



INDIAN ACCOUNTING ASSOCIATION

NOTIFICATION

Indian Accounting Association (IAA) is encouraging its branches to explore a unified centralized accounting system to improve standardization and transparency across its extensive network. This system aims to streamline accounting and financial process, allowing for better financial management and reporting across the branches, and is part of a broader effort to enhance operational efficiency.

The IAA Centralised Accounting System Committee Report dated 20th Aug, 2024 was approved in IAA office Bearers online meeting held on 3rd September, 2024, IAA Executive Committee online meeting held on 5th October, 2024 and IAA Branch Secretaries' online meeting held on 26th October, 2024.

As per recommendations of the committee report, IAA is soon going to apply for GST registration for its Headquarters. In wake of this development, the IAA Branches have to take following action at their end.

The Branches shall have to call their branch level General Body Meeting and resolve to adopt either of the following two options, and inform in writing to the Headquarters accordingly:

1. Option One: Continue to operate separate bank account of the branch (not linked with IAA PAN):

In this case, the branch has to take following steps:

- i. Get the branch registered as Association of Persons (AOP) under the Societies Registration Act of the State. A model constitution shall be drafted by the HQ for such registration of the branches in line with IAA Constitution.
- ii. Get PAN issued for the branch under the Income Tax laws.
- iii. Get branch bank account linked with branch PAN.
- iv. Continue to submit audited financial statements to the HQ for information.

Following are the advantages of this option:

- i. Branch bank balance shall be retained with the branch.
- ii, Branch shall have Independence to do the activities.
- iii. For the branch, no liability of GST, nor any compliance shall be required.
- iv. Most likely, no Income Tax liability of the branch may arise.
- v. No requirement of consolidation of branch accounts with HQ accounts shall be there.

2. Option Two : Not to continue with separate bank account of the branch:

In this case, the branch should close its existing bank account and transfer entire funds to IAA Head Office. Head Office shall maintain in its account books "IAA.....Branch Fund Account" in the name of the branch showing such amount as received from the branch. All receipts and payments related with branch activities shall be routed through Head Office bank account (subject to compliance with GST and IT requirements).

An Accounting Consultant will be hired to look after accounts at Head Office level and shall maintain the Branch Fund Account at Head Office level. All incomes including branch membership fee share and interest on deposits, and all expenses related with the branch shall be recorded in this account. The consultant shall send copy of the Branch Fund Account to the Branch Secretary on quarterly basis in case there are any transactions. He shall also generate Income and Expenditure Account and Balance Sheet of the Branch at the end of the financial year and send it to the Branch.

If any expenses incurred by the Branches, the vouchers of Branch expenses duly verified and shall be sent to IAA Treasurer who shall process the payment.

3. Timeline:

The timeline for implementation of the recommendations by the Branches shall be as under:

- i. To decide option as mentioned above, based on resolution of the Branch General Body Meeting and inform the Head Office within TWO Months (ie., from 01.11.2024 to 31.12.2024)
- ii. In case of option 2, to close branch bank account and remit the amount to Head Office. within ONE Month (ie.,from 01.01.2025 to 31.01.2025)
- iii. In case of option 1, to apply for registration as AOP within TWO Months (ie., from 01.11.2024 to 31.12.2024) and to apply for PAN after getting AOP registration within ONE Month. (ie., from 01.01.2025 to 31.01.2025).

After 31st January, 2025 no branches shall be allowed to use IAA PAN and IAA Registration Certificate for their respective bank accounts.

If the branch desires to change the Option chosen now at a later date, permission from IAA Headquarters is required and resolution to that effect in Branch General Body Meeting shall also be required.



Sanjay Bhayani
General Secretary

30th October, 2024
Rajkot