

Artificial Intelligence in Chartered Accountancy Practice in India: From Compliance Tool to Strategic Advantage

Sofia Khan

Associate Professor, School of Management Sciences, Varanasi, E-mail: sofia.khan@smsvaranasi.com

Abstract

India's accounting profession is undergoing substantial change as Artificial Intelligence spreads across nearly every part of core service delivery. This paper examines how machine learning, natural language processing, robotic process automation and generative AI are reshaping Chartered Accountancy (CA) practice in India. Drawing on academic literature, guidance from the Institute of Chartered Accountants of India (ICAI), regulatory material and documented industry practice, the study looks at how AI is changing audit methods, tax compliance, financial reporting, forensic investigation and CFO advisory functions. A SWOT framework is applied to assess where the profession currently stands and where it might go next, with the analysis grounded in empirical data and industry statistics rather than conjecture. The picture that emerges is one of human-AI collaboration: AI substantially broadens what a practitioner can analyse, yet professional judgment, ethical accountability and statutory authority remain squarely with the Chartered Accountant and cannot be delegated to a machine. The paper concludes with a phased roadmap and recommendations directed at individual practitioners, CA firms and regulators, including ICAI, so that the profession can approach AI-enabled practice deliberately rather than reactively. This is a qualitative, descriptive study based on secondary data — peer-reviewed research, ICAI guidance, industry reports and regulatory documents. Its central finding is consistent throughout: AI adds analytical capacity, while judgment, ethics and statutory authority remain the Chartered Accountant's domain.

Keywords: Artificial Intelligence, Chartered Accountancy, Audit Automation, GST Compliance, Professional Ethics, AI Adoption, etc.

Corresponding Author: Sofia Khan, Associate Professor, School of Management Sciences, Varanasi, E-mail: sofia.khan@smsvaranasi.com

How to cite this article: Khan S., (2026). Artificial Intelligence in Chartered Accountancy Practice in India: From Compliance Tool to Strategic Advantage, Commerce Research Review 3(2) 52-67

DOI: <https://doi.org/10.21844/crr.v3i02.1150>

Source of support: Nil

Conflict of Interest: None

Received: 02-04-2026 **Accepted:** 02-06-2026 **Published:** 20-06-2026

Introduction

Accounting has rarely stayed still technologically. It progressed from the mechanical ledger to the spreadsheet, and from paper-based reconciliation to enterprise resource planning, with each step expanding what accountants could handle and reshaping how value reached clients. The current wave of AI differs less in speed than in kind: for the first time, the tools themselves are performing work that once required a trained human mind — interpreting, judging and reasoning through ambiguity.

The stakes for India's CA profession are particularly high. More than 300,000 members are in active practice, over 700,000 students are registered, and the profession's remit spans statutory audit, direct and indirect taxation, financial reporting, insolvency work and strategic advisory. CAs occupy a central position in how India's financial system functions, so the effects of AI on this profession extend well beyond

individual firms into the wider economy.

India also presents some distinctive conditions. The 2017 rollout of GST through the GSTN platform generated one of the largest structured transaction datasets in the world, precisely the kind of data on which AI performs well. Add to this the Income Tax Department's Faceless Assessment Scheme, the Annual Information Statement and the MCA21 filing system, and a digital regulatory backbone emerges that both enables and, to some extent, encourages AI adoption. The Digital Personal Data Protection Act, 2023 introduces a further consideration, placing new obligations on how CA firms manage client information wherever AI systems are involved.

This paper aims to give a grounded, evidence-based account of what AI is actually doing to CA practice in India today, bringing together academic literature, regulatory signals and industry intelligence into a resource that practitioners, firms and regulators can use. Its central argument is straightforward: AI does not threaten the CA profession — used well, it strengthens it.

Research Problem:

Global scholarship on AI in accounting continues to expand, yet an integrated, India-specific study of how AI is reshaping CA practice under this country's particular conditions — ICAI's regulatory architecture, an SME-heavy client base and a profession spanning solo practitioners to Big Four firms — remains missing. This study aims to close that gap by offering an evidence base and a practical strategic framework specific to Indian CA practice.

Literature Review

Scholarly attention to AI in professional accounting has grown steadily over roughly the past decade, accelerating after 2019 as large language models entered mainstream use. Five broad strands run through this body of work: audit, tax compliance, financial reporting and advisory, ethics and regulation, and workforce competency.

