible to have his name entered in the Register under section 4 of the said Act shall be rupees one thousand only.

Dr. Ashok Haldia, Secy.
[ADVT.III/4/104/2007/Exty.]

Note: This notification is issued pursuant to amendment to Chartered Accountants Act, 1949 by the Chartered Accountants (Amendment) Act, 2006 empowering the Council of the Institute to determine under sub-section (3) of section 4 of the said Act the fee for entry in the Register of Members. The consequent amendments to the relevant provisions of the Chartered Accountants Regulations, 1988 are underway.

Appendix No. (9)

[Ref. sub-section (3) of Section 5]

[Published in the Gazette of India, Extraordinary, Part III, Section 4 dated 5th March, 2008]

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
NOTIFICATION**

New Delhi, the 4th March, 2008
(CHARTERED ACCOUNTANTS)

No. 1-CA(7)/110/2008 – Whereas, the Chartered Accountants Act, 1949 (38 of 1949) has been amended by the Chartered Accountants (Amendment) Act, 2006 (9 of 2006);

And, whereas, the Council of the Institute of Chartered Accountants of India has been empowered to determine, under sub-section (3) of section 5 of the said Act, the fee for entry of names in the Register as a fellow;

Now, therefore, in exercise of the powers conferred by said subsection (3) of section 5 of the said Act, the Council hereby determines that,-

with effect from the 1st day of April, 2008, the fee payable by a member for entry in the Register as a fellow of the Institute shall be rupees one thousand five hundred only.

Dr. Ashok Haldia, Secy.
[ADVT.III/4/104/2007/Exty.]

Note: This notification is issued pursuant to amendment to Chartered Accountants Act, 1949 by the Chartered Accountants (Amendment) Act, 2006 empowering the Council of the Institute to determine under sub-section (3) of section 5 of the said Act the fee for entry in the Register of Members as a fellow. The consequent amendments to the relevant provisions of the Chartered Accountants Regulations, 1988 are underway.

Appendix No. (10)

[Ref. sub-section (2) of Section 6]

[Published in the Gazette of India, Extraordinary, Part III, Section 4 dated 5th March, 2008]

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA NOTIFICATION

New Delhi, the 4th March, 2008
(CHARTERED ACCOUNTANTS)

No. 1-CA(7)/111/2008 – Whereas, the Chartered Accountants Act, 1949 (38 of 1949) has been amended by the Chartered Accountants (Amendment) Act, 2006 (9 of 2006);

And, whereas, the Council of the Institute of Chartered Accountants of India has been empowered to determine, under sub-section (2) of section 6 of the said Act, the fee payable for a certificate of practice;

Now, therefore, in exercise of the powers conferred by said subsection (2) of section 6 of the said Act, the Council hereby determines that,-

with effect from the 1st day of April, 2008, the annual fee payable by a member for his certificate of practice shall be rupees one thousand six hundred only:

Provided that such fee for a member, who has attained the age of 65 years as on the 1st day of April of the relevant year, shall be rupees one thousand two hundred only.

Dr. Ashok Haldia, Secy.
[ADVT III/IV/104/2007/Exty.]

Note: This notification is issued pursuant to amendment to Chartered Accountants Act, 1949 by the Chartered Accountants (Amendment) Act, 2006 empowering the Council of the Institute to determine under sub-section (2) of section 6 of the said Act the fee for certificate of practice. The consequent amendments to the relevant provisions of the Chartered Accountants Regulations, 1988 are underway.

Appendix No. (11)

[Ref. Proviso to Section 7]

- (1) It was agreed that the Institutes previously recognised¹ under the Auditor's Certificates Rules, 1932, be recognized for the purposes of Section 7 for the use of letters, F.S.A.A., etc.

* * * * *

- (2) The Council decided that letters or description in respect of membership of bodies other than Accountancy Institutes can be used provided such use does not amount to the use of designation and in the case of Accountancy Institutes prior recognition of the Council in this behalf is necessary. It was also decided that in respect of Accountancy Institutes which are recognized and in respect of Institutes other than Accountancy Institutes the word London in brackets may be allowed to be added provided that in each case the respective Institutes had permitted such addition.

* * * * *

- (3) The Council also decided that the Institute of Cost and Works Accountants is not an Accountancy Institute within the meaning of Section 7 and therefore there was no bar to the use of these

letters by the members of that Institute, if they happen to be our members.

¹ List of Institutes and Societies recognized under the Auditor's Certificate Rules, 1932:

- (1) The Institute of Chartered Accountants in England and Wales;
- (2) The Society of Incorporated Accountants and Auditors, London;
- (3) The Society of Accountants in Edinburgh;
- (4) The Institute of Accountants and Actuaries in Glasgow;
- (5) The Society of Accountants in Aberdeen; and
- (6) The Institute of Chartered Accountants in Ireland.

[The Notifications given in Appendix No. (12) were in operation until rules made by the Central Government under clause (a) of sub-section (2) of Section 29A were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (1) dated 5th September, 2006 and came into effect from that date]

Appendix No. (12)

[Published in Part II Section 3 of the Gazette of India,
dated the 22nd March, 1952]

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

New Delhi, dated the 19th March, 1952

NOTIFICATION

CHARTERED ACCOUNTANTS

No. 73(1)-ICA/52-A.— In pursuance of clause (a) of sub-section (2) of Section 9 of the Chartered Accountants Act, 1949 (XXXVIII of 1949), the Central Government hereby specifies that elections to the Council under the said clause shall be held in the manner prescribed in Chapter V of the Chartered Accountants Regulations, 1949.¹

B.K. KAUL

Deputy Secretary to the Government of India

¹ Now Chapter VI of the Chartered Accountants Regulations, 1964 as replaced by the Chartered Accountants Regulations, 1988.

The Chartered Accountants Act, 1949

^A[Published in Part II, Sub. Sec.(ii) of Sec.3 of Gazette of India.

No. 1(8)/88-IGC

GOVERNMENT OF INDIA

Ministry of Industry

Department of Company Affairs

Company Law Board

310, B-1 Block, Paryavaran Bhavan,

C.G.O. Complex, Lodhi Estate,

New Delhi-110 003.

22nd April, 1988

NOTIFICATION

S.O. 1628 – In pursuance of clause (a) of Sub-Section (2) of section 9 of the Chartered Accountants Act, 1949 (38 of 1949) and in supersession of the notification of the Government of India in the Ministry of Law, Justice and Company Affairs (Department of Company Affairs), No. S.O.1682, dated the 13th April 1973 the Central Government hereby specifies the following five regional constituencies for the purposes of elections to the Council of the regional constituencies for the purposes of elections to the Institute of Chartered Accountants of India under the said clause, namely:

1. Western Region –

The States of Gujarat, Maharashtra and Goa and the Union Territories of Daman & Diu and Dadra & Nagar Haveli.

2. Southern Region –

The States of Andhra Pradesh, Kerala, Karnataka and Tamil Nadu and the Union Territories of Pondicherry and the Lakshadweep Islands.

3. Eastern Region –

The States of Assam, Meghalaya, Nagaland, Orissa, West Bengal, Manipur, Tripura, Sikkim, Arunachal Pradesh and Mizoram and the Union Territory of Andaman & Nicobar Islands.

4. Central Region –

The States of Uttar Pradesh Bihar, Madhya Pradesh and Rajasthan.

5. Northern Region –

The States of Haryana, Himachal Pradesh, Jammu & Kashmir and Punjab and Union Territories of Delhi and Chandigarh.

