



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

AMRITSAR BRANCH OF NIRC NEWSLETTER NOVEMBER 2020



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ADDRESS:-

1. ICAI Bhawan Bhai Gurdas Ji Nagar (New Amritsar)
 2. Room No. 401-402, Aaykar Bhawan,
Central Revenue Building, The Mall, Amritsar.
E-mail : amritsar@icai.org, amritsar.icai@gmail.com
Website : nircamritsar.org
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From the Desk of the Chairman.

आनुशंस्यमनुकोशः श्रुत शीलं दमः शमः ।
राघवं शोभयन्त्येते षड्गुणाः पुरुषोत्तमम् ॥

Non violence, compassion, learning, truthful nature, self-control and tranquil – these six virtues adorn Rama, the best of men

अहिंसा, दया, वेदशास्त्रों का ज्ञान, सुशीलता,
आत्मसंयम और शान्त चित्त, ये छः गुण राघव (मर्यादा पुरुषोत्तम) को शोभा देते हैं।

Esteemed Professional Colleagues

जय श्री राम

Wish you all a very **HAPPY DIWALI** – Hope you are spending it with your loved ones

Hope that this communication finds you in the best of health and spirits. This issue of newsletter covers the topic of Capital Gains and I am pleased to share that branch is coming up with the varied sessions on Direct and indirect taxes issues and global professional opportunities-SMP Perspectives for the members. We have started a series of article on “New code of ethics” covering all the important aspects of Schedule I & II for the benefit of members. I am thankful to CA Bhavesh Mahajan for his valuable contribution in monthly Newsletter Series. Living in a dynamic and competitive world, it is obvious that we all have to comprehend, analyze and respond to challenges of the future. From the perspective of global standards setting we have confidence that new restructured code of ethics is “Future Ready”. It captures the critical areas of Practice its structure offers a sound platform for adjustments to the changing circumstances and practice.

Members, it fills my heart with great pride to inform that, by the end of year 2020, we will finally succeed in clearing title of our Branch building for registration purpose and signing the MOU with Khalsa College to open new avenues for the profession. This Diwali gift to all of us is indeed a team effort of the entire executive team and Past Chairmen.

Friends, I humbly request you to ask your clients to avail the golden opportunity to settle the income tax disputes through Vivad Se Vishwas Scheme 2020. Together we should contribute our share of taxes timely and play a vital role in building India of dreams. CA is just not a two-letter word but matter of pride, dignity and accountability, we being an integral partner in nation building always stand shoulder to shoulder with the income tax department and let us make this scheme a success.

I along with my entire executive team express sincere gratitude for love, support and guidance you have been pouring on us.

Stay Safe Stay Healthy

November, 2020

With Warm regards.

CA SANJAY ARORA

B.Com., F.C.A., D.I.S.A., (ICAI)

Chairman, 2020-21

Amritsar Branch of NIRC of ICAI

Chairman.



From the Desk of the Secretary...

Respected Members,

Warm Greetings,

First of all, We with immense delight present our members a special edition on the Topic of Capital Gains under the Income Tax Act, 1961. for the month of November 2020.

We are also thankful to CA Bhavesh Mahajan Past Secretary Amritsar branch for giving article on Second Schedule of New Code of Ethics in this edition.

As all of us know, Due to outbreak of ongoing pandemic i.e. genuine difficulties being faced by the taxpayers and professionals, relaxation has been given and Due Dates for filing Tax Audit and Transfer Pricing Audit has been extended to 31st December, 2020 & 31st January, 2021.

During the month of October 20, The members were busy in the Tax and other Audits and in filing GST Audit/Annual Returns until the extension of due dates of TAR and GST Audits Audits. Amritsar branch organized three CPE Hour programs i.e Virtual CPE meetings as per demand of members one of which was conducted on 3rd October on the Topic of GST Annual Return and GST Audit by eminent speaker CA Aanchal Kapoor. Secondly another important Virtual CPE meeting of Three hours was organized jointly with Internal Audit standard Board of ICAI on the Topic of Mentoring SMPS-Internal Audit. The VCM was addressed by CCM CA Charanjot Singh Nanda, Chairman IASB of ICAI. CA Samit Saraf and CA Hardik Chokshi were the eminent speakers for the program. After due date extension of TAR etc, We organized Virtual CPE meeting on 27th Oct.,20 on the topic of Recent amendments in TCS provisions as per Income Tax Act, 1961 by keynote and new speaker CA Gaurav Aggarwal. Members after Diwali, We are going to organize some important CPE Virtual meetings by some reknowned experts and speakers of Income Tax and GST. Team Amritsar branch is continuously making efforts for the benefits of members to update their professional knowledge through Virtual tools as per comfort of members.