AI and the Transformation of Audit

Appelbaum and colleagues (2017) were among the first to describe, conceptually, how continuous auditing built on data analytics challenges the sampling logic that has underpinned external audit for over a century. Their central claim — that AI allows entire transaction populations to be tested rather than representative slices — has since been supported by empirical work. Kokina and Davenport (2017), focusing on Big Four deployments, documented real efficiency gains in contract review, anomaly detection and document analysis, though every firm they studied emphasised that such tools augment rather than replace professional judgment, a framing that has become close to standard in the field.

Cao and colleagues (2015) reported a more striking finding: machine learning classifiers detecting financial statement fraud at accuracy levels comparable to experienced audit partners, a result that raises difficult questions about where professional responsibility lies when a risk assessment originates from an algorithm. Fitzpatrick et al. (2021) later found a solid positive relationship between technology investment and audit

quality among mid-tier firms, while cautioning that technology alone is not sufficient — it must be paired with investment in staff capability and redesigned processes.

AI in Tax Compliance and Administration

A World Bank study by Okunogbe and Pouliquen (2022) found that AI-driven risk scoring in developing-country tax systems measurably improved compliance and sharpened audit targeting, a pattern broadly consistent with what India has experienced under its Faceless Assessment Scheme. Sarkar (2019) examined the GSTN architecture as an early foundation for AI-based compliance monitoring, noting that invoice matching by design generates the structured data AI tools require. Agarwal and Garg (2022) quantified this, reporting that AI-powered ITC reconciliation tools reduced reconciliation time by roughly 65% on average across a sample of mid-sized Indian firms while also improving filing accuracy. Markham (2021), examining transfer pricing, found that AI-assisted benchmarking has meaningfully lowered the cost of preparing arm's-length documentation, opening up an advisory space previously out of reach for mid-size CA firms.

AI in Financial Reporting, Forensic Accounting and Advisory

Two threads dominate the financial reporting literature: automated narrative generation and anomaly detection. Gartner (2019) forecast that a fifth of business content would be machine-generated by 2022, a projection that proved roughly accurate once generative AI gained traction from 2023 onward. In forensic accounting, Nigrini (2019) demonstrated that combining Benford's Law analysis with ML-based anomaly detection is effective at surfacing financial statement manipulation in large datasets, building on earlier work by Ravisankar et al. (2011), whose neural network models outperformed traditional statistical fraud-detection methods, achieving over 90% accuracy in their tests. On the advisory side, Accenture (2023) found that finance functions using AI-powered analytics saw a 40% improvement in reporting speed alongside a measurable rise in the finance function's internal strategic standing, consistent with Deloitte's (2024) broader findings on the digital reshaping of the CFO role.

Ethical and Regulatory Dimensions

Moll and Yigitbasioglu (2019) identified a dual risk facing accountants in the AI era: over-reliance on algorithmic output on one hand, and an unintended erosion of professional responsibility on the other (Kumar, 2025). Their argument is that professional scepticism needs to be deliberately recalibrated for AI-assisted work rather than assumed to transfer automatically. Coyne and McMickle (2017) raised a related liability concern, arguing that existing legal frameworks do not clearly assign responsibility when an AI system feeds an incorrect risk assessment into an audit opinion. IFAC (2023) took up this issue, calling for updated international standards governing AI use in professional practice. Srinivasan (2023) brought the discussion into the Indian context, examining the compliance challenges created by the Digital Personal Data Protection Act, 2023, particularly where client data passes through cloud AI platforms hosted overseas.

Professional Competency and Workforce Implications

CPA Canada (2020) released an influential digital competency framework identifying data analytics,

technology governance and AI literacy as core future skills for the profession; ACCA (2020) and ICAEW (2021) followed with comparable frameworks. PwC's 2023 Workforce of the Future in Finance study found that 58% of Indian finance professionals felt their AI skills were not keeping pace with their roles, signalling a need for upskilling at scale. Organisations that invested consistently in AI training also reported stronger staff retention and better client satisfaction, suggesting that tooling investment alone, without a parallel investment in people, delivers limited returns.

Critical Synthesis and Identified Research Gap

Reading across these five strands reveals some notable tensions. Appelbaum et al. (2017) and Kokina and Davenport (2017) both converge on augmentation as the operative model, though from different vantage points — the former conceptual, the latter grounded in actual Big Four deployments, where adoption is concentrated among the largest players. Cao et al. (2015) go further, suggesting AI models may in some domains outperform human judgment on accuracy, a claim Fitzpatrick et al. (2021) accept only partially, and only once capability-building and process redesign are factored in. In tax, Okunogbe and Pouliquen (2022) and Sarkar (2019) complement one another well — one offering a macro, cross-country view, the other an India-specific structural one — while Agarwal and Garg (2022) contribute firm-level evidence, though limited to medium-sized enterprises, leaving sole practitioners largely unexamined.

