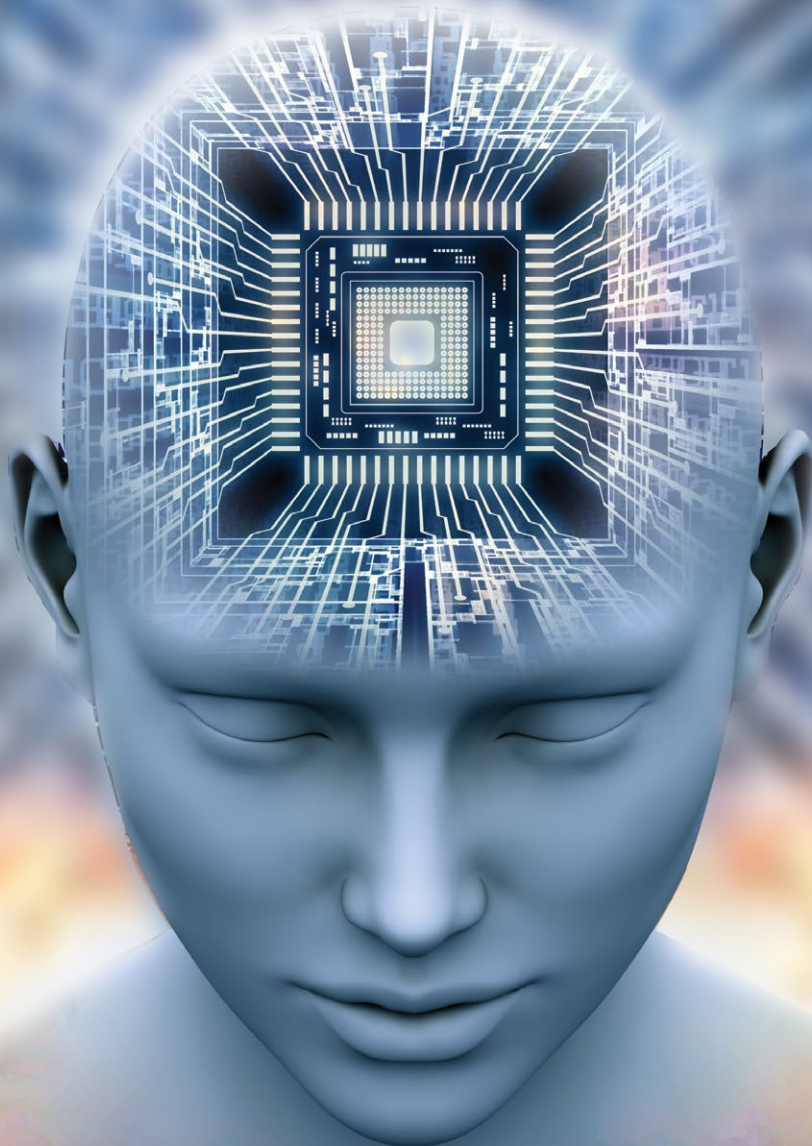


# THE BOMBAY CHARTERED ACCOUNTANT JOURNAL

VOLUME 57 | ISSUE 4 | ENGLISH - MONTHLY | MUMBAI JULY 2025 | PAGES 128 | PRICE: ₹100

## ARTIFICIAL INTELLIGENCE ITS IMPACT ON CA PROFESSION



# LEVERAGING AI FOR ENHANCED CA PRACTICE: A PRACTICAL GUIDE TO PUBLICLY AVAILABLE MODELS

**NARASIMHAN ELANGOVAN**  
Chartered Accountant

The post-pandemic digital transformation has accelerated professional adoption of AI-enabled tools across industries. For chartered accountants, the emergence of sophisticated AI models presents opportunities to enhance practice efficiency, analytical capabilities, and client service delivery. This guide explores how Indian CAs can strategically leverage publicly available AI models whilst maintaining professional standards and ethical obligations.

