

Local CA Firms Set for Global Tie-ups

Charting New Path

Local CA firms already affiliated with global entities and new ones have to register with ICAI

They have to nominate senior members as nodal officers for compliance

Such firms have to abide by local audit rules, ethical standards

Tie-ups to enable more local firms to acquire scale, expertise

Currently, EY, Deloitte, KPMG, PwC, Grant Thornton & BDO dominate audit ecosystem via affiliates



They handled audits of 326 of 486 top Nifty companies in FY25



Banikinkar Pattanayak

New Delhi: The Institute of Chartered Accountants of India (ICAI) has approved a crucial draft regulatory framework which will enable domestic chartered accountant firms to tie up with their global peers to set up shop in the country, said its president Charanjot Singh Nanda.

The move is aimed at enabling local entities to gain scale, in sync with the Centre's vision of creating large home-grown accounting firms, he told ET.

The framework would require local firms that are already affiliated with global accounting entities to register with the ICAI and undertake necessary compliances, said people aware of the details.

The institute held talks with the corporate affairs ministry before finalising the draft, approved by its apex council on Monday, Nanda indicated. The draft will soon be put out for stakeholder comments and notified by early July, he said.

Currently, there is no formal framework governing such global tie-ups. Those with foreign tie-ups were earlier required to submit certain details with the ICAI by submitting a form, which was discontinued four years ago, as a formal framework on this was sought to be introduced.

Contours of the draft framework

As per the draft framework, an accountancy firm formed through a tie-up with an overseas entity has to register with the ICAI and designate a senior member or partner as a nodal officer for ensuring various compliances, said the people cited earlier.

Such firms will have to submit their names, registration details and changes in constitution with the ICAI. They will also have to file their annual returns with the institute.

Firms will have to share their names, registration details, changes in constitution, annual returns with ICAI

Domestic entities that would be part of the firms formed with overseas networks will have to abide by the stipulated ethical standards.

"The operations of overseas networks in India will have to comply with all these regulations," said one of the persons, who did not wish to be identified.

To help local accounting firms gain scale, the ICAI had last year amended its guidelines to allow those wishing to merge up to 10 years, instead of the earlier five, to separate if things didn't go according to plan. Similarly, no fees would be charged for freezing the names along with the corresponding firm registration number.