



Peer Review Board of ICAI WIRC of ICAI



Nagpur Branch of WIRC of ICAI One Day Training Program for Peer Reviewers

1st Technical Session: Compliance with Ethical Standards

**CA KAMLESH SABOO
25-03-2026.**

Disclaimer

- These are my personal views and can not be construed to be the views of the ICAI or my firm.
- These views do not and shall not be considered as a professional advice.
- This presentation should not be reproduced in part or in whole, in any manner or form, without our written permission.
- No representations or warranties are made by the RC/Branch/Study Circle of RC with regard to this presentation.

Compiled by

CA Kamlesh Saboo

B.Com.(Hons.),FCA, IP,DISA,FAFD, Cert Concurrent auditor.
9819195333



Coverage

- **Code of Ethics**
- **Peer Review - Requirements**

Introduction

Ethics / Moral Values – Accountability towards self conscience

Only 1 choice – Ethical or Not Ethical

Eternal Vigilance is the cost of Freedom

Need for Code of Ethics

Ensure Credibility of our Profession

Expectation from Society / Regulators / Users

How Many schedules and how many Sections in The Chartered Accountants Act,1949?

- There are Two Schedules- First Schedule and Second Schedule depending on the gravity of offence and quantum of punishment.
- There are 32 Sections in The Chartered Accountants Act, 1949

Q: Whether the offences are confined to Two schedules to Chartered Accountants Act only?

No, Section 8(v) and Chapter VII of the Chartered Accountants Act having Sections 24, 24A, 25 to 28 also provides for penalties under various circumstances.

Section 132(4) of the Companies Act, 2013 provides for penalty where professional or other misconduct is proved.

Professional or Other Misconduct defined

For the purposes of this Act, the expression “professional or other misconduct” shall be

- deemed to include any act or omission, *on the part of any member of the Institute either in his individual capacity or as partner or owner of a firm,* as mentioned in any of the Schedules,
- but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the **Director (Discipline)** under sub-section (1) of section 21 to inquire into the conduct of such member or firm, under any other circumstances.‘

Misconduct

- 1) MISCONDUCT can be broadly divided into two categories
 - a) Professional Misconduct
 - b) Other misconduct.

- 2) Broadly 35 items of Misconduct are there in the Schedules
 - a) First schedule-in Four Parts has 19 items (Rationale behind dividing schedules I Parts)
 - b) Second Schedule-in three parts has 16 items

Professional or other misconduct defined (contd..)

The definition is not exhaustive but **inclusive one**, as such may include many more criteria.

Any act or omission on the part of the member as mentioned in any of the schedules. (presently First and Second Schedule)

Misconduct may either in his individual capacity

Misconduct may be **as a partner** of the firm

Misconduct may be **as a proprietor** of the Firm

Professional or other misconduct defined (contd..)

However, the Director (Discipline) **has vast power** and duty to inquire into the conduct of the

- > member or
- > Firm or
- > Member and firm

Under any other circumstances also (i.e. in addition to circumstances stated in schedules)

“This Section **cannot limit or curtail, in any way, the power or duty** conferred to the Directorate.”

Misconduct

What constitutes misconduct

- under any other circumstances' has to be determined on case to case basis
- keeping in view the facts of the circumstances of each case.
- Fraud, intention to deceive and committing an act which affects the public or society at large could be in the ambit of such misconduct.

Schedules to the Act

Types of Schedule

First Schedule

Part –I Professional Misconduct in Relation CA in Practice	Part –II Professional Misconduct in Relation CA in Service	Part –III Professional Misconduct in Relation to General Member	Part –IV Other Misconduct in Relation to General Member
Number of Clauses 12	Number of Clauses 2	Number of Clauses 3	Number of Clauses 2

Second Schedule

Part –I Professional Misconduct in Relation CA in Practice	Part –II Professional Misconduct in Relation to General Member	Part –III Other Misconduct in Relation to General Member
Number of Clauses 10	Number of Clauses 5	Number of Clauses 1

Rational behind the schedules

First Schedule

Part I- 12 Clauses-Professional misconduct-members in Practice

Part II- 2 Clauses - Professional misconduct-members in Service

Part III-3 Clauses – Professional misconduct -generally (all members)

Part IV-2 Clauses- other misconduct -generally (all members)

Rational behind the schedules

Second Schedule

Part I- 10 clauses-Professional misconduct-members in Practice

Part II-5 clauses - Professional misconduct- generally (all members)

Part III-1 Clause -other misconduct -generally (all members)

FIRST SCHEDULE.. In brief

a) Part I- 12 items-Professional misconduct-members in Practice

1. Practice by non-chartered accountant
2. Shares fees with non-Member
3. Accepts fees from non-Member
4. Enters into partnership with non-Member
5. Secures professional business through non- employee/non-partner or unlawful means

FIRST SCHEDULE

Part I- Professional misconduct-Members in Practice

Clause 1 -Practice by non-CA

A Chartered Accountant in practice is deemed to be guilty of professional misconduct if he:

Clause (1) Allows any person to practice in his name as a chartered accountant unless such person is also a chartered accountant in practice and is in partnership with or employed by him.

