

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – III (2025-26)]

[Constituted under Section 21B of the Chartered Accountants Act, 1949]

**Findings under Rule 18(17) and Order under Rule 19(2) of the Chartered Accountants
(Procedure of Investigations of Professional and Other Misconduct and Conduct of
Cases) Rules, 2007**

PR/G/428C/2019/DD/102/2020/DC/1870/2024

In the matter of:

**Sh. M. Anuj, IRS,
Deputy Director of Income Tax (Inv.), Unit 4(4),
1st Floor (Room No. 114), Income Tax Investigation Wing, No. 46
Uthmar Gandhi Salai, Nungambakkam
Chennai (Tamil Nadu) - 600034**

...Complainant

Versus

**CA. Sharmi Sudha M G (M. No. 221675)
Chartered Accountants
B5-Srinivasa Apartments, 24D
Greenways Lane,
Raja Annamali Puram,
Chennai (Tamil Nadu) - 600028**

...Respondent

MEMBERS PRESENT:

**CA. Charanjot Singh Nanda, Presiding Officer
Shri Jiresh Nandan, Member (Govt. Nominee)
Dr. K Rajeswara Rao, Member (Govt. Nominee)
CA. Piyush S Chhajed, Member
CA. Abhay Chhajed, Member**

Date of Final Hearing: 20th August 2025

PARTY PRESENT:

- (i) Shri S. Anand – Counsel for the Respondent
[appeared through Video Conferencing from his personal location]



1. **BACKGROUND OF THE CASE:**

- 1.1 In the extant case, the complaint has been filed by Deputy Director, Income Tax (Inv), Chennai (hereinafter referred to as '**Complainant**' or '**Complainant Department**') against CA. Sharmi Sudha M G (M. No. 221675) (hereinafter referred to as the '**Respondent**') stating that in respect of issuance of Form 15CB in the Statement recorded u/s 131 of the Income Tax Act, 1961, the Respondent and three other Chartered Accountants accepted that they did not know the directors / partners of the companies/ concerns personally and these companies were not their clients. Despite that, the Respondent had issued certificates in Form 15CB to these companies without verifying the relevant documents, thereby enabling them to send money out of India.

2. **CHARGE IN BRIEF:**

S.No.	Charge(s)	Prima Facie Opinion of the Director (Discipline)	Applicable Item of the Schedule to the Chartered Accountants Act 1949
1.	The Complainant alleged that the Respondent issued 15CB certificates in a very casual manner without examining the relevant documents viz. agreement between assessee and foreign agency, relevant documents and books, due to which a huge amount of Rs. 849.83 crores (approx.) was remitted outside the country without payment of due taxes on it.	Guilty	Item (7) of Part I of Second Schedule

3. **RELEVANT ISSUES DISCUSSED IN THE PRIMA FACIE OPINION DATED 20TH MARCH 2024 FORMULATED BY THE DIRECTOR (DISCIPLINE) IN THE MATTER IN BRIEF, ARE GIVEN BELOW: -**

3.1 With respect to charge that the Respondent issued 15CB certificates in a very casual manner without examining the relevant documents:

- 3.1.1 It was noted that no copy of air ticket, hotel bills, taxi invoices and invoices of other facilities were enclosed with invoices. Hence, the Director (Discipline) opined that the Respondent certified Form 15CB based on the proforma invoice, passenger list, and undertaking provided by the entity only.
- 3.1.2 Though the remittance sent to the foreign travel agency was not subject to TDS yet keeping in view the documents which had been verified by the Respondent such as invoice, passenger list and declaration, it was observed by Director (Discipline) that the Respondent failed to examine the relevant documents to establish that she had verified the relevant documents for certifying the Form 15CB.
- 3.1.3 Moreover, the Respondent also herself raised suspicion on the intention of the entity /Company and documents produced before her, and the same was clear from the response given by her in reply to question no.19 before Complainant Department.
- 3.1.4 Moreover, the fact that all the documents were not given to the Respondent for verification was clear from the answer given by the Respondent in response to question no. 15 of her statement.
- 3.1.5 Considering the above, the Director (Discipline) opined that the Respondent failed to exercise due diligence while certifying Form 15CB.
- 3.2 Accordingly, the Director (Discipline) in his Prima Facie Opinion held the Respondent GUILTY of Professional and Other Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule. The said Item of the Schedule to the Act, state as under:

Item (7) of Part I of Second Schedule:

PART I: Professional misconduct in relation to chartered accountants in practice

A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he—

"(7) Does not exercise due diligence, or is grossly negligent in the conduct of his professional duties"



