

Exposure Draft

Proposed Consequential provisions for non-compliance with CPE hours requirement on yearly basis from calendar year 2024 onwards

(Last date for the comments: 2nd January, 2024)



Issued by
Continuing Professional Education Committee
The Institute of Chartered Accountants of India

Exposure Draft on proposed Consequential provisions for non-compliance with CPE hours requirement on yearly basis from calendar year 2024 onwards

The Continuing Professional Education (CPE) Committee of ICAI has been at the forefront to provide sufficient opportunities that are essential for Chartered Accountants to equip themselves with the changes occurring due to globalization and increasing business & professional complexities. To enable Chartered Accountants to remain in tandem with evolving requirements of business and economy, the ICAI actively endeavours to provide prompt education and training to its members, relevant in current professional scenario.

Continuous and consistent professional learning holds immense significance in today's ever changing and competitive environment. It helps members in development of their professional base, skills, and expertise etc. beyond their educational qualification. It also allows them to explore new opportunities in professional field/working area.

Continuing Professional Education is a very important medium through which professionals can improve their skills and broaden their knowledge, and also develop inter-personal qualities to carry out their professional responsibilities strenuously. The Continuing Professional Education Committee (CPEC) of ICAI has always been working with a constructive thought process and proactively empowers members through training and programmes with a very comprehensive CPE calendar.

Further, point 6.2 & 8.2 of Statement on Continuing Professional Education state that:

6.2 *"all members of the Institute are required to meet the CPE credit hours requirement(s) as specified by the Council from time to time"* and;

8.2 *"The Council may, however, take any other action in accordance with the provisions of the Chartered Accountants Act 1949 and The Chartered Accountants Regulations, 1988 and modifications made thereunder from time to time."*

Therefore, as decided by the Council at its 426th meeting, members are requested to give their inputs/suggestions on the Exposure draft on the proposed guidelines "Consequential Provisions for non-compliance with CPE hours requirement on yearly basis" from Calendar year 2024 onwards and to be operational w.e.f. 1/1/2025 for non-compliances arising from Calendar year 2024.

In the Exposure draft, the base year/start year for applicability of consequential provision for non-compliance of CPE hours is taken as 2024. Similarly, in onward year(s) for non-compliance of CPE hrs requirement, similar consequential provisions would be applicable.

In this regard, the Continuing Professional Education (CPE) Committee invites comments/ views on the following Exposure Draft **with the last date for submission of being January 2, 2024**. Comments will be helpful if they contain a clear rationale and, where applicable, provide input(s).

How to Comment

Comments should be submitted using one of the following methods, so as to be received not later than **January 2, 2024**:

1. **Electronically:** Click on Google form link- <https://forms.gle/QxqVAXd3zQMAXQteA> to submit comment online (Preferred method)
2. **Email to:** cpeadmin@icai.in with subject line **“Comment on consequential provisions for non-compliance with CPE hours requirement on yearly basis from calendar year 2024 onwards”**
3. **Postal:** Secretary, CPE Committee of ICAI,
Hostel Block, 2nd Floor,
The Institute of Chartered Accountants of India,
ICAI Bhawan, A-29, Sector-62
Noida 201309

Further clarifications on the Exposure Draft may be sought by e-mail to cpeadmin@icai.in.

Exposure Draft on proposed guidelines “Consequential provisions for non-compliance with CPE hours requirement on yearly basis” from calendar year 2024 onwards (to be operational w.e.f. 1/1/2025 for non-compliances arising from the calendar year 2024)

Level I (from 1st Jan to 30th June) 2025

1. Member who fails to complete the CPE requirement by the end of the calendar year shall be given extended Period of 6 months i.e. till June 30 of the following year to make up for the shortfall, provided the member(s) shall make up for any shortfall in their CPE credit hours by obtaining **twice the shortfall of CPE hours**. This would be in addition to the regular CPE hours requirement for the current calendar year. Member(s) shall be notified of the shortfall of CPE hours through e-mail.

Level II (from 1st July to 31st Dec) 2025

2. Names of Member(s) who fail to make up for the shortfall on expiry of **the extended Period** as aforesaid in paragraph 1, shall be classified to **non-compliance status** on July 1 and **the details of non-compliance status shall be displayed in CPE Portal of the ICAI** under particular Member’s login till the Member is fully compliant. The member(s) shall make up for the shortfall for the calendar year by obtaining **twice** the shortfall of CPE hours for the relevant year in which the shortfall has occurred.