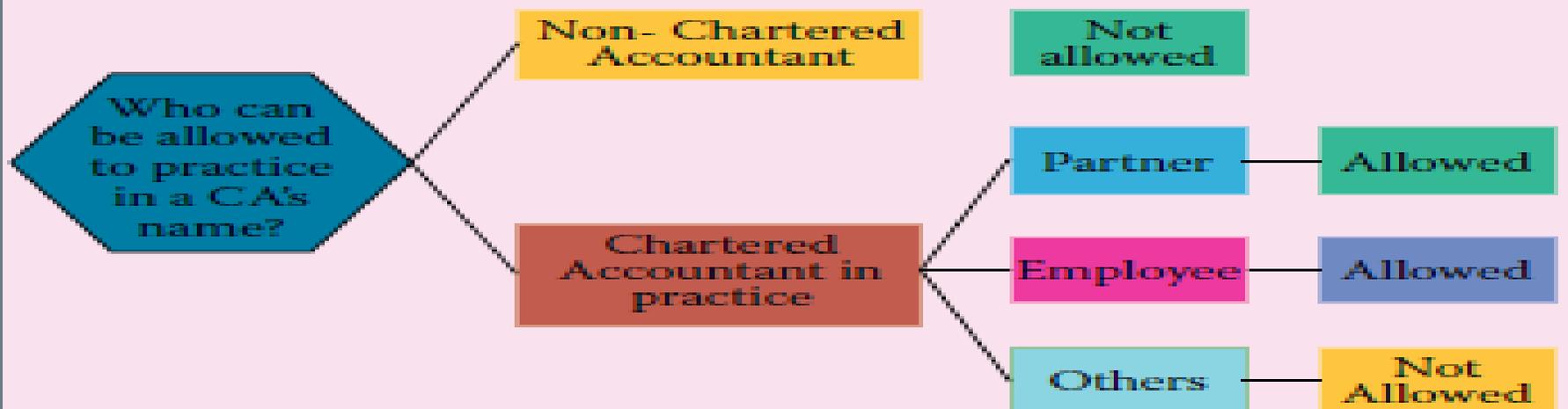


Image Source- ICAI –Study Material

FIRST SCHEDULE

Part I- Professional misconduct-Members in Practice

Clause 2 –Sharing Fees with Non-Member, directly, indirectly

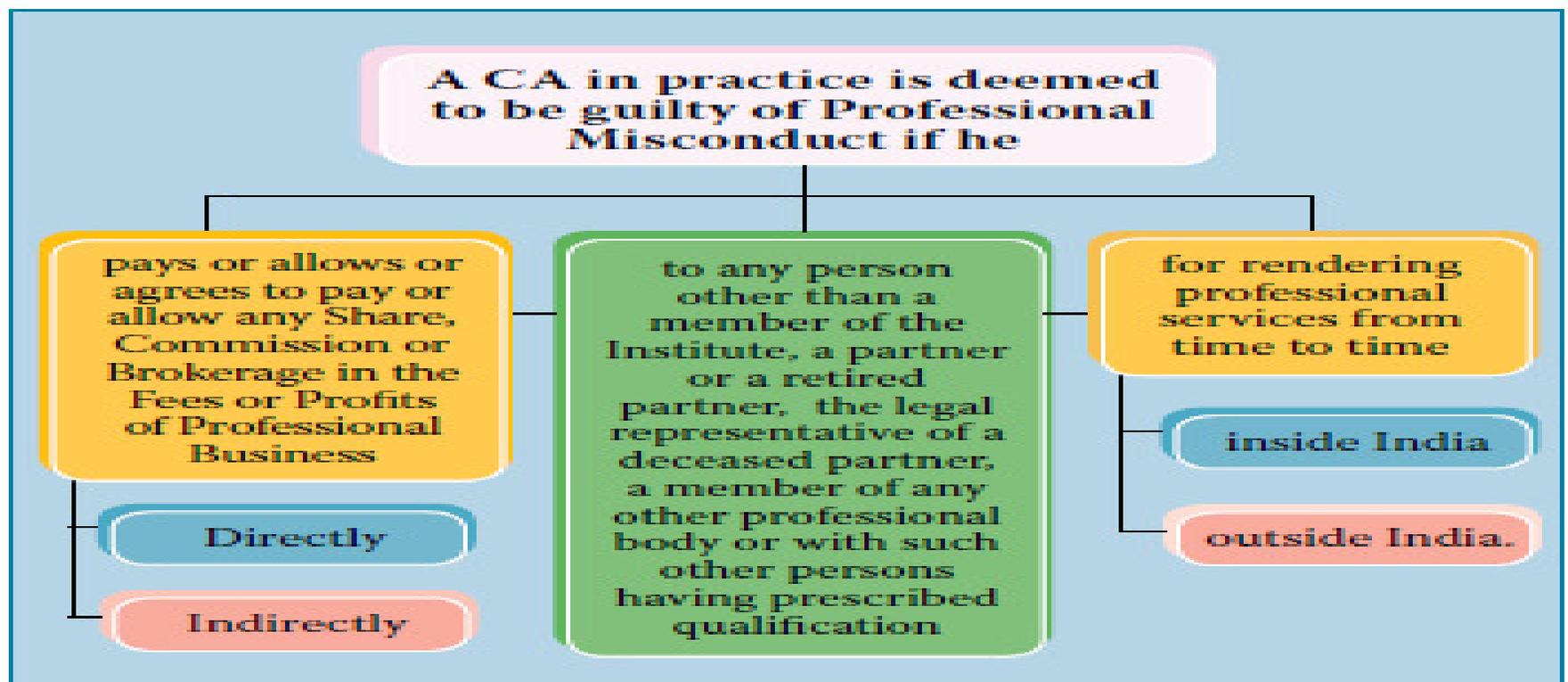


Image Source- ICAI –Study Material

FIRST SCHEDULE - Part I- Professional misconduct-Members in Practice

Clause 3 –Accepts Fees from NON MEMBERS

Clause (3)

A CA in practice is deemed to be guilty of Professional Misconduct if he

accepts or

agrees to accept

any part of the profits of the
professional work

of a person who is not a
member of the Institute.

Referral Fees amongst members: It is not prohibited for a member in practice to charge Referral Fees, being the fees obtained by a member in practice from another member in practice in relation to referring a client to him.

Multidisciplinary – an Exception

FIRST SCHEDULE - Part I- Professional misconduct-Members in Practice

Clause (4) Enters into partnership, in or outside India, with any person other than Chartered Accountant in practice or such other person who is a member of any other professional body having such qualifications as may be prescribed, including a resident who but for his residence abroad would be entitled to be registered as a member under clause (v) of sub-section (1) of section 4 or whose qualifications are recognised by the Central Government or the Council for the purpose of permitting such partnerships.

A Chartered Accountant in practice is not permitted to enter into partnership with any person other than a Chartered Accountant in practice or such other persons as may be prescribed by the Council from time to time. The members may, however, take note of the fact that they cannot form Multi-Disciplinary partnerships till such time that Regulators of such other professionals also permit partnership with chartered accountants, and guidelines in this regard are issued by the Council.

FIRST SCHEDULE - Part I- Professional misconduct-Members in Practice

Clause 5 –Secures professional business through non-employee/non-partner or unlawful means

Clause (5) Secures either through the services of a person who is not an employee of such Chartered Accountant or who is not his partner or by means which are not open to a Chartered Accountant, any professional business. Provided that nothing herein contained shall be construed as prohibiting any agreement permitted in terms of item (2), (3) and (4) of this part.

It may further be noted that the acts of partners and employees of the firm towards securing professional work are subject to the provisions of Clauses (6) and (7) of Part-I of First Schedule of Chartered Accountants Act, 1949.

FIRST SCHEDULE.. In brief

a) Part I- 12 items-Professional misconduct-members in Practice... contd....

