



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)



AHMEDABAD BRANCH (WIRC)

Newsletter - September 2026

**Guided by Teachers,
Bharat rises as the 'Vishwaguru' of Tomorrow!**



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OFFICE BEARERS

CA. Rinkesh Shah

Chairman

94264 06760

CA. Samir Chaudhary

Vice-Chairman

9377471779

CA. Chetan Jagetiya

Secretary

9662143429

CA. Shikha Agarwal

Treasurer

8000353022

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9898041789

CA. Neerav Agarwal

9879672485

CA. Abhinav Malaviya

99989 22809

CA. Jiten Trivedi

99242 48092

CA. (Dr.) Sunit Shah

98255 62442

Ex. Officio Members

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Khandelwal,

CCM

9825020844

CA. Bishan Shah

Secretary, WIRC

98250 23573

CA. (Dr.) Fenil Shah,

RCM

89050 30507

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CA. (Dr.) Fenil Shah Chairman

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Chairman's Message

CA. Rinkesh Shah

Chairman, ICAI Ahmedabad Branch (WIRC)

Chairman's Message

Chairman's Message

September 2026 | ICAI Ahmedabad Branch

Dear Esteemed Members and Beloved Students,

August was not just another month on the calendar—it was a month of momentum, learning, transformation and collective action at ICAI Ahmedabad.

Every programme we undertake is guided by one thought: **How can we make our profession more future-ready, more relevant and more globally respected?**

As we move ahead with our vision of **“Creating Global Alpha for CAs,”** I am delighted to share that August witnessed an extraordinary range of initiatives covering **Start-ups, Practice Management, Industry Exposure, Labour Laws, Financial Reporting, Technology, Leadership, Banking and Professional Development.**

Behind every successful programme is a team that believes in going beyond the ordinary. I am deeply grateful to our members, students, faculty members, committees, volunteers, sponsors and the entire ICAI Ahmedabad team for making each initiative meaningful and impactful.

August — A Month of Learning Beyond Boundaries

We commenced August with a **five-day Seminar on Start-ups at i-Hub**, held from **3rd to 7th August**.

The programme provided an excellent platform to understand the evolving start-up ecosystem and the emerging opportunities for Chartered



Accountants. As the entrepreneurial landscape changes rapidly, I strongly believe that CAs must position themselves not merely as compliance professionals but as **strategic business advisors, mentors and growth partners.**

The **RRC on Practice Summit 2.0 at Goa**, held from **7th to 9th August**, was another significant milestone. The summit brought together professionals to deliberate on the future of CA practice, including **mergers and aggregation, networking, valuation of CA firms, technology, growth strategies and the changing consulting landscape.**

The discussions reinforced a crucial message:

The CA profession is not merely evolving—it is transforming.

I would like to place on record my sincere appreciation and compliments to **CA Neerav Agrawal, Chairman, RRC Committee, and CA Sahil Gala, Vice Chairman, RRC Committee**, for their leadership, commitment and efforts in making **Practice Summit 2.0** a meaningful and impactful platform for professional transformation.

On **9th August**, we conducted the **65th Campus Orientation Programme**, welcoming and guiding the next generation of Chartered Accountants.

Every student who enters the profession carries aspirations, and it is our collective responsibility to provide them with the right ecosystem,

direction and inspiration. I strongly believe that our responsibility towards students extends beyond academic guidance—we must prepare them to become **confident, capable and future-ready professionals**.

Keeping Professionals Ahead of Regulatory Change

On **13th August**, we organised a **Seminar on the New Labour 2025**, enabling members to understand important developments and their implications for businesses and professionals.

As regulations, technology and stakeholder expectations continue to evolve, the role of a Chartered Accountant is expanding.

Our responsibility is not simply to understand change after it happens, but to prepare our profession before the change arrives.

Celebrating the Spirit of Independence

The month of August would be incomplete without celebrating the spirit of our nation.

The **ICAI Ahmedabad Branch (WIRC)**, in association with **Ahmedabad Branch of WICASA**, organised a vibrant **80th Independence Day Celebration on 15th August 2026 at ICAI Ahmedabad**.

The celebration commenced with the **Flag Hoisting Ceremony at 9:00 AM**, with **CA G. K. Choksi, Senior Chartered Accountant, Ahmedabad**, as the Chief Guest.

This was followed by a vibrant **Cultural Programme**, bringing together the professional community in an atmosphere of patriotism, pride and togetherness.

The celebrations then moved into **SARGAM 2026 – The Ultimate Antakshari Challenge**, which brought members together through music, camaraderie and celebration. SARGAM was also positioned as the Ahmedabad Branch's Independence Day-period cultural event.

The entire programme beautifully reflected the spirit of **patriotism, unity, togetherness and pride in our nation**.

I sincerely appreciate **CA Shikha Agarwal, Chairperson, Women Committee, ICAI Ahmedabad**, and the **Ahmedabad WICASA**

team, along with the entire Team ICAI Ahmedabad, for their efforts in making this celebration memorable.

The event also formed part of ICAI's broader **Independence Week celebrations from 9th to 15th August 2026**, with a focus on responsible citizenship and nation-building.

A celebration of the Tricolour, a celebration of our nation, and a celebration of the strong ICAI Ahmedabad family—bringing patriotism, culture and togetherness under one roof.

A Historic Moment for Financial Reporting

19th August 2026 marked a particularly historic and proud moment for ICAI Ahmedabad.

For the first time in the history of ICAI, **ICAI Ahmedabad** became witness to an event where the **President of ICAI, CA Prasanna D**, and the **Chairman of the National Financial Reporting Authority (NFRA), Shri Nitin Gupta**, shared the dais at the inaugural session and shared their perspectives on India's financial reporting system.

Their presence together provided a powerful platform for meaningful dialogue on the **quality, transparency, credibility and future of financial reporting in India**.

This landmark occasion was followed by the Workshop on **“Creating a Better Financial Reporting Ecosystem”**, jointly organised by **ICAI and NFRA on 19th August**, with a focus on strengthening the **quality, relevance and effectiveness of financial reporting**.

The programme provided members with an opportunity to understand the changing expectations from the financial reporting ecosystem and the pivotal role Chartered Accountants can play in strengthening **trust, transparency and confidence amongst stakeholders**.

The occasion was not merely a professional programme; it represented the importance of **collaboration, dialogue and institutional engagement** amongst key stakeholders shaping India's financial reporting ecosystem.

I must place on record my sincere appreciation for the support and initiative of **Past President CA Aniket Sunil Talati** for curating this important programme and bringing such a significant initiative to Ahmedabad.

I firmly believe that:

High-quality financial reporting is the foundation of a strong, transparent and trusted economy, and Chartered Accountants have a pivotal role in strengthening that foundation.

Connecting the Next Generation with the Profession

“ I must place on record my sincere appreciation for the support and initiative of Past President CA Aniket Sunil Talati for curating this important programme and bringing such a significant initiative to Ahmedabad. ”

On **21st August**, ICAI Ahmedabad organised **CAFY 5.0 – the Career Counselling Programme for School Students**, at **Sardar Patel Smarak**.

With the participation of **more than 800 school students**, the programme provided an opportunity to introduce young minds to the **Chartered Accountancy course**, the **profession** and the **diverse career opportunities** available to **CAs**.

This was a particularly unique initiative as it focused on **connecting the next generation with our profession at an early stage**.

If we want to build the future of the CA profession, we must begin by inspiring young minds today.

CAFY 5.0 was not merely a career counselling programme; it was an investment in the future of our profession.

Strengthening Banking and Assurance Expertise

The **Certificate Course on Concurrent Audit of Banks** also commenced on **21st August 2026**.

It was particularly significant as, **for the first time after the COVID period**, ICAI Ahmedabad Branch hosted this specialised **Certificate Course**, providing members with an opportunity to strengthen their technical capabilities in the banking and assurance ecosystem.

Banking remains one of the most important areas of professional engagement for Chartered Accountants, and continuous learning in areas such as **concurrent audit, risk management, compliance and emerging banking practices** is essential for maintaining professional excellence.

CA to CFO — Preparing the Next Generation of Finance Leaders

On **22nd August**, we conducted the highly relevant seminar **“CA to CFO: Future of Finance Leadership.”**

The title itself captures the transformation taking place within our profession.

The modern CFO is expected to be much more than a financial controller. Today's finance leader must understand **strategy, technology, risk, capital, sustainability, data, people and global business dynamics**.

I firmly believe that **Chartered Accountants are uniquely positioned to occupy these leadership roles**, provided we continuously upgrade our skills, broaden our perspectives and develop the ability to think beyond traditional finance functions.

I sincerely compliment **CA Samir Chaudhary, Chairman, CPE Committee**, for curating this highly relevant and forward-looking programme.

Industrial Exposure — Learning from the Real World

Taking CAs Closer to Industry

For the first time in the history of ICAI Ahmedabad, we witnessed an **Industrial Visit** of such scale and significance.

Our **Industrial Visit to Adani Power Limited and Adani Port & SEZ** on **25th–26th August** provided members with an opportunity to

experience large-scale business operations first-hand.

The visit offered a unique opportunity to understand the functioning of two critical sectors—**power generation and port & logistics infrastructure**—from close quarters.

For professionals, such exposure goes beyond conventional classroom learning and provides valuable insights into **operational processes, financial systems, risk management, technology, governance and large-scale infrastructure businesses**.

I believe such initiatives are essential in creating a stronger connection between **professional knowledge and real-world business practices**.

These experiences reinforce our belief that **professional education must extend beyond books and classrooms and connect directly with the business environment**.

From Knowledge to Capability

Looking back at August, one common thread runs through all these initiatives:

We are moving from conventional learning to capability building.

From **start-ups to CFO leadership**.

From **financial reporting to concurrent audit**.

From **classroom orientation to industrial exposure**.

From **individual practice to practice transformation**.

From **domestic regulations to global taxation**.

From **professional development to nation-building**.

ICAI Ahmedabad is consciously creating platforms that prepare our members and students for the profession of tomorrow.

Our objective is not merely to organise programmes; it is to **create experiences, build capabilities, foster connections and inspire professionals to think beyond conventional boundaries**.

September — Taking the Momentum Forward

The momentum does not stop with August.

We enter September with two major programmes that are closely aligned with our vision of creating **globally capable Chartered Accountants**.

From **1st September to 18th September**, ICAI Ahmedabad is organising a **12-Day Transfer Pricing & International Taxation Series**.

International taxation is no longer a niche area. With increasing cross-border transactions, global businesses, NRI engagements, GIFT City opportunities and evolving international tax frameworks, the ability to understand global taxation is becoming an increasingly valuable professional capability.

I encourage our members, particularly those looking to expand their practice beyond geographical boundaries, to make the most of this comprehensive learning opportunity.

“ I believe such initiatives are essential in creating a stronger connection between professional knowledge and real-world business practices. ”

Following this, from **23rd to 25th October**, we will be organising the **RRC on GST at Nathdwara**.

GST continues to remain one of the most important areas of professional practice, and the RRC will provide an opportunity for members to **learn, deliberate, interact and rejuvenate together**.

My Message to Members

Dear Members,

The profession before us is full of opportunities—but **opportunities will belong to those who are prepared for them**.

Technology will change the way we work.

Artificial Intelligence will change the way we think.

Globalisation will change the markets we serve.

Regulatory transformation will change the knowledge we require.

But one thing will remain constant:

The trust that society places in a Chartered Accountant.

Let us therefore continue to invest in ourselves—not only in knowledge, but also in **technology, leadership, communication, global exposure and entrepreneurial thinking.**

Let us build practices that are scalable.

Let us embrace technology rather than fear it.

Let us mentor our students.

Let us create opportunities for young professionals.

Let us collaborate across borders.

Let us take Indian CA expertise to the world.

A Special Word for Our Students

To all our students, I want to say one thing:

Your CA journey is not merely about clearing examinations. It is about building the capability to create impact.

Learn beyond the syllabus.

Observe businesses.

Understand technology.

Develop communication skills.

Think globally.

And most importantly, remain curious.

The CA of tomorrow will not be defined only by the knowledge he or she possesses, but by the value he or she creates.

Gratitude

I once again express my sincere appreciation to all the **faculty members, speakers, committee members, sponsors, industry partners, volunteers, students and members** who have contributed to the success of our August initiatives.

The scale and diversity of activities at ICAI Ahmedabad are possible only because of the **collective strength, commitment and passion of our professional community.**

As Chairman, I remain committed to making **ICAI Ahmedabad a platform where every member finds an opportunity to learn, every student finds an opportunity to grow, and every Chartered Accountant finds an opportunity to create a larger impact.**

Our journey is not about creating more events.

