

Many of us have heard of the **US CPA** (Certified Public Accountant) designation but few of us are aware that we too can be a part of this elite group having the highest accounting qualification in the US. It does take hard work to pass the CPA exams, but that effort lasts less than **1000** hours of smart study over less than **12 months** and only **4** exam parts!

Indian Chartered Accountants - **CA**(which is an intensive course with **16 papers** over **3 levels** and taking **5+ years** to achieve).

Why CPAs are required in India?

CPAs are Certified Public Accountant who after having passed a four part exam administered by **AICPA** (American Institute of Certified Public Accountants) and met work experience requirement, earn their title and license to practice from one of the 50 states of United States of America. CPA is accountants and trusted financial advisers for individuals and businesses that help them plan and achieve their financial goals. Additionally one of the primary functions of a CPA is to provide assurance services, such as financial audit services whereby a **CPA** would attest that the financials adhere to **US GAAP** and are reasonably free from material misstatements.

While functioning or role of **CPA** is the same as an Indian **CA**, **CPA** is a profession that is recognized on a global platform. Initially when companies from the **US** and other global economies were established in India, they hired Indian **CAs** to meet the compliance requirements of **SEC** (Securities Exchange Commission of US) and security regulations of other countries. Even Indian companies with a global presence depended on the Indian **CAs** to meet their global compliance requirements. Even though the Indian **CAs** received on the job training to produce financials as per **US GAAP** and **IFRS** standards, it was challenging for them to meet and keep up with the complex and changing requirements set by **SEC**.

Additionally any financial reports or **SEC** documents in **US GAAP** prepared by them lacked credibility which only delayed proceedings and caused a lot of frustration among companies. This is where **CPAs** came into the picture. Qualified **CPAs** not only had the knowledge of **US GAAP** and **IFRS** but also have the ability to lend credibility to the prepared financial

statements and in meeting the requirements set by **SEC**. With the increase in **F&A** outsourcing (Finance and Accounting) to India in the recent times, the need for qualified **CPAs** has increased multi-fold. Currently **CPAs** are required in **US** Consulting firms that have set-ups in India (called the **big 4: Deloitte, WC, E&Y and KPMG**).and **Price water house Coopers, Ernst & Young**, **CPAs** are also required in product and service industries outsourced by **multi-nationals** such as **Amazon**. Last but not the least Indian companies with **US** presence such as **Wipro, Infosys and Reliance, GE Capital, JP Morgan, Ford Motors, General Motors, Microsoft, Oracle, Coke, Pepsi** have set up shop in India also need **CPAs** to prepare financials and provide assurance services according to **US GAAP** and **SEC** requirements.

The above trend is an opportunity for Indian accounting graduates to pursue a certification that gives global recognition and with it a lucrative salary base. Indian **CAs** are at a unique advantageous position to pursue CPA because they already have the knowledge that a CPA has and all they require is the credibility which they can achieve by writing the **4 part exam** and getting the license.

Given the limited supply of CPAs in India, what do MNCs and Big 4s do?

The demand for **CPA** has considerably grown in recent times with the considerable growth in **MNCs** and **Big4s** in India. This shift in the trend is because of the requirement of knowledge and credibility about **US GAAP, IFRS & US Compliance & Taxation** by these multinational companies. Indian **CA** on the other hand has limited geographical recognition and does not cover the topics like **IFRS & US GAAP**.

This increases the demand for the **CPA** candidates in India. The demand has increased than the supply and that forced the **MNC's** and **Big 4s** to train their **CA's** as **CPA's**, In other words they give an extensive training on **US GAAP & IFRS** reporting and compliance,

US Taxation to their existing employees. Now, these **CAs** who are trained have the knowledge but **NOT the CREDIBILITY of a CPA** [it's like a B.Com graduate who can do accounting as good as a CA, he's got the knowledge, but NOT the credibility of a CA]

Naturally, these **MNCs** and **Big 4** are on the constant look-out for **CPAs**. Many of them **even sponsor** their professionals to pursue the CPA course.

