



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

Sh. Ranjeet Pandey

PRESIDENT

ICSI/PEP/2019

August 2, 2019

Smt. Nirmala Sitharaman
Hon'ble Minister of Finance and Corporate Affairs
North Block
New Delhi - 110 001

Madam,



Sub.: Request for inclusion of Company Secretary in the Definition of "Accountant" given under Explanation to Section 288(2) of the Income Tax Act, 1961.

The Institute of Company Secretaries of India (ICSI) is a premier professional body established under an Act of Parliament, namely, the Company Secretaries Act, 1980. The ICSI has nationwide presence with its headquarters at New Delhi, four Regional Offices at New Delhi, Chennai, Kolkata and Mumbai, a Centre for Corporate Governance, Research and Training at Navi Mumbai, a Centre of Excellence at Hyderabad and 74 Chapters spread all over India. The ICSI has on its register over 58,000 members and around 3,50,000 students.

We wish to inform that the Company Secretary has been bestowed upon statutory recognition of Key Managerial Personnel (KMP) of a company under the Companies Act, 2013. The functions of the Company Secretary as a KMP include reporting and advising the Board about compliance with all laws applicable to a company. The role of Company Secretary is more pronounced and recognized in practicing arena with Secretarial Audit under the Companies Act, 2013 which has been exclusively assigned thereto. Additionally, the Company Secretary has been entrusted with the audit and certification various documents and act as authorized Representatives before various Regulatory Authorities.

Recognition to Company Secretaries

- The Company Secretaries in Practice have been **authorized to appear** as an authorized representative under various legislations including Income Tax Act, 1961, GST Law, TRAI Act, 1997, Trade Marks Act, 1999, Companies Act, 2013, Competition Act, 2002, SEBI Act, 1992, Central Excise Act, 1944, Customs Act, 1962, Service Tax and State VAT legislations and are acting as extended arms of the regulatory mechanism.
- Company Secretaries are specifically recognised as **Registered Valuer** for valuation of asset class of Securities or Financial Assets under the Companies (Registered Valuers and Valuation) Rules, 2017.

Ranjeet Pandey

Vision

"To be a global leader in promoting good corporate governance"

Motto

सत्यं वद। धर्मं चर। स्वयं कृतं स्वयं शिकते।

Mission

"To develop high calibre professionals facilitating good corporate governance"



- e) Regulation 56(1)(d) of the SEBI (LODR) Regulations, 2015 recognizes Company Secretary in Practice for issuance of a half yearly certificate regarding maintenance of hundred percent asset cover in respect of listed non-convertible debt securities.
- d) Allowed to conduct **internal audit** under section 138 of the Companies Act, 2013 as professional.
- e) Authorised to conduct **internal audit** of Portfolio managers, Registrar to-an-Issue and Share Transfer Agent, Stock Brokers/Trading Members/Clearing Members, Credit Rating Agencies, Investment Advisers, Research Analysts.
- f) Recognized for issuance of Certificate in relation to Reconciliation of Share Capital i.e. reconciliation of total issued capital, listed capital and Capital held by depositories in dematerialized form.
- g) Company Secretaries in Practice are authorised to conduct Concurrent Audit in case of Demat Account Opening, Control and Verification of Delivery Instruction Slips.
- h) Company Secretary can act as a Customs Broker under sub -clause (ii) clause (h) sub-regulation (1), regulation (5) of Customs Brokers Licensing Regulations, 2018.
- i) Authorized to issue various Certificates under various Regulations issued by the SEBI, Reserve Bank of India under Foreign Exchange Management Act, 1999, Companies Act, 2013 etc.

Submission

We wish to submit that a Company Secretary is a competent professional and is provided exhaustive exposure by the ICSI through compulsory coaching, examinations, rigorous training and continuing professional development programmes, and is governed by the Code of Conduct contained in the Company Secretaries Act, 1980.

In view of the exhaustive exposure, detailed study of the Accountancy and Taxation papers in curriculum of Company Secretary Course, it is submitted that Company Secretaries are equally equipped to be included in the definition of Accountant under explanation to section 288(2) of the Income Tax Act, 1961. Accordingly, we request your goodself to kindly consider amendment in the explanation to Section 288(2) of the Income Tax Act, 1961 so as to include the Company Secretaries as defined under clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who shall be deemed "to be in practice" under sub-section (2) of section 2 of the Company Secretaries Act, 1980 in the definition of "Accountant".

