

REPORT ON

**2nd NATIONAL CONVENTION
OF
ACCOUNTING PROFESSIONALS
ON
“FINANCIAL REPORTING FOR SUSTAINABLE ECONOMY”
17-18 May 2023, Kathmandu, Nepal**



नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL

Established Under the Nepal Chartered Accountants Act, 2053



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A. ABOUT THE CONVENTION

The Institute, with an initiative to unite the voice of all Accounting Professionals throughout the country in one platform and to have a focused discussion on various contemporary issues and international developments in accounting and auditing practices has started organizing National Convention of Accounting Professionals on annual basis since 2022. The convention aims to focus on enhancing social recognition and faith towards the accounting profession and bridging the understanding gap with the stakeholders.

Following the legacy, the 2nd National Convention of Accounting Professionals was organized for two days on Jestha 3 &4, 2080 for discussion on the theme “**Financial Reporting for Sustainable Economy**”. The Convention had 4 technical sessions with 5 paper presenters in which 4 Session Chairperson, 4 Session Moderators and 17 Panelists provided their views on related topics and was participated by 1,177 Members and Stakeholders.

Technical Sessions

1. Environmental, Social and Governance Reporting: Exploring the Road Map
2. Responsibility and Legal Liability of Professional Accountants
3. Exploring the Role of Chartered Accountants in Public Service
4. Strategic Direction for Tax Legislation to Promote Sustainable Economic Growth

Session Chairperson

1. Mr. Kewal Prasad Bhandari, Secretary, National Planning Commission
2. Hon’ble Attorney General, Dr. Din Mani Pokharel
3. Hon’ble Chairman Mr. Madhav Prasad Regmi, Public Service Commission
4. Dr. Ram Prasad Ghimire, Secretary (Revenue), Ministry of Finance

Session Moderator

1. Mr. Kewal Prasad Bhandari, Secretary, National Planning Commission
2. CA. Yuddha Raj Oli, Immediate Past President, ICAN
3. CA. Sujan Kumar Kafle, Vice-President, ICAN
4. CA. Sunir Kumar Dhungel, Past President, ICAN

Paper Presenter

1. CA. Vishal Doshi, Central Council Member, ICAI
2. CA. Madan Krishna Sharma, Past President, ICAN
3. Mr. Ramu Dotel, Former Deputy Auditor General
4. CA. Amrit Shrestha, Practicing Chartered Accountant
5. Dr. Rup Bahadur Khadka, Senior Tax Advisor, International Development Group



Panelist

1. Mr. Ramesh Hamal, Chairman, SEBON
2. Mr. Surya Prasad Silwal, Chairman, NIA
3. Mr. Khagendra Bahadur Basnet, Director, DOT
4. Mr. Kiran Pandit, Director, NRB
5. CA. Bidhyabaridhi Sigdel, Partner & Managing Director, Dolma Impact Fund
6. Mr. Arjun Dhakal, Climate Change Expert, Environmentalist & Economist
7. Mr. Rameshwor Dangal, Secretary, CIAA
8. Mr. Nawaraj Adhiraki, SP, CIB
9. Mr. Binod Lamichhane, Director, DRI
10. Mr. Gopal Krishna Ghimire, President NBA and Vice-Chairman, NBC
11. CA. Krishna Prasad Acharya, Past President, ICAN
12. Mr. Bamdev Sharma Adhikari, Deputy Auditor General
13. Mr. Mr. Shambhu Prasad Marasini, Deputy Comptroller General, FCGO
14. Mr. Ishwari Prasad Bhattarai, Director, NRB
15. Mr. Dirgha Raj Mainali, Director General, IRD
16. Mr. Anjana Shrestha, Senior Vice President, FNCCI
17. Dr. Biswash Gauchan, Economist and Executive Director at IIDS

Purpose of the Convention

1. To identify need for ESG reporting and the probable ESG framework for ESG reporting and reflecting the compliance to UN Sustainable Development Goals. And, to discuss on major initiatives taken by Nepal and brainstorm on future roadmap for ESG reporting in Nepal aligning with the preparedness of Accounting Professionals to lead from the forefront.
2. To build uniform regulatory perspective on responsibility and liability of professional accountants. And, to impart understanding about jurisdictions of the Institute for regulating the members and accounting profession.
3. To analyze the role that could be played by Chartered Accountants in Public Services, identify the scope of public sector for recruiting Chartered Accountants as an employee and exploring prospective ways for the same.
4. To assess the significance of taxation in promoting sustainable economic growth covering the matters of policy proposition, standardization of tax legislation and best practices from international developments in tax legislation.

B. OPENING SESSION

The 2nd National Convention of Accounting Professionals on the theme “Financial Reporting for

Sustainable Economy” started with the welcome speech of CA. Bhaskar Singh Lala, President, ICAN and Chairman of the Convention. During his welcome speech, he highlighted that the objective of the Convention is to discuss about international development in accounting and auditing practices, to develop a coordination mechanism within the regulatory bodies and broaden scope of the Institute’s operation for facilitating corporate governance in the country and promote sustainable economic development. He also expressed his commitment of incorporation of outcome of this convention in upcoming strategies and action plan of the Institute.

RA. Kedar Nath Poudel, President of AuDAN addressed the convention as a Guest. During his speech, he focused that the convention has been instrumental in enhancing the social recognition of accounting professionals at large and provided the suggestion for defining the specific date for organizing the convention now onward to the extent possible so that the maximum number of members get participated in the program. He focused on distinguishing between the accounting and auditing role of the professional accountants. He also highlighted the specific provision in the taxation laws regarding automatic charge to auditors on the client’s failure to evade tax which shall be updated to protect the interest of professional accountants. Similarly, he stressed the need to assess the market readiness prior to pronouncement of financial reporting standards by the Institute. He provided his concern regarding the need for intervention and regulation of the entities established by non-members of the Institute that carries out accounting and tax audit related activities.

CA. Deepak Pandey, President of ACAN also addressed the convention as a Guest. During his speech, he stressed on being visionary helps in reduction in current brain drain of CA members in other countries, exploring new job opportunities and position of CA members in industry. And the need of Professional Accountants in policy making for assisting sustainable economic development and sustainable governance of the Nation.



CA. Bhaskar Singh Lala, President ICAN delivering welcoming speech in the convention.





RA. Kedar Nath Poudel, President AuDAN delivering speech in the convention.



CA. Deepak Pandey, President ACAN delivering speech in the convention.

Mr. Babu Ram Subedi, Under Secretary, Ministry of Finance and Council Member of ICAN also addressed the Convention as a Special Guest. During his remarks, he focused that the accounting profession is related with trust as the financial statements audited by the auditors provides trust and assurance about the performance and position of an entity amongst the stakeholders. He wished successful completion of the Convention.

Hon’ble Auditor General, Mr. Tanka Mani Sharma Dangal addressed the Convention as a Special Guest. During his remarks, he highlighted the role of professional accountants, and that the CA course is a specialized and professional course, and professional accountants’ contribution is inevitable for sustainable economic development.



Mr. Babu Ram Sudedi, Under-Secretary, MoF delivering speech in the convention.



Hon’ble Auditor General, Mr. Tanka Mani Sharma Dangal delivering speech in the convention.

CA. Sujan Kumar Kafle, Vice-President, ICAN concluded the opening session of the Convention and requested active participation of members in the Convention.

The opening session of second day was addressed by CA. Maha Prasad Adhikari, Governor, Nepal Rastra Bank. He focused on the importance of this type of convention which provides a platform and guidance to the regulators through discussion on Nepalese Economy and professional topics in between experts of different fields and through the conclusion reached thereon. He remembered the First Convention and outcomes it gave and necessity for continuation of this type of convention. He explained sustainable development as emerging concept and it should be achieved through gender equality, economic equality, inclusion, financial access, etc. Also, he added that Nepal Rastra Bank initiated sustainable financing since 2014 addressing climatic risk. He further emphasized on attraction of Chartered Accountant in government services and recruitment of Chartered Accountants in Nepal Rastra Bank and the possible value addition of governance, transparency and accountability expected from them. He also stressed about the scope of the Chartered Accountants in public practice and ways to increase Chartered Accountants involvement in Government Sector through increasing facilities, good working environment, education recognition and clear career path. He also highlighted the role of Chartered Accountants in bringing Foreign Direct Investment through entrepreneurship development in the country assisted by the specialized services of Chartered Accountants.



CA. Sujan Kumar Kafle delivering closing speech on the first day of the opening session of Convention.



CA. Maha Prasad Adhikari delivering opening remarks and addressing the opening session of the second day of Convention.





Hon'ble Auditor General, Mr. Tanka Mani Sharma Dangal lightening the lamp in the opening session of Convention.



Glimpse of Participants in the Convention

C. KEYNOTE SPEECH

CA. Prasanna Kumar D, Central Council Member, ICAI delivered a keynote speech on the theme of Convention “Financial Reporting for Sustainable Economy”. In his speech, he highlighted the concept of sustainability and sustainable economy and how financial and non-financial reporting helps in building sustainable business and economy. He mentioned about the major initiative undertaken by India in the areas of sustainability reporting since 2009 till date and role of ICAI in ESG reporting readiness of India for sustainable reporting and ongoing progress on ESG reporting. He concluded his speech by emphasizing the need for collaboration of government bodies, corporates, regulators, and social enterprises for strengthening the sustainable economy.



CA. Prasanna Kumar D, Central Council Member, ICAI delivering a keynote speech on Convention.

The presentation of the keynote speaker can be accessed from the link below:

https://en.ican.org.np/_browsable/file/general/FINANCIAL_REPORTING_FOR_A_SUSTAINABLE_ECONOMY.pdf

D. TECHNICAL SESSION

D.1. Technical Session 1

Environmental, Social and Governance (ESG) Reporting: Exploring the Road Map

Session Chairperson / Moderator: Mr. Kewal Prasad Bhandari, Secretary, National Planning Commission

Paper Presenter: CA. Vishal Doshi, Central Council Member, The Institute of Chartered Accountants of India (ICAI)

Panelist:

Mr. Ramesh Hamal, Chairman, SEBON

Mr. Surya Prasad Silwal, Chairman, NIA

Mr. Khagendra Bahadur Basnet, Director, DOI

Mr. Kiran Pandit, Director, NRB

CA. Bidhyabaridhi Sigdel, Partner & Managing Director, Dolma Impact Fund

Mr. Arjun Dhakal, Climate Change Expert, Environmentalist & Economist

Paper Presentation

CA. Vishal Doshi, Central Council Member, ICAI presented a paper on “ESG Reporting: Exploring the Road Map”. Presenting the paper, he covered 17 Sustainable Development Goals and coverage of these 17 SDG in each component of ESG. He also explained that sustainability disclosure is related with ‘inside out impacts’ which focuses on earth and social system whereas, the ESG disclosure is related with ‘outside in impacts’ which focuses on enterprises value. He gave an overview of standards and framework on sustainability and highlighted the initiatives of the ICAI towards sustainability and ESG related disclosures. He informed that the Sustainability Reporting Board of ICAI is responsible for looking up to matters related to sustainability. He also highlighted international ESG related standards and international practices and development on ESG. He concluded his presentation by note that professional accountants have huge opportunities in the field of sustainable reporting, and they are also equally responsible for sustainable economy.



CA. Vishal Doshi, Central Council Member, ICAI giving presentation in the first technical session of Convention.



The presentation of the paper presenter can be accessed from the link below:

https://en.ican.org.np/_browsable/file/general/Session_1_ESG_Reporting_-_Exploring_the_Road_Map_ICAI.pdf

Panel Discussion

During the panel discussion, Session Chairperson/Moderator Mr. Kewal Prasad Bhandari, Secretary, National Planning Commission mentioned that Government investment targeting the sustainable development project is limited due to budget constraints and the situation has even impaired after the post covid and existing difficulties in economy. However, he mentioned that the Government considers the environmental and social impact assessment prior to development and approval of national program and projects. He stressed the risk to global economy and biodiversity due to climate change and global warming and urged the need for ESG and sustainability reporting by both the Government and Public Sector for ensuring effective and efficient usage of resources.

Speaking in the session Mr. Arjun Dhakal, Climate Change Expert, Environmentalist & Economist explained that the businesses in Nepal need to be more responsible in matters of environmental sustainability. He supported his statement with a fact that although the carbon emissions rate of Nepal is 0.29% of overall global carbon emissions, the annual rate of increment in global carbon emissions by Nepal has reached to 10% every year which is higher rate than that of our neighboring countries India (4.6%) and China (7%), that stands in top of global economy. Hence, the government shall induce provision for reducing the carbon emissions and corporate entities shall also reengineer their process for having less carbon emissions. He further added that, there is high scope for attracting Foreign Direct Investment and increasing credibility of Nepal at global level by taking steps towards climate emission. He also mentioned the need for non-financial reporting and how it helps businesses to identify the areas of ESG and measure their position/ performance



and act towards better performance and sustainability. He urged the regulators to consider the cost benefits analysis and consider both the qualitative and quantitative factors in policy making.

Similarly, CA. Bidhyabaridhi Sigdel, Partner & Managing Director, Dolma Impact Fund explained that the Dolma Impact fund has developed its own standards ‘IFC Performance Standard’ which is referred to a guiding principle for evaluation of investment projects and the fund has been considering the impact of project on people and planet with equal importance as of financial feasibility while making any investment and has been preparing ESG reporting. He also mentioned that ESG is different than CSR and needs embedding sustainability in the business process. He concluded his remarks stating that the Institute shall develop an ESG / Sustainability reporting framework incorporating the ESG management system and action plan and providing guidelines for users and practitioners on obtaining assurance on ESG reporting. He also suggested for development of adoption plan for implementation of ESG reporting by large entities at first phase and then in second phase it shall be implemented for small and micro enterprises.

Speaking in the session, Mr. Khagendra Bahadur Basnet Director, DOI explained that the global economy has currently shifted to sustainable economy from production and consumption economy. At present, Nepal Government has incorporated the environmental factor in its policies and program and every Ministries has a section to look after the environmental and social factor. The global economy has now shifted to ESG reporting but in Nepalese context, the entities have not yet standardized sustainability reporting practices. He also mentioned that the concept of environmental audit, ISO Audit and Labour Audit is still new for entities in Nepal and Financial Audit is only conducted as a compliance audit. And there is no concept for integrated audit and reporting in Nepalese context. Hence, the holistic overview of any entity is still unexplored. He urged the professional accountants to consider the Environmental and Social factors of the entity while performing statutory and internal audit of the reporting entity. He also suggested incorporation of topics related to corporate sustainability and corporate environmental management in the CA curriculum and other training offered by the Institute.

During panel discussion, Mr. Kiran Pandit, Director, NRB mentioned that the concept of Environmental Impact Assessment was introduced four decades ago, but still it is considered as a new discipline by the stakeholders and users. The entities perform EIA as a compliance, but post review of EIA report is not performed. He stated that NRB has issued ‘Environmental Risk Management Guidelines’ and it was mandatory for reporting by Banks from 2020. And, NRB has issued instructions for banks to consider the credit rating and environmental and social risk of its credit clients and follow up with them for adopting the ways to mitigate the identified and associated risk. He further added that, avoidance of ESG reporting on account of additional cost is unacceptable as we all are accountable for global sustainability. He also highlighted the initiatives of NRB such as mandating Environment Social Due Diligence (ESDD) of bank’s portfolio as a regulatory reporting and categorization of portfolio as high, moderate, and low in ESDD and the relevant policies considered by Board of Directors of commercial banks. Similarly, he informed that the NRB has started publishing a consolidated report of ESDD. He highlighted that in an international context, such directives are generally issued by the securities market regulator. Highlighting the ongoing initiatives of NRB, he notified that NRB is working in collaboration with international agencies and alliances for Financial Inclusion for development of Green Taxonomy and defining the green and non-green sector in economy. He highlighted that the NRB has taken lead for adoption of green taxonomy and urged need for issuance of green bond standards by SEBON. He focused on the role of the Institute for developing template for non-financial reporting and coordination between line ministries and regulators for integrated reporting practices on ESG reporting. He concluded his statement, stressing the need to be placed on post review and progress tracing on the EIA and ESG reporting.

Furthermore, Mr. Surya Prasad Silwal, Chairman, NIA focused on sustainable finance and sustainable usage of resources. He stressed that current mismatch on conservation of resources and usage of resources stated that our actions should match with our words. He further added that sustainability on fiscal federalism is very important, and regulation of local level



government is also equally important. Highlighting the initiatives of NIA and context of Insurance Sector, he mentioned that the NIA reviews both the financial reporting and non-financial reporting while approving the financial statement of the insurance companies. He urged that the ICAN, NRB, SEBON, NIA should develop an integrated reporting framework for the user entity rather than developing separate reporting requirements for their own purposes. He also mentioned that government policies should be diversified and inclusive to maintain sustainability. He highlighted the report of the Office of Auditor General highlighting the ESG consideration. He suggested the Institute for dissemination of information to the members to consider the environmental audit of the reporting entities besides the financial and corporate governance audit. He concluded that the government shall also consider need for policy review and policy audit.

