

NEWSLETTER

THRISSUR BRANCH OF SIRC OF ICAI

JUNE 2019

## From the Chairperson

**W**arm Greetings Dear Members,

With the advent of June all the members are busy with non-corporate filings and filing of GST Annual Returns. The committee met thrice during the month to decide on various activities and to carry on the process of administration.

Many frequent changes happening in the profession have kept us busy like filing of form DPT-3 and other ROC Forms were having its due dates in June 2019. Keeping in view of the filing requirements our branch conducted a CPE Seminar on Filing Requirements with respect to DPT-3 on 07th of June, 2019. I thank the Speaker CA.Vipin K.K. who gave us a deep insight into the procedural formalities and the forms.

The upcoming CA Week beginning from 24th June to 1st July required a lot of preparations from our part as it is the for the first time the branch was heading towards a week activities for celebrating CA Day.

The sports events for members were conducted on two days on 8th of June, Saturday and 16th of June, Sunday in three categories; Super Senior, Senior and Junior. The outdoor games like, Cricket, Football, Athletics etc. were conducted at Thope stadium on 8th and the indoor games including badminton were conducted on 16th of June. I thank all the



members who actively participated in sports events and made the competitions really enjoyable. It is also happy to note that there were equal participations from the part of women CAs. Congratulations to all winners in both outdoor and indoor games.

Keeping in view the upcoming requirement of GST Annual Returns, the branch organised a panel discussion of experts comprising of CA Krishnakumar C, CA Rajan C V, CA Tony M P and CA Satheesan P. The panel discussion was really informative and helped the members to clear out many doubts with regard to GST Annual return filing.

International Day of Yoga was celebrated on 21st of June everywhere in the world. Saluting the very concept of yoga, our branch also conducted an awareness programme and yoga session on 21st June and we had an eminent speaker Sri Balakrishnan Sir to teach us the various concepts of yoga.

Our Platinum Jubilee celebrations in connection with CA Day started on 24th June and we conducted almost all the

DATE	ACTIVITY
<b>24.06.2019</b>	Conducted Swatch Bharat Abhiyan
<b>27.06.2019</b>	Charity donation to Santhwanam Special School, Anthikad
<b>28.06.2019</b>	Distribution of school kit to 2 schools to SBM LP School Koorkenchery, SRM L P School Koorkanchery
<b>29.06.2019</b>	Conducted CA Career counselling programme at St.Thomas College, Thrissur Faculties – CA Silpa Ramdas, CA Aju P V

programmes as instructed by ICAI as a part of CA Day celebrations and popularising our profession.

<b>30.06.2019</b>	Conducted Awareness programme of Organ Donation, Speakers- Dr. Siju Thomas Thottappilly
-------------------	---

Heartfelt thanks to all members who contributed towards charity and looking forward to a very glorious CA Day.

Thank You..

# KNOW YOUR ETHICS

Taken from ICAI Journal as contributed by Contributed by the Ethical Standards Board of ICAI



**Q. Whether posting of a letter under “Certificate of Posting” is sufficient to establish communication with retiring auditor?**

**A.** No, a mere posting of a letter "Under Certificate of Posting" is not sufficient to establish effective communication with the retiring auditor unless there is some evidence to show that the letter has in fact reached the person communicated with. Members should therefore communicate with a retiring auditor in such a manner as to retain in their hands positive evidence of the delivery of the communication to the addressee. Communication by a letter sent "Registered Acknowledgement due" or by hand against a written acknowledgement

would in the normal course provide such evidence.

**Q. Whether a Chartered Accountant can accept appointment as an auditor after sending communication to the previous auditor through registered post without acknowledgment due?**

**A.** No, a Chartered Accountant cannot accept an appointment as an auditor after sending communication to the previous auditor through registered post without acknowledgment due, as this may tantamount to professional misconduct under clause (8) of Part I of First Schedule to the Chartered Accountants Act, 1949.