It is about creating more opportunities.

It is about creating more capabilities.

It is about creating more leaders.

And ultimately, it is about creating greater value for the profession and the nation.

Let us continue this journey together.

Learn. Lead. Transform. Create Global Alpha.

With warm regards,

CA Rinkesh Shah

Chairman

ICAI Ahmedabad Branch





THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

AHMEDABAD BRANCH (WIRC)



MEMBERS OF AHMEDABAD BRANCH

INVITATION TO CONTRIBUTE ARTICLES FOR THE MONTHLY E-NEWSLETTERS

Suggested Topics for Contribution

Seasoned Practitioners & Young Professionals Welcome!

TAXATION



Direct Tax, Indirect Tax (GST), International Taxation, recent Judicial pronouncements

CORPORATE LAWS



Companies Act updates, SEBI regulations, Insolvency and Bankruptcy Code (IBC), RERA

PRACTICE MANAGEMENT



Companies Act updates, SEBI regulations, Insolvency and Bankruptcy Code (IBC), RERA

AUDIT & ASSURANCE



Statutory Audit, Internal Audit, Forensic Audit, Quality Review

TECHNOLOGY & INNOVATION



Artificial Intelligence in accounting, Data Analytics, Cybersecurity, ERP implementations

EMERGING SECTORS



Startup ecosystem, ESG (Environmental, Social, and Governance) reporting, personal finance

Submission Guidelines



WORD COUNT

Ideally between 1,000 to 1,500 words



FORMAT

Editable MS Word document (.doc or .docx)



ORIGINALITY

Original work, not published elsewhere. Cite references



AUTHOR PROFILE

Include high-resolution passport-size photograph

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Editor & Chairman, Newsletter Committee

EDITORIAL

Dear Esteemed Members,

"A teacher affects eternity; no one can tell where their influence stops."

Dear Esteemed Members,

It is with great warmth that I place before you the September 2026 edition of the E-Newsletter of ICAI Ahmedabad Branch (WIRC). September carries a quiet significance for our nation — it is the month we pause to honour those who shape not just careers, but character: our teachers. This edition takes as its theme **"Guided by Teachers, India Rises as the Vishwaguru of Tomorrow,"** reflecting on how every aspiration India holds for global leadership in knowledge, innovation, and values is, at its root, the work of a teacher.

Celebrating Teachers' Day 2026. On the 5th of September, we observe Teachers' Day, commemorating the birth anniversary of Dr. Sarvepalli Radhakrishnan — philosopher, statesman, and teacher first. His conviction that teachers must be the finest minds of a nation reminds us that no institution, no economy, and no profession rises higher than the quality of mentorship that built it. Every Chartered Accountant carries forward a lineage of teachers — the faculty who taught us the first principles, the seniors who shaped our articleship, and the mentors who continue to guide us long after we sign our first balance sheet. Our warmest wishes to every member and article assistant on this occasion; may it renew in each of us both gratitude for those who taught us, and responsibility toward those we now teach.



Vishwaguru of Tomorrow. For India to be recognised as a Vishwaguru — a teacher to the world — the foundation must first be laid at home, in classrooms, in articleship desks, and in the quiet discipline of mentorship that our profession has always valued. This edition brings together perspectives on taxation and GST, audit and assurance, corporate law, and the evolving regulatory landscape, alongside reflections on skilling, education, and the role of Artificial Intelligence as a teacher's tool rather than a teacher's replacement. Members will find that the common thread running through this edition is not technology or regulation alone, but the human act of guidance that makes both meaningful.



For our profession, this theme is deeply personal. The Institute itself is built on a guru-shishya tradition — every article assistant trained today becomes tomorrow's principal, every principal was once mentored by another. As India seeks to lead the world in the decades ahead, it will be Chartered Accountants who carry forward this culture of teaching within their firms, their boardrooms, and their communities — training the next generation not merely in technical skill, but in the values of independence, diligence, and integrity that no software can instil.

My sincere gratitude also goes to all our contributors, whose articles bring depth, diversity, and relevance to this edition. I thank **CA. Rinkesh Shah, Chairman, ICAI Ahmedabad Branch (WIRC)**, for his continued trust and encouragement, the entire **Newsletter Committee** for their tireless efforts, and everyone associated with this initiative for helping bring out yet another meaningful edition.

“For India to be recognised as a Vishwaguru — a teacher to the world — the foundation must first be laid at home, in classrooms, in articleship desks, and in the quiet discipline of mentorship that our profession has always valued.”

We warmly invite our members and professionals to continue contributing their knowledge, experience, and insights for future editions. This newsletter remains a shared platform — one built by the fraternity, for the fraternity.

As we celebrate this Teachers' Day, let us reaffirm our commitment to guiding the generation that follows us, so that the India of tomorrow may truly rise as a Vishwaguru — one classroom, one articleship, and one act of mentorship at a time.

Happy Teachers' Day, and happy reading.

Warm regards,

CA. Dr. Fenil Padmini Rajendra Shah
Editor & Chairman, Newsletter Committee
ICAI – Ahmedabad Branch (WIRC)



Stridhan: An Important but Often Misunderstood Concept

CA. Parag Raval

Member of the Institute



Stridhan: An Important but Often Misunderstood Concept

What is Stridhan?

The term **Stridhan** comes from Sanskrit: *Stree* means woman and *Dhan* means property. In simple terms, Stridhan refers to the property that belongs **exclusively to a woman**.

It may include jewellery, cash, gifts, movable assets, and even immovable property received by her before marriage, at the time of marriage, or after marriage from parents, relatives, husband, in-laws, friends, or others.

Although the concept has its roots in ancient Hindu law, it is firmly recognized and protected under modern Indian law as well.

Legal position of Stridhan

The most important legal principle is that **Stridhan is the absolute property of the woman**. Neither the husband nor the in-laws get ownership rights over it merely because they keep it in their custody.

If jewellery or valuables are kept in a family locker or in the possession of the husband or in-laws, they remain only custodians. They do not become owners. Wrongful retention or misuse of Stridhan can amount to criminal breach of trust, and courts have repeatedly recognized this principle.

Stridhan and dowry are not the same

A common misunderstanding is to treat Stridhan and dowry as the same thing, but they are very different.

Streedhan	Dowry
Voluntary gifts made to the woman	Property demanded as a condition of marriage
Legal and protected	Illegal under the Dowry Prohibition Act
Belongs exclusively to the woman	No lawful ownership arises from illegal demand
Woman can freely use or transfer it	No lawful ownership arises from illegal demand

“ The most important legal principle is that Stridhan is the absolute property of the woman. ”

The same jewellery may be treated as Stridhan or dowry depending on the circumstances in which it was given.

Income-tax angle

This topic is also relevant from a tax perspective. Gifts received from specified relatives are generally exempt under section 56 of the



Income-tax Act. So, jewellery, cash, or property received by a woman from parents, husband, in-laws, siblings, or other specified relatives is usually not taxable in her hands.

However, **income generated from Stridhan is taxable**. For example:

- interest earned on gifted cash,
- rent from gifted property,
- capital gains on sale of jewellery or property.

When Stridhan is sold, issues such as cost of acquisition, date of acquisition, and documentary evidence become important. That is why proper records should always be maintained.



Succession after the woman's death

Since Stridhan is the woman's absolute property, it does not automatically go to the husband. After her death, it devolves according to the applicable succession law, including the Hindu Succession Act, depending on the facts of the case.

This often leads to disputes because family members sometimes wrongly assume that jewellery given by the woman's parents should return to the parental side. Legally, that is not automatic.

Why this matters in practice

“ If jewellery or valuables are kept in a family locker or in the possession of the husband or in-laws, they remain only custodians. ”

Stridhan is relevant not only in matrimonial disputes, but also in:

- estate planning,
- wills and succession,
- divorce matters,
- income-tax assessments,
- capital gains issues,
- source-of-funds explanations,
- family settlements,
- NRI and cross-border inheritance matters.

[Stridhan.docx](#)

For professionals like advocates, chartered accountants, and estate planners, this is an area where property law, succession law, criminal law, and tax law all meet.

Conclusion

Stridhan is an important legal concept, but it is often discussed only in the context of marriage disputes. In reality, it has much wider relevance in ownership, taxation, succession, and estate planning.

As family structures and wealth transfers become more complex, a clear understanding of Stridhan becomes increasingly important for both professionals and families.



GIFT City and IFSCA: Regulatory Overrides, Fiscal Concessions and Compliance Architecture

CA. Dipen D. Shah

Member of the Institute



A legal and regulatory bulletin on the statutory framework governing business at GIFT-IFSC

1. Introductory para:

1.1 The Gujarat International Finance Tec-City ("GIFT City"), Gandhinagar, houses India's first and, as yet, only International Financial Services Centre ("IFSC") — a jurisdiction carved out, quite literally, within the territory of India but designed to function, for financial-sector purposes, as though it were located outside India. What makes GIFT-IFSC a matter of continuing professional interest for lawyers, chartered accountants and company secretaries alike is not merely the tax concessions it offers, but the *statutory architecture* underlying it — a carefully layered structure in which one central legislation, the International Financial Services Centres Authority Act, 2019 ("IFSCA Act"), reconciles itself with, modifies, or operates alongside an entire constellation of pre-existing laws: the SEBI Act, 1992, the Reserve Bank of India Act, 1934, FEMA, 1999, the SEZ Act, 2005, the Income-tax Act, 1961, the CGST/IGST Act, 2017, and State stamp legislation.

1.2 This article attempts a structured reading of that architecture — what is genuinely "overridden," what is merely "modified," and what continues to apply with IFSC-specific carve-outs — and closes with a word on the single-window clearance mechanism that today ties the entire compliance lifecycle together.

2. Statutory Foundation: The IFSCA Act, 2019

2.1 The IFSCA Act, 2019 (Act No. 50 of 2019) received Presidential assent on 19th December 2019 and was brought into force in phases between April 2020 and October 2020. It establishes the International Financial Services Centres Authority as a unified, body-corporate regulator, replacing the erstwhile arrangement under which four separate regulators — RBI, SEBI, IRDAI and PFRDA — each regulated their respective segment of financial business within an IFSC, resulting in overlapping jurisdiction and consequent friction in ease of doing business.

2.2 Section 3(g) of the IFSCA Act defines an "International Financial Services Centre" by cross-reference to Section 18 of the SEZ Act, 2005 — a drafting choice that is, in itself, the first clue to how these two statutes interlock, and one to which we return below.



3. Unified Regulation: How SEBI, RBI, IRDAI and PFRDA Cede the Field

3.1 This is where the "override" that practitioners commonly speak of is, in fact, most precise and most emphatic in the statute.

3.2 Section 13(1) of the IFSCA Act provides, in terms, that *notwithstanding anything contained in any other law for the time being in force*, all powers exercisable by an “appropriate regulator” under the enactments listed in the First Schedule shall, within an IFSC, be exercised instead by the Authority, in so far as they relate to the regulation of financial products, financial services or financial institutions. The First Schedule identifies four appropriate regulators and the statutes each administers:

Ordinary regulator	Statutes whose IFSC-related powers vest in IFSCA
Reserve Bank of India	RBI Act, 1934; Banking Regulation Act, 1949; DICGC Act, 1961; FEMA, 1999; Credit Information Companies (Regulation) Act, 2005; Government Securities Act, 2006; Payment and Settlement Systems Act, 2007.
Securities and Exchange Board of India	SCRA, 1956; SEBI Act, 1992; Depositories Act, 1996.
IRDAI	Insurance Act, 1938; General Insurance Business (Nationalisation) Act, 1972; IRDA Act, 1999.
PFRDA	PFRDA Act, 2013.



3.3 Crucially, this is not a one-sided assertion. Section 33, read with the Second Schedule, simultaneously amends each of these parent statutes to insert a mirror-image provision for instance, Section 28C in the SEBI Act, Section 44A in FEMA, Section 51A in the Banking Regulation Act) expressly stating that the regulator’s powers under that Act “shall not extend” to an IFSC and “shall be exercisable” instead by IFSCA. The override, therefore, works from both ends — a legislative technique an Indian practitioner would recognise as a belt-and-braces approach to avoiding future interpretive disputes.

3.4 Section 30 supplies the general, freestanding non-obstante clause — “the provisions of this Act

shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force” — which operates as a residual overriding provision reinforcing Section 13.