6. Solicits professional work
7. Advertises professional attainment
8. Fails to communicate with outgoing auditor – Refer New FAQ by ICAI-clarifying certain aspects
 - Professional courtesy is not only sole reason
 - Opportunity to know reason and safe guard own interest
 - Reasons for non acceptance- non-payment of undisputed fees, non compliance of Sec 139 to 141 of Co. Act'
 - Qualified Report

FIRST SCHEDULE - Part I- Professional misconduct-Members in Practice

Clause 6 –Solicits professional work

Clause (6) Solicits clients or professional work either directly or indirectly 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 in practice; or**
- (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 a consequence.**

Further, keeping in view the broad purview of Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949, an advertisement of Coaching/teaching activities by a member in practice may amount to indirect solicitation, as well as solicitation by any other means, and may therefore be violative of the provisions of Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949.

FIRST SCHEDULE - Part I- Professional misconduct-Members in Practice

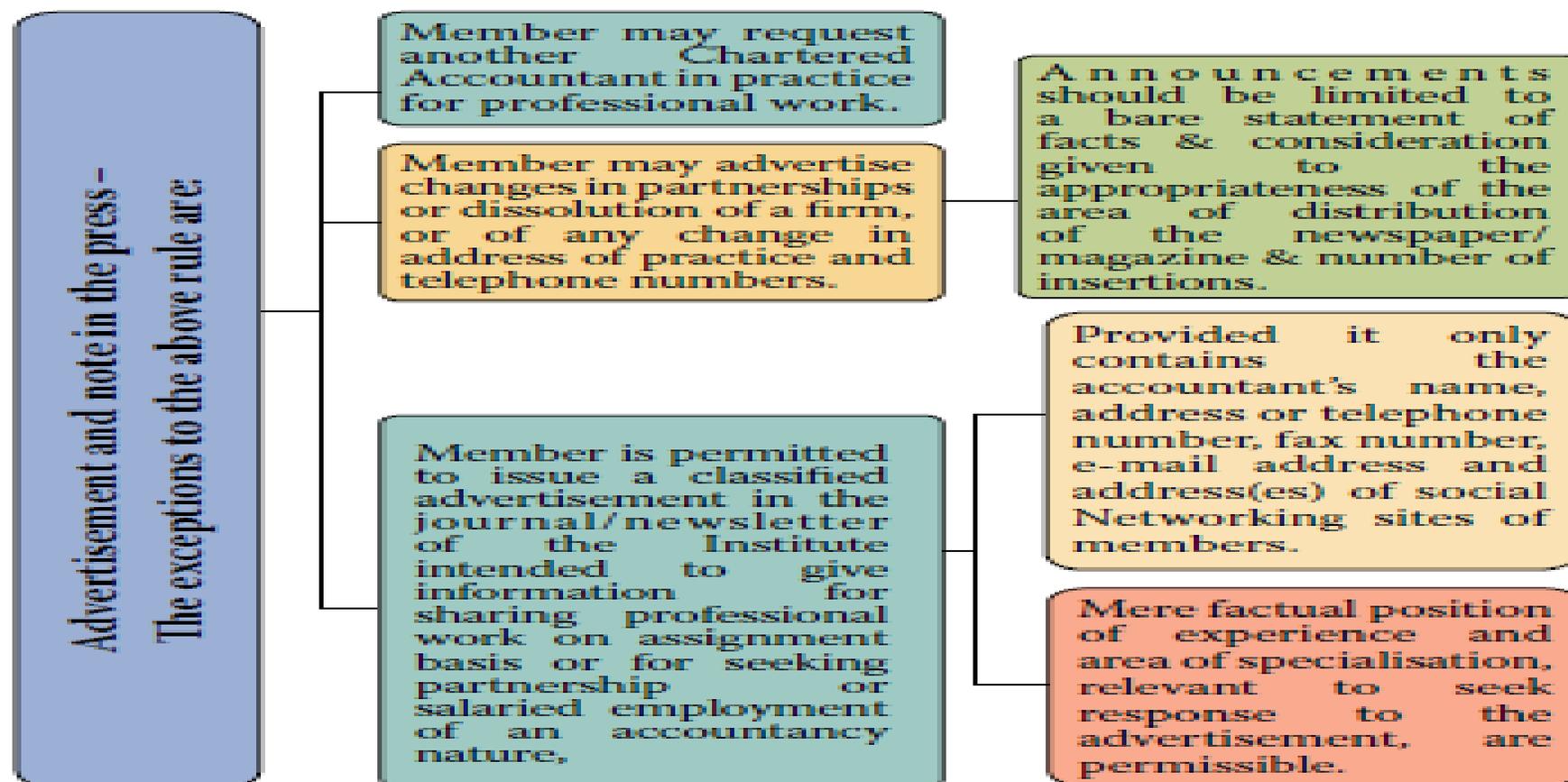
Clause 7 –Advertises professional attainment

Clause (7) Advertises his professional attainments or services, or uses any designation or expressions other than the 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 recognized by the Council.

Provided that a member in practice may advertise through a write up, setting out the service provided by him or his firm and particulars of his firm subject to such guidelines as may be issued by the Council.

FIRST SCHEDULE - Part I- Professional misconduct-Members in Practice

Some forms of soliciting work which the Council has prohibited are discussed below:



FIRST SCHEDULE.. In brief

a) Part I- 12 items-Professional misconduct-members in Practice... contd....

9. Non compliance of Sec 139 to 141 of Co Act, 2013
 - The incoming Auditor should ensure that appropriate procedure has been followed for his appointment(so that applicable law is complied and also, at a later stage no objection is raised by any one)
 - The procedure may vary for first appointment, casual vacancy, joint audit,

10. Charging/offering to charge, Accept/ offers to accept- fees based on percentage/ contingency (refer Regulation 192 for exceptions , receiver , liquidator, co op society etc)

FIRST SCHEDULE.. In brief

a) Part I- 12 items-Professional misconduct-members in Practice

11. Engages in any other occupation (director simplicitor but he/partner not auditor; Regulation 190A (General or specific permission) and Regulation 191 may be referred for relaxations/conditions)
12. Allows non - Member/non-partner to sign documents on his/ firm's behalf. (except routine documents on which a professional opinion or authentication is not required)

FIRST SCHEDULE.. In brief

b)Part II- 2 items - Professional misconduct-members in Service

1. Shares his emoluments with others

- Pays or allows
- Or agrees to pay
- Directly or indirectly

2. Accepts commission or gratification from a lawyer, CA, broker etc engaged by the employee.

- accepts or
- Agrees to accept
- Read with clause (2) and (3) of Part I of First sch. As applicable to Practicing members.

FIRST SCHEDULE.. In brief

c. Part III- 3 items – Professional misconduct -all members

- 1) Not being a FCA, **acts falsely as FCA** (whether in practice or not)
- 2) **Does not supply information** to the Institute and/or its other functionaries or comply requirements asked for.
(Non supply of Information etc falls in First Schedule but supplying of false information etc triggers Second Schedule)
- 3) Gives false information knowing it to be false, while inviting professional work from another CA, responding to tenders or enquiry, advertising through write up or anything as provided under Clause (6) and (7) of the First Schedule.