## THE AI REVOLUTION IN PROFESSIONAL PRACTICE

The launch of ChatGPT in late 2022 marked a turning point in AI accessibility. What began as curiosity-driven experimentation has evolved into practical business applications across audit, taxation, advisory services, and compliance functions. By 2025, AI integration will be crucial for maintaining a competitive advantage and meeting evolving client expectations.

This transformation requires CAs to understand not merely what AI can do, but how to use it responsibly and effectively within professional frameworks. The approach involves viewing AI as an augmentation tool that enhances human expertise rather than replacing professional judgment.

## CHATGPT BY OPENAI: THE FOUNDATIONAL TOOL

### Core Features and Customisation

ChatGPT remains the most accessible entry point for AI adoption in professional practice. However, effective utilisation requires proper configuration and understanding of its capabilities. The below-mentioned list gives specific suggestions on how it can be made better:

#### a. Custom Instructions Setup

Users should begin by personalising ChatGPT through Settings > Personalisation > Custom Instructions. This feature allows practitioners to provide context about their professional role, preferred communication style, and specific requirements. For instance, specifying that one is a chartered accountant in India ensures responses consider relevant regulatory frameworks and professional standards.

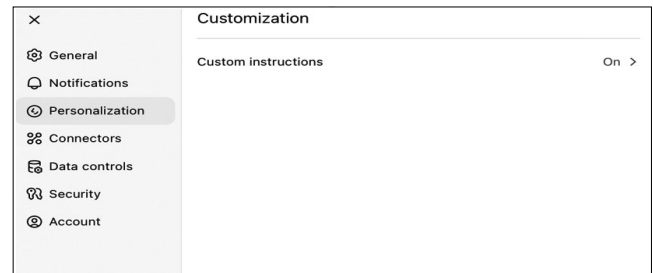


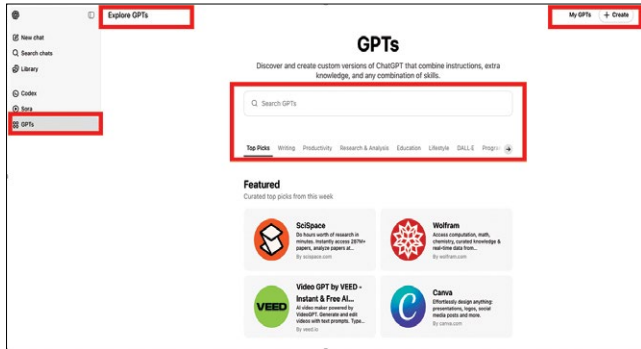
Figure 1 – Customise ChatGPT

Figure 2 - Set Custom Instructions

**b. Leveraging Custom GPTs** The Custom GPTs feature (free for all) provides pre-built specialisations that can enhance productivity. Notable options include

“Data Analyst” by ChatGPT, YouTube Summarisers, and Whimsical Diagrams.

Practitioners can also create bespoke GPTs tailored to their practice needs, such as proposal generation, minute formatting, or specific compliance checklists.



**c. ICAI's CA-GPT Integration**

The Institute of Chartered Accountants of India has developed CA-GPT (accessible at <https://ai.icai.org/cagpt/>), which provides authenticated access to specialised GPTs with ICAI publication repositories. This resource offers multiple domain-specific GPTs, including Direct and Indirect Tax GPTs, as well as industry-specific GPTs with annual report data for comparative analysis of FY 2023-24.