Dear Students,

"When you have a dream, you've got to grab it and never let go"

- Carol Burnett

Exam Month is on for the students. Most of the students are busy in studies as Exams are going to start from 21st November and will continue till the mid of December 2020 as per revised Schedule notified on 27th Oct 2020. ICAI has made best efforts for this exam. Keeping in view the Covid- 19 Pandemic, ICAI has also issued guidelines to be taken care during the exams by the students. ICAI has also increased the number of exam centres for the convenience of students. As per guidelines social distancing between the students in the class has been special attention. ICAI is very much promising this time to conduct exams. So all of you should concentrate on your studies with your best efforts. Do not leave any stone unturned to crack the upcoming exams. Forget the future and keep your eye on the upcoming exam only. Best of luck to all students for the Nov 2020 Exams.

Keep yourself safe and stay healthy in the pandemic.

With Warm regards.

Sd/-

CA Shashi Pal

Editor in Chief

Secretary, ICAI Amritsar Branch

November, 2020

Secretary



CA PADAM BAHL

padam.bahl@live.com

Mob.: 9814053669



Shri. Padam Narain Bahl, qualified as a Chartered Accountant in 1974. He served for a period of 5 years and started his practice in March, 1979. He has specialized in Income Tax Practice and has handled search cases and appellate proceedings before CIT(A) and ITAT.

He was a chairman of NIRC in 1998-99 and also represented the Chartered Accountants in tax payers committee. He has followed the principle of "Honesty is the Best Policy" throughout his life. He has always been instrumental in standing by the cause of the CA fraternity and has always helped his fellow colleagues.



Sh Pardeep Kapoor

OUR MENTOR

Sh Pardeep Kapoor, one of well reputed and renowned senior faculty member qualified in November 1975, has an experience for more than 45 years in the field of Taxation, Law, banking & Finance.

His struggles and sacrifices during his initial tenure of graduation and article ship has paid off well in the terms of reputation and honor. After a lot of hard work in the early stages of practice, he has achieved to this level.

His approach towards life and profession is simple and straightforward. His actions lay down the foundation of integrity and truthfulness. His dedication towards his work has not only empowered him but also many other fellow members. Out of courtesy and gratitude towards life, he has invested his time and money for various good causes and towards that is worth doing and giving.

His work and behavior not only set examples for many upcoming members as well as students but also act as a light on the path of profession and beyond.



CA ABHISHEK BERI

B.COM, CA ,D.I.S.A(ICAI) ,CCA(ICAI)

ca.abhishekberi@gmail.com

Contact:-9501473100

CAPITAL GAIN TAX IN INDIAN STOCK MARKET

The lockdown may have adversely impacted economic growth and revival story but one category that seems to have gained post the lockdown from March end has been equity markets. Trends suggest that overall retail participation has increased in terms of 'Cash Average daily turnover'. Securities and Exchange Board of India (Sebi) data[Source ET NOW June 16,2020]showed that investors opened a record 2.4 million d-mat accounts in the three months to 30 June. Many of these new investors were lured into trading by the sharp plunge in stock values after the lockdown was announced in end -March, hoping to make a quick buck as share prices rebound. Others took to day-trading, hoping to supplement incomes as they had either lost their jobs or had to take pay cuts as companies slashed costs amid the pandemic.



Keeping in view the above-mentioned facts its high time for each of us to revise and be in touch with taxation provisions pertaining to Stock markets as each one of us is expected to get multiple queries/issues from our clients relating to the same. Moreover, Computing capital gains can be a complex and challenging task depending on the nature and number of transactions undertaken by the assessee in a financial year.

1. Determination of Holding Period:-

Capital gains are always computed on the basis of the holding period of an assets which is defined as follow -Holding period: It is calculated as the number of days or months for which the asset is/ was held by the assessee. The period starts from the date on which the asset was acquired by the assessee and ends on the date immediately preceding the date of transfer of the asset.

S.no	Capital Assets	Classification
1.	Shares of Listed Company, Units of Equity Oriented mutual Funds	12 Months or less to Qualify as short-term capital assets
2.	Shares of Listed Company, Units of Equity Oriented mutual Funds	More than 12 months to Qualify as long-term capital assets.

