



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

Western India Regional Council

Date: 17th April, 2020

To,

Shri Uddhav Thackeray

Hon'ble Chief Minister
Chief Minister's Office,
Government of Maharashtra
6th Floor, Mantralaya, Mumbai 400032.

Sir,

Sub.: Classification of professional services provided by practising Chartered Accountants (CAs) as 'Essential Services'

We are writing this letter in context of the current scenario of prolonged and continued lock-down to contain and control the infection from contagious and pandemic COVID-19 virus and resultant loss of human lives in the country and elsewhere world-wide.

Post implementation of the Goods and Services Tax Act in India effective 1st July, 2017, across the country, Goods and Services Tax (GST) has become the primary source of revenue of the Indirect Taxation for the Central Government and the State Governments/Union Territories. Thus, the compliance of the GST Act/Rules and collection of the GST is of paramount importance for the Central Government and State Governments in India not only for funding not only their administrative and manpower expenses but more importantly, the various developmental outlays and ongoing projects/expenses towards social and welfare of the poor and economically backward population.

In the same way, the provisions of the Tax Deducted at Source (TDS), the Advance Tax and the Self -Assessment Tax under the Income-tax Act, 1961 for their clients which is the prime source of revenue of the Government from the Direct Taxation.

In this background, the CA fraternity is in the forefront of providing advisory and compliance services under the GST Act, Income-tax Act including TDS provisions and other



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revenue Acts to their clients and thus instrumental in facilitating the achievement of the revenue collection targets of the Governments through Indirect and Direct Taxes.

Not just that, the Chartered Accountants in practice, across the length and breadth of the country, are providing professional and specialised services to their clients, most of whom are in the Micro, Small and Medium Enterprises (MSME) Sector. In addition to the conventional services of accounting, audit, direct and indirect taxation, they are instrumental and play a pivotal role in making projection and preparation of cash flow statements for their MSME clients who do not have in-house expertise and in-depth understanding of the financial planning and management. They also provide funding solution and arrangement of the working capital finance for their MSME clients from the banking and other institutional finance channels. The MSME sector is engaged in labour intensive manufacturing, services and commercial activities and is the largest employer of the labour force in India.

It is not practical and possible for the CA fraternity and their staff members to render these services from their home since the client data is not available on the cloud besides the computation, compliances and payment of Indirect and Direct Taxes require extensive communication and in-house discussion. Any delay in the determination and payment of the taxes on large scale by the clients due to shut-down of offices of the CA fraternity will affect the on-time revenue collections of the direct and indirect taxes. On the other hand, additional burden due to levy of interest and penalty for belated return filings and payments will precariously affect the financial position of the MSME clients already reeling under the impact of the COVID-19.

Late Dr. Abdul Kalam, the former President of India, in his lecture **delivered at the International Conference on Accounting Profession: Adding Value to New Horizons of Economic Growth at New Delhi**, had focussed on the role of CA fraternity as **"Chartered Accountants: Partners in National Development"** for the upliftment of millions of Indians below the poverty line or just on the border of the poverty line or just above the poverty line. **Shri Narendra Modi, the Prime Minister** and other key Ministers have also lauded the role of the Chartered Accountants in the economic and social development of the country from, time to time and urged them to play even greater role.



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In the backdrop of the far reaching and value additive impact of the services rendered by the CA fraternity on the economic and social fabric of the country and the greater aspirations expected of the CA fraternity, it will be desirable that the services rendered by the practising CAs be classified as 'Essential Services' under the guidelines expected to be issued by the Home Ministry for granting exemption or relaxation in the matter of operation of offices and staff attendance in the offices of the practising CAs, of course, subject to adherence to guidelines/instructions/restrictions issued and applicable to other providers of other essential services in this respect.

Regards,

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