FIRST SCHEDULE.. In brief

d. Part IV- 2 items - other misconduct -all members

1. Becomes guilty of any offence punishable with imprisonment upto 6 months, either in civil or criminal case
If held guilty- By an Civil or Criminal court-For offence which is punishable with imprisonment up to six month.
2. Bring **disrepute** to the profession/Institute as a result of his action.
The Council is empowered to opine on **any** action of its member
Such action may or **may not** relate to professional work
Director (Discipline) can inquire into the conduct of any member of ICAI under any other circumstances.

Second Schedule.. In brief

a. Part I- 10 items - Professional misconduct-members in Practice

1. Discloses information acquired **without Client's consent.**

- Exceptions- as required by law; in performance of professional duty; with incoming auditor; provide information or allow extract from working paper to HO/Parent Co Auditor:

2. Certifies/submits report **without examining** the related records

- The underlying documents must have been examined either by himself, or his Partner, or his employee or by another practicing Chartered Accountant.

Second Schedule.. In brief

a. Part I- 10 items - Professional misconduct-members in Practice

3. He or his firm permits to use its name for vouching the accuracy of **future contingent earnings.**

- The report on the Profit forecast or Financial forecast must be in accordance SAE 3400 with full disclosures
- In case of Prospectus, the applicable SEBI Regulations needs to be followed.
- It may be noted that not following the requirements of SAE/SAs in the report/certificates being issued and by just merely giving certain disclaimer or disclosure or caveat(s) like “we are giving the information and explanations herewith purely based on estimate basis and have no relation with the actual figures and to avail the bank loan.” **is also NOT going to absolve the member from his responsibility** as was observed by Calcutta High Court in the case of Binod Kumar Agarwala vs CIT.

Second Schedule.. In brief

a. Part I- 10 items - Professional misconduct-members in Practice

3. (contd) The Hon'ble High Court in its judgement dated 21st June 2018 endorsed the view of ITAT that "A Chartered Accountant is governed by certain discipline and he has to conduct audit in accordance with the provisions and rules of the Chartered Accountants Act. Schedule II and part 1 holds a chartered accountant guilty of professional misconduct if he permits his name or name of his firm to be used in connection with the audit based on estimate." Hon'ble High Court construed the conduct of the Audit Firm seriously and directed the matter to be forwarded to the Institute of Chartered Accountants of India to take appropriate steps against the said Audit firm.

4.Opines on Financial Statement or issue Certificate where **substantial interest involved.**

- His; his firm; his Partner or their relatives not to have substantial interest.
- Appendix "H" to COE Vol II defines "substantial interest," relative

Second Schedule.. In brief

a. Part I- 10 items - Professional misconduct-members in Practice

5. Fails to disclose any **material** fact known to him in Financial Statements.
(Financial Statement = Reports as well as Certificates)
 - the **undisclosed fact** must be **material** (materiality aspect-either Profit or significant for Balance sheet)and
 - **disclosure** of such fact is **necessary** in preparing the FS

6. Fails to report a known **material misstatement** appearing in Financial Statements.
 - The member need to point out in his Report, the material misstatement in the FS and he has knowledge of such misstatement.

Second Schedule.. In brief

a. Part I- 10 items - Professional misconduct-members in Practice

7. Performs professional duties without **due diligence** or is **grossly negligent**.
 - Diligence encompasses the responsibility to act in accordance with the requirements of an assignment carefully and thoroughly
 - negligence' covers a wide field and extends from the frontiers of fraud to collateral and minor negligence

8. Fails to obtain sufficient information for expressing an opinion.
 - The chartered accountant should not express an opinion before obtaining the required data and information
 - if the auditor has not seen any evidence of the existence and/or valuation of the investment which constitute the only asset of a Company, he should not say that:-
"Subject to the verification of the existence and value of the investments the Balance Sheet shows a true and fair view.....etc."

Second Schedule .. In brief

a. Part I- 10 items - Professional misconduct-members in Practice

9. Fails to invite attention to any **material departure** from the generally accepted procedure of audit (GAAP) applicable to the circumstances
 - the audit should be performed in accordance with “generally accepted procedure of audit applicable to the circumstances” and if for any reason the auditor has not been able to perform the audit in accordance with such procedure, his report should draw attention to the material departures from such procedures

10. Keeps client’s money without opening separate bank account.
 - a member may be entrusted with moneys belonging to his client (other than fees or remuneration or money meant to be expended). If he should receive such funds, it would be his duty to deposit them in a separate banking account, and to utilise such funds only in accordance with the instructions of the client or for the purposes intended by the client within a reasonable time.

Second Schedule.. In brief

b. Part II- 5 items - Professional misconduct- generally (all members)

- 1. Contravenes any of the provisions of the Chartered Accountants Act/Regulations & Guidelines issued by the Council.(Brahmastra)**
 - The Council is empowered to issue guidelines in exercise of the power conferred by clause (1) of this Part.
 - It is an authority for the Council to issue guidelines for **extending** the scope of misconduct to cover acts or omissions **not already dealt** with in the various clauses of the two schedules
- 2. Being an employee, **discloses** employer's **confidential information** (acquired in course of employment) without permission or except as and when required by law or permitted by employer.**
 - The confidential information cannot be disclosed by member even after cessation of his employment.

Second Schedule.. In brief

b. Part II- 5 items - Professional misconduct- generally (all members)

3. Provides false information to the Institute and its different authorities.

- the member should not furnish any particulars knowing them to be false in any information, statement, return or form to be submitted
- to the Institute or Council or any of its Committees, Director (Discipline), Board of Discipline, Disciplinary Committee, Quality Review Board or the Appellate Authority

Second Schedule.. In brief

b. Part II- 5 items - Professional misconduct- generally (all members)

