

THE COST AND WORKS ACCOUNTANTS ACT, 1959

ARRANGEMENT OF SECTIONS

CHAPTER I PRELIMINARY

SECTIONS

1. Short title, extent and commencement.
2. Definitions and interpretation.

CHAPTER II THE INSTITUTE OF COST AND WORKS ACCOUNTANTS

3. Incorporation of the Institute.
4. Entry of names in the Register.
5. Fellows and Associates.
6. Certificate of practice.
7. Members to be known as cost accountants.
8. Disabilities.

CHAPTER III COUNCIL OF THE INSTITUTE

9. Constitution of the Council of the Institute.
10. Re-election or re-nomination to Council.
- 10A. Settlement of disputes regarding election.
- 10B. Establishment of Tribunal.
11. Nomination in default of election.
12. President and Vice-president.
13. Resignation of membership and casual vacancies.
14. Duration and dissolution of Council.
15. Functions of the Council.
- 15A. Functions of Institute.
- 15B. Imparting education by Universities and other bodies.
16. Officers and employees, salary, allowances, etc.
17. Committees of the Council.
18. Finances of the Council.

CHAPTER IV REGISTER OF MEMBERS

19. Register.
20. Removal from the Register.

CHAPTER V MISCONDUCT

21. Disciplinary Directorate.
- 21A. Board of Discipline.
- 21B. Disciplinary Committee.
- 21C. Authority, Disciplinary Committee, Board of Discipline and Director (Discipline) to have powers of civil court.
- 21D. Transitional provisions.

SECTIONS

- 22. Professional or other misconduct defined.
- 22A. Constitution of Appellate Authority.
- 22B. Term of office of members of Authority.
- 22C. Procedure, etc., of Authority.
- 22D. Officers and other staff of Authority.
- 22E. Appeal to Authority.

CHAPTER VI

REGIONAL COUNCIL

- 23. Constitution and functions of Regional Councils.

CHAPTER VII

PENALTIES

- 24. Penalty for falsely claiming to be a member, etc.
- 25. Penalty for using name of the Council, awarding degrees of cost accountancy, etc.
- 26. Companies not to engage in cost accountancy.
- 27. Unqualified persons not to sign documents.
- 28. Offences by companies.
- 29. Sanction to prosecute.

CHAPTER VIIA

QUALITY REVIEW BOARD

- 29A. Establishment of Quality Review Board.
- 29B. Functions of Board.
- 29C. Procedure of Board.
- 29D. Terms and conditions of service of Chairperson and members of Board and its expenditure.

CHAPTER VIII

DISSOLUTION OF THE INSTITUTE OF COST AND WORKS ACCOUNTANTS REGISTERED UNDER THE COMPANIES ACT, 1956 (1 OF 1956)

- 30. Dissolution of the Institute of Cost and Works Accountants registered under the Companies Act, 1956.
- 31. Transfer of assets and liabilities of the dissolved company to the Institute.
- 32. Provisions respecting employees of the dissolved company.

CHAPTER IX

MISCELLANEOUS

- 33. [*Omitted.*]
- 34. Alteration in the Register and cancellation of certificate.
- 35. Directions of the Central Government.
- 36. Protection of action taken in good faith.
- 36A. Members, etc., to be public servants.
- 37. Maintenance of branch offices.
- 38. Reciprocity.
- 38A. Power of Central Government to make rules.
- 39. Power to make regulations.
- 40. Rules, regulations and notifications to laid before Parliament.

THE FIRST SCHEDULE.

THE SECOND SCHEDULE.

THE COST AND WORKS ACCOUNTANTS ACT, 1959

ACT NO. 23 OF 1959

[19th May, 1959.]

An Act to make provision for the regulation of the profession of cost and works accountants.

BE it enacted by Parliament in the Tenth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. Short title, extent and commencement.—(1) This Act may be called the Cost and Works Accountants Act, 1959.

