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FINANCIAL EXPRESS

ICAI steps up tax audit scrutiny tenfold

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TIGHTENING COMPLIANCE

- ICAI has selected 1,000 companies for review of their reports for 2024-25 compared to 100 in the previous year
- About 867 reports have been reviewed so far
- The firms selected this year have turnover of ₹100 crore or more and fall into five turnover categories

THE INSTITUTE OF Chartered Accountants of India (ICAI) has stepped up its tax audit scrutiny tenfold, reviewing 1,000 companies with a turnover of over ₹100 crore for assessment year 2024-25. The institute plans to widen the review further next year, indicating that the exercise is not being treated as a one-off scrutiny drive.

ICAI President Prasanna Kumar D told *FE* that the net has been cast wider to improve compliance and ensure adequate quality checks.

The latest exercise covers eight sectors: manufacturing and trading, banking, financial services, insurance, IT, services, infrastructure and others. This gives the institute a broad base to examine tax audit reporting practices across different types and sizes of businesses.

While the CA institute did not disclose the exact gaps found in the latest exercise, in which nearly 870 tax audit reports have already been reviewed, an official said "certain recurring deficiencies" were identified.

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ICAI steps up tax audit...

THE ICAI HAD reviewed only 100 tax audit reports from this section of companies in the previous selection year. The review process is handled by the Taxation Audit Quality Review Board (TAQRB), which is tasked with strengthening the overall quality of tax audit reporting.

The companies selected this year have a turnover ₹100 crore or more and fall into five turnover categories. These range from enterprises with turnover of ₹10,000 crore or above to those in the ₹100-1,000 crore bracket. "TAQRB examines compliance with the applicable reporting requirements while reviewing the tax audit reports," Kumar said.

Experts said the sharp increase in coverage will allow the institute to identify patterns that may not emerge from a smaller sample. Former ICAI secretary Ashok Haldia said the recurrence of reporting errors in tax audits points to the need for heightened regulatory oversight. "It sends a clear message that tax audits are no longer mere compliance checklists and demand rigorous due diligence from auditors and corporates to avoid severe penalties. ICAI should extend these checks to all public interest entities over the next 2-3 years," he said.

"The focus on multiple sectors and turnover categories could also help distinguish between isolated reporting mistakes and common compliance gaps," said an audit consultant.

However, the institute did not disclose how many of the 867 reviewed reports contained deficiencies, nor has it provided a breakdown of specific reporting issues identified. The official responses also do not indicate whether any cases have been escalated for disciplinary action.

The ICAI said tax auditors of the reviewed companies have been informed about the gaps and observations.

ET CFO.com
From The Economic Times

Exclusive: ICAI wants up to Rs 5 crore govt consultancy tenders reserved for smaller firms, working on draft proposals

Aggregation of CA Firms committee chairman, vice chairman meet DoE Secretary; institute working on draft proposing Rs 5 crore government consulting contracts for small and mid sized firms, with joint credentials for registered network firms.

29 September 2026

The Institute of Chartered Accountants of India is working on a set of proposals aimed at addressing eligibility barriers faced by domestic professional firms in government consultancy tenders, after the chairman and vice chairman of its Committee on Aggregation of CA Firms met the Secretary, Department of Expenditure, and discussed the issue, sources aware of the matter told ETCFO.

During the meeting, the ICAI representatives shared their views on restrictions and qualification requirements that can make it difficult for domestic firms, particularly smaller practices, to participate in government consultancy tenders, sources said.

The Department of Expenditure Secretary asked ICAI to prepare a proper draft setting out the changes the institute believes could help domestic firms gain government consultancy tenders, including restrictions and eligibility conditions that could be reconsidered, sources said.

The proposals discussed in the meeting have not yet been formally submitted to the Department of Expenditure. ICAI is currently working on the draft, which is expected to first go through its internal approval process, sources said.

Among the ideas discussed is that government consultancy contracts of up to Rs 5 crore should be eligible only for small and mid sized consulting firms, with no minimum turnover threshold for such assignments, sources said.

The institute is also considering whether the turnover, manpower and relevant experience of firms working together through a registered network could be considered jointly while determining eligibility for government consultancy tenders.

"ICAI has worked on few parameters and will be presenting it before council in next 15 days, and after internal approval it will be taken ahead with DOE," a senior ICAI official said on condition of anonymity.

ICAI to prepare detailed draft

The Committee on Aggregation of CA Firms has been examining issues relating to the aggregation and growth of domestic CA firms.

The committee's chairman and vice chairman recently met the Secretary, Department of Expenditure, and discussed the participation of domestic firms in government consultancy work, sources said.

The ICAI representatives shared their views on tender requirements and other conditions that can create entry barriers for domestic firms, particularly smaller practices, according to sources.

The Department of Expenditure Secretary asked the institute to prepare a detailed draft setting out the changes it would like to propose in the government consultancy tender framework, sources said.