CPA (US) vs. CA (India)

CPA (US) is equivalent to **CA (India)** with lesser papers and exams. Students can earn the same level of knowledge and credibility by pursuing **CPA** with fewer exams and lesser studies.

CPA exams are conducted by **AICPA** (American Institute of Certified Public Accountant) whereas **CA** exams are conducted by **ICAI** (Institute of Chartered Accountants of India).

CPA gives broader recognition compared to **CA**. **CPA** is recognized in **USA, India & around the world** compared to **CA**, which is **recognized only in India**. With the global presence **CPA** has more job opportunities compared to **CA**.

CPA covers **US GAAP & IFRS**, while **CA** covers **Indian GAAP**. The primary motive for developing **IFRS** by **IASB** is to develop a single set of high quality, understandable, enforceable and globally accepted financial standards based upon clearly articulated principles. **CPA** syllabus covers **IFRS** extensively and gives a very good comparison between **US GAAP** and **IFRS**. It also gives guidance as how to convert financial statements from **US GAAP** to **IFRS**. **CA** syllabus has very few insights on **IFRS** and students had to go through a separate course on **IFRS** and conversion of financial statements from **Indian GAAP** to **IFRS**. With increase in numbers of multinational companies there is a **lesser supply of CPAs** as required by them. With more demand for **CPAs** and lesser supply, these companies are **forced to train CAs** and make them work like **CPAs**. At the end of the day **CA's** are doing the same job as **CPA**, even after studying for **4 years**.

Passing percentage of **CPA** is quite high compared to **CA** so it is a motivation for the students to approach for the **CPA** course.

A brief summary of the above mentioned points

Institute	American Institute of Certified Public Accountant (AICPA), US	Institute of Chartered Accountant of India (ICAI), India
Course Duration	1 year	4-5 years
Accounting Standards	US GAAP, IFRS	Indian GAAP
Recognition	US, India & Global	India
Academics	4 Papers, Single-Level Exam	16 Papers, 3-Level Exam
Work-ex	1 Year in Accounting/Finance	3 Years Article ship under CA
Passing %	40-45% approx.	5-6% approx.

Only 4 Exam Parts - “Culture-shock” for CA candidates!!!

CPA exams have four papers, single-level exam which consist of:

1. FAR - Financial Accounting & Reporting
2. AUD - Auditing

3. REG - Regulation
4. BEC - Business Environment & Concepts

This four subjects, covers pretty much all the areas required to enter into the professional field. CPA covers wide range of topics but not in depth, which actually helps candidates to finish its course on time and practically apply the concepts in real world.

On the other hand **CA** has around 16 papers, divided in three levels i.e.

- Common Proficiency Test (**CPT**)
- Intermediate (Integrated Professional Competence) Course
- Final Course

Each level covers each topic in depth. By the time you start working you forget half of the concepts, which you studied in your previous levels. This in depth knowledge is good from education perspective, but the question lies here is, do we apply all the knowledge in the true practical sense? Do we apply all the concepts learnt in the **CA** exam?

If the answer is no, then we have to start focusing our energy in the course, which gives us the broad knowledge of the subject and areas and prepare us for the industry.

Big4s like **Deloitte, PWC, EY, KPMG** and **Price water house Coopers, Ernst & Young**, or multinational companies like **GE Capital, JP Morgan, Ford Motors, General Motors, Microsoft, Oracle, Coke, Pepsi Ranbaxy, Nestle**, have set up shop in India **Citibank** or the banks like **ICICI, HDFC** who raise money from USA capital markets and are registered with **SEC** are required to present their financial statements as per **US GAAP** for which they need a **CPA**.

These companies can only hear **CPA** even if you shout both **CA** and **CPA**.

CA candidates, often feels the need to enhance their qualification and finish their **CPA** just to fit into the role required by this foreign multinationals.

