FAQs on ICAI (Aggregation of LLPs) Guidelines, 2024

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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Committee for Aggregation of CA Firms
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Foreword

In today's rapidly transforming professional landscape, it is imperative that Chartered Accountants (CAs) and their firms proactively adapt to meet new challenges and opportunities. The globalization of services, technological advancements, and increasing regulatory demands have reshaped the expectations placed on the profession. In response to this evolving environment, the Committee for Aggregation of CA Firms (CACAF) of ICAI has undertaken the crucial task of rethinking the way CA firms, particularly those structured as LLPs, can collaborate, grow, and enhance their service delivery.

The ICAI (Aggregation of LLPs) Guidelines, 2024 have been meticulously designed to facilitate the seamless integration of LLPs, enabling them to operate as a unified entity while maintaining the independence and professional integrity of their constituent firms. The guidelines emphasize shared governance, resource pooling, and adherence to a uniform quality control framework, all aimed at ensuring consistency in the provision of professional services. This initiative not only allows CA firms to scale their operations but also positions them to better serve the needs of their clients across diverse geographies.

As we present the FAQs on the ICAI (Aggregation of LLPs) Guidelines, 2024, we aim to provide detailed insights and responses to common queries that stakeholders may have. These FAQs are designed to help firms gain a deeper understanding of the intricacies, practical implications, and regulatory intent behind the Guidelines, including the roles of parent and partner LLPs, the procedural framework of aggregation, and related operational considerations.

I express my sincere appreciation for CA. Sanjay Kumar Agarwal, Chairman, CACAF, and CA. Babu Abraham Kallivayalil, Vice-Chairman, CACAF, for their vision and guidance. I also thank all the members of CACAF for their thoughtful contributions to this initiative. I am confident that this publication will serve as a practical roadmap for firms aspiring to grow collectively, compete more effectively, and contribute meaningfully to the evolving aspirations of the profession.

CA. Charanjot Singh Nanda
President, ICAI

Message from Vice- President

The release of publication on the ICAI (Aggregation of LLPs) Guidelines, 2024 stands as a testament to the Institute's commitment to equipping firms with frameworks that are both progressive in vision and practical in execution.

In an era defined by increased regulatory complexity, client expectations, and the need for multidimensional service delivery, Chartered Accountants must be empowered with avenues that promote collaboration without compromising professional independence. The ICAI (Aggregation of LLPs) Guidelines, 2024 precisely offer an opportunity for LLP-structured CA firms to align resources, harmonize operations, and function as integrated yet autonomous entities.

This publication, comprising well-curated FAQs has been developed to demystify the aggregation process and provide much-needed clarity to firms considering this path. I am particularly pleased to note the emphasis placed on operational autonomy, shared governance, and quality control, which will be instrumental in fostering trust and uniformity across aggregated structures.

I commend CA. Sanjay Kumar Agarwal, Chairman, Committee for Aggregation of CA firms; CA. Babu Abraham Kallivayalil, Vice-Chairman, Committee for Aggregation of CA firms; and other members of the Committee for their foresight in developing this framework and thank the entire team for their diligent efforts in translating this vision into a practical resource. I am confident that this publication will serve as a valuable guide for CA firms seeking to grow collectively and contribute more effectively to the profession and the economy at large.

New Delhi
July 2025

CA. Prasanna Kumar D
Vice-President, ICAI

Preface

The Institute of Chartered Accountants of India (ICAI) is committed to empower Chartered Accountants (CAs) to thrive in an increasingly complex and dynamic global environment. Recognizing the evolving landscape of professional practice and the growing demands on CA firms to expand their capabilities and reach, ICAI has constantly introduced forward-looking initiatives designed to foster sustainable growth and excellence.

In furtherance of this commitment, the ICAI, through its Committee for Aggregation of CA Firms (CACAF) has introduced the ICAI (Aggregation of LLPs) Guidelines, 2024. These guidelines represent a significant step towards enabling CA firms registered as LLPs to consolidate their strengths, leverage their combined resources and enhance their service delivery across various locations in India. The aim is to create a robust, cohesive framework that fosters greater collaboration, quality control, and operational efficiency, ultimately benefiting clients and the larger economy.

To assist stakeholders in understanding the intricacies of these guidelines, we have developed a set of Frequently Asked Questions (FAQs). These FAQs address various aspects of the guidelines, offering clarity and direction on the processes involved, eligibility criteria, compliance obligations, and the practical implementation of the ICAI (Aggregation of LLPs) Guidelines, 2024.

