

The Institute of Certified Public Accountants

(Reg No: Maharashtra/252/2015, Registered under the societies registration act, 1860)

Registered Address: 4582 A, Sangli Ves, Guruwar Peth, Miraj -41610. Dist Sangli,
Maharashtra-India

Email: secretary@icpaindia.org Tel: +91 8213912283 Website: www.icpaindia.org

Date : 17th January, 2016

To,

Shri Narendra Modi ji,

Honourable Prime Minister of India.

New Delhi

Subject: Prayer from Independent Accountants & Tax Practitioners for recognition as Professional Accountants of Small and Medium Enterprises , we are actual mediators for START UP's in INDIA !

I would like to bring to your notice that there exists an urgent need to address the problems faced by the Accountants and Tax Practitioners who offer following types of services to MSME's - (Specially Non Corporate entities)

- Business Startup & Winding up Services
- Book Keeping & Financial Accounting Services
- Taxation Services
- Banking & Financial Management Services
- Compliances under other Regulatory & Labour laws services

Above services are also offered by

1. Legal Practitioners (Advocates) who also have Commerce background
2. Income Tax & Sales Tax Practitioners (They all have Graduated in Commerce)
3. Chartered Accountants (CA's)
4. Cost & Management Accountants (CMA's)

Independent Accountants & Tax Practitioners, practicing in the above fields together

Are more than 3 lac in numbers, larger than total CA & CMA's But when it comes to recognition of the designations by the government only CA/CMA's are considered? Advocates are considered in some places but Independent Accountants & Tax Practitioners are specifically excluded every time. Same is the case now when government is presenting GST and DTC now! These are exclusive domains of Tax Practitioners and to protect our interest I'm directly writing this application to you sir.

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Following are the Problems Tax Practitioners are currently facing -

1. Tax Practitioners are authorized by their respective tax legislation but are **not recognized for what they offer!** (Both In respect of main Taxation or Allied Accounting/Financial Services)
2. They can appear but **can't sign client's returns!** (Which they have prepared)- This is not the case in foreign countries... It's demoralizing as TRP can sign but TPr can't sign..!
3. **Can't sign off Accounts** of even Non Corporate & Un-audited Financial Statements. Which is again mostly compiled/ prepared by a Tax Practitioner!
4. **No statutory Support!** No law ever existed in India for Tax Professionals. No Monitoring. Mechanism exists. Legal Professionals Bill 2012, which covers these, is still blocked!
5. **Can't certify** any Tax Records!
6. **Can't Share** fees with Other Professional Accountants...mostly Accounts are compiled by us. We refer it to the Auditor! Neither we can Partner/ or for Multidisciplinary Firms/LLP/Co.'s with other professional accountants. As we in first place are not recognized as professional accountants! No networking of any sort with them is legally allowed!
7. **No Transparent registration facility**, it differs from state to state...even **GST and DTC** are **silent** (being central Statutes) on issue of transparency in registration of Tax Practitioners. **No Common online register is maintained for ITP's!!!** No one has information whether the ITP /STP is practicing or working. Or even is alive or dead! No mechanism for monitoring..
8. **No Educational Qualification/ Professional Designation** for Accountants & Tax Practitioners...who offer Accounting & Book Keeping services
9. **None** of the tax practitioners are as such **recognized under other business regulatory laws** like Co.'s Act/Partnership/LLP Act or Say for Registration-Compliance under PF/ESI etc...Whereas other professional accountants do have recognition for appearance for registration & returns!

Our history shows that Independent Accountants & Tax Practitioners were working as Authorised Representatives since 1922... then why they have never progressed is the million dollar question??? The main cause I have found that Practitioners are fragmented state wise... they don't have a central binding force! All credit goes to our state/local taxation laws... we never had need to interact with other State Practitioners!

But past is history now...times are changing there is urgent need to upgrade our professional status otherwise our profession will be history...

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Sir, to push the startup India initiative further we need a complete professional who knows all the laws and regulations to incorporate an entity and after incorporation to support that entity by availing right financial aids (Bank Facilities), further doing business and complying with regulatory laws are two different things. Let the start up's focus on core business development and let us handle the compliance department of these startups... This will also create huge self-employment opportunity to youth apart from availing right guidance to the Startups...

