FROM THE PRESIDENT

Dear Professional Brothers and Sisters,

Change is inevitable and is the only thing that is constant. But it is the sheer pace of change that makes it a big challenge in present hi-tech era of liberalisation, privatisation and globalisation which has put sharper focus on the role of accounting profession. We professionals need to take this challenge head on to take our age-old tradition of excellence into a prosperous future. Remember that "Continuity gives us roots; change gives us branches, letting us stretch and grow and reach new heights". Obstacles may come, but as the saying goes: "obstacles are those frightful things you see when you take your eyes off your goal". The primary qualification of a Chartered Accountant must be his commitment to a lifetime of learning, and to change with times. In a time of drastic change it is the learners who inherit the future. In today's integrated world, information is gateway to success. Let's be 'information and decision specialists' and help our clients comply with rules and take enlightened decisions. Let's be a bridge between fiscal administration and business community.

Increase in Ceiling on Tax Audit

It was in the year 1985 that Section 44 AB was introduced in the Income Tax Act, 1961 requiring tax audit by a select class of corporate and non-corporate assessees. The Council of the Institute decided to impose, effective from 1st April, 1989, a ceiling of 30 assignments of tax audits per year per member, keeping in view the quality of work required for performing tax audit. In the recent years, there has been infusion of IT in the trade and industry at all levels including in the accounting function. This has enabled performance of tax audit in relatively lesser time without any compromise on the quality. In addition, number of assessees covered by the monitory ceiling on the tax audit fixed in 1985 has also increased, on account of growth in the economy and introduction of VAT.

In view of these, the members in practice, particularly in relatively smaller/moffusil areas have been making suggestions for suitable increase in the existing ceiling on tax audit. The Council of the Institute after consideration of various aspects as aforesaid, in its meeting held from 30th April to 2nd May, 2007, has decided to increase the ceiling on number of tax audit from 30 to 45 per year per member. Necessary actions for issuance of a suitable Notification in this regard are being taken. I feel that the decision of the Council is consistent with the changing perspective of Indian economy in general and trade and industry in particular. I need not over-emphasize that the 'integrity and quality of services that we provide' is the hallmark of our profession, and I am sure, the members would stand up, as usual, to this reality.

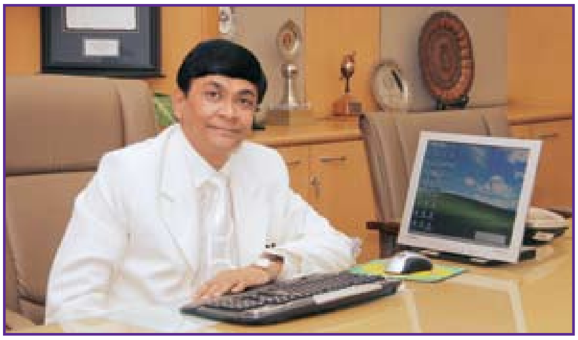
Increase in Membership Fee

It was in the April, 2000 when various types of membership fees were revised, and revised very marginally. For example, the Associate Membership Fee was increased from Rs.225/- to Rs.300/- and Associate Membership with Certificate of Practice was revised from Rs.600/- to Rs.800/- per year. Similar was the increase for other kinds of membership fees. The membership fees at the aforesaid rate, on a monthly basis, worked out to Rs.25/- for Associate Members not in practice and Rs.92/- for Associate Members in practice. For the Fellow Members, the aforesaid membership fees on monthly basis worked out to Rs.75/- and Rs.133/- respectively. The entrance fees and the fellow admission fees of Rs.300/- and Rs.200/- were fixed 58 years ago, in the year 1949, and remained unchanged since then.

In the year 2004, the Council approved upward revision in the scale of membership fees. However, the same could not be given effect to as the Chartered Accountant (Amendment) Act, 2006 was in the offing. The Amendment Act, as aforesaid, does authorise the Council to increase the scale of membership fee/s within a ceiling provided in the Act, without requiring approval of the Government. There has been significant increase, over the years, in the nature and types of the activities of the Institute and level thereof. The scale of fees being

CA – Nurtured in India, Groomed for the World collected from the members has, however, remained unchanged.

The Council of the Institute, in its meeting held from 30th April to 2nd May, 2007, considered the sustainability of current level of membership fee. It also considered the infrastructure requirement and newer type of high quality service to be provided in the near future, meeting the expectations of the members. Based on that, it has decided to increase various kinds of membership fees w.e.f. 1st April, 2008, details of which have been published elsewhere in the journal.



While the annual membership fees for Associate Members as well as Fellow Members, in absolute terms appears to have been doubled; when gauged in relation to the period elapsed, since the last revision in the year 2000, the increase works out to less than even 10%, much below normal increase in day-to-day expenditure being witnessed by all of us. Manifold increase in the restoration fees is to dissuade the members to discontinue and restore their membership now and then.

The members, during my interaction throughout the country over the last 15 months, have been supportive of upward revision in the existing fee structure, which they felt is otherwise meager in comparison to the services being provided by the Institute and general increase in the income levels in the profession.

Changes in I-T Forms

After consulting ICAI, the Finance Ministry has rightly revamped the I-T forms and filing procedures. On the Government's request for ICAI comments, we had formed a study group that received a large number of suggestions from members across the country. These suggestions were duly analysed and forwarded to the Government. The annual returns for 2007-08 will henceforth be filed using eight new forms classified as the ITR series 1 to 8. All newly designed forms have been hosted on the Income Tax Department's website. These changes will definitely boost compliance and bring more tax revenues for the Government. This development has cast a new responsibility on members to make this Government initiative successful by creating awareness among the taxpayers. Let's take these changes as an opportunity to meet both our social as well as professional goals.

Peer Review

As members are aware, the ICAI as a proactive measure introduced the concept of review as a self regulatory mechanism to further enhance the quality of attestation services rendered by members in practice. It is noteworthy that as per the statement on peer review, all CAs in practice shall have to undergo peer review at one point of time or the other. However, in view of large number of members in practice, the statement on peer review classified all practice units in three stages on the basis of well-defined criteria. Accordingly, practice units falling under stage one have to undergo peer review mandatorily once in three years. Having regard to public interest involved in listed companies, it has been decided that all practice units who are conducting audit of listed companies shall be covered under stage one and hence shall undergo peer review once in three years.

Before I conclude, let me recall the saying, "Success is a journey, not a destination". So let's continue with our journey with professional panache. The best way to predict the future is to invent it. You can never plan the future by the past. As the saying goes: "The future is not a result of choices among alternative paths offered by the present, but a place that is created--created first in the mind and will, created next in activity. The future is not some place we are going to, but one we are creating."

Sincerely Yours,

Sunil H. Talati

New Delhi, May 20, 2007

I Adore My Profession
I Salute My Institute
I Respect My Council
I am proud to be a Chartered Accountant