We extend our heartfelt appreciation to all members of the Committee for their unwavering commitment and insightful contributions in bringing this publication to fruition. The diverse perspectives shared by stakeholders and practicing professionals have significantly enhanced the practical relevance, clarity, and depth of the Guidelines. We also acknowledge the efforts of Ms. Parul Goel, Secretary, CACAF; Ms. Purnima Sharma; and the entire team, for their support and successful completion of this initiative. It is our earnest hope that these FAQs will serve as a dependable and practical resource for CA firms across the country, empowering them to engage with the aggregation framework with clarity, confidence, and purpose.

CA. Sanjay Kumar Agarwal
Chairman, CACAF

CA. Babu Abraham Kallivayalil
Vice- Chairman, CACAF

July, 2025
New Delhi

Disclaimer

Frequently Asked Questions (FAQs) provided here are intended to offer clarity and understanding regarding the ICAI (Aggregation of LLPs) Guidelines, 2024 issued under Section 15(2) (fa) of the Chartered Accountants Act, 1949, [as amended by the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022 (No. 12 of 22)]. These FAQs are subject to periodic updates and amendments by the Institute of Chartered Accountants of India (ICAI), reflecting changes in regulatory requirements or interpretations by the Institute.

Please note that while we strive to ensure the accuracy and relevance of the information presented, these FAQs are not exhaustive and should not be construed as legal advice or opinion. Users are advised to consult the official guidelines issued by ICAI.

The information provided in these FAQs is based on current guidelines and practices as understood at the time of publication.

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Chapter 1

Eligibility

Q1. Who is eligible to form or join an LLP as a partner under these guidelines?

Any full-time practicing Chartered Accountant/(s) (CA) or Limited Liability Partnership (LLP) where more than 50% of partners are practicing Chartered Accountants registered with ICAI may form a new LLP or join an existing LLP as a partner provided that the individual full time practicing Chartered Accountants should not be less than two at any given time in compliance with Section 7 of the LLP Act, 2008. The same is applicable to both parent/partner LLP.

Q2. Which LLP will be called parent LLP?

Under these guidelines, parent LLP means LLP consisting of more than 50% Individual Practicing Chartered Accountants as its partners which is admitting another LLP registered with ICAI as LLP.

Q3. How is the majority ascertained?

Under these guidelines, the majority or more than 50% criteria for the purpose of computing eligibility shall be calculated both on the basis of the number of partners as well as their aggregate share of profits in the LLP. The majority criteria is established both for parent and partner LLPs.

Q4. Is an LLP with two partners, one in full-time practice and the other in part-time practice, eligible under the ICAI (Aggregation of LLPs) Guidelines, 2024?

Under the ICAI (Aggregation of LLPs) Guidelines 2024, an LLP must at all times comprise of at least two individual full-time practicing CAs in compliance with Section 7 of the LLP Act, 2008. The same is applicable to both parent/partner LLP.

Furthermore, the criteria of more than 50% of the partners being full-time practicing Chartered Accountants registered with ICAI also needs to be fulfilled.

Q5. Who are other 49% of the partners in such CA Firm LLP?

Presently, the other 49% of the partners in such a CA Firm LLP are practicing Chartered Accountants registered with the ICAI. These Guidelines have accommodated the structure of Multi-Disciplinary Partnerships (MDPs) to be registered with ICAI for future purposes as and when it will be operationalized.

Q6. We are ABC & LLP, can we become partners with multiple LLPs at a given time, either as a parent or a partner, for different assignments?

No, partner LLP can become partner of only one parent LLP and a parent LLP cannot become partner of any other LLP at a given time under these guidelines.

Q7. What is the purpose of holding majority of CAs both in numbers of partners as well as their aggregate share of profits?

The requirement to hold a majority of Chartered Accountants (CAs) in both the number of partners and their aggregate share of profits aligns with Section 141 of the Companies Act, 2013 which specifies that,

"Section141(1): A person shall be eligible for appointment as an auditor of a company only if he is a chartered accountant:

Provided that a firm whereof majority of partners practicing in India are qualified for appointment as aforesaid may be appointed by its firm name to be auditor of a company.

(2): Where a firm including a limited liability partnership is appointed as an auditor of a company, only the partners who are chartered accountants shall be authorized to act and sign on behalf of the firm"

Accordingly, a Multi-Disciplinary Partnership (MDP) where the majority of partners are non-CAs is not eligible for statutory audits under the Companies Act, 2013. To ensure compliance, MDPs appointed as auditors must maintain a majority of CA partners, both in number and profit share. 'Majority criteria' for the purpose of computing eligibility of MDP CAs in Practice for the purpose of appointment as statutory auditor under the Companies Act, 2013 shall be calculated both on the basis of the number of partners as well as their aggregate share of profits in MDP CAs in Practice so that the majority criteria is clearly established. Further, it is to be noted that partners of LLP have limited

liability. Keeping this aspect into consideration, the above condition for majority shall apply.