**Q. Whether communication with the previous auditor, as contemplated under Clause (8) of Part-I of the First Schedule to the Chartered Accountants Act, 1949 is permissible vide e-mail /sms?**

A. No, communication vide e-mail/ sms is not permissible as an evidence of communication being sent , as required under Clause (8) of Part-I of the First Schedule to the Chartered Accountants Act, 1949.

**Q. Whether a Chartered Accountant will be deemed to be guilty of professional misconduct if he accepts his appointment as an auditor immediately after intimating his appointment over the phone to the previous auditor?**

A. Yes, the member would be held guilty of professional misconduct for the following reasons:

That he had failed to communicate with the retiring auditor in writing; and

That he did not wait for a reasonable length of time for a reply to be received from him.

Q. What is the intention behind communicating with the retiring auditor?

A. As per Council directions under Clause (8) of Part-I of the First Schedule to the Chartered Accountants Act, 1949 as appearing in Code of Ethics, 2009, professional courtesy alone is not the major reason for requiring a member to communicate with the existing accountant. The underlying objective is that the member may have an opportunity to know the reasons for the change in order to be

able to safeguard his own interest, the legitimate interest of the public and the independence of the existing accountant. When making the enquiry from the retiring auditor, the one proposed to be appointed or already appointed should primarily find out whether there are any professional or other reasons why he should not accept the appointment.

**Q. Whether communication with previous auditor is necessary in case of appointment as statutory auditor by nationalised and other Banks?**

A. Yes, Clause (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949 is equally applicable in case of nationalized and other Banks and also to Government agencies.

**Q. Whether communication by the Incoming auditor is mandatory with the previous auditor in respect of various audit assignments, like the concurrent audit, revenue audit, tax audit and special audits etc.?**

A. Yes, the requirement for communicating with the previous auditor would apply to all types of audits viz., statutory audit, tax audit, internal audit, concurrent audit or any other kind of audit. The Council has laid down detailed guidelines in this regard and the same are appearing in the Code of Ethics, 2009 edition.

**Q. Whether a Chartered Accountant who is appointed as tax auditor for conducting special audit under the Income-tax Act, 1961 by the IT**

**Authorities is required to communicate with statutory auditor?**

A. Yes, Council direction under Clause (8) of Part I of First Schedule to the Chartered Accountants Act, 1949 prescribes that it would be a healthy practice if a tax auditor appointed for conducting special audit under the Income-tax Act, 1961 communicates with the members who has conducted the statutory/tax audit.

**Q. Whether a member in case of an Audit of government Companies/Bank or their branches can accept the Audit immediately after he has sent the communication to the previous?**

A. In the case of Audit of government Companies/banks or their branches , if the appointment is made well in time to enable the obligation cast under this clause to be fulfilled , such obligation must be complied with before accepting the Audit. However, in case the time schedule given for the assignment is such that there is no time to wait for the reply from the outgoing auditor, the incoming auditor may give a conditional acceptance of the appointment and commence the work which needs to be attended to immediately after he has sent the communication to the previous Auditor in accordance with this clause. In his acceptance, he should make clear to the client that his acceptance of appointment is subject to professional objections, if any from the previous auditors and that he will decide about his final acceptance after taking into account the information received from the previous Auditor.

**Q. Whether a member in practice/ Firm of Chartered Accountants is permitted to use logo on letterheads, stationery, etc.?**

A. No, the use of logo/monogram of any kind/form/ style/design/colour etc. whatsoever on any display material or media e.g. paper stationery, documents, visiting cards, magnetic devices, internet, signboard by the members in practice and/or a firm of Chartered Accountants, is prohibited. Use/printing of member/ firm name in any other manner tantamounting to logo/ monogram is also prohibited. However, a common CA logo has been allowed to the members, provided it is used in the correct manner within terms of the Council guidelines.

**Q. Whether members of the Institute can use common CA logo?**

A. Yes, the common CA logo can be used by all members, whether in practice or not. Encapsulating the current beliefs, attitudes and values of the profession, the CA logo seeks to enhance the identity of the members.

The logo consists of the letters 'CA' with a tick mark (upside down) inside a rounded rectangle with white background.