Speaking in the session, Mr. Ramesh Hamal, Chairman, SEBON mentioned that ESG reporting, and compliance is crucial and SEBON in coordination with the WB, IMF, ICAN and ASB, Nepal is in process for issuance of ESG Reporting (Integrated Directives) guidelines and template to be used by corporate houses. He also stressed the need for



Glimpse of Panel Discussion on ESG Reporting: Exploring the Road Map

developing the ESG guidelines with economic alignment for the reporting entities and incorporating provisions which will encourage the stakeholders to comply with the guidelines rather than imposing merely compliance. He supported his statement with an illustration as, that even though there is provision for mandatory rating of loanee while providing loan by any commercial bank, the bank's interest rates is reluctant to change based on credit rating of loanee hence, there is not any motivation for the loanee to perform a credit rating and improve its strength. Therefore, plans should be made for providing economic incentives to reporting entities for additional compliance without adding cost to the regulator or government. He also emphasized that successful implementation of ESG reporting requires the need for capacity development of the users prior to issuance and mandating the ESG guidelines. He added that, SEBON has already proposed green bond incentives for approval in the cabinet after which there might be good prospect for FDI. He



concluded that the Integrated ESG directives shall be realistic and practicable for implementation by reporting agencies.

Speaking in the Session, Prasanna Kumar D Central Council Member, ICAI and Keynote Speaker mentioned that net zero is a long-term vision and requires detailed action plan for attainment of these goal. Hence, the government has to focus on capacity development and readiness of market on implementation of ESG reporting.

Speaking in the Session, CA. Vishal Doshi, Central Council Member, ICAI shared the experience of ICAI in introduction of non-financial reporting whereby, he mentioned that the ICAI took initiatives to develop a Sustainability Reporting Standards Board separate under ICAI and has issued their own standards, research and publication and shared with members and conducts its own assessment. He also shared that the members’ handholding and hand holding with clients are equally important. He further added that ICAI has introduced elective paper in CA course on sustainability reporting.

Question and Answer

Replying on the query of about framework of carbon emission reporting, Mr. Arjun Dhakal mentioned that there are multiple framework for calculating the carbon emission, however, all the framework considers the total usage of resources.

Replying on the query related to rejection of loan on ground of inadequacy of ESG reporting / Environmental risk assessment, Mr. Kiran Pandit answered that currently there is only requirement for environmental risk assessment of client prior to lending and there is no provision for rejection of loan on grounds of environment risk assessment.

Replying to the query about legal provision for ESG reporting and policy of government for ESG, Mr. Kewal Prasad Bhandari mentioned that the Climate Change Management Division under Ministry of Forest and Environment has issued standards and orient the line ministries through formation of Inter Ministerial Climate Change Coordination Committee. He also shared that Nepal Government has committed to Zero Carbon Emission by 2045 and have been making policy level decision for attainment of these targets.

Conclusion

Concluding the technical session, Mr. Kewal Prasad Bhandari summarized that Nepal is vulnerable towards climate change. He urged the participants that even a small actions in our daily lifestyle such as, reduction of fuel consumption, plastic consumption, recycling etc. also aids in maintaining sustainability. As ESG principle is evolving rapidly and the corporate information related to it is becoming increasingly important to the investors, government and regulators worldwide. Nepal cannot remain aloof from them. The Institute could play a crucial role in adopting the international standards and practices for ESG Reporting and accounting professionals could play a crucial role in identification and preparation of information to be reported, including independent examination of those information, for which they have to keep themselves ready.





Left: Mr. Kiran Pandit, CA. Bidhyabarishi Sigdel, Mr. Arjun Dhakal, Mr. Ramesh Hamal, CA. Prassana Kumar D., CA. Bhaskar Singh Lala, Mr. Kewal Prasad Bhandari, CA. Vishal Doshi, Mr. Surya Prasad Silwal and Mr. Khagendra Bahadur Basnet during the closure of first technical session of convention

D.2. Technical Session 2

Responsibility and Legal Liability of Professional Accountants

Session Chairperson: Hon’ble Attorney General, Dr. Din Mani Pokharel

Session Moderator: CA. Yuddha Raj Oli, Immediate Past President, ICAN

Paper Presenter: CA. Madan Krishna Sharma, Past President, ICAN

Panelist:

Mr. Rameshwor Dangal, Secretary, CIAA

SP Nawaraj Adhiraki, CIB

Mr. Binod Lamichhane, Director, DRI

Mr. Gopal Krishna Ghimire, President, NBA and Vice-Chairman, NBC

Paper Presentation:

CA. Madan Krishna Sharma, Past President, ICAN gave presentation on “Responsibility and Legal Liability of Professional Accountants.” He started his presentation with the definition of professional accountants and the domain of professional accountants. He explained about the responsibilities of professional accountants to act in public interest and adherence with the code of ethics. He also highlighted on maintenance of integrity, objectivity and independence and management of Conflict of Interest by the professional accountants. He also highlighted the responsibilities of professional accountants under the Nepal Chartered Accountants Act, 2053 and responsibility of professional accountants towards noncompliance of laws and regulation by client, identification of fraud and errors during audit of client and responsibilities laid down

to professional accountants by other laws and regulations such as Companies Act, 2063, Bank and Financial Institution Act, 2073 and Insurance Act, 2079. Accordingly, he also mentioned about the legal liabilities of auditor under the Nepal Chartered Accountants Act, 2053, Companies Act, 2063, Bank and Financial Institution Act, 2073, Insurance Act, 2079 and the Prevention of Corruption Act, 2059. He urged professional accountants in practice not to compromise the audit quality and not to accept the engagement in which quality work cannot be delivered. He concluded his presentation on a note that the Members of ICAN and professional accountants are responsible to uphold the dignity of Profession through their actions.

The presentation of the second session can be accessed from the link below:

https://en.ican.org.np/_browsable/file/general/Responsibilities_of_Professional_Accountants_PPT.pdf

Panel Discussion

Moderator, CA. Yuddha Raj Oli, Immediate Past President, ICAN highlighted the legal and regulatory provision regarding the rights and responsibilities of professional accountants. He also shared that the Institute has issued the AML/CFT directives to the members of the ICAN.

Speaking in the session, Mr. Rameshwor Dangal Secretary, CIAA highlighted the provision of Section 19(1) of the Prevention of Corruption Act, 2059 which deals with the provision for imposing punishment to the auditors who misconduct in audit of government or public institutions. He also mentioned that the CIAA has previously charged the claims upon auditor under the above specified provisions. He stressed the need for demarcation of criminal and professional liability of the auditor. He also shared the legal rights entrusted by law to the professional accountants. He specifically explained the role of accountants and auditors in revenue collection of the government, hence he also emphasized on need for maintenance of quality of audit by the auditors. He concluded his remarks with the note that the work of CIAA is transparent and based on the evidence and facts.

Speaking on the session, SP Nawaraj Adhiraki, CIB mentioned that, in case of any complaint related with financial fraud, the preliminary investigation of CIB starts from the review of audited financial statements of the entity. He shared that the CIB request for support of the Institute on any financial expertise service and extends support to ICAN when requested. He highlighted the increasing complaint filed in CIB related with financial frauds in Cooperatives Sector. He also emphasized on need for forensic auditor for investigation of financial fraud. He mentioned that in some cases in course of investigation, CIB had to impose punishment and put in legal custody the auditor and board of directors for committing financial fraud which has created lack of public trust in the professional accountants.



CA. Madan Krishna Sharma, Past President, ICAN giving presentation in the second technical session of convention.





Glimpse of panel discussion during second session of convention

Speaking in the session, Mr. Binod Lamichhane Director, DRI mentioned that the Anti-Money Laundering and Combating Financing of Terrorism Act 2063 has provisioned for Designated Non-Finance Business and Profession which includes auditor, accountants and lawyers. And ICAN is one of the agencies for maintaining financial transparency as per the AML/CFT law. He urged ICAN and members of ICAN to promote the real-time reporting of any kind of money laundering activities of its client to the Financial Intelligence Unit.

Speaking in the session, Mr. Gopal Krishna Ghimire, President, NBA and Vice-Chairman, NBC emphasized the defense lawyer perspective and the role of lawyer for maintaining human right and governance in the nation. He mentioned that the public audit and right description and analysis of law is vital for governance. He also stressed on the performance of duty of lawyer and auditor by staying in the limitation of rights and duties laid down by statutory provision and constitution itself. He expressed the commitment of Nepal Bar Association to extend its cooperation to ICAN for promoting mutual trust and respect in the profession and enhancing governance in the nation.

Question and Answer

Replying on the query related to the revenue investigation process, Mr. Binod Lamichhane explained that law and justices are equal for all and all the investigation processes are bounded by legal provision. And, professional accountants are also entrusted to work with integrity within the rights and responsibilities specified in the law.

Replying to the query related with corruption in the legislative system, Mr. Gopal Krishna Ghimire explained about the initiatives taken for promoting transparency in legal practices and he shared that currently, there is provision of renewal of lawyer license only after submission of tax return by them.

Replying on the query related with the legal liability of professional accountants, CA. Madan Krishna Sharma explained that the auditor shall work in due compliance with the code of conduct, code of ethics, standards on Auditing, quality control standards, and obtain sufficient adequate audit evidences and maintain proper documentation of work performed by them to protect themselves

Conclusion

Concluding the technical session, Hon'ble Attorney General, Dr. Din Mani Pokharel raised question that whether the existing legal provision and prosecution practices has set demarcation for end of professional responsibilities and starting of legal liability or not? He also stressed on maintenance of professional integrity by professional accountants. He stated that prior to imposing legal and criminal liability, there should be clear identification of individual's degree of involvement and investigation parameters in that fraud / crime. He clarified that matters related to professional misconduct comes under the jurisdiction of professional body whereas matters related to criminal offence comes under the jurisdiction of investigation body. He concluded his remarks stating that a detailed discussion is further required to adequately define the boundary of professional responsibility and liability.



Left: CA. Sujan Kumar Kafle, CA. Yuddha Raj Oli, CA. Bhaskar Singh Lala, Hon'ble Attorney General Dr: Din Mani Pokharel, CA. Madan Krishna Sharma, Mr. Gopal Krishna Ghimire, SP Nawaraj Adhikari and Mr. Binod Lamichhana during the closing of second technical session of convention



D.3. Technical Session 3

Exploring the Role of Chartered Accountants in Public Service

Session Chairperson: Mr. Madhav Prasad Regmi, Hon'ble Chairman, PSC

Session Moderator: CA Sujan Kumar Kafle, Vice-President, ICAN

Paper Presenter:

CA. Amrit Shrestha, Practicing Chartered Accountant

Mr. Ramu Dotel, Former Deputy Auditor General

Panelist:

CA Krishna Prasad Acharya, Past President, ICAN

Mr. Bamdev Sharma Adhikari, Deputy Auditor General, OAG

Mr. Shambhu Prasad Marasini, Deputy Comptroller General, FCGO

Mr. Ishwori Prasad Bhattarai, Director, NRB

Paper Presentation

CA. Amrit Shrestha, Practicing Chartered Accountant and Mr. Ramu Dotel, Former Deputy Auditor General presented a paper on "Exploring the Role of Chartered Accountants in Public Sector" where CA. Amrit Shrestha described the role of CAs and how CAs can contribute to the public sector in future. He also explained that CAs have already proved their expertise in different dimensions like auditing, accounting, taxation in private sector and that the need has been felt today for increment on the role of Chartered Accountants that they can be supportive for decision making in public service as well. He stated the definition of public sector and described the 12 services in civil service where CAs could have a major role to perform. He concluded his presentation focusing on requesting the concerned authority on increasing involvement of CAs in Public Financial Management and in policy intervention level as well.

Mr. Ramu Dotel highlighted about result of findings that came up from the study conducted on "**Necessity of CAs in public sector, the possible avenues for recruitment of CAs in public sector, limitation of involvement and provide practical suggestions**". He added that there is no specific post defined for Chartered Accountants in civil service and highlighted limited seats are available. He threw light on the position that existed in the past in various government organizations like IRD, MOF, FCGO, OAG which has not been removed. He further described the role of CAs in fair presentation and application of various accounting standards like NPSAS, NFRS in Public Sector. Lastly, he described SWOT analysis, possible areas for involvement, benefits or contribution from involvement of CAs, way forward and potential modalities and action plan.

The presentation of the third technical session can be accessed from the link below:

https://en.ican.org.np/_browsable/file/general/Session_3_Exploring_the_Role_of_CA_Final.pdf



Left: CA. Amrit Shrestha and Right: Mr. Ramu Dattel, Former Deputy Auditor General giving presentation in the third technical session of Convention.

Panel Discussion

Speaking in the session CA Krishna Prasad Acharya Past President, ICAN explained the role of ICAN and public sector for involving CAs in public sector. He stressed on necessity of workout on the modalities of the theory and practical syllabus and focus on the research wing that can be established in ICAN specially to incorporate public financial management. He also mentioned the necessity of the coordination with PFM Training Center to incorporate PFM in the CA course or provide post certification course by ICAN through setting up of ICAN Academy.

Speaking in the session Mr. Bamdev Sharma Adhikari, Deputy Auditor General, OAG said that there is a necessity of the professional accountants for overall delivery of the services in the public sector. He explained the mismatch between GON and the professional community to serve in PFM and stressed on the ways to meet the gap through streamlining the existing law or amending the policies/laws that eases the recruitment of CAs in public services. He stressed on the importance of needs assessment on demand basis and increase professional accountant's involvement in public sector like Ministry of Finance, OAG, IRD, FCGO, etc. He concluded with the remarks that ICAN has a role to incorporate component of PFM in the syllabus and its importance in short, medium and long-term plan and continuous involvement of CAs in PFM related activities and said that GON and OAG is ready to provide any support in this regard.

Similarly, speaking in the session Mr. Shambhu Prasad Marasini Deputy Comptroller General, FCGO explained the need for creating special post for entry provision to CA in Civil Service. He further stressed on revision in syllabus for entrance in public service along with importance to conduct O&M survey regarding necessity of such professionals in the employment. He explained about the potential contribution of CAs in accounting reforms and in maintaining corporate governance in local, provincial and federal government through various operation and administration roles along with control function as an internal audit of the government.

Mr. Ishwori Prasad Bhattarai, Director, NRB emphasized on the role of professional accountants in policy formulation and implementation. He explained the contribution made by them on financial management, treasury management, risk management, compliance, internal control making banking sector prudent which helps to attain macro-economic goals of financial stability.



Glimpse of panel discussion during third session of convention

Question and Answer

Replying to the query about graduation equivalent to CAs, CA Krishna Prasad Acharya said that it is necessary to coordinate with various universities and UGC as well for obtaining accreditation for recognition of the CA degree as specific academic qualification and he also highlighted that the Institute has been working in this regard.

Conclusion

Concluding the technical session, Mr. Madhav Prasad Regmi summarised the increasing role of CAs in public sector and emphasized on the role of Public Service Commission in recruitment. He added that the process of post creation and syllabus development in Public Sector for increasing the involvement of CAs in public sector should be encouraged and for this, the Institute needs to coordinate with the Government for making this possible in the interest of the country.



Left: CA. Sujan Kumar Kafle, CA. Krishna Prasad Acharya, Mr. Bamdev Sharma Adhikari, CA. Bhaskar Singh Lala, Hon'ble Chairman, Mr. Madhav Prasad Regmi, MR. Ramu Dottel, Mr. Ishwori Prasad Bhattarai, Mr. Shambhu Prasad Marasaini and CA. Amrit Shrestha during the closing of third technical session of Convention.

D.4. Technical Session 4

Strategic Direction for Tax Legislation to Promote Sustainable Economic Growth

Session Chairperson: Dr Ram Prasad Ghimire, Secretary, Revenue, Ministry of Finance

Session Moderator: CA Sunir Kumar Dhungel, Past President, ICAN

Paper Presenter:

Dr. Rup Bahadur Khadka, Senior Tax Advisor, International Development Group LLC

Panelist:

Mr. Dirgha Raj Mainali, Director General, IRD

Mr. Anjan Shrestha, Senior Vice President, FNCCI

Dr. Bishwas Gauchan, Economist and Executive Director at IIDS

Paper Presentation

Dr. Rup Bahadur Khadka presented a paper on “Strategic Direction for Tax Legislation to Promote Sustainable Growth”, where he highlighted the different types of taxes and its implication status and impact on the economy and society. He focused on formulation of tax legislation that is worthwhile for promotion of sustainable growth of the nation. He further emphasized the role of tax on revenue collection of the Government and the various ways for its proper use to achieve the sustainable economic growth. He added that tax can create economic cost, administrative cost and compliance

cost and highlighted the importance of proper growth-oriented tax system to minimize such cost. He presented his view on how far the best practice and principles of taxation have been adopted in determining legislation with respect to Income Tax, VAT, Customs and Excise. He also highlighted the importance of single rate for VAT and explained about the international practices of tax system. Furthermore, he threw light on new and emerging concepts of tax useful for attaining sustainable economic growth that has now been internationally practiced, some of which may be base erosion and profit shifting, green tax policies etc. and focused on our visionary on practicing such legislation in near future. He also highlighted that a uniform tax law incorporating different forms of taxation could be something to explore for and expect it to materialize in the medium to long term future, which would be instrumental in reducing compliance costs and administrative hassles.