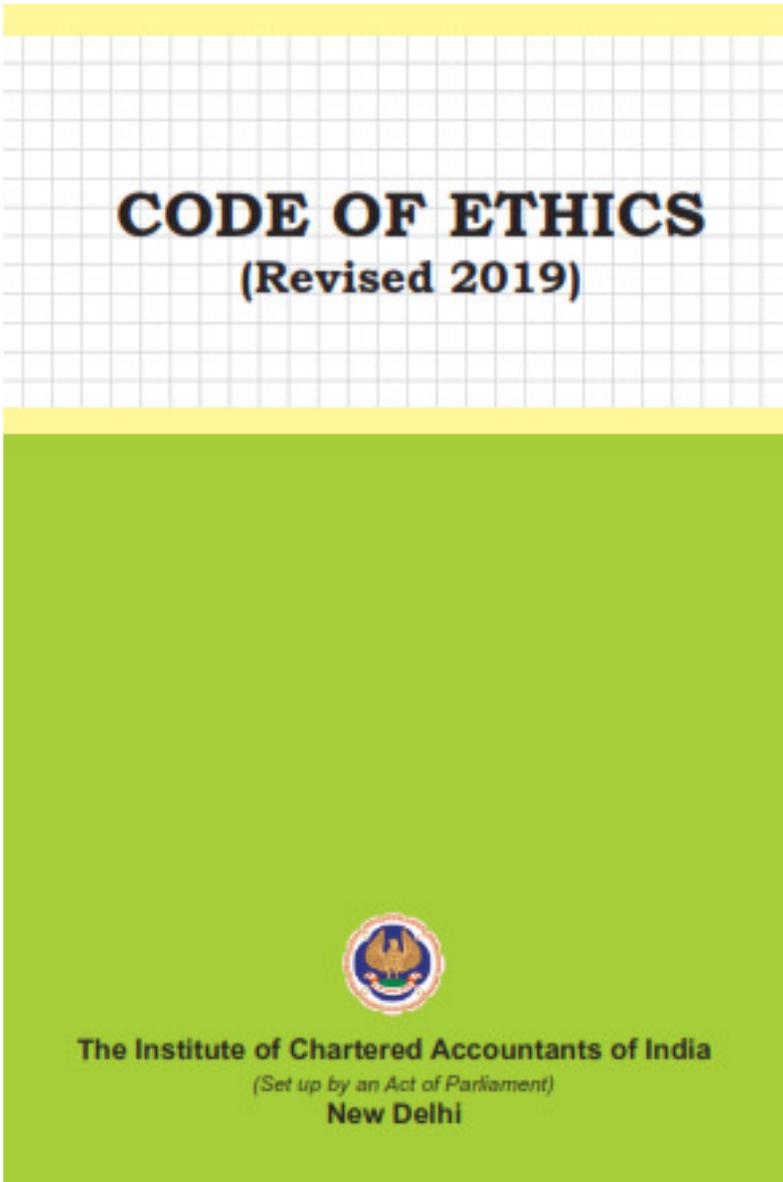
4. Defalcates/embezzles money received in professional capacity.
5. acts as an auditor of the company in contravention of the provisions of the Companies Act, 2013.
 - This clause was newly inserted vide amendment dated 18th April, 2022.
 - Contravention of **any** of the provisions of Companies Act, 2013 by the member of ICAI may trigger this clause.

Second Schedule.. In brief

d. Part III- 1 item - other misconduct -generally (all members)

1. Becomes guilty of any offence punishable with imprisonment EXCEEDING 6 months, either in civil or criminal case
 - If held guilty
 - By an Civil or Criminal court
 - For offence which is punishable with imprisonment exceeding six month.
 - If the punishment with imprisonment is upto six month, it will trigger First Schedule.

Code of Ethics



Read and Follow

Fundamental Principles

- I** Integrity
- O** Objectivity
- P** Professional Competence and due care
- C** Confidentiality
- P** Professional Behaviour

Fundamental Principles

Integrity –

Straightforward and honest approach, Fair dealing and truthfulness, Do not associate with communication or information containing false or misleading information, Steps to disassociate with above information once known

Objectivity –

Not to compromise professional or business judgment because of bias, conflict of interest or undue influence of others. Not to undertake a professional activity if it unduly influences the accountant's professional judgment.

Fundamental Principles

Professional Competence and due care –

Attain and maintain professional knowledge and skill, Act diligently and in accordance with applicable technical and professional standards, Ensure appropriate training and supervision of subordinates

Confidentiality –

Maintain confidentiality of information acquired as a result of professional and employment relationships, Disclose information when required by law or authorised by the client, Consider relevant factors while deciding disclosure of confidential information, Maintain confidentiality even after the end of relationship with client

Fundamental Principles

Professional Behaviour –

Avoid activities that impair the reputation of the profession, Do not make exaggerated claims for services offered, and disparaging references or unsubstantiated comparisons with others, Do not advertise any professional/other facts which are in violation of Advertisement Guidelines of ICAI

Threats to Avoid

Self Interest Threat, Self Review Threat, Advocacy Threat, Familiarity Threat, Intimidation Threat.

The Code provides a conceptual framework that professional accountants (PA) are to apply in order to identify, evaluate and address threats to compliance with the fundamental principles

Assessment of Threats

Self-interest threat –

the threat that a financial or other interest will inappropriately influence a professional accountant's judgment or behaviour;

[e.g. Financial Interest, Loans or Guarantees, Professional Fees – leverage - group fees, Business Relationship, Potential of Employment, Contingent Fees – Success Fee, Other assignments – non assurance]

Self-review threat –

the threat that a professional accountant will not appropriately evaluate the results of a previous judgment made; or an activity performed by the accountant, or by another individual within the accountant's firm or employing organization, on which the accountant will rely when forming a judgment as part of performing a current activity

[e.g. Performed services which is subject to his review, having previous relationships]

Assessment of Threats

Advocacy threat –

the threat that a professional accountant will promote a client's or employing organization's position to the point that the accountant's objectivity is compromised;

[e.g. Dealing in shares, Assignment for advocate in litigation matters]

Familiarity threat –

the threat that due to a long or close relationship with a client, or employing organization, a professional accountant will be too sympathetic to their interests or too accepting of their work; and

[e.g. Close relationship with client, Long association, Acceptance of gifts and hospitality, Rotation of Auditors – external and internal]

Assessment of Threats

Intimidation threat –

the threat that a professional accountant will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the accountant.

[e.g. Threat of replacement, Statutory Auditor cannot be Internal Auditor, Cannot be financial advisor, Independence applies to each partner of the firm.]

A circumstance might create more than one threat, and a threat might affect compliance with more than one fundamental principle.

Identify --> Evaluate --> Address

Major Changes in COE 2019

Taxation services to the Audit Clients

- ☞ ICAI Code Ethics, 2009: Taxation to Audit client include compliance, planning, provision of formal taxation opinions and assistance in the resolution of tax disputes. Such assignments are generally not seen to create threats to independence
- ☞ ICAI Code of Ethics, 2019 (604): Further guidance on Taxation matters provided. Generally, it states that providing tax services to an audit client might create a self review or advocacy threat –
 - ✓ Tax Return preparation – Usually no threat
 - ✓ Tax Calculations for the Purpose of Preparing Accounting Entries (that will subsequently be audited by the Firm) - Creates a self-review threat

Major Changes in COE 2019

- ✓ Tax Planning /Other Tax Advisory Services – Might create self-review/advocacy threat- appropriate safeguards to be adopted, E.g. Using professionals who are not audit team members to perform the service; having an appropriate reviewer, not involved in providing the service, review the audit work etc.
- ✓ Tax Services Involving Valuations – Might perform only where the result of the valuation will not have a direct effect on the financial statements
- ✓ Assistance in the Resolution of Tax Disputes – Might create a self-review or advocacy threat – appropriate safeguards to be adopted – Not to provide if involves acting as advocate for the audit client OR amounts involved are material to the financial statements on which the firm will express an opinion.