Q8. Why is the condition of minimum two individual practicing Chartered Accountants at any given time in the LLP outlined in the guidelines?

The condition of having a minimum of two individual practicing Chartered Accountants in the LLP is outlined to comply with Section 7(1) of the LLP Act, 2008.

Q9. Can a member of ICAI without COP, be a partner in the LLP under these guidelines?

No, a member of ICAI without COP cannot be a partner in the CA firm LLP. Presently, the other 49% of the partners in such a CA Firm LLP are practicing Chartered Accountants registered with the ICAI. These Guidelines have accommodated the structure of Multi-Disciplinary Partnerships (MDPs) to be registered with ICAI for future purposes as and when it will be operationalized.

Chapter 2

Naming, Registration, Reconstitution and Exit

Q10. How should the naming of a new LLP be done? Would it include any suffixes like Aggregation, Alliance, Affiliation?

Under these guidelines, the approval of names of LLPs will be governed by Regulation 190 of the Chartered Accountants Regulations, 1988, the Council guidelines for conversion of CA Firms into LLPs 2024, MCA circulars issued on the subject from time- to-time, applicable provisions of the LLP Act, 2008 and the practice followed by the ROC from time to time.

Q11. How are LLPs registered under these guidelines?

Under these guidelines, the LLPs will have to register under these guidelines with the Institute and the details of all the partner LLPs will be given effect in the records to reflect the combined strength, geographical presence among others and a firm registration number be given as per the procedure followed in case of any other Chartered Accountant LLP. Additionally, LLPs must comply with the practice and procedures followed by the Registrar of Companies (ROC) from time to time.

Q12. What occurs in the event of reconstitution?

Under these guidelines, the reconstitution must be registered with ICAI and with others regulatory bodies following the due procedure as per the applicable laws from time to time.

Q13. How does the change in partners of an LLP affect its existence, rights, or liabilities under the LLP Act, 2008?

According to Section 3(3) of the LLP Act, 2008, any change in the partners of a limited liability partnership shall not affect the existence, rights or liabilities of the limited liability partnership.

Q14. Will the reconstitution of a partner LLP affect the work secured prior to reconstitution under the parent LLP?

No, as per clause 9(3) of the given guidelines, reconstitution will not deprive the remaining partner LLPs of the parent LLP from continuing the work they have already secured by virtue of parent LLP.

Q15. What is the process for a parent firm to exit from the ICAI (Aggregation of LLPs) Guidelines, 2024?

The laid down process for exit as a partner LLP from a parent LLP or the closure of the LLP as per the applicable rules of ICAI, LLP Act, 2008, procedures followed by the ROC/Registrar of firms among others shall be followed. Further, the parent or partner firm needs to intimate ICAI upon exit and follow the due process to reflect the updation at SSP.

Q16. If a parent LLP decides to close its business, is it mandatory for them to withdraw from the LLP Aggregation model first?

Yes, it is mandatory for a parent LLP to withdraw from the said Guidelines prior to closing its business. Moreover, an intimation with respect to such withdrawal or closure is to be provided by the said parent or partner firm.

Q17. If the parent LLP exits the LLP Aggregation model, can a partner LLP assume the role of the parent LLP and continue with the existing aggregation structure or does the entire aggregation structure dissolve?

If the parent LLP exits the ICAI (Aggregation of LLPs) Guidelines, 2024 , the remaining partners and LLP partners may collectively decide among themselves to designate a new parent LLP from the existing partner LLPs. The selected partner LLP would then need to follow the necessary procedures and formalities to assume the role of the parent LLP. All required intimations and documentation must be submitted to the ICAI and other relevant regulatory authorities to reflect the updated structure. If no new parent LLP is designated, the aggregation may be dissolved.

Q18. Is the constitution of the Board of Management by parent LLP mandatory? How will the Board of Management be constituted?

Yes, the constitution of the Board of Management is mandatory. The Board of Management shall be constituted by the parent LLP, and it should comprise of the authorized Managing Partners from each partner LLPs under these guidelines.

Q19. What is the role of the Board of Management constituted under these guidelines?