- 3.3 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee at its meeting held on 2nd May 2024. The Committee on consideration of the same, concurred with the reasons given against the charge(s) and thus, agreed with the Prima Facie opinion of the Director (Discipline) that the Respondent is **GUILTY** of Professional and Other Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

4 DATE(S) OF WRITTEN SUBMISSIONS/PLEADINGS BY PARTIES:

- 4.1 The relevant details of the filing of documents in the instant case by the parties are given below:

S. No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	9 th March 2020
2.	Date of Written Statement filed by the Respondent	12 th August 2020
3.	Date of Rejoinder filed by the Complainant	9 th October 2020
4.	Date of Prima Facie Opinion Formed by Director (Discipline)	20 th March 2024
5.	Written Submissions by the Respondent after Prima Facie Opinion	21 st September 2024 14 th August 2025
6.	Written Submissions filed by the Complainant after Prima Facie Opinion	Not submitted

5. WRITTEN SUBMISSIONS FILED BY THE RESPONDENT:

- 5.1 The Respondent in her written submissions dated 21st September 2024 and 14th August 2025 pursuant to prima facie opinion had inter-alia submitted that:
- Form 15CB concerns only about ascertaining the nature of remittances and to determine the TDS liability thereon.

- b) The invoices contained the details of the transaction, and she reviewed key documents, including the company's incorporation papers, invoices from foreign vendors, passenger lists with travel and passport details, a FEMA compliance declaration, and the company's bank remittance request.
- c) There was no written contract of the subject companies with the foreign vendor.
- d) Further, there was no other material before her to doubt the genuineness of the documents.
- e) However, due to inherent skepticism, she had requested the contact number of the persons appearing in the passenger list from the Company, which was not entertained by client, on the grounds of confidentiality. According to her, it was the appropriate reason, since she was only certifying about the TDS certificate.
- f) It is maintained that the said transactions were not taxable under provision of Income tax Act 1961 in India or as per double taxation avoidance agreement stating that there was no permanent establishment of the foreign travel agencies in India.
- g) She was of the opinion that no tax deduction at source (TDS) was required, so she issued NIL deduction certificates in Form 15CB.
- h) It is emphasized that the department had failed to point out any error in Form 15CB issued by her.
- i) The sole purpose of Form 15CB is to check the taxability of said transaction as per the provisions of Income tax Act 1961. The Respondent reiterated that department had failed to produce any document regarding any discrepancy in Form 15CB.
- j) The Respondent further, to support his contention in the matter, relied upon the Judgement of the Honourable High Court of Madras, in the case titled Murali Krishna Chakrala Vs. Deputy Director, Directorate of Enforcement, reported as 2022 Live Law(Mad) 495, wherein it was held that a Chartered Accountant was required to examine the nature of the remittance:

"On a perusal of Form 15CB, we find that a Chartered Accountant is required to only examine the nature of the remittance and nothing more. The Chartered Accountant is not required to go into the genuineness or otherwise of the documents submitted by his clients. This could be compared with the legal opinion that are normally given by panel lawyers of banks, after scrutinizing title documents without going into their genuinity. A Panel Advocate, who has no means to go into the genuinity of title deeds and who gives an opinion based on such title deeds, cannot



be prosecuted along with the principal offender. Applying the same anomaly, we find that the prosecution of Murali Krishna Chakrala, in the facts and circumstances of the case at hand, cannot be sustained."

- k) The Respondent also relied upon the decision of the Disciplinary Committee, ICAI in the matter of CA. Govind Gupta, Delhi dated 5th February 2024 wherein the Chartered Accountant was held Not Guilty in the similar Form 15CB matter.

- 5.2 The Respondent to support her defense also submitted an Affidavit, dated 14th August 2025, wherein apart from reiterating the above facts, it was deposed that she had duly checked the books of accounts and other relevant documents prior to the certification of Form 15CB.

6. BRIEF FACTS OF THE PROCEEDINGS:

- 6.1 The Committee noted that the instant case was fixed for hearing on following dates:

S. No.	Date	Status of Hearing
1.	26.09.2024	Part Heard & Adjourned
2.	15.10.2024	Part Heard & Adjourned
3.	30.07.2025	Part Heard & Adjourned
4.	20.08.2025	Hearing Concluded & Decision Taken

- 6.1.1 During the hearing held on 26th September 2024, the Committee noted that the Complainant was not present before it. The Committee further noted that the Respondent, along with her Counsel, were present through video conferencing mode. Being the first hearing, the Respondent was put on oath. Thereafter, the Committee asked her whether she was aware of the charge(s) levelled against the Respondent to which she replied in affirmative. On being asked as to whether she pleaded guilty on the charges levelled, she pleaded Not Guilty and opted to defend the case. Accordingly, the matter was part heard and adjourned.