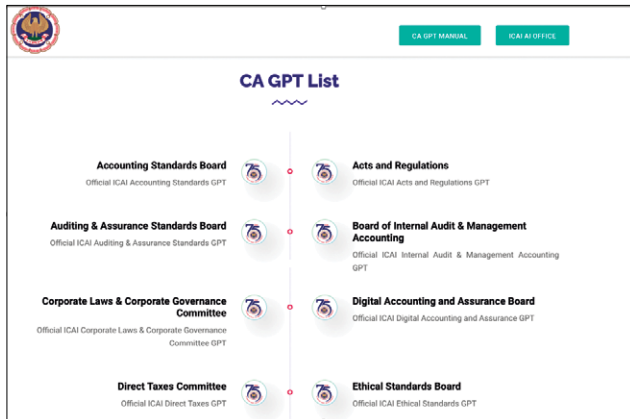


Figure 3 - CAGPT

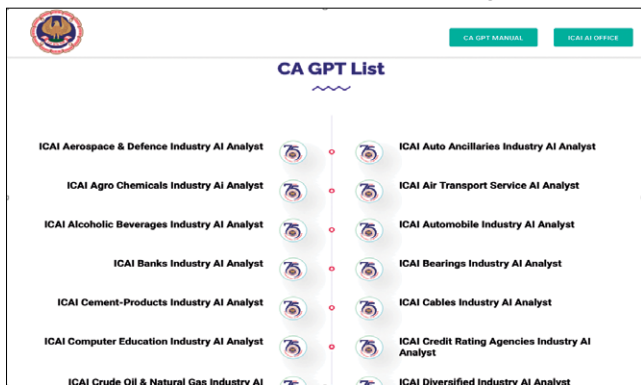


Figure 4 - Industry GPT

**d. Model Selection Strategy**

Users with paid accounts can often access different models, such as GPT-4 and GPT-3, which are quite powerful. A model for simplicity's sake is like a thinking hat that the AI puts on every time you ask a question. Some can answer with advanced reasoning (like the O3 model) and some with quick answers for general purposes (4O).

**COMPARATIVE INSIGHTS: GPT-4O VS GPT-O3**

Aspect	GPT-4o	GPT-o3
Response Speed	Fast (2–5 seconds)	Slower (may take 10–30 seconds or more)
Style of Answer	Crisp, actionable, and client-facing	Analytical, layered, and research-intensive
Regulatory Depth	Basic references (e.g., Section 16)	Detailed analysis with multi-source interpretation
Usability	Suitable for day-to-day practice and client communication	Ideal for technical research, litigation, and strategic advice
Best Use Case	Drafting emails, resolving common queries, training juniors	Preparing whitepapers, technical memos, and policy reviews

Prompt Used in Both Models: "Clarify if input tax credit is available on RCM paid for legal services." The prompt was kept simple and to the point to see how both models respond to a compliance-based GST question.

Using the GPT 4o Model

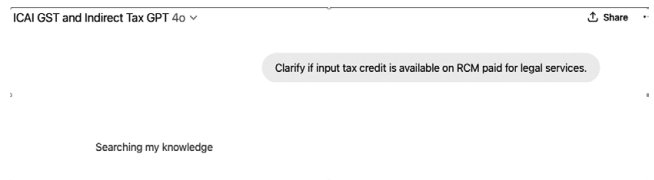


Figure 5 - Using CAGPT - Indirect Taxes - in GPT 4-o

**RESPONSE FROM GPT-4O: QUICK, CONCISE, AND BUSINESS-FOCUSED**

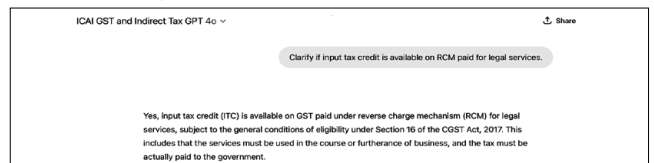


Figure 6 - Response from - Indirect Taxes - in GPT 4-o

GPT-4o answered promptly within 2–5 seconds and offered a well-structured, client-ready response.