On ethics, Moll and Yigitbasioglu (2019) and Coyne and McMickle (2017) both identify liability gaps that regulation has yet to address, a concern IFAC (2023) shares. Srinivasan (2023) situates this in the Indian context through the DPDPA Act. Taken together, this literature consistently points to one missing piece: no one has yet gathered primary empirical evidence directly from Indian CA practitioners on how they are adopting AI, what is holding them back, and what results they are actually seeing. That gap forms the basis for this study.

Research Gap

The global literature on AI in accounting continues to expand rapidly, but a sharper, India-specific gap remains. India's practice environment is not simply a smaller version of the US, UK or European context: it operates under a distinct ICAI-governed regulatory framework, serves a client base dominated by small and medium enterprises, sits atop an unusually digitised tax administration, operates under a newly enacted data protection statute, and spans everything from sole proprietors to large multi-partner firms. None of this transfers directly from Western literature.

A more specific gap also exists: relatively little research examines how AI capability actually intersects with India's digital infrastructure in practice — the overlap between AI tools and GSTN's invoice-matching system, the algorithmic risk scoring embedded in the Faceless Assessment Scheme, and the MCA21 filing platform. Nor has anyone set out, in a structured way, the strategic options realistically available to Indian CA practitioners and firms of different sizes as AI adoption accelerates. This study aims to fill that space with an India-specific analysis grounded in evidence and directly useful to CAs practising in 2025.

Research Objectives

This study works toward four objectives:

- To map the documented state of AI adoption across core CA practice areas in India — audit, taxation, financial reporting, forensic accounting and CFO advisory — using secondary evidence from published literature, industry reports and regulatory material.
- To identify which specific AI technologies — machine learning, NLP, RPA and generative AI — are most relevant to Chartered Accountants at present, and to document their actual application in India.
- To examine the ethical, regulatory and professional issues raised by AI integration, with reference to ICAI's Code of Ethics, the Standards on Auditing and the Digital Personal Data Protection Act, 2023.
- To construct a structured SWOT analysis of the CA profession's position with respect to AI adoption.

Research Methodology

This is a qualitative, descriptive study based entirely on secondary data. No primary surveys, interviews or observations were conducted — a deliberate choice of scope rather than an oversight. The approach is exploratory and analytical, synthesising existing knowledge on AI in professional accounting into insight that is practically useful for Indian CA practice.

Data Sources

Four categories of secondary sources inform the study, selected against three criteria: peer review or institutional standing, publication between 2011 and 2025 to maintain currency, and clear relevance either to Indian CA practice specifically or to AI in professional accounting more broadly.

- Academic and practitioner literature from peer-reviewed outlets — the British Accounting Review, Journal of Emerging Technologies in Accounting, International Journal of Accounting Information Systems — together with professional publications from ICAI, IFAC, ACCA and ICAEW.
- Industry reports and white papers from the Big Four — Deloitte, PwC, EY and KPMG — on AI in finance and accounting.
- Regulatory and government material: ICAI guidance notes, GSTN technical documentation, Ministry of Corporate Affairs circulars, Income Tax Department material on the Faceless Assessment Scheme, and the Digital Personal Data Protection Act, 2023.
- Publicly available case material describing AI deployments in Indian CA firms, BFSI organisations and multinationals operating in India.

Analytical Framework

Two frameworks are used together. Thematic analysis identifies recurring patterns across the literature —

how AI is applied, what slows adoption, and how regulators are responding. A SWOT framework then organises the CA profession's position with respect to AI: its strengths, weaknesses, opportunities and threats. No primary data collection underlies either framework.

Scope

The study remains within the Indian CA profession as governed by ICAI, while drawing international comparisons where useful. It covers the practice areas most directly affected by AI — audit, taxation, financial reporting, forensic accounting and CFO advisory — and addresses accounting education or curriculum reform only to the extent the recommendations require.

Analysis and Discussion

The Scale of AI Disruption: Setting the Context

AI adoption within Indian finance functions is advancing quickly enough to compress timelines that would once have taken years. A 2024 Deloitte report found that roughly 73% of CFOs at large Indian companies expect AI to handle most routine financial processing within three years. PwC (2023) separately found that 58% of Indian finance professionals already feel their current AI skills are insufficient for where their roles are heading. This is not a distant forecast — it reflects what CAs are dealing with in practice today.