Major Changes in COE 2019

Documentation

- ☞ 2009 Code requires Firms to document their conclusions regarding compliance with independence requirements
- ☞ In the 2019 Code, the requirements of Documentation given in greater detail
- ☞ NOCLAR requires all steps in responding with NOCLAR to be documented

Fees – Relative Size

- ☞ In the revised Code, where for two consecutive years, total gross annual professional fees from the audit client and its related entities represent more than (40% non PIE/ 20% PIE) of total fees, the firm shall disclose to Those charged with Governance (TCWG) – SA260

Major Changes in COE 2019

- ☞ No such ceiling on total fees of the Firm would be applicable where such fees does not exceed Rs. 5 Lakhs
- ☞ No such ceiling on the total fees would be applicable in the case of audit of government Companies, public undertakings, nationalized banks, public financial institutions or Government appointments.

Criteria of Indebtedness

- ☞ IESBA Code of Ethics, 2018 brought concept of materiality of Loans and Guarantees. Whether a loan or guarantee is material would depend on combined net worth of the individual and his immediate family members
- ☞ Concept adopted in ICAI Code of Ethics, 2019

Major Changes in COE 2019

- ☞ In the revised Code, the application of safeguards is required, when necessary, to eliminate threats or to reduce them to 'an acceptable level' (level which a reasonable and informed third party would conclude, is acceptable). Previously safeguards had to be considered if a threat was other than "clearly insignificant"

Public Interest Entity

- ☞ 2019 edition contains a new term "Public Interest Entity" (PIE)
- ☞ Enhanced independence requirements for PIE in the new Code
- ☞ Definition of PIE , as given in IESBA Code of Ethics extended by inclusion of banks and insurance companies in the 2019 CodeFirms encouraged to determine whether to treat an additional entities as PIE because of large number of stakeholders.

Major Changes in COE 2019

COE 2009 and COE 2019 - Five most important structural changes in new Code

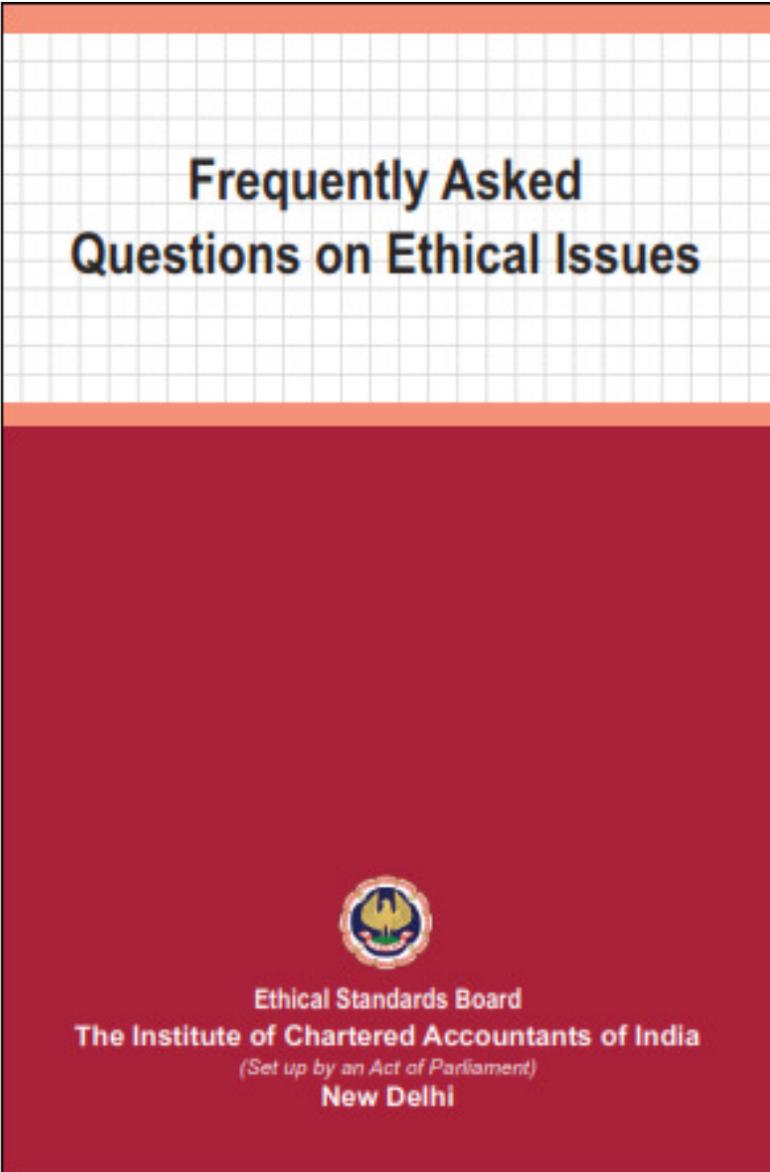
- Independence requirements for Audit and Review Engagements and other Assurance engagements differentiated.
- Independence sections recharacterized as “International Independence Standards”.
- Change in the drafting conventions e.g. “should” to “shall”
- New pattern of structuring of sections – Requirements distinguished.
- Increased clarity of responsibility for compliance - Firms, network firms, individuals within firms.

Major Changes in COE 2019

Inducements - Gifts and Hospitality

- ☞ Inducements elaborated
- ☞ To first see whether prohibited by Law and Regulation
- ☞ Offering also prohibited
- ☞ Reasonable and Informed Third Party test – To see whether it is with the intent to improperly influence the behavior of the recipient or of another individual.
- ☞ Clarifications about appropriate boundaries for offering and accepting of inducements.
- ☞ Extended to PAs in service also.
- ☞ Total prohibition in case of Audit/Assurance clients to continue.

Code of Ethics FAQ



Read and Follow

From the ICAI Website

56

HOME

OVERVIEW ▾

COMMITTEES ▾

MEMBERS ▾

STUDENTS ▾

RESOURCES ▾

E-SERVICES ▾

FAQ ON TAX AUDIT ASSIGNMENTS

Question: If there are 10 partners in a firm of Chartered Accountants, then how many tax audits reports can each partner sign in a financial year?