They end up doing **CPA** anyways, so it's like **16 papers** for **CA** and then additional 4 papers for **CPA**. Why to use this long route, if we can attain same level of credibility by just clearing **4 CPA** papers. Most of the **CA** candidates can't believe that they can attain same level of credibility, recognition and career growth by just clearing **4 papers** of **CPA** exam.

Globalization had brought lot of opportunities for the **CPA** candidates to work anywhere in the world but this is not possible in the case of **CA** candidates as they have restricted geographic recognition i.e. recognized only in India.

Besides, the accuracy requirement is pretty high on **CPA** with **75** as the passing score. Nevertheless, the pass rate on the **CPA** exams is still **45%-50%** (way higher than **CA**)

Although the cost incurred of pursuing this course from the US is higher than the cost incurred in pursuing CA from India, a candidate can complete CPA course in a much lesser time. It normally takes 7-12 months in completing the CPA Course whereas it takes a minimum of 3 years to complete CA.

Candidates who have cleared both CPA & CA have revealed that clearing CPA is much easier than clearing CA. Not only is this Course easier than the Indian CA Course but the presence of good coaching centres which are now present in India for this course has also lead to Indians scoring good marks in the CPA Exams.

Of all the Students who appear for the *US CPA Exam *from across the

Globe, approximately 50% are able to clear these exams.

CPA Eligibility Criteria for Indian

Students:-

To be eligible for CPA foundation examination which is first level examination in CPA curriculum, the student must have any of the below qualification.

- Members of the Institute of Chartered Accountants of India.
- Members of the Institute of Cost and Works Accountants in India.
- Members of the Company Secretaries in India.
- Master of Commerce
- MBAs

Generally, most **Indian B.Com** graduates are eligible to take the **CPA** exams.

Minimum education requirements for **US CPA** exams and license:

- CPA Exam - 120 Credits
- CPA License - 150 Credits

Every year of university education in India is equivalent to 30 semester credits of US education.

- Using 1 year = 30 credits,
- B.Com = 3 years x 30 credits = 90 credits

Exception: If B.Com is completed in 1st division from a NAAC 'A' university, the 3-year B.Com would be treated as 4 years of US education, i.e., 120 credits for B.Com alone.

- B.Com + M.Com/MBA = 90/120 credits + 60 credits = 150/180 credits

- B.Com + CA/CS/CWA = 90/120 credits + 60 credits = 150/180 credits
- CA/CS/CWA recognized by few states as 2 years of US education

If Not Eligible candidate may go through the 1-year Post Graduate Diploma in accounting i.e for the candidate with

- -B.Com from non-NAAC A university and/or without 1st division
- -Non-B.Com graduates - Generally, not eligible due to lack of adequate accounting credits. However, few courses like BBA, BBM, etc. may be eligible and are reviewed on a case-to-case basis

CPA License

Just like CPA examination even the licensing requirements vary state to state. As a general rule, to apply for the CPA license, one has to meet the four “E” parameters.

- E - Examination
- E - Education
- E - Experience
- E - Ethics

Examination: Successfully pass all the four parts of uniform CPA examination conducted by the AICPA

Education: One requires minimum 150 semester credit hours to be eligible for the CPA license

Experience: Most state requires at least two years of public accounting experience. There are many states who also accept non-public accounting experience to be eligible for the CPA license. However there are some states that have more specific requirements such as specified amount of auditing work experience.

Ethics: Ethics is a short offline course which needs to be completed either before or after the CPA examination. Normally once the ethics course is purchased, you have a year to complete it. Ethics exams can be taken at your convenience from home.

International Candidate: Candidates who takes the CPA exam in a location outside of the US, their exam credit lapse unless the candidate is able to get the CPA license within 3 years of clearing the CPA examination.

“ONLY” Miles helps you get there: To apply for the license, you must have work experience under a CPA or verified by a CPA. This is one of the most critical requirements for international candidates because of the 3 years rule and “Miles” is the only review course provider in India with licensed CPA’s who can authorize your work experience. Based on the four “E” parameters, Miles guide you in the selection of state board, credits to be obtained and end to end service to obtain license & achieve CPA designation.