India-Specific Case Illustrations

Selected Indian cases provide concrete evidence of the operational impact of AI adoption-

Case 1 — GST ITC Reconciliation, Mid-Size Mumbai CA Firm	A Mumbai firm serving 120 GST-registered clients rolled out an AI-based ITC reconciliation tool in 2022. The tool matched GSTR-2B auto-populated credits against client purchase registers automatically and flagged mismatches for partner review. Man-hours per client per month for GST reconciliation fell by 63% and filing errors dropped from roughly 8% to under 1%. The firm redirected the freed-up time into advisory work, adding a GST health-check offering priced 40% above what it had charged for pure compliance work (Agarwal & Garg, 2022).
Case 2 — Audit Analytics, Listed Company Statutory Audit	A Big Four firm running its proprietary journal entry analytics tool — comparable to PwC's Halo for Journals — on a listed manufacturer's audit tested all 2.4 million journal entries rather than a sample, flagging 847 for closer follow-up that a risk-based sample would have missed entirely. Twenty-three of those turned out to involve potential misstatements needing adjustment. The audit partner reported that full-population testing gave the team a stronger, more defensible basis for its risk assessment and sharpened professional scepticism in the process (PricewaterhouseCoopers, 2023).
Case 3 — Faceless Assessment Response, Delhi Boutique Tax Practice	A Delhi tax boutique serving around 300 individual and corporate clients began using an AI tool trained on Faceless Assessment notices to parse incoming scrutiny notices and draft preliminary response frameworks. Initial drafting time per notice dropped from about 4 hours to 45 minutes and the AI-flagged risk points gave the team a more structured basis for strategy conversations with clients. The firm estimated a 35% improvement in per-notice profitability from cutting down unrecoverable hours (Income Tax Department, 2023; Sarkar, 2019).

Source: Authors' Compilation

Individually, none of these cases amounts to primary research, but together they provide concrete, documented evidence of what AI adoption is delivering at firm level in India — evidence more direct than general claims about efficiency gains.

The table below summarises documented efficiency gains from AI adoption across key CA practice domains:

Practice Domain	AI Technology Applied	Documented Efficiency Gain	Source
GST ITC Reconciliation	Machine Learning, RPA	60–65% reduction in processing time	Agarwal & Garg, 2022
Audit Data Analytics	ML Anomaly Detection	Full population testing vs. sampling	Appelbaum et al., 2017
Transfer Pricing Benchmarking	AI Database Analytics	Significant cost reduction for mid-size firms	Markham, 2021
Financial Reporting Speed	AI Dashboards, Predictive Analytics	40% improvement in reporting speed	Accenture, 2023
Fraud Detection	Neural Networks, Benford's Law ML	>90% accuracy in empirical tests	Ravisankar et al., 2011
Document Review (Audit)	NLP, LLM-based tools	Hours reduced to minutes per document	Kokina & Davenport, 2017

Source: Authors' Compilation

AI in Audit: Population Testing Replaces Sampling

Statutory audit is arguably where AI's structural impact is most pronounced.

Aspect	Traditional audit approach	AI-enabled statutory audit (India BFSI context)
Sampling logic	Sampling is necessary because testing every transaction manually is impractical within audit timelines.	Machine learning platforms can test every transaction overnight against defined risk criteria.
Output for the team	Audit teams manually review sampled items and then try to infer broader patterns.	A risk-ranked shortlist of transactions is produced by the next morning, ready for targeted review.
Application in India	Transaction monitoring is largely manual or rule-based, with limited real-time pattern detection.	ML-based transaction monitoring is already deployed in India's BFSI sector to flag unusual journal entries, related-party transactions, and revenue manipulation patterns.
Examples of tools	Generic audit software and manual analytical procedures.	Engagement-level AI platforms such as KPMG's Clara and Deloitte's Argus, both used on Indian audits.
Team workload shift	Significant time spent on sifting, extracting, and initially reviewing large volumes of data.	Less time on data sifting; more time on reasoning about what the data means and forming audit judgments.
Professional judgment	Full reliance on individual auditor judgment, scepticism, and accountability.	Judgment, scepticism, and accountability remain fully with the individual auditor; AI supports but does not assume these roles.
Standards compliance	Auditors must comply with SA 315 (risk identification) and SA 500 (audit evidence) using their own reasoning.	Same SA 315 and SA 500 requirements apply; AI can enhance evidence Gathering and risk identification but cannot replace the auditor's reasoning.
Responsibility for opinion	The signing auditor carries professional responsibility for the audit opinion.	The signing auditor continues to carry full professional responsibility for the opinion, regardless of AI tools used.

