



KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION (R)



CA. Raghavendra Puranik
President

CA. Nagappa B. Nesur
Secretary

25th August 2016

To,

Chairperson
Central Board of Direct Taxes
C-II/ 49, Satya Marg, Chankayapuri,
New Delhi

MEMORANDUM ON NON VALIDATION OF CA PAN FOR TAX AUDIT & OTHER CERTIFICATIONS

Dear Madam,

Introduction: The Karnataka State Chartered Accountants Association (R) (in short 'KSCAA') is an association of Chartered Accountants, registered under the Karnataka Societies Registration Act in the year 1957. KSCAA is primarily formed for the welfare of Chartered Accountants and act as interface between various regulatory authorities and chartered accountant fraternity. We, KSCAA, endeavor to proactively participate and support by being a bridge between the Department and the assessee, expressing our views and represent before various forums on such matters of interest.

Brief Narrative of issue on hand: We received numerous requests from our CA Fraternity in practice to represent on the sudden disabling of CA addition for Tax Audit, 15CB etc on the grounds that PAN is not matching with ICAI records. We sincerely appreciate the fact that this year the e-filing schema, 3CB-3CD, 29B online facility has been released quite well in time. Such timely work does auger good relation with the assessees. However, this sudden measure to have PAN matching with the ICAI records has led to tremendous hardship to the tax audit signing CAs in practice and assessees in general covered within the ambit of Tax Audit and Form 3CB, 3CA, 15CB etc.

Concern and Issues: We wish to appraise your goodselves the concerns and issues faced as below:

- Many CAs are reporting that their e-Filing Account have been temporarily disabled due to non-validation of PAN by ICAI since 23rd Aug 2016. Further, it is stated in the standard communication

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to all such cases that relevant functionalities on the e-filing website would be unable to access until the receipt of communication from ICAI about valid PAN.

- It is customary that all CAs in practice would have updated their PAN with ICAI. There could be minor differences in order of first name, middle name or surname since naturally PAN for senior CA and early batch of PAN allottees was automatic when we see the history of PAN and they logically would not have made any suo moto request for changes in PAN etc.
- The time of introduction of this measure is difficult to understand especially when the due date is round the corner. On one hand, early enabling of e-schema shows considerable depth in understanding the ground realities, while this step is very assessee unfriendly in the event of non resolution of the matching of PAN of the report signing CA with ICAI within this short duration. Also, it is normal that the load and sustainability of website during the deadline days makes life miserable for the assessees as well as the concerned CAs.
- The assessees cannot run around to change the tax auditors swiftly for want of validation of CA also as the Institute's code of ethics requires NOC from erstwhile auditor. And also, it is just not possible to complete any new audit with short notice and do justice for work on hand. Invariably the due date deadline compliance would not be possible from either end.
- The nature of error also is not appraised in the rejection while logging in for e-filing of reports. A clear reason would be handy for due correction with either ICAI or NSDL. It is imperative that Date of Birth will not be different in both NSDL/ ICAI which could be used as validation proof instead of Name- First, Middle and Surname.
- Introduction of this measure abruptly during the deadlines would surely cause great hardship and stress to assessees and signing CAs without any intimation to CAs.

Suggestions & Request: We hereby request you to consider the matter on the basis of ground realities and to take forward the good governance measures.

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- We request that an opportunity for due correction in records with ICAI in terms of time be provided. In the meanwhile we are as well appraising the issue to ICAI to help resolve the matter from ICAI end.
- Instead of a kneejerk stoppage of e-filing on the above grounds, introduction of this process from next assessment year would be progressive in nature in light of the difficulties as highlighted above. A well thought out and smooth introduction of steps like above is highly appreciated.
- We proactively endeavor to work and maintain to our core value of partners in nation building and would request your support from your goodselves. We expect some sort of resolution on this matter urgently to soothe the nerves of our fraternity.

We humbly request your goodselves to direct the appropriate authorities on the above matters to find out resolution on this matter urgently.

Thanking You,

For **Karnataka State Chartered Accountants Association**

CA. Raghavendra Puranik
President

CA. Nagappa Nesur
Secretary

CA. Vijay Sagar Shenoy
Chairman- Representation Committee