**RESPONSE FROM GPT-O3: DETAILED AND RESEARCH-FOCUSED**

ICAI GST and Indirect Tax GPT o3 Share

Thought for 19 seconds v

- To clarify whether the input tax credit (ITC) applies to reverse charge mechanism (RCM) payments for legal services:  
 Legal services provided by an advocate or firm to a business entity are taxable under RCM (Notification No. 13/2017-Central Tax). Under Section 16(1) of the CGST Act, a registered person can claim ITC if the supply is used for business purposes. Section 17(5) doesn't block ITC for legal services. Conditions include payment under RCM, possession of valid invoices, and adherence to Section 31(3)(f).
- ITC can be claimed in the same month via GSTR-3B, under RCM, up to the deadline of 30 November of the following financial year (Section 16(4)). While advocates may be unregistered, they aren't required to register. According to CBIC Circular 211/5/2024, the recipient must issue a self-invoice for unregistered suppliers. The BGM (page 408) discusses supplies under RCM, but we should look for more specific references to legal services to clarify the details on ITC.

Reading documents

- ITC can be claimed in the same month via GSTR-3B (Table 4(A)(3), under RCM). The time limit for claiming is until 30 November of the following financial year or annual return filing, whichever comes first. Legal services, provided by an unregistered advocate, still fall under RCM. The recipient must issue a self-invoice (Section 31(3)(f)) for unregistered suppliers, in line with CBIC Circular 211/5/2024.

Done

Figure 7 - Using CAGPT - Indirect Taxes - in GPT o3 with reasoning

GPT-o3 would take much longer to process the same question, indicative of its more analytical nature. Although the screenshot depicts it only as "thinking," this model typically tries to probe questions in greater depth.

Share

**Short answer**

Yes—when your business pays GST under reverse-charge for legal services (e.g., fees to an advocate or law-firm), that tax can be taken as input-tax credit (ITC) in full, because nothing in section 17(5) blocks it and it meets the general eligibility test in section 16(1).

---

**Why the credit is admissible**

Legal touch-point	What it says	How it applies to legal-services RCM
<b>Notification 13/2017-CTR, entry 2</b>	Makes any legal service rendered by an individual advocate, partnership firm of advocates or senior advocate to a "business entity" taxable under reverse charge. CBIC's FAQ (Q-7) reiterates this point.	Your organisation (the "business entity"), not the lawyer, pays the tax.
<b>Section 16(1) CGST Act</b>	Allows credit of "input tax charged on any supply ... used or intended to be used in the course or furtherance of business."	Legal fees incurred for business litigation, contracts, compliance, etc., satisfy the "in course or furtherance of business" test, so the GST paid under RCM is eligible.
<b>Rule 36(1)(b)</b>	ITC on RCM supplies is availed "on the basis of an invoice issued in accordance with section 31(3)(f)."	You must raise a self-invoice (because most advocates are unregistered) and record the tax payment in cash.
<b>Section 2(98) (definition of "reverse charge") and section 9(3)**</b>	Shift the tax liability to the recipient; once you pay, it becomes your "input tax".	
<b>Time limit – Section 16(4) &amp; CBIC Circular 211/5/2024</b>	ITC must be taken by 30 November of the FY following the FY in which your self-invoice is issued (or before filing that year's annual return, whichever is earlier).	Date on the self-invoice determines the clock, not the advocate's service date.
<b>Illustration in ICAI BGM</b>	Shows the time-of-supply mechanics for legal services under RCM and when the 60-day rule kicks in.	Helps you pick the correct tax period in GSTR-3B.

↓

## PERPLEXITY AI: RESEARCH AND COMPLIANCE INTELLIGENCE

Perplexity AI distinguishes itself as a research-focused tool that prioritises accuracy through source verification. Unlike traditional generative AI, it combines conversational intelligence with real-time web access, making it valuable for regulatory research and compliance updates.