Also Sir, A completely dedicated MSME professional is required whenever they need a professional advice on Financial & Performance Management end. And Accountants are the first one to know the deficiencies in business models...budget constraints. .decision making points based on historical and prospective financial information are the key skills of Accountants! It is the Accountants who act as first mediators between the Businessmen's and the Government.

Existing Statutory Accountants in India are principally Auditors! And there is huge difference between Accountants & Auditors...Auditing is expressing opinion on accounts regarding it's true and fair presentation to the stakeholders and Accounting is just recording and compiling financial information according to applicable financial & legal framework. All CA & CMA's have statutory responsibility of acting as Auditors for the Entities. They have inherent limitation imposed by the statutes which prevents them from book keeping and compiling financial information for the entities they are auditing. Also they cannot render other services, such as Financial Advice/Portfolio Management /Internal & Management Audit/Due diligence for specific merger & acquisitions to the Audit clients, which are often seen as a key requirement from a startup enterprises!

Also existing number of Accountants (CA's & CMA's) are less in number! Practicing CA's are around 85,000 and CMA's are less than 5,000! And for sure are inadequate to support the Startup INDIA Initiative. Experienced and mature Tax Practitioners are huge in numbers and are practicing in remote semi urban and rural areas! (More than 3 lac in numbers)...

Also there is wide discrimination amongst CA/CMA class of professional accountants and Independent Accountants otherwise practicing as Tax Practitioners

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which also includes Tax Advocates... it is often said that CA/CMA's are educated and specifically trained to offer services to Startups but the fact is that none of their course curriculum specifically includes

- SME's Regulatory Laws (Partnership/LLP/Co.'s Act/MSME Act)
- Actual Labour Laws Compliances (PF/ESI/Bonus etc.)
- Central & State Governments Schemes available to MSME's & Startups
- None of Them knows State VAT/Luxury Tax/Professional Tax/Local Entry Tax procedures
- Functioning & Appeals procedures of Tax Tribunals
- How to avail bank finance and how to prepare bank project reports, CMA reports, Appraisals

They are neither actually trained nor groomed for the above jobs but when it comes to statutory recognitions only CA's & CMA's are considered first! Independent Accountants & Tax Practitioners do offer all the services to their clients and that too at very reasonable fees! They are experienced and are equally suitable for the above jobs...

To address all the above issues we have incorporated a Voluntary Society of Independent Accountants & Tax Practitioners by the name of "The Institute of Certified Public Accountants" (Not for Profit Organisation)

- It will address the long debated Education & Continuous Training needs of the Independent Accountants & Tax Practitioners
- It will Compel above professionals to prepare the financial statements according to the applicable Accounting Standards (Which currently are not followed by Unaudited non corporate entities, facilitate IFRS & ICDR implementation in SME's)
- It will Facilitate there monitoring & supervision needs
- It will create a completely dedicated one stop SME's professionals in the form of Accountants, who are specifically trained for all their needs
- It will give a Skill development opportunity to already practicing professionals and will make them compatible professional with their global

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counterparts, which again is one of your primary initiatives for Nations Youth!

- Also it will act as a fallback body for CA/CMA Final exams failed students. After investing 5 years all they get is Accounting Technician title! Which is too low in status! We offer them an alternate career opportunity and there are more than 2lac final students...

Hence, in the interest of entire fraternity of Independent Accountants & Tax Practitioners, we beg you sir, for recognition of "The Institute of Certified Public Accountants" as SME's Professional Accountants and grant us-

1. An Autonomous Vocational Institution Status duly recognized by MSME Act under Skill Developments Initiative, dedicated for MSME's
2. Recognition as "Authorised Persons" under Business & Regulatory Laws such as –
 - a. All Central & State Taxation Laws for the time being in force
 - b. All the Labour Laws (PF/ESI/Gratuity/Bonus/Factories Act etc.)
 - c. All Governing Laws Such as Shop Act/Partnership/LLP/Co.'s Act/Trust/Co-op Societies etc.
3. Recognition by the banks & financial institutions to act as Authorised person to prepare & sign Accounts /Certificates/Project reports/CMA data etc.

