

From the President



My dear Professional Colleagues,

Overarching principles like morality, selflessness, ethics and integrity guide every tiny nuance of all spheres of our lives, whether it is social, political, economic or professional. Their importance goes beyond establishing the distinction between right and wrong, instead they form the very foundational structure of our society. Mahatma Gandhi gave us message that *“wealth without work; pleasure without conscience; knowledge without character; religion without sacrifice; politics without principle; science without humanity; business without ethics,* can lead us to the wrong path. Values – *altruism, honesty, respect* and like – keep the cycle of life smoothly going forward. Ethical values push everyone to move forward on a single path of the right, making concepts like development, progress and advancement feasible in the first place. Absence of these would push for a directionless world predominantly run on vices, where selfish greed would make living in one community impossible.

People argue for the subjectivity of these ethics that are inculcated in us since infancy. However, what is subjective is where one may derive these from. Some choose to live by the teachings of their religion, some go by the past precedence of historical events, while others trust their instincts. Professionals may have their own code. No matter the source, there is a general consensus as to what is right and wrong.

The Institute of Chartered Accountants of India has always upheld such virtues in high esteem and strive for *independence, integrity and excellence* in the accounting profession. It ensures that the profession in every step of functioning of the organisation and its members persistently aspires to work for its betterment and for the benefit of business, economy and society. CA. N.R. Mody, ICAI Past President, said – *“Institute is an inanimate body. A profession such as ours exists on the respect of the public towards its members, but it is our members only who, by integrity and independence of judgement, can make the Institute. We are forever, and with our best efforts, striving to serve the public and the nation in its endeavour to increase its economic well-being.”*

Recognition by NARIC, United Kingdom

It is our persistent endeavour to provide higher levels in academic and professional excellence to our students and members. With the aim of expanding the opportunities for CA professionals in foreign jurisdictions, the Institute had engaged with UK NARIC (The National Recognition Information Centre for the United Kingdom), a renowned UK national agency responsible for providing information and expert opinion on qualifications and skills worldwide, to conduct an independent benchmarking study for evaluating the comparability of the ICAI Intermediate and Final levels in the context of the UK and UAE education systems. I am happy to share with you that UK NARIC has evaluated ICAI qualification comparable to specific Regulated Qualifications Framework levels of UK and UAE. Details in this regard are available on ICAI website.

This benchmarking of the CA qualification would strengthen the position of ICAI members and help corporates gain a better understanding on the relevance and standing of the CA qualification. It would also provide opportunities for higher studies and enhanced professional opportunities for ICAI members/semi qualified professionals in UK, Middle East and other foreign jurisdictions accepting NARIC evaluation.

International Conference - Mumbai

I am happy to share that the preparations for the upcoming International Conference “Accountancy Profession: Catalyzing Reforms, Creating Values” scheduled to be held in Mumbai on December 6-7, 2019 are going on at full swing. Many luminaries from the field of accounting profession, from India and abroad, have agreed to address the Conference. I am sure there would be stimulating discussions, to share the expert knowledge and understand how profession will shape up in future. I look forward for your active participation to make the event a memorable one. More information on conference is included in this journal.

Meeting with ICAI’s Past Presidents

Learning from the past can help us to find ways for a better future. In order to take advantage from the rich and varied experiences of the Hon’ble Past Presidents of ICAI, a meeting was recently held with them. Seventeen past presidents attended the meeting and we discussed various important aspects related to the profession. It was an opportunity to be with them and receive their guidance on emerging issues and understand their learned views on various important aspects relating to profession.

Union Cabinet approved MoU with KAAA

I am happy to inform you that the Union Cabinet chaired by the Hon’ble Prime Minister of India, Shri Narendra Modi has approved the Memorandum of Understanding (MoU) between the Institute of Chartered Accountants of India (ICAI) and Kuwait Accountants and Auditors Association (KAAA) on 23rd October 2019. The objective of this MoU is to work together for establishing the possible cooperation in respect of Corporate Governance, Technical Research and advice, Quality Assurance, Forensic Accounting, issues concerning Small and Medium-sized Practices (SMPs), Continuing Professional Development (CPD) and other subjects of mutual interest. The MoU would be signed soon between the two Institutes.