3.5 A practical caution: this override is jurisdictional, not fiscal. It relocates the regulatory function—licensing, supervision, inspection and enforcement—from four regulators to one. It does not, by itself, determine tax, GST or stamp-duty consequences, which are addressed through separate legislative techniques discussed below.



4. IFSCA and FEMA: The Regulator Changes; Exchange Control Continues

4.1 Because FEMA, 1999 sits within the First Schedule as an RBI-administered statute, IFSCA does step into RBI’s shoes for regulating financial institutions and products under FEMA within the IFSC — this is the effect of Section 13(1) coupled with the newly inserted Section 44A of FEMA itself.

4.2 This should not, however, be read as FEMA ceasing to apply. The substantive exchange-control character of the zone continues to flow from delegated legislation issued *under* FEMA — principally the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015, which deem a financial institution or branch set up in the IFSC to be a “person resident outside India.” Consequently, a transaction between such a unit and a person resident in India is treated as a resident–non-resident transaction, attracting FEMA’s ordinary provisions rather than exempting the parties from FEMA altogether. RBI continues, from time to time, to amend allied regulations — for example, the Seventh Amendment (2025) to the Foreign Currency Accounts Regulations, 2015, which formally defines “IFSC” by reference to Section 3(g) of the

IFSCA Act and clarifies that foreign currency accounts permissible “outside India” may now also be maintained within an IFSC. The administrative authority has shifted; the underlying exchange-control law has not been switched off.

“ It does not, by itself, determine tax, GST or stamp-duty consequences, which are addressed through separate legislative techniques discussed below. ”

5. IFSCA and the SEZ Act, 2005: Modification, Not Override



v5.1 Here the drafting technique changes altogether, and this distinction is frequently glossed over in informal commentary.

5.2 GIFT-IFSC is not a creature of the IFSCA Act. It is, first and foremost, a Special Economic Zone notified under the SEZ Act, 2005, and the IFSC housed within it is expressly defined (Section 3(g), IFSCA Act) as one “set up... under section 18 of the Special Economic Zones Act, 2005.” The SEZ Act therefore remains the *parent* enabling statute for the zone, its Approval Committee, its Development Commissioner, its customs and duty-free import framework, and the underlying unit-approval process.

5.3 Rather than overriding the SEZ Act, Section 31 of the IFSCA Act empowers the Central Government to notify modifications to the SEZ Act, its Rules, and orders issued thereunder, as applicable to financial products, services and institutions in an IFSC. This power was exercised by the Notification dated 28th February 2024

(S.O. 940(E)), which, among other things, reads in a proviso designating the “Administrator (IFSCA)” as ex-officio Chairperson of the Unit Approval Committee for units requiring IFSCA recognition, and prescribes a dedicated application Form ‘FA’ for such units. The result is a *harmonised* SEZ framework — the underlying SEZ Act architecture is retained, but its application to IFSC units is recalibrated so that a single functionary, the Administrator (IFSCA), presides over what would otherwise have been a separate SEZ approval track running parallel to the IFSCA licensing track.

6. Fiscal Architecture: Income-tax Concessions by Design

6.1 Taxation is where the “override” narrative breaks down most completely, and where an accountant’s reading of the position diverges from a purely regulatory one.

6.2 The IFSCA Act does *not* purport to override the Income-tax Act for taxpayers. Section 26 of the IFSCA Act only exempts the Authority itself—the regulator, as a body corporate from income-tax on its own income; it has no bearing on the taxability of units operating in the IFSC. The benefits available to IFSC entities instead flow from specific amendments Parliament has, over successive Finance Acts, inserted directly into the Income-tax Act, using an IFSCA registration/permission as the trigger condition. The principal provisions an accountant preparing a tax computation for a GIFT-IFSC entity would reach for include:



- **6.3 Section 80LA** — a 100% profit-linked deduction for any 10 consecutive assessment years out of a 15-year block, available to eligible IFSC units holding permission or registration under the Banking Regulation Act, the SEBI Act or the IFSCA Act. The deduction is linked to

specified financial services activity and requires a Chartered Accountant certificate in Form 10CCF along with the return of income.

- **6.4 Section 10(4D)** — exemption for specified income of Category III Alternative Investment Funds and certain specified funds located in an IFSC, subject to prescribed conditions.
- **6.5 Sections 10(4F) and 10(4G)** — exemptions for income of non-residents from royalty or interest on aircraft/ship lease rentals paid by an IFSC unit, and for income arising from specified derivative or non-deliverable forward transactions with an IFSC Banking Unit.
- **6.6 Section 47(viia)** — capital-gains relief on relocation of offshore funds into an IFSC structure, intended to facilitate onshoring of fund management.
- **6.7 Concessional MAT/AMT** — a reduced Minimum Alternate Tax / Alternate Minimum Tax rate of 9% for eligible IFSC units under Sections 115JB/115JC, subject to the interaction with the concessional corporate-tax regime under Section 115BAA.
- **6.8 Concessional withholding and TDS relaxations** — targeted relaxations that reduce tax friction on cross-border capital flows involving IFSC units.

7. GST/IGST Treatment

7.1 The CGST/IGST Act, 2017 similarly is not overridden by the IFSCA Act; it applies on its own terms, treating GIFT-IFSC as part of the SEZ framework for indirect-tax purposes. In broad summary:

- **7.2** Supplies of goods or services from the Domestic Tariff Area into an IFSC/SEZ unit are treated as zero-rated supplies under the IGST Act, subject to the applicable bond or Letter of Undertaking mechanism.
- **7.3** Supplies between eligible IFSC units are generally kept outside the ordinary GST cost chain, subject to the specific nature and place of supply.



7.4 Services rendered by an IFSC unit to an offshore client may qualify as export of services and therefore as zero-rated supplies, if statutory conditions are satisfied.

7.5 Where an IFSC unit renders services into the Domestic Tariff Area, ordinary GST consequences arise, broadly as an import-like supply into the domestic economy.

7.6 The net effect, from an accounting standpoint, is a materially lower effective indirect-tax cost on genuine cross-border financial services business, while transactions that touch the domestic economy continue to attract GST in the normal course — a distinction that a compliance team must build into its invoicing and input-tax-credit workflows from day one.

8. Stamp Duty

8.1 Stamp duty is a State subject, and the IFSCA Act, being a Central enactment on financial regulation, cannot in constitutional terms “override” State stamp legislation. The relief here has instead come through executive action by the Government of Gujarat, which has granted exemption from, and reimbursement of, stamp duty and registration fees on instruments executed by units in GIFT-IFSC (including lease deeds and transaction documents relating to securities on IFSC exchanges and depositories), as part of its broader State incentive package for the zone. Separately, transactions in securities executed on recognised stock exchanges — including those set up in the IFSC — benefit from the centralised stamp-duty collection mechanism under the Indian Stamp Act, 1899, as amended, which in practice results in nil or negligible stamp incidence on such trades. The route is one of coordinated exemption and concession, not statutory override.

9. Overriding, Modifying and Harmonising: A Necessary Distinction

9.1 Bringing the above together, the loose description that “the IFSCA Act overrides SEBI, RBI, FEMA, the SEZ Act, the Income-tax Act, the

GST Act and Stamp Duty law” requires refinement before it can be relied upon in any note of advice:

Statute	Nature of relationship with the IFSCA Act
SEBI Act / SCRA / Depositories Act	True statutory override: Section 13(1) non-obstante clause and reciprocal Second Schedule amendments transfer IFSC-related regulatory power to IFSCA.
RBI Act / Banking Regulation Act / FEMA	True statutory override of regulatory power, while the underlying exchange-control and banking law continues to apply through IFSCA administration.
IRDAI Act / Insurance Act / PFRDA Act	The same power-transfer model applies: regulatory jurisdiction shifts to IFSCA while the parent laws remain substantively intact.
SEZ Act, 2005	Modification, not override: Section 31 recalibrates the SEZ Act for IFSC units, but the SEZ Act remains the enabling statute for the zone.
Income-tax Act, 1961	Not overridden: targeted exemptions and deductions are provided within the Income-tax Act itself, using IFSCA permission or registration as the qualifying trigger.
CGST/IGST Act, 2017	Not overridden: SEZ-linked zero-rating and domestic GST rules apply on their own terms.
State stamp-duty legislation	Not overridden: relief arises through State-government exemption or reimbursement mechanisms and centralised market-instrument collection rules where applicable.

9.2 The value of this distinction to a practitioner is practical: an argument built on Section 30’s “overriding effect” will succeed cleanly where a genuine regulatory conflict with SEBI, RBI, IRDAI or PFRDA is in issue, but the same argument cannot be extended, without more, to resist an income-tax, GST or stamp-duty demand — those questions must be answered from within the fiscal statute itself, read together with the specific IFSC-linked exemption it contains.

10. Accounting and Compliance Overlay

10.1 For finance and accounts teams, GIFT-IFSC business carries a few structural features that flow directly from the above:

10.2 Functional currency : financial statements of IFSC units are typically maintained and reported in a foreign currency (commonly USD), consistent with Section 20 of the IFSCA Act, which requires transactions of financial services in an IFSC to be conducted in such foreign currency as may be specified by regulations.

10.3 Dual/parallel certification burden: beyond the statutory audit mandated under the Companies Act, 2013 (or the LLP Act, as applicable) and IFSCA’s own regulatory returns, availing Section 80LA requires an *independent* Chartered Accountant’s report in Form 10CCF, distinct from the tax-audit report under Section 44AB.

10.4 Ind AS / IFRS alignment: given the cross-border investor base, many IFSC entities voluntarily align their accounting policies with IFRS even while complying with Ind AS for Indian statutory purposes, requiring a reconciliation exercise that in-house accounts teams should plan for at the entity-structuring stage itself.

10.5 GST record-keeping: maintaining the Bond-cum-LUT and correctly bifurcating DTA-linked versus offshore-linked revenue streams is now a recurring, not a one-time, compliance exercise, and materially affects the input-tax-credit position.

11. Concluding Remarks: The Single-Window Imperative

11.1 The practical strength of GIFT-IFSC lies in combining statutory regulatory consolidation with a simplified procedural interface.

11.2 IFSCA’s Single Window IT System now brings licensing, SEZ approval, GST registration, regulator no-objection workflows, validation, payment and digital-signature processes onto one platform.

11.3 Accordingly, any entry strategy for GIFT-IFSC should treat SWIT as the primary route for approvals and ongoing compliance, rather than reverting to the earlier multi-agency approach.





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Bridging the Skill Gap: Why Technical Accounting Knowledge Alone Isn't Enough Anymore



CA. Pooja Appa

Member of the Institute

Bridging the Skill Gap: Why Technical Accounting Knowledge Alone Isn't Enough Anymore

For decades, the value of a Chartered Accountant rested on a well-understood foundation: command over accounting standards, tax law, and audit procedure. That foundation still matters, and it always will. But a quiet shift has taken place inside almost every practice, and it deserves more attention than it currently receives in our profession's conversation about itself. The accountant who is technically sound but tool-illiterate is now visibly slower, visibly less useful, and increasingly replaceable — not by artificial intelligence or by a competitor with better technical knowledge, but by a peer who simply knows how to work with data.

The Traditional Skillset Was Built for a Different Pace

Our training, both as articled assistants and later as members, was built around getting the technical answer right: the correct treatment under Ind AS, the correct GST classification, the correct audit opinion. This is not a flaw — it is the right foundation. But it was designed for an era when the bottleneck in practice was knowledge, not throughput. Today, most practitioners already know the correct treatment. What separates a firm that thrives from one that struggles is no longer whether the answer is right, but how quickly and reliably that right

answer can be produced, reconciled, and delivered — across hundreds of transactions, multiple clients, and shrinking deadlines.

This is where the gap shows up. A qualified professional who can correctly determine ECL provisioning under Ind AS 109 but spends three days manually reconciling a trial balance in a workbook with broken formulas is not being let down by a lack of technical knowledge. They are being let down by a tooling gap that nobody formally taught them to close.



Where the Gap Actually Shows Up in Practice

A few situations repeat themselves across firms of every size:

- A trial balance is rebuilt manually every month instead of being linked once, correctly, and refreshed automatically.
- MIS reports take two to three days to compile because they are built fresh each time rather than through a maintained, formula-driven template.

“ Clients increasingly compare firms not only on technical competence, which they often cannot evaluate directly, but on responsiveness and clarity of reporting, which they experience directly every month. ”

- Reconciliations between GSTR-2B and purchase registers are done by eye, line by line, in a task that a well-built lookup and a pivot could complete in minutes.
- Clients ask for a dashboard view of their numbers, and the honest answer from many practices is that no one on the team knows how to build one.