Level III (from 1st Jan to 30th June of Next year) 2026

3. If the member continues to be non-compliant for the period given at **Level-II above**, the CPE Committee may resort to the following measures on 1st January of the following calendar year:

In case of member(s) holding Certificate of Practice (COP) The Member is required to disclose the of status of non-compliance of CPE hrs requirement in Multipurpose Empanelment Form (MEF) of ICAI. List of non-compliant members shall also be provided to Professional Development Committee of the ICAI by CPE Committee of ICAI.

Member(s) shall be given 6 months’ time (i.e. from 1st January till 30th June) at this level to complete the shortfall in their CPE hour credit by completing twice the shortfall to get fully compliant status for the respective year.

Level IV: (from 1st July to 31st Dec of Next year) 2026

4. If the non-compliance by the Member continues even after the Level III stage as above, i.e., 1.5 years of extended period for compliance) then following consequences would follow.

If the Member is in Practice (i.e. Holding COP) -If the individual or the firm is otherwise eligible for the issuance of Peer Review Certificate, only Provisional Peer Review Certificate would be issued to such individual or the Firm in case if the individual or any partner of the Firm (as the case may be) has not complied with the requirement of these guidelines. **Final** Peer Review Certificate shall be issued to the individual or the firm only after compliance of CPE hrs requirement as per these guidelines by the individual or all the partners of the firm (as the case may be).

The member(s) shall be given additional 6 months' time (i.e. from 1st July till 31st December) at this level to complete the shortfall by completing twice the shortfall in their CPE hour credit to be eligible to get fully compliant status for the respective year and for issuance of Final Peer Review Certificate. The member shall be informed in advance that if the default still continues then, such non-compliance would be liable to be referred to Disciplinary Directorate for necessary action in accordance with provision of CA Act, 1949.

Issuance of Good Standing Certificate to member shall be deferred at all levels until the member complies with the requirement under these CPE guidelines.

If the non-compliance continues even after the aforesaid multiple opportunities, the CPE Committee may refer the matter to Disciplinary Directorate for action as deemed fit for the violation of these guidelines.

Power to relax:

The Council may relax any of the requirements of these guidelines either generally or by issuing specific instructions on case to case basis for reasons to be recorded in writing.

Note:

- Consequential provisions shall apply to non-complying members who have not complied/failed to complete CPE hours requirements as applicable **w.e.f. 1st Jan 2024 and onwards** i.e. members who are non-complied for the year 2023 and earlier are not proposed to be covered with these provisions.
- Level wise Consequential provisions apply to the non-compliance of CPE hours requirement by a member on yearly basis only i.e. these provisions do not apply for non-compliance of (2+2) mandatory CPE hours of Code of Ethics and Standards on Auditing
- If a member is obtaining (corrected and inserted making good) CPE hour Credits (ULA/SLA) in next year after being non-complied in preceding year(s), then such CPE hour credit (ULA/SLA) would be first adjusted against shortfall in previous non-complied year(s) and after such adjustment the remaining CPE hrs, if any, would be credited in current year.
- Currently, out of 20 Structured CPE Hours which is required to be completed by COP holder (less than 60 years of Age), completion of 4 CPE hrs is allowed in online mode in a year. If in case, member has acquired 4 or less Structured CPE Hours in online mode in a Calendar year, in next year non-complied balance Structured CPE hours of any category (whether in physical/virtual) is to be completed via Structured CPE hours events being organised in physical mode/certificate courses during the grace period provided in subsequent years.
- Date of submission of ULA (Unstructured Learning Activity) is preponed from 31st May of next year to 31st December of current year.
- There shall be no carry forwarding of excess CPE Hours.
- Relaxations/Exemptions (permanent/temporary) to members in cases like critical illness/physical disabilities/ pregnancy etc. shall continue with these proposed provisions.
- For Temporary exemption, extended period would start on 1st January of next year in which temporary exemption was granted.
- After Level 2, flagging would be done in CPE/Peer Review /SSP portal to Non complied members.

- A provision has been created in CPE portal, to facilitate a monthly mail to all members of ICAI with compliance data of respective member. This Compliance data would also be visible to the member in their Dashboard at CPE Portal.