Dr. Rup Bahadur Khadka giving presentation in the fourth technical session of the Convention.

The presentation of the can be accessed from the link below:



https://en.ican.org.np/_browsable/file/general/Session_4_Strategic_Direction_for_Tax_Legislation_to_Promote_Sustainable_Growth_May_14.pdf

Panel Discussion

During the panel discussion, Session Chairperson Dr. Ram Prasad Ghimire, Secretary, Revenue gave brief introduction of the Moderator and the Panelist.

CA. Sunir Kumar Dhungel, Past President, ICAN asked pertinent questions to receive their thoughts on the several aspects of the topic, in matters of advancing the tax legislation of the Country.

Dr. Bishwash Gauchan, Economist and Executive Director at IIDS in his speech majorly emphasized on current economic scenarios and revenue collection. He presented a comparative on revenue collection through remittance and explained how excessive import are creating complications in economy. He explained the current economic stress and how government needs to seek long term reformative measures to improve economic conditions through implication of new and emerging tax laws.

Mr. Anjan Shrestha, Senior Vice President, FNCCI speaking in the session focused more on the stressful situation faced by the private sector and its overall impact on revenue collection due to restriction on import related businesses. He also focused on how the government should focus on expansion of tax base and introduce reforms necessary in cases filed for administrative review and under revenue tribunal. Imposition of multiple VAT rates and reduction of high tax rates and its impact were also brought into attention by Mr. Shrestha.

Mr. Dirgha Raj Mainali, Director General, IRD explained the fact that although few sectors in the economy showed rapid growth, revenue growth has been in constant rate which is being declined in recent years. He advocated for



Glimpse of panel discussion during the fourth technical session of the Convention.

introduction of digital and automated tax system for efficient tax collection and resolution of disputes. He further stated that IRD as well as Ministry of Finance have been focusing efforts to facilitate and increase participation of private sector for investment within country to increase GDP and reduce unemployment. He also focused on role of professional accountants in tax administration and discussed on implementation of digital tax and optimal use of revenue collected.

Question and Answer

Mr. Mainali stated visible improvement in IRD and continuous focus of IRD towards digitization while answering on Non User Friendly interface of IRD. Mr. Mainali while replying on single VAT rate system said that chances of manipulation will occur due to varying rates.

Replying on the query of no VAT on crusher and stone industries, Mr. Dirgha Raj Mainali stated that IRD is trying to bring these industries on tax bracket and which will be done soon.

Conclusion

Concluding the session, Dr. Ram Prasad Ghimire explained on how the taxonomy shall be shifted from consumption based to production based and how tax system shall focus more on economic activities rather than revenue collection. He elaborated the need of investment and capital regeneration and differentiated between formal and informal economies active within Nepal. He focused on need of appropriate selection and recruitment and development of human resource in tax offices.



Left: CA. Sunir Kumar Dhungel, Mr. Anjan Shrestha, CA. Bhaskar Singh Lala, Mr. Rup Bahadur Khadka, Dr. Ram Prasad Ghimire, Mr. Dirgha Raj Mainali, Dr. (CA.) Biswash Gauchan and CA. Sujan Kumar Kafle during the closing of fourth technical session of Convention.

E. UNVEILING OF ICAN DOCUMENTARY

The Institute also unveiled a Documentary related to the Institute comprising of basic information about the ICAN, its operation, governance, regulation and CA course. The documentary can be accessed from the link below :

<https://youtu.be/axsWoVmHCFc>

F. SPECIAL SESSION

F.1. Life Experience Sharing

Dr. Sanduk Ruit, Ophthalmologist gave a session on Life Experience Sharing during the Convention.

He shared his life journey and the struggles he faced on while working towards establishment of Tilganga Eye Hospital and launching of cataract surgery through intraocular lens implants. He explained the achievement of his life and the way forward for Eye related health care services in Nepal. He explained how with limited apparatus and equipments, eye surgery were performed in remote areas of Nepal.

He motivated youths to focus on their goals and maintain integrity on their profession that would ultimately lead to the set goal.



Dr. Sanduk Ruit, Ophthalmologist delivering session on “Life Experience Sharing”.

F.2. Living a Balanced Life: Live with Heart

Dr. Bhagawan Koirala, Cardiothoracic Surgeon gave a session on Balanced Life specially related to healthy living for attainment of goals in life. He explained it as “Live with Heart” whereby he mentioned about a healthy life style and positive mindset for happy living. He shared how overambition can lead to stressful situation and deteriorate both mental and physical well-being. He suggested to focus on maintaining good health for living a happy social life as well which is the ultimate goal of the life.



Dr. Bhagawan Koirala, Cardiothoracic Surgeon delivering session on “Live a Balanced Life: Live with Heart”.

F.3. Felicitation to Past Presidents

The Institute, in recognition of contribution of ICAN Past Presidents in the development of the Institute in their respective tenure, felicitated the Past Presidents with Medallion. CA. Bhaskar Singh Lala, President, ICAN felicitated the Past President with the Medallion.

S.N	Name of Past President	Presidency Tenure	S.N	Name of Past President	Presidency Tenure
1.	Late CA. Komal Bahadur Chitracar	1997/98	13.	CA. Suvod Kumar Karn	2009/10
2.	Late CA. Tirth Raj Upadhyay	1998/99	14.	CA. Sunir Kumar Dhungel	2010/11
3.	CA. Kaushalendra Kumar Singh	1999/00	15.	CA. Sudarshan Raj Pandey	2011/12
4.	Late. CA. Gopal Prasad Rajbahak	2000/01	16.	CA. Madhu Bir Pande	2012/13
5.	CA. Prabhu Ram Bhandary	2001/02	17.	CA. Mahesh Kumar Guragain	2013/14
6.	CA. Bijay Kumar Agrawal	2002/03	18.	CA. Narendra Bhattarai	2014/15
7.	CA. Pradeep Kumar Shrestha	2003/04	19.	CA. Prakash Lamsal	2015/16
8.	CA. Pushpa Lall Shrestha	2004/05	20.	CA. Mahesh Khanal	2016/17
9.	CA. Narayan Bajaj	2005/06	21.	CA. Prakash Jung Thapa	2017/18
10.	Late CA. Binod Bahadur Rajbhandary	2006/07	22.	CA. Jagannath Upadhyay Niraula	2018/19
11.	CA. Ratna Raj Bajracharya	2007/08	23.	CA. Krishna Prasad Acharya	2019/20
12.	CA. Tanka Prasad Paneru	2008/09	24.	CA. Madan Krishna Sharma	2020/21



Group photo of Past President being Felicitated along with the ICAN President and Vice President

G. CLOSING SESSION

Closing the two days Convention, CA. Sanjay Kumar Sinha, Executive Director, ICAN summarised the proceedings and deliberations of the overall convention and delivered a closing remarks expressing Vote of Thanks to the Chief Guest, Special Guest, Guest, ICAN Past President, Council Members, Session Chair, Session Moderator, Paper Préserter, Dignitaries Panelist from various organisations for addressing and adding value in the Convention. He also thanked participants for their active participation in the Convention and expressed his hope for the continued support and participation in the activities of the Institute. He informed to discuss the matters raised during the Convention in the Council meeting and also told to make action plan for resolution to the extent possible. Lastly, he thanked the Directors and Staffs of the Institute for their dedication on successful conduction of the Convention along with the media Personalities and Host of the Convention Ms. Shweta Sinha.



CA. Sanjay Kumar Sinha, Executive Director, ICAN delivering closing remarks in the final day of convention.

The convention ended up after a cultural program where Ms. Melina Chamling Rai gave her musical performace.

H. CONCLUSION AND WAY FORWARD

The Institute, along with consolidating the professional excellence of its members, and thriving for the development of the accounting profession of the country, believes that it has a constructive obligation to contribute to the development of the state of financial and economic landscape of the country and that is where the accounting profession’s standing is echoed. With its public image and standing as per separate statute, the Institute has been raising emerging issues of public interest across financial and economic discipline and trying to draw the attention of other government agencies and regulators on alignment of the national policies with those emerging issues.

In the series of such events, the subject of the thought provoking discussions in the 2nd National Convention of Accounting Professionals were ESG Reporting, Responsibility and Legal Liability of Professional Accountants, Exploring the Role of Professional Accountants in Public Sector, and Strategic Direction for Tax Legislation to Promote Sustainable Economic Growth, as discussed in detail above, which are emerging issues, both impacting and directing the change in the national economic and financial policies for common good.

During the presentations and discussion, various important inputs and suggestions were received that need to be considered by the concerned authorities. The suggestions and feedback on topical issues so received cannot be implemented by the efforts of a single entity and requires collaboration among the various government bodies, regulators, corporate and private sectors, and other stakeholders. In order to implement such suggestions, a collaborative approach is indispensable among the key players of economy to particularly for achieving the SDG goals, enhancing readiness and standardization of ESG reporting; for proper demarcation of professional liability and criminal liability for the regulation and protection of the profession ; for professionalization of PFM system through entry of professional accountants in public sector; and standardization of approaches to framing tax legislation that eventually contribute strengthening the sustainable economy, as all these issues or component are supplementary to each other.

The key players of the national eco-system include Office of Auditor General (OAG), Public Service Commission (PSC), Commission for Investigation of Abuse of Authority (CIAA), Ministry of Finance (MOF), Ministry of Federal Affairs and General administration, Department of Industries (DOI), Office of Company Registrar (CRO), Inland Revenue Department (IRD), Department of Money Laundering Investigations (DMLI), Department of Revenue Investigations (DRI), Nepal Rastra Bank (NRB), Securities Exchange Board of Nepal (SEBON), Insurance Authority (IA), ICAN, Accounting Standards Board (ASB), Auditing Standards Board (AuSB) and few others have crucial role to be played in various sectors of the economy as indicated in the respective sessions as above. Each of them has their legal and constructive responsibility to be performed. So, instead of working in isolation, a collaborative approach is highly desirable among the key players to achieve the purpose of sustainable economy. More importantly, the federal authorities need to embrace responsibility of assisting to establish robust PFM system at three level as the existing cadre of PFM staff may not be professionally trained to implement the new concepts like ESG, financial and non-financial reporting. In view of above, the concerned government authorities, corporate sector, private sector and other stakeholders need to formulate work plan and align required activities in their annual plan for implementation on the issues of their concern relating to all the four areas as discussed above. Based on the contents of the presentation, discussion held on technical papers among the learned group of Panelists, and feedback received from Participants during the Convention, ICAN's commitment and expectation of similar level of cooperation on them from other agencies is highlighted in points below:

Session I: Environmental, Social and Governance (ESG) Reporting –

Key Issues :

- The Environmental, Social and Governance aspects are not viewed as important component of corporate personality in Nepal. The awareness is gradually increasing amongst users about these aspects of corporate responsibility which is building pressure upon the business and corporate entities to fulfill their legal and constructive obligation in this regard.
- The prevailing laws and regulation have provisions to require business and corporate entities to comply with some basic requirements like projects to have EIA, and industries to set aside 1% of their net profits, and to provision retirement contribution to the employees etc.
- There may be a lot more aspects to be taken care of by the business and corporate entities in the form of constructive obligation as per their nature of operations which are well beyond the minimum requirements set by the laws and regulations. There is little awareness amongst those entities in this regard.



- The investors, stakeholders and other users are not first oriented on the type of informations relevant to them, and on the other hand, lack the provision of information on whether the business entity is contributing positively in the areas of environment, social and governance aspects that ultimately determine the future of the business entity as these are not published comprehensively on annual or some periodic basis, either as part of annual report or separately.
- The researches in the area of non-financial information related to environmental, social and governance aspect of performance of the organization can be believed to be little to non-existent as no impact of them is seen in the policy formulations.
- There is little enforcement of the formulated policies and yet there are several areas with prospects of policy formulations.
- The capacity development among the entities personnel and professional service providers is always lacking, who could act as the implementers and brand ambassadors of this change.

ICAN’ Commitment :

- To collaborate and increase the engagement between the ICAN, SEBON, NIA, NRB, ASB Nepal for development of integrated reporting framework/sustainability standards to be complied with by the designated reporting entities. ICAN will also enter into consultative dialogues with the Accounting Standards Board to pronounce IFRS S1 and IFRS S2 standards in Nepal considering their pronouncements internationally.
- To develop course of action for implementation of ESG reporting framework/sustainability standards on a phased-wise basis, first in the large corporate houses and Public Interest Entities and on second phase, it shall be implemented in small and medium enterprises (SMEs).
- To prepare and issue Guideline for implementation of integrated reporting framework and the sustainability standards and share expertise with stakeholder agencies on designing ESG and Sustainability related KPIs including measuring and reporting the achievement against those KPIs.
- To incorporate the emerging issues of ESG and Sustainability in CA Curriculum and develop short term certification courses for the Members and Non-Members.
- To facilitate and coordinate with the NRB and SEBON in matters of green taxonomy and green bond principles.
- To facilitate and support other regulators in the areas of post implementation review.
- To reduce the fuel consumption, plastic usage etc.by ICAN and other agencies. ICAN shall develop environmental and social policy for its internal use and share them with other agencies.



Session II : Responsibility and Legal Liability of Professional Accountants

Key Issues :

- There is a need to clarify the demarcation between the professional responsibility and legal liability of professional accountants and build uniform regulatory perspective in these matters.
- Further, it is necessary to establish between all regulators that ICAN is authorised by Act to investigate the complaints against professional misconduct for its members whereas other government agencies can file cases against auditors as against their involvement in criminal cases only upon having reasonable basis to suspect such involvement.
- There is a need to clarify or provide additional guidance on the type of services where accounting professional has a responsibility as per AML CFT legislation and the extent of such responsibility.
- To make clear to the AML CFT regulating agencies that audit work is conducted as per prevailing laws and applicable standards and so doesn't fall under the jurisdiction of AML CFT legislation as AML CFT law has excluded audit services from its jurisdiction. Further, it is necessary to establish that complaint against auditor can be lodged with ICAN as professional misconduct, but cannot be charged directly for not fulfilling the professional responsibility as levied by AML CFT legislation in course of audit of financial statements.

ICAN' Commitment :

- ICAN will produce publications as guidance to members and other regulating and adjudicating agencies to make clear on the demarcation of professional responsibilities and legal liability.
- ICAN will also clear this aspect by addressing through appropriate amendments in the Nepal Chartered Accountants Act and Rules. Likewise, ICAN will also lobby with relevant government agencies to advise on the appropriateness of the professional responsibilities as enshrined in other prevailing laws after exploring if there is any scope for improvement.
- ICAN will also enter into dialogues with concerned agencies if the jurisdictional issues are seen to be arising.
- ICAN will make its disciplinary mechanism more stronger to complete the investigations and take final decision on compliants on timely basis.
- To work for amending or improvising the AML/CFT Directives, 2079 issued by ICAN to add more clarity.
- To conduct program on AML/CFT targeting the member's compliance requirement, and to continue training programs for member's capacity development on audit system ,technology and specialized courses like fraud detection.

Session 3 : Exploring the Role of Professional Accountants in Public Service

Key Issues :

- The involvement of CAs in Public Sector is minimal that should be increased for the benefit of Public Financial Management. Less than 10% of total Chartered Accountants have been working in Public Sector of which maximum contribution is from Nepal Rastra Bank and other Government Banks. The involvement of CAs in core government organizations or in Public Service is almost non-existent, which has serious impediment in the diversity and productivity of the public service.
- There is a need of proper entry and career path such that CAs compete among themselves for announced vacancies for CAs and their path for career succession and promotion is also appropriately addressed.



ICAN' Commitment :

- To coordinate with related government bodies for creation of specialized position for Chartered Accountant by recommending doing O&M survey to identify the CA positions required across different government organizations and through necessary amendment in byelaws, syllabus revision, etc.
- To make coordination with the relevant government agencies including Ministry of Finance (MOF), Ministry of Federal Affairs and General Administration (MOFAGA), Public Service Commission regarding establishing the levels of qualification and experience for the respective levels of vacancies announced.
- Further, to dialogue with University Grant Commission and Universities, as required for obtaining equivalency and or credits will be initiated.
- To ensure that the PFM related aspects are covered in the learning objectives of the CA Curriculum and ICAN to provide various levels of PFM courses to its members to ensure market ready professional for the PFM sector.

Session 4 : Strategic Direction for Tax Legislation to Promote Sustainable Economic Growth

Key Issues :

- There is a need for consistent and stable approach in formulation of tax policy that is conducive to raising government revenue, attracting FDI, enabling all sectors of economy positively and maintaining sustainable economic development.
- There is also a requirement to ensure that the tax policy have been based upon international best practices and principles, and at the same time keeping the compliance cost, administration cost, and collection costs at minimum.

ICAN' Commitment :

- To constantly carry out research on the tax legislation considering the effectiveness of tax legislation, consolidate the expertise of members on tax matters through interactions, and submit suggestion and recommendation to MoF and IRD in budget and tax matters, and such other specific issues as required.
- To lobby government to recruit Chartered Accountants to work in the Tax Administration to augment the existing human resource capacity of the Inland Revenue Department.