2. Determination of Tax Liability

a. Short-term capital assets:-

Section 111A Under Income Tax Act Under Section 111A, an assessee is required to pay tax at the rate of **15%** on the capital gained by him on short term capital assets defined under Section 2 (42A) of the Income Tax Act, 1961. The listed securities on which Securities Transaction Tax is applicable comes under this section like listed equity shares, listed mutual funds and listed units of business trusts. **STCG other than referred in section 111A shall be taxable at normal rates applicable to assessee.**

- The deductions under Chapter VI-A are not available under Section 111A.

b. Long-term capital gains arising from sale of listed securities [Section 112A –with effect from Assessment Year 2019-20]

The Finance Act, 2018 inserts a new Section 112A with effect from Assessment Year 2019-20. As per the new section capital gains arising from transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at the rate of 10 per cent of such capital gains exceeding Rs. 1,00,000. This concessional rate of 10 per cent will be applicable if:

- In a case of an equity share in a company, securities transaction tax has been paid on both acquisition[^] and transfer of such capital asset; and
- In a case a unit of an equity oriented fund or a unit of a business trust, STT has been paid on transfer of such capital asset.
- The benefit of indexation will not be available while computing gain under 112A
- Chapter VI-A deduction and rebate u/s 87 A not available

^^^The central ministry has notified list of care outs which will be exempt from the requirements of paying STT for availing the concessional 10 percent LTCG Rate. These include IPO,FPO bonus or rights issue by a listed company etc.

Note :-

All of us must be aware of the fact that Long-term capital gains arising on account of sale of equity shares listed in a recognised stock exchange, i.e., LTCG was exempt under section 10 (38) [Upto Assessment year 2018-19].

Reason of Exemption:-

The same was exempted by then Finance Minister Palaniappan Chidambaram while Unveiling the Indian government's budget for 2004/2005.

The then existing Dtac between India and Mauritius notified in 1983 provides for taxation of capital gains arising from alienation of shares only in the country of the resident investor. Capital gains were fully exempt from taxation in Mauritius under its domestic laws. Thus an investor routing his investment through Mauritius into India does not pay capital gains tax either in India or in Mauritius. Mauritius

thus became an attractive route for investment by the third country residents into India through treaty abuse.

Thus to curb this practice Govt of India decided to exempt the capital gains u/s 10(38) so that funds are directly invested in Indian stock market without routing them through Mauritius route. In its place a transactions tax on exchange-listed securities was levied on the buyer at a rate of 0.15% of their value.

i. Calculation of Gain under new section 112A

Though the Finance Minister levied a tax on long-term capital gains tax at the rate of 10%. However, this tax is not applicable to all gains up to 31 January 2018. A new **Grand fathering clause** has been attached to section 112A on long-term capital gains. Such gains on the sale of equity shares and equity-oriented units of a mutual fund shall be grand fathered. **Meaning the new tax @10% would only be applicable in the future, however, the current gains on investments done before a certain date are protected from the new tax.** This will shield the investors who have purchased equity shares or equity-oriented units of mutual funds from the 10% long-term capital gains purchased before 1st February 2018.

ii. Impact of the Grandfathering Clause

The exemption on capital gains on all purchases before 1st February 2018 means that all those investments made according to the old clause would remain as it is. Meaning all such gains shall remain tax-free.

The tax would be applicable only prospectively, i.e. the tax shall only be applicable henceforth in the future. This is also referred to as the past gains being 'Grandfathered'.



iii. Accordingly, where a Capital asset referred in section 112A is acquired before 01st February, 2018, the Cost of Acquisition of such asset shall be the higher of:-

The Finance Act, 2018 inserts a new Section 112A with effect from Assessment Year 2019-20. As per the new section capital gains arising from transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at the rate of 10 per cent of such capital gains exceeding Rs. 1,00,000. This concessional rate of 10 per cent will be applicable if:

- Cost of Acquisition of the asset and
- Lower of
 1. Fair market value[^] of the asset as on 31st January, 2018 and
 2. Full value of consideration received or receivable as a result of the transfer ^{^^} Computation of Fair market value

