



CA. Subodh Kumar Agrawal, President, ICAI

### Dear Friends,

Now that we have a new Companies Act in place to guide our nation by consolidating and amending the laws relating to companies, the Ministry of Corporate Affairs is bringing out draft rules under the new Act. We are also framing our views through the process of consultative mechanism and the same are being submitted to the Ministry of Corporate Affairs in phases.

The new Act has increased focus on ethics and good corporate governance. The Act expects the auditors to deliver more in terms of information and assurance on governance practices in companies. As expected, the ICAI is determined to extend required training and guidance, capacity-building programmes to our members.

While laying more emphasis on better compliance, the new Companies Act has made CSR a mandatory responsibility for a class of certain degree of profit-making companies, while the message goes to all businesses that social responsibility has to be their integral aspect, if they want a sustained development for themselves.

### Effective International Taxation System

**Required:** Post-2008 crisis, issues in international cross-border taxation have raised many questions before the accountancy communities globally. There has been a sea-change in cross-border trade and business practices in the wake of globalised economy. Today, companies do business across the globe using online infrastructure without worrying about their geographical locations or territorial jurisdiction, which makes business a complex phenomenon today. In the wake of tax status and activities of multinational organisations including transfer pricing, responsibility of accountancy professionals has increased in this globalised and technologically-advanced era. Organisation for Economic Cooperation and Development (OECD) is in the process of reviewing the international taxation in order to present a proposal to improve tax transparency and prevent tax avoidance. A multilateral global approach is required to improve the cross-border taxation scenario, considering the complex nature of international tax laws, treaties and information exchanges. G20 has also discussed tax avoidance on priority. All companies operating globally need to comply with the law of their applicable jurisdictions and pay taxes accordingly. They need to operate with responsibility and transparency. Being legally bound to disclose financial information on all (national and international) subsidiaries, our companies have been placed on top in corporate transparency among those of the BRICS nations.

**President of India to Inaugurate ICAI International Conference in Kolkata:** We are organizing two and a half-day International Conference on *Accountancy Profession—Emerging Frontiers of Future Growth* from 21<sup>st</sup> to 23<sup>rd</sup> November, 2013 in Kolkata. I am very happy to inform all stakeholders of our profession that the **Hon'ble President of India Shri Pranab Mukherjee** has kindly consented to inaugurate the Conference on 21<sup>st</sup> November, 2013, in Kolkata. Technical sessions during the Conference will focus on financial reporting, corporate finance, new IT aspects of business and new global competitive trade. I would request all our members to actively participate in the International Conference and make use of the productive sessions. Coinciding with the International Conference, we are also hosting CAPA (Confederation of Asia Pacific Accountants) and SAFA (South Asian Federation of Accountants) events. Details are available on our website.

**Next IFASS Meet in March 2014 in New Delhi:** I am glad that we will also be hosting the International Forum of Accounting Standard Setters (IFASS) meet in New Delhi in March 2014. IFASS, earlier known as NSS (National Standard Setters), is a group of accounting standard-setters of various countries across the world.

**Kenyan Delegation to ICAI:** The delegation from the Kenyan Accountants & Secretaries National Examination Board (KASNEB) visited ICAI headquarters in New Delhi. The delegation was led by its Board Members Ms. Catherine Musakali and Mr. Daniel M. Ndonye. The purpose of the visit was to seek assistance from ICAI in their on-going process of undertaking a major review of their syllabuses. During the meeting areas of education and training including the assessment procedures were also deliberated.

**Compliance with CPE-Hour Requirements:** The ICAI Council has decided that members should comply with their CPE-hour requirements for the current block of three years, i.e. from 1<sup>st</sup> January, 2011 to 31<sup>st</sup> December, 2013, and complete the same by 31<sup>st</sup> December, 2013. Any shortfall in CPE credit for the period should be met by the same date. Names of members who fail to comply would be hosted on the Institute's website for information, and regulatory authorities may take action on the basis of this information with regard to allotment of professional work to those members as sole proprietor or to their partnership firm. In order to remove the names from that published list, member(s) shall have to make up for the shortfall by obtaining twice of the amount of the shortfall, which will be in addition to the regular CPE-hour requirements for the block period.

**Issues in Manual-/e-Filing of Tax Audit Report:** The ICAI, being a partner in nation building, has always been proactive in bridging the gap between the Department and the taxpayer/member. With regard to the e-filing of Income-tax Returns and audit reports, ICAI is aware that difficulties were being experienced by our members. We had repeatedly submitted our request to the CBDT to extend the due date of furnishing the report under Section 44AB/Section 92E of the Income-tax Act, 1961 and the e-filing of ITR. In fact, a detailed representation was submitted for extension in due date quoting difficulties in manual furnishing of audit reports and issues in e-filing of audit reports. Delays on account of natural calamities in some parts of our nation were also communicated. We also requested the CBDT to consider difficulties faced in uploading audit reports and returns due to technical snags and difficulties faced by assesseees. We also requested them not to initiate penalty under Section 271B, where tax audit reports

have not been filed manually before 30<sup>th</sup> September, 2013, but have been e-filed before 31<sup>st</sup> October, 2013. Then, with regard to the writ petitions filed by some chartered accountants societies/associations or individual chartered accountants seeking extension in due date for filing returns of income tax and tax audit reports, we were intimated that the Delhi High Court while hearing the said writs had formed a Committee of four members including two representatives from our Institute to submit a detailed representation for extension of due date and also to appear before CBDT to explain the hardships being faced. In order to support the cause, a detailed representation was once again submitted to the CBDT recently with a request to suitably extend the due date. I am pleased to share with you that, today, the CBDT has directed that where the 'due date' of furnishing audit reports and corresponding income tax returns was 30<sup>th</sup> September, 2013, and where the same has been furnished electronically on or before 31<sup>st</sup> October, 2013, such reports of audit and returns of income shall be deemed to have been furnished within 'due date' prescribed under Section 139 of the Income-tax Act, 1961.

