

Q Whether 'Guidelines on Ethical Issues, 2026' replaces the 'Council General Guidelines, 2008'?

Yes, the "Guidelines on Ethical Issues, 2026" replaces the "Council General Guidelines, 2008 [Council Guidelines No.1- CA(7)/02/2008]". The "Guidelines on Ethical Issues, 2026" have been issued under Section 15(2)(fa) of the Chartered Accountants Act, 1949.

Q Whether a member of the Institute who is an employee will be held guilty of professional misconduct despite not being in practice if he does not exercise due diligence in the conduct of his duties?

Yes, Chapter II of "Guidelines on Ethical Issues, 2026" specifies that a member of the Institute who is an employee shall be deemed to be guilty of professional misconduct if he does not exercise due diligence and being grossly negligent in the conduct of his duties.

Q Whether a member of the Institute in practice is required to maintain books of accounts?

Yes, Chapter III of the guidelines specifies that a member of the Institute in practice or the firm of Chartered Accountants of which he is a partner, shall maintain and keep in respect of his/its professional practice, proper books of account in electronic or physical form.

Q What are the specific minimum books of account which a member in practice or a firm of Chartered Accountants is required to maintain for his/its professional practice?

Chapter III of Guidelines on Ethical Issues, 2026 specifies that a member in practice or a firm of Chartered Accountants is required to maintain the minimum requirements of books of account as under: -

(i) a Cash Book;

(ii) a Ledger;

(iii) Bill Register

Q Whether separate limit on tax audit assignments will be taken for a partner of a firm who is also a partner of another CA firm?

No, Chartered Accountants (Limit on Number of Tax Audits) Guidelines, 2025, specifies that where any partner of the firm is also a partner of any other firm or firms of Chartered Accountants in practice, the number of tax audit assignments which may be taken for all the firms put together in relation to such partner shall not exceed the "specified number of tax audit assignments" in the aggregate.

It is further provided that where any partner of a firm of Chartered Accountants in practice accepts one or more tax audit assignments in his individual capacity, the total number of such assignments which may be accepted and signed by him shall not exceed the "specified number of tax audit assignments" in the aggregate.

Q Whether a Chartered Accountant in practice can accept audit in case the audit fee of the previous auditor remains unpaid?

No, in case the undisputed audit fees for carrying out the statutory audit under the Companies Act, 2013 or various other statutes have not been paid, the incoming auditor shall not accept the appointment unless such fees

are paid. In respect of other dues, the incoming auditor should in appropriate circumstances use his influence in favour of his predecessor to have the dispute as regards the fees settled. The Council has taken the view that the provisions of audit fee made in accounts signed by both - the auditor and the auditee along with applicable taxes and other expenses, if any, incurred by the auditor in connection with the audit, shall be considered as 'undisputed' audit fees. In this connection, attention of members is invited to the Chapter-IV on 'Appointment of an Auditor in case of non-payment of undisputed fees' of Guidelines on Ethical Issues, 2026 appearing in Volume-I of Code of Ethics.

Q Whether the provisions of chapter on 'Appointment of an Auditor in case of non-payment of undisputed fees' of Guidelines on Ethical Issues, 2026 applies in case of a company for which insolvency resolution process has been initiated?

No, the provisions of Chapter-IV on 'Appointment of an Auditor in case of non-payment of undisputed fees' of Guidelines on Ethical Issues, 2026 shall not apply in case of a company for which insolvency resolution process has been initiated and the Resolution Professional has been appointed. The prohibition on acceptance of audit in case of undisputed audit fee of another Chartered Accountant for carrying out the statutory audit under the Companies Act, 2013 or various other statutes has not been paid shall not apply in such case.

Q What constitutes the 'Undisputed Audit Fees' in relation to the provisions of Chapter on 'Appointment of an Auditor in case of non-payment of undisputed fees' of Guidelines on Ethical Issues, 2026?

For Chapter IV on 'Appointment of an Auditor in case of non-payment of undisputed fees' of Guidelines on Ethical Issues, 2026, the provision for audit fee in accounts signed by both - the auditee and the auditor along with applicable taxes and other expenses, if any, incurred by the auditor in connection with the audit, shall be considered as "undisputed audit fees".

Q Whether a Chartered Accountant in practice can accept the internal audit of an entity in case the internal audit fees of the previous internal auditor are unpaid?

There is no bar to such acceptance subject to the compliance with the provisions of Clause (8), Part-I, First Schedule of the Chartered Accountants Act, 1949. As per the provisions of Chapter IV on 'Appointment of an Auditor in case of non-payment of undisputed fees' of Guidelines on Ethical Issues, 2026, a member of the Institute in practice shall not accept the appointment as auditor of an entity in case the undisputed audit fee of another Chartered Accountant for carrying out the statutory audit under the Companies Act, 2013 or various other statutes has not been paid.

Q Whether there is any ceiling on the number of Company audit (Statutory Audit) assignments that can be taken up by a member in practice or a Firm of Chartered Accountants?

Yes, in view of the Chapter V on 'Specified number of audit assignments' of Guidelines on Ethical Issues, 2026, member in practice or a proprietary firm of Chartered Accountant can accept 40 audit assignments whether in respect of private Companies or other Companies, with the exception of one person Companies and dormant companies.

In the case of Chartered Accountants in practice, 40 audit assignments per partner in the firm, whether in respect of private Companies or other Companies, with the exception of One person Companies and dormant companies.

Q Whether the limit on the audit assignments as mentioned in Chapter on 'Specified number of audit assignments' of Guidelines on Ethical Issues, 2026 be applicable for Internal Audit as well?

No, the Chapter on 'Specified number of audit assignments' of Guidelines on Ethical Issues, 2026 specifies that a member of the Institute in practice shall not hold at any time appointment of more than the "specified number of audit assignments" of Companies under Section 141 of the Companies Act, 2013.

Q Whether a Chartered Accountant in practice can accept 45 statutory audit assignments which includes 4 one person companies and 1 dormant company?

Yes, the Specified number of audit assignments for the purpose Chapter V on 'Specified number of audit assignments' of Guidelines on Ethical Issues, 2026 is 40. One person Companies and dormant companies are excluded in this limit.

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