(DR. GULAB SINGH)

Under Secretary to the Government of India

^ASubstituted for the following

[Published in Part II sub-section (ii) of Section 3 of the Gazette of India
dated 16th June, 1973]

GOVERNMENT OF INDIA

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS

(Department of Company Affairs)

New Delhi, dated the 13th April, 1973

NOTIFICATION
CHARTERED ACCOUNTANTS

S.O.1682 – In pursuance of clause (a) of sub-section (2) of Section 9 of the Chartered Accountants Act, 1949, (38 of 1949) and in supersession of the notification of the Government of India in the late Ministry of Commerce and Industry (Department of Company Law Administration) No. S.O. 275, dated the 12th March, 1958 (as amended from time to time)* the Central Government hereby specifies the following five regional constituencies for the purposes of elections to the Council of the Institute of Chartered Accountants of India under the said clause, namely

Western Region –

1. The States of Gujarat, Maharashtra and the Union Territories of Goa, Daman & Diu and Dadra & Nagar Haveli.

Southern Region –

2. The States of Andhra Pradesh, Kerala, Mysore, Tamil Nadu and the Union Territories of Pondicherry and the Laccadive, Minicoy and Amindivi Islands.

Eastern Region –

3. The States of Assam, Meghalaya, Nagaland, Orissa, West Bengal, Manipur, Tripura and Sikkim and the Union Territories of Arunachal Pradesh, Mizoram and the Andaman & Nicobar Islands.

Central Region –

4. The States of Uttar Pradesh, Bihar, Madhya Pradesh and Rajasthan.

Northern Region –

5. The States of Haryana, Himachal Pradesh, Jammu & Kashmir and Punjab and the Union Territories of Delhi and Chandigarh.

(F.7/16/73-IGC)

R.K. TALWAR

Under Secretary to the Government of India

ⁱⁱ[Published in Part II Sub-section 3 of the Gazette of India dated 22nd March, 1958]

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
(DEPARTMENT OF COMPANY LAW ADMINISTRATION)
*New Delhi, dated the 12th March, 1958**

NOTIFICATION
CHARTERED ACCOUNTANTS

No. 3(64)/Inst/56 – In pursuance of clause (a) of sub-section (2) of Section 9 of the Chartered Accountants Act, 1949, (38 of 1949), and in supersession of the notification of the Government of India in the Ministry of Finance No. 73(1)-ICA/52, dated the 19th March, 1952, the Central Government hereby specifies*

The Chartered Accountants Act, 1949

the following five regional constituencies for purposes of elections to the Council under the said clause, namely:

1. The State of Gujarat and Maharashtra and the Union Territory of Goa, Daman and Diu.
2. The States of Andhra Pradesh, Kerala, Mysore and Tamil Nadu and the Union Territories of Pondicherry and the Laccadive, Minicoy and Amindivi Islands.
3. The States of Assam, Nagaland, Orissa and West Bengal and the Union Territories of Manipur, Tripura and the Andaman and Nicobar Islands.
4. The States of Uttar Pradesh, Behar, Madhya Pradesh and Rajasthan.
5. The States of Harayana, Himachal Pradesh, Jammu and Kashmir and Punjab and the Union Territories of Delhi and Chandigarh.

Deputy Secretary to the Government of India

*As modified by Government Notification issued subsequently from time to time.

Appendix No. (13)

[Ref. sub-section (4) of Section 19]

[Published in the Gazette of India, Extraordinary, Part III, Section 4 dated 5th March, 2008]

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

NOTIFICATION

New Delhi, the 4th March, 2008
(Chartered Accountants)

No. 1-CA(7)/112/2008 – Whereas, the Chartered Accountants Act, 1949 (38 of 1949) has been amended by the Chartered Accountants (Amendment) Act, 2006 (9 of 2006);

And, whereas, the Council of the Institute of Chartered Accountants of India has been empowered to determine, under sub-section (4) of section 19 of the said Act, the annual membership fee payable by every member;

Now, therefore, in exercise of the powers conferred by said subsection (4) of section 19 of the said Act, the Council hereby determines that, –

with effect from the 1st day of April, 2008, the annual membership fee payable by a member shall be as under:

Associate member - rupees six hundred only

Fellow member - rupees one thousand eight hundred only;

Provided that a member, who has attained the age of 65 years as on the 1st day of April of the relevant year, shall pay such fee as under:

Associate member - rupees four hundred fifty only

Fellow member - rupees one thousand three hundred only;

Dr. Ashok Haldia, Secy.
[ADVT III/4/104/2007/Exty.]

Note: This notification is issued pursuant to amendment to Chartered Accountants Act, 1949 by the Chartered Accountants (Amendment) Act, 2006 empowering the Council of the Institute to determine under sub-section (4) of section 19 of the said Act the annual membership fee payable by every member. The consequent amendments to the relevant provisions of the Chartered Accountants Regulations, 1988 are underway.

Appendix No. (14)

[Ref. sub-section (3) of Section 20]

[Published in the Gazette of India, Extraordinary, Part III, Section 4 dated 5th March, 2008]

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

NOTIFICATION

New Delhi, the 4th March, 2008
(CHARTERED ACCOUNTANTS)

No. 1-CA(7)/113/2008 – Whereas, the Chartered Accountants Act, 1949 (38 of 1949) has been amended by the Chartered Accountants (Amendment) Act, 2006 (9 of 2006);

And, whereas, the Council of the Institute of Chartered Accountants of India has been empowered to determine, under sub-section (3) of section 20 of the said Act, the additional fee for entering again the name of a member in the Register;

Now, therefore, in exercise of the powers conferred by said subsection (3) of section 20 of the said Act, the Council hereby determines that,-

with effect from the 1st day of April, 2008, the additional fee, which shall be payable along with arrears of annual fee and entrance fee by such member, shall be rupees one thousand only.

Dr. Ashok Haldia, Secy.
[ADVT III/4/104/2007/Exty.]

Note: This notification is issued pursuant to amendment to Chartered Accountants Act, 1949 by the Chartered Accountants (Amendment) Act, 2006 empowering the Council of the Institute to determine under sub-section (3) of section 20 of the said Act the additional fee for entry again in the Register of Members. The consequent amendments to the relevant provisions of the Chartered Accountants Regulations, 1988 are underway.

Appendix No. (15)

[Ref. sub-section (1) of Section 21]

[Published in the Gazette of India, Extraordinary, Part III

Section 4, dated 19th August, 2008]

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA,
NEW DELHI

NOTIFICATION

New Delhi, the 19th August, 2008

No. 1-CA(7)/121/2008: In exercise of the powers conferred by sub-section (1) of section 21 of the Chartered Accountants Act, 1949 (38 of 1949), and in ¹supersession of the Notification No. 1-CA(7)/104/2007 dated 8th October, 2007, the Council of the Institute of Chartered Accountants of India hereby designates CA. Smt. Vandana Nagpal, Senior Deputy Secretary of the Institute as the Director (Discipline) to head the Disciplinary Directorate and for making investigations in respect of any information or complaint received by it. She shall perform such functions as are assigned to her under the said Act and the rules and regulations framed thereunder.

T. Karthikeyan
Director & Acting Secretary

¹ Substituted for the following Notification:-

[Published in the Gazette of India, Extraordinary, Part III Section 4,
dated 8th October, 2007]

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

NOTIFICATION

New Delhi, the 8th October, 2007

No. 1-CA(7)/104/2007. – In exercise of the powers conferred by sub-section (1) of section 21 of the Chartered Accountants Act, 1949 (38 of 1949), the Council of the Institute of Chartered Accountants of India hereby establishes the Disciplinary Directorate which shall be headed by Shri T. Karthikeyan, the Director of the Institute for making investigations in respect of any information or complaint received by it. He shall be the Director (Discipline) to perform such functions as are required under the said Act.

