

From the President



CA. Nilesh Shivji Vikamsey
President, ICAI

My esteemed professional colleagues,

A very happy Independence Day to all of you! Let us respect others' independence as much as we value ours. Freedom is when we have power and when we share the power with others. That is why, freedom is responsibility too. Let us keep empowering people around us and become more responsible.

As chartered accountants, while we enjoy our professional autonomy, we always meet our responsibilities, which come along with this autonomy. Being among the regulated professionals of our nation, the professional independence has given us a purpose and a chance to create a world/ an environment, where there are principles and ideals to live by and to live for.

On 1st July 2017, our Hon'ble Prime Minister Shri Narendra Modi called us "*rishi-muni* (saints and sages) of economy and economic ambassadors". On behalf of the profession, let us humbly accept the appreciations sincerely extended to us. We know that the price of these titles of respect that has been bestowed upon us and the glory that we have earned through the years of our professional existence, is a big responsibility. We take the responsibility of both today and tomorrow as the responsibility is ours.

Indian chartered accountants began their professional journey in 1949 following a definitive and well-established system of knowledge, and over the years, their acquired knowledge has humbled them, adding to their wisdom further. Mahatma Gandhi, in my opinion, has referred to this wisdom when he says: *It is knowledge that ultimately gives us salvation*. Knowledge is not a loose-leaf notebook of facts. Science historian Jacob Bronowski rightly observes that knowledge is *a responsibility for the integrity of what we are, primarily of what we are as ethical creatures*.

As practitioners of a key financial profession, we are aware of our commitment and our responsibility towards our nation, and we are doing our best in that direction. Albert Einstein calls this our *sacred human responsibility*. When Hon'ble Prime Minister Shri Modiji equated us (i.e. our initials C and A) with *compliance* and *accuracy*, he basically credited us

for our contribution to our nation and its order. We sincerely extend our gratitude for this recognition and his appreciation.

At the same time, having received the words of caution, which are actually *words of wisdom* in disguise, from one of the most influential and powerful leaders of our times, i.e. our own Prime Minister, I would like to treat those as food for thought since we have been inspired to introspect why our noble profession is wrongfully being perceived, despite our proactive and strong contribution to the cause of our nation. This has also compelled us to think what is amiss in profession and its practitioners today, which appears to be the cause behind this misperception. As an institution, the par excellence journey of ICAI since its inception is truly glorious and this is something to be proud of. We will leave no stone unturned to change this misplaced perception that is around our profession. When William Feather says: *Some people are making such thorough preparation for rainy days that they aren't enjoying today's sunshine*, he basically hints at the futility of future that is away from reality. The confidence that Hon'ble Prime Minister has shown in the expertise of CA professionals is unparalleled. Being called the harbinger of the biggest economic overhaul of our country is truly phenomenal. We cannot afford to ignore what he said about our authorisation: *Your*

signature is more powerful than that of a Prime Minister. So, there is a need to sense and use our power more carefully, bring about a fundamental shift in people's mindset inspiring them onto the path of fiscal discipline and extend our expertise and assistance to our Government and strengthen our nation's economy.

Hon'ble Prime Minister has wished us to grow big. Let me assure that we are working on an Action Plan along his valuable suggestion of Vision 2024 where we will help Indian CA professionals and firms in getting internationally recognised. ICAI has been marching forward under its 2030 Vision, which relates to our expansion and growth in the nation as well as in the world—to become the world's leading accounting body, regulator and developer of trusted and independent professionals with world-class competencies.

Now, let me present some of the significant professional developments that have taken place since my last communication:

CA Day Celebrations

Prime Minister Shri Narendra Modi called us *saints and sages of Indian economic world and big pillars of Indian Economy*, while addressing us at our 68th Foundation Day on 1st July 2017 in New Delhi. The Prime Minister informed about some of the Government's recent anti-corruption measures including the identification of 37,000 shell companies and more than 2 lakh companies involved in suspicious transactions.