I. ACRONYMS

ICAN	The Institute of Chartered Accountants of Nepal
ICAI	The Institute of Chartered Accountants of India
ACAN	The Association of Chartered Accountants of Nepal
AuDAN	Auditor's Association of Nepal
OAG	Office of Auditor General of Nepal
FCGO	Financial Comptroller General Office
MoF	Ministry of Finance
NPC	National Planning Commission
NRB	Nepal Rastra Bank
SEBON	Securities Board of Nepal
NIA	Nepal Insurance Authority
IRD	Inland Revenue Department
DOI	Department of Industry
CIAA	Commission for Investigation of Abuse of Authority
CIB	Central Investigation Bureau
DMLI	Department of Money Laundering Investigation
DRI	Department of Revenue Investigation
NBC	Nepal Bar Council
NBA	Nepal Bar Association
PSC	Public Service Commission
FNCCI	Federation of Nepalese Chamber of Commerce
IIDS	Institute for Integrated Development Studies
WB	World Bank
IMF	International Monetary Fund
ASB, Nepal	Accounting Standards Board of Nepal
AML/CFT	Anti-Money Laundering and Combating Financing of Terrorism
SP	Superintendent of Police
ESG	Environnemental Social and Governance
EIA	Environnemental Impact Assessment
SDG	Sustainable Development Goals
O&M	Organization and Management
PFM	Public Financial Management



J. ANNEXURE

Paper presentation on following topics are presented in this Annexure.

1. Financial Reporting for Sustainable Economy

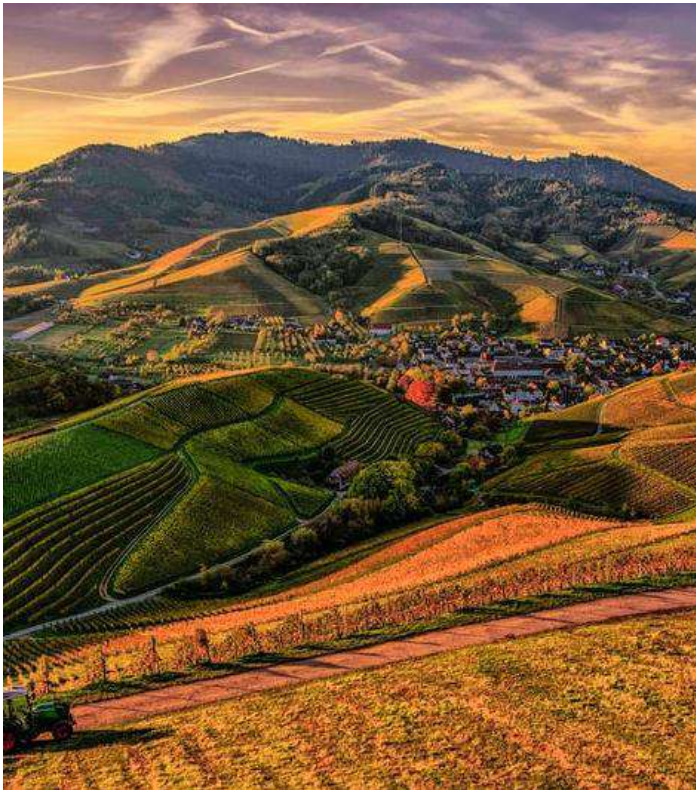
2. ESG Reporting: Exploring the Road Map

3. SS and Legal Liability of Professional Accountants

4. Exploring the Role of Chartered Accountants in Public Service

**5. Strategic Direction for Tax Legislation to Promote
Sustainable Economic Growth**





FINANCIAL REPORTING FOR A SUSTAINABLE ECONOMY

CA. Prasanna Kumar D
Central Council Member
The Institute of Chartered Accountants of India

KEY CONTENTS

What is a Sustainable Economy

Key Stakeholders in a Sustainable Economy

Role of Financial Reporting in a Sustainable Economy

India's Journey towards Sustainability reporting

Role of ICAI India in ESG Reporting Readiness for India

Areas of work in progress in ESG Journey

WHAT IS A SUSTAINABLE ECONOMY

A SUSTAINABLE ECONOMY IS AN ECONOMIC SYSTEM THAT MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS.

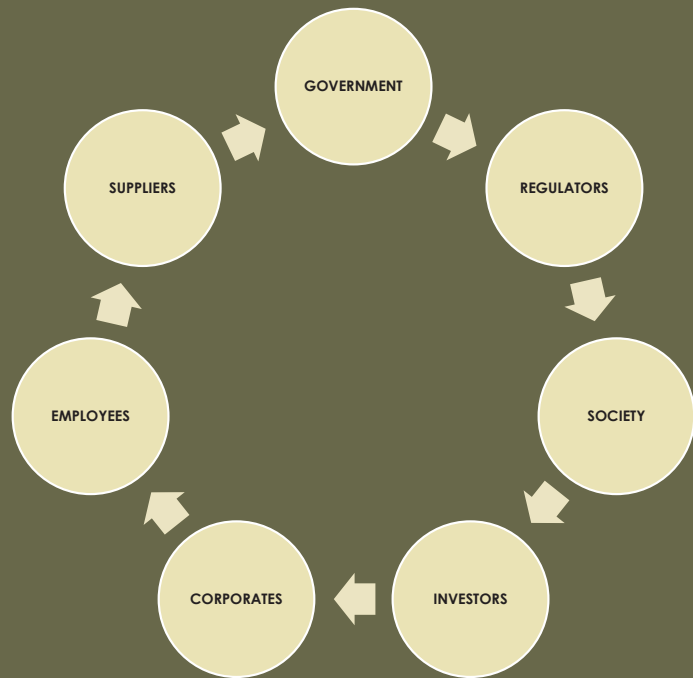
(DEFINED BY UNITED NATIONS BRUNDTLAND COMMISSION IN 1987)



KEY CHARACTERISTICS OF A SUSTAINABLE ECONOMY

- IT IS BASED ON THE PRINCIPLES OF SUSTAINABLE DEVELOPMENT, WHICH AIMS TO BALANCE ECONOMIC GROWTH WITH SOCIAL AND ENVIRONMENTAL CONSIDERATIONS AND IS CHARACTERIZED BY:
 - ✓ EFFICIENT USE OF NATURAL RESOURCES,
 - ✓ THE REDUCTION OF WASTE AND POLLUTION,
 - ✓ THE PROTECTION OF BIODIVERSITY, AND
 - ✓ PROMOTION OF SOCIAL AND ECONOMIC EQUITY.

KEY STAKEHOLDERS IN A SUSTAINABLE ECONOMY



A STRONG FINANCIAL REPORTING...IS THE CORE

Financial reporting is a critical component in building a sustainable business and economy. It enables businesses to accurately measure their financial and non-financial performance, identify areas for improvement, and manage risks in a timely manner.



BENEFITS OF FINANCIAL REPORTING FRAMEWORK TO BUILD A SUSTAINABLE ECONOMY

Encourages sustainable practices: Financial reporting provides a framework for businesses to report on their environmental and social impact.

Supports informed decision-making: Financial reporting provides investors, customers, and other stakeholders with information on a business's financial and non-financial performance.

Promotes stakeholder engagement: Financial reporting encourages businesses to engage with their stakeholders, including customers, employees, investors, and the wider community.

Drives innovation: Financial reporting can incentivize businesses to invest in sustainable technologies and practices by providing transparency on their impact.

Ensures accountability: Financial reporting provides a mechanism for holding businesses accountable for their environmental and social impact.

SUSTAINABILITY REPORTING IS AN EXTENSION OF FINANCIAL REPORTING

HISTORICAL
Vs.
FORWARD LOOKING

BOUNDARIES

Sustainability Reporting flows from Leadership - its governance, ethics and value system. It has a wider aspect of Influence on the entire organisation and its direction.

QUANTITATIVE
Vs.
QUALITATIVE

JUDGEMENT

The Sustainability Reporting information focuses on not just quantitative value, it has a qualitative element to it which defines the enterprise vision, story and its strategy.

CONTROL
Vs.
INFLUENCE

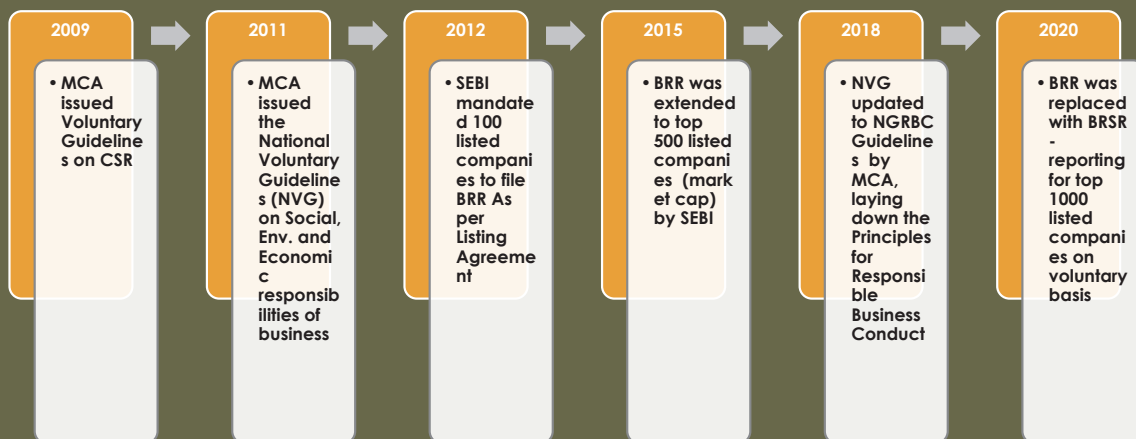
ESTIMATION

While Financial Data is more Historical Reporting, in the case of Sustainability reporting the emphasis is on the future and the SDG goals set by the organisation.

KEY INGREDIENTS FOR A FINANCIAL REPORTING FRAMEWORK



INDIA'S JOURNEY...TOWARDS SUSTAINABILITY REPORTING (KEY TIMELINES)



KEY ESG DECISIONS AT SEBI BOARD MEETING IN MARCH 2023

KEY ESG DECISIONS	BRSR CORE	ESG Ratings	ESG Disclosure for Value Chain Partners	ESG Investing
KEY OBJECTIVE	The BRSR Core contains a limited set of Key Performance Indicators	ESG Rating parameters as per India/Emerging Market Parameters	ESG Disclosures & Assurance will be introduced for Value Chain of listed entities with certain thresholds	To address risk of mis-selling and greenwashing and promote ESG Investing
APPLICABILITY	Applicable to top 150 listed entities by market cap from FY 2023-24, which will be extended to 1000 entities by fy 2026-27	ERP will offer separate category of ESG Ratings called “Core ESG Ratings”	Applicable to top 250 listed entities as per market cap from FY 2024-25 and FY 25-26.	Mandating ESG schemes to invest 65% of Assets under management (AUM) in listed entities where BRSR Core is Assured
ASSURANCE	Reasonable Assurance	Based on the assured parameters under BRSR Core	On a comply or explain basis	Mandatory third party Assurance and certification by BOD on compliance

ROLE OF ICAI INDIA...IN ESG REPORTING READINESS FOR INDIA

IMPLEMENTATION OF ASSURANCE STANDARDS

The Standard on Sustainability Assurance Engagements (SSAE) 3000 has been issued by the Institute of Chartered Accountants of India, to meet the SEBI requirements on Assurance on entity’s sustainability information. Also Standard on Assurance Engagements (SAE 3410) on Greenhouse Gas statements was issued in February 2021.

SOCIAL AUDIT STANDARDS (16 SAS)

Since our social sector plays a significant role in social and economic development of India, a Social Audit Framework has been defined with the objective of defining elements and objectives of a social audit performed by social auditors. ICAI has released 16 Social Audit Standards which aim to provide social auditor the guidance to do an independent impact assessment of Social Enterprises engaged in Social Projects.

CERTIFICATE COURSES BY ICAI

Certificate courses have been initiated by ICAI on Business Responsibility and Sustainability Reporting (BRSR) and Social Auditors Certification, to equip organisations, corporates, NGO’s Individuals and professionals on aspects of Sustainability Reporting



ROLE OF ICAI INDIA...IN ESG REPORTING READINESS FOR INDIA

BRSR BACK TESTING

ICAI also conducted a back testing of the key KPI's of the BRSR Core with 8 listed companies to validate the readiness of data availability against the parameters defined for strengthening the BRSR framework.

SRMM FRAMEWORK

A Sustainability Reporting Maturity Model (SRMM) Framework has been developed by ICAI - which enables organisations to assess where they are on the sustainability reporting Maturity Scale - Formative, Emerging, Established etc.

INTERNATIONAL SUSTAINABILITY REPORTING AWARDS

The Institute of Chartered Accountants of India (ICAI), in its endeavour to promote global best practices vis-a-vis sustainability disclosures had introduced ICAI International Sustainability Reporting Awards. The awards will be a platform for entities across the globe to share initiatives taken and innovative practices adopted towards attainment of the 2030 Agenda for Sustainable Development.



AREAS OF WORK STILL IN PROGRESS

REASONABLE ASSURANCE OF BRSR CORE

The BRSR Core containing a limited set of Key Performance Indicators, have been mandated for top 150 listed entities by market cap from FY 2023-24, on reasonable assurance basis.

It is being defined who will conduct and be equipped for reasonable assurance so that investors and other financial statement users are more certain on what an opinion delivers.



ADDRESS GREEN WASHING

The risk of Greenwashing to mislead perception that products or services are environmentally friendly or socially responsible, is on the rise. To address this SEBI has mandated ESG schemes to invest 65% of Assets under management (AUM) in listed entities where BRSR Core is Assured. A lot more efforts are still being undertaken to bring transparency and accountability in sustainability information.



ROADMAP TO NET ZERO BY 2070

While it's clear that India is fully committed to achieving Net Zero on carbon emissions by 2070 and a lot of efforts have been initiated In that direction, there are still many challenges and key decisions which are being worked upon to define a clear Road Map towards our SDG Goals and Targets.



KEY STRENGTH TO MAKE INDIA A SUSTAINABLE ECONOMY...COLLABORATION OF GOVERNMENT BODIES, CORPORATES, REGULATORS AND SOCIAL ENTERPRISES

- INDIA IS LEADING IN THE ESG READINESS AMONGST THE TOP COUNTRIES OF THE WORLD. THE ESG DISCLOSURES HAVE EVOLVED AND STRENGTHENED AS PER NEEDS OF BUSINESS AND GLOBAL AND FINANCIAL MARKETS.
- A VERY KEY ROLE HAS BEEN PLAYED BY VARIOUS STAKEHOLDERS, REGULATORY BODIES IN INDIA MINISTRY OF CORPORATE AFFAIRS (MCA), SECURITIES EXCHANGE BOARD OF INDIA (SEBI) AND OTHER SUPPORTING BODIES/CORPORATES TO STRENGTHEN AND BUILD THE ESG FRAMEWORK FOR INDIA FOR THE TOP LISTED COMPANIES.
- THE INSTITUTE OF CHARTERED ACCOUNTANT OF INDIA HAS SUPPORTED THE ESG JOURNEY OF INDIA AND THE REGULATORY BODIES THROUGH VARIOUS REPORTING STANDARDS, GUIDELINES AND COURSES TO ENHANCE THE QUALITY OF PROFESSIONALS FOR "TRUE AND FAIR" CORPORATE GOVERNANCE REPORTING, ASSURANCE & COMPLIANCE

THANK YOU



Responsibilities and Legal Liabilities of Professional Accountants

2nd National Convention Of Accounting Professionals

17 May 2023, Kathmandu

Presented by - CA Madan Krishna Sharma

Content

- Who are Professional Accountants ?
- Domain of Professional Accountants
- Professional Accountants and Public Interest
- Responsibilities of Professional Accountants
- Legal Liabilities
- Uphold the Dignity



Who are Professional Accountants ?

An individual who **has achieved and demonstrated an appropriate level of professional competence** in the field of accountancy, through education, practical experience, and assessment, and who:

- Further develops and maintains professional competence through Continuing Professional Development (CPD);
- Acts in the public interest;
- Complies with a Code of Ethics; and
- Is subject to regulation by a professional accountancy organization or regulatory organization.

Domain of Professional Accountants

Professional Accountants in Practice :

Individual professional accountant in the capacity of sole principal, in partnership or otherwise holding certificate of practice issued by the Professional Accounting Body or the similar body authorized by statute to regulate the accounting profession, ICAN in case of Nepal.

Public practices generally include:

- Acting as an auditor
- Signing any report or certificate of accounts concerning any person in circumstances where reliance is likely to be placed on such report or certificate by any other person.
- Holding oneself out or allowing to be held out as being available, or to be reasonably understood to indicate that one is available to undertake the above activities.



Domain of Professional Accountants

Professional Accountants in Business :

An employee, contractor, partner, director (executive or non-executive), owner, manager or volunteer of an employing organization, legal form of the relationship does not matter.

In Nepalese context, members of ICAN falling within the above-mentioned domain are the Professional Accountant in business.

Over 50% of the professional accountants are in business globally and in case of Nepal it is over 65%

PAs in practice also have their obligation to comply with the requirements of PAIB when performing activities pursuant to his/her relationship with his/her firm, whether as contractor, employee or owner.