As per clause 7(3) of the given guidelines, the Board of Management shall be constituted under these guidelines, comprising of the authorized Managing Partners from the partner LLPs, that shall ensure-

(a) regulatory and legal compliances,

(b) manage affairs of the firm,

(c) undertake strategic decisions including but not limited to business strategy, financial management, profit appropriation, cost sharing, hiring of personnel, risk management, infrastructure expansion, etc,

(d) entire process of registration at the SSP portal of ICAI through online mode,

(e) all the documents pertaining to the firm/(s)/practice like partnership deed, papers relating to resignation or joining of partners, employment and relieving of qualified assistants, papers and details regarding the approvals given for any constitution or re- constitution of the firm, etc. from time to time which may be called upon by the ICAI in case they are required for any dispute or any enquiry or confirmation required by the ICAI,

(f) clearly state to the incumbent partner LLPs about the restrictions of audit or non- audit works likely to arise from Section 144 of the Companies Act, 2013 or any issue in code of

conduct or ethics or in any Governing law applicable to the LLP firm at the time of joining itself,

(g) establish dispute resolution mechanism to review matters among parent LLP, partner LLPs and individuals in LLP/(s) and endeavor to reach a mutually acceptable resolution within a reasonable timeframe, if the disputes remain unresolved, it shall proceed to mediation or shall be referred to arbitration in accordance with the Arbitration and Conciliation Act, 1996,

(h) decide upon the participation of the parent LLP or partner LLPs in empanelment or tendering processes,

(i) clearly lay down the reconstitution mechanism encompassing the joining or suspension of partners of parent LLP, partner LLP and individual partners of LLP/(s),

(j) decide upon the matters relating to goodwill, settlement of accounts and clients in case of reconstitution or dissolution among others, and

(k) Or any other matter agreed amongst them.

Q20. Do these guidelines provide for any requirement of written deed to be entered?

Yes, under these guidelines, written byelaws / agreement is to be entered by all firms & their partners, the terms outlined in the written deed agreed upon by all the partners shall be subject to and in compliance with the provisions of the CA Act,1949, LLP Act, 2008, CA Regulations, 1988 ICAI Code of Ethics and Council Guidelines among others from time to time.

Q21. Are there any restrictions on audit practices for LLPs under these guidelines?

Yes, rotation of audit and joint audit amongst parent and partner LLPs, as well as among partner LLPs themselves, will not be permitted under these guidelines.

Q22. Can the parent LLP or partner LLPs under these guidelines participate in empanelment or tendering processes together at the same time?

Under these guidelines, the Board of Management comprising of the authorized Managing Partners from the partner LLPs will decide upon

the participation of the parent LLP or partner LLPs in empanelment or tendering processes. Further, the empanelment and tendering processes are governed by the norms of the respective regulators.

Q23. If LLPs are free to join and exit from parent LLP, how their empanelment will be treated as exclusive association?

The empanelment process is governed by the norms laid down by the respective empaneling regulators from time to time. The exclusive association is generally assessed basis the current status on the firm's stipulated data.

Q24. Can LLPs associated as partners of the LLP i.e. partner LLPs practice independently?

Under these guidelines, the LLPs associated as partners of the parent LLP (i.e. partner LLPs) are bound by written deed and may also practice as independent LLP simultaneously, subject to terms of written deed.

Q25. How the Guidelines deals with the limitations imposed by Section 141 and 144 of the Companies Act, 2013?

Under these guidelines, the Board of Management should clearly state to the incumbent partner LLPs about the restrictions of audit or non-audit works likely to arise from Section 144 of the Companies Act, 2013 or any issue in Code of Ethics or in any Governing law applicable to the LLP firm at the time of joining itself.

Q26. How can individual partners be allowed to apply for empanelment separately in their names?

Under these guidelines, individual partners cannot apply for empanelment separately in their names. The decision regarding participation in empanelment or tendering processes will be made by the Board of Management, constituted by the parent LLP that includes authorized Managing Partners from the partner LLPs and exercises its powers as outlined in the written deed agreed upon by all partners.

Q27. How should LLPs identify the potential conflict / restricted services u/s. 144 of the Companies Act, 2013 and otherwise under ICAI Code of Ethics?

LLPs should identify potential conflicts or restricted services under Section 144 of the Companies Act, 2013 and the ICAI Code of Ethics by conducting comprehensive conflict checks when onboarding new

clients or engagements. These checks should be supplemented by regular internal reviews to detect any emerging issues. The Board of Management must oversee these evaluations, ensuring ongoing compliance with legal and ethical standards through continuous monitoring and robust internal controls.

Q28. When an assignment is undertaken in the name of the parent LLP, how is the liability apportioned in case of delinquency?