S.No.	Situation	FMV
	Share /unit listed on a recognized stock exchange as on 31 st jan 2018:-	Highest price quoted on 31 st January 2018
	(a) Asset quoted on 31 st January ,2018	Highest price of the assest on the stock exchange on a date immediately preceding 31st jan 2018 when such assest was traded on exchange.
	(b) Where there is no trading on 31 st January ,2018	
	(c) Where capital asset is a unit not listed on a recognised stock exchange on 31st January 2018	The net asset value of such unit on 31st January 2018

3. Nature of transaction to determine nature of gain in stock market!



All gains in stock market can't be treated under one head. It's the nature of transaction that determines the nature of gain earned: -

Nature of transaction	Treatment under income tax head
Intraday sale purchase(Cash segment)	Speculation Income
Purchase sale of future & option/Derivatives / future & option of commodities including Agri commodities	Business income (PGBP)
Purchase sale with deliveries: -	
If held as Investments	Capital gain
If held as SIT(Stock in trade)	Business income (PGBP)

Note:- Distinction between shares held as stock-in-trade and shares held as investment - tests for such a distinction

Reference:-

CIRCULAR NO. 4/2007, DATED 15-6-2007
CIRCULAR No. 6/2016 on 29.2.2016

4. Determining turnover for applicability of tax audit for F & O Trading

Turnover for the purpose of determining whether tax audit is applicable to F & O Trading or not is calculated a little differently.



Determination of turnover in case of F&O is one of the important factors for every individual for the income tax purpose. Turnover must be firstly calculated, in the manner explained below:

1. The total of positive and negative or favourable and unfavourable differences shall be taken as turnover.
2. Premium received on sale of options is to be included in turnover.
3. In respect of any reverse trades entered, the difference thereon shall also form part of the turnover.
 - Here, it makes no difference, whether the difference is positive or negative. All the differences, whether positive or negative are aggregated and the turnover is calculated.
 - For computation of turnover of futures, the total of positive and negative or favourable and unfavourable differences shall be taken as turnover.

5. Sec 74 : Losses under head Capital Gains

- **1. Brought forward LTCL Can be set off against current LTCG**
- **2. Brought forward LTCL Cannot be set off against current STCG**
- **3. Brought forward STCL Can be set off against current STCG**
- **4. Brought forward STCL Can be set off against current LTCG**

Imp Note :- Losses(LT/ST) can be set off against the LTCG referred to in section 112A and balance LTCG shall be taxable at @ 10 % .

To sum up we can say that Indian Stock markets are gaining popularity day by day due to higher returns and lower rate of taxes as compared to other Investment opportunities. However, the stock markets still remain the dislikes of many Investors due to its risky operations.

**KAVERI ARORA**

Contact :- 9915501837

CAPITAL GAINS IMPLICATIONS FOR LANDOWNERS ON JOINT DEVELOPMENT AGREEMENTS

1. Introduction

Mr. Amit has ample of vacant land which he had inherited from his father. One of his friends, Mr. Sajid, who is engaged in the business of construction and development of real estate and commercial projects, comes to meet him. "Sajid, What does a Joint Development Agreement or JDA mean?" enquired Amit who was very curious to make use of his vacant land. To this, Sajid enlightened him with the basic mechanics of JDA. A Joint Development Agreement is an agreement wherein a landowner contributes his land for the construction of a real estate project by way of a general power of attorney in favour of the developer and thereafter, the developer undertakes the responsibility for the development of property, obtaining approvals, launching, and marketing the project. In return for the land provided by the landowner, the developer agrees to give him lump sum consideration or certain percentage of the newly constructed project or both, as agreed with the landowner. This helps to combine the resources of the landowner with the efforts of the developer so as to bring out the maximum productive result post-construction. Post construction, a certain portion of the developed land is earmarked for the landowner and the remaining area is sold off by the developer directly. This is how a JDA works.

In India, JDAs are a common structure prevalent in the real estate industry. The simple reason being, the landowner unlocks the value of his land without any additional investment of single rupee and also the developer need not invest any

money to buy land. Considering the importance of JDA transactions in our economy, this article aims to throw light on the taxation issues revolving around the transfer of land by the landowner to the developer. An important point to remember is that the tax implications in the hands of the landowner, as mentioned below, hold good only when such land is a capital asset for the landowner. Otherwise, the income arising from such JDA shall be taxable based on the accrual concept under the head "Income from Business or Profession" subject to provisions of Section 43CA of IT Act.