None of these are technical accounting failures. Every one of them is a skills gap sitting quietly outside the CA curriculum, in the space between knowing the rule and being able to execute it efficiently at scale.

The accountant who is technically sound but tool-illiterate is not less knowledgeable than their peers — they are simply slower at turning knowledge into delivered work.



The New Toolkit Is Not Optional Anymore

Advanced Excel — structured tables, Power Query, lookup functions, and pivot-based reporting — is no longer a “nice to have”

specialisation. It is the layer that sits directly on top of every core CA skill: audit, tax computation, MIS, and financial reporting all run through a spreadsheet at some point, and the speed of that spreadsheet work now determines the speed of the entire engagement. Power BI and other visualisation tools extend the same principle further, turning static numbers into something a client can actually understand and act on, rather than a PDF they file away unread.

This matters commercially as much as it matters professionally. Clients increasingly compare firms not only on technical competence, which they often cannot evaluate directly, but on responsiveness and clarity of reporting, which they experience directly every month. A firm that delivers a clean, automated MIS pack on the third working day builds a different kind of trust than one that delivers the same numbers, equally correct, two weeks later in a format that needs explaining.

Why This Isn't Just an Efficiency Argument

There is a temptation to frame this purely as a productivity issue — do the same work faster. That understates what is actually at stake. When reconciliation and reporting are manual, they are also more error-prone, harder to review, and impossible to scale beyond the hours in a day. A practice built on manual spreadsheet work has a hard ceiling on how many clients it can serve well. A practice built on structured, formula-linked, template-driven systems can take on more work without proportionally more hours, because the marginal cost of producing the next report drops sharply once the system is built once, correctly.

“ But a quiet shift has taken place inside almost every practice, and it deserves more attention than it currently receives in our profession's conversation about itself. ”

This is also, increasingly, a talent retention issue. Younger articulated assistants and newly qualified

members have generally grown up more comfortable with software and automation than the generation that trained them. A firm that still operates on manual, ad hoc spreadsheet work does not just work slower — it also struggles to retain talent that expects modern tools and finds repetitive manual reconciliation demoralising rather than instructive.

Bridging the Gap: What Practitioners Can Actually Do

- Treat Excel and data tools as a core professional skill, not an optional add-on — budget CPE hours and firm training time for it the same way technical updates are budgeted.
- Standardise recurring workbooks — trial balance schedules, MIS packs, reconciliation templates — once, properly, with formulas and structured tables, rather than rebuilding them from scratch each period.
- Introduce Power Query or basic automation for any reconciliation done more than once a month; if a task is repeated, it is almost always automatable.
- Build at least a basic dashboard capability in the firm, even a simple one, so client reporting can move beyond static PDFs when the engagement calls for it.
- Encourage articled assistants to build tool fluency alongside technical training — the two reinforce each other rather than compete for time.

A Role for the Institute

There is also a structural opportunity here for the profession collectively. Technical CPE hours are well established and rightly mandatory. A parallel, lighter-touch emphasis on applied data and reporting tools — not as a separate specialisation reserved for a niche, but as a

baseline expectation woven into ongoing professional development — would close this gap far faster than leaving it to individual initiative. The firms and practitioners already investing in this are pulling ahead quietly, client by client. The Institute has an opportunity to make that advantage the norm rather than the exception.

Conclusion

Technical accounting knowledge remains the non-negotiable core of what a Chartered



Accountant offers, and no amount of tooling replaces it. But it is no longer sufficient on its own. The practitioners and firms who will lead the next decade of practice are the ones who pair that technical depth with the ability to execute it efficiently — through Excel, through automation, through clear reporting — rather than treating those as someone else's job. The gap between knowing the right answer and being able to deliver it quickly, cleanly, and at scale is where the profession's next real advantage lies. Closing it is not a distraction from technical excellence. It is what makes technical excellence usable.



Registration of Non-Profit Organisation under New Income Tax Bill

CA. Ajit C. Shah

Member of the Institute



Registration of Non-Profit Organisation under New Income Tax Bill

Under the Income Tax Act 1961 sections relating to Charitable Trust are distributed under different chapters and sections. Under the new Bill only one chapter XVII-B (17B), will find from section 332 to 355 that is only under 24 sections. The title of this chapter is Special Provisions for Registered Non-Profit Organization. Now we have to look in to chapter XVII-B only, instead of Chapters 1, 3, 6B, 12, 12EB etc. under old act. But for definition will have to refer chapter 1 section 2(23) definition. Under section 332 Non-Profit Organization have been given legal form, under which N.P.O. has been registered.

Registered NPO has been defined under clause 355(g) of bill as under:

“Registered Non-Profit Organization” means any person having a valid registration under any specified provision and such registration has not been cancelled.

Special provisions for registered non-profit organization are as under:

Clauses 332 and 333 Registration

Clauses 334 to 343 Income of registered NPO
Clauses 344 to 346 Commercial activities by registered NPO

Clauses 347 to 350 Compliances

Clauses 351 to 353 Violations

Clause 354 Approval for purpose of

Deduction u/s 133(1)(b)(ii)

Clause 355 Interpretation

Under Income Tax Act, 1961 Proviso, Explanation are

given, sometime it is difficult to understand, while in Bill everything is given in Tabular Form, so it better to understand.

For registration under clause 332(3) tabular form is given:

Sr. Case Time limit for Time Limit Validity of

No. Furnishing for passing Registration

Application order



Registration of NPO:

Any persons may, for claiming a benefit as a registered non-profit organization make an application for registration in such form and manner as prescribed, to the Principal Commissioner or Commissioner. A person may be, a public trust, a registered society, a registered company, a university, an institution financed by the Government or local authority or any other person notified by the Board.

A person referred above shall be eligible for registration, if-

(a) such person is constituted or registered or incorporated in India for carrying out one or more charitable purposes as referred to in section 2(23) or one or more public religious purposes, or both; and

(b) the properties of such person are held under an irrevocable trust for the benefit of general public, wholly for charitable or religious purposes, or partly for charitable or religious purposes in India, if such person was constituted or registered or incorporated prior to the commencement of the Income Tax Act, 1961.

“ Under the Income Tax Act 1961 sections relating to Charitable Trust are distributed under different chapters and sections. ”

Every application in respect of the cases

(1) Where the activities of the applicant have not commenced and it has not been registered any specified provision at any time before making the application.

(2) Where the activities of the applicant have commenced and it has not been registered under any specified provision at any time before making the application.

(3) Where the applicant has been granted provisional and activities have commenced.

(4) Where the provisional registration of the applicant is due to expire and activities have not commenced.

(5) Where the registration of the applicant is due to expire, other than cases mentioned at serial no (4) above.

(6) Where the registration of the applicant has become inoperative due to switching over of regime under section 333.

(7) Where the applicant being a registered non-profit organization, has adopted or undertaken modification of its objects.

(8) If the application is made beyond the time allowed, the Principal Commissioner or Commissioner may, if he considers that there is a reasonable cause for delay in furnishing the application, condone delay and such application shall be deemed to have been made within time.

(9) In the case of an application is made and total income of such applicant, does not exceed five crore rupees each of the two tax years, preceding the tax year, shall have effect as if for the words five years, the words ten years had been substituted.

(10) The Principal Chief Commissioner or Commissioner shall, on application made by the applicant about the objects and the genuineness of the activities and compliance of requirements of any other law in force, call for such documents or information or make such inquiries as he think necessary in order to satisfy himself, shall pass an order granting registration; or if he is not satisfied, after affording a reasonable opportunity of being heard to the applicant shall pass an order rejecting the application or pass an order in writing rejecting the application and also cancelling the registration.

(11) Under certain circumstances Principal Commissioner or Commissioner shall grant provisional registration.

(12) Where the registration of person, registered prior to the 1

st

April, 2021 under the specified provision of the Income Tax Act, 1961 has expired and such person makes an application for registration under this part, the Principal Commissioner or Commissioner may, he may considered that there is a reasonable cause for delay in making such application, condone such delay and grant registration to such person, which shall be valid for five years from the commencement of the year 2021-2022



International Tax and Transfer Pricing Risks in Infrastructure Projects: The Internal-Audit Perspective



CA. Rahul V Shah

Member of the Institute

Infrastructure projects rarely remain confined to one entity or one jurisdiction. A large EPC or infrastructure project may involve a foreign contractor, an Indian project office, overseas equipment suppliers, engineering consultants, technology providers and group companies providing financing or support services.

Part 1 — International Taxation and Non-Resident Tax Issues

Introduction

Infrastructure projects rarely remain confined to one entity or one jurisdiction. A large EPC or infrastructure project may involve a foreign contractor, an Indian project office, overseas equipment suppliers, engineering consultants, technology providers and group companies providing financing or support services. Tax consequences can therefore depend on facts spread across contracts, project sites, procurement records, engineering activities and financial transactions.

This is where internal audit has a useful role to play.

The internal auditor is not a substitute for the tax adviser and need not determine whether a particular receipt is taxable under a Double Taxation Avoidance Agreement (“DTAA”). The more practical role is to test whether the facts on which the tax position is based are complete, consistent and supported by contemporaneous records.

The case law discussed below illustrates this point. The disputes range from Permanent Establishment (“PE”) and offshore supplies to Fees for Technical Services (“FTS”), treaty entitlement and transfer pricing of guarantees, loans, services and purchases. Although the legal questions differ, a common theme emerges: the tax position cannot be divorced from the manner in which the infrastructure project is actually executed.



1. Offshore supplies and Permanent Establishment: the project facts matter

National Petroleum Construction Company (UAE) vs ADIT, International Taxation

Citation: ITA No. 5763/Del/2011, Delhi ITAT, order dated 18 November 2011, AY 2008-09.

The case concerned offshore fabrication and turnkey contracts for ONGC. The Revenue

relied, among other matters, upon the involvement of the Indian office/agent in bidding and negotiations and contended that the activities resulted in a PE in India. The assessee maintained that offshore fabrication had been completed in Abu Dhabi and that the Indian activities were principally connected with installation.

The dispute consequently required consideration of the existence of a PE, the activities attributable to it and the treatment of income arising from offshore activities.

Internal-audit observation

The PE analysis should be capable of being traced to the actual conduct of the project. Internal audit can examine the activities of the Indian office, deployment of personnel, authority given to employees, correspondence with the customer, bidding records and site activities.

The purpose is not for internal audit to give a legal opinion on PE. It is to identify whether the factual record supports the position adopted by the tax function.

Monetary illustration

Suppose a foreign contractor receives ₹300 crore under an EPC contract, of which ₹220 crore relates to equipment manufactured overseas and ₹80 crore relates to Indian installation activities. The auditor should not assume that the ₹220 crore is automatically outside Indian taxation merely because the contract describes it as “offshore supply”. The contractual allocation should be capable of being reconciled with manufacturing, shipping, title-transfer, payment and site records.

2. POSCO: contractual separation must be supported by actual performance

POSCO Engineering & Construction Company Ltd. vs Addl. DIT, New Delhi

Citation: ITA No. 5787/Del/2013, AY 2008-09, ITAT Delhi Bench “I”.

The case involved a consortium contract with SAIL for a blast-furnace project. The dispute covered offshore supply, offshore design and engineering, onshore supply and supervision receipts.

The Tribunal considered the respective activities and their connection with India. The location of performance, transfer of title, receipt of consideration and involvement of the PE were relevant to the determination of taxability.

The significance of the case for infrastructure companies lies in the distinction between what the contract says and what the parties actually do.

Internal-audit observation

Where a taxpayer adopts an offshore-supply position, internal audit should compare the contractual arrangement with:

- manufacturing records;
- shipping documents;
- title-transfer documentation;
- invoices and bank receipts;
- engineering records; and
- project-site records.

If the tax position assumes that a particular activity was undertaken outside India, the underlying project records should support that assumption.

Monetary illustration

If an EPC contract is valued at ₹500 crore and ₹350 crore is classified as offshore supply, a simple review of the agreement is not enough. Internal audit should be able to trace the ₹350 crore component to the relevant equipment, manufacturing location, shipment and transfer of title.

3. Dongfang Electric: an offshore/onshore split cannot be viewed in isolation

Dongfang Electric Corporation vs DDIT, Kolkata

Citation: ITA No. 833/Kol/2011, AY 2007-08.

The case concerned turnkey power projects involving offshore and onshore components. The Revenue questioned the manner in which the contract was divided and contended that the offshore and Indian activities were commercially connected. The dispute also involved the attribution of profits to the Indian operations.

