

# Know Your Ethics

FAQ's based on clauses (6) and (7) of Part I of First Schedule to the Chartered Accountants Act, 1949<sup>1</sup>



**Q. Whether the names of clients or fees charged be mentioned on the website of a Chartered Accountant or Chartered Accountants Firm?**

- A. Names of clients and fee charged cannot be given. However, disclosure of names of clients and/or fees charged may be made on the website where it is required by a regulator, whether or not constituted under a statute, in India or outside India, provided that such disclosure is only to the extent of requirement of the regulator. The fact that the disclosure is being made due to requirement of regulator has to be made below the disclosure itself.

**Q. Whether a Firm of Chartered Accountants can use catchwords/ catchphrases on its website, Letter heads and visiting cards?**

- A. The mention of catchwords / catchphrases (for e.g., excellence in a particular area, Firm having professionals of integrity etc.) on Firm's website, Letter heads and visiting cards is not permissible in view of the provisions of Clauses (6) and (7) of Part-I of the First Schedule to Chartered Accountants Act, 1949. It may be noted that the above catch words are only indicative and not exhaustive.

**Q. Can a Chartered Accountant in practice advertise his professional attainments or services, or can he use any designation or expression other than Chartered Accountants on professional documents, visiting cards, letter heads or sign boards, etc.?**

- A. No, as per Clause (7) of Part I of the First Schedule to the Chartered Accountants

Act, 1949, a Chartered Accountant shall be deemed to be guilty of professional misconduct, if he 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.

However, the 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 guidelines as may be issued by the Council.

**Q. Whether a Chartered Accountant in practice can use expression like Income Tax Consultant, Cost Accountant, Company Secretary, Cost Consultant or a Management Consultant?**

- A. No, Council direction under Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949 as appearing in the Code of Ethics, 2009 prescribes that it is improper for a Chartered Accountant to state on his professional documents that he is an Income-tax Consultant, Cost Accountant, Company Secretary, Cost Consultant or a Management Consultant.

<sup>1</sup>Contributed by the Ethical Standards Board of ICAI

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**Q. Can a Chartered Accountant in practice give the date of setting up the practice or date of establishment on the letterheads and other professional documents, etc.?**

A. No, Council direction under Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949 prescribes that the date of setting up of the firm on the letterheads and the professional documents, etc. should not be mentioned. However, in the Website, the year of establishment can be given on a specific "pull" request.

**Q. Can a Chartered Accountant in practice also practise as an Advocate?**

A. Yes, Council direction under Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949, prescribes that a Chartered Accountant in practice who is otherwise eligible may practice as an Advocate subject to the permission of the Bar Council but in such cases, he should not use designation 'Chartered Accountant' in respect of the matters involving the practice as an Advocate. In respect of other matters he should use the designation 'Chartered Accountant' but he should not use the designation 'Chartered Accountant' and 'Advocate' simultaneously.

**Q. Whether a Chartered Accountant in practice can use the designation 'Corporate Lawyer'?**

A. No, a Chartered Accountant in practice is not permitted to use the designation 'Corporate Lawyer'.

**Q. Can a Chartered Accountant in practice/firm give advertisement in press?**

A. No, however, the members in practice may advertise the services setting out the services provided by him or his firm, and particulars of his firm, through a 'Write-Up', subject to Advertisement Guidelines issued by the Council.

**Q. Whether Companies in which Chartered Accountants have been appointed as directors on their Board can publish description about the Chartered Accountant's expertise, specialisation and knowledge in any particular field or add**

**appellations or adjectives to their names in the prospectus or public announcements issued by these companies?**

A. The Council's attention has been drawn to the fact that more and more companies are appointing Chartered Accountants' as directors on their Boards. The prospectus or public announcements issued by these companies often publish descriptions about the Chartered Accountants' expertise, specialisation and knowledge in any particular field or add appellations or adjectives to their names. Attention of the members in this context is invited to the provisions of Clause (6) and (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949.

In order that the inclusion of the name of a member of the Institute in the prospectus or public announcements or other public communications issued by the companies in which the member is a director does not contravene the above noted provisions, it is necessary that the members should take necessary steps to ensure that such prospectus or public announcements or public communications do not advertise his professional attainments and also that such prospectus or public announcements or public communications do not directly or indirectly amount to solicitation of clients for professional work by the member. While it may be difficult to lay down a rigid rule in this respect, the members must use their good judgement, depending upon the facts and circumstances of each case to ensure that the above noted provisions are complied with both in letter and spirit.

It is advisable for a member that as soon as he is appointed as a director on the Board of a company, he should specifically invite the attention of the management of the company to the aforesaid provisions and should request that before any such prospectus or public announcements or public communication mentioning the name of the member concerned, is issued, the material pertaining to the member concerned should, as far as practicable be got approved by him. ■