The draft has not yet been formally submitted to the Department of Expenditure. ICAI is expected to place it before its Council for consideration before taking it forward with the government.

Rs 5 crore government consulting window

One of the key ideas being examined by ICAI is that government consultancy contracts of up to Rs 5 crore should be restricted to small and mid sized consulting firms, with no minimum turnover requirement prescribed for such assignments, sources said.

The proposal is aimed at creating a defined opportunity for smaller domestic consulting firms to participate in government consultancy work, while removing turnover based eligibility as a barrier for assignments within the proposed Rs 5 crore limit.

The idea could cover consultancy work for the central government and, where applicable, assignments undertaken in consultation with state governments.

The proposal is still at the discussion and drafting stage within ICAI. Its final wording, scope and eligibility conditions have not yet been settled, sources said.

Registered network firms may combine credentials

Another idea under consideration relates to CA firms working together through a registered network.

ICAI is exploring whether the turnover, manpower and relevant experience of participating firms could be considered jointly while assessing eligibility for government consultancy tenders, sources said.

The proposal could allow firms working together through a registered network to demonstrate their combined capabilities where an individual firm may not independently meet the prescribed eligibility criteria.

The exact framework and the conditions under which credentials could be combined are yet to be worked out.

The proposal is being considered in the broader context of ICAI's efforts to facilitate aggregation and collaboration among domestic CA firms.

Annual idea exchange also proposed

The institute is also considering an annual idea exchange involving government representatives, regulators, professional firms and clients involved in consultancy assignments, sources said.

The proposed forum could provide an avenue for discussing procurement requirements, eligibility conditions and practical issues faced by government procuring entities and professional firms.

The idea is also at the discussion stage, and details relating to its format, participants and scope are yet to be finalised.

Next step is internal ICAI process

The proposals discussed during the meeting are yet to be formally presented to the Department of Expenditure.

The immediate next step is expected to be preparation of the draft and its consideration within ICAI. According to the senior ICAI official, the proposals are expected to be presented before the Council in the next 15 days.

If the proposals receive internal approval, ICAI would subsequently take them forward with the Department of Expenditure for further discussion.

Any change in government consultancy tender eligibility or procurement conditions would depend on subsequent consideration by the government and the competent authorities.

TheHitavada

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AI to expand opportunities for CAs: Kinare

■ Business Reporter



ICAI Vice President CA Mangesh Kinare addressing the gathering, while CA Vinod Agrawal, CA Deepak Jethwani, Chairperson CA Swarooopa Wazalwar, CA Jiten Saglani and CA Trupti Bhattad look on.

ARTIFICIAL Intelligence (AI) poses no threat to the profession of Chartered Accountants (CAs), on the contrary, their opportunities will increase both in India and abroad. If CAs adopt AI and develop the necessary skills, wider opportunities will be available to them in the future, said CA Mangesh Kinare, Vice President of the Institute of Chartered Accountants of India (ICAI).

He was interacting with journalists in Nagpur, where he had come for the National Direct Tax Conference organised by the Direct Tax Committee of ICAI. CA Swarupa Vazalwar, Chairperson of the Nagpur Branch of ICAI, along with CA Jiten Saglani, CA Trupti Bhattad, CA Deepak Jethwani, CA Vinod Agrawal, and CA Dinesh Rathi were present at the press conference.

Kinare further mentioned that AI will enhance the efficiency of tasks related to the analysis of financial transactions, auditing, and taxation systems. One cannot afford to overlook any technology; progress depends on how effectively CAs choose to utilise it. Kinare emphasised that the role of CAs in finance, auditing, and taxation will remain pivotal, with growing opportunities for them to serve as professionals who provide business solutions.

In response to evolving technology, AI is being integrated into the CA curriculum. As the use of AI in data analytics continues to rise, it is essential for students to possess technical knowledge. Furthermore, online programmes such as the Diploma in Information Systems Audit (DISA)—enable CAs to further develop their professional skills. He added that a new curriculum is set to be introduced soon, following consultations with various stakeholders.

The ICAI had submitted over 100 recommendations regarding the new direct tax law. Many of these suggestions have been incorporated, resulting in a more streamlined and simplified new law. Similarly, the GST system has also become more accessible and user-friendly than it was previously. However, he noted that professionals and entrepreneurs who do not use modern technology might face difficulties in understanding this system.

More than 4.85 lakh CAs are registered with the ICAI, of whom over 1.80 lakh are actively practicing.

Currently, more than nine lakh students across the country are pursuing the CA course, he added.

THE TIMES OF INDIA

ICAI, Goa Board sign MoU to boost commerce education: The Institute of Chartered Accountants of India (ICAI) and the Goa Board of Secondary and Higher Secondary Education signed a three-year memorandum of understanding to promote commerce and chartered accountancy education and career awareness. The agreement aims to help students make informed career choices. The bodies also jointly organised a two-day programme on Sept 22 and 23.

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