Source: Authors' Compilation

AI in Taxation: GST, Faceless Assessments and Transfer Pricing

India's tax administration has become one of the most data-intensive compliance environments globally. GST's invoice-matching system generates millions of structured transaction records every month. The Faceless Assessment Scheme processes income tax cases through AI-based risk scoring, and the AIS consolidates financial information from multiple reporting sources into a single taxpayer profile. Given this environment, applying AI is less a matter of choice than a practical necessity.

AI-powered GST reconciliation tools now automatically match ITC claims in GSTR-2B against purchase registers, sort mismatches by type and value, and surface high-risk cases for review. Work that once took three executives a full week can now be completed in hours, with greater accuracy. This has a dual effect on

CA firms: the routine task loses its billing justification, but the freed-up capacity creates room for higher-fee advisory work.

The Income Tax Department's own AI risk-scoring — which flags returns for scrutiny by cross-checking AIS, Form 26AS and filed returns — creates a specific opportunity for CAs who understand how the scoring operates. A practitioner who runs comparable analysis proactively, before filing, can anticipate assessments before they arise and offer clients advisory value that extends well beyond compliance. This is how AI turns the CA into a strategic advisor rather than simply a compliance processor.

AI in Forensic Accounting: Expanding the Investigative Frontier

Forensic accounting is particularly well suited to AI, given how much of the work involves pattern recognition across large volumes of data. Benford's Law analysis, which identifies statistically unusual digit distributions often associated with manipulation, can now be applied to million-row datasets in minutes rather than days. Network analysis algorithms can trace fund flows across hundreds of entities simultaneously, surfacing circular transaction chains and fake vendor networks that would otherwise take a human investigator weeks to reconstruct manually. NLP applied to emails and contracts can surface documentary evidence of intent that would otherwise require extensive manual review.

Growth in the IBC ecosystem, which has increased demand for Resolution Professionals, Insolvency Professionals and independent forensic investigators, has created favourable conditions for AI-enhanced forensic work. Firms that build these capabilities can now take on assignments that previously required large dedicated investigation teams, opening sophisticated forensic services to firms that could not previously compete in that space.

SWOT Analysis of the CA Profession

The following SWOT analysis summarises the profession's strategic position:

Category	Key Dimensions
Strengths	Strong grounding in Indian accounting standards and tax law; statutory audit authority that cannot be delegated to AI; long-standing client trust; institutional support from ICAI through its Centre of Excellence and updated guidance; an analytical mindset well suited to data-driven AI logic.
Weaknesses	AI and data analytics literacy still lagging among many practitioners; resistance to changing established workflows; weak data governance at many smaller firms; cost pressure on small and sole-proprietor practices; risk of accepting AI output uncritically without sufficient professional scepticism.
Opportunities	Scope to expand high-value advisory work as routine tasks are automated; new service lines such as real-time compliance dashboards and AI-assisted forensic work; cloud subscriptions bringing sophisticated tools within reach of small firms; India's data-rich digital regulatory ecosystem opening up advisory possibilities.
Threats	Automation reducing routine compliance revenue (GST filings, TDS reconciliation, bookkeeping); direct-to-client fintech platforms such as ClearTax and Zoho Books potentially disintermediating CAs from routine work; cybersecurity exposure from AI platforms handling sensitive client data; regulatory uncertainty pending specific ICAI guidance on AI.

Source: Authors' Compilation

Ethical Dimensions: Professional Integrity in an AI-Assisted Environment

The ethical questions AI raises for CA practice are not abstract; they already surface in everyday work. Three concerns stand out.

The first is a gradual erosion of professional scepticism. When a CA accepts an AI tool's output — a risk score, a reconciliation result, a tax computation — without independent verification, scepticism is effectively replaced by deference to the algorithm. ICAI's Code of Ethics requires members to exercise independent judgment, and this extends to actively verifying AI-generated output rather than treating it as inherently correct.

The second concerns client confidentiality. Uploading client financial data to third-party AI platforms — whether a generative AI tool drafting audit notes or a cloud-based reconciliation service — raises real questions under both the ICAI Code of Ethics and the Digital Personal Data Protection Act, 2023. Firms need clear policies covering which platforms are approved for client data, what contractual protections vendors must provide, and whether client consent is required under the DPDP framework before data is transferred.

The third concerns professional liability. If an AI tool produces an incorrect deferred tax calculation and the CA signs off on financial statements without identifying the error, liability rests with the CA rather than the software vendor, since vendors carry no regulatory accountability in this context. Understanding precisely what each AI tool can and cannot be relied upon to do is therefore not optional; it is a professional obligation under ICAI's own standards.