Dr. ASHOK HALDIA, Secy.
[No. ADVT.-III/IV/Exty./104/07]

Appendix No. (16)

[Ref. Proviso to sub-section (1) of Section 27]

(1) **Definition of office.** – “A place where a name-board is fixed or where such place is mentioned in the letter-head or any other documents as a place of business.”

* * * * *

(2) The Council decided with regard to the use of the name-board that there will be no bar to the putting up of a name-board in the place of residence of a member with the designation of Chartered Accountant, provided it is a name-plate or a name-board of an individual member and not of the Firm.

(3) “Resolved that the requirement of Section 27 of a member being in charge of an office of a Chartered Accountant or a firm of such Chartered Accountants shall be satisfied only if the member is actively associated with such office. Such association shall be deemed to exist if the member resides in the place where the office is situated for a period of not less than 182 days in a year or if he attends the said office for a period of not less than 182 days in a year or in such other circumstances as, in the opinion of the Executive Committee, establish such active association.

Further resolved that the expression ‘member’ in the contest of the above resolution shall mean, where more than one member is designated as in charge of an office, then, any such member and in

other cases more than one member where a change in the designated member in charge of an office takes place during the year.”

Appendix No. (17)*

Resolution passed by the Council under clause (4) of Part I of the First Schedule to the Act

“Resolved pursuant to the power conferred under clause (4) of Part I of the First Schedule to the Chartered Accountants Act, 1949 that, the Council recognizes membership of the following bodies for the purpose of permitting partnerships by Indian Nationals abroad as are referred to in that clause:—

The Institute of Chartered Accountants of India;

The Institute of Chartered Accountants of Ceylon;

The Institute of Chartered Accountants in England and Wales;

The Institute of Chartered Accountants of Scotland;

The Institute of Chartered Accountants in Ireland.”

Appendix No. (18)

[Published in Part I Section 1 of the Gazette of India dated 31st August, 1957]

27th August, 1957

***No. 60-CA(I)/57.** — ¹In exercise of the powers conferred by the clause (3) of Part III of the First Schedule to the Chartered Accountants Act, 1949,] the Council of the Institute of Chartered Accountants of India is pleased to direct that in all cases where a firm of Chartered Accountants is appointed as auditors of a company under Section 226 of the Companies Act, 1956, the member or partner of the firm, as the case may be, who signs the auditor's report on the accounts of the company or any other documents of the company required by the Companies Act, 1956, to be signed or authenticated by the auditor, shall, at the time he affixes his signature or within a ^{**}reasonable time thereafter, write to the Registrar of Companies concerned, certifying the fact of his having

* [To read with effect of Resolutions given under Appendices No. (5) & (6)]

signed the auditor's report or other documents of the company, and for the year, to be specified by him in the letter.

S. VAIDYANATH AIYAR
Vice-President

*[In view of the revised Government instructions requiring the name of the member concerned to be indicated on the face of the auditor's report etc., this Notification is no longer operative.]

- ¹ Substituted for the words "In exercise of the powers conferred by clause (iv) of the Notification No. 24-CA(8)/150 of 18th September 1950 (as amended by Notifications dated 22nd September, 1951, 26th March 1952 and 16th October, 1952) issued under clause (v) of the Schedule to the Chartered Accountants Act, 1949", by Notification No. 1-CA(2)/3/59 dated 3.8.1959 published in Part III Section 4 of the Gazette of India dated 8.8.1959.

**The Council has decided that the intimation should be sent promptly say within 7 days after the date on which the report is signed and should be sent direct to the Registrar (Ref: Page 176 of the November, 1959 and 270 of January 1960 issues of "The Chartered Accountants.")

Appendix No. (19)

[Published in Part III Section 4 of the Gazette of India
dated 12th November, 1960]

NOTIFICATION CHARTERED ACCOUNTANTS

4th November, 1960

No. 1-CA(15)/60. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the institute of Chartered Accountants of India is pleased to specify that a member of the Institute, whether in practice or not, who is employed by a Chartered Accountant in practice or by a firm of such Chartered Accountants, shall be deemed to be guilty of professional misconduct, if he is grossly negligent in the conduct of his duties.

E.V. SRINIVASAN
Secretary

[The Notification given in Appendix No. (20) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (20)

[Published in Part III Section 4 of the Gazette of India dated 20th November 1965]

NOTIFICATION CHARTERD ACCOUNTANTS

6th November, 1965

No. 1-CA(7)/65. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India specifies that a member of the Institute who is an employee shall be deemed to be guilty of professional misconduct if he is wilfully and grossly negligent in the conduct of his duties as such employee.

C. BALAKRISHNAN
Secretary

[The Notification given in Appendix No. (21) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (21)

[Published in Part III Section 4 of the Gazette of India dated 30th May, 1970]

NOTIFICATION CHARTERD ACCOUNTANTS

23rd May, 1970

No. 1-CA(37)/70. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, ¹[.....] the Council of the Institute of

Chartered Accountants of India specifies that a member of the Institute shall be deemed to be guilty of professional misconduct if –

- I he accepts appointment as cost auditor of a company under Section 233B of the Companies Act, 1956, while he –
- (a) is an auditor of the company appointed under Section 224 of the Companies Act; or
 - (b) is an officer or employee of the company; or
 - (c) is a partner, or is in the employment of an officer or employee of the company; or
 - (d) is a partner or is in the employment of the company's auditor appointed under Section 224 of the Companies Act, 1956; or
 - (e) is indebted to the company for an amount exceeding one thousand rupees, or has given any guarantee or provided any security in connection with the indebtedness of any third person to the company for an amount exceeding one thousand rupees:

OR

- II. after his appointment as Cost Auditor, he becomes subject to any of the disabilities stated in items I (a) to (e) above and continues to function as a cost auditor thereafter.

C. BALAKRISHNAN
Secretary

¹ By Notification No. 1-CA(37)/1/70 dated 18th September, 1970, the words, brackets and figures “and pursuant to directions issued by Government (vide their letter No. 52/3/67-CL.II dated the 5th May, 1970)” were omitted.

[The Notification given in Appendix No. (22) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (22)

[Published in Part III Section 4 of the Gazette of India
dated 24th October, 1970]

NOTIFICATION CHARTERD ACCOUNTANTS

16th October, 1970

No. 1-CA(39)/70. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he accepts the appointment as auditor of a company under Section 224 of the Companies Act, 1956, while he is an employee of the cost auditor of the company appointed under Section 233B of the Companies Act, 1956.

T.S. GREWAL
For Secretary.

[The Notification given in Appendix No. (23) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (23)

[Published in Part III Section 4 of the Gazette of India
dated 20th March, 1971]

NOTIFICATION CHARTERD ACCOUNTANTS

2nd March, 1971

No. 1-CA(44)/71. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India specifies that a member of the Institute shall be

deemed to be guilty of professional misconduct, if he expresses his opinion on financial statement of any business or enterprise in which one or more persons who are his “relatives” within the meaning of Section 6 of the Companies Act, 1956 have either by themselves or in conjunction with such member a substantial interest unless he discloses the interest also in his report.

Explanation: – For this purpose the expression “substantial interest” shall have the same meaning as is assigned thereto under Explanation 3 of Section 13 of the Income-tax Act, 1961.

