

Maintaining of a company's books of accounts in electronic mode in India

Introduction

The Ministry of Corporate Affairs ('MCA') notified the Companies (Accounts) Rules 2014 on 31 March 2014 ('the Rules'). On 5 August 2022, MCA notified the Companies (Accounts) Fourth Amendment Rules, 2014 by amending rule 3: 'Manner of books of account to be kept in electronic mode.'

Amendments to the Rules

The following are the three amendments (given in italics).

1. 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 (sub-rule 1).
2. Provided that the backup 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 *daily* basis (proviso to sub-rule 5).
3. *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, papers, etc. in India* [new sub-rule 6(e)].

This information needs to be communicated to the Registrar of Companies annually at the time of filing the financial statement.

Weblink

<https://www.mca.gov.in/bin/dms/getdocument?mds=PFi%252BHUCxmaN%252F0eZR7IC0og%253D%253D&type=open>

Therefore

The above ensures that the books of account are available on a daily basis, in India, and that backups are taken daily to ensure minimal loss of data.