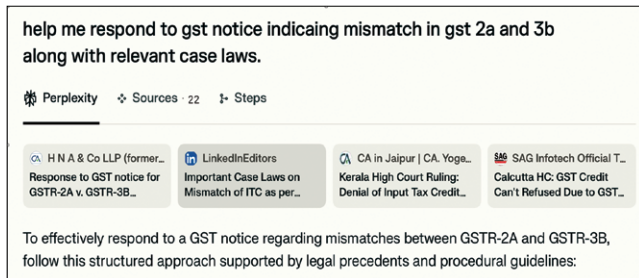


Figure 8 - Perplexity giving reference to sources and linkages for further reference.

## ILLUSTRATIVE PRACTICAL APPLICATIONS FOR CAs

- **Source Verification:** Every response includes citations from government websites, regulatory agencies, and official databases, enabling users to verify information independently.
- **Real-Time Updates:** Live connectivity ensures access to the latest amendments, notifications, and regulatory changes necessary for tax and compliance professionals.
- **Factual Focus:** Perplexity concentrates on factual information rather than interpretative content, making it suitable for compliance-sensitive work.

## PRACTICAL APPLICATIONS

- **Regulatory Monitoring:** Track RBI, SEBI, and ministry announcements for weekly compliance digests
- **Research Support:** Fetch current provisions and notifications with source links for verification
- **Due Diligence:** Compile recent regulatory changes affecting specific sectors or transactions

The tool's emphasis on source attribution makes it particularly useful when preparing regulatory updates or compliance memoranda where citation accuracy is critical.

## CLAUDE BY ANTHROPIC: PROFESSIONAL COMMUNICATION EXCELLENCE

Claude excels in contextual understanding and ethical alignment, making it particularly valuable for professional environments requiring nuanced communication and balanced analysis. In addition, the ability to code and showcase VBA Scripts, Python Programs or even simple artefacts is compelling.

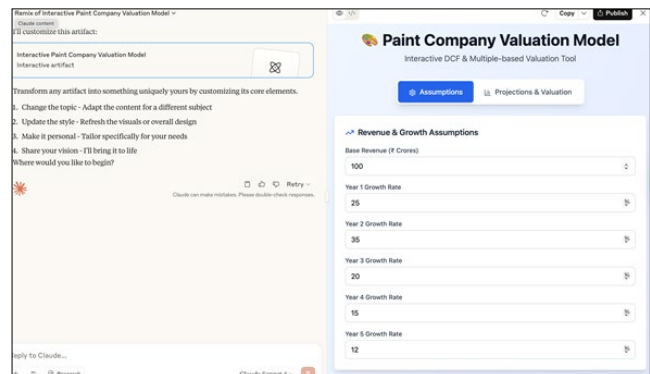


Figure 9 - Illustrative Valuation Forecasting Model created using Claude

## DISTINCTIVE CHARACTERISTICS

- **Contextual Reasoning:** Claude interprets queries within broader professional and regulatory contexts, providing more relevant responses than literal text interpretation.
- **Risk Sensitivity:** Responses regularly include appropriate caveats and highlight potential exceptions, supporting balanced professional advice.
- **Coding Proficiency:** Strong capabilities in automation, macro development, and process scripting for practice efficiency improvements.
- **Professional Tone:** Maintains formal, legally prudent communication suitable for both internal and client-facing documentation.

## ILLUSTRATIVE PRACTICAL APPLICATIONS FOR CAs

Claude proves particularly effective for:

- Draft preparation requires professional language and structure
- Complex regulatory interpretation requiring balanced analysis
- Automation scripts for repetitive tasks
- Client communication requires diplomatic language

The tool's emphasis on ethical considerations and balanced responses aligns well with professional requirements for objective advice.

## GEMINI: GOOGLE WORKSPACE INTEGRATION

Gemini represents Google's integration of AI capabilities throughout its Workspace environment, including Docs, Sheets, Gmail, Slides, Meet, and Drive. This integration enables professionals to access AI assistance within their existing workflow.