The significance of the case is not that every offshore supply is taxable or non-taxable as a matter of principle. Rather, it demonstrates the

difficulty that can arise when the contractual allocation between offshore and onshore components does not, in the Revenue's view, adequately reflect the commercial manner in which the project was executed.

Internal-audit observation

The auditor should therefore ask a straightforward question:

Does the way the project was actually performed support the way the contract has been divided for tax purposes?

Engineering, procurement, manufacturing, shipment, installation and commissioning records should be capable of being mapped to the relevant contractual components.

This is a useful area for internal audit because discrepancies can often be identified before they become part of a tax dispute.

Monetary illustration

Assume that an overseas contractor has allocated ₹400 crore to offshore activities and ₹100 crore to Indian activities. If project records subsequently show that significant engineering and project-management functions relating to the ₹400 crore component were performed through the Indian project office, the discrepancy should be brought to the attention of management and the tax function.

The ₹400 crore figure in this example is illustrative; the audit issue is the consistency between the contractual allocation and actual conduct.

4. Baker Hughes: domestic computation provisions and the DTAA must be considered together

Baker Hughes Energy Technologies UK Ltd. vs ACIT, Circle 1(1)(2), International Taxation

Citation: ITA No. 521/Del/2023, order dated 6 June 2023, Delhi ITAT.

The case concerned offshore supply of subsea production-system components to ONGC and the applicability of section 44BB read with the India-UK DTAA.

The Tribunal considered the nature of section 44BB and its relationship with the treaty. The

decision records the conclusion that, in the absence of a PE in India, the offshore supply receipts were not taxable in India.

The case is relevant to infrastructure businesses because payments to non-residents can potentially raise questions under both domestic provisions and the applicable treaty. The two cannot always be examined independently.

Internal-audit observation

A treaty position should be reviewed against the facts throughout the life of the project. If the foreign contractor subsequently establishes a project office, deploys additional personnel or undertakes activities in India that were not originally contemplated, the assumptions underlying the original tax position may need to be revisited.

Monetary illustration

If a foreign contractor receives ₹150 crore for offshore equipment and ₹40 crore for installation in India, internal audit should ensure that the records supporting the distinction between the two components remain available. A change in the manner of execution could affect the tax analysis even though the original contract has not changed.

5. Computer Modelling Group: look at what the foreign party actually provides

Computer Modelling Group Limited (Canada) vs DCIT, Circle International Taxation

Citation: ITA Nos. 2090/Del/2023, 2305/Del/2022, 2091/Del/2023 & 3102/Del/2023; Delhi ITAT, order dated 3 May 2024.

The case involved software licence fees, maintenance and support services and training provided to Indian oil companies. The Tribunal considered the applicability of section 44BB and the India-Canada DTAA and issues concerning the characterisation of software-related receipts and the "make available" requirement in relation to technical services.

For infrastructure and energy businesses, the case has practical significance because cross-border technology arrangements are increasingly embedded in projects. The

description appearing on an invoice may not, by itself, answer the tax question.

Internal-audit observation

The auditor should examine the underlying agreement and determine what was actually supplied. Relevant evidence may include:

- licence terms;
- scope of services;
- technical deliverables;
- training records;
- support arrangements;
- technical reports; and
- correspondence concerning the services.

Where the tax treatment depends upon the character of the payment, the commercial documentation should support that characterisation.

Monetary illustration

Suppose an Indian infrastructure company pays ₹12 crore to a foreign technology provider, comprising ₹8 crore for software rights, ₹2 crore for support and ₹2 crore for training. Treating the entire ₹12 crore as one category merely because it appears under a single commercial arrangement may obscure the actual nature of the payments.

The audit objective should be to establish what the ₹12 crore actually represents.

6. Tata NYK Shipping: treaty entitlement should be supported by the underlying facts

Tata NYK Shipping Pte. Ltd. vs CIT (International Taxation-3), Delhi

Citation: ITA No. 1067/Del/2022, ITAT Delhi, order dated 9 March 2023, AY 2016-17.

The dispute involved international shipping income and the application of Article 8 of the India-Singapore DTAA. The case also involved consideration of the taxpayer's Indian operations, treaty documentation and revisionary proceedings under section 263.

The case should not be reduced to the proposition that possession of a Tax Residency Certificate ("TRC") automatically settles treaty entitlement. The factual setting in which the treaty claim is made remains relevant.

Internal-audit observation

A foreign-vendor or overseas-group tax file should therefore contain more than the TRC. It should also contain the agreement, nature of income, relevant business activities, Indian presence and other documents supporting the treaty position.

The internal auditor need not determine whether Article 8 or another treaty provision ultimately applies. The audit should establish whether the facts used by the tax team to reach that conclusion are documented and consistent with the company's records.

Monetary illustration

If ₹75 crore is received by an overseas group entity from an Indian infrastructure business and the taxpayer claims treaty protection, the audit should verify the nature of that ₹75 crore, the underlying activity and the documentation supporting the treaty position rather than treating the TRC as the only relevant document.

7. From international-tax case law to internal-audit testing

The cases discussed above point towards a practical approach for infrastructure companies.

International-tax review should not begin with the question:

"What is the tax position?"

It should begin with:

" A 1% difference in the annual interest rate would represent approximately ₹50 lakh per year on a ₹50 crore principal. "

"What actually happened in the project?"

Only after the facts are established should the tax position be tested against them.

A useful audit trail is:

Contract → Actual activities → Personnel and functions → Location → Accounting treatment → Payment → Tax characterisation → Supporting evidence

This approach is particularly important because infrastructure projects can continue for several years. Personnel may change, project offices may expand, contracts may be amended and responsibilities may shift between the Indian and overseas entities. A tax position that was factually correct at the commencement of a project may require reconsideration if the manner of execution subsequently changes.

The internal auditor can therefore act as an important link between project execution and tax governance.

8. Practical international-tax audit checklist

Area	What should internal audit examine?	Illustrative monetary exposure
Foreign EPC contractor	Personnel, project office, authority and Indian activities	₹250 crore EPC contract
Offshore supply	Manufacturing, shipping and title transfer	₹175 crore offshore component
Onshore installation	Site personnel and Indian activities	₹50 crore installation component
Technical services	Actual deliverables and training	₹10 crore service fee
Treaty claim	TRC plus factual support	₹75 crore cross-border receipt
Foreign-vendor payment	Nature of income and withholding analysis	₹20 crore payment
Project-office activities	Actual functions against PE analysis	₹100 crore project receipts

The monetary figures above are illustrative only. Their purpose is to show the scale at which a seemingly small factual difference can become significant in a large infrastructure project.

The central lesson

The cases do not establish a single rule applicable to every EPC or infrastructure project. Their importance lies in showing how strongly international-tax outcomes can depend upon the underlying facts.

An offshore contract should not be accepted merely because it is described as “offshore”. A treaty claim should not be examined only by checking a TRC. A technical-service payment should not be classified solely from the invoice description.

For internal audit, the most useful test is therefore one of consistency:

Do the contracts, project records, accounting records and tax position describe the same commercial reality?

Where they do not, the difference should be identified early and placed before the appropriate management and tax personnel.

Part 2 — Transfer Pricing and the Internal-Audit Perspective

The international-tax issues discussed in Part 1 lead naturally to transfer pricing. Infrastructure groups frequently operate through associated enterprises and may enter into arrangements involving corporate guarantees, inter-company financing, procurement, technical services, management support and reimbursements.

In these transactions, the important question is not merely whether a transfer-pricing study has been prepared. The more fundamental question is whether the study reflects the transaction that actually took place.

9. Corporate guarantees: understand the commercial purpose

Afcons Infrastructure Ltd. vs Addl. CIT-8(1), Mumbai

Citation: ITA Nos. 1135 & 1357/Mum/2014, AY 2009-10.

The dispute concerned a corporate/performance guarantee provided in connection with facilities obtained by an overseas associated enterprise. The Tribunal considered the surrounding contractual arrangements and the role played by the parties. On the facts before it, the Tribunal did not sustain a separate benefit to the AE in the manner contended by the Revenue.

The case is important because a guarantee cannot always be examined in isolation from the underlying infrastructure contract. Its commercial purpose, the obligations it supports and the person who obtains the economic benefit can all be relevant.

Internal-audit observation

The auditor should examine:

- the guarantee agreement;
- the underlying EPC or project contract;
- financing documents;
- the reason for providing the guarantee;
- the beneficiary of the guarantee; and
- the actual exposure arising from it.

The audit should establish the commercial circumstances before examining the arm's-length charge.

Monetary illustration

Assume that an Indian infrastructure company gives a ₹100 crore guarantee for an overseas project.

The audit question should not stop at the ₹100 crore figure. It should establish:

₹100 crore sanctioned → ₹70 crore actually utilised → ₹70 crore exposure → commercial beneficiary → TP treatment.

The figures are illustrative. The point is that the amount guaranteed and the economic exposure may not necessarily be identical.



10. Rain Cements: identify the actual exposure

Rain Cements Ltd. / Rain Industries Ltd. vs DCIT, Hyderabad

Citation: ITA Nos. 1950 & 2020/Hyd/2017 and 1471/Hyd/2018, AYs 2013-14 & 2014-15.

The case concerned corporate guarantees provided to associated enterprises. The Tribunal considered the appropriate basis for determining the arm's-length charge and, on the facts considered, took into account the amount actually utilised rather than simply the sanctioned facility.

The decision highlights a practical issue which can easily be missed in an infrastructure business: a bank may sanction a large facility

even though the overseas project draws the funds in stages.

Internal-audit observation

The guarantee register should therefore be reconciled with:

- sanction letters;
- bank confirmations;
- draw-down statements;
- outstanding balances;
- guarantee agreements; and
- transfer-pricing calculations.

Any unexplained difference between the sanctioned amount, guaranteed amount and actual utilisation should be investigated.

Monetary illustration

If the bank sanctions a ₹200 crore facility but the AE actually utilises ₹80 crore, internal audit should ensure that the ₹200 crore and ₹80 crore figures are not inadvertently treated as interchangeable in the TP analysis.

11. Dinshaw Trapinex: currency matters in inter-company financing

Dinshaw Trapinex Builders Pvt. Ltd. vs ADIT, Mumbai

Citation: ITA Nos. 2097/Mum/2016, 2602/Mum/2017, 7469/Mum/2017, 5159/Mum/2018, 1386/Mum/2021 & 525/Mum/2022, AYs 2011-12 to 2017-18.

The dispute concerned interest on loans advanced to a Dubai associated enterprise. The Tribunal considered the foreign-currency nature of the loans and the appropriate benchmark, with LIBOR-based benchmarking being relevant to the determination.

For an infrastructure group, the interest rate cannot sensibly be examined without considering the currency and other characteristics of the loan.

Internal-audit observation

The auditor should reconcile the loan agreement with the actual movement of funds and verify:

- currency;
- date and amount of draw-down;
- tenure;
- repayment terms;
- security;
- interest rate; and

- actual interest charged.

The transfer-pricing analysis should correspond with these facts.

Monetary illustration

Suppose an overseas project company receives a foreign-currency loan equivalent to ₹50 crore.

A 1% difference in the annual interest rate would represent approximately ₹50 lakh per year on a ₹50 crore principal.

The illustration shows why apparently small differences in a financing benchmark can become material in large infrastructure projects.

12. Rain CII Carbon: comparability requires commercial judgment

Rain CII Carbon (India) Ltd. / Rain Cements Ltd. / Rain Industries Ltd. vs DCIT, Hyderabad

Citation: ITA Nos. 222/Hyd/2014, 309/Hyd/2015, 344/Hyd/2015, 259/Hyd/2016, 260/Hyd/2016, 315/Hyd/2015, 433/Hyd/2016 & 434/Hyd/2016, order dated 26 April 2017.

The dispute concerned purchases of Green Petroleum Coke from associated enterprises and the use of an internal Comparable Uncontrolled Price ("CUP").

The Tribunal found that the comparability analysis required closer examination of factors including product quality, sulphur content, geography and timing. The matter was remanded for fresh consideration.

The case carries an important message for infrastructure companies. A comparable is not reliable simply because the product bears the same broad description.

Internal-audit observation

Before accepting a CUP, the auditor should examine whether relevant commercial differences have been considered, including:

- product specifications;
- quality;
- quantity;
- delivery location;
- freight;
- timing; and
- contractual terms.

"If the selected comparable relates to materially different quality or delivery terms, even a 3% difference could represent a ₹3 crore pricing difference."