**Q. Whether a member may put CA Logo on his website on the same background colour as that of the website?**

A. As per Logo Guidelines issued by ICAI, in the CA logo, the background colour of Logo has to be white. It is to be complied with accordingly, irrespective of the background colour of website. st Schedule to the Chartered Accountants Act, 1949, a

Chartered Accountant in practice is not permitted to use/fix a monogram of the Institute on any column/wall located inside the office or on any professional documents.

**Q. Whether the office of a Chartered Accountant is permitted to go in for ISO 9001: 2000 certification or other similar certifications?**

A. Yes, there is no bar for a member to go in for ISO 9001:2000 certification or other similar certifications.

However, the member cannot use the expression like "ISO Certified" on his professional documents, visiting cards, letterheads or sign boards etc.

**Q. Whether public notice published in the newspaper by a Chartered Accountant individually or jointly with an Advocate in respect of acquisition of land by their client is permitted?**

A. Yes, in terms of the Council Guidelines under Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949, as appearing in Code of Ethics, 2009, the public notice published in the newspaper in respect of acquirement of land by their client is permissible.

**Q. Whether the members in practice can print their photograph on their visiting cards?**

A. No, it is not permissible for the members in practice to print their photograph on their visiting cards.

**Q. Can a Chartered Accountant in practice use/ fix a monogram of the**

**Institute on any column/ wall located inside the office or on professional documents?**

A. No, in view of the Council directions under Clause (7) of Part I of the Fir

**mentioned by a member in practice empanelled as Insolvency Professional on his visiting cards, letter heads and other communication?**

A. A member in practice empanelled as Insolvency Professional can mention "Insolvency Professional" on his visiting cards, letter heads and other communication, as this is recognized by the Central Government in terms of Clause (7) of Part –I of First Schedule to the Chartered Accountants Act, 1949. Mention of any other nomenclatures/designations, including membership of any IPA is not permissible.

**Q. If a member is a partner in more than one firm, is it permissible to print the names of all the firms on visiting cards, letter-heads, stationery etc.?**

A. Yes, there is no violation under Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949.

**Q. Whether it is permissible for a member in practice to publish an advertisement in the press for recruiting staff in the member's own office?**

A. Yes, as per Council directions under clause (7) of Part I of the First Schedule to the Act as appearing in the Code of Ethics, 2009, it is permissible for a member in practice to publish an advertisement in the



press for recruiting staff in the member's own office provided that only the name and address of the member or that of his firm, with the description Chartered Accountant(s) is mentioned in such advertisement and the advertisement is not displayed more prominently than is usual for such advertisements or the name of the member or that of his firm with the designation Chartered Accountant(s) appears in type not bolder than the substance of the advertisement.

**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 Incometax Consultant, Cost Accountant, Company Secretary, Cost Consultant or a Management Consultant.

**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 practise 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?**