Among other dignitaries, Union Defence, Finance and Corporate Affairs Minister Shri Arun Jaitley, Union Minister of State for Finance Shri Santosh Kumar Gangwar, Union Minister of State for Finance and Corporate Affairs Shri Arjun Ram Meghwal, Union Minister of State (I/C) for Power, Coal, New & Renewable Energy, and Mines CA Piyush Goyal, Union Minister of State (I/C) for Petroleum and Natural Gas Shri Dharmendra Pradhan; Union Minister of State for Information and Broadcasting Col. Rajyavardhan Singh Rathore, Revenue Secretary Shri Hasmukh Adhia, and MCA Secretary Shri Tapan Kumar Ray graced the occasion. Chief Ministers of 11 States, Finance Ministers/Ministers-in-Charge of GST of 15 States and, in total, 34 Union Ministers also participated in the CA Day celebrations and commemoration of the launch of GST held in various State capital cities, organised by our Regional Councils and Branches.

Just before the Prime Minister's address, an important technical panel discussion was held on *Impact of GST on Economy/GST – Professional and Business Perspective*, where Union Finance Minister Shri Arun Jaitley, Revenue Secretary Dr. Hasmukh Adhia discussed the nuances of GST, while ICAI

Central Council member CA. Madhukar Narayan Hiregange, industry experts Shri S. Ganesan, Dr. Ajit Ranade and Shri Vinayak Chatterjee, and journalists Shri Shishir Sinha and Ms. Deepshikha Sikarwar represented the concerns of industry, business and profession at the panel discussion. Details of this CA Day celebration held in New Delhi as well as in State capital cities across the country have been captured in a two-part comprehensive report that has been published elsewhere in this Journal.

GST Launched in India—ICAI to Ensure Its Smooth Rollout

Barring all apprehensions, the GST rollout finally saw the light of the day on 1st July 2017 paving the way towards the goal of *One Nation—One Tax—One Market*. Expected to benefit everyone by reducing the cost of goods and services, and give a boost to national economy by making products and services globally competitive and strengthening the *Make in India* initiative, GST promotes the concept of common market with common tax rates and procedures, including the removal of various economic barriers, and eventually improves the ease of doing business in the country.

Being a flagbearer of the initiatives towards nation-building, ICAI has always helped the Government with its technical expertise and resources. As *Partner in GST Knowledge Dissemination*, ICAI has conducted more than 2000 seminars, workshops, Certificate Course, etc., benefitting 1,30,000 participants till 30th June 2017 and more such empowering programmes are being/will be scheduled in the coming months. It set up GST Sahayata desks across the country for the benefit of traders, industries and public at large, released publications on GST, launched *Certificate Course on GST* (including virtual) to impart knowledge on the subject, and so on. To disseminate the GST knowledge effectively, ICAI has recently released topic-wise *Standardised PPT on GST*, wherein all GST topics have been explained using explanatory diagrams and examples.

Further, an e-learning video on GST has been launched, wherein stakeholders including our members, after paying a nominal fee, can view these learning videos online on all topics of GST and benefit themselves as per their convenience. Promoting the idea of *anytime anywhere learning*, readers may check www.idtc.icai.org to seek the details in this regard. You may register yourself at this website to get access to the GST resources, which include offline webcasts, regular updates, technical articles and information on upcoming courses, programmes, seminars, e-publications, etc.

From the President

ICAI's Revised Scheme of Education and Training Launched

I am happy to inform that our Revised Scheme of Education and Training has been launched at the CA Day celebrations on 1st July 2017, by the Indian Prime Minister Shri Narendra Modi. During the launch, Hon'ble Prime Minister said: *"I got the opportunity of launching this dynamic course, which will improve the financial education in our country...I am hopeful the new course will boost the financial skills of people joining this profession.* Acknowledging the fine financial skills of Chartered Accountants, the Prime Minister also expressed that this new course would boost the financial skills of people joining this profession even more. Developed in line with the International Education Standards issued by IAESB (International Accounting Education Standards Board) and inputs from various stakeholders including ICAI members, academics and industry experts, the *Revised Scheme* is in *sync* with the requisites of the contemporary business environment.