C. BALAKRISHNAN
Secretary

[The Notification given in Appendix No. (24) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (24)

[Published in Part III Section 4 of the Gazette of India
dated 30th August, 1986]

NOTIFICATION CHARTERED ACCOUNTANTS

18th August, 1986

No. 1-CA(153)/86. – In exercise of the powers conferred by Clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India is pleased to specify that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he or the firm of Chartered Accountants of which he is a partner fails to maintain and keep in respect of his/its professional practice, proper books of account including the following: –

- i) a Cash Book;
- ii) a Ledger

R.L. CHOPRA
Secretary

[The Notification given in Appendix No. (25) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (25)¹

[Published in Part III Section 4 of the Gazette of India dated 22nd May, 2004]

NOTIFICATION (Chartered Accountants)

12th May, 2004

No. 1-CA(7)/75/2004. – In exercise of the powers conferred by Clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, and in supersession of Notification No. 1-CA(7)/29/95 dated 1st March, 1995 published in Part III Section 4 of the Gazette of India dated 25th March, 1995, the Council of the Institute of Chartered Accountants of India hereby specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he on behalf of the firm of chartered accountants in which he is a partner (a) consisting of 4 or more partners but less than 8 partners with at least one partner holding a certificate of practice for five years or more; or (b) consisting of 8 or more partners with at least one partner holding a certificate of practice for five years or more; accepts or carries out any audit work involving receipt of audit fees (excluding reimbursement of expenses, if any) for such work of an amount less than what is specified hereunder:-

	Practising firm having 4 or more partners but less than 8 partners	Practising firm having 8 or more partners
i) In cities with population of 2 million and above	Rs.5000/- p.a.	Rs.9000/- p.a.
ii) In cities/town having population of less than 2 million	Rs.3000/- p.a.	Rs.6000/- p.a.

Provided that such restriction shall not apply in respect of the following:-

- i) audit of accounts of charitable institutions, clubs, provident funds, etc. where the appointment is honorary i.e. without any fees;
- ii) statutory audit of branches of banks including regional rural banks;
- iii) audit of newly formed concerns relating to two accounting years from the date of commencement of their operations; and
- iv) certification or audit under Income-tax Act or other attestation work carried out by the Statutory Auditor.

This becomes operative for all audits relating to accounting periods beginning on or after 1.4.2004.

Explanation:

For the purpose of this notification, the expression statutory auditor means and includes a chartered accountant appointed as an auditor under a Central/State or Provincial Act as well as an auditor appointed under any agreement.

The Council has clarified that for the above purpose, the audit of Provident Fund Trust, Gratuity Fund etc. carried out by the statutory auditor are to be considered as separate and distinct audit so that the above restrictions are applicable to it.

(DR. ASHOK HALDIA)
SECRETARY

¹ Substituted for the following Notification:-

^A[Published in Part III Section 4 of the Gazette of India dated 25th March, 1995]

NOTIFICATION
(Chartered Accountants)

1st March, 1995

The Chartered Accountants Act, 1949

No. 1-CA(7)/29/95: In exercise of the powers conferred by Clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, and in supersession of Notification No. 1-CA(7)/158/87 dated May 25th, 1987 published in part III Section 4 of the Gazette of India dated June 6th, 1987, the Council of the Institute of Chartered Accountants of India hereby specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he on behalf of the firm of chartered accountants in which he is a partner (a) consisting of four or more partners but less than 8 partners with at least one partner holding a certificate of practice for five years or more; or (b) consisting of eight or more partners with at least one partner holding a certificate of practice for five years or more; accepts or carries out any audit work involving receipt of audit fees (excluding reimbursement of expenses, if any) for such work of an amount less than what is specified hereunder:

	Practising firm having 4 or more partners but less than 8 partners	Practising firm having 8 or more partners
(i) In cities with population of 2 million and above	Rs. 3,000 pa	Rs. 6,000 pa
ii) In cities/towns having population of less than 2 million	Rs. 2,000 pa	Rs. 4,000 pa

Provided that such restriction shall not apply in respect of the following:

- (i) audit of accounts of charitable institutions, clubs, provident funds, etc. where the appointment is honorary i.e. without any fees;
- (ii) statutory audit of branches of banks including regional rural banks;
- (iii) audit of newly formed concerns relating to two accounting years from the date of commencement of their operations; and
- (iv) certification or audit under Income-tax Act or other attestation work carried out by the Statutory Auditor.

This becomes operative for all audits relating to accounting periods beginning on or after April 1, 1995.

Explanation:

For the purpose of this notification, the expression statutory auditor means and includes a chartered accountant appointed as an auditor under a Central/State or Provincial Act as well as an auditor appointed under any agreement.

A.K. MAJUMDAR
Secretary

^A Earlier substituted for the following Notification:-

[Published in Part III Section 4 of the Gazette of India dated 6th June, 1987]

NOTIFICATION
(Chartered Accountants)

25th May, 1987

No. 1-CA(7)/158/87: In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India hereby specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he on behalf of the firm of chartered accountants in which he is a partner (a) consisting of 4 or more partners but less than 8 partners with atleast one partner holding a certificate of practice for five years or more; or (b) consisting of 8 or more partners with atleast one partner holding a certificate of practice for five years or more; accepts or carries out any audit work involving receipt of audit fees (excluding reimbursement of expenses, if any) for such work of an amount below what is specified hereunder:-

	Practising firm having 4 or more partners but less than 8 partners	Practising firm having 8 or more partners
i) In cities with population of 2 million and above	Rs.1,500/- p.a.	Rs.3,000/- p.a.
ii) In cities/towns having population of less than 2 million	Rs.1,000/- p.a.	Rs.2,000/- p.a.

Provided that such restriction shall not apply in respect of the following:

- audit of accounts of charitable institutions, clubs, provident funds, etc. where the appointment is honorary, i.e. without any fees;
- statutory audit of branches of banks including regional rural banks;
- audit of newly formed concerns relating to two accounting years from the date of commencement of their operations; and
- certification or audit under Income-tax Act or other attestation work carried out by the Statutory Auditor.

The Chartered Accountants Act, 1949

This becomes operative for all audits relating to accounting periods beginning on or after 1st August, 1987.

Explanation:

For the purpose of this notification, the expression Statutory Auditor means and includes a chartered accountant appointed as an auditor under a Central/State or provincial Act as well as an auditor appointed under any agreement.

G. Banerjee
Deputy Secretary

[The Notification given in Appendix No. (26) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (26)

[Published in Part III Section 4 of the Gazette of India
dated 4th February, 1989]

**NOTIFICATION
(Chartered Accountant)**

13th January, 1989

No. 1-CA(7)/3/88. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India hereby specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he accepts, in a financial year, more than the “specified number of tax audit assignments” under Section 44AB of the Income-tax Act, 1961.

Provided that in the case of a firm of chartered accountants in practice, the “specified number of tax audit assignments” shall be construed as the specified number of audit tax assignments for every partner of the firm.

Provided further that where any partner of the firm is also a partner of any other firm or firms of chartered accountants in practice, the number of tax audit assignments which may be taken for all the firms together in relation to such partner shall not exceed the “specified number of tax audit assignments” in the aggregate.

Provided further that where any partner of a firm of chartered accountants in practice accepts one or more tax audit assignments in his individual capacity, the total number of such assignments which may be accepted by him shall not exceed the “specified number of tax audit assignments” in the aggregate.