(2) It extends¹ to the whole of India^{2****};

(3) It shall come into force on such date³ as the Central Government may, by notification in the Official Gazette, appoint.

2. Definitions and interpretation.—(1) In this Act, unless the context otherwise requires,—

(a) “associate” means an associate member of the Institute;

⁴[(aa) “Authority” means the Appellate Authority referred to in section 22A;

(aaa) “Board” means the Quality Review Board constituted under section 29A];

(b) “cost accountant” means a person who is a member of the Institute;

(c) “Council” means the Council of the Institute;

(d) “dissolved company” means the Institute of Cost and Works Accountants registered under the Companies Act, 1956 (1 of 1956);

(e) “fellow” means a fellow of the Institute;

⁵[(ea) “firm” shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932 (9 of 1932), and includes,—

(i) the limited liability partnership as defined in clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); or

(ii) the sole proprietorship,

registered with the Institute;]

(f) “Institute” means the ⁶[Institute of Cost Accountants of India] constituted under this Act;

³[(fa) “notification” means a notification published in the Official Gazette;]

⁴[(fb) “partner” shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932 (9 of 1932) or in clause (q) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009), as the case may be;

(fc) “partnership” means—

(A) a partnership as defined in section 4 of the Indian Partnership Act, 1932 (9 of 1932); or

(B) a limited liability partnership which has no company as its Partner;]

(g) “prescribed” means prescribed by regulations made under this Act;

1. This is made applicable Union territory Goa, Daman and Diu, s. 3 and the Schedule (w.e.f. 1-8-1965).

2. The words “except the State of Jammu and Kashmir” omitted by Act 25 of 1968, s. 2 and the Schedule (w.e.f. 15-8-1968).

3. 28th May, 1959, vide notification No. G.S.R. 610, dated 25th May, 1959, see Gazette of India, Extraordinary, Part II, sec. 3(i).

4. Ins. by Act 7 of 2006, s. 2 (w.e.f. 8-8-2006).

5. Ins. by Act 10 of 2012, s. 2 (w.e.f. 1-2-2012).

6. Subs. by s. 2, *ibid.*, for “Institute of Cost and Works Accountants of India” (w.e.f. 1-2-2012).

(h) “President” means the President of the Council;

(i) “Register” means the Register of members maintained under this Act;

¹[(ia) “specified” means specified by rules made by the Central Government under this Act;

²[(iaa) “sole proprietorship” means an individual who engages himself in the practice of cost accountancy or offers to perform services referred to in clauses (ii) to (iv) of sub-section (2);]

(ib) “Tribunal” means a Tribunal established under sub-section (1) of section 10B;]

(j) “Vice-President” means the Vice-President of the Council;

(k) “year” means the period commencing on the 1st day of April of any year and ending on the 31st day of March of the succeeding year.

(2) Save as otherwise provided in this Act, a member of the Institute shall be deemed “to be in practice” when, individually or in partnership with one or more members of the Institute in practice, ²[or in partnership with members of such other recognised professions as may be prescribed] he, in consideration of remuneration received or to be received,—

(i) engages himself in the practice of ³[cost accountancy]; or

(ii) offers to perform or performs services involving the costing or pricing of goods or services or the preparation, verification or ⁴[certification or auditing of cost accounting and related statements or holds himself out to the public as a cost accountant in practice]; or

(iii) renders professional services or assistance in or about matters of principle or detail relating to cost accounting procedure or the recording, presentation or certification of costing facts or data; or

(iv) renders such other services as, in the opinion of the Council, are or may be rendered by a cost accountant in practice;

and the words “to be in practice”, with their grammatical variations and cognate expressions, shall be construed accordingly.

Explanation.—A member of the Institute who is a whole-time salaried employee of any person shall not be deemed to be in practice within the meaning of this sub-section.