Responsibilities of Professional Accountants

Responsibilities emanates from :

- High public expectations
- As protector of public interest
- Code of ethics, the core value of the profession
- Legal and regulatory regimes



Responsibility: Public Expectations

- Public expectations are high.
- Reputations, whether collective or individual, are built up over long periods of time and can be lost in an instant.
- We all need to remember that the actions of one professional accountant impact the credibility of all of us.
- The value of professional accountants are measured by the extent to which they are perceived to be accountable not only to the organizations they serve but more importantly to the public.
- And, therefore, we each personally and individually have a responsibility to ensure that the high expectations that the public holds us to are upheld.
- Applies equally to professional accountants in business, auditors, and management consultants.

Responsibility: To Act in Public Interest

- **Public** : investors, shareholders, business owners, consumers, suppliers, taxpayers, electorates and citizens, individuals and groups sharing a marketplace for goods and services (including those provided by government), as well as those seeking sustainable living standards and environmental quality, for themselves and future generations.
- **Interests** : all things valued by individuals and by society including rights and entitlements, access to government, economic freedoms, and political power. Interests are things we seek to acquire and control; they may also be ideals we aspire to, and protections from things that are harmful or disadvantageous to us.
- **Public Interest**: is the net benefits derived for, and procedural rigor employed on behalf of, all society in relation to any action, decision or policy.
- There is an obligation to act in the public interest regardless of the professional accountant’s proximity to one or more of the groups/component the public and help realize certain interests of the society.



Public interests include:

- Increased economic certainty in the marketplace and throughout the financial infrastructure (e.g., banking, insurance, investment firms, etc.);
- Sound, decision-useful financial and non-financial reporting for stakeholders, investors, and all parties in the marketplace (directly or indirectly) impacted by such reporting;
- A high degree of comparability of financial and non-financial reporting and auditing;
- Sound and transparent financial and non-financial information and decision making on the part of governments and public sector organizations to their constituents;
- Sound corporate governance and performance management in private and public sector organizations; and
- Increased efficiency (i.e., less costly) and/or the minimization of natural resource depletion in the production of goods and services, thereby enhancing the welfare of society by their greater availability and accessibility.

Responsibility: To Act in Public Interest

- Accountants will lose their legitimacy as protectors of public interest if there is no **public trust**.
- **Confidence in the financial data** produced by professionals in businesses and attested by professionals in practice forms the core of public trust and public value.
- Public confidence would **be impaired** if it is evidenced that **independence was lacking**, and it might also be impaired by the existence of circumstances which reasonable people might believe likely to influence independence.
- Not only must they **maintain high standards**, but they also have a key role to play in helping organizations **to act ethically** (more directly in case of Professional Accountants in Practice).
- Business ethics refers to **implementing appropriate business** policies and practices regarding arguably controversial subjects like corporate governance, insider trading, bribery, discrimination, social responsibility, and fiduciary responsibilities.
- Business **ethics ensure a certain level of trust** between consumers and corporations, guaranteeing the public fair and equal treatment.

Responsibility: Adherence to Code of Ethics

- Code of Ethics are the pedestals of the Accounting Profession. Public trust, values and dignity that the accounting profession carries are all put on the foundation of the Code of Ethics.
- The fundamental principles of **Integrity, Objectivity, Professional competence and due care, Independence and Professional Behavior** are the building blocks of the Code of Ethics of the accounting profession.
- Accountants often face **conflicts between upholding values** central to their profession **and the demands** of the real world.
- Balancing these competing demands speaks to the very heart of being a professional in contrast to simply having a job or performing a function.

Professional judgement is the key.

- Professional accountants are expected to exercise professional judgment in performing their roles so that when times get challenging, they do not undertake actions that will result in the profession losing the public’s trust as protectors of public interest.

Integrity

- To be straightforward and honest, fair dealing and truthfulness – while associating with reports, communications or other information.
- The foremost requirement for trust that facilitates adherence to other important fundamental principles of code of conduct.

Some quotes:

- “Supporting the truth, even when it is unpopular, shows the capacity for honesty and integrity.”
- “Integrity is telling myself the truth. And honesty is telling the truth to other people.”
- “Doing the right thing even if no one is watching.”

श्रेयान्स्वधर्मो विगुणः परधर्मात्स्वनुष्ठितात्।
स्वधर्मे निधनं श्रेयः परधर्मो भयावहः॥३.३५॥

Better to perform your own duty imperfectly than to imitate somebody else’s job with perfection, better to die as it will be dreadful”.

Conflict of Interest (Col)

- **IN general**, Col occurs when an individual's personal interests – family, friendships, financial, social or organization factors – could compromise his or her judgment, decisions, or actions in the workplace.
- People can easily become biased (have an unfair preference) because of small things like friendship, food, or flattery, or they may be influenced to make a decision because of the potential to gain power, prestige, or money. Conflicts can occur when an individual makes or influences a decision and does so for some personal gain that may be unfair, unethical, or even illegal.
- **IN case of Professional Accountants**, a Col is created when:
 - professional activities related to a particular matter are performed for two parties whose interest to that matter conflicts.
 - Interest of the accountant to the matter and the interest of the client to that matter conflicts.
- **"When in doubt, ask"** is an old saying that makes a great deal of sense when working through conflicts of interest. There is no harm in asking (including referral to the guidelines), but there could be a great deal of harm to an individual, the organization, or both, by not asking. It is always best to be transparent and accountable to ensure we eliminate either the perceived or actual conflict of interest.
- Accountants must remain free from conflicts of interest and other questionable business relationships when conducting accounting services.

Independence: The Core of Integrity and Objectivity

- Independence implies **a judicial (not the prosecutor) impartiality** that recognizes an **obligation for fairness** not only to management and owners of a business but also to creditors and those who may otherwise rely upon the independent auditor's report, as in the case of prospective owners or creditors.
- To be independent, the auditor **must be intellectually honest**; to be *recognized* as independent, he must be free from any obligation to or interest in the client, its management, or its owners.
- Must be **without bias with respect to the client**, otherwise she/he would lack that impartiality necessary for the dependability of his/her findings, however excellent his/her technical proficiency may be.
- **Independence of mind**: state of mind permitting to act with integrity and exercise objectivity and professional skepticism. In all matters relating to the assignment, an independence in mental attitude is to be maintained.
- **Independence in appearance (fact)**: the avoidance of facts and the circumstances that are so significant that a reasonable and informed third party would likely to conclude that auditor's integrity, objective and professional skepticism has been compromised.

Responsibilities under the Institute of Chartered Accountants of Nepal Act, 1997

The Regulatory Framework :

- Nepal Chartered Accountants Acts 2053 and Regulations 2061, Code of Ethics, 2018
- Nepal Financial Reporting Standards 2018
- Nepal Standards on Auditing 2018
- Directive Regarding Standards of Audit Firm Quality Guideline and Minimum Audit Fee.
- Guidelines on Continuing Professional Education.
- Guidelines on Professional Appointments.
- Guidelines on Non-Compliance with Laws and Regulations.
- Guidelines on Marketing Professional Services
- Guidelines on Custody of Client Assets
- Guidelines on Network Firm.
- Guidelines on Anti-Money Laundering and Counter Financing of Terrorism.
- Quality Assurance Review
- UDIN

Responsibilities towards non-Compliance of Laws and Regulations

- NSA 250 requires auditors to report the noncompliance to laws and regulations to the appropriate authority when required by law or if it seems reasonable to do so in view of public interest.
- The standard applies to other professional accountants when they provide other professional services to the client, and here also, the issues to be reported must be sufficiently significant in view of the public interest.
- Such professional accountant should also communicate the matter to the clients' external auditor unless this would be contrary to laws and regulations.
- The auditor must perform audit procedures to help identify noncompliance with laws and regulations that may have a material impact on the financial statements.
- The Auditor should also comply with the reporting requirements prescribed by law in the auditor's report or through a separate report.

Responsibilities towards Fraud and Errors

- The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of an entity and with the management. NSA240
- "The auditor is a watchdog and not the blood hound."
- An auditor cannot be expected to identify all instances of fraud that have occurred within the entity, as they are not experts, there may be enhanced complexity created by the perpetrators, limitations of internal control, sampling nature of audit, and more of the audit evidence are persuasive rather than conclusive.
- The auditor is not responsible for investigating the fraud and proving that the fraud has occurred and how the impact should be addressed.
- The auditor must be vigilant in considering all instances of fraud, assess the risks, performs tests, draw attention to management but the audit report may include only the reporting with regard to only those fraud which have material effect.

Responsibilities under other laws

- **Responsibilities under Section 115 of Company Act, 2063**
 - Submit the audit report to the company addressing the shareholders or the appointing authority
 - The audit report shall be prepared in accordance **with the prevailing laws or in consonance with the audit standards** prescribed by the competent body;
 - Auditors report shall also state the matters set out under the Act in addition to the requirements of the NSA.
- **Responsibility under Section 66 of the Bank and Financial Institution Act, 2073**
 - Conduct audit activities stated under subsections (1) a, b, c and d
 - Include in the report the matters stated in subsection (3)
 - Carry out the additional functions specified in subsection (4) whenever asked to do so.
- **Responsibilities under Insurance Act 2079**
 - Responsibilities under Section 87 (3) and (4)
 - Carry out the additional functions specified in section 88 whenever asked to do so.



Legal Liabilities

Actions under Nepal Chartered Accountants Act 2053

- Complaint against Members - Sec 35 , Investigation on Complaints - Sec 14 , Disciplinary Procedures 2077
- Punishment - Sec 41

Punishment to Auditor under Company Act, 2063:

Section 160: Punishment with fine not exceeding Rs. 50,000 or with imprisonment for a term not exceeding two years or with both: Statement of false matter in the report, Audit carried without being qualified for it.

Section 161: Punishment with fine not exceeding Rs. 50,000: Report not in presented as specified in the Act.

Punishment to Auditor as per Bank and Financial Institution Act, 2073:

Section 67 (1): Nepal Rastra Bank to recommend to ICAN to remove name of auditor who does not perform duties stated in this act to bar the auditor to carry out audit of any bank or financial institution for one year to three years.

Punishment under Section 89 of Insurance Act 2079. Similar to BAFIA section 67(1)

Punishment for Giving False Report under Section 19 (1) of The Prevention of Corruption Act 2059

Prepare auditing report of government or public institution with mala fide intention to present the facts not done or happened in the transaction or concealed the facts done or happened, shall be liable to a punishment of imprisonment for a term from three months to one year and to a fine from ten thousand rupees to fifty thousand rupees depending on the degree of the offence committed.

Uphold the Dignity

- We must make the audit and other services more recognized as a valuable service. Not a low-priced service with a boilerplate report, but a highly priced service with a focused and meaningful report tailored to the specifics of an engagement.
- Always keep high our core values of Integrity, Accountability, Trust, Mutual Respect, Innovation, Relevance, and Professional Excellence.
- ICAN's mission to "Promote and Regulate High Quality Financial Reporting and Develop Competence of Professional Accountants to Enhance Reputation in all Sectors of the Economy" will be achieved only when each of its individual members keep this mission close to our heart and endeavor to not let it down.
- Maintain and Uphold the Dignity of the Accounting Profession

One's dignity may be assaulted, vandalized and cruelly mocked, but it can never be taken away unless it is surrendered. – Michael J. Fox

Being responsible is an enormous privilege... It's what marks anyone a fully grown human. – Barack Obama





2nd National Convention of Accounting Professionals

Financial Reporting for Sustainable Economy



**The Institute of
Chartered Accountants of India**

Environmental, Social and Governance (ESG) Reporting: Exploring the Road Map

CA Vishal Doshi, Central Council Member
The Institute of Chartered Accountants of India





The Institute of
Chartered Accountants
of India

ESG vs Sustainability



Environment, Social
& Governance (ESG)

ESG stands for Environmental, Social, and Governance, which are the three key factors that are used to measure the sustainability and ethical impact of an investment in a company or organization.



ENVIRONMENTAL

Environmental factors refer to a company's impact on the natural environment, such as its use of natural resources, carbon emissions, waste management, and pollution control.



SOCIAL

Social factors refer to a company's impact on people and communities, including its relationships with employees, customers, suppliers, and other stakeholders, as well as issues such as human rights, labour practices, and community engagement.



GOVERNANCE

Governance factors refer to the systems and processes that a company has in place to ensure effective management and oversight, including its board structure, executive compensation, and transparency and accountability to shareholders.



Original meaning: capable of being endured / continuing to exist

The current definition of sustainability in the Oxford English Dictionary is “The *property of being environmentally sustainable; the degree to which a process or enterprise is able to be maintained or continued while avoiding the long-term depletion of natural resources*”.



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ESG vs Sustainability



“INSIDE-OUT” IMPACTS

focus on earth and social systems



Sustainability
reporting

“OUTSIDE-IN” IMPACTS

focus on enterprise value



ESG
disclosures

The Institute of Chartered Accountants of India



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Chartered Accountants
of India

ESG reporting


Relevance



Driven by interest in sustainability, **ethics and responsible business** conduct



Motivated by a focus on getting **investments** that have direct impact on **positive social change**



Mandatory filings for companies require disclosure of prominent ESG issues and points



Important information used by **investors** in the evaluation of corporate behavior

The Institute of Chartered Accountants of India


Stakeholders



EMPLOYEES



INVESTORS



GOVERNMENT



MEDIA



SOCIETY



SUPPLIERS



CUSTOMERS

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of India

Reporting roadmap



Standards and
frameworks

- The **Climate Disclosure Standards Board (CDSB)** offers a framework for reporting environmental information with the same rigor as financial information.
- The **Global Reporting Initiative (GRI)** standards developed and issued by Global Sustainability Standards Board (GSSB) and are divided into Universal Standards that apply to all the companies (General Disclosures), Sector Standards applicable to some specific industries (like Oil & Gas, Coal, Energy, Agriculture etc.) and Topic Standards that apply to companies depending on their material impacts (such as economic performance, occupational health & safety, biodiversity, emissions etc.)
- The **Task Force on Climate-related Financial Disclosures (TCFD)**, set up by the Financial Stability Board, provides a framework for companies to report on the effects of climate change on their business.
- The **Value Reporting Foundation** brings together the Integrated Reporting Framework, which sets out principles for communication on how value is created over time, and the Sustainability Accounting Standards Board (SASB) Standards, which offer sustainability metrics on enterprise value creation by sector and industry.
- **Sustainability Accounting Standards Board (SASB) Standards** concentrate on the set of sustainability-related risks and opportunities that are most likely to have an impact on a company's financial situation, operating performance, or risk profile. SASB produces standards for 77 industries in 11 sectors.
- **IFRS Sustainability Disclosure Standards.** The International Sustainability Standards Board (ISSB) is developing a new set of standards that builds on the prior CDSB and SASB frameworks. The new framework is an attempt to create a consolidated and comprehensive view of sustainability efforts in a reporting organization. The ISSB plans to issue IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* around the end of Q2 2023.
- **International Auditing and Assurance Standards Board's** proposed new standard for sustainability assurance, *International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements*, will be open for consultation in late July – early August 2023. When complete, ISSA 5000 will be a stand-alone, overarching standard suitable for both limited and reasonable assurance of sustainability information reported across any sustainability topics.