Operationalisation of MoU with ICAEW, UK

As communicated earlier, the Memorandum of Understanding (MoU) with the Institute of Chartered Accountants in England and Wales, UK to recognise the qualification, training of each other and admit the members in good standing by prescribing a bridging mechanism has been signed on historic day of October 2, 2019 in London. I am sure that signing of this MoU would renew India’s focus for facilitating export of Accountancy Services and promotion of Accountancy Services in digital world which is earmarked as one of the Champion Sector initiative of the Government of India. It would also help in increasing the professional avenues for Indian professionals by facilitating recognition of Indian accounting professionals with local Accountancy qualification in UK in addition to existing ICAI qualification.

Submission made to Central Board of Direct Taxes

(a) Suggestions pertaining to Income-tax Rules, 1962

The Direct Taxes Committee of ICAI had recently finalised suggestions regarding amendments required in Income-tax Rules, 1962 and submitted the same to the Central Board of Direct Taxes (CBDT). Thereafter, a detailed meeting in this regard was also held with the concerned official in CBDT. I am hopeful that our suggestions will be favourably considered by CBDT and I am thankful to all of you for sharing your knowledge and experiences through your suggestions. I look forward to your continued support in all such matters.

(b) Representation with respect to Concerns on the Circular No. 24/2019

In order to reduce initiation of prosecution to only deserving cases, CBDT has issued Circular No. 24/2019 on 9th September, 2019 laying down procedure for identification and processing of cases for prosecution under direct tax laws. It is a step in the right direction and would go a long way in making for a tax payer friendly regime.

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On the basis of issues received from you with regard to the said circular, ICAI has submitted a representation requesting CBDT to address them in order to further achieve the intent behind issuing of the said Circular. Amongst others, ICAI has suggested that the circular be made applicable on all pending cases where complaint is already filed by the department and hearing/judgement is pending before various courts. Presently, the circular mentions that it shall apply to all pending cases where complaint is yet to be filed.

(c) Thankful for positive consideration of ICAI request by CBDT

On receipt of requests from members all over India regarding extension of due date to file Income tax return form for auditable cases and tax audit reports for AY 2019-20, the ICAI represented to CBDT for seeking extension on behalf of concerned assesseees and members. It is a pleasure to inform that CBDT considered the said request positively and extended the due date from 30.09.2019 to 31.10.2019 for AY 2019-20 for filing tax audit report/ other reports of audit and ITR form filing for assesseees falling under clause (a) of Explanation 2 to Section 139(1).

Revised Formats of LFAR submitted to RBI

I am happy to inform that the Auditing and Assurance Standards Board of ICAI has finalised the revised formats of Long Form Audit Report (LFAR) for banks and bank branches. Since the formats have not been revised since long, we have undertaken the detailed review and comprehensively revised these formats. These draft formats of LFAR have been submitted to RBI for consideration and I am hopeful that our suggestions will be positively considered.

Campus Placement Programme

In order to connect and bring together the Newly Qualified Chartered Accountants and the recruiters on a common platform, we have recently organised the 50th edition of Campus Placement Programme, Sep-Oct, 2019 at nine

bigger centres viz. Ahmedabad, Bangalore, Chennai, Hyderabad, Jaipur, Kolkata, Mumbai, New Delhi and Pune. In this placement drive, more than 1900 jobs have been offered till date with highest salary offered for domestic posting and international posting as ₹22 lakhs and ₹36 lakhs respectively. Further, placements at 9 smaller centres are ongoing from 22nd October to 25th October, 2019 for which 2160 candidates have been shortlisted to appear for the interviews till date.