2. Legislative Intent of Section 45(5A)

Chapter IV-E of the Income-tax Act, 1961 ("IT Act") prescribes the provisions in relation to income from capital gains, which is covered by Section 45 to Section 55A of the IT Act. Section 45 of the IT Act provides chargeability of capital gains whereas Section 48 of the IT Act provides the mechanism for computing income from capital gains. From the IT Act standpoint, prior to FY 2017-18, the Joint Development Agreement ("JDA") transactions between the landowner and the developer triggered capital gains tax in the hands of the landowner on the execution of JDA itself i.e., on transfer of any rights by the landowner in execution of part performance of contract of the nature referred to in Section 53A of the Transfer of Property Act, 1882 (4 of 1882), even though no transfer of legal right had been undertaken. In other words, the tax liability on capital gains arose in the year in which such JDA was entered into and the possession of immovable property was handed

over to the developer for development of the project. Accordingly, it resulted in genuine hardship to the land owners to pay capital gains tax from their own pocket as against the fact that the landowners did not realize any actual receipts or consideration. Therefore, with a view to solve such adversity, the legislature vide the Finance Act, 2017, introduced sub-section (5A) to Section 45 of the IT Act which brought tremendous relief to the landowners.

3. Legal Provisions of Section 45(5A)

Section 45(5A) of the IT Act, reads as follows:

“Notwithstanding anything contained in sub-section (1), where the capital gain arises to an assessee, being an individual or a Hindu undivided family, from the transfer of a capital asset, being land or building or both, under a specified agreement, the capital gains shall be chargeable to income-tax as income of the previous year in which the certificate of completion for the whole or part of the project is issued by the competent authority; and for the purposes of section 48, the stamp duty value, on the date of issue of the said certificate, of his share, being land or building or both in the project, as increased by the consideration received in cash, if any, shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the capital asset. Provided that the provisions of this sub-section shall not apply where the assessee transfers his share in the project on or before the date of issue of the said certificate of completion, and the capital gains shall be deemed to be the income of the previous year in which such transfer takes place and the provisions of this Act, other than the provisions of this sub-section, shall apply for the purpose of determination of full value of consideration received or accruing as a result of such transfer.”

Let's discuss in detail the aspects resulting in tax levy on the JDA transactions under the IT Act and the consequent outcome of the provisions entailed in Section 45(5A) of the IT Act.

Whenever a JDA is executed, it gives a right to the developer to enter into and develop the land of the landowner and also obtain all the necessary approvals/ permits thereto, for the purpose of developing the land. As mentioned in the above paragraphs, the granting of such rights related to the land by the landowner to the developer shall be construed as transfer of immovable property under the provisions of the Income-tax Act, 1961 (“IT Act”). With effect from April 1, 2017, the government provided relief from upfront taxation to the landowners with the introduction of Section 45(5A) of the IT Act. Based on the reading of the section, it is absolutely clear that the taxation on JDA transactions has been postponed till the year in which the completion certificate is issued, subject to compliance with the prescribed conditions i.e., the landowner, being an individual or HUF and no transfer by the landowner of his share in the project to any other person on or before the date of issue of said certificate of completion. Having said the above, if the prescribed conditions are not satisfied, then the benefit of such deferred taxation shall not be available and the recourse to other normal provisions of Section 45, as applicable prior to insertion of Section 45(5A), has to be made. The same has also been reiterated by way of a proviso to Section 45(5A) of the IT Act.

Now another relevant question to be assessed is the manner of determination of capital gains in the hands of landowners. In order to quantify the capital gains the indexed cost of acquisition shall be deducted from the full value of consideration.

It is apposite to note that the full value of the consideration for transfer of immovable property by the landowner shall be the stamp duty value of land or building or both, of the landowner's share in the project or developed estate, on the date of issuance of certificate of completion by the competent authority, to the landowner, as increased by any monetary consideration received by the landowner from the developer. Further, while computing the cost of acquisition of such immovable property, the indexation benefit shall

also be available to the landowner upto the date of transfer i.e., the date of execution of JDA with the developer and the period of holding of the immovable property shall also be computed accordingly in the hands of the landowner i.e., till the date of transfer. To reiterate, it is just the point of taxation which has been deferred and not the date of transfer for such JDA transactions. Therefore, the date of execution of JDA shall still be regarded as the date of transfer of the immovable property by the landowner. As mentioned above, the capital gains shall be computed on the date of receipt of completion certificate for the whole or part of the project from the competent authority. Moreover, the Hon'ble Chennai Tribunal in the case of K Vijay Lakshmi v. ACIT and the Hon'ble Hyderabad Tribunal in the case of Adinarayana Reddy Kummata v. ACIT upheld the applicability of Section 45(5A) of the IT Act to be prospective in nature and not retrospective.