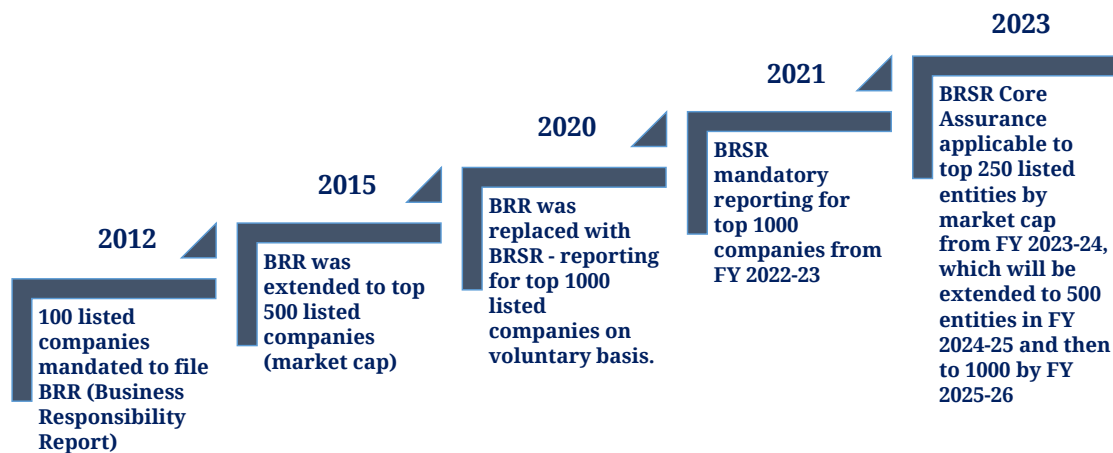
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Sustainability Reporting Standards Board

- Social Audit Standards (SAS) 100 to 600
- ICAI Sustainability Literacy drive
- Standard on Sustainability Assurance Engagements (SSAE) 3000 Assurance Engagements on Sustainability Information
- Standard on Assurance Engagements (SAE) 3410 Assurance Engagements on Greenhouse Gas Statements
- Sustainability Reporting Maturity Model (SRMM) 1.0
- FAQs on Sustainability Reporting - Heart of Good Governance
- Online certificate course on Business Responsibility & Sustainability Reporting
- Training course on Social Audit for NISM : Social Auditors Certification Examination

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ENVIRONMENTAL

- Emissions
- Flora and Fauna conservation, Marine Pollution, Conservation and Biodiversity
- Environmental Compliance
- Memberships
- Reporting
- Innovation
- Initiatives

SOCIAL

- Employee Retention
- Crew Retention
- Training & Development
- Safety
- Procurement
- Supporting Local Communities

GOVERNANCE

- Corruption
- Whistle-blowing
- Reporting – ESG Ratings
- Diversity
- Customer Satisfaction
- Ethical Business Conduct

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- ❑ **There are 3 ESG Reporting Standards being developed**, and their implementation and regulatory laws are being rapidly introduced. In the US, the SEC released proposals in March that are out for consultation until late May 2022. The newly-formed International Sustainability Standards Board (ISSB) – a sister organization to the International Accounting Standards Board (IASB) – has put forward proposals for consultation too. The European Union has published a Directive on EU Sustainability Standards that is due to go through political negotiations and voting later in 2022.
- ❑ To meet the requirements, organizations will **need to develop new processes, controls and data streams** – and ensure that they stand up to the scrutiny of an auditor’s lens in assuring them.
- ❑ **Resources could become a big challenge.** As ESG becomes a reporting matter, it is likely to become the responsibility of the finance and controllership functions, and these new requirements will likely add considerably to the demands and may also require some specialized skillsets. There will be competition for talent as businesses look to recruit skilled employees. Arrangements with third-party service providers around the provision or analysis of specific data sets and information may also be necessary.
- ❑ A lot of the **information and controls that will be needed may sit outside** the traditional reporting and oversight process – they may not be captured by existing ERP systems. Many organizations are currently relying on manual and/or unstructured sources such as spreadsheets and emails to gather ESG data. But where data is collated in this way, there is a high risk of both error and incompleteness. Better systems and processes will be required. There will also need to be close collaboration between sustainability teams and finance and controller teams to reconcile any roadblocks or problems between the vision, ambition and direction of reporting and what can actually be reported on.

The Institute of Chartered Accountants of India



THANK
YOU



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
Contact sustainability@icai.in



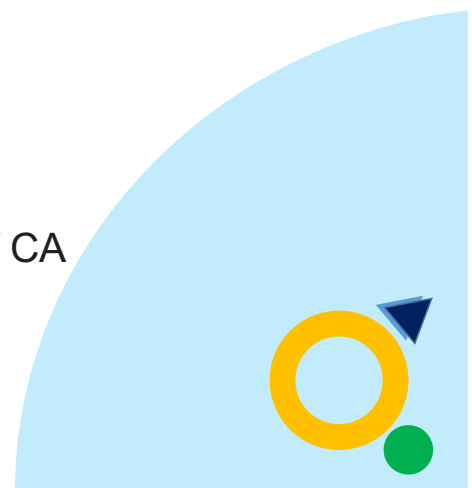
Exploring the Role of Chartered Accountants in Public Sector

Welcome to you all

Ramu Prasad Dotel (*Former
Deputy Auditor General*)
CA, Amrit Shrestha
Jestha 4, 2080

Presentation outline

- Background of ICAN and CA Profession
- Civil Service in Nepal and stock of CA in Public Service
- International study findings
- Limitation of Involvement
- SWOT Analysis
- Possible Areas for Involvement
- Benefits or Contribution from Involvement of CA
- Way forward and Modalities
- Action Plan

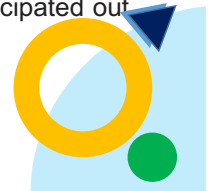


Background of ICAN and CA Profession

- ▶ ICAN has crucial role in developing and regulating accounting profession since its establishment on 1997,
- ▶ Before the establishment of ICAN, CAs were qualified from ICAI and audit license was issued by OAGN,
- ▶ Currently, ICAN has more than 1900 CA members & 7000 RA members, more than 12,000 students.
- ▶ CA members of ICAN hold influential managerial positions in many private sector entities and conduct financial and tax audit of more than 1.7 million taxpayer.

Brief history

- ▶ During 1970's Gov appointed CA at joint secretary level and posted in OAGN and FCGO, one of them became FCG.
- ▶ Policy implemented to provide study leave to many officials of OAGN to study CA in India, out of them 2 were qualified and served in OAGN for more than 5 year
- ▶ After establishment of ICAN, OAGN provided study leave to study CA in Nepal, many participated out of them 7 were qualified and 2 are still working in OAGN.
- ▶ NRB was also adopting same policy to deploy CA in the bank

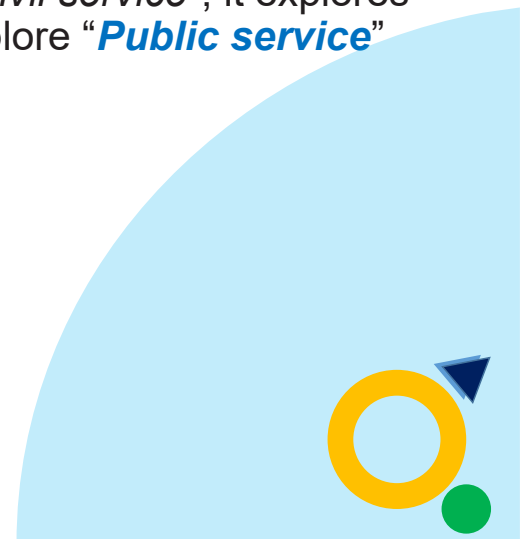


Public sector

Public sector doesn't necessarily means “civil service”, it explores beyond the government jobs. CA’s can explore “**Public service**”

General Government Sector	Nonfinancial Corporations Sector	Financial Corporations Sector
Central government State governments Local governments	Public corporations	Public corporations
	Private corporations	Private corporations

Public sector



Civil service in Nepal



Stocks of Civil servants

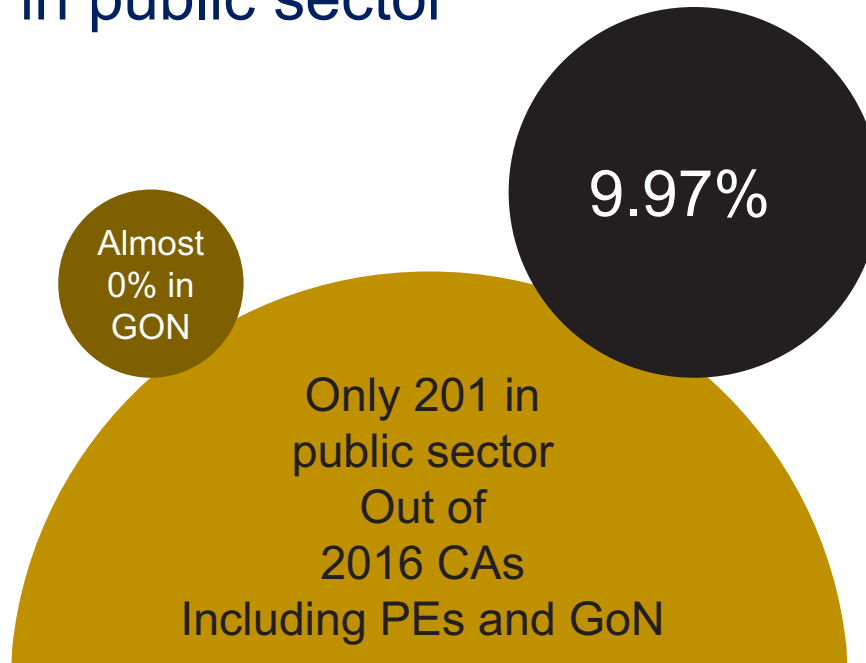
- Civil servants are recruited by PSC in federal level and PEs
- Provincial and Local level staff are recruited by Provincial PSC

Status of Civil servant

Institutions/ Government Tier	Nos of Offices	Nos Employees	No of PFM Employees	% of PFM Employees
Federal Government	2048	53050	9564	18.0%
Provincial Government	923	17297	1064	6.2%
Local Government	6604	65414	14850	22.7%
Total	9,575	135,761	25,478	18.8%



CAs in public sector



Learning from Intl study



Pakistan

- In 2015, Out of 6000 CAs only 1200 were working in public sector of Pakistan
- Study conducted in Pakistan on 2016 found that CAs can play critical role in ensuring transparency and accountability in the use of public resources, It recommended to strengthen the recruitment of CAs in public sector

Bangladesh

- The study conducted in Bangladesh on 2018 found that CAs are playing an increasingly important role in PFM and recommended further investment in their recruitment and training.
- Over 75% of public sector organizations in Bangladesh having at least on CA

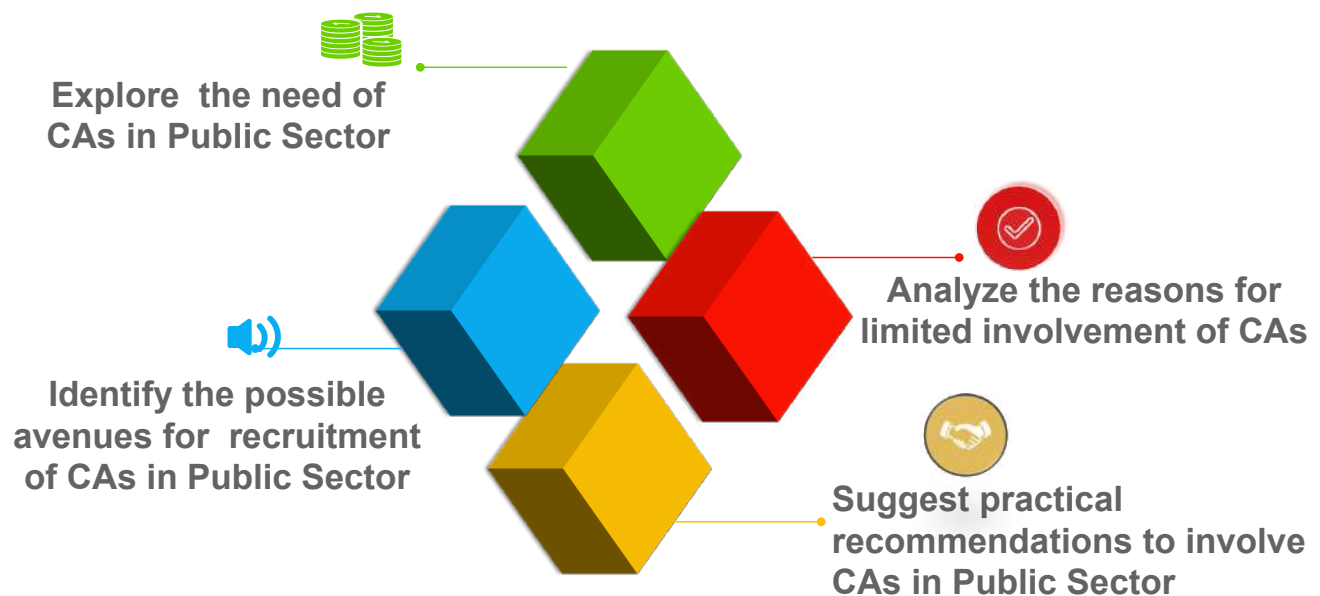
Sri Lanka

- Out of around 3000 CAs, only 200 were working in public sector of Sri Lanka
- Study conducted in Sri Lanka found crucial role of CAs to promote good governance and recommended the strengthening their training and development

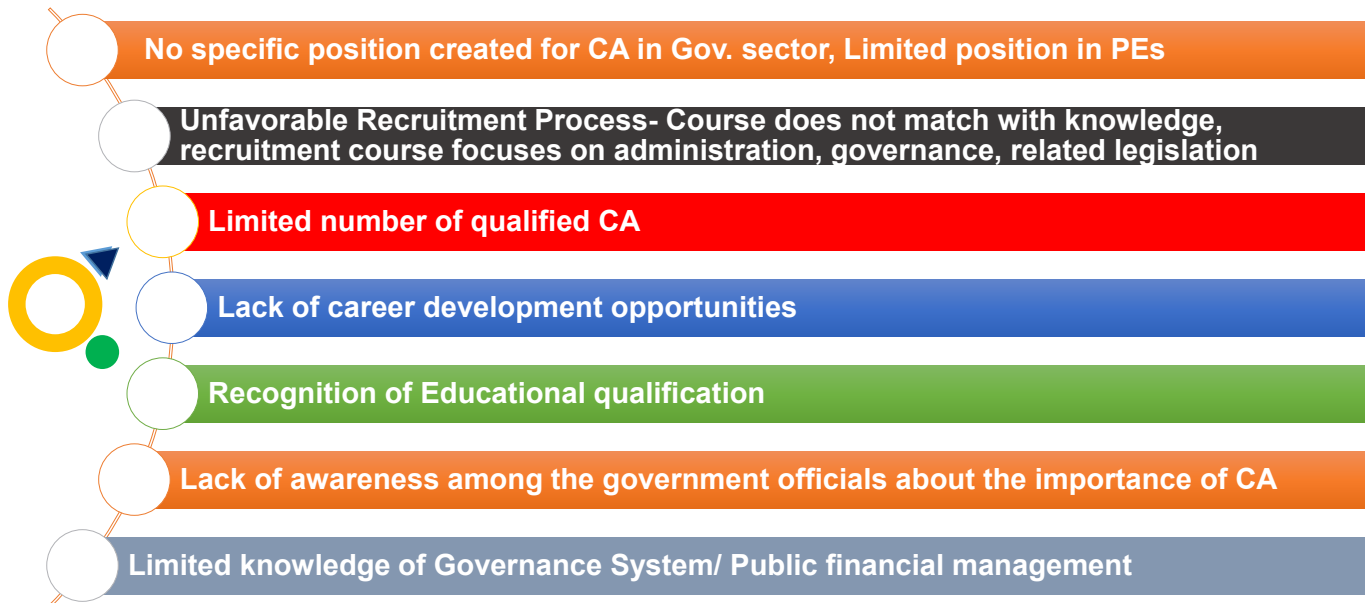
Preliminary Findings of our study exploring role of CA in public sector



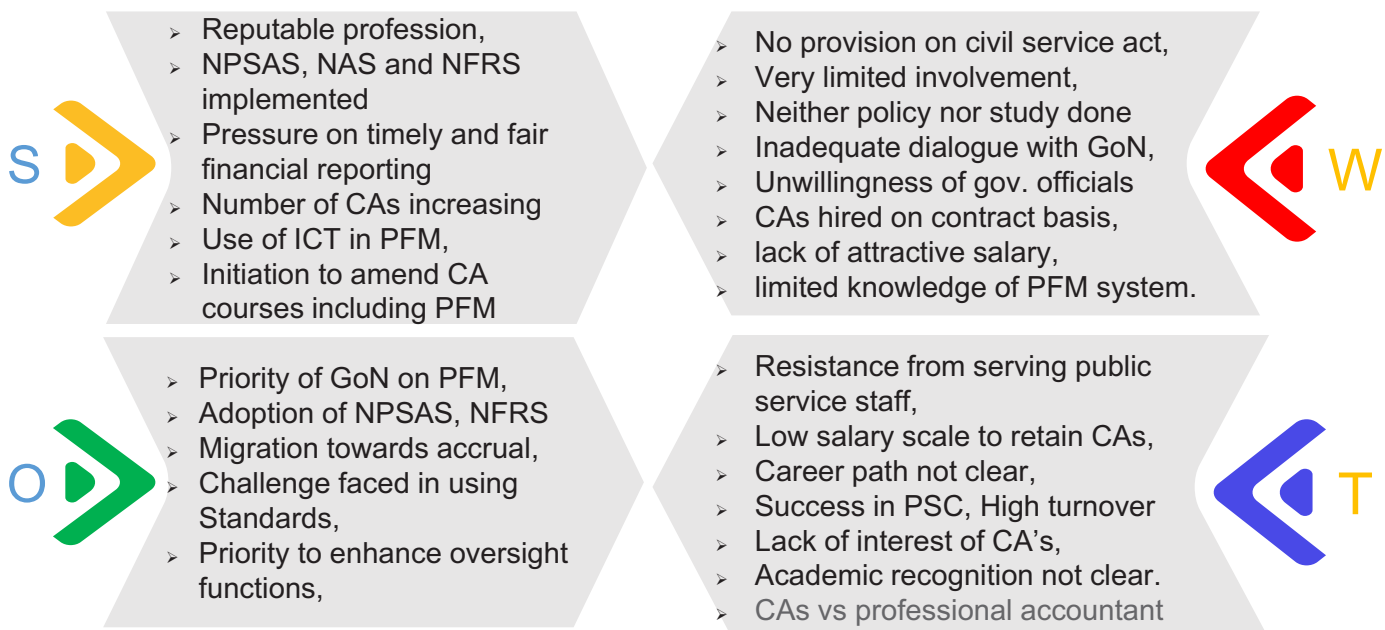
Objectives of the Study



Reasons for limited involvement of CA



SWOT analysis



Possible Areas for Involvement

Major Entities	Possible Contribution from CAs
Office of the Auditor General	<ul style="list-style-type: none"> ➤ Hiring more than 100 CAs each year ➤ All PEs can be audited by itself, if CAs are employed ➤ Financial audit and revenue audit will be conducted more professionally and effectively ➤ Preparation and updating of audit standard and guideline
Commission on Investigation of Abuse of Authority	<ul style="list-style-type: none"> ➤ Conduct accounting related fraud investigation ➤ Valuation of property of person accused as earning abnormal property ➤ Financial transaction analysis, evaluation of supporting documents
Ministry of Finance	<ul style="list-style-type: none"> ➤ Revenue projection, help to determine revenue policy, fiscal policy ➤ Financial analysis in budget preparation, ➤ Project feasibility analysis and prioritization ➤ Investment analysis

Possible Areas for Involvement contd...