Explanation:

1. For the above purpose, “specified number of tax audit assignments” means-
 - (a) in the case of a chartered accountant in practice or a proprietary firm of chartered accountant, 30¹ tax audit assignments, in a financial year, whether in respect of corporate or non-corporate assesses.
 - (b) in the case of firm of chartered accountants in practice, 30 tax audit assignments per partner in the firm, in a financial year, whether in respect of corporate or non-corporate assesses.
2. In computing the “specified number of tax audit assignments”, each year’s audit would be taken as a separate assignment.
3. In computing the “specified number of tax audit assignments”, the number of such assignments, which he or any partner of his firm has accepted whether singly or in combination with any other chartered accountants in practice or firm of such chartered accountants, shall be taken into account.
4. The audit of the head office and branch offices of a concern shall be regarded as one tax audit assignment.
5. The audit of one or more branches of the same concern by one chartered accountant in practice shall be construed as only one tax audit assignment.
6. The above notification shall come into force from the financial year commencing on or after 1st April, 1989.

¹ Should be read with announcement published in June, 2007 issue of the Journal regarding increase in the “specified number of tax audit assignments” from 30 to 45.

7. A chartered accountant in practice and every partner of a firm of such chartered accountants holding immediately before 1st April, 1989, tax audit assignments in excess of the specified number, shall within sixty days from 1st April, 1989, intimate his inability to conduct tax audit in excess of the specified number to the concerned assesses.
8. A chartered accountant in practice shall maintain a record of the tax audit assignments accepted by him in each financial year in the format as may be prescribed by the Council.

M.C. Narasimhan
Secretary

[The Notification given in Appendix No. (27) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (27)

[Published in Part III Section 4 of the Gazette of India
dated 31st July, 1999]

NOTIFICATION (Chartered Accountants)

23rd July, 1999

No. 1-CA(7)/43/99. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India hereby specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he or his firm undertakes issuance of Y2K compliance certificate while the member or the firm undertakes, whether directly or indirectly, the designing and conversion of the computer system for Y2K compliance.

Explanation:

A member of the Institute in practice is permitted to carry out Y2K compliance certification of an entity along with the audit of the same entity.

ASHOK HALDIA
Secretary

[The Notification given in Appendix No. (28) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (28)

[Published in Part III Section 4 of the Gazette of India
dated 13th November, 1999]

NOTIFICATION
(Chartered Accountants)

28th October, 1999

No. 1-CA(7)/46/99. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India hereby specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he accepts the appointment as auditor of an entity in case the undisputed audit fee of another Chartered Accountant for carrying out the statutory audit under the Companies Act, 1956 or various other statutes has not been paid:

Provided that in the case of sick unit, the above prohibition of acceptance shall not apply.

Explanation 1 – For this purpose, the provision for audit fee in accounts signed by both – the auditee and the auditor shall be considered as “undisputed” audit fee.

Explanation 2 – For this purpose, “sick unit” shall mean where the net worth is negative.

(ASHOK HALDIA)
Secretary

[The Notification given in Appendix No. (29) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (29)

[Published in Part III Section 4 of the Gazette of India dated 19th May, 2001]

NOTIFICATION (Chartered Accountants)

8th May, 2001

No. 1-CA(7)/53/2001. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India hereby specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he holds at any time appointment of more than the “specified number of audit assignments” of the companies under Section 224 and/or Section 228 of the Companies Act, 1956.

Provided that in the case of a firm of chartered accountants in practice, the “specified number of audit assignments” shall be construed as the specified number of audit assignments for every partner of the firm.

Provided further that where any partner of the firm of chartered accountants in practice is also a partner of any other firm or firms of chartered accountants in practice, the number of audit assignments which may be taken for all the firms together in relation to such partner shall not exceed the “specified number of audit assignments” in the aggregate.

Provided further where any partner of a firm or firms of chartered accountants in practice accepts one or more audit assignments in his individual capacity, or in the name of his proprietary firm, the total number of such assignments which may be accepted by all firms in relation to such chartered accountant and by him shall not exceed the “specified number of audit assignments” in the aggregate.

Explanation:

1. For the above purpose, the “specified number of audit assignments” means –
 - (a) in the case of a chartered accountant in practice or a proprietary firm of chartered accountant, thirty audit assignments whether in respect of private companies or other companies.
 - (b) in the case of a firm of chartered accountants in practice, thirty audit assignments per partner in the firm, whether in respect of private companies or other companies.

Provided that out of such “specified number of audit assignments”, the number of audit assignments of public companies each of which has a paid-up share capital of rupees twenty-five lakhs or more, shall not exceed ten.

2. In computing the “specified number of audit assignments”,
 - (a) the number of such assignments, which he or any partner of his firm has accepted whether singly or in combination with any other chartered accountant in practice or firm of such chartered accountants, shall be taken into account.
 - (b) the audit of the head office and branch offices of a company by one chartered accountant or firm of such chartered accountants in practice shall be regarded as one audit assignment.
 - (c) the audit of one or more branches of the same company by one chartered accountant in practice or by firm of chartered accountants in practice in which he is a partner shall be construed as one audit assignment only.
 - (d) the number of partners of a firm on the date of acceptance of audit assignment shall be taken into account.
 - (e) A chartered accountant in full time employment elsewhere shall not be taken into account.
3. This notification shall come into force from the date of its publication in the Official Gazette.

The Chartered Accountants Act, 1949

4. A chartered accountant in practice as well as firm of chartered accountants in practice shall maintain a record of the audit assignments accepted by him or by the firm of chartered accountants, or by any of the partner of the firm in his individual name or as a partner of any other firm as far as possible, in the following format:

S. No.	Name of the Company/ Audit Assignment	Registration Number	Date of Appointment	Date of Acceptance	Date on which Form 23-B filed with Registrar of Companies
1	2	3	4	5	6

Dr. Ashok Haldia
Secretary

[The Notification given in Appendix No. (30) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (30)

[Published in Part III Section 4 of the Gazette of India dated 23rd March, 2002]

NOTIFICATION
(Chartered Accountants)

8th March, 2002

No. 1-CA(7)/60/2002. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India hereby specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he accepts the appointment as statutory auditor of Public Sector Undertaking(s)/Government Company(ies)/Listed Company(ies) and other Public Company(ies) having turnover of Rs.50 crores or more in a year and accepts any other work(s) or assignment(s) or service(s) in regard to the same Undertaking(s)/Company(ies) on a remuneration which in total exceeds the fee payable for carrying out the statutory audit of the same Undertaking/company.

Provided that in case appointing authority(ies)/regulatory body(ies) specify(ies) more stringent condition(s)/restriction(s), the same shall apply instead of the conditions/restrictions specified in this Notification.

Explanation:

1. The above restrictions shall apply in respect of fees for other work(s) or service(s) or assignment(s) payable to the statutory auditors and their associate concern(s) put together;
2. For the above purpose,
 - (i) the term “other work(s)” or “service(s)” or “assignment(s)” shall include Management Consultancy and all other professional services permitted by the Council pursuant to Section 2(2)(iv) of the Chartered Accountants Act, 1949 but shall not include:–
 - (i) audit under any other statute;
 - (ii) certification work required to be done by the statutory auditors; and
 - (iii) any representation before an authority;
 - (ii) the term “associate concern” means any corporate body or partnership firm which renders the Management Consultancy and all other professional services permitted by the Council wherein the proprietor and/or partner(s) of the statutory auditor firm and/or their “relative(s)” is/are Director/s or partner/s and/or jointly or severally hold “substantial interest” in the said corporate body or partnership;
 - (iii) the term “relative” and “substantial interest” shall have the same meaning as are assigned under Appendix (10) *[Now Appendix (9)]* to the Chartered Accountants Regulations, 1988.
3. In regard to taking up other work(s) or service(s) or assignment(s) of the undertaking/company referred to above, it shall be open to such associate concern or corporate body to render such work(s) or service(s) or assignment(s) so long as

aggregate remuneration for such other work(s) or service(s) or assignment(s) payable to the statutory auditor/s together with fees payable to its associate concern(s) or corporate body(ies) do/does not exceed the aggregate of fee payable for carrying out the statutory audit.

