



Voice of CA <voiceofca@gmail.com>

Request to Extend the Implementation of using the accounting software having feature of recording of Audit Trail from April 1, 2021 to April 1, 2022

1 message

Voice Of CA <voiceofca@gmail.com>
To: fmo@nic.in

Thu, Apr 1, 2021 at 6:55 PM

To

The Hon'ble Minister of Finance
Ministry of Corporate Affairs
Government of India
Shastri Bhawan
Dr. Rajendra Prasad Road
New Delhi -110001

Sub: Request to Extend the Implementation of using the accounting software having feature of recording of Audit Trail from April 1,2021 to April 1, 2022 –Regarding

We introduce ourselves that we are The Voice of CA [NGO] [REGD.] — a not for profit organisation — since 2009 founded with a view to putting in place a platform to facilitate Chartered Accountants intermingle and to provide them professional updates in the form of latest case laws, news of professional interest, articles, write-ups, presentation etc. The Voice of CA has been, for almost seven years now, sharing matters on a variety of topics/subject of contemporary professional interest and interacting with fellow members. That the efforts of VoCA have been received well and applauded is evident from the fast growth of its membership which exceeds 70,000 now.

We would like to address the concern of members, business & traders' fraternity, which are of utmost importance and need to be addressed by the MCA office at utmost priority.

We would like to state that the Ministry of Corporate Affairs (hereinafter referred as 'MCA') vide its notification dated 24.03.2021 (**Companies (Accounts) Amendment Rules, 2021**) has notified that, for the financial year commencing on or after the 1st day of April, 2021, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

It is a wonderful and commendable initiative undertaken by Govt of India in the interest of business community, professionals etc. The aforesaid notification has a wide impact upon the businesses, auditors and software providers operating in the nation. There are concerns emanating from the operational areas of businesses and their details that still remain unclear and that do need to be understood and highlighted. Some of the areas of concern are as under:

- To make the whole ecosystem ready and prepare all layers of professions for a successful and collaborative implementation of audit trail in the Indian business community will need time.
- The order mandates an implementation from 1st of April 2021, which is less than a week from when the order was announced. Such a rushed enforcement can trigger panic, mistrust and resistance from businesses. This shall certainly increase cost of compliance and pressure on the accountants' community.
- Many enterprises are still reeling from the losses inflicted by the COVID-19 pandemic while juggling GST

compliances, instituting such rule changes at such a short notice will create a fear among the smaller companies and the move may become counterproductive.

- The steps that the government is taking to improve the system, but this move will have a large impact on the small and medium-sized companies, and it should not be an issue for the larger companies. It will create friction in the ease of doing business for the smaller enterprises.
- The businesses are already struggling to stabilise in post COVID Scenario, and no time has been provided to businesses for implementation of the same. The implementation shall require upgradation or purchase of new software and thereafter getting used to the same.

We are requesting on behalf of all the stakeholders of the country viz. Businessmen, software providers and Professionals etc. to defer the implementation **using the accounting software having the feature of recording of Audit Trail from April 1,2021 to April 2022.**

We also request that there are many small businesses which play a major role in contributing to the nation's GDP. It may be difficult at such shorter notice for them to afford such software, moreover Many companies rely on part time accountants for availing bookkeeping services and mandating the requirement of using the new upgraded software might make it difficult for them to implement at such shorter notice. It may also be clarified that how the feature/system of audit trail shall be implemented in manual accounting system or alike measures are going to be taken for recording Audit Trail in manual accounting environment.

We modestly request you to exempt small companies from the **using the accounting software having feature of recording of Audit Trail w.e.f. from the 01/04/2021, else offer a software, free of cost, having aforesaid feature to the small/mid-sized concerns or recommend any suitable alternatives that can be opted by them till the implementation of the accounting software having audit trail.**

Your Prompt action would be highly appreciated by every stakeholder.

You are requested to kindly consider the same for providing relief to the businesses in meeting this pandemic situation by providing deferment of above.

Thanking you in anticipation.

On behalf of stakeholders

The Voice of CA

(Representation conveyor)

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