The text of the Explanation after incorporating the proposed amendment is as under:

Explanation—In this section, "accountant" means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949), who holds a valid certificate of practice under sub-section (1) of section 6 of that Act or a Company Secretary as defined under clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980

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who shall be deemed "to be in practice" under sub-section (2) of section 2 of the Company Secretaries Act, 1980.

Justification in support of Submission

We wish to apprise your good self that the curriculum of Company Secretaryship Course includes, *inter alia*, detailed study of the papers of Financial, Corporate and Management Accountancy, Financial Management, Direct Taxes, Indirect Taxes including GST. The weightage given to every paper is 100 marks. The brief of respective papers is as under:

- **Fundamental of Accounting & Auditing** covering Accounting Process, Bank Reconciliation Statement, Depreciation Accounting, Preparation of Final Accounts for Sole Proprietors, Partnership Accounts, Introduction to Company Accounts, Accounting for Non-Profit Organizations, Computerized accounting environment, Auditing, Audits and Auditor's Reports etc.
- **Corporate & Management Accounting** covering Introduction to Financial Accounting, Introduction to Corporate Accounting, Accounting for Share Capital, Accounting for Debentures, Related Aspects of Company Accounts, Financial Statements Interpretation, Consolidation of Accounts as per Companies Act, 2013, Corporate Financial Reporting, Cash Flow Statements, Accounting Standards (AS), National and International Accounting Authorities, Adoption, Convergence and Interpretation of International Financial Reporting Standards (IFRS) and Accounting Standards in India.

An Overview of Cost, Cost Accounting Records & Cost Audit under Companies Act, 2013, Budget, Budgeting and Budgetary Control, Ratio Analysis, Management Reporting, Decision Making Tools, Valuation Principles & Framework, Valuation of Shares, Business and Intangible Assets, Accounting for Share based payments, Methods of Valuation
- **Financial and Strategic Management** covering Nature and Scope of Financial Management, Capital Budgeting, Capital Structure, Sources of raising long-term finance and Cost of Capital, Project Finance, Dividend Policy, Working Capital, Security Analysis, Portfolio Management etc.
- **Tax Laws** covering Direct Taxes at a Glance, Basic concepts of Income Tax, Incomes which do not form part of Total Income, Computation of Income under Various Heads, Clubbing provisions and Set Off and / or Carry Forward of Losses, Deductions from Gross Total Income & Rebate and Relief, Computation of Total Income and Tax Liability of various entities, Procedural Compliance, Basics of Goods and Services Tax, Concept of Time, Value & Place of Taxable Supply, Input Tax Credit & Computation of GST Liability, Procedural Compliance under GST, Basic overview on Integrated Goods and Service Tax (IGST), Union Territory Goods and Service tax (UTGST), and GST Compensation to States, Customs Act etc.
- **Advanced Tax Laws** covering an Overview on Goods and Services Tax, Supply : Meaning & scope, types of supply (composite/mixed inter/ intra); Input Tax Credit & Computation of GST Liability, Procedural Compliance under GST, Demand and Recovery, Advance Ruling, Appeals and

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Revision, Inspection, search, seizure, offences & penalties, Compliance rating, anti-profiteering, GST practitioners, authorised representative, professional opportunities, Integrated Goods and Service Tax (IGST), Union Territory Goods and Service tax (UTGST), GST Compensation to States, Industry/ Sector Specific Analysis, Customs Law, Direct Tax & International Taxation etc.

- **Elective paper of Direct Tax Laws & Practice** covering An Overview of Income Tax Act, 1961, Computation of Income under the head of Salary, Computation of Income under the head of House Property, Computation of Income - Profits and Gains from Business and Profession, Computation of Income under the head of Capital Gains, Computation of Income from Other Sources, Exemptions/Deduction, Clubbing provisions, Set Off and/or Carry Forward of Losses, Rebate and Relief, Computation of Total Income and Tax Liability, TDS/TCS, Returns, Refund & Recovery, Tax Planning & Tax Management, International Taxation – An Overview etc.

In view of the expertise and exposure of Company Secretaries and the detailed coverage of the Accounting and Taxation papers in the curriculum of Company Secretaryship Course, it is submitted that Company Secretaries are very well conversant with the technicalities of the accountancy and taxation and are at par with other professionals.

Accordingly, it is requested to kindly consider amendment in the explanation to Section 288(2) of the Income Tax Act, 1961 so as to include the profession of Company Secretary within the meaning of the Company Secretaries Act, 1980 in the definition of "Accountant".

We would be very happy to come and explain our submission in person and would request you to give an opportunity at your earliest convenience.

Wish best regards,

(CS Ranjeet Pandey)

PRESIDENT