In the context of ever-evolving economic and business environment, this revised *Scheme* will be a stepping stone for our CA students, while helping them prepare and develop themselves as multidimensional Chartered Accountants and 360-degree business-solution providers. This will eventually support them in smooth functioning in industry and practice, which is full of potential opportunities.

ICAI Celebrated International Yoga Day on 21st June 2017

In 2015, at our Hon'ble Prime Minister's suggestion, UN had declared 21st June as *International Yoga Day*. Using the customised leadership video message to motivate the membership fraternity, ICAI celebrated the *International Yoga Day* this year too, across the country by involving its members and students, and their families through its Regional Councils and Branches after planning a well-spread outreach program to promote *yoga* as a lifestyle activity.

India's Growth Outlook Looks Better

Ahead of the G-20 (Group of Twenty) meeting held recently in Germany to take stock of the global economy, the International Monetary Fund (IMF) has said that the India's growth outlook has improved as the impact of last year's demonetisation exercise seems to be fading, with the recent key structural reforms paying off. In April 2017, IMF had predicted India to grow at 7.2% in FY 2017-18 and at 7.7% in FY 2019-20. Earlier in the January-March 2017 quarter, India's growth rate has gone down to 6.1% due to demonetisation, declared in November 2016.

On behalf of the Indian accountancy profession, we will continue to put in effective financial management and robust economic discipline in the country in the best interests of our national fiscal health.

Suggestions Submitted to MCA

ICAI has submitted its suggestion regarding commencement of proviso to Clause 87 of Section 2 of the Companies Act, 2013 (i.e. restrictions on the number of layers of subsidiaries). It has also submitted suggestions for not notifying the *tax services* under Section 144(i) of the Companies Act, 2013, and comments on financing the dividends through debt by companies. Suggestions on the draft Companies (Registered Valuers and Valuation) Rules, 2017 have also been submitted. Apart from this, ICAI is also working with the Ministry of Corporate Affairs towards the preparation of SOP for prosecution and litigation.

Suggestions Submitted on Draft Notification Provisions of Section 115JH of Income-tax Act

Recently, ICAI has submitted a representation to the Central Board of Direct Taxes in response to its draft notification issued regarding exception, modification and adaptation in respect of foreign company said to be resident in India under Section 115JH of the Income-tax Act, 1961. As you know, the Finance Act, 2016 had introduced special provisions in respect of foreign company said to be resident in India on account of Place of Effective Management (PoEM) by way of an insertion of a new Chapter XII-BC consisting of Section 115JH in the Income-tax Act, 1961 with effect from 1st April 2017.

Guidance Note on Division II-Ind AS Schedule III to the Companies Act, 2013 Released

To facilitate the exercise of preparation of financial statements by companies which are required to prepare its Financial statements as per Ind AS Schedule III, the ICAI has finalised the Guidance Note on Division II- Ind AS Schedule III to the Companies Act, 2013 for the companies which are required to comply with the Ind AS. The Guidance Note provides guidance on each item of Financial Statements prepared as per Ind AS Schedule III, Major differences in Division I and Division II of the Schedule III to the Companies Act, 2013 besides providing Illustrative format for Standalone & Consolidated Financial Statements, etc. I am sure, this publication will be immensely useful for the concerned stakeholders.

From the President

Technical Guide on ICDSs Released

In September 2016, the Ministry of Finance had notified 10 Income Computation and Disclosure Standards (ICDSs) operationalising a new framework for computation of taxable income by all assesseees (other than an individual or an HUF who is not required to get his accounts of the previous year audited in accordance with the provisions of Section 44AB of Income-tax Act, 1961) following the mercantile system of accounting for the purpose of computation of income under the heads *Profits and Gains of Business or Profession*, or, *Income from Other Sources*. These standards became applicable with effect from 1st April 2016 and shall apply accordingly to the assessment year 2017-18 and subsequent assessment years. These ICDSs will be a new paradigm for computing taxable income of the assesseees. In this regard, we have released a *Technical Guide on Income Computation and Disclosure Standards*, for help and use of all our members.

Multipurpose Empanelment Form for 2017-18

Online multipurpose empanelment form (MEF) for the year 2017-18 is live at www.meficai.org and the last date for online submission of *MEF Form for 2017-18* is 15th August 2017 and that for its hard copy of *DECLARATION FOR MEF 2017-18* is 22nd August 2017. In case of a problem, applicants may lodge a formal complaint at the complaint-box link available at the same website.

Centre of Excellence Inaugurated in Jaipur

I am happy to inform that the building of Centre of Excellence has been completed and inaugurated in Jaipur on 28th June 2017 at the hands of Hon'ble Chief Minister of Rajasthan Smt. Vasundhara Raje and Hon'ble Union Minister of State for Finance and Corporate Affairs Shri Arjun Ram Meghwal who were the Chief Guest and Guest of Honour respectively on the occasion. The *Centre of Excellence* will serve the profession, by hosting various programmes of empowerment for our members and students.

Address at All-India ITAT Members' Residential Refresher Course

Invited by ITAT President to attend and address, I addressed the Hon'ble ITAT members at a recently-organised All India ITAT Members' Residential Refresher Course, 2017 in Mumbai on the *Expectations of Stakeholders from the Income Tax Appellate Tribunal* on the very first day. That session was chaired by the Law Secretary Shri Suresh Chandra and participants at the dais included the CBDT Chairman and the Presidents of ITAT Bar Associations of Delhi, Mumbai and Ahmedabad.

IIRC Delegation at ICAI

Recently, a delegation of the IIRC (International Integrated Reporting Council) that included its CEO Mr. Richard Howitt visited the ICAI and met the ICAI leadership. Discussions were held with on the proposed MoU between ICAI and IIRC and on the areas of collaborations and matters of mutual interests.

Results of CPT, CA Final Examinations and ISA Assessment Test Declared

Results of the CA Final Examination and Common Proficiency Test (CPT) have been declared. In the CA Final examinations conducted in May 2017, 41373 and 38478 candidates appeared in Group I and II examinations respectively, where 13.82% and 16.2% candidates were declared successful. Among the 34503 candidates who appeared in both the Groups, 7928 candidates either passed both or one of the Groups. Shri Raj Pares Sheth from Dombivli has secured the first rank, while Shri Agathiswaran S. from Vellore and Shri Krishna Pawan Gupta from Mumbai have secured the second and third rank respectively. A total of 10,276 candidates have qualified as Chartered Accountants. In CPT conducted at 372 centers across the nation in June 2017, a total of 88,916 candidates appeared and 36,028 (i.e. 40.52%) were declared successful. Pass percentage of the female candidates, i.e. 41.23%, was better than that of the male candidates, i.e. 39.96%.

I congratulate all rank-holders and successful candidates for their hard work and results. However, I would like to convey to all candidates who could not qualify despite their hard work, to plan and study efficiently and work harder, which will eventually help them in achieving success.

While all of us will essentially participate in the grand national celebration of our *Independence Day* on the 15th August, as a mark of completing 70 golden years of our independent and glorious existence, we will also have *Raksha Bandhan* (7th August), *Janamashtami* (15th August) and *Ganesha Chaturthi* (25th August) in the month of August, which will give us more reasons to get together, cheer up and celebrate.

Best wishes



CA. Nilesh S. Vikamsey
President, ICAI
Mumbai, 26th July 2017