Eagerly awaiting your reply sir, Thanking You

Yours Sincerely

CPA Pro

Mohasin Tahasildar
Founder President

Encl:

- a. Important clarifications about the society
- b. Joint Venture proposal Sent to Vocational Educational Partners containing details of the Society

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Annexure I-Important Clarifications about the Society -

1. Are We Contesting for Audit Rights?

We are not statutory professional accountants. Our laws have already created two of The world's finest institutes for this purpose...CA & CMA Institutes! And we never plan to either compete against them. They have undergone a professional examination and training and have passed very rigorous examinations and hence will always be superiors to us... they are our mentors... hence Auditing is their domain... But as the state like Karnataka has given Tax Practitioners power to perform VAT Tax Audits for non-corporates. We plan to beg for Tax Audit or rather tax compliance certification work under GST and DTC for non-corporate clients. We strongly believe that Tax Audit is not Audit as such, it is compliance Certification! And to further support the "Make in India" Initiative a simple single form tax compliance shall exists for All direct and Indirect Taxes ! (At least for Non Corporates) We never formed our institute asking for Statutory Audits under Co.'s Act or any sort of Cost Audit/Certification/Attestation work ...

Our members may also get Limited Audit rights for Small entities under State Co-op societies and Not for profit entities (Currently Certified Auditors do have right to perform these audits apart from CA's & CMA's and these Certified Auditors are eligible for our CPA membership as they also do not have professional body for them)

2. What are the Objectives & Mission of the society for 2016?-

- To get respectable designation for un-organized sector of tax practitioners as CPA's and bringing in recognition as "SME's professional Accountants" from the government
- To bring credibility to their signature so that it will be valid for signing Financial Statements of non-corporate/unaudited assesses for bank purpose, taxation purpose
- To bring a separate tax practitioners board for all tax professionals having transparent registration and recognition of tax professionals on all India

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basis... board must have a monitoring/disciplinary mechanism for all the practitioners (Legal Professional Bill 2012 deals with these issues and hence we will strive for early passage of the same)

- To protect the interest of Tax Practitioners as “Authorised Representative” in GST and DTC and expedite passage of the same in the interest of the fraternity
- To have recognition under Other Allied Business regulatory laws such as Co.’s Act/Partnership-LLP Act/Labour Laws and bringing separate certified professional status & login credentials for the same (only in respect of SME)
- To resolve the issue fees sharing & forming partnership/multi-disciplinary Firms with other professionals and networking opportunities in respect of SME’s work
- To develop a high class Information Technology platform to address exclusive issues of SME’s practicing professionals...such as Online Certification & Training...cloud based common accounting & taxation software’s, office management software’s/ practice guides

3. What are the details about its certification & training program? Its fees?

Our program is still under development mode... Its structure will be as follows- **(This may change after affiliation agreement!)**

- It will be working in line with national skill development initiative & Vocational education training ...
- It’s will have Four Parts that will cover following SME’s knowledge Area’s –
 - Financial Accounting & Reporting,
 - Banking-Financial & Management Consultancy,
 - Taxation Practice
 - Business Regulatory Laws Consultancy
- Each Part will have further sub modules with a practical assignment attached to it
- Candidate has to complete modular assignment to achieve the learning outcome and move to next assignment

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- Final Assessment will be on each part and will be taken online
- No Examination as such, hence no pass/ fail criteria.. (Learning underlying skill is important than getting pass marks and having zero procedural knowledge)
- Its main features include anytime/anywhere flexible online/offline learning and certification... program will be made available on printed books/e books/ CD's etc.
- It's our endeavor to keep it below Rs.11,000 /-
- Every member has to undergo certification & training by completing modular assessments! only difference is that Fellows are exempt from final full part assessment test and certification fees
- Maximum time is 1 year to complete the certification

4. The main features of our institute are –

- It's unique SME's specific accountancy professional's body in India!
- It issues Membership Certificates
- It's Members can designate themselves as Associate/CPA/ Fellow Certified public accountants
- It trains and certify its members in informal way, using latest methods as online any time anywhere training and assessment. Flexible learning options like distance audio/video based continuing professional education that we professionals can take while managing our practice.
- It governs it's members practice in India on behalf of its **global or Affiliating body**, it will issue a practice certificate to its members
- All its members enjoy highest professional ethics as everybody has to follow a code of conduct of professional accountants
- **A major plus point is it issues membership to already practicing accountants & tax practitioners based on their prior learning & experience.**
- Its membership will be globally recognized.
- It will be working in line with national skill development initiative & Vocational education training ...