Monetary illustration

Suppose an infrastructure group purchases materials worth ₹100 crore from an AE.

If the selected comparable relates to materially different quality or delivery terms, even a 3% difference could represent a ₹3 crore pricing difference.

The ₹3 crore figure is an illustration, not a finding in the case. Its purpose is to show why apparently small comparability differences can have significant consequences.

13. Metro Tunneling: services and cost allocations need evidence



Metro Tunneling Group vs JCIT, Mumbai

Citation: ITA(TP) No. 564/Mum/2015, AY 2009-10.

The dispute involved reimbursement of head-office overheads by foreign associated enterprises to a joint venture. The Tribunal considered the evidence relating to the services and the allocation of costs. The attached facts indicate that an allocation based simply on a percentage of revenue required further examination and benchmarking.

The issue has particular relevance to infrastructure groups because central engineering, procurement, finance, information-technology and management teams frequently support several projects.

Internal-audit observation

The auditor should ask:

What service was provided?

Who provided it?

Which project benefited?

Why was this allocation key selected?

Can the underlying cost be independently verified?

A cost allocation should have a rational connection with the service or resource being allocated.

Monetary illustration

Suppose a group incurs ₹10 crore of central engineering costs and allocates ₹2 crore to an Indian infrastructure project.

Internal audit should be able to explain why ₹2 crore was allocated to that project and how the amount was calculated. A simple percentage of project turnover may not necessarily reflect the actual use of engineering resources.

14. Peri India: a reimbursement needs a trail**Peri India Pvt. Ltd. vs DCIT, Mumbai**

Citation: ITA No. 7265/Mum/2012, AY 2008-09.

The dispute concerned reimbursement of software and travel expenditure. The Tribunal considered the supporting evidence relating to the underlying expenditure and its business purpose.

The case illustrates a practical point: describing an amount as a “reimbursement” does not, by itself, establish its treatment for transfer-pricing purposes.

Internal-audit observation

A reimbursement should be traceable through the following chain:

AE invoice → underlying third-party invoice → expenditure incurred → business purpose → recipient/project → accounting entry → payment.

Monetary illustration

If an associated enterprise invoices ₹25 lakh as reimbursement of project-related expenditure,

the auditor should be able to trace the ₹25 lakh to the underlying invoices and establish why the expenditure was incurred for the Indian entity.

If the file contains only the AE's ₹25 lakh invoice, the evidentiary trail is incomplete.

15. Marubeni Itochu Steel: functions and risks should reflect reality**Marubeni Itochu Steel India Pvt. Ltd. vs DCIT, Circle 16(1), New Delhi**

Citation: ITA for AY 2010-11, ITAT Delhi Bench “I”, order dated 24 July 2015.

The TPO treated a commission/service segment as a trading business and included the FOB value of goods in the cost base. The Tribunal considered the functions performed and risks assumed and found that the assessee's role was that of a low-risk service provider rather than a trader assuming title and the relevant risks in the goods.

The case is useful for infrastructure groups where an Indian entity may coordinate procurement or provide services without assuming the commercial risks associated with the underlying goods.

Internal-audit observation

The FAR analysis in the TP documentation should be compared with actual:

- contracts;
- procurement records;
- responsibility matrices;
- correspondence;
- inventory records; and
- project documentation.

If the documents describe the Indian entity as a limited-risk service provider but operational records show that it assumes substantial procurement or inventory risks, the discrepancy should be examined.

Monetary illustration

Suppose an Indian entity earns ₹5 crore as procurement commission in relation to goods worth ₹500 crore.

The fact that the Indian entity facilitated transactions worth ₹500 crore does not, by itself, establish that the entire ₹500 crore represents its trading turnover for TP purposes. The actual

functions and risks assumed have to be considered.



16. Alstom Projects: identify the correct transaction population

Alstom Projects India Ltd. vs ACIT, Mumbai

Citation: ITA No. 8670/Mum/2010, AY 2006-07.

The TPO applied a comparable margin to the entire power-segment turnover rather than restricting the adjustment to the relevant international transactions with associated enterprises.

The Tribunal held that the adjustment had to be confined to the relevant international transactions.

Internal-audit observation

This is a useful reconciliation exercise for internal audit.

The auditor should compare:

Financial statements ↔ related-party ledger ↔ Form 3CEB ↔ TP study ↔ international-transaction population ↔ TP adjustment.

The purpose is to ensure that the transaction population used for transfer pricing is clearly identifiable and does not inadvertently include unrelated-party transactions.

Monetary illustration

Suppose:

- total power-segment turnover = ₹1,000 crore;
- AE transactions = ₹150 crore; and
- unrelated-party transactions = ₹850 crore.

If a TP adjustment is computed using the entire ₹1,000 crore without establishing the basis for doing so, the auditor should flag the issue for examination.

The figures are illustrative; the audit point is the proper identification of the relevant international transactions.

17. Bringing the tax and transfer-pricing review together

The international-tax and transfer-pricing cases discussed in this article point towards one common approach.

For an infrastructure project, internal audit can use the following sequence:

Contract → Actual functions → Location → Risks → Benefit → Accounting treatment → Payment → Tax characterisation → TP method → Supporting evidence

This sequence helps connect the tax department's analysis with the operational reality of the project.

For example, a foreign EPC arrangement may begin as an offshore-supply transaction. Subsequently, foreign engineers may spend extended periods at the Indian site. An Indian project office may take on additional responsibilities. The contractor may also provide technical support through the same personnel.

Each of these changes can potentially affect the tax analysis.

Similarly, a related-party loan may initially be ₹50 crore but may later be increased, renewed or converted into another form of financing. A corporate guarantee may cover a ₹200 crore sanctioned facility while actual utilisation remains substantially lower.

Internal audit can identify these changes because they appear in project records and financial transactions before they necessarily appear in a tax assessment.

18. A practical internal-audit matrix

Transaction / risk	Key question for internal audit	Illustrative amount
Foreign EPC contract	Do actual activities support the PE analysis?	₹300 crore
Offshore supply	Does project execution support the offshore allocation?	₹200 crore

Transaction / risk	Key question for internal audit	Illustrative amount
Technical services	What was actually delivered?	₹15 crore
Treaty claim	Is the nature of income consistent with the treaty position?	₹75 crore
Corporate guarantee	What is the actual economic exposure?	₹100 crore
Inter-company loan	Is the benchmark appropriate for currency and terms?	₹50 crore
Management services	Does the allocation reflect actual benefit/resources used?	₹10 crore
Related-party purchase	Are the CUP/comparables genuinely comparable?	₹100 crore
Reimbursement	Can the amount be traced to underlying expenditure?	₹25 lakh
TP adjustment	Does the adjustment relate to AE transactions?	₹20 crore

All monetary figures in this table are illustrative and are not amounts determined in the respective judgments.

19. Conclusion

Infrastructure projects provide a good example of why internal audit and tax cannot operate entirely in separate compartments.

The international-tax cases considered above show the importance of understanding where activities are performed, who performs them and how offshore and onshore components are actually executed. The transfer-pricing cases demonstrate similar concerns in a different setting: the commercial purpose of a guarantee, the actual utilisation of financing, the

comparability of purchases, the allocation of service costs and the functions and risks assumed by the parties.

The common thread is substance supported by evidence.

For internal audit, the objective should not be to prepare another tax opinion. It should be to test whether the company's records support the factual assumptions underlying the tax and transfer-pricing positions.

Five questions provide a practical starting point:

- What was agreed?
- What actually happened?
- Who performed the functions and assumed the risks?
- Who received the economic benefit?
- Does the tax treatment match the evidence?

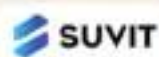
If these questions are addressed during the life of the project, rather than only when a tax notice is received, internal audit can provide an effective early-warning mechanism.

In a large infrastructure project, a tax dispute may ultimately concern a PE, a treaty article or an arm's-length price. But the starting point is often much simpler: what actually happened, and can the company prove it?



That is where internal audit can make a meaningful contribution to international-tax and transfer-pricing governance.





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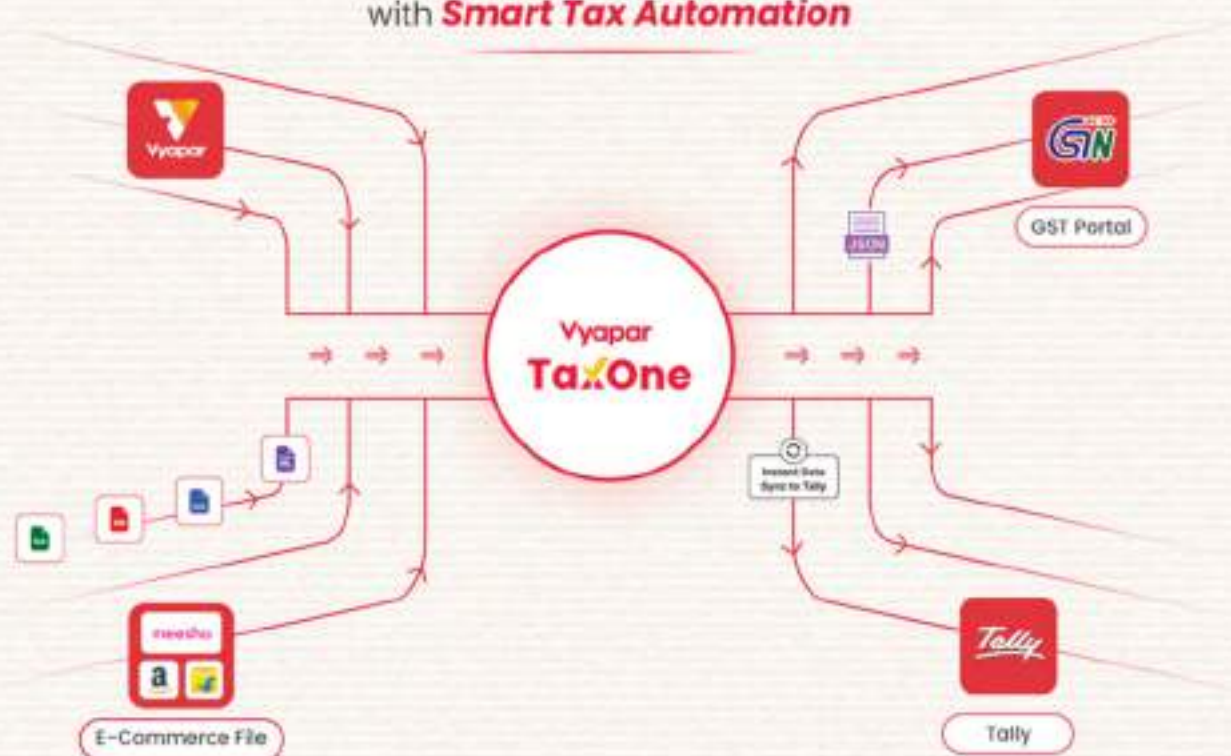
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RERA – Global Real Estate Regulatory Practices for Viksit Bharat @2047

CA. Harsh S. Mehta

Member of the Institute



RERA - Global Real Estate Regulatory Practices for Viksit Bharat @2047

Building a Transparent, Digital, Consumer-Centric and Globally Competitive Real Estate Ecosystem

Introduction

India's real estate sector is one of the most important pillars of economic development. It contributes significantly to employment, infrastructure creation, urbanisation, housing, financial activity and the development of supporting industries. As India moves towards the vision of **Viksit Bharat @2047**, the real estate sector must evolve from a largely regulation-driven framework into a **globally competitive, technology-enabled, transparent and professionally managed ecosystem**.

The introduction of the **Real Estate (Regulation and Development) Act, 2016 (RERA)** was a landmark reform. RERA was designed to improve transparency, protect homebuyers, promote accountability, prevent diversion of project funds and create a faster dispute-resolution mechanism. The Ministry of Housing and Urban Affairs describes these as core objectives of the legislation.

However, India's real estate market has evolved considerably since RERA was enacted. The sector is now dealing with large-scale urbanisation, institutional investment, digital transactions, sophisticated financing structures, environmental requirements, rental housing,

redevelopment and increasingly informed consumers.

Therefore, the next generation of RERA should not merely focus on regulating developers. It should create a **complete real estate governance ecosystem covering developers, buyers, agents, financiers, authorities, contractors, consultants, property managers and digital platforms**.

The objective should be:

“From RERA 2016 to RERA 2047 — from regulation of real estate projects to global governance of the real estate ecosystem.”