- 6.1.2 On the day of hearing on 15th October 2024, the Committee noted that the Complainant as well as the Respondent were not present before it for the hearing. However, the Counsel for the Respondent was present before it through video conferencing mode. Thereafter, the Committee asked the Counsel for the Respondent to make submissions in the matter. On the same, the Counsel for the Respondent made his detailed submissions. The Committee sought clarifications on the submissions made which were responded by him. Thereafter, the Committee decided to adjourn the matter to a future date.
- 6.1.3 On the day of hearing on 30th July 2025, the Committee noted that both, the Complainant and the Respondent were not present before it for the hearing. The Committee further noted that the Counsel for the Respondent was present before it through video conferencing mode. The Committee thereafter apprised the Counsel for the Respondent that the current Bench had been reconstituted since the matter was last heard and therefore, asked him as to whether he would like the hearing to be de-novo or that matter could be heard from the stage where it was left. The Counsel on the same opted to be heard from the stage it was left. Thereafter, the Committee asked the Counsel for the Respondent to make submissions in the matter. On the same, the Counsel for the Respondent made detailed submissions. The Committee sought clarifications on the submissions made which were responded by him. The Committee, after considering the submissions of the Counsel for the Respondent, directed him to file written submissions, if any. The Respondent was also directed through her Counsel to file an affidavit mentioning the documents verified by her before issuing the Form 15CB. With these directions, the Committee decided to adjourn the matter to a future date.
- 6.1.4 On the day of final hearing on 20th August 2025, the Committee noted that both, the Complainant and the Respondent were not present before it for the hearing. The Committee further noted that the Counsel for the Respondent was present before it through video conferencing mode. The Committee noted that the Respondent in compliance to the Committee's directions submitted an affidavit along with certain submissions, vide letter dated 14th August 2025. Thereafter, the Committee asked the Counsel for the Respondent to make submissions in the matter. On the same, the Counsel for the Respondent made detailed submissions. The Committee sought clarifications on the submissions made which were responded to by him. Based on the documents available on record and after considering the oral and written



submissions made before it by Counsel for the Respondent, the Committee concluded the hearing in the matter and took its decision.

7. FINDINGS OF THE COMMITTEE: -

On consideration of the documents on record and the oral and written submissions of the parties to the case vis-à-vis facts of the case, the Committee arrived at the following view on the conduct of the Respondent:

7.1 Charge – The Respondent issued 15CB certificates in a very casual manner without examining the relevant documents:

7.1.1 At the outset, the Committee noted that the charge against the Respondent is that she had issued certain certificates in Form 15CB to various companies without verifying the documents as per requirements of the said Form. According to the Complainant, the Respondent issued Form 15CB certificates in a very casual manner without examining the relevant documents due to which a huge amount of Rs. 849.83 crores (approx.) was remitted outside the country without payment of due taxes on it. It was also stated by the Complainant that the Respondent in her Statement on Oath accepted that she did not know the directors/partners of the Companies/Concerns personally and the travel companies were not her clients.

7.1.2 The Committee, in this regard, noted that the Respondent's statement was recorded on 5th April 2018 by the Complainant Department under Section 131 of the Income Tax Act, 1961, wherein the Respondent inter-alia stated that:

- a) Between May 2017 and March 2018, she issued 311 certificates for M/s Ampersand Travels Pvt. Ltd. and between July 2017 and February 2018, another 159 certificates for M/s Canwest Global Travels Pvt. Ltd., making a total of 470 certificates in about ten months.
- b) Each certificate involved an average remittance of USD 50,000 (around Rs.35 lakh), amounting to a combined value of approximately Rs.141 crore, which was stated as advance payments for overseas tour and travel packages.
- c) She admitted in the said statement that she did not carry out any due diligence on the companies' business activities and, despite asking for passenger contact details, it was denied on grounds of confidentiality.

- d) The certificates were issued solely based on documents furnished, such as invoices from foreign operators, passenger lists with passport details, FEMA declarations, and travel dates.
- e) She maintained that the certificates were not issued in a casual manner but strictly on the basis of the documents submitted by the companies.