### KEY FEATURES

- **Contextual Integration:** Gemini analyses current documents, emails, or spreadsheets to provide contextually relevant suggestions and content.
- **High Context Window:** Capability to process approximately 500,000+ words or 25,000+ lines of code, enabling analysis of large documents or datasets.
- **Collaborative Features:** Functions as a co-author or co-analyst, proposing edits, formatting tables, and summarising meeting content.
- **Clean Formatting:** Outputs are structured with appropriate headings, bullet points, and tables for immediate use in professional documents.

### ILLUSTRATIVE PRACTICAL APPLICATIONS FOR CAs

- **Google Sheets Financial Analysis:** Automated margin analysis, ratio report creation, and variance identification for management information systems and board presentations.
- **Google Docs Compliance Drafting:** Formatted tax summaries, CSR applicability notices, and FEMA checklists with appropriate formatting and legal clarity.
- **Gmail Client Communication:** Professional update drafting, audit query clarification, and reminder generation

through prompt-based email composition.

- The tool's integration within Google's ecosystem makes it particularly valuable for practices already using Google Workspace for collaboration and document management.

## MICROSOFT COPILOT: OFFICE 365 ENHANCEMENT

Microsoft Copilot integrates across Microsoft 365 applications (Word, Excel, PowerPoint, Outlook, Teams), providing AI assistance within existing workflows rather than requiring platform changes.

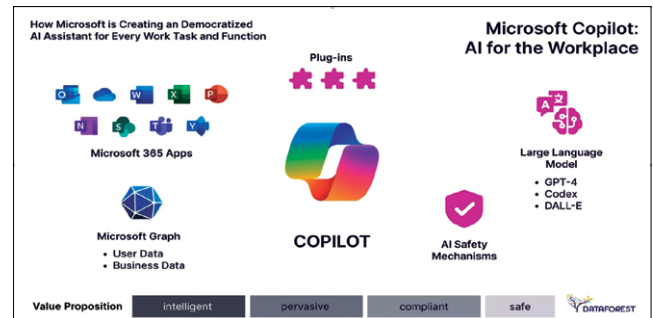


Figure 10 - Microsoft Copilot Integration and Use Cases

### Features and Capabilities

- **Context-Aware Support:** Copilot understands file formats and content context, providing appropriate responses whether working in Excel, Word, or Outlook.
- **Task-Specific Commands:** Users can request email summarisation, financial report creation, audit schedule building, or client message refinement with appropriate tone adjustments.
- **Data Integration:** Leverages existing spreadsheets, documents, calendars, and Teams messages to produce accurate outputs without repetitive input requirements.
- **Professional Standards:** Employs skilled and consistent formatting that adheres to business conventions across all applications.

### Applications in Practice

- **Excel - Financial Modelling:** Natural language input for pivot table creation, GST summary automation, cash flow forecasts, and working capital ratio analysis.
- **Word - Document Preparation:** Professional memo drafting, report formatting, and compliance documentation with appropriate structure and language.
- **Teams - Collaboration:** Meeting note recording, action item management, and team onboarding with a checklist and SOP-based briefings.

- **Outlook - Communication:** Email composition assistance, meeting scheduling optimisation, and client communication management.

### ADDITIONAL SPECIALISED TOOLS

Several other AI applications serve specific professional needs:

#### Meeting and Documentation Tools

- **Fireflies, Otter, Spinach.ai:** Meeting transcription and minute preparation
- **Guidde:** Process documentation and flowchart creation

#### Content Creation

- **Gamma.App, AIPPT.com:** Professional presentation development
- **Grammarly, Quillbot, Rytr:** Writing enhancement and grammar correction

#### Custom Solutions

- **Dante.ai, BotPress.com:** Knowledge-based chatbot development for client service
- **Loveable.dev, Cursor, Replit:** Custom application development through natural language programming

#### Analysis and Summarisation

- **Summarise.ing, TLDR, Google Notebook LM:** Article and video summarisation for research.
- **Midjourney:** Professional infographic and visual content creation

