



**Corporate Laws & Corporate Governance Committee
The Institute of Chartered Accountants of India**

16th August, 2022

ANNOUNCEMENT

Sub: Amendment in the Companies (Accounts) Rules, 2014 relating to availability of books of account and other relevant books and papers maintained in electronic mode at all times and also details of person in control, if service provider is located outside India.

This is to inform you that the Ministry of Corporate Affairs vide its notification dated 5th August 2022 has amended the Companies (Accounts) Rules, 2014 regarding availability of books of account and other relevant books and papers maintained in electronic mode at all times and also details of person in control, if service provider is located outside India.

The pre and post analysis of the amendments are as follows:

Particulars	Companies (Accounts) Rules, 2014 Pre amendment	Companies (Accounts) Rules, 2014 Post amendment
Rule 3(1)	<p>The books of account and other relevant books and papers maintained in electronic mode shall remain accessible in India so as to be usable for subsequent reference.</p> <p>Provided that for the financial year commencing on or after the 1st day of April, 2022, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.</p>	<p>The books of account and other relevant books and papers maintained in electronic mode shall remain accessible in India, at all times so as to be usable for subsequent reference.</p> <p>Provided that for the financial year commencing on or after the 1st day of April, 2022, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.</p>
Rule 3(2)	The books of account and other relevant books and papers referred to in sub-rule (1) shall be retained completely in the format in which they were originally generated, sent or received, or in a format which shall present accurately the information	Same as earlier

	generated, sent or received and the information contained in the electronic records shall remain complete and unaltered.	
Rule 3(3)	The information received from branch offices shall not be altered and shall be kept in a manner where it shall depict what was originally received from the branches.	Same as earlier
Rule 3(4)	The information in the electronic record of the document shall be capable of being displayed in a legible form.	Same as earlier
Rule 3(5)	There shall be a proper system for storage, retrieval, display or printout of the electronic records as the Audit Committee, if any, or the Board may deem appropriate and such records shall not be disposed of or rendered unusable, unless permitted by law: Provided that the back-up of the books of account and other books and papers of the company maintained in electronic mode, including at a place outside India, if any, shall be kept in servers physically located in India on a periodic basis.	There shall be a proper system for storage, retrieval, display or printout of the electronic records as the Audit Committee, if any, or the Board may deem appropriate and such records shall not be disposed of or rendered unusable, unless permitted by law: Provided that the back-up of the books of account and other books and papers of the company maintained in electronic mode, including at a place outside India, if any, shall be kept in servers physically located in India on a periodic daily basis.
Rule 3(6)	The company shall intimate to the Registrar on an annual basis at the time of filing of financial statement- (a) the name of the service provider; (b) the internet protocol address of service provider; (c) the location of the service provider (wherever applicable); (d) where the books of account and other books and papers are maintained on cloud, such address as provided by the service provider. Explanation.- For the purposes of this rule, the expression "electronic mode" includes "electronic form" as defined in clause (r) of sub-section (1) of section 2 of Information Technology Act, 2000 (21 of 2000) and also includes an electronic record as defined in clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000) and "books of account " shall have the meaning assigned to it under the Act.	The company shall intimate to the Registrar on an annual basis at the time of filing of financial statement- (a) the name of the service provider; (b) the internet protocol address of service provider; (c) the location of the service provider (wherever applicable); (d) where the books of account and other books and papers are maintained on cloud, such address as provided by the service provider. Explanation.- For the purposes of this rule, the expression "electronic mode" includes "electronic form" as defined in clause (r) of sub-section (1) of section 2 of Information Technology Act, 2000 (21 of 2000) and also includes an electronic record as defined in clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000) and "books of account"

		<p>shall have the meaning assigned to it under the Act.</p> <p>(e) where the service provider is located outside India, the name and address of the person in control of the books of account and other books and papers in India."</p>
--	--	--

Notification is available at the link-

<https://egazette.nic.in/WriteReadData/2022/238055.pdf>

Members may take note of the above.

Sincerely Yours,

Chairperson and Vice Chairperson
Corporate Laws & Corporate Governance Committee
The Institute of Chartered Accountants of India