When the assignment is secured under the parent LLP's name, the parent LLP holds primary responsibility for any liabilities arising from the assignment. However, the liability can be proportionally shared among the partners singly or jointly involved in the assignment. To ensure clarity and accountability, the Board of Management must establish a clear division of work and a detailed responsibility matrix. This should be documented comprehensively for every assignment undertaken within the LLP, ensuring fair distribution of obligations and seamless management of liabilities.

Q29. What is the extent of the parent LLP's authority over assignments undertaken by partner LLPs?

The parent LLP's Board of Management authority prevails over all assignments carried out within the aggregation structure, including assurance, non-assurance, audit, and other engagements. Decisions made by the Board of Management of the parent LLP are binding on all partner LLPs operating under this framework. However, assignments secured and executed independently by partner LLPs outside the aggregation structure remain outside the parent LLP's jurisdiction. These are governed by the respective partner LLPs unless explicitly covered by the written deed.

Chapter 4

Miscellaneous

Q30. Is there an established mechanism for addressing grievances and resolving issues?

Yes, a Grievance Redressal Cell under the M&SS Directorate is established to address administrative queries and cater issues on a time-bound basis.

Q31. Can a body corporate be a partner in an LLP under these guidelines?

No, a body corporate incorporated as a Company under the Companies Act, 2013 in India or applicable laws outside India has not been permitted to be a partner to a parent LLP, in alignment with Section 25 of the Chartered Accountants Act, 1949 which states that,

'Companies not to engage in accountancy-

(1) No company, whether incorporated in India or elsewhere, shall practice as chartered accountants.

[Explanation − For the removal of doubts, it is hereby declared that the "company" shall include any limited liability partnership which has company as its partner for the purposes of this section.]

(2) If any company contravenes the provisions of sub-section (i), then, without prejudice to any other proceedings which may be taken against the company, every director, manager, secretary and any other officer thereof who is knowingly a party to such contravention shall be punishable with fine which may extend on first conviction to one thousand rupees, and on any subsequent conviction to five thousand rupees.'

Q32. How do these guidelines cater to the disputes among LLPs?

As per, clause 7 of the given guidelines, the Board of Management, which shall draw its powers and authority in accordance with the terms outlined in the written deed agreed upon by all the partners, shall be constituted by the parent LLP comprising of the authorized Managing Partners from the partner LLPs that will ensure to establish a dispute

resolution mechanism to review matters among the parent LLP, partner LLPs, and individual in LLP/(s). and endeavor to reach a mutually acceptable resolution within a reasonable timeframe, if the disputes remain unresolved, it shall proceed to mediation or shall be referred to arbitration in accordance with the Arbitration and Conciliation Act, 1996.

Q33. What will be the basis for determining the seniority of the LLPs in case of the issues arising due to constitutional changes?

The seniority of the LLPs, in case of issues arising due to constitutional changes, will be determined based on the date of establishment in the records.

As regards, the seniority on the basis of the experience gained from the nature and the number of assignments rendered by the given LLP, it will be governed by the norms of the respective regulators during the empanelment and tendering processes.

Q34. Will the LLPs be allowed to be empaneled on international platforms to engage new overseas opportunities?

Yes, LLPs will be permitted to seek empanelment on international platforms, provided they comply with both domestic regulations and international standards. This will enable them to explore and capitalize on new overseas opportunities.

Q35. How would the turnovers of parent and partner LLPs be calculated?

The turnover of parent and partner LLPs will be calculated based on the total revenue generated from their professional services, including fees from clients and other income as reported in their financial statements. The calculation should adhere to accounting standards and regulatory requirements laid down from time to time.

Q36. What will be the liability of each of the partner LLPs?

Each partner LLP will be liable for its share of responsibilities and obligations as defined in the written deed and the guidelines. Liability includes financial, legal and operational aspects related to their individual operations and contributions.

Q37. Who will sign the audit report when the work is being divided amongst partner firms?

The audit report should be signed by the concerned partner involved in the audit on behalf of the parent LLP. There should be a clear demarcation of work and assignments among the parent and partner LLP. Each LLP's contribution to assignments must be documented and substantiated, ensuring that responsibility is attributed accurately according to the scope of work performed by each LLP. The responsibility for signing should be clearly outlined in the engagement letter and internal agreements, ensuring compliance with regulatory and professional standards.

Q38. Can an existing network as per 2021 guidelines, convert it into an LLP as per ICAI (Aggregation of LLPs) Guidelines, 2024?

To avail the benefits under these Guidelines, they are required to form an LLP, as these guidelines apply specifically to LLP structures.

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