### CRITICAL CONSIDERATIONS FOR ETHICAL AI USAGE

The implementation of AI tools in CA practice must align with professional standards, regulatory requirements, and ethical obligations. Several considerations are essential for responsible adoption:

#### Data Privacy and Confidentiality

- **Client Data Protection:** Never input confidential client information, including financial statements, PAN numbers, or sensitive business details, into public AI tools.
- **Enterprise Solutions:** Use enterprise-grade AI solutions that comply with GDPR, Indian Data Protection Laws, and ICAI data security guidelines.
- **Implementation Protocols:** Establish strict data handling protocols when using cloud-based AI services, and consider local deployment options for highly sensitive information processing.

#### Professional Judgement Maintenance

- **Independent Analysis:** AI outputs must never replace professional scepticism and independent judgement in audit or advisory work.
- **Validation Requirements:** Always validate AI-generated content before incorporating it into reports, filings, or client deliverables.
- **Professional Responsibility:** Maintain full responsibility for all professional opinions regardless of AI assistance utilised.

#### ICAI Code of Ethics Compliance

- **Fundamental Principles:** Ensure all AI usage aligns with ICAI's principles of integrity, objectivity, professional competence, and due care.
- **Independence Considerations:** Avoid situations where AI usage could compromise independence or create conflicts of interest.
- **Ethical Standards:** Maintain consistent ethical standards when using AI tools, as with traditional practice methods.

#### Transparency and Documentation

- **Stakeholder Disclosure:** Disclose to stakeholders when AI has been used in analysis, reports, or audit procedures that are material to their understanding.
- **Record Maintenance:** Maintain detailed records of AI tool usage in decision-making processes and report generation.
- **Audit Trail:** Document the extent and nature of AI assistance in audit working papers and client files.

#### Regulatory Compliance

- **Legal Adherence:** Verify that AI usage complies with the Income Tax Act, Companies Act 2013, SEBI guidelines, and relevant audit standards.
- **Regulatory Updates:** Stay current with regulatory guidance on AI usage in professional services.
- **Jurisdictional Considerations:** Consider jurisdictional differences when serving clients across multiple regulatory environments.

#### Continuous Professional Development

- **ICAI Guidance:** Stay informed about ICAI's evolving guidance on AI and digital tools in professional practice.
- **Education Participation:** Engage in continuing education programmes focused on AI ethics and responsible usage.
- **Policy Updates:** Regularly review and update firm policies on AI usage based on emerging best practices and regulatory developments.

**CA AI Ethics Guide**  
Quick Reference for Responsible AI Usage

<p><b>Data Privacy</b></p> <ul style="list-style-type: none"> <li>No confidential client data in public AI</li> <li>Use enterprise-grade solutions</li> <li>Strict data handling protocols</li> </ul>	<p><b>Professional Judgement</b></p> <ul style="list-style-type: none"> <li>AI doesn't replace scepticism</li> <li>Always validate AI outputs</li> <li>Full responsibility for opinions</li> </ul>
<p><b>ICAI Ethics</b></p> <ul style="list-style-type: none"> <li>Integrity &amp; objectivity focus</li> <li>Maintain independence</li> <li>Consistent ethical standards</li> </ul>	<p><b>Transparency</b></p> <ul style="list-style-type: none"> <li>Disclose material AI usage</li> <li>Document AI tool usage</li> <li>Maintain audit trails</li> </ul>
<p><b>Compliance</b></p> <ul style="list-style-type: none"> <li>Follow IT Act, Companies Act</li> <li>Stay current with regulations</li> <li>Consider jurisdictional needs</li> </ul>	<p><b>Development</b></p> <ul style="list-style-type: none"> <li>Follow ICAI AI guidance</li> <li>Continuous education</li> <li>Update firm policies</li> </ul>