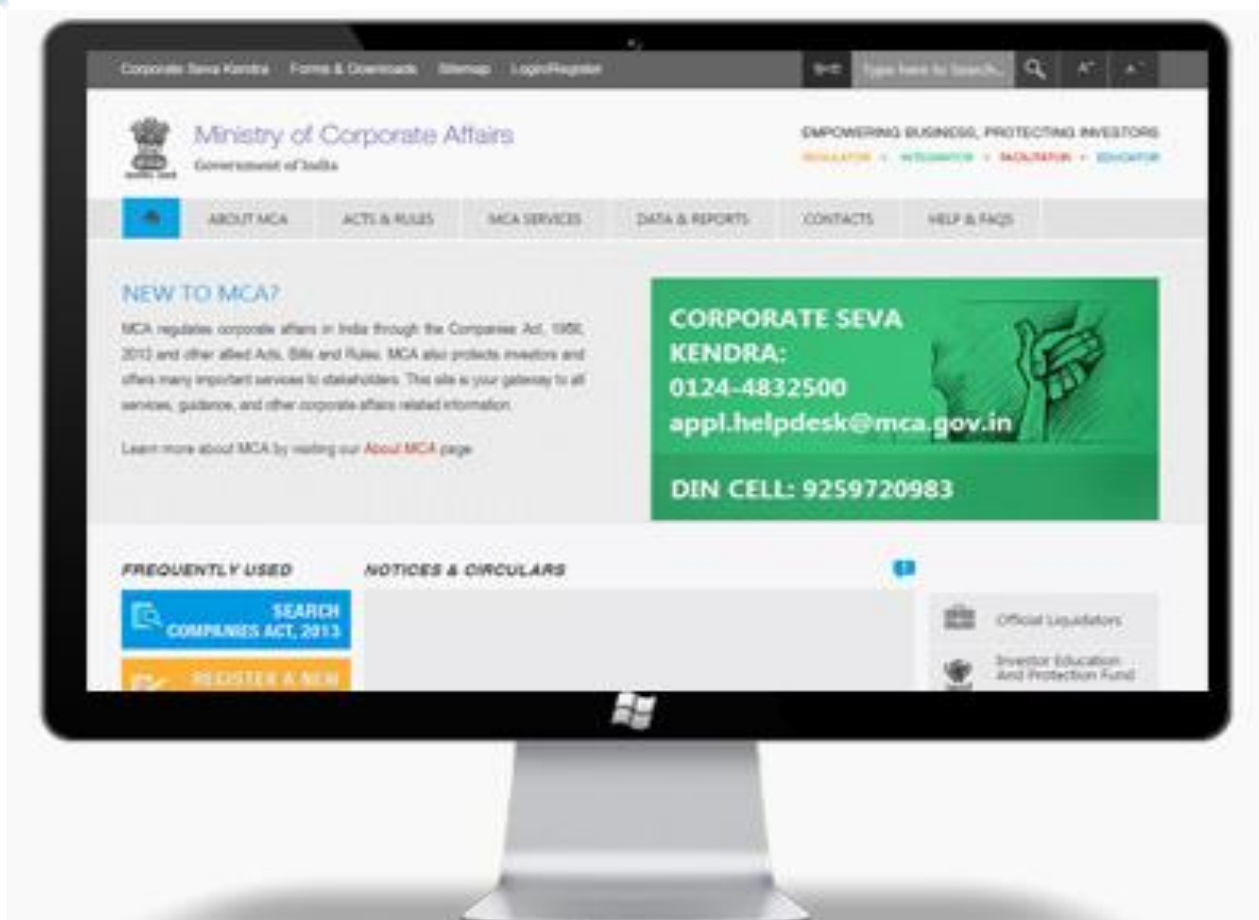
A. The Council's attention has been drawn to the fact that more and more companies are appointing Chartered Accountants' as directors on their Boards. The prospectus or public announcements issued by these companies often publish descriptions about the Chartered Accountants' expertise, specialisation 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.

## SBO RULES FILING OF BEN FORMS



On June 14, 2018 the Ministry of Corporate Affairs (MCA) issued the **Companies (Significant Beneficial Owners) Rules, 2018** (SBO Rules). The Rules, as name suggests, provide for a declaration by the Company to ROC about the Significant Beneficial Owner and compliance related to the same to enable Government authorities to keep a track of the actual holders of the ownership of the corporate entity.



**Akshay Babu P**

The author is a student of the institute can be

reached at babuakshay1995@gmail.com

In line with MCA's Rules, SEBI on December 7, 2018 had prescribed the **format of disclosure of the Significant Beneficial Ownership (SBO)**. While the declaration for SBO was due by every Company, MCA could not introduce the e-Form BEN-2 under the SBO Rules for Companies to file and vide its **circular dated September 6, 2018**, MCA clarified that the time limit for filing the BEN-2 form would be 30 days from the date of deployment of BEN-2 e-form on the MCA-21 portal and no additional fee shall be levied if the same is filed within 30 days from the date of deployment of the said e-form. MCA, on July 1, 2019, issued

Companies (Significant Beneficial Owners) Second Amendment Rules, 2019 thereby notifying e Form BEN-2 required to be submitted by companies.