Moving on to the tax rates levied on the capital gains on such transactions, the landowner shall be liable to tax at the rate of 20% (excluding surcharge and health & education cess), if the immovable property is held for more than 2 years i.e., more than 24 months or as per the applicable income tax slab, if the immovable property is held for less than or equal to 2 years. It is important to be mindful of the fact that when the landowner transfers his share in the developed project to any other person or third party at a later date i.e., after the date of receipt of certificate of completion, then the capital gains shall again arise in the hands of the landowner. However, as per Section 49(7) of the IT Act, the cost of acquisition of such share in the developed project shall be the amount which is deemed as full value of consideration under Section 45(5A) of the IT Act.

4. Relevance of Section 50C and Section 56(2)(x) read with Section 45(5A)

Section 50C of the IT Act provides a deeming/ legal fiction, wherein, if the consideration accruing or arising as a result of transfer of capital asset being immovable property is less than the assessable stamp duty value, then the stamp duty value of such property shall be deemed as the full value of consideration for the purpose of Section 48 of the IT Act. Having said this, in case of JDA transactions entered into subsequent to April 1, 2017, the IT Act regards the stamp duty value of land or building or both, of the landowner's share in the project/developed estate, on the date of issuing of certificate of completion by the competent authority as the full value of consideration. Accordingly, there is no possibility of dispute between Section 45(5A) and Section 50C of the IT Act.

Another relevant tax exposure is governed by Section 56(2)(x) of the IT Act which deems the difference between the consideration received and the stamp duty value of the immovable property as 'Other Income' in the hands of the receiver of the immovable property. Since in the case of JDA transactions the stamp duty value of the immovable property is already treated as the full value of the consideration, there would be no 'Other Income' implications in the hands of the developer pursuant to Section 56(2)(x) of the IT Act.

To conclude, the deferred taxation as explained above has undoubtedly resulted in minimizing the legitimate hardships of the land owners. However, there are various concerns which still need to be addressed by the government such as extending the benefit of deferred taxation to legal entities as well and not just individuals and HUFs. But overall, the legislature did succeed in resolving the major ongoing conflict of the land owners with the Revenue.



**Decoding Clause 6 of Part-I of the First Schedule
of the Chartered
Accountants Act, 1949– Restriction on Soliciting of
Clients or Professional Work**



CA BHAVESH MAHAJAN
B.Com, FCA, DISA(ICAI)
bhaveshmahajanca@gmail.com

In the earlier years of their professional career, members may find the restraint of no advertising or soliciting of professional work as inconvenient and irksome. A question may arise in their minds as to how they would be able to find professional work if they are permitted to advertise or solicit work. It is pertinent to note here that the professional work cannot be secured either by advertisement or by circulars or by solicitation. It can only be obtained by member gradually building confidence in his ability and integrity. The services rendered by accountant is personal and intimate nature and its values can be appraised only by personal contact and experience. A public advertisement is likely to lead to an impression that the professional person is over anxious to win confidence which however will have the opposite effect. The satisfaction of clients shall be the best advertisement which would lead to the other clients. Unabashed advertisement would affect the public esteem in which profession is held and would act to disadvantage of its members. An advertisement is not a key to success in the profession. It is quality of the service that attracts and then retains the clients.

With the above thought in mind, **Clause (6)** of the Part I of the First Schedule reads as follows:-

Chartered Accountant in practice shall be deemed to be guilty of professional misconduct, if he:-

“solicit clients or professional work either by circular, advertisement, personal communication or interview or by any other means”;

Provided that nothing herein contained shall be construed as preventing or prohibiting –

(i) Any chartered accountant from applying or requesting for or inviting or securing professional work from another chartered accountant;

(ii) A member from responding to tenders or enquiries issued by various users of professional services or organisations from time to time and securing professional work as consequences;

Now, lets see what are some forms of the specific prohibitions made by the Council under this Clause:-

1. Members are not permitted to use the less open method of circulating letters to a small field of possible clients.
2. Members are not permitted to do personal canvassing for clients of previous employer through the help of the employees.
3. Members are not permitted to make roving enquiries by applying to government departments, government companies/corporations, courts, co-operative societies, banks or any such organisations for having his name included in any such panel for allotment of professional works.
4. Member in practice shall not respond to any tender issued by an organisation or user of professional services in area of services which are Exclusively reserved for Chartered Accountants, such as Audit and attestation services.
5. Member is not permitted to mention any of his professional attainments, whether of the member or of the firm of chartered accountants, with which he is associated in a book or an article published by him, or a presentation made by him.
6. Member is not permitted to issue the greeting cards or personal invitations indication their professional designation, status and qualifications, etc.