Major Entities	Possible Contribution from CAs
Inland Revenue Department	<ul style="list-style-type: none"> ➤ IRD does not have adequate professional manpower ➤ All responsibilities of IRD can be performed effectively and professionally by CA ➤ Investigate the areas of tax leakage, ➤ More experienced on self tax assessment, so that they conduct tax audit effectively, ➤ Knowledge of interpreting tax law, ➤ Identify the cases of tax planning, transfer pricing, double tax avoidance, ➤ Contribute for right taxation, Determine tax policy , ➤ Preparing Tax Directives
Revenue Investigation Department	<ul style="list-style-type: none"> ➤ Investigate the cases of tax evasion and revenue leakage, Proper investigation and prosecution ➤ Analyzing financial transaction and related evidence

Possible Areas for Involvement contd...

Major Entities	Possible Contribution from CAs
Financial Comptroller General Office	<ul style="list-style-type: none"> ➤ Designing accounting forms ➤ Maintaining account true and fair ➤ Preparing Statement of consolidated fund ➤ Consolidating whole of the government account ➤ Implementing NPSAS ➤ Migration to the accrual basis of accounting ➤ Conducting internal audit
Public Debt Management Office	<ul style="list-style-type: none"> ➤ Economic analysis of debt ➤ Prepare and monitor debt repayment schedule ➤ Analyze cash position and recommend internal borrowings
Public Financial Management Training Center	<ul style="list-style-type: none"> ➤ Train manpower in tax audit, accounting, auditing, risk management ➤ Design course and training manual

Possible Areas for Involvement contd...

Major Entities	Possible Contribution from CAs
Office of the Company Registrar	<ul style="list-style-type: none"> ➤ Need to verify more than 300 thousand financial statements, but no such manpower, ➤ Ensure relevant legislations and accounting standard compliance by the company
Provincial Ministry of Finance, Provincial Treasury Comptroller Office	<ul style="list-style-type: none"> ➤ Budget preparation, revenue projection ➤ Preparing statement of consolidated fund ➤ Conducting internal audit of the provincial offices ➤ Financial analysis, project evaluation ➤ Implementing NPSAS
Metropolitan and Sub-metropolitan	<ul style="list-style-type: none"> ➤ Budget preparation, revenue projection ➤ Maintaining account, Preparing statement of consolidated fund ➤ Conducting internal audit of the Metropolitan and Sub-metropolitan ➤ Financial analysis, project evaluation ➤ Implementing NPSAS

Possible Areas for Involvement contd...

Major Entities	Possible Contribution from CAs
Nepal Rastra Bank Nepal Insurance Authority and other Regulatory Bodies	<ul style="list-style-type: none"> ➤ Supervise Bank, insurance and other companies ➤ Analyze financial position and asset quality of BFIs and other companies ➤ Issue instruction relating to their operation ➤ Implement NFRS ➤ Conducting Internal Audit ➤ Economic analysis
Various Public Enterprises	<ul style="list-style-type: none"> ➤ Budget preparation, revenue projection ➤ Maintaining Account ➤ Preparing Financial Statement ➤ Conducting internal audit of the PEs ➤ Financial analysis, Investment or project analysis ➤ Implementing NFRS ➤ Analysis of Financial position ➤ Financial management

Overall Benefits from CAs in Public Service

Financial management- budgeting, planning, proper utilization of resources, maintain true and fair account and financial reporting as per standard

Auditing- Conducting Financial audit of government offices and PEs as per standard

Risk management- Identify financial, operating and control risk and develop strategies to mitigate

Regulatory function- Compliance of legislation and standard for effective regulatory function

Capacity building in accounting, auditing, financial analysis

Project Evaluation- Conducting feasibility study of Mega infrastructure projects

Tax administration- tax audit, determine tax policy, tax reform, tax rate, tax incentives, tax exemption, identify tax evasion, analysis of financial transaction as per standard and law

Fraud detection, accounting related investigation, property evaluation, evidence analysis

Investigating **money laundering** cases, transaction tracking and analysis

Conducting **due diligence** of PEs or government investment.



Way forward

Alternative 1

- Using Prevailing Civil Service Regulation without amending,
- Create Gazetted Class Specialist position and its qualification by publishing Nepal Gazette in various group and sub group as per requirement
- Any level entry and promoted with position, however difficult
- Separate facilities can be provided,
- Experienced can be involved
- Line function can not be performed

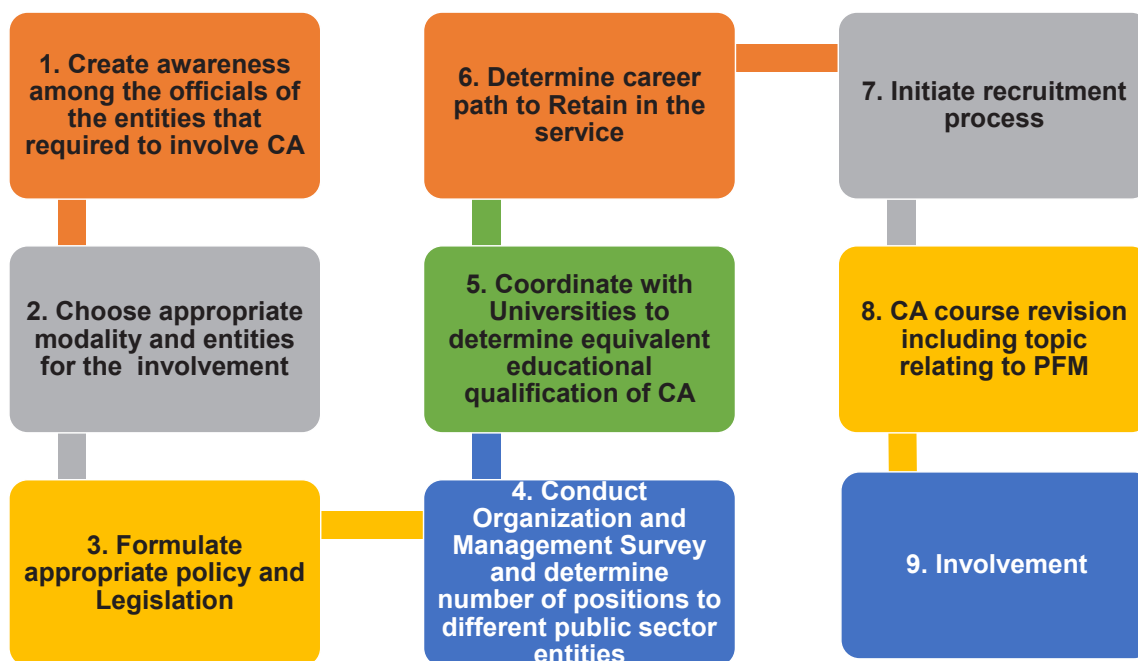
Alternative 2

- Create subgroup in general administration, revenue and account group of Administrative Service and group in Audit Service
- Entry point 3rd class and create cluster up to 2nd class level after that the subgroup will not exist in 1st class, can be promoted up to special class
- Same pay scale and facilities, can be promoted up to special class
- Possible by amending Civil Service Regulation, 2050, Nepal-Administrative Service Formation of Group and Division of Class and Appointment-Rules, 2050

Alternative 3

- Allocate some amount of budget to the entities that required CA
- Follow procurement rule, procure CA and assigned responsibility in contract basis
- Forming Committees of experienced CAs in respective entities
- Temporary arrangement, may not create ownership

Road Map of CA in Public service

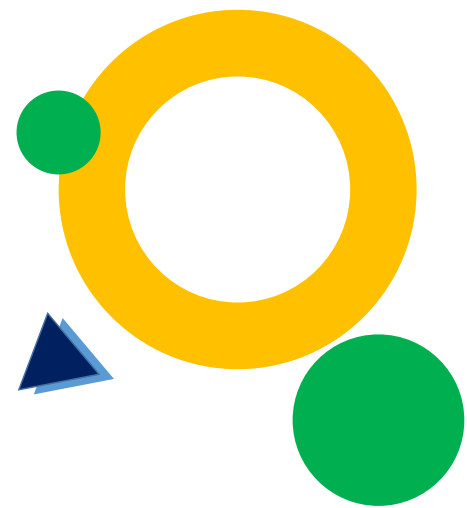


Action Plan

Activities	Responsibility	Risk
Share study report and create awareness among stakeholders	ICAN	Availability of report
Conduct expectation survey with CAs and create awareness	ICAN	High expectation
Arrange consultative meeting to convince stakeholder and finalize the alternative	ICAN,	Support from Stakeholder
Promoting the concept with high level politicians and bureaucrats and determine policy and amendment of legislation	MOFAGA, ICAN, Council of Minister, Parliament	Support from Stakeholder
Determine entry point and career path	PSC, MOFAGA, MOF. ICAN	Support from GON
Conduct Organization and Management survey to determine number of positions in different level of various entities	All stakeholders support from ICAN	Support from GON
Coordinate with Universities to determine equivalent academic qualification	ICAN, Various Universities	Support from Universities
Define the involvement of only CAs or professional accountants	ICAN	Timely decision from council
Develop Syllabus by PSC for recruitment of CAs and initiate recruitment process	PSC	Appropriateness of Course content
Design and rollout public financial management (PFM) course for chartered accountant	ICAN	Timely decision from council
Appointing chartered accountant as per the recommendation of PSC	PSC	Success in PSC examination

Thank you for Attention

- Open for queries





आर्थिक विकासको लागि कर कानूनको रणनीतिक कार्यदिशा

रूप खड्का
नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था
४ जेष्ठ २०८०

भूमिका

विगत सात दशक जतिको अवधिमा:

- विभिन्न राजनीतिक प्रयोगहरू गरिएका
- सातवटा संविधान लागु गरिएका
- आर्थिक क्रान्ति हुनु पर्ने आवश्यकता लामो समय देखि महसुस भएको
- नेपालको संविधान २०७२ लागु भएपछि त आर्थिक विकास अबको प्राथमिकता भन्ने भनाइ सामान्य भएको
- भनाइ मात्र नभै वास्तवमा व्यवहारमै लागु भैसक्नु पर्ने पनि यही थियो
- तर मुलुक अतिकम विकसित राष्ट्रहरूको समूहबाट माथि उठ्न नसकेको ।

आर्थिक विकासका लागि कर

- आर्थिक विकास गर्नका लागि कर प्रणाली प्रमुख सम्वाहक हो
- आर्थिक विकास गर्नका लागि आवश्यक शान्ति सुरक्षा कायम गर्न, न्याय शुलभ गर्न, सुशासन कायम गर्न, आर्थिक तथा सामाजिक पूर्वाधारहरू निर्माण गर्न राजस्व चाहिन्छ, जुन मूलतः करको माध्यमले परिचालन गरिन्छ
- पर्याप्त मात्रामा राजस्व परिचालन गर्न सकिएन भने राज्यले नागरिक तथा व्यापार व्यावसायको लागि आवश्यक सार्वजनिक वस्तु तथा सेवा प्रदान गर्न सकदैन र त्यस्तो अवस्थामा मुलुक समृद्ध हुदैन
- कर अर्थतन्त्रका लागि लागत पनि हो जसले अर्थतन्त्रमा आर्थिक, अनुपालन, तथा संकलन लागत सिर्जना गर्दछ र आर्थिक विकासमा प्रतिकूल असर पार्न सक्छ
- यसैले करबाट सिर्जना हुने लागतलाई न्यूनतम गरेर आर्थिक विकास गर्नका लागि आवश्यक राजस्व परिचालन गर्नु पर्दछ

कर राजस्व र करको लागत

कर	कर राजस्वको अनुमान		करको लागत			
	रकम (रु.अर्बमा)	प्रतिशत	आर्थिक	अनुपालन	संकलन	जम्मा
मूल्य अभिवृद्धि कर	३४९	३१.६१	?	?	?	?
आय कर	३०१	२७.२६	?	?	?	?
भंसार महसुल	२५४	२३.०१	?	?	?	?
अन्तःशुल्क	१९९	१८.०३	?	?	?	?
अन्य कर	१	००.०९	?	?	?	?
जम्मा	११०४	१००.००	?	?	?	?

करको स्वरूप

- सबै करको राजस्व योगदान तथा लागत समान हुँदैन । यसैले कम लागतमा बढी राजस्व परिचालन गर्न सकिने करमाथि राजस्वको हिसावले बढी निर्भर रहने
- विभिन्न तहको लागि उपयुक्त करको आधार पहिचान गरेर एउटा आधारमा एक तहको सरकारले मात्र कर लगाउने र एउटै प्रकृतिका कर विभिन्न तहमा नलगाउने
- एउटा तहको सरकारले एउटै आधारमा विभिन्न नामले विभिन्न कर नलगाइ विस्तृत आधार भएको एउटै कर लगाउने
- हाल संघीय स्तरमा लागु गरिएको मूल्य अभिवृद्धि कर, भंसार महसुल, अन्तःशुल्क, व्यक्तिगत आयकर तथा संस्थागत आयकर सहितको करको स्वरूप राम्रो छ
- पेट्रोलियम पदार्थमा लगाइएका सडक मर्मत तथा सुधार दस्तुर, प्रदुषण नियन्त्रण शुल्क तथा पूर्वाधार विकास करको सट्टा अन्तर्राष्ट्रिय असल अभ्यास अनुसार एउटै अन्तःशुल्क लगाउने

करको संरचना

- करको क्षेत्र
- करको आधार
- करका दर
- कर छुट तथा सुविधा

करको क्षेत्र

- मूल्य अभिवृद्धि कर कानूनले छुट दिएका वाहेक अन्य सबै वस्तु तथा सेवाको उत्पादन तथा वितरण प्रक्रिया अन्तर्गतका विभिन्न तहको मूल्य अभिवृद्धिमा लाग्ने कर हो
- अन्तःशुल्क कर लाग्ने भनेर तोकिएका देशभित्र उत्पादित तथा पैठारी गरिने वस्तु तथा सेवामा लाग्ने कर हो
- भंसार महसुल कानूनले छुट गरिएका वाहेक अन्य सबै वस्तुको पैठारीमा लाग्ने कर हो
- व्यक्तिगत आयकर प्राकृतिक व्यक्ति तथा एकलौटी फर्मले विभिन्न श्रोतबाट प्राप्त गरेको आय तथा मुनाफामा लाग्ने कर हो
- संस्थागत आयकर कानूनी व्यक्तिको मुनाफामा लाग्ने कर हो
- नेपालमा हाल लागु भैरहेका करको क्षेत्रसम्बन्धी वर्तमान प्रावधानहरू ती कर सम्बन्धी सैद्धान्तिक मान्यता तथा अन्तर्राष्ट्रिय असल अभ्यास अनुरूप भएको देखिन्छ

करको आधार

- मूल्य अभिवृद्धि कर: पैठारी गरिने वस्तुको हकमा भंसार प्रयोजनका लागि कायम गरिएको पैठारी मूल्य, त्यसमा लागेको पैठारी महसुल तथा अन्य महसुलहरू र अन्तःशुल्कको जोड
- अन्तःशुल्क: परिमाणगत दर लागु गरिएका वस्तुको हकमा वस्तुको परिमाण (जस्तै तौल, लम्वाई, गोटा आदि) र मूल्यगत दर लागु गरिएका अवस्थामा आन्तरिक उत्पादनको कारखाना मूल्य र पैठारी गरिने वस्तुको हकमा पैठारी महसुलको प्रयोजनका लागि कायम गरिएको पैठारी मूल्य र त्यसमा लागेको पैठारी तथा अन्य महसुलको जोड
- भंसार महसुल: परिमाणगत दर भएको अवस्थामा वस्तुको भौतिक परिमाण र मूल्यगत दर भएको खण्डमा भंसार प्रयोजनका लागि कायम गरिएको मूल्य
- व्यक्तिगत आयकर: प्राकृतिक व्यक्ति तथा एकलौटी फर्मले विभिन्न श्रोतबाट प्राप्त गरेको आय वा मुनाफा
- संस्थागत आयकर: कानूनी व्यक्तिको मुनाफा
- करको आधारसम्बन्धी वर्तमान प्रावधानहरू करको सैद्धान्तिक मान्यता तथा अन्तर्राष्ट्रिय असल अभ्यास अनुरूप रहेको

करका दर

- मूल्य अभिवृद्धि कर: १३ प्रतिशत
- भंसार महसुल: २०७९/८०: सामान्य दर: १, ५, १०, १५, २०, ३०, ४०, ४५, ६० र ८० प्रतिशत
- सार्क सहूलियत पूर्ण दर: १, ५, ६, ७.२५, ९, ९.५, १०, ११.२५, १४, १५, १८.५, २०, ३०, ४०, ४५, ६०, ८० प्रतिशत
- अन्तःशुल्क: हजारौं वस्तुहरू
- व्यक्तिगत आयकर: १, १०, २०, ३०, ३६ प्रतिशत
- संस्थागत आयकर: बैंक तथा वित्तीय संस्था लगायत विभिन्न व्यवसाय ३० प्रतिशत, अन्य २५ प्रतिशत, सहकारी संस्था: ५, ७, १० प्रतिशत, तोकिएका विद्यालय: २० प्रतिशत, धेरै प्रभावकारी दर

कर छुट तथा सुविधा

- मूल्य अभिवृद्धि कर छुट: विभिन्न वस्तु तथा सेवालाई दिइएको छुट, नेपाल सरकारका विभिन्न निकायको सिफारिसका आधारमा दिइने छुट, सरकारी तथा सुरक्षा निकायको खरीद तथा पैठारीमा दिइने छुट, विदेशी सहायता अन्तर्गत संचालित परियोजनहरूको पैठारीमा छुट
- भंसार महसुल तथा आयकर अन्तर्गत पनि विभिन्न छुटहरू दिइएका
- कर छुट तथा सुविधाका कारणले करको आधार सांघुरिएर राजस्व संकलनमा प्रतिकूल असर परेको
- उदाहरणका लागि मूल्य अभिवृद्धि करमा अत्यधिक छुट दिएकोले यस करको आधारका रूपमा रहेको कुल उपभोगको आधा हिस्सा करको दायरा बाहिर रहेको
- यही स्थिति भंसार महसुल तथा आयकरकोछ
- कर छुटले कर प्रशासनलाई जटिल बनाउने, आर्थिक कारणले नभै करको कारणले साधन कर लाग्ने क्षेत्रबाट कर नलाग्ने क्षेत्र तर्फ प्रवाहित भै आर्थिक असक्षमता सिर्जना हुने, कर माथि कर लाग्ने स्थिति सिर्जना हुने र निकासीमा लागेको कर पूर्ण रूपमा फिर्ता गर्न गाह्रो हुने

कर छुट तथा सुविधाहरू

कतिपय कर छुट तथा सुविधाहरू खोजिएको उद्देश्य हासिल गर्न प्रभावकारी हुँदैनन्:

- मूल्य अभिवृद्धि कर अन्तर्गत कर कट्टी तथा कर फिर्ता व्यवस्थाले गर्दा जो करको दायरा भित्र हुन्छ, उसको लगानी करको भारबाट पूर्ण रूपमा मुक्त हुन्छ भने जो करको दायरा बाहिर रहन्छ, उसले आफ्नो इनपुट्समा तिरेको कर कटाउन वा फिर्ता माग गर्न नसक्ने हुदा निजको लगानी करको भारबाट पूर्ण रूपमा मुक्त हुँदैन ।
- वैदेशिक लगानीबाट आर्जित मुनाफामा कुनै निश्चित अवधिका लागि आयकर छुट दिएमा त्यसमा विदेशी लगानीकर्ताले नेपालमा कर तिर्नु नपर्ने भएता पनि त्यस्तो मुनाफामा आफू बासिन्दा भएको मुलुकमा कर तिर्नु पर्ने हुन्छ । त्यसबाट विदेशी लगानीकर्तालाई कुनै फाइदा हुँदैन, नेपाल सरकारले राजस्व गुमाउछ भने विदेशी लगानीकर्ता बासिन्दा भएको मुलुकको सरकारले राजस्व पाउछ ।
- विदेशी लगानीलाई मात्र कुनै छुट प्रदान गरिएमा त्यस देशको साधन विभिन्न नाममा विदेश गै विदेशबाट वैदेशिक लगानीको रूपमा त्यस देशमा भित्रिन सक्ने अन्तर्राष्ट्रिय अनुभव छ ।

कर छुट तथा सुविधाहरू

- मूल्य अभिवृद्धि कर अन्तर्गत कर कट्टी रकम लगातार चार महिनसम्म मिलान नभएमा फिर्ता माग गर्न सक्ने व्यवस्थाको सट्टा कुनै कर अवधिमा कायम भएको बढी कर कट्टी रकम पछिल्लो महिनामा फिर्ता माग गर्ने व्यवस्था गर्ने
- मूल्य अभिवृद्धि कर फिर्ता माग गर्नेमध्ये निकासीकर्ताले माग गरेको रकम ३० दिन र अन्य करदाताको हकमा ६० दिनभित्र कर फिर्ता गरिसक्नु पर्ने
- बढी भएको मूल्य अभिवृद्धि कर कट्टी रकम आयकर लगायतका अन्य कर दायित्वसंग समायोजन गर्न सक्ने प्रावधान गर्ने

आयकरलाई आर्थिक वृद्धि उन्मुख बनाउन निम्न उपायहरू अवलम्बन गर्ने:

- अनुसन्धान, विकास तथा तालिममा गरिने लगानीले प्राविधिक अन्वेषण तथा आर्थिक विकासमा महत्वपूर्ण भूमिका निभाउने हुँदा यस्तो खर्च तुरुन्त कटाउन दिने
- हासकट्टीको दर वृद्धिको संभावना केलाउने

कर छुट तथा सुविधाहरू

- लगानी आकर्षित गर्न त्वरित ह्रास कट्टी (एक्सलरेटेड डिप्रियसन) को क्षेत्र विस्तार गर्ने
- तोकिएका क्षेत्रका करदातालाई मेसिनरी र उपकरण जस्ता सम्पत्तिको लागि वोनस ह्रासकट्टी सम्बन्धी सुविधा पनि प्रदान गर्ने
- घाटा समायोजन गर्न पाउने समय बढाउने
- छोटो अवधिको लागि पूरै कर छुट दिनको सट्टा लामो अवधिको लागि आंशिक छुट दिने नीति (जस्तै ५ वर्षको पूरै कर छुट दिनुभन्दा १० वर्षको लागि आयकरका दरमा ५० प्रतिशत छुट दिने) अपनाउने ।
- स्वदेशी तथा वैदेशिक दुवै किसिमको लगानीलाई समान सुविधा दिने ।
- विदेशी लगानीकर्तालाई दिएको आयकर छुट सुविधालाई प्रभावकारी बनाउनका लागि विभिन्न देशसंग गरिने दोहोरो कर सन्धिमा कर स्पेरिंगको व्यवस्था समावेश गर्ने प्रयास गर्ने ।
- बढी तिरेको आयकर रकम फिर्ता दिने वा अन्य कर दायित्वमा मिलान गर्न पाउने व्यवस्था गर्ने ।

कर छुट क्षेत्रलाई कर प्रिमियम क्षेत्रमा रूपान्तरित गर्ने

- करको दायराभिन्न आएका करदातामाथि करको भार थप गरेर राजस्व परिचालन बढाउदै जादा करको भार बढी भै आर्थिक गतिविधि निरुत्साहित हुन सक्ने
- त्यसको सट्टा कर छुट भएको क्षेत्रलाई कर प्रिमियम क्षेत्रमा रूपान्तरित गरेर राजस्व बढाउने नीति अपनाउने ।
- कुनै क्षेत्रबाट प्राप्त हुने राजस्वको कुल राजस्वसंगको अनुपात त्यस क्षेत्रको मूल्य अभिवृद्धिको कुल गार्हस्थ उत्पादनसंगको अनुपातभन्दा कम छ भने त्यस्तो क्षेत्रलाई कर छुट क्षेत्र भन्ने
- नीतिगत, कानूनी तथा प्रशासनिक प्रयासको माध्यमले कर छुट क्षेत्रमा प्रभावकारी किसिमले कर लगाएर यस क्षेत्रलाई कर प्रिमियम क्षेत्रमा रूपान्तरित गर्ने नीति अवलम्बन गर्ने

कर कानून

- कर कानून अस्पष्ट भएर व्यक्तिगत व्याख्याको संभावना रहेमा करदाता र कर प्रशासन बीच कचमच हुने, मुद्दा मामिला बढ्ने, मिलोमतो हुने, भ्रष्टाचार बढ्ने, र त्यसबाट करको अनुपालन लागत तथा प्रशासनिक लागत बढ्ने भएकोले त्यस्तो कर कानूनले न त लगानी आकर्षित गर्छ न त राजस्व परिचालननै बढाउछ
- हाल कर पिच्छे छुट्टा छुट्टै कानून भएकाले कर सम्वन्धी प्रक्रियाहरू दोहोरिएका, तिनीहरू एक आपसमा बाभिने संभावना रहेको, कुनै प्रावधान संशोधन गर्नु पर्ने भएमा विभिन्न कानूनमा संशोधन गर्नु पर्ने अवस्था रहेको र करदाता तथा कर प्रशासक दुवैले विभिन्न कर कानूनहरूको अध्ययन गर्नु पर्ने अवस्था रहेको ।

कर कानून

निम्न कारणले कर अनुसारका विभिन्न कर कानूनको सट्टा एकल कर संहिता लागु गर्ने:

- सबै करको लागि एउटा कानून अध्ययन गरे पुग्ने
- एउटै हिसाबकिताब राखे पुग्ने
- सबै करको सन्दर्भमा करदाता तथा कर प्रशासनबीच एउटै सम्पर्कबाट पुग्ने
- कर प्रशासनले कर निर्धारण गर्नुपर्ने अवस्थामा एउटै कर निर्धारण आदेश जारी गरे पुग्ने
- करदाताले प्रशासकीय पुनरावलोकन तथा पुनरावेदन दिनु परेमा सबै करको लागि एकै पटक गरे पुग्ने
- स्थिर कर प्रणाली स्थापना गर्न टेवा पुग्ने

कर सम्बन्धी दीर्घकालिन सोच

- करको स्वरूप, संरचना तथा संचालन प्रक्रियाका वारेमा दीर्घकालिन सोच बनाउने र त्यसलाई सामान्य अवस्थामा कम्तिमा पनि पांच वर्ष परिवर्तन नगर्ने
- कर सम्बन्धी कुनै पनि नयां प्रावधानहरू निजी क्षेत्र लगायत सबै सरोकारवालहरूसंग विस्तृत रूपमा परामर्श गरेर मात्र लागु गर्ने प्रचलन बसाल्ने
- कर सम्बन्धी दीर्घकालीन सोचबाट करमा स्थिरता कायम हुने, स्वदेशी तथा विदेशी लगानीकर्ता, उद्योगी, व्यापारी तथा व्यवसायीलाई आफ्नो कारोबारसम्बन्धी दीर्घकालीन सोच बनाई कार्यान्वयन गर्न सहज हुने र मुलुकमा उपयुक्त व्यावसायिक तथा लगानी वातावरण तयार हुने

करको सामाजिक न्याय तथा समानता पक्ष

- कर सामाजिक न्याय कायम गर्ने औजार पनि हो
- करको छनौट, दरको संरचना, छुट आदिका माध्यमले सामाजिक न्याय प्राप्त गरिने
- राम्रो कर प्रणालीको एउटा महत्वपूर्ण तत्व समानता हो जसलाई तेर्सो तथा समतल समानताका दृष्टिले हेरिने
- सामाजिक न्याय कायम गर्न कुन कर प्रभाकारी हुन्छन् र कुन हुदैनन् भन्ने कुराको सहि किसिमले लेखा जोखा हुनु पर्ने
- सामाजिक न्याय कायम गर्ने उद्देश्यले व्यक्तिगत आयकरको प्रयोजको लागि आयको पहिलो स्ल्याबमा कर छुट दिने र त्यस माथिको आयमा प्रगतिशिल दरले कर लगाउने
- सामाजिक न्याय कायम गर्न मूल्य अभिवृद्धि कर लगायतका वस्तुगत करहरू प्रभावकारी नहुने
- वस्तुगत करहरू सबै वस्तु तथा सेवामा लगाएर बढी राजस्व संकलन गर्ने र त्यसरी संकलित राजस्वबाट गरीव लक्षित सामाजिक कार्यक्रम संचालन गरेर सामाजिक न्याय कायम गर्ने

कर राजस्वको उच्चतम प्रयोग

- करदाताबाट संकलन गरिएको राजस्वको समयमै उच्चतम किसिमले सार्वजनिक वस्तु तथा सेवाको आपूर्तिमा प्रयोग गर्ने
- चालु खर्चमा हदैसम्मको मितव्ययिता अपनाई वित्तीय स्थान (Fiscal Space) कायम गरेर मुलुकको विकासको लागि आवश्यक पूजीगत खर्चको मात्रा बढाउने
- त्यसबाट मुलुकको सीमित साधन अनावश्यक तथा अनुत्पादक क्षेत्रबाट वढी आवश्यक तथा उत्पादक क्षेत्रमा डोर्याउन संभव हुने
- आर्थिक वृद्धि उन्मुख कर प्रणालीको माध्यमले करको आर्थिक, परिपालन तथा संकलन लागत घटने
- सार्वजनिक खर्च र राजस्व दुवैमा सुधार भएमा रोजगारी, उत्पादन तथा आर्थिक विकासको गति बढ्नगै राज्यले नागरिक तथा उद्योग व्यापारलाई उच्च स्तरको सेवा प्रदान गर्न संभव हुने

अन्तर्राष्ट्रिय करको विकास

आर्थिक सहायोग र विकास संगठनले करको आधार क्षरण तथा नाफा स्थानान्तरण परियोजनाको प्रतिवेद २०१५ ले संस्थागत आयकर राजस्व परिचालन बढाउन निम्न प्रकारका सुझाव दिएको थियो:

- बहुराष्ट्रिय कम्पनीहरूको डिजिटल कारोवारमा कर लगाउने,
- कर छल्ने किसिमले गरिने व्याज कटौतिको सीमा निर्धारण गर्ने,
- दोहोरो कर मुक्ती संभौताका सुविधाको दुरुपयोग रोक्ने,
- विदेशी स्थायी संस्थापन सम्बन्धी व्यवस्थालाई फराकिलो बनाउने,
- नियन्त्रित विदेशी निकायहरू सम्बन्धी नियमलाई कस्ने, र
- ट्रान्सफर प्राइसिंग सम्बन्धी प्रावधानहरूलाई बलियो बनाउने

बहुराष्ट्रिय कम्पनीहरूले विभिन्न उपायहरू अपनाई आयकर दायित्व घटाउने प्रवृत्तिलाई रोक्न सबभन्दा पछि अपनाइएका उपायहरूमा १५ प्रतिशतको न्यूनत ग्लोबल संस्थागत आयकरको अवधारणा हो

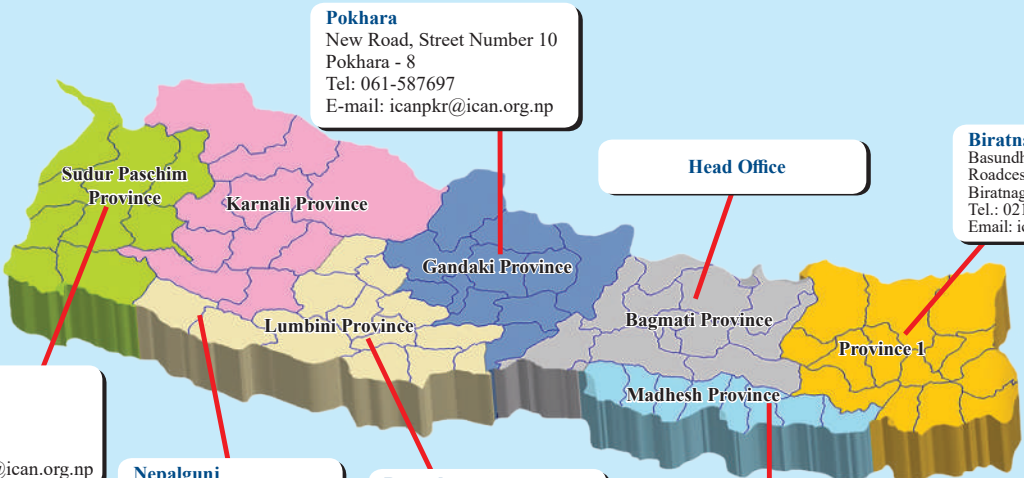
अन्तर्राष्ट्रिय करको विकास

- अन्तर्राष्ट्रिय जगतमा संस्थागत आयकरमा लागु गरिएका विभिन्न प्रावधानहरू अपनाउनका लागि हाम्रो आयकर ऐन र कर सन्धिहरूलाई संशोधन गर्नु पर्ने
- कर सन्धिलाई दुई पक्षीय वार्ताद्वारा संशोधन गर्ने वा बहुपक्षीय संयन्त्रमा हस्ताक्षर गरेर कर सन्धिलाई स्वतह संशोधन गर्ने व्यवस्था गर्ने भनेर निर्णय गर्नु पर्ने
- हचुवाको आधारमा भन्दा पनि नेपालको आवश्यकताको आधारमा नयां कर सन्धिहरू सम्पन्न गर्न कर सन्धि नीति फ्रेमवर्क तथा नेपालको नमूना कर सन्धि तयार गर्ने

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