Now to bring clarity and answering many pending questions, MCA notified the **Companies (Significant Beneficial Owners) Amendment Rules,**

**2019** (Amendment Rules) on February 8, 2019. These amendments to the SBO Rule has given answers to a lot of the pondering questions that have been lurking in the past couple of months following the implementation of the SBO Rules.

### Timeline as per Amendment Rules

Form	Timeline	Particulars
<b>One Time Filing under SBO Rules</b>		
<b>Form BEN-1</b>	90 days from the date of notification in official gazette viz. on or before May 8, 2019	Every Individual who is a significant beneficial owner needs to file form BEN -1 as per revised format to the Reporting Company.
<b>eForm BEN-2</b>	30 days from receipt of BEN-1 by the Company	Upon receipt of declaration by the Company in form BEN-1, the Company is required to file eForm BEN-2 with ROC.
<b>Regular Filings</b>		
<b>Form BEN-1</b>	30 days on subsequently becoming Significant Beneficial Owners *	Every individual, who subsequently becomes a significant beneficial owner, or where his significant beneficial ownership undergoes any change shall file a declaration in Form No. BEN-1 to the reporting company, within thirty days of acquiring such significant beneficial ownership or any change therein.
<b>eForm BEN-2</b>	30 days from receipt of BEN-1 by the Company	Upon receipt of declaration by the Company in form BEN-1, the Company is required to file eForm BEN-2 with ROC.

Note: In case of change in interest within 90 days of notification of the Rules, period of 30 days will commence from the expiry of above mentioned 90 days period.

### Important changes introduced by SBO Amendment Rules

Many definitions like "Control", "Majority Stake", "Partnership Entity", "Significant Beneficial Owner (SBO)", "Significant influence" etc are modified with an intention to add more clarity in respect of various provisions of SBO Rules.

After considering various feedback and all Forms mentioned in SBO Rules are modified and following revised forms are issued with SBO Amendment Rules.:

Form under SBO Rules	Purpose and Details
<b>Form BEN 1</b>	Declaration by the beneficial owner who holds or acquires significant beneficial ownership in shares
<b>e-Form BEN 2</b>	Return to the Registrar in respect of declaration under section 90
<b>Form BEN 3</b>	Register of beneficial owners holding significant beneficial interest
<b>Form BEN 4</b>	Notice seeking information about significant beneficial owners

### Non-applicability of Rules:

The non-applicability net has been made clearer and more specific and wider considering the difficulties in determining the SBO in various situations. Now, the SBO Rules shall not be made applicable to the extent the share of the reporting company is held by,-

(a) the authority constituted under sub-section (5) of section 125 of the Act;

(b) its holding reporting company:

Provided that the details of such holding reporting company shall be reported in Form No. BEN-2

(c) the Central Government, State Government or any local Authority;

(d) (i) a reporting company, or

(ii) a body corporate, or

(iii) an entity,

controlled by the Central Government or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments;

(e) Securities and Exchange Board of India registered Investment Vehicles such as mutual funds, alternative investment funds (AIF), Real Estate Investment Trusts (REITs), Infrastructure Investment Trust (InVITs) regulated by SEBI

(f) Investment Vehicles regulated by RBI, or IRDA, or Pension Fund Regulatory and Development Authority.



## GLIMPSES



Study Circle Meeting on DPT -3 by CA Vipin KK on 07.06.2019



Toppers of Plus Two Exam being honoured by Chapter



Panel Discussion on GST Annual Return on 13.06.2019



Toppers of Plus Two Exam being honoured by Chapter



Yoga Session as a part of 5<sup>th</sup> International Yoga Day on 21.06.2019



Toppers of Plus Two Exam being honoured by Chapter



Toppers of Plus Two Exam being honoured by Chapter



Awareness Programme – CA Foundation Course conducted on 22.06.2019



Toppers of Plus Two Exam being honoured by Chapter



Awareness Programme – CA Foundation Course conducted on 22.06.2019



Valedictory function of ICITSS - Orientation Programme Batch-12 on 30.06.2019