7. It is not permitted to advertise the events organised by a Firm of Chartered Accountants.

8. A member in practice or a Firm of Chartered Accountants is not permitted to sponsor an event except for the ones organised by PoU of the ICAI with prior approval of CPE Directorate of the ICAI.

9. It is not permitted to mention Firm name or CA logo (except for mentioning individual name with prefix "CA") in sponsoring activities relating to Corporate Social Responsibilities.

10. Members should abstain from advertising their association with Coaching/teaching activities through hoardings, posters, banners and by any other means.

11. It is not permitted to share Firm profile with a prospective Client unless it is in response to a proposed client's specific query, and otherwise not prohibited to be used by the client.

12. It is not permissible for a Member or a Firm of Chartered Accountants to address letters, emails or circulars specifically to persons who are likely to require services of a Chartered Accountant.

13. The Member should not accept the original professional work emanating from a client introduced to him by another member. If any professional work of such client comes to him directly, it should be his duty to ask the client that he should come through the other member dealing generally with his original work.

14. Member, while giving any public interview or otherwise, shall not in any manner highlight his or his Firm's professional attainments and shall provide the required details only as a response to a specific question and is of factual nature.

15. Members/Firms are prohibited from inserting advertisements for soliciting clients or professional work under box numbers in the newspapers.

16. Members, while uploading any video of educational nature on the internet, should not disclose any reference of the Firm he is partner/proprietor of or any contact details or website address.

Even if the Members are barred from doing above mentioned activities, they are allowed to do the followings as a normal course to carry out their professional practice:-

1. A member may request another Chartered Accountant in practice for professional work.

2. A member may, subject to bare statement of facts and appropriateness of the area of distribution of the newspaper or magazine, advertise the changes in partnerships or dissolution of a Firm, or any change in the contact details of the Firm.

3. A member is permitted to issue a classified advertisement in the Journal/Newsletter of the Institute intended to give information for sharing professional work on assignment basis or for seeking professional work on partnership basis or salaried employment in the field of accounting profession provided it only contains the accountant's name, address, telephone, fax number, E-mail address and addresses of social Networking sites of members.

4. A Member in Practice or the Firm may respond to the Tender, where minimum fee of the assignment (as commensurate with size, value, volume, manpower requirement and nature of work) is prescribed in the Tender document itself Or where the areas are open to other professionals along with Chartered Accountants (like Management consultancies in different fields not involving attestation services).

5. A Member can respond to assignments where quotations has been called for from practicing members/firms through individual letters.

6. Member or the Firm is allowed to respond to tenders where only technical bid has been asked for, followed by financial quotations request from the shortlisted members through individual letters.

7. It is permitted to quote fees on enquiries being received or respond to tenders from organisations requiring professional services, which maintain such panel.

8. Member may indicate the designation "Chartered Accountant" as well as the name of the firm in any of the books or articles published by him.

9. Member is allowed to use the designation "Chartered Accountant" as well as the name of the Firm in greeting cards, invitations for marriages and religious ceremonies and any invitations for opening or inauguration of office of the members, change in office premises and change in telephone

numbers, provided that such greeting cards or invitations etc. are sent only to clients, relatives and friends of the members concerned.

10. The Firms may publish in newspaper or newsletter advertisement for Silver, Golden, Platinum or Centenary Celebrations of the Chartered Accountants Firm.

11. A Member may put outside their Coaching/Teaching premises, sign board mentioning the name of Coaching/Teaching Institute, contact details and subject taught therein only. The guidelines of the size and type of such Sign board shall be the same as that applicable to the Firm of Chartered Accountants.

In the light of the above discussion, it is clear that the Professional practice of Chartered Accountant is little different from the other professions and businesses. A Member in practice has to establish his stature through his work and results rather than publicity and advertisements. As discussed in opening para, the modus operandi of the CA Professional practice should be to provide best of the professional services to his client so that such satisfied clients only act as mouthpiece of your excellent services and becomes the medium for further expansion and growth of professional practices.

Thank you