Answer: As per Chapter VI of Council General Guidelines, 2008 (Tax Audit Assignments under Section 44AB of the Income Tax Act, 1961), a member of the Institute in practice shall not accept, in a financial year, more than the specified number of tax audit assignments as prescribed under Section 44AB of the Income Tax Act, 1961. The specified number of tax audit assignments under Section 44AB of the Income Tax Act, 1961 is 45.

It is further provided in Chapter VI of Council General Guidelines, 2008 that in case of firm of Chartered Accountants in practice, specified number of tax audit assignments means 45 tax audit assignments per partner of the firm, in a financial year.

Therefore, if there are 10 partners in a firm of Chartered Accountants in practice, then all the partners of the firm can collectively sign 450 tax audit reports. This maximum limit of 450 tax audit assignments may be distributed between the partners in any manner whatsoever. For instance, 1 partner can individually sign 450 tax audit reports in case remaining 9 partners are not signing any tax audit report.

It is needless to say that the tax audit assignment should be in accordance with the Standard on Quality Control (SQC) 1: Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Note:-The Council at its 331st meeting held from 10th to 12th February, 2014 decided to increase the "specified number of tax audit assignments" for practicing Chartered Accountants, as an individual or as a partner in a firm, from 45 to 60. The said limit will be effective for the audits conducted during the financial year 2014-15 and onwards.

From the ICAI Website

Clarification

Clarification on Concurrent Auditor undertaking the assignment of Quarterly Review

The members are aware that the Institute had vide Announcement dt. 2.4.2014 clarified that the Concurrent Auditor and the assignment of quarterly review of the same Bank cannot be undertaken simultaneously as the concurrent audit being a kind of internal audit and the quarterly review being a kind of statutory audit undertaken simultaneously are prohibited under the provisions of 'Guidance Note on Independence of Auditors'.

From the ICAI Website

The screenshot displays the ICAI website's 'Ethical Standards Board' page. The browser's address bar shows the URL 'icai.org/post/ethical-standards-board'. The page features a dark blue navigation bar with links for HOME, OVERVIEW, COMMITTEES, MEMBERS, STUDENTS, RESOURCES, and E-SERVICES. The main content area lists the board's objectives and provides contact information for The Institute Of Chartered Accountants Of India. A 'Quick Links' section is visible at the bottom of the page.

ICAI - The Institute of Chartered Accountants of India

icai.org/post/ethical-standards-board

HOME OVERVIEW COMMITTEES MEMBERS STUDENTS RESOURCES E-SERVICES

- To establish standards for Chartered Accountants for regulation and maintenance of status and standards of professional qualification of members of the Institute
- To examine and advise on any ethical matters referred to the committee.
- To review periodically and publish the revised Code of Ethics and their publications relating to ethics.
- To promote public awareness and confidence in the integrity, objectivity, competence and professionalism of members and to co-ordinate with other Committees.
- To examine and deal with the complaints of members against their unjustified removal as auditors of any entity as per procedure evolved and to take necessary steps to protect the interest of the members.
- The Ethical Standards Board will review the terms of reference at every two years

Form of Complaint/Statement of Reasons for unjustified removal of auditor to be filed before the Ethical Standards Board.

[More...](#)

MEMBERS

- CA. Chandrashekhar Vasant Chitale, Chairman
- CA. Dayaniwas Sharma, Vice-Chairman

[Read More...](#)

KNOWLEDGE SHARING

- [Significant Achievements/Initiatives of Ethical Standards Board 2023-24 and 2024-25](#)
- [Recent Decisions of Ethical Standards Board](#)
- [Announcements](#)
- [Clarifications](#)
- [Publications](#)
- [One Time Publication](#)
- [Guidelines/ Features](#)

[Archives](#)

Quick Links

Official Directory Web Mail Contact Us ICAI Motto | Copyright 2026 ICAI.

3:58 PM 19/03/2026

Introduction

- **Code of Ethics**

- **Peer Review - Requirements**

- **Resources**

Peer Review & Code Of Ethics

Part B of Questionnaire requires a PU to submit information about the Ethical Requirements and Peer Reviewer has to check its compliance.

Independence & Ethics Partner

Quality Control Partner

Updated knowledge about Ethics Requirements

Adherence to Ethical Requirements by Partners & Team

Steps taken to mitigate threats to independence

Assignments within the specified limits (Company Audit/Tax Audit)

Fees below minimum recommended

Audit Fees vs Other Fees

Tender Process followed

Peer Review & Code Of Ethics

Sr. No.	Policies and Procedures
1	Which of the following procedures does the PU have in place for ensuring that the personnel adhere to ethical requirements those contained in the code:
(i)	Designated Independence and Ethics Partner who is responsible for all aspects of independence and ethics of the PUs partners and professional staff
(ii)	If answer to (i) above is yes, name of the Partner
(iii)	Is the Partner same as QC Partner?
(iv)	Has the PU established a system for identifying all services performed for each client and evaluating whether any of the services impair independence?
(v)	Does the PU regularly update itself with the changes in professional ethics and independence standards/ requirements?
(vi)	What checks are put in place to ensure that all personnel follow the independence and ethics policies of the PU?

Peer Review & Code Of Ethics

Sr. No.	Policies and Procedures
2.	Which of the following checks does the PU put in place to ensure that the independence requirements are communicated to its personnel:
(i)	Does the PU maintain a list of entities with which PU personnel and others, if any, are prohibited from having a financial or business relationship?
(ii)	Does the PU make the list available to the concerned personnel so that they evaluate their independence?
(iii)	Are the changes in the list notified to the personnel as soon as such changes occur?
(iv)	Does the PU provide frequent reminders of professional responsibilities to personnel?

Peer Review & Code Of Ethics

Sr. No.	Policies and Procedures
3.	Which of the following policies, procedures and the safeguards the PU has in place to mitigate threats to its independence?
(i)	Do the Engagement Partners provide the PU with relevant information about client engagement to enable it to evaluate the overall impact on independence requirements?
(ii)	Does the PU provide training to partners and professional staff on what constitutes threat to independence and the safeguards that may be taken to reduce the threats to an acceptable level?
(iii)	Accumulating and communicating relevant information to appropriate personnel
(iv)	How and to whom the personnel notify of circumstances and relationships that cause threat to independence?
(v)	What are the steps taken by PU so that the self-interest threat to independence is mitigated?