7.1.3 The Committee noted that Form 15CB involve certification by a Chartered Accountant under Rule 37BB of Income Tax Act, 1961, wherein a Chartered Accountant is required to give an undertaking to have verified the facts of the matter as reproduced hereunder:

"I/We have examined the agreement (wherever applicable) between Mr./Ms./M/s*.....(Remitters) with PAN/TAN..... and Mr./Ms./M/s*.....(Beneficiary) requiring the above remittance as well as the relevant documents and books of account required for ascertaining the nature of remittance and for determining the rate of deduction of tax at source as per provisions of Chapter- XVII-B. We hereby certify the following:..."*

7.1.4 The Committee on perusal of Form 15CB certificate as per Rule 37BB of Income Tax Act, 1961, observed that the Respondent was required to check agreement, wherever applicable, and documents and books of account for ascertaining the nature of remittance for determining the rate of Tax deduction at source. It is noted that the Respondent had examined the available documents, namely incorporation details, invoices from foreign operators, passenger lists with passport details, FEMA compliance declarations, and the remittance requests of the companies. The Committee further noted that as per invoices the nature of remittance itself is ascertainable, which is the prerequisite. Based on the nature of remittance, the Respondent was required to give his opinion on the applicability of TDS.

7.1.5 The Committee further noted that the said certificate does not require the Respondent to look into the genuineness of the underlying transaction or the authenticity of the said invoice, nor does it require genuineness of the actual provision of services or supply, as the case may be. In other words, said certificate does not provide assurance in regard to genuineness of transaction or actual provision of services. It



is pertinent to note that in certain cases, the authorised dealer i.e. remitting Bank, seeks separate certificate regarding the actual provision of services.

- 7.1.6 The Committee further observed that a Chartered Accountant while issuing the certificate in Form 15CB is required to give an undertaking that he/she had verified the relevant documents for ascertaining the nature of remittance for determining the rate of deduction of tax at source. In the instant case, it is noted that the Respondent was provided with documents/information on which she relied for issuing Form 15CB certificates to the Company. The Committee viewed that neither it is feasible for a Chartered Accountant to verify each and every underlying travel document unless there exists suspicion on the documents produced, nor the law mandates existence of a written agreement in each and every case as the words of Form 15CB itself mentions "wherever applicable".
- 7.1.7 The Committee further noted that the role of the Chartered Accountant is limited to examining the nature of the remittance, the applicable provisions of the Income Tax Act, and to certify whether tax is deductible at source, based on the relevant documents and books of accounts made available to them. Thus, keeping in view the overall facts, circumstances and documents on record, the Committee viewed that the duty of a Chartered Accountant for issuing Form 15CB is confined to examining the nature of the remittance, and not to ascertain the genuineness of the underlying transactions. Moreover, a Chartered Accountant is not required to establish the genuineness of documents beyond what is reasonably verifiable, nor to investigate the business affairs of the client beyond the scope of the certificate. In the present case, the Committee noted that Respondent had examined the relevant documents. The Committee further viewed that any subsequent wrongful acts, if committed by client/other persons would not render the Respondent liable. Further, no evidence was found to corroborate the Respondent's involvement in the impropriety later committed by the client.
- 7.1.8 Accordingly, the Committee on consideration of the facts of the case vis-vis documents/submissions available on record concluded that the Respondent CA.(Ms.) Sharmi Sudha M G (M. No. 221675) is **Not Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.



8. **CONCLUSION:**

In view of the findings stated in the above paras, vis-à-vis material on record, the Committee gives its charge wise Findings as under:

CHARGES (AS PER PFO)	FINDINGS	DECISION OF THE COMMITTEE
S.no. 1 of Para 2 as above	Para 7.1.1 to Para 7.1.8 as above	Not Guilty- Item (7) of Part I of Second Schedule

9. In view of the above observations, considering the oral and written submissions and material on record, the Committee held the Respondent **NOT GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.
10. Accordingly, in terms of Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee passes an Order for closure of this case against the Respondent.

Sd/-

[CA. CHARANJOT SINGH NANDA]
PRESIDING OFFICER

Sd/-

[SHRI JIWESH NANDAN]
MEMBER (GOVT. NOMINEE)

Sd/-

[DR. K RAJESWARA RAO]
MEMBER (GOVT. NOMINEE)

Sd/-

[CA. PIYUSH S CHHAJED]
MEMBER

Sd/-

[CA. ABHAY CHHAJED]
MEMBER

DATE:12.11.2025

PLACE: New Delhi

सत्यमेव जयते / Certified to be True Copy

Prover
अनु. सचिव / Anup Secretary
सहायक सचिव / Assistant Secretary
अनुशासनसूचक निदेशालय / Disciplinary Directorate
भारतीय सार्वजनिक लेखाकार संस्थान
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