

# THE CHARTERED ACCOUNTANTS ACT, 1949

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THE CHARTERED ACCOUNTANTS ACT, 1949

ACT NO. 38 OF 1949

[1st May, 1949.]

An Act to make provision for the regulation of the <sup>1</sup>[profession of chartered accountants].

WHEREAS it is expedient to make provision for the regulation of the <sup>1</sup>[profession of chartered accountants] and for that purpose to establish an Institute of Chartered Accountants;

It is hereby enacted as follows:—

CHAPTER I

PRELIMINARY

**1. Short title, extent and commencement.**—(1) This Act may be called the Chartered Accountants Act, 1949.

<sup>2</sup>[(2) It extends to the whole of India <sup>3\*\*\*.</sup>]

(3) It shall come into force on such date<sup>4</sup> as the Central Government may, by notification in the Official Gazette, appoint in this behalf.

**2. Interpretation.**—(1) In this Act, unless there is anything repugnant in the subject or context,—

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

<sup>5</sup>[(aa) “Authority” means the Appellate Authority constituted under section 22A;

(aaa) “Board” means the Quality Review Board constituted under section 28A;]

(b) “chartered accountant” means a person who is a member of the Institute <sup>6\*\*\*;</sup>

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

<sup>7</sup>[(ca) “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;]

(d) “holder of a restricted certificate” means a person holding a permanent or temporary restricted certificate granted by a State Government under the Restricted Certificates Rules, 1932;

(e) “Institute” means the Institute of Chartered Accountants of India constituted under this Act;

<sup>5</sup>[(ea) “notification” means a notification published in the Official Gazette;]

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1. Subs. by Act 15 of 1959, s. 2, for “profession of accountants” (w.e.f. 1-7-1959).

2. Subs. by the A.O. 1950, for sub-section (2).

3. The words “except the State of Jammu and Kashmir” omitted by Act 25 of 1968, s. 3 and the Schedule (w.e.f. 15-8-1968).

4. 1st July, 1949, *vide* Notification No. I OA (4)/49, dated 1st June, 1949, *see* Gazette of India, Extraordinary, Part II, sec. 3(i) and this Act has been extended in its application to the union territory Goa, Daman and Diu by Act 11 of 1963, s. 3 and the Schedule (w.e.f. 1-2-1965).

5. Ins. by Act 9 of 2006, s. 2 (w.e.f. 8-8-2006).

6. The words “and who is in practice” omitted by Act 15 of 1959, s. 3 (w.e.f. 1-7-1959).

7. Ins. by Act 3 of 2012, s. 2 (w.e.f. 1-2-2012).

<sup>7</sup>[(*eb*) “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 (*I*) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009), as the case may be;

(*ec*) “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;]

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

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

(*h*) “registered accountant” means any person who has been enrolled on the Register of Accountants maintained by the Central Government under the Auditor’s Certificates Rules, 1932;

<sup>1</sup>[(*ha*) “specified” means specified by rules made by the Central Government under this Act;

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

(*hb*) “Tribunal” means a Tribunal established under sub-section (*I*) of section 10B;]

(*i*) “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) A member of the Institute shall be deemed “to be in practice” when individually or in partnership with chartered accountants <sup>3</sup>[in practice <sup>4</sup>[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 accountancy; or

(*ii*) offers to perform or performs services involving the auditing or verification of financial transactions, books, accounts, or records or the preparation, verification or certification of financial accounting and related statements or holds himself out to the public as an accountant; or

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

(*iv*) renders such other services as, in the opinion of the Council, are or may be rendered by a chartered accountant <sup>3</sup>[in practice];

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

*Explanation.*—An associate or a fellow of the Institute who is a salaried employee of a chartered accountant <sup>3</sup>[in practice] or <sup>5</sup>[a firm of such chartered accountants or firm consisting of one or more chartered accountants and members of any other professional body having prescribed qualifications] <sup>3</sup>[in practice] shall, notwithstanding such employment, be deemed to be in practice for the limited purpose of the <sup>6</sup>[training of articled assistants].

## CHAPTER II

### THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

**3. Incorporation of the Institute.**—(*I*) 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,

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1. Ins. by Act 9 of 2006, s. 2 (w.e.f. 8-8-2006).

2. Ins. by Act 3 of 2012, s. 2 (w.e.f. 1-2-2012).

3. Ins. by Act 15 of 1959, s. 3 (w.e.f. 1-7-1959).

4. Ins. by Act 3 of 2012, s. 2 (w.e.f. 1-2-2012).

5. Subs. by s. 2, *ibid.*, for “a firm of such chartered accountants” (w.e.f. 1-2-2012).

6. Subs. by Act 9 of 2006, s. 2, for “training of articled clerks” (w.e.f. 8-8-2006).