4. This notification shall apply for any appointment(s) on or after 1st April, 2002.

DR. ASHOK HALDIA
SECRETARY

[The Notification given in Appendix No. (31) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (31)

[Published in Part III Section 4 of the Gazette of India dated 7th September, 2002]

NOTIFICATION (Chartered Accountants)

2nd August, 2002

No. 1-CA(7)/63/2002. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India hereby specifies that a member of the Institute shall be deemed to be guilty of professional misconduct if he accepts appointment as auditor of a concern while he is indebted to the concern or has given any guarantee or provided any security in connection with the indebtedness of any third person to the concern, for limits fixed in the statute and in other cases for amount exceeding Rs. 10,000/-.

Explanation:-

- (1) For the above purpose, the term 'auditor' does not include internal auditor, concurrent auditor or an auditor giving report to the Management.

- (2) For the above purpose, the limit of Rs. 10,000/- shall be the aggregate amount in respect of the proprietor and/or the partner/s of the firm of chartered accountants.

(DR. ASHOK HALDIA)
SECRETARY

[The Notification given in Appendix No. (32) was in operation until issuance of Council General Guidelines, 2008 - No. 1-CA(7)/02/2008 dated 8th August, 2008, given at Appendix No. (34)]

Appendix No. (32)

[Published in Part III Section 4 of the Gazette of India
dated 19th October, 2002]

NOTIFICATION
(Chartered Accountants)

30th September, 2002

No. 1-CA(7)/67/2002. – In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India hereby notifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he does not follow the direction given, by the Council or an appropriate Committee or on behalf of any of them, to the incoming auditors not to accept the appointment as auditors, in the case of unjustified removal of the earlier auditors.

DR. ASHOK HALDIA
SECRETARY

Appendix No. (33)

(Issued pursuant to Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949)

**Guidelines No. 1-CA(7)/Council Guidelines/01/2008,
dated 14th May, 2008**

**GUIDELINES FOR ADVERTISEMENT FOR THE
MEMBERS IN PRACTICE**

The Members may advertise through a write up setting out their particulars or of their firms and services provided by them subject to the following Guidelines and must be presented in such a manner as to maintain the profession's good reputation, dignity and its ability to serve the public interest.

1. The Member(s)/Firm(s) should ensure that the contents of the Write up are true to the best of their knowledge and belief and are in conformity with these Guidelines and be aware that the Institute of Chartered Accountants of India does not own any responsibility whatsoever for such contents or claims by the Writer Member(s) / Firm(s).

2. Definitions

For the purpose of these Guidelines:

- (i) The "Act" means The Chartered Accountants Act, 1949.
- (ii) "Institute" means the Institute of Chartered Accountants of India.
- (iii) "write up" means the writing of particulars according to the information given in the Guidelines setting out services rendered by the Members or firms and any writing or display of the particulars of the Member(s) in practice or of firm(s) issued, circulated or published by way of print or electronic mode or otherwise including in newspapers, journals, magazines and websites (in Push as well in Pull mode) in accordance with the Guidelines.

(The terms not defined herein have the same meaning as assigned to them in the Chartered Accountants Act, 1949 and the Rules, Regulations and Guidelines made thereunder.)

3. The write-up may include only the following information:

(A) For Members

- (i) Name Chartered Accountant
- (ii) Membership No. with Institute
- (iii) Age
- (iv) Date of becoming ACA

- (v) Date of becoming FCA
- (vi) Date from which COP held
- (vii) Recognized qualifications
- (viii) Languages known
- (ix) Telephone/Mobile/Fax No.
- (x) Professional Address
- (xi) Web
- (xii) E-mail
- (xiii) C A Logo
- (xiv) Passport size photograph
- (xv) Details of Employees (Nos. -)
 - (a) Chartered Accountants -
 - (b) Other Professionals –
 - (c) Articles/Audit Assistants
 - (d) Other Employees
- (xvi) Names of the employees and their particulars on the lines allowed for a member as stated above.
- (xvii) Services provided
 - (a)
 - (b)
 - (c)

(B) For Firms

- (i) Name of the Firm Chartered Accountants
- (ii) Firm Registration No. with Institute
- (iii) Year of establishment.
- (iv) Professional Address(s)
- (v) Working Hours
- (vi) Tel. No(s)/Mobile No./Fax No(s)
- (vii) Web address
- (viii) E-mail
- (ix) No. of partners

- (x) Name of the proprietor/partners and their particulars on the lines allowed for a member as stated above including passport size photograph.
- (xi) C A Logo
- (xii) Details of Employees (Nos. -)
 - (a) Chartered Accountants -
 - (b) Other professionals –
 - (c) Articles/Audit Assistants
 - (d) Other employees
- (xiii) Names of the employees of the firm and their particulars on the lines allowed for a member as stated above.
- (xiv) Services provided:
 - (a)
 - (b)
 - (c)

The write-up may have the Signature, Name of the Member/
Name of the Partner signing on behalf of the firm, Place and Date.

4. Other Conditions

- (i) The write-up should not be false or misleading and bring the profession into disrepute.
- (ii) The write-up should not claim superiority over any other Member(s)/Firm(s).
- (iii) The write-up should not be indecent, sensational or otherwise of such nature which may likely to bring the profession into disrepute.
- (iv) The write-up should not contain testimonials or endorsements concerning Member(s).
- (v) The write-up should not contain any other representation(s) that may like to cause a person to misunderstand and/or to be deceived.

- (vi) The write-up should not violate the provisions of the 'Act', Rules made thereunder and 'The Chartered Accountants Regulations, 1988'.
- (vii) The write-up should not include the names of the clients (both past and present)
- (viii) The write-up should not be of font size exceeding 14.
- (ix) The write-up should not contain any information other than stated in Para 3 hereinabove.
- (x) The write-up should not contain any information about achievements/award or any other position held.
- (xi) The particulars of information required at para (ii) of 3(A) and para (ii) of 3(B) above is mandatory.

Appendix No. (34)

(Issued under the provisions of The Chartered Accountants Act, 1949)

Guidelines No. 1-CA(7)/02/2008, dated 8th August, 2008

GUIDELINES FOR THE MEMBERS OF ICAI

Chapter I **Preliminary**

1.0 Short title, commencement, etc.

- (a) These Guidelines have been issued by the Council of the Institute of Chartered Accountants of India under the provisions of The Chartered Accountants Act, 1949, as amended by The Chartered Accountants (Amendment) Act 2006, in supersession of the Notifications issued by the Council under erstwhile Clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949.
- (b) These Guidelines be called the 'Council General Guidelines, 2008'.

1.1 Definitions

1.1.1 For the purpose of these Guidelines:

- (a) 'Act' means the Chartered Accountants Act, 1949.
- (b) "Chartered accountant" means a person who is a member of the Institute.
- (c) "Council" means the Council of the Institute constituted under Section 9 of the Act.
- (d) "Institute" means the Institute of Chartered Accountants of India constituted under the Act.

1.1.2 All other words and expressions used but not defined herein have the same meaning as assigned to them within the Chartered Accountants Act, 1949 and the Rules, Regulations and Guidelines made thereunder.