1. RERA Must Move from State-Level Regulation to a Nationally Integrated Framework

One of the structural limitations of the present system is that RERA operates primarily through State and Union Territory regulators. The central Act establishes the framework, while states formulate rules and operate regulatory authorities.

This has resulted in differences in:

- Registration procedures
- Disclosure requirements
- Interpretation of rules
- Approval timelines
- Enforcement practices
- Project monitoring
- Complaint procedures
- Data availability

Proposed Change

India should develop a **National RERA Digital Framework**, while retaining State RERA authorities.

The framework could establish:

National RERA Standards + State-level Implementation

The national framework should prescribe minimum standards for:

- Project registration
- Financial disclosures
- Construction reporting
- Consumer protection
- Agent registration
- Digital documentation
- Dispute resolution
- Project closure
- Data reporting

States should retain flexibility for local land, planning and development conditions.

This would create “**One Nation – One Real Estate Regulatory Standard**” without unnecessarily centralising land and urban-planning powers.

2. Create a Unified National Real Estate Digital Registry

Global real estate systems are increasingly moving towards digital property information, integrated transactions and trusted data. The UK’s current home-buying reform programme, for example, emphasises comprehensive information upfront, digital property logbooks, professional standards and streamlined transactions. ([GOV.UK](https://gov.uk))

India should introduce a **National Digital Property & Project Registry**.

Every registered project should have a unique:

National Property Identification Number — N-PIN

This number could remain associated with the property throughout its lifecycle.

The digital record could contain:

- Land title information
- Development permissions
- RERA registration
- Approved plans
- Developer details

- Project finance information
- Construction progress
- Litigation status
- Environmental approvals
- Occupancy certificate
- Completion certificate
- Sale history
- Mortgage/charge information
- Maintenance information
- Property tax information

This would significantly reduce information asymmetry between buyers, developers, financial institutions and government authorities.



3. Introduce Real-Time Project Monitoring

The present RERA framework already requires project information and provides for 70% of certain buyer collections to be deposited into a separate bank account for project construction, with withdrawals subject to certification by professionals.

However, the future system should go beyond periodic compliance.

Proposed RERA 2047 Model

Every major registered project should have a **Digital Project Dashboard**.

It could display:

Parameter	Real-Time/Periodic Information
Construction	Percentage completed
Financial	Funds collected and utilised
Approvals	Approved / pending
Sales	Units sold / available
Schedule	Original vs revised timeline
Contractor	Major contractor details
Quality	Certification status
Litigation	Material litigation
Environment	Compliance status
Handover	Expected possession date

Technology such as BIM, GIS, satellite imagery, drones and AI-assisted monitoring could gradually be integrated into the system.

This would shift RERA from **post-complaint regulation to preventive regulation**.

4. Introduce a Stronger Escrow and Project-Finance Framework

The 70% separate-account requirement is an important feature of Indian RERA.

However, for large and complex projects, a more sophisticated **project escrow architecture** should be considered.

The system could distinguish between:

- Land cost
- Construction cost
- Statutory payments
- Financing cost
- Marketing and administrative expenses
- Contingency reserve

Withdrawals could be automatically linked to independently verified project milestones.

Global Best Practice to Consider

Third-party escrow and managed-account structures are used in several jurisdictions to improve protection of client funds and transparency.

India could create regulated **Real Estate Project Escrow Accounts** operated through scheduled banks with digital reporting to RERA.

5. Create a Project Completion Guarantee System

One of the biggest concerns of homebuyers is delayed possession.

RERA provides remedies for delays, but the next generation of regulation should focus on **preventing project failure before it occurs**.

For large projects, developers could be required to maintain a:

Project Completion Guarantee

This could involve:

- Bank guarantee
- Insurance-backed guarantee
- Completion bond
- Institutional project guarantee
- Special contingency reserve

The objective should not be to create excessive financial burden on developers. Instead, the system should be risk-based.

For example:

Low-risk developer → lower guarantee requirement

High-risk/new developer → higher guarantee requirement

This would encourage responsible developers while protecting consumers.

6. Introduce Developer Credit Ratings

Just as banks and financial institutions are evaluated for creditworthiness, large developers should have a transparent **Real Estate Developer Reliability Score**.

The score could consider:

- Previous project completion record
- Litigation history
- Financial strength
- Delay history
- Customer complaints
- Regulatory compliance
- Construction quality
- Governance standards
- Debt levels
- Project delivery performance

A buyer could then compare developers before purchasing.

This would encourage the industry to compete on **trust and performance**, rather than only on advertising and pricing.

7. Professionalise Real Estate Agents

Real estate agents are an essential part of the property ecosystem.

RERA already provides for registration of real estate agents dealing with registered projects.

However, the next-generation system should move towards **professional licensing**.

Agents should receive training in:

- Property law
- RERA
- Consumer protection
- Taxation
- Documentation
- Ethics
- Anti-money-laundering requirements
- Digital transactions
- Property valuation basics

“ India's real estate sector is one of the most important pillars of economic development. ”

A graded licensing system could be introduced:

Level 1 – Residential Agent

Level 2 – Commercial Agent

Level 3 – Investment/Institutional Real Estate Professional

This would increase professionalism and consumer confidence.

8. Make Property Information Mandatory Before Advertising

A major global lesson is that consumers should receive **material property information at the beginning of the transaction**, rather than discovering important facts after making financial commitments.

The UK's current reform programme specifically focuses on upfront property information and material information in property listings.

India should introduce a mandatory **Property Information Pack** before a project or resale property is marketed.

It should disclose:

- Ownership/title
- Encumbrances
- RERA registration
- Approvals
- Carpet area
- Super built-up area, where relevant
- Parking
- Maintenance charges
- Taxes
- Possession date
- Litigation
- Developer/owner details
- Restrictions
- Location risks
- Infrastructure commitments

This would reduce disputes arising from incomplete or misleading information.

9. Digitise the Entire Home-Buying Journey

The future of RERA should be completely digital.

A buyer should ideally be able to complete most of the process through one integrated platform:

Search → Verify → Compare → Book → Agreement → Payment → Registration → Possession → Maintenance

India should develop a **Digital Property Transaction Stack** connecting:

- RERA
- Land records
- Municipal authorities
- Banks
- Stamp duty systems
- Registration departments
- Tax authorities
- Utility providers
- Courts
- Developers

Australia's property transaction ecosystem demonstrates how digital platforms can support end-to-end property completion, while the UK is also pursuing greater digitalisation of property transactions.

10. Establish Time-Bound Approvals Across Government Departments

Real estate delays are not always caused by developers.

Projects often depend on multiple approvals from different authorities.

Therefore, RERA reform must be accompanied by **Government-side accountability**.

A project approval system should have:

Single Window + Time-Bound Approval

If an authority does not respond within the prescribed statutory period, the system should automatically escalate the application to the next level.

For certain low-risk approvals, a carefully designed **deemed approval mechanism** could be considered, subject to safeguards.

India's current affordable housing policy already identifies single-window and time-bound approval as important reforms.

11. Create a Special Fast-Track Tribunal for Real Estate

Justice delayed is one of the greatest weaknesses of any regulatory system.

RERA already provides for authorities and appellate tribunals.

For Viksit Bharat @2047, the objective should be:

“Real estate disputes should be resolved in months, not years.”

A specialised digital real estate justice system could provide:

- Online filing
- Digital evidence
- Virtual hearings
- Automated case tracking
- Mediation
- Conciliation
- Time-bound orders
- Execution monitoring

Minor consumer disputes could first go through mandatory mediation.

12. Introduce a Real Estate Mediation System

Not every dispute needs litigation.

A national **Real Estate Mediation Platform** could resolve disputes relating to:

- Delayed possession
- Minor construction defects
- Payment disputes
- Maintenance
- Cancellation
- Refunds
- Agreement interpretation

This would reduce pressure on RERA tribunals and courts.

13. Protect Buyers Without Over-Regulating Developers

RERA should not become an instrument that unintentionally discourages genuine developers.

India needs massive investment in:

- Housing
- Commercial buildings
- Warehousing
- Data centres
- Industrial parks
- Urban infrastructure
- Rental housing
- Senior living
- Student housing

Therefore, regulation should be **risk-based rather than one-size-fits-all**.

A large listed developer with a strong track record should not necessarily face the same

compliance burden as a new, financially weak developer.

Suggested Classification

Green Category: High compliance + strong track record

Amber Category: Moderate risk

Red Category: High-risk projects/developers requiring enhanced supervision

This would allow RERA to focus regulatory resources where they are most needed.

14. Introduce ESG and Climate Resilience Standards

By 2047, Indian cities will face increasing challenges related to:

- Heat
- Flooding
- Water scarcity
- Air quality
- Energy consumption
- Waste management
- Climate resilience

Future RERA should therefore incorporate **Real Estate ESG Disclosure Standards**.

Large projects should disclose:

- Energy efficiency
- Water efficiency
- Renewable energy usage
- Waste management
- Green building certification
- Flood/heat risk
- Climate resilience
- EV infrastructure
- Rainwater harvesting

Real estate regulation should not only ask:

“Was the building legally constructed?”

It should increasingly ask:

“Is the building sustainable and resilient for the next 30–50 years?”

15. Create a National Rental Housing Regulatory Framework

RERA is heavily associated with home ownership, but India's future urban economy will require a large and professional rental housing market.

India should develop a **Rental Housing Protection Framework** covering:

- Standard rental agreements
- Security deposits
- Rent escalation
- Maintenance responsibilities
- Digital rent payments

“ This would encourage the industry to compete on trust and performance, rather than only on advertising and pricing. ”

- Tenant verification
- Dispute resolution
- Property management standards

This would be particularly important for migrant workers, students, young professionals and urban households.

16. Introduce a National Property Data Exchange

Data is the foundation of modern regulation.

India should create an anonymised **National Real Estate Data Exchange** containing information on:

- Property transactions
- Average prices
- Rental yields
- Construction activity
- Unsold inventory
- Project delays
- Developer performance
- Housing demand
- Urban development
- Land utilisation

This would help:

- Government planning
- Banks
- Investors
- Developers
- Researchers
- Homebuyers

It would also enable better forecasting of housing demand.

17. Use AI for Early Warning Systems

RERA 2047 should use artificial intelligence to identify projects at risk.

An AI-based risk engine could analyse:

- Construction delays
- Financial stress
- Slow sales

- Rising project costs
- Litigation
- Approval delays
- Escrow withdrawals
- Contractor performance
- Market conditions

Projects showing abnormal risk could automatically receive a **Regulatory Risk Alert**.

This would allow intervention before a project becomes a crisis.

18. Establish Consumer Protection Insurance

India could consider a specialised **Homebuyer Protection Insurance** framework.

Depending on the product design, insurance could cover certain risks such as:

- Developer default
- Project abandonment
- Specified construction defects
- Certain possession-related risks

This should complement—not replace—developer accountability.

19. Create a National Real Estate Ombudsman

A dedicated **Real Estate Ombudsman** could provide quick resolution for smaller disputes.

This would create a three-level structure:

Level 1

Developer's internal grievance mechanism

Level 2

Real Estate Ombudsman / Mediation

Level 3

RERA Authority / Tribunal

Such a system could make the regulatory process more accessible to ordinary citizens.

20. Give Greater Recognition to Good Developers

Regulation should not only punish non-compliance.

It should reward excellence.

A national **RERA Trusted Developer Certification** could recognise developers based on:

- Timely delivery
- Financial discipline

- Customer satisfaction
- Low complaint rates
- Quality standards
- Environmental performance
- Transparency
- Regulatory compliance

This would create a positive competitive environment.

India vs Global Direction: What RERA 2047 Should Learn

Area	Current Indian Approach	Global Direction	Suggested RERA 2047 Reform
Regulation	State-led	Integrated standards	National minimum standards
Property information	Project disclosures	Upfront information	Digital Property Information Pack
Transactions	Multiple systems	Digital integration	End-to-end digital transaction
Escrow	70% project account	Sophisticated managed accounts	Digital milestone-based escrow
Agents	Registration	Professional standards	Licensing + certification
Disputes	RERA/Tribunal	Mediation + digital justice	Fast-track digital dispute resolution
Approvals	Multiple authorities	Streamlined systems	Single-window time-bound approvals
Monitoring	Periodic reporting	Digital monitoring	Real-time project dashboards
Developer assessment	Limited	Greater financial transparency	Developer reliability ratings
Sustainability	Increasingly important	ESG integration	Mandatory ESG disclosures for large projects
Consumer protection	Regulatory remedies	Information + insurance + professional standards	Multi-layer consumer protection
Data	Fragmented	Digital property systems	National Property Data Exchange
Technology	Online portals	End-to-end digital systems	AI + GIS + BIM + digital property records

The Most Important Change: From “Project Regulation” to “Lifecycle Regulation”

The biggest conceptual change required is to redefine RERA.