CHAPTER II

THE INSTITUTE OF COST AND WORKS ACCOUNTANTS

3. Incorporation of the Institute.—(1) All persons whose names are entered in the Register at the commencement of this Act and all persons who may hereafter have their names entered in the Register under the provisions of this Act, so long as they continue to have their names borne on the said Register, are hereby constituted a body corporate by the name of the ⁵[Institute of Cost Accountants of India], and all such persons shall be known as members of the Institute.

(2) The Institute shall have perpetual succession and a common seal, and shall have power to acquire, hold and dispose of property, both movable and immovable, and shall by its name sue or be sued.

4. Entry of names in the Register.—(1) Any of the following persons shall be entitled to have his name entered in the Register, namely:—

(i) any person who was an associate or a fellow of the dissolved company (other than an honorary associate or honorary fellow thereof) immediately before the commencement of this Act, except any

1. Ins. by Act 7 of 2006, s. 2 (w.e.f. 8-8-2006).

2. Ins. by Act 10 of 2012, s. 2 (w.e.f. 1-2-2012).

3. Subs. by s. 2, *ibid.*, for “cost and works accountancy” (w.e.f. 1-2-2012).

4. Subs. by s. 2, *ibid.*, for “certification of cost accounting and related statements or holds himself out to the public as a cost accountant in practice” (w.e.f. 1-2-2012).

5. Subs. by s. 3, *ibid.*, for “Institute of Cost and Works Accountants of India” (w.e.f. 1-2-2012).

such person who is not a permanent resident of India and is not at such commencement practicing as a cost accountant in India;

(ii) any person who has passed such examination and completed such training as may be prescribed for members of the Institute;

(iii) any person who, at the commencement of this Act, is engaged in the practice of cost accountancy in India and who fulfills such conditions as the Central Government or the Council may specify in this behalf;

(iv) any person who has passed such other examination and completed such other training without India as is recognised by the Central Government or the Council as being equivalent to the examination and training prescribed for members of the Institute:

Provided that in the case of any person who is not permanently residing in India, the Central Government or the Council may impose such further conditions as it may deem fit;

(v) any person domiciled in India, who at the commencement of this Act is studying for any foreign examination and is at the same time undergoing training, whether within or without India, or, who, having passed such examination, is at such commencement undergoing training whether within or without India:

Provided that such foreign examination and training are recognised by the Central Government or the Council in this behalf:

Provided further that the person passes the examination and completes his training within five years from the commencement of this Act.

(2) Every person belonging to the class mentioned in clause (i) of sub-section (1) shall have his name entered in the Register without the payment of any entrance fee.

¹[(3) Every person belonging to any of the classes mentioned in clauses (ii), (iii), (iv) and (v) of sub-section (1) shall have his name entered in the Register on an application being made and granted in the prescribed manner and on payment of such fees, as may be determined, by notification, by the Council, which shall not exceed rupees three thousand:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees three thousand, which shall not in any case exceed rupees six thousand.]

(4) The Central Government shall take such steps as may be necessary for the purpose of having the names of all persons belonging to the class mentioned in clause (i) of sub-section (1) entered in the Register at the commencement of this Act.

5. Fellows and Associates.—(1) The members of the Institute shall be divided into two classes designated respectively as associates and fellows.

(2) Any person other than a person to whom the provisions of sub-section (3) apply shall, on his name being entered in the Register, be deemed to have become an associate member of the Institute and so long as his name remains so entered, shall be entitled to use the letters ²[ACMA] after his name to indicate that he is an associate member of the ³[Institute of Cost Accountants of India].

(3) Any person who was a fellow of the dissolved company and who is entitled to have his name entered in the Register under clause (i) of sub-section (1) of section 4, shall be entered in the Register as a fellow of the Institute.

1. Subs. by Act 7 of 2006, s. 3, for sub-section (3) (w.e.f. 8-8-2006).

2. Subs. by Act 10 of 2012, s. 4, for "AICWA" (w.e.f. 1-2-2012).

3. Subs. by s. 4, for "Institute of Cost and Works Accountants" (w.e.f. 1-2-2012).