**Web-Hosting of ISCA and IDTL Revised Study Material:** Syllabi of Paper 6 (Information Systems Control and Audit) and Paper 8 (Indirect Tax Laws) of Final Course have been revised and that it has been decided to hold examinations of the aforesaid papers in accordance with the revised syllabi from November 2014 onwards. Detailed announcement is hosted on our Institute's website. Study Materials of the two revised papers have been prepared and hosted on our website. Although students have been communicated through e-mail about this change in syllabi and hosting of the revised study materials, you are also requested to bring this to the notice of articled assistants engaged with you.

**MoUs in Interest of Membership:** An MoU has been signed with Corporation Bank with regard to an arrangement of a loan scheme '*Corp CA*' Scheme for our members. We also signed an MoU with New India Assurance Co. Ltd. with regard to an arrangement of the Office Protection Shield Insurance for our members.

**Committed to Knowledge Sharing:** We have organised many Investors Awareness Programmes under the aegis of the Ministry of Corporate Affairs. We have also organised training programme for the officials of CBI (Central Bureau of Investigation) on financial and banking fraud detection. For the officials of Serious Fraud Investigation Office (SFIO), we have received a proposal to impart training on the same. We have also received proposals from some State Governments to impart training to their police officials in that regard.

**Language Lab in ICAI:** I am glad to acknowledge that a language lab has been set up as part of a communication-skill development initiative for our students. This will serve as a tool to teach a language by interactive methods using available software, and thereby help our students to learn phonetics including acceptable (standard) pronunciation and accent using self-assessment modules. In the lab, students who are not comfortable in using English language will get an opportunity to acquire, practice and enhance their communication skills. A pilot batch of students recently attended the lab, and the response received was quite encouraging for all of us to see. Overall, participants found the software informative and helpful. It is good that the language labs will help our students in resolving their issues in English language and communication skills.

**e-Sahaayataa:** *e-Sahaayataa*, an online grievance management system of the ICAI, provides prompt services to all stakeholders

of accountancy profession including our members and students. It's satisfying to observe that the number of members and students who avail this service to resolve their queries pertaining to day-to-day functioning of the Institute, has greatly increased over the time, which says a lot on the quality of the Institute's delivery. I would request all our members and students to make optimum use of this service, which is meant mainly to get answers on queries relating to administrative aspects of the Institute, and not on queries relating to the technical matters of the Institute.

**CABF Initiative:** With regard to the Chartered Accountants Benevolent Fund (CABF), I would like to inform that CABF has received a total contribution of ₹1,23,15,305 since February 2013, of which ₹15,96,805 has been received as voluntary contribution. A total of ₹1,02,47,500 has already been granted as financial assistance to the family members of deceased members of the Institute during this period, i.e. since February 2013. I will call upon all our members to please contribute generously to the responsible initiative—CABF.

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Finally, there is good news on Indian Economic front, which was a long-awaited one amidst the general gloom. A third successive month of double-digit export growth along with a sharp compression in imports saw a trade deficit narrow to a 30-month record in September, raising hopes that the worst of the current account deficit and rupee weakness are behind India.

Exports rose 11.2% in September while imports fell 19.1%, which compressed the trade deficit to \$6.8 billion, the lowest since March 2011. It is good that after a better-than-expected trade deficit numbers, experts say that the current account deficit will stay below the \$70 billion estimated by the government for the

current fiscal. Data suggests that the concerns on external-sector vulnerability are fast abating. It augurs well for our economy. It is an indicator that negative market expectations of bottomless slide are reversing. Let's help and support our economy progress faster.

Let's have hopes on the growth projections of RBI Governor Shri Raghuram Rajan than believe the recently-released conservative forecast of IMF (International Monetary Fund) about our national growth down from 5.6 to a mere 3.8%. To me, this forecast is specifically based on recent developments and performances without considering the improved performance in core sectors like cement, steel, coal and power, improved exports due to rupee depreciation and this year's more-than-sufficient monsoon that may possibly effect an improved agricultural performance. Besides, rupee depreciation will also help domestic industries to grow and compete strikingly against imports.

Winter has arrived. We can feel the chill in the evening air. I would like to extend my sincere heartfelt wishes to all of you on the festival of light, *Deepawali*. May this festival bring hope and happiness in our lives! *Muharram*, the most sacred month of Islamic calendar, will touch our life, soon after *Deepawali*. Founder of Sikhism and a staunch propagator of spiritual and social equality Guru Nanak's birthday, *Gurpurab*, is celebrated on *Kartik Poornima* every year. Let us learn to live honestly and earn without manipulating and deceiving others, while remembering the great *Guru*.

Best wishes



**CA. Subodh Kumar Agrawal**

**President, ICAI**

New Delhi, October 24, 2013