

Government and Industry working together towards an effective convergence

“Significant changes have been brought about in financial reporting during the last decade, which are bound to happen in a growing economy like India. In the world today, there is a greater demand for accountability and transparency’, said **Mr Amardeep Singh Bhatia, Joint Secretary, Ministry of Corporate Affairs, Government of India**, during his Inaugural address at the “**National Conference on Financial Reporting**” organized by the Confederation on Indian Industry (CII) in Delhi today.

Mr Bhatia congratulated the accounting professionals and the industry for keeping pace with the upcoming changes, and working with the Government on the issues which come over the way. Mr Bhatia reiterated the fact that now we are more or less aligned with the International Accounting Standards, and if any changes are brought in the same, India is bound to follow suit.

”Having adopted International standards and best practices, it is upto the Indian industry and professionals to gain advantage of the opportunity to demonstrate their capabilities to the world, and tap the International market to their benefit”, summed Mr Bhatia.

Mr Jitendra Agarwal, Partner, Deloitte Haskins & Sells LLP, requested the industry and the accounting professionals to respond to the dynamic changes in the financial reporting scenario in order to keep pace with the same.

“There are rapid developments such as GST, the changes in Accounting Standards, etc. Keeping pace with these developments, for better financial reporting, is a must in order to be globally complaint. The stakeholders and investors will then have greater confidence in the Indian financial reporting system”, said Mr Agarwal.

However, Mr Agarwal opined that since the changes are very frequent, there should be a consolidation of the same, and industry should be given time to comply and incorporate the changes before moving on the next step.

In his special address at the Conference, **Mr Amarjit Chopra, Chairman, National Advisory Committee on Accounting Standards** stressed that both industry and the accounting professionals should come together to bring about consistence in financial reporting, which is not for convenience, but for the faith and confidence of the stakeholders.

“IndAS is a welcome change from the point of view of Indian industry and professionals, as it has brought us in the same light as our international counterparts. There are bound to be interpretation and clarification issues whenever a new regulation is introduced, but

the professions are open to any such transitions coming in the field of financial reporting”, summarized Mr Chopra.

Addressing the Conference, **Mr Rajesh Kumar Bhoot, Joint Secretary TPL – II, Central Board of Direct Taxes, Ministry of Finance, Government of India**, emphasized that the issues relating to MAT are emanating from the fact that tax laws only change the realized actual income. The Ind AS (IFRS) related to subjective income, hence levy of MAT on the same is not justified. The Government wants to take a balanced view on the Ind AS and practicality of taxing only realized income.

On Income Computation and Disclosure Standards (ICDS), Mr Bhoot enlightened the audience on the positive steps taken by the committee and stated that after much deliberations, amendments have been proposed to the ICDS which will be notified soon. The aspects in the amendments inter alia deal with definition of quality of assets, whether ICDS will apply to all, standard costing, service inventories and others.

In his welcome address at the Conference, **Mr Dipankar Chatterji, Chairman, CII National Committee on Financial Reporting** mentioned that “IndAS is progressing well, and most of the interpretation issues are clear from the point of view of Industry. However, there are still coordination issues with the authorities and regulators, which need to be resolved. Further, there are implementation issues on part of Industry, which, when resolved, would help in effective enactment of the recent changes in financial reporting. The purpose of today’s Conference is to address and try to resolve the implementation issues”.

22 September 2016

New Delhi