**Remember:**  
AI enhances but never replaces CA expertise, professional judgement, and ethical obligations.

Professional responsibility remains paramount in all AI-assisted work

## ILLUSTRATIVE IMPLEMENTATION STRATEGY

Successful AI adoption in CA practice requires a structured approach:

### Phase 1: Foundation Building

- Begin with ChatGPT customisation and Custom GPT exploration
- Establish data handling protocols and ethical guidelines
- Train team members on basic AI tool usage and limitations

### Phase 2: Workflow Integration

- Implement Perplexity AI for research and compliance monitoring
- Integrate Gemini or Copilot based on the existing software ecosystem
- Develop standard operating procedures for AI tool usage

### Phase 3: Advanced Applications

- Create custom GPTs for specific practice needs
- Implement specialised tools for meeting management and documentation
- Establish quality control processes for AI-assisted work

### Phase 4: Continuous Improvement

- Monitor AI tool developments and updates
- Regularly assess effectiveness and adjust usage patterns
- Stay current with professional guidance and regulatory requirements

**CA AI Implementation Strategy**  
Structured Approach for Successful AI Adoption

- 1 Foundation Building** Weeks 1-4

  - ✓ ChatGPT customisation & Custom GPT exploration
  - ✓ Establish data handling protocols
  - ✓ Train team on AI basics & limitations
- 2 Workflow Integration** Weeks 5-10

  - ✓ Implement Perplexity AI for research
  - ✓ Integrate Gemini or Copilot
  - ✓ Develop standard operating procedures
- 3 Advanced Applications** Weeks 11-16

  - ✓ Create custom GPTs for specific needs
  - ✓ Implement meeting management tools
  - ✓ Establish quality control processes
- 4 Continuous Improvement** Ongoing

  - ✓ Monitor AI tool developments
  - ✓ Assess effectiveness & adjust patterns
  - ✓ Stay current with guidance

**Success Factor:**  
Gradual implementation with proper training and protocols ensures effective AI adoption while maintaining professional standards.

Each phase builds upon the previous, creating a robust AI-enhanced practice

## CONCLUSION

The strategic integration of AI in chartered accountancy practice represents both an opportunity and a responsibility. AI tools offer substantial capabilities for enhancing efficiency, analytical depth, and client service quality, but professional judgement, ethical considerations, and regulatory compliance must guide their implementation.

Success in AI adoption requires understanding each tool's strengths and limitations, implementing appropriate safeguards and validation protocols, and maintaining the professional scepticism and independent judgement that define chartered accountancy practice. By thoughtfully integrating AI as an augmentation tool rather than a replacement for professional expertise, chartered accountants can enhance their practice capabilities while preserving the trust and integrity that are fundamental to the profession.

The future of chartered accountancy lies not in choosing between human expertise and artificial intelligence, but in strategically combining both to deliver enhanced value to clients whilst maintaining the highest standards of professional practice. Practitioners who master this integration will be well-positioned to serve their clients effectively and contribute to the profession's continued evolution in an increasingly digital landscape. ■

# BCA JOURNAL

*57<sup>th</sup> Year of Monthly Publication*

- ◆ BCA Journal is driven by analysis that is independent and balanced
- ◆ Receive in-depth but to the point coverage of developments in Direct Tax, Indirect Taxes, GST, International Tax, Auditing, Accounting, Business, Commercial, Economy, Practice Management, Information Technology, Right to Information, and more
- ◆ Articles curated by specialists
- ◆ Features covering the most relevant themes
- ◆ Series of monthly features dedicated to topics – Practice Management, GST, ICDS, Ind-AS, Transfer Pricing...
- ◆ Contributions from experience professionals
- ◆ Access E-journal, repository of 20 years of Journals in a searchable format
- ◆ Special issues - covers the full spectrum of a subject such as GST
- ◆ Features in Special Issues: Interviews, view and counterview, musings, and more ...

BCA Journal is printed in both paper format and electronic version.  
For subscription and access to past issues: [www.bcajonline.org](http://www.bcajonline.org)