Peer Review & Code Of Ethics

Sr. No.	Policies and Procedures
(vi)	How the PU is mitigating the self-review threats? Is there any checklist where the steps have been outlined?
(vii)	How the PU is mitigating the risk of advocacy threats? Can the PU demonstrate the same?
(viii)	How the PU is mitigating the familiarity threats? Can PU demonstrate the same? Is the relationship with client personal disclosed in the Independence form?
(ix)	Can the PU demonstrate that professional skepticism was used in the entire assignment? What measures are taken to mitigate the same?

Peer Review & Code Of Ethics

Sr. No.	Policies and Procedures
4.	What policies, processes and safeguards has the PU established with regard to threats to its independence:
(i)	Is it ensured that the PU does not have any financial interests in audit clients, their owners and officials?
(ii)	Does the ethics policy of the PU emphasize that the members of PU must not have other than business relationships in audit clients, their owners and officials?
(iii)	Does the PU have the policy of rotating out senior personnel from the assurance engagements after a certain length of service at a particular engagement? If yes what is the length of service?
(iv)	Whether there is a policy that the personnel declares - the acceptance of gifts & hospitality from clients/owners
(v)	Does the PU have the policy to obtain annual independence declaration from all personnel?

Peer Review & Code Of Ethics

Sr. No.	Policies and Procedures
(vi)	As a step in the engagement program, is the Engagement Partner required to sign a compliance with independence requirements?
(vii)	In case professional service is conducted jointly with other auditor, is the annual independence confirmed for the other auditor?
5.	Are the number of audit assignments held by the PU, at any time, more than the specified number of audit assignments:
A	Under the prevailing Companies Act and/or the limit prescribed by the ICAI.
B	Tax audit assignments as per ICAI notification
6.	Has the PU accepted appointment as Statutory Auditor of – PSU(s)/Government Company (ies) Listed company(ies) and other Public Company(ies) having turnover of more than Rs. 50 crores or more in a year and accepted other work or assignment or service in regard to the same entity(ies) on a remuneration which in total exceeds the fee payable for carrying out statutory audit of the same entity. (If yes, specify reasons)

Peer Review & Code Of Ethics

Sr. No.	Policies and Procedures
7.	Has the PU accepted appointment as an auditor of a concern while it/he is indebted to the concern or has given any guarantee or provided any security in connection with the indebtedness of any third person to the concern, for the limits fixed in the statute and in other cases for amount not exceeding Rs.1,00,000. (If yes, specify reasons).
8.	Has the PU received fees from a client below the minimum scale of fees recommended for audit assignments by the ICAI? If yes, reason for accepting fee below recommended scales
9.	Has the PU, being statutory auditor of a client rendered any services to the same client, as mentioned in section 144 of Companies Act 2013 (if yes, specify reason with name of the entities and year in which such service was rendered)
10.	Has the PU, as incoming auditor for an entity, followed the direction given by the ICAI not to accept an appointment as auditor in the case of unjustified removal of earlier auditor? If no, reasons for non-adherence to the direction
11.	Does the PU or a Network, as a good and healthy practice, make a disclosure of the payment received by it for other services through the medium of a different firm or firms in which the said PU or Network or its partners may have an

Peer Review & Code Of Ethics

Sr. No.	Policies and Procedures
12.	Has the PU followed the Guidelines issued by the ICAI in respect of engagement/(s) procured through Tender?
13.	Is the website of the PU in conformity with Institute's guidelines/ directions issued on posting of particulars on website by Practice Unit(s)?
14.	Whether your firm has been reviewed by:
(i)	The Quality Review Board (QRB)
(ii)	Financial Reporting Review Board (FRRB)
(iii)	Any regulator (Pls. specify)
(iv)	If yes, details as under: Year of Review / Name of Entity / Broad description of deficiencies / Date of submission of compliance report (wherever required)
15	Have any Government Bodies/ Authorities evaluated the performance of the firm to the extent of debarment/ blacklisting?

Introduction

- **Code of Ethics**
- **Peer Review - Requirements**
- **Resources**

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

Disciplinary Directorate | Courses offered by ICAI | ICAI Call Sahayata | e-Journal | EOI/Tenders | ICAI Wall - Apps & Portals

Institute's Program | New Scheme of Edu. & Training | Career in ICAI | Notifications

Search

ICAI Home / Ethical Standards Board

ETHICAL STANDARDS BOARD



Chairman, Ethical Standards Board
CA. Chandrashekhar Vasant Chitale
Phone: +91 9822088833
Mobile: +91 9822088833
E-mail: shekhar[at]cvchitale[dot]com

PURPOSE & OBJECTIVE

Purpose:

"The Institute of Chartered Accountants of India (ICAI) is a statutory body established under The Chartered Accountants Act, 1949 for the regulation of the profession of Chartered Accountants in India. The Council of ICAI is empowered to discharge the provisions of the Act, and regulate and maintain the standards of the profession. In pursuance of this, ICAI has established the Ethical Standards Board to function as standard setting body. The Ethical Standards Board develops and issues ethical standards and other pronouncements for chartered accountants. It works towards evolving a dynamic and contemporary Code of Ethics and ethical behaviour for members while retaining the long cherished ideals of 'excellence, independence, integrity' as also to protect the dignity and interests of the members".

Objective:

The objective of Ethical Standards Board is to set an ethical standards for chartered accountants, converge with

WHAT'S NEW

- » [Exposure Draft : 13th edition of ICAI Code of Ethics - Request for Comments](#) **NEW**
- » [Announcing the winners of the Quiz organised on the occasion of Global Ethics Day, held between 1st - 15th October.](#) **NEW**
- » [Firms & Members - Register on CA Connect Portal](#) **NEW**
- » [Celebration of Global Ethics Day, 2024](#)
- » [Reporting requirements pertaining to Fees related disclosure to Institute under the revised requirements in Code of Ethics](#)
- » [Revised provisions on NOCLAR, Fee-Relative Size and Tax Service to Audit Clients of Code of Ethics](#)
- » [FAQs on Reporting requirements pertaining to Fees related disclosure, NOCLAR, Tax Service to Audit Clients of Volume-I of Code of Ethics](#)

Just Go With

- The Chartered Accountants Act, 1949
- CA Regulations of 1988
- ICAI publication on 'Code of Ethics'2019
- COE FAQs published by ICAI. (February 01, 2012)
- Manual for members
- ICAI Website for various pronouncements.
- ESB website; CA Ethics Plus – handy brochure issued by ESB.

Any Questions



Any Questions

Compiled by

CA Kamlesh Saboo

B.Com.(Hons.),FCA, IP,DISA,FAFD, Cert Concurrent auditor.

9819195333



*Thank
you*



CA Kamlesh Saboo

B.Com.(Hons.),FCA, IP,DISA,FAFD,

Compiled by CA Kamlesh Saboo