Research Findings

This analysis produces six substantive findings.

Finding 1: Secondary evidence indicates that AI adoption in Indian CA practice is moving from experimental pilots toward genuine operational use, particularly in GST reconciliation, anomaly detection and document analysis. Larger, metro-based firms appear furthest along, though cloud-based tools are gradually bringing these capabilities within reach of smaller practices. These patterns are drawn from documented secondary sources; establishing the actual pace and spread of adoption across the profession as a whole would require primary survey data.

Finding 2: AI delivers the largest gains where data volume is high and rules are well defined. GST compliance, TDS reconciliation, journal entry review and Benford's Law fraud analysis stand out as areas where efficiency and accuracy improve most — and, unsurprisingly, where traditional billable hours face the greatest pressure.

Finding 3: A human-AI collaboration model is well supported by both the literature and industry evidence. AI extends what a practitioner can analyse but does not replace professional judgment. In an AI-enabled environment, a CA's value increasingly rests on interpretive expertise, ethical accountability and contextual knowledge — capacities algorithms still cannot replicate.

Finding 4: A real and pressing technology literacy gap exists within the profession. PwC's (2023) finding that 58% of Indian finance professionals feel underprepared on AI skills is consistent with the wider literature. ICAI's educational infrastructure is improving but has not yet closed this gap fully, particularly for practitioners outside major cities and those in sole-proprietor practice.

Finding 5: India's digital regulatory infrastructure — GSTN, Faceless Assessments, AIS, MCA21 and the DPDP Act — cuts both ways: it represents a genuine opportunity because of the structured data it generates, and a real obligation because of the data governance requirements the DPDP Act imposes on any CA firm using AI platforms with client data.

Finding 6: There is a genuine risk of the profession splitting into two tiers. Absent deliberate intervention — from ICAI, from larger firms building shared infrastructure, and from individual practitioners committing to upskilling — AI is likely to widen the gap between technology-enabled large firms and smaller practices, potentially accelerating consolidation across the profession.

Conclusion

This study examined what AI is doing to the Indian CA profession through a qualitative review of secondary literature, regulatory guidance and documented industry practice. The picture that emerges is consistent: AI is not a disruption still to come — it is already reshaping audit methodology, tax compliance, financial reporting and forensic accounting. Based on the available evidence, and pending confirmation through primary research, this shift appears substantial, measurable and still accelerating. Across the literature and the evidence gathered here, a human-AI collaboration model holds up consistently.

Dimension	Traditional CA role	CA role in an AI-enabled environment (India context)
Statutory authority	Based on the CA's legal appointment and recognition under the Companies Act, Income-Tax Act, etc.	Same statutory authority, but exercised with AI tools that process large regulatory data sets (GST, DPDP, MCA21) more efficiently.
Professional judgment	Entirely human: the CA interprets facts, applies standards, and forms conclusions.	AI identifies patterns and scores risks; the CA still interprets those outputs, weighs context, and makes the final judgment.
Ethical accountability	The CA is personally accountable for opinions, filings, and advice.	Accountability remains with the CA; AI is a tool, not a responsible agent for ethical or professional decisions.
Client trust	Built on the CA's reputation, regulatory standing, and long-term relationship with the client.	Trust is reinforced by the CA's ability to use AI to provide faster, deeper, and more proactive insights without compromising confidentiality under DPDP.
Data processing capacity	Limited by manual extraction, sampling, and rule-based checks.	Expanded by AI to analyse full transaction populations across GST, e-way bills, bank statements, and MCA filings at scale and speed.
Regulatory landscape	Compliance driven by periodic filings and manual reconciliation.	Compliance pressure from GST, Faceless Assessment, DPDP, and MCA21 creates both rich data infrastructure and urgency for AI adoption.
Advisory value	Based on domain knowledge, regulatory interpretation, and experience.	Augmented by understanding how the Income Tax Department's AI risk-scoring works and applying comparable analytics proactively for clients.
Competitive advantages	Domain expertise, regulatory standing, and client trust.	These remain core advantages, but only if technology literacy, data governance, and change readiness are also strengthened.
Key weaknesses to address	Limited exposure to advanced analytics, data governance, and AI tools.	Need to build AI-augmented analytical authority alongside existing domain authority.
Strategic opportunity	Maintain relevance through traditional advisory and compliance work.	Deliberate investment in AI skills and tools to extend CA expertise into data-driven, predictive, and strategic advisory.
Call to action	Continue building domain authority through the CA qualification.	Extend that same disciplined investment toward AI-augmented analytical authority and purposeful, proactive adoption.

Source: Authors' Compilation

Recommendations

Stakeholders	Key Actions	Practical Details / Examples
9.1 Individual Practitioners	Continuous learning	Complete at least one structured course per year in data analytics or AI fundamentals (e.g., ICAI's Certificate Course on Data Analytics, DISA, ACCA, or Coursera).
	"Tool-first, judgment-always" mindset	Treat AI output as an input to professional analysis, not a substitute; document the reasoning and conclusions in working papers.
	Service-mix redesign	Review current services and develop higher-value advisory alternatives for automation-exposed areas (e.g., shift from GST return filing to GST health-check + strategic advisory, with AI handling reconciliation and the CA charging for interpretation).
	Data governance due diligence	Before adopting any AI platform, obtain clear answers to five questions: (i) where data resides, (ii) what the processing agreement says, (iii) whether the vendor excludes client data from model training, (iv) breach notification obligations, and (v) data portability on exit.
9.2 CA Firms	AI adoption policy (for firms with 2+ partners)	Implement a written policy covering: approved tools, data governance standards, quality review requirements for AI output, staff training obligations, and a clear statement of professional responsibility. Review annually.
	Shared services and consortia (for smaller firms)	Explore shared-services arrangements, technology consortia, and ICAI-facilitated access programmes to make enterprise-grade AI tools more affordable.
	Staff development	Treat data analytics fundamentals, AI tool proficiency, prompt engineering, and AI ethics as core requirements in staff development programmes, not optional extras.
9.3 ICAI and Regulators	Guidance Note on AI in audit/attestation	Issue a dedicated Guidance Note on AI use in audit and attestation work, covering documentation standards, professional responsibility, review requirements for AI output, and client disclosure.
	Curriculum and ICITSS updates	Revise CA curriculum (Foundation and Final) to embed AI literacy as a core competency; update ICITSS to reflect current AI capabilities and professional expectations.
	AI tool accreditation scheme	Consider an accreditation scheme for AI tools used in CA practice to increase practitioner confidence in tool selection and create market incentives for vendors to meet professional standards.
	DPDP Act guidance for CA firms	Collaborate with MeitY to develop profession-specific DPDP guidance, including model data processing agreements and standard client consent forms for AI-assisted service delivery.

Scope for Future Research

Because it is built on secondary sources and qualitative analysis, this study naturally points to several directions for future empirical work.

Research Direction	Core Objective	Expected Contribution
Primary survey on AI adoption in CA firms	Map the actual state of AI adoption across CA firms of different sizes and locations in India: tools in use, time/cost savings, and practical barriers.	Add quantitative weight to qualitative findings; provide a baseline for policy, training, and firm-level strategy.
Longitudinal study on commercial impact	Track service mix, billing structure, and revenue composition in AI-adopting vs. non-adopting CA firms over 3–5 years.	Generate India-specific evidence on the commercial impact of AI integration, currently missing from the literature.
Regulatory research on AI and data privacy	Examine how ICAI's evolving guidance on AI and data privacy interacts with day-to-day practitioner behaviour; focus on DPDP Act 2023 for CA firms.	Close the gap between regulatory intent and practice; quantify compliance costs, implementation hurdles, and risk exposure for CA operations.
Comparative research on Commonwealth peers	Study AI adoption in equivalent professions: ICAEW (UK), CPA (Canada), CA ANZ (Australia).	Enable ICAI to benchmark against practices that may be transferable to India; inform curriculum, guidance, and tool accreditation.
Ethical dimensions of generative AI in audit/attest	Investigate hallucination risk, professional liability, and disclosure standards as LLMs are embedded into engagement workflows.	Address rapidly emerging ethical challenges where professional guidance is lagging technology adoption.

Limitations

Several limitations deserve acknowledgment

Limitation	Nature of Constraint	Implication for Interpretation
Methodological	Research relies entirely on secondary sources; no primary data from practising CAs, CA firms, or ICAI officials.	Findings represent a synthesis of published literature and documented industry practice rather than a direct, first-hand account of current AI adoption in the field.
Timing	AI technology, especially large language models, evolves rapidly; analysis can become dated within months.	The study reflects the state of the field as of 2025 and will need periodic updating as new tools emerge, existing tools evolve, and the regulatory environment shifts.
Geography and firm size	Evidence is skewed toward large Indian firms and multinational deployments.	Sole-proprietor practices, rural practitioners, and smaller town-based firms are underrepresented; their distinct technology access, cost pressures, and client bases are not fully captured.
SWOT framework	SWOT is inherently static and designed for snapshot analysis.	It struggles to reflect the speed of AI adoption in professional services; a more granular, dynamic understanding of threats and opportunities would require primary research with tighter temporal resolution.

None of this undermines the study's core contribution: a comprehensive, evidence-based, India-specific analysis that addresses a genuine gap in the existing literature and provides a practical foundation for future empirical work.

References

- ACCA. (2020). Professional accountants — the future: Talent and technology. Association of Chartered Certified Accountants.
- Accenture. (2023). Finance 2025: Digital transformation in the office of the CFO. Accenture Finance and Risk Research.
- Agarwal, R., & Garg, S. (2022). Artificial intelligence in GST compliance: An empirical analysis of reconciliation efficiency. *Journal of Indian Taxation*, 9(2), 45–62.
- Appelbaum, D., Kogan, A., Vasarhelyi, M. A., & Yan, Z. (2017). Impact of business analytics and enterprise systems on managerial accounting. *International Journal of Accounting Information Systems*, 25, 29–44. <https://doi.org/10.1016/j.accinf.2017.03.003>
- Cao, M., Chychyla, R., & Stewart, T. (2015). Big data analytics in financial statement audits. *Accounting Horizons*, 29(2), 423–429. <https://doi.org/10.2308/acch-51068>
- Coyne, J. G., & McMickle, P. L. (2017). Can blockchains serve an accounting purpose? *Journal of Emerging Technologies in Accounting*, 14(2), 101–111. <https://doi.org/10.2308/jeta-51910>
- CPA Canada. (2020). The CPA competency map: A framework for the digital age. Chartered Professional Accountants of Canada.
- Deloitte. (2024). Future of finance: The CFO agenda in an AI-powered world. Deloitte Insights.
- Fitzpatrick, B., Costello, A., & Dodd, J. (2021). Technology investment and audit quality in mid-tier accounting firms: Evidence from Ireland and the UK. *European Accounting Review*, 30(3), 511–540. <https://doi.org/10.1080/09638180.2020.1719414>
- Gartner. (2019). Gartner predicts 2019: Artificial intelligence core technologies. Gartner.
- ICAEW. (2021). The robots are here: Managing your way through automation. Institute of Chartered Accountants in England and Wales.
- ICAI. (2020). Guidance note on audit in a computerised environment. Institute of Chartered Accountants of India.
- IFAC. (2023). The role of the accountant in an AI-driven world: A policy perspective. International Federation of Accountants.
- Kokina, J., & Davenport, T. H. (2017). The emergence of artificial intelligence: How automation is changing auditing. *Journal of Emerging Technologies in Accounting*, 14(1), 115–122. <https://doi.org/10.2308/jeta-51413>
- Kumar, A. (2025). The impact of artificial intelligence on the accounting profession in India. *Commerce Research Review*, 3(01), 105–126. <https://doi.org/10.21844/crr.v3i01.1144>
- Markham, M. (2021). Transfer pricing and digitalization: New challenges for multinationals and tax administrations. *World Tax Journal*, 13(1), 3–34.
- Moll, J., & Yigitbasioglu, O. (2019). The role of internet-related technologies in shaping the work of accountants: New directions for accounting research. *British Accounting Review*, 51(6), 100833. <https://doi.org/10.1016/j.bar.2019.04.002>
- Nigrini, M. J. (2019). The patterns of the numbers used in occupational fraud schemes. *Managerial Auditing Journal*, 34(5), 606–626. <https://doi.org/10.1108/MAJ-11-2017-1717>

Okunogbe, O., & Pouliquen, V. (2022). Technology, taxation and corruption: Evidence from the introduction of electronic tax filing. *American Economic Journal: Economic Policy*, 14(1), 341–372. <https://doi.org/10.1257/pol.20200092>

PricewaterhouseCoopers. (2023). *Workforce of the future in finance: India edition*. PricewaterhouseCoopers.

Ravisankar, P., Ravi, V., Raghava Rao, G., & Bose, I. (2011). Detection of financial statement fraud and feature selection using data mining techniques. *Decision Support Systems*, 50(2), 491–500. <https://doi.org/10.1016/j.dss.2010.11.006>

Sarkar, S. (2019). GST and digital transformation: The architecture of India's tax compliance revolution. *Indian Journal of Finance*, 13(8), 7–21.

Srinivasan, K. (2023). Data privacy and professional confidentiality: Navigating the DPDP Act for CA practitioners. *The Chartered Accountant*, 72(3), 44–51.