Today, regulation is primarily focused on the **real estate project and the relationship between promoter and buyer**.

For Viksit Bharat @2047, regulation should cover the entire property lifecycle:



This would transform RERA from a **consumer protection law into a comprehensive real estate governance framework**.

A Proposed RERA 2047 Framework

India could consider evolving the current framework into:

RERA 2047

with seven major pillars:

1. Transparency

Every material property and project detail should be easily accessible.

2. Accountability

Developers, agents, consultants and authorities should have measurable responsibilities.

3. Digitalisation

The entire real estate lifecycle should be digitally connected.

4. Financial Discipline

Project funds should be traceable and protected.

5. Speed

Approvals and dispute resolution should be time-bound.

6. Sustainability

Future buildings should be climate-resilient and resource-efficient.

7. Trust

The ultimate objective should be to create confidence among citizens, investors and global institutions.

Conclusion

RERA was a historic reform for India. It introduced greater transparency, accountability and financial discipline into a sector that had previously suffered from significant information asymmetry and consumer-protection challenges. The Ministry of Housing and Urban Affairs continues to identify transparency, accountability, professionalism, standardisation and fast-track dispute resolution among the central objectives of the law.

But **Viksit Bharat @2047** requires a higher ambition.

India should not merely aim to have a real estate sector that is regulated. It should aim to build a real estate sector that is:

Transparent.	Predictable.	Digital.
Sustainable.	Professionally	managed.

Financially disciplined. Consumer-centric. Investor-friendly. Globally competitive.

The next generation of RERA should therefore be designed not simply to prevent bad practices, but to **enable good practices at scale**.

The goal should be to create a system in which a citizen buying a home in Ahmedabad, Mumbai, Delhi, Bengaluru or any other Indian city can access reliable information, verify the property digitally, understand the financial and legal risks, complete the transaction efficiently and receive effective protection when something goes wrong.

At the same time, a genuine developer should be able to obtain approvals faster, access institutional capital more easily, demonstrate its credibility through transparent data and operate within a predictable regulatory environment.

That is the balance India needs.



RERA 2016 was about bringing discipline to real estate. RERA 2047 should be about creating a world-class real estate ecosystem for a developed India.

Such reform would support not only homebuyers and developers, but also India's broader objectives of **urbanisation, infrastructure development, employment generation, financial inclusion, foreign investment and sustainable economic growth**.

Ultimately, a world-class real estate regulatory system can become an important foundation for **Viksit Bharat @2047 — where housing is trusted, cities are sustainable, transactions are digital, institutions are accountable and real estate becomes a globally competitive engine of national development**.



GST on Housing Societies: Everything Residents and Managing Committees Need to Know



CA. Vidhi Rathod

Member of the Institute

GST ON HOUSING SOCIETIES: EVERYTHING RESIDENTS AND MANAGING COMMITTEES NEED TO KNOW

Introduction

“Every month, millions of rupees flow through the bank accounts of Housing Societies across India. Maintenance charges, sinking funds, corpus contributions, transfer fees, parking charges, non-occupancy charges and reimbursement are collected as a routine administrative exercise. Yet behind these seemingly ordinary transactions lies one of the most debated and litigated areas under the Goods and Services Tax regime.

For Chartered Accountants, Housing Societies represent an area where statutory interpretations, litigation management, advisory services and compliance or documentation error can result in substantial tax demands, interest and penalties.

Legislative Positions

One of the biggest controversies under GST was whether a society and its members are separate persons. Earlier, the doctrine of mutuality suggested that one cannot supply services to oneself. To Remove this ambiguity, the Finance Act, 2017 inserted retrospectively from 1 July 2017, clarifying that activities between clubs, associations, societies and their members shall be treated as “Supply under GST. Consequently, maintenance services provided by Housing Societies became taxable unless specifically exempt.

“ CBI&C, vide circular No. 109/28/2019-GST dated 22.07.2019, has clarified that if a person holds more than one apartment in same society or residential complex, he gets separate exemption of Rs. 7,500 for each apartment. ”



Registration Requirement

A Housing Society is required to obtain GST Registration only if its aggregate turnover exceeds the prescribed threshold under section 22 of the CGST Act.

GST Applicability

GST becomes payable only when:

- Monthly maintenance exceeds Rs, 7500/- (Rs. 5000/- per month upto 25-01-2018)
- Aggregate Turnover of the society crosses the registration threshold prescribed under GST law.

Therefore, both conditions should be examined before charging GST.

“ One of the biggest controversies under GST was whether a society and its members are separate persons. ”

Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution up to an amount of Rs. 7500 per member for sourcing of goods or services or share of contributions for the provisions of carrying out any activity which is exempt from levy of Goods and Services Tax from third person for common use of its members in a housing society or a residential complex are exempt.

The exemption is for sourcing of goods or services from third person. Thus, the exemption is not available for any other receipt. E.g. parking charges, non-occupancy charges, interest for delayed payments etc.

CBI&C, vide circular No. 109/28/2019-GST dated 22.07.2019, has clarified that if a person holds more than one apartment in same society or residential complex, he gets separate exemption of Rs. 7,500 for each apartment.

GST On corpus/sinking fund collected from member

Money Collected by Housing Society from members under common Maintenance Fund / Deposit (one time basis) is in nature of a non-returnable deposit towards unforeseen events or planned events and such deposit is never to be returned to members. It will be used as and when required in future for maintenance, repair, etc of common amenities, facilities, services, conveniences, utilities and common infrastructure of Scheme. Such deposit are supply of service and hence, will be liable to tax.

Transfer Charges / Amount Received from outgoing member is taxable

It was held that Transfer Charges collected by society from member when they sale the site are taxable. Amount was collected from outgoing member for future, In this case, the words “gratuitous payment” were used for this amount but effectively, it was amount collected to transfer apartment to new buyer



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Decoding the Viksit Gujarat Industrial Policy 2026: Financial Framework & Advisory Roadmap for Chartered Accountants



CA. Sagar Patel

Member of the Institute

Decoding the Viksit Gujarat Industrial Policy 2026: Financial Framework & Advisory Roadmap for Chartered Accountants

1. Executive Overview & Policy Context

In a decisive step toward accelerating Gujarat's journey to becoming a USD 3.5 trillion economy by 2047, the Government of Gujarat unveiled the Viksit Gujarat Industrial Policy 2026 on June 15, 2026, at Mahatma Mandir, Gandhinagar. The historic announcement was presented in the presence of Chief Minister Shri Bhupendra Patel and Deputy Chief Minister Shri Harsh Sanghavi.

Carrying forward the vision of Hon'ble Prime Minister Shri Narendra Modi, the policy outlines Gujarat's goal to lead India's next phase of industrial transformation. Designed to elevate Gujarat's contribution to national GDP from 8.2% to 10% by 2047, the policy is anchored in four fundamental pillars:

- **Pillar 1: Investment and Manufacturing** — Fostering high-value manufacturing, expanding domestic capabilities, and attracting global investments.
- **Pillar 2: Innovation and Research** — Positioning Gujarat as a global R&D hub in emerging and sunrise technologies.
- **Pillar 3: Skill Development and Employment** — Aligning workforce capabilities with Industry 4.0 and generating high-quality employment at scale.

- **Pillar 4: Sustainability and Inclusive Development** — Promoting green industrial parks, circular economy practices, and balanced regional growth.



2. Macroeconomic Footprint & Strategic Baseline

To effectively advise corporate clients on capital allocation, site selection, and expansion timing, Chartered Accountants must evaluate the underlying macroeconomic parameters highlighted in the official policy release:

- **GDP Expansion & Scale:** Over the past two decades, Gujarat's GDP expanded 20-fold, reaching USD 329.70 Billion and contributing 8.2% to India's national GDP.

- **Manufacturing & Export Leadership:** Gujarat accounts for over 18% of India's manufacturing output, 25% to 33% of national exports, and 40% of national cargo handling, operating on just 5% of the country's land area.
- **Investment Inflows & Employment:** Foreign Direct Investment (FDI) grew from USD 2.2 Billion in 2015-16 to a cumulative USD 60.6 Billion by December 2025. Cumulative industrial policy investments exceed ₹7 Lakh Crore since 2012, generating direct employment for 12.72 lakh individuals.
- **Logistics & Startup Ecosystem:** Ranked #1 consistently in the Logistics Ease Across Different States (LEADS) Index since 2018 and recognized as a Top Achiever in the DPIIT National Startup Ranking.



3. The Core Paradigm: 'Choose Your Incentive' Framework

The defining structural innovation of the Viksit Gujarat Industrial Policy 2026 is the introduction of the 'Choose Your Incentive' initiative. Departing from rigid, pre-packaged subsidy models, this flexible approach empowers investors to customize their financial incentive package to align precisely with their capital structure, debt exposure, and operational cash flow requirements.

Eligible units can select an optimal combination from three primary financial levers, subject to an overall cumulative percentage ceiling of Eligible Fixed Capital Investment (eFCI):

- **1. Capital Subsidy:** Direct percentage reimbursement against capital expenditure incurred on eligible plant, machinery, and industrial building.
- **2. Interest Subsidy:** Subvention of interest on term loans (up to 7% p.a.) to minimize debt servicing burden during early commercial production.
- **3. Power Tariff Reimbursement:** Direct per-unit electricity concessions (up to ₹2.00

per unit) to reduce operational expenditure in power-intensive manufacturing.

Geographical differentiation is maintained through Taluka Categorization: Category A Talukas represent underdeveloped, tribal, or priority zones attracting higher incentive caps, while Category B Talukas encompass standard industrial zones.

4. Category-Wise Financial Incentive Framework

" (Up to 10% of eFCI) 5 Years Power Tariff Support ₹1.00 / unit (Up to 25% of eFCI) ₹2.00 / unit (Up to 25% of eFCI) 5 Years Overall Incentive Cap 35% of eFCI 45% of eFCI 5 Years "

Below are the detailed incentive matrices across enterprise scales, sector classifications, and location categories as established under the policy:

A. Micro, Small & Medium Enterprises (MSMEs)

MSMEs represent the backbone of Gujarat's economy, with over 42 lakh registered units. The policy provides targeted support to enable MSMEs to move up the value chain and scale into globally competitive businesses.

Incentive Component	Category B Taluka	Category A Taluka	Maximum Tenure
Capital Subsidy	25% of eFCI	35% of eFCI	5 Years
Interest Subsidy	7% p.a. (Up to 10% of eFCI)	5 Years	
Power Tariff Support	₹1.00 / unit (Up to 25% of eFCI)	₹2.00 / unit (Up to 25% of eFCI)	5 Years
Overall Incentive Cap	35% of eFCI	45% of eFCI	5 Years

The Policy has adopted the revised definition of MSMEs as follows:

Classification	Investment in Plant and Machinery or Equipment
Micro Enterprise	Up to ₹2.5 Crore
Small Enterprise	More than ₹2.5 Crore up to ₹25 Crore
Medium Enterprise	More than ₹25 Crore up to ₹125 Crore

Besides these headline incentives, MSMEs may also avail assistance for quality certification, ZED (Zero Defect Zero Effect) certification, ERP implementation, ICT adoption, patent registration fees, energy/water consumption savings, MSE rental subsidies, market development assistance for participation in exhibitions, and SME Exchange capital raising costs.

B. Large Units — Thrust Sectors (Investment > ₹125 Crore)

Large Units in Thrust Sectors can avail 25% to 35% of investment as incentives based on Taluka Category by choosing a combination from below:

Incentive Component	Category B Taluka	Category A Taluka	Maximum Tenure
Capital Subsidy	15% of eFCI	25% of eFCI	8 Years
Interest Subsidy	7% p.a. (Up to 15% of eFCI)	7% p.a. (Up to 20% of eFCI)	8 Years
Power Tariff Support	₹1.00 / unit (Up to 15% of eFCI)	₹2.00 / unit (Up to 20% of eFCI)	8 Years
Overall Incentive Cap	25% of eFCI	35% of eFCI	8 Years

C. Large Units — General Manufacturing Sectors (Investment > ₹125 Crore)

Large Units in General Sectors can avail 15% to 20% of investment as incentives based on Taluka Category by choosing a combination from below:

Incentive Component	Category B Taluka	Category A Taluka	Maximum Tenure
Capital Subsidy	10% of eFCI	15% of eFCