

MULTI –DISCIPLINARY PARTNERSHIP (MDP) GUIDELINES

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NEED FOR MDP

- Complexity of business
- Reliance on technology
- More complex financial reporting
- Requirement of diverse skill base
- Creation of Bandwidth

DEFINITION, OBJECTIVES & COMMENCEMENT

- MDP in practice – approved under Regulation 53B read with Regulation 190
- Objective – to enter into partnership with members of other professional bodies
- Comes into force w.e.f. 08th July, 2021

PARTNERS ELIGIBLE FOR MDP (Regulation 53B)

- Company Secretary
- Cost Accountant
- Advocate
- Engineer
- Architect
- Actuary

PROHIBITION FOR BEING A PARTNER

- The following members cannot be partners in MDP –
 - ❖ Post-graduate qualification in Management
 - ❖ Approved Valuer
 - ❖ Approved Insolvency Professional
 - ❖ Information Technology Professional

FORM OF MDP

- To be Constituted as –
 - ❖ Partnership Firm under Indian Partnership Act, 1932; or
 - ❖ Firm under Limited Liability Partnership Act, 2008

REGISTRATION FORMALITIES

- Registration of MDP CAs is mandatory
- Application for Trade Name – Form 117
- Details about Partnership - Form 18
- Registration number to contain abbreviation “MDP”
- Suffix to be used after name “Multi-Disciplinary Partnership Firm of Chartered Accountants in Practice”

REGISTRATION FORMALITIES

- Truth and Validity of Certificate of Membership of prescribed professional bodies or Degree on recognized University to be certified
- Valid membership of Professional Bodies by the Proposed Partners to be verified
- Certificate to be issued by practicing CA for above, who is not connected with MDP

SERVICES TO BE RENDERED BY MDP

- All services prescribed in Section 2(2) read with Regulation 190A including Tax Audit, Bank Audit, Audit of Co-operative Societies, etc.
- Services allowed to be rendered by other professionals by respective institutes
- Audits under Companies Act to those Partnership Firms, if majority partners are Chartered Accountants
- For LLP – only CAs can sign reports

MAJORITY CRITERIA

- To conduct audit of financial statements, MDP CAs in practice should have majority partners as Practicing Chartered Accountants
- Majority to be calculated both on the basis of number of partners and aggregate share in profit

OTHER ASPECT - MDP

- Ceiling Limit for Company Audits to be calculated on Practicing CA Partners only
- Share of Profit, Administration, Management, Functional Responsibility, Powers, Authorities, Duties, Rights, Responsibilities, Liabilities and Dispute Resolution to be mutually agreed

OTHER ASPECT - MDP

- Reconstitution due to admission, retirement, death to be informed in Form 18 in 30 days of change by continuing partners
- Council Permission under Section 27 to be sought to grant exemption – for Non-CA to be in-charge of a branch
- Regulation 192 – for fees for Professional Services

OTHER ASPECT - MDP

- Other business or occupation or part time employment to be governed by provisions of Regulations 190A and 191
- Professional address to be governed by Regulation 187
- Disciplinary Proceedings to be taken up by individual institute providing certification to the partners except engineers who will be covered under Civil Law

ISSUES IN MDP

- MDP cannot be formed as a Company, which includes LLP having company as a Partner
- Partners in MDP can practice in their individual name if permitted by the Agreement or not prohibited by the Agreement
- Permission of other professional bodies not required to form an MDP with other professionals

ISSUES IN MDP

- A CA partner of MDP CAs in practice can become partner in other firms or engage in other occupation or be in part time employment, if permitted by Partnership Deed
- Proviso to Clause 3 of Part 1 of CA Regulations allows profit sharing or other similar arrangement including any share of commission or brokerage in the fees with the members of professional bodies mentioned in Regulation 53A

ISSUES IN MDP

- In case all the CA partners in MDP CAs in practice are deceased or retired then it ceases to be MDP CAs in practice
- Liability of partners is governed by legislation under which it is constituted i.e. Indian Partnership Act, 1932 or LLP Act, 2008
- Existing CA firm can be converted into MDP CAs in practice with new FRN

ISSUES IN MDP

- MDP CAs in practice is eligible for empanelment with various agencies
- Networking will be allowed for MDP CAs in practice
- All the guidelines of ICAI on Advertisement, Website, Visiting Cards, etc. will be applicable to MDP CAs in practice

ISSUES IN MDP

- MDP CAs in practice will be required to comply with Provisions of Acts and Rules / Regulations of Professional Bodies whose members are its partners
- All partners of MDP CAs in practice or the Firm would not be responsible for misconduct of a partner

Thank you