ICAI initiates talks amongst stakeholders to catalyse Government Accounting Reforms

Recently, ICAI organised a National Summit on “Transparency and Accountability in Government Financial Management” in New Delhi. The Summit was inaugurated by Sadhvi Niranjana Jyoti, Hon’ble Minister of State for Rural Development in the presence of Shri S.S. Dubey, Joint Secretary and Financial Advisor, Ministry of Housing and Urban Development, Vice-President, ICAI, Chairman and Vice-Chairman of the Committee on Public and Government Financial Management, ICAI. The Hon’ble Minister acknowledged the efforts of Chartered Accountants in maintaining the financial health of the nation, expected that all stakeholders, once brought together through this Summit, will work in tandem to give momentum to the accounting reforms in the Government. Shri S.S. Dubey, JS & FA, MoHUA mentioned that the Ministry would like to work in close partnership with ICAI to facilitate, promote and encourage Urban Local bodies to move towards accrual accounting.

The two days Summit was addressed by senior Government officials including many IAS, IA&AS, ICAS officers and professionals. The Summit witnessed participation of government officials from more than 20 States and Union Territories.

International Standards: 2019 Global Status Report

In the world where physical boundaries are fast losing relevance and there is manifold rise in

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global trade and commerce, it is natural for the practices being followed to also change. There is phenomenon towards convergence of accounting, auditing and ethical standards to harmonise the business system and reporting and bring them on equal pedestal. International Federation of Accountants (IFAC), wherein ICAI is a founder member, has recently released '*International Standards: 2019 Global Status Report*'. It is reported that more than 90% of IFAC member jurisdictions use International Standards on Auditing, International Financial Reporting Standards and International Code of Ethics for Professional Accountants. It is also reported that more than 80% of IFAC member jurisdictions have monitoring and enforcement mechanisms for quality assurance and investigation and discipline. The comprehensive report, for the first time, covers 173 IFAC member organisations and the 130 jurisdictions in which they operate. ICAI has been actively participating in standard setting process at IFAC and consider the magnitude of adoption to be healthy for global business. It is satisfying to mention that we at ICAI are constantly working to ensure that India is fully aligned with the global developments. ICAI believes in adopting best financial reporting, auditing and ethical practices.

Surrounded by myriad bounties of nature in the form of unbelievably breath-taking geographic miracles and millions of living species, we humans definitely form the most unique amongst them all. But despite this uniqueness, driven by materialism, we civilians in a pursuit of development and making money, sometimes lose sight of what is truly crucial – our ecosystem – and indefinitely blur the line between development and destruction. As science and technology rapidly moves forward on an unrelenting road of advancement, the environment simultaneously stands at a bleak brink of desolate dilapidation. With concerns regarding climate change at an all-time high and a skyrocketing increase in the number of recently recorded cases of natural calamities, environment protection should be our top priority right now.

The recent ban by Government on single-use plastic across the entire length and breadth of the nation is a reflection of this urgent need of the hour. The Institute of Chartered Accountants of India has always been forthcoming to stay in sync with the State and consistently continues to take both big and small initiatives in this direction. ICAI continuously attempts to cut down internal plastic consumption in all ways possible and urges all its present and aspiring CA members and employees to fulfil the responsibilities they have towards the planet.

In fact, with grave issues like deforestation plaguing the present, in line with the ICAI's Go Green initiatives we recommend our readers to subscribe to the *E-Version* of the Monthly Journal to minimise paper usage. These cost savings are passed down to the members in form of reduction in their membership fee. I am pleased to acknowledge that many members have opted for e-version and have become part of this *save environment* drive.

It is never believed that growth and progress are exclusive of environment conservation. Rather mankind has to recognise the need for incorporation of ecologically sustainable methods of development in the building of a green and an evolved future. When any individual uses the environment's resources, they must do everything under the sun to also protect it. This is because, with every right comes equivalent duty. Remember the words of Mahatma Gandhi – *Rights that do not flow from duty well performed are not worth having.*

With the festive atmosphere around and new *Samvat* starting, I am sure you all will be taking all possible opportunities to connect with and send wishes to your near and dear ones. This is the time for celebrations and also to enjoy the diversity of Indian culture. I conclude my message, with hearty wishes on the occasion of *Id-e-Milad* and *Guru Nanak Jayanti*.

Best wishes,



CA. Prafulla P. Chhajed
President, ICAI
25th October, 2019

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