1.2 Applicability of the Guidelines

These guidelines shall be applicable to all the Members of the Institute whether in practice or not wherever the context so requires.

Chapter II

Conduct of a Member being an employee

2.0 A member of the Institute who is an employee shall exercise due diligence and shall not be grossly negligent in the conduct of his duties.

Chapter III

Appointment of a Member as Cost auditor

3.0 A member of the Institute shall not accept:-

- (i) The appointment as Cost auditor of a Company under Section 233B of the Companies Act, 1956 while he-
 - (a) is an auditor of the Company appointed under Section 224 of the Companies Act; or

- (b) is an officer or employee of the Company; or
- (c) is a partner, of any employee or officer of the Company; or
- (d) is a partner or is in the employment of the Company's auditor appointed under Section 224 of the Companies Act, 1956; or
- (e) is indebted to the Company for an amount exceeding one thousand rupees, or has given any guarantee or provided any security in connection with the indebtedness of any third person to the Company for an amount exceeding one thousand rupees;

OR

- (ii) After his appointment as Cost Auditor, he becomes subject to any of the disabilities stated in items (i) (a) to (e) above and continues to function as a cost auditor thereafter.

3.1 A member of the Institute in practice shall not accept the appointment as auditor of a Company under Section 224 of the Companies Act, 1956, while he is an employee of the cost auditor of the Company appointed under Section 233B of the Companies Act, 1956.

Chapter IV

Opinion on financial statements when there is substantial interest

4.0 A member of the Institute shall not express his opinion on financial statements of any business or enterprise in which one or more persons who are his "relatives" within the meaning of Section 6 of the Companies Act, 1956 have, either by themselves or in conjunction with such member, a substantial interest in the said business or enterprise.

Explanation: For this purpose and for the purpose of compliance of Clause (4) of Part I of the Second Schedule to

the Chartered Accountants Act, 1949, the expression “substantial interest” shall have the same meaning as is assigned thereto under Appendix (9) to the Chartered Accountants Regulations, 1988.

Chapter V

Maintenance of books of accounts

5.0 A member of the Institute in practice or the firm of Chartered Accountants of which he is a partner, shall maintain and keep in respect of his / its professional practice, proper books of account including the following:-

- (i) a Cash Book;
- (ii) a Ledger.

Chapter VI

Tax Audit assignments under Section 44 AB of the Income-tax Act, 1961

6.0 A member of the Institute in practice shall not accept, in a financial year, more than the “specified number of tax audit assignments” under Section 44AB of the Income-tax Act, 1961.

Provided that in the case of a firm of Chartered Accountants in practice, the “specified number of tax audit assignments” shall be construed as the specified number of tax audit assignments for every partner of the firm.

Provided further that where any partner of the firm is also a partner of any other firm or firms of Chartered Accountants in practice, the number of tax audit assignments which may be taken for all the firms together in relation to such partner shall not exceed the “specified number of tax audit assignments” in the aggregate.

Provided further that where any partner of a firm of Chartered Accountants in practice accepts one or more tax audit assignments in his individual capacity, the total number of such assignments which may be accepted by him shall not

exceed the “specified number of tax audit assignments” in the aggregate.

6.1 Explanation:

For the above purpose, “the specified number of tax audit assignments” means -

- (a) in the case of a Chartered Accountant in practice or a proprietary firm of Chartered Accountant, 45 tax audit assignments, in a financial year, whether in respect of corporate or non-corporate assesses.
- (b) in the case of firm of Chartered Accountants in practice, 45 tax audit assignments per partner in the firm, in a financial year, whether in respect of corporate or non-corporate assesses.

- 6.1.1** In computing the “specified number of tax audit assignments” each year’s audit would be taken as a separate assignment.
- 6.1.2** In computing the “specified number of tax audit assignments”, the number of such assignments, which he or any partner of his firm has accepted whether singly or in combination with any other Chartered Accountant in practice or firm of such Chartered Accountants, shall be taken into account.
- 6.1.3** The audit of the head office and branch offices of a concern shall be regarded as one tax audit assignment.
- 6.1.4** The audit of one or more branches of the same concern by one Chartered Accountant in practice shall be construed as only one tax audit assignment.
- 6.1.5** A Chartered Accountant being a part time practicing partner of a firm shall not be taken into account for the purpose of reckoning the tax audit assignments of the firm.
- 6.1.6** A Chartered Accountant in practice shall maintain a record of the tax audit assignments accepted by him in each financial year in the format as may be prescribed by the Council.

Chapter VII

Appointment of an Auditor in case of non-payment of undisputed fees

- 7.0** A member of the Institute in practice shall not accept the appointment as auditor of an entity in case the undisputed audit fee of another Chartered Accountant for carrying out the statutory audit under the Companies Act, 1956 or various other statutes has not been paid:

Provided that in the case of sick unit, the above prohibition of acceptance shall not apply.

7.1 Explanation 1:

For this purpose, the provision for audit fee in accounts signed by both - the auditee and the auditor shall be considered as "undisputed" audit fee.

7.2 Explanation 2:

For this purpose, "sick unit" shall mean where the net worth is negative.

Chapter VIII

Specified number of audit assignments

- 8.0** A member of the Institute in practice shall not hold at any time appointment of more than the "specified number of audit assignments" of Companies under Section 224 and/or Section 228 of the Companies Act, 1956.

Provided that in the case of a firm of Chartered Accountants in practice, the "specified number of audit assignments" shall be construed as the specific number of audit assignments for every partner of the firm.

Provided further that where any partner of the firm of Chartered Accountants in practice is also a partner of any other firm or firms of Chartered Accountants in practice, the number of audit assignments which may be taken for all the firms together in relation to such partner shall not exceed the "specified number of audit assignments" in the aggregate.

Provided further where any partner of a firm or firms of Chartered Accountants in practice accepts one or more audit of Companies in his individual capacity, or in the name of his proprietary firm, the total number of such assignments which may be accepted by all firms in relation to such Chartered Accountant and by him shall not exceed the “specified number of audit assignments” in the aggregate.

8.1 Explanation:

For the above purpose, the “specified number of audit assignments” means –

- a. in the case of a Chartered Accountant in practice or a proprietary firm of Chartered Accountant, thirty audit assignments whether in respect of private Companies or other Companies.
- b. in the case of Chartered Accountants in practice, thirty audit assignments per partner in the firm, whether in respect of private Companies or other Companies.

Provided that out of such “specified number of audit assignments, the number of audit assignments of public Companies each of which has a paid-up share capital of rupees twenty-five lakhs or more, shall not exceed ten.

8.2 In computing the “specified number of audit assignments”-

- a. the number of audit of such Companies, which he or any partner of his firm has accepted whether singly or in combination with any other Chartered Accountant in practice or firm of such Chartered Accountants, shall be taken into account.
- b. the audit of the head office and branch offices of a Company by one Chartered Accountant or firm of such Chartered Accountants in practice shall be regarded as one audit assignment.
- c. the audit of one or more branches of the same Company by one Chartered Accountant in practice or by firm of Chartered Accountants in practice in which

he is a partner shall be construed as one audit assignment only.

- d. the number of partners of a firm on the date of acceptance of audit assignment shall be taken into account.

8.3 A Chartered Accountant in practice, whether in full-time or part-time employment elsewhere, shall not be counted for the purpose of determination of "specified number of audit of Companies" by firms of Chartered Accountants.

8.4 A Chartered Accountant being a part time practicing partner of a firm shall not be taken into account for the purpose of reckoning the audit assignments of the firm.

8.5 A Chartered Accountant in practice as well as firm of Chartered Accountants in practice shall maintain a record of the audit assignments accepted by him or by the firm of Chartered Accountants, or by any of the partners of the firm in his individual name or as a partner of any other firm, as far as possible, in the following format:

S.No.	Name of the Company	Regis- tration Number	Date of Appoint- ment	Date of Accept- ance	Date on which Form 23-B filed with Registrar of Companies
1	2	3	4	5	6

Chapter IX

Appointment as Statutory auditor

9.0 A member of the Institute in practice shall not accept the appointment as statutory auditor of Public Sector Undertaking(s)/Government Company(ies)/Listed Company(ies) and other Public Company(ies) having turnover of Rs. 50 crores or more in a year where he accepts any other work(s) or assignment(s) or service(s) in regard to the same Undertaking(s)/Company(ies) on a remuneration which in total exceeds the fee payable for carrying out the statutory audit of the same Undertaking/company.

Provided that in case appointing authority(ies)/regulatory body(ies) specify(ies) more stringent condition(s)/restriction(s), the same shall apply instead of the conditions/restrictions specified under these Guidelines.

9.1 The above restrictions shall apply in respect of fees for other work(s) or service(s) or assignment(s) payable to the statutory auditors and their associate concern(s) put together.

9.2 For the above purpose,

(i) the term “other work(s)” or “service(s)” or “assignment(s)” shall include Management Consultancy and all other professional services permitted by the Council pursuant to Section 2(2)(iv) of the Chartered Accountants Act, 1949 but shall not include: -

- (a) audit under any other statute;
- (b) certification work required to be done by the statutory auditors; and
- (c) any representation before an authority;

(ii) the term “associate concern” means any corporate body or partnership firm which renders the Management Consultancy and all other professional services permitted by the Council wherein the proprietor and/or partner(s) of the statutory auditor firm and/or their “relative(s)” is/are Director/s or partner/s and/or jointly or severally hold “substantial interest” in the said corporate body or partnership;

(iii) the terms “relative” and “substantial interest” shall have the same meaning as are assigned thereto under Appendix (9) to the Chartered Accountants Regulations, 1988.

9.3 In regard to taking up other work(s) or service(s) or assignment(s) of the undertaking/company referred to above, it shall be open to such associate concern or corporate body

to render such work(s) or service(s) or assignment(s) so long as aggregate remuneration for such other work(s) or service(s) or assignment(s) payable to the statutory auditor/s together with fees payable to its associate concern(s) or corporate body(ies) do/does not exceed the aggregate of fee payable for carrying out the statutory audit.

Chapter X

Appointment of an auditor when he is indebted to a concern

- 10.0** A member of the Institute in practice or a partner of a firm in practice or a firm shall not accept appointment as auditor of a concern while indebted to the concern or given any guarantee or provided any security in connection with the indebtedness of any third person to the concern, for limits fixed in the statute and in other cases for amount exceeding Rs. 10,000/-.

Chapter XI

Directions in case of unjustified removal of auditors

- 11.0** A member of the Institute in practice shall follow the direction given, by the Council or an appropriate Committee or on behalf of any of them, to him being the incoming auditor(s) not to accept the appointment as auditor(s), in the case of unjustified removal of the earlier auditor(s).

Chapter XII

Minimum Audit Fee in respect of Audit

- 12.0** A member of the Institute in practice shall not, on behalf of the firm of chartered accountants in which he is a partner, accept or carry out any audit work involving receipt of audit fees (excluding reimbursement of expenses, if any) for such work of an amount less than what is specified hereunder:-
- (a) consisting of 5 or more partners but less than 10 partners with at least one partner holding a certificate of practice for five years or more; or

- (b) consisting of 10 or more partners with at least one partner holding a certificate of practice for five years or more.

	Practising firm having 5 or more partners but less than 10 partners	Practising firm having 10 or more partners
(i) In cities with population of 3 million and above (as per the last census)	Rs.6000/- p.a.	Rs.12000/- p.a.
(ii) In cities/towns having population of less than 3 million. (as per the last census)	Rs.3500/- p.a.	Rs.8000/- p.a.

Provided that such restriction shall not apply in respect of the following: -

- (i) audit of accounts of charitable institutions clubs, provident funds, etc. where the appointment is honorary i.e. without any fees;
- (ii) statutory audit of branches of banks including regional rural banks;
- (iii) audit of newly formed concerns relating to two accounting years from the date of commencement of their operations;
- (iv) certification or audit under Income-tax Act or other attestation work carried out by the Statutory Auditor; and
- (v) Sales Tax Audit and VAT Audit.

12.1 Explanation:

For the purpose of these Guidelines, the expression statutory auditor means and includes a chartered accountant appointed as an auditor under a Central/State or Provincial Act as well as an auditor appointed under any agreement.

The Council has clarified that for the above purpose the audit of Provident Fund Trust; Gratuity Fund etc. carried out by the statutory auditor are to be considered as separate and distinct audit so that the above restrictions are applicable to it.

Chapter XIII
Repeal and Saving

13.0 The Notifications as specified in the **Schedule** hereto, issued under erstwhile Clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949 by the Council from time to time shall stand repealed from the date herein.

13.1 Notwithstanding such repeal:-

- (a) Anything done or any action taken or purported to have been done or taken, any enquiry or investigation commenced or show cause notice issued in respect of the said notifications shall be deemed to have been done or taken under the corresponding provisions of these guidelines.
- (b) Any application made to the Council or Director (Discipline) under the said Notifications and pending before the Director (Discipline), Board of Discipline, Disciplinary Committee and the Council shall be deemed to have been made under the corresponding provisions of these Guidelines.

SCHEDULE

NOTIFICATIONS ISSUED BY THE COUNCIL UNDER ERSTWHILE CLAUSE (ii) OF PART II OF THE SECOND SCHEDULE TO THE CHARTERED ACCOUNTANTS ACT, 1949.

1. No. 1-CA(7)/65 dated 6th November, 1965.
2. No. 1-CA(37)/70 Published in Part III Section 4 of the Gazette of India dated 30th May, 1970.
3. No. 1-CA(39)/70 Published in Part III Section 4 of the Gazette of India dated 24th October, 1970.
4. No. 1-CA(44)/71 Published in Part III Section 4 of the Gazette of India dated 20th March, 1971.
5. No. 1-CA(153)/86 Published in Part III Section 4 of the Gazette of India dated 30th August, 1986.
6. No. 1-CA(7)/3/88 Published in Part III Section 4 of the Gazette of India dated 4th February, 1989.
7. No. 1-CA(7)/9/89 Published in Part III Section 4 of the Gazette of India dated 19th August, 1989 (Since quashed by the Supreme Court vide Order dated 16th May, 2007).
8. No. 1-CA(7)/43/99 Published in Part III Section 4 of the Gazette of India dated 31st July, 1999.
9. No. 1-CA(7)/46/99 Published in Part III Section 4 of the Gazette of India dated 13th November, 1999.
10. No. 1-CA(7)/53/2001 Published in Part III Section 4 of the Gazette of India dated 12th May, 2001.
11. No. 1-CA(7)/60/2002 Published in Part III Section 4 of the Gazette of India dated 23rd March, 2002.
12. No. 1-CA(7)/63/2002 Published in Part III Section 4 of the Gazette of India dated 7th September, 2002.
13. No. 1-CA(7)/67/2002 Published in Part III Section 4 of the Gazette of India dated 19th October, 2002.
14. No. 1-CA(7)/75/2004 Published in Part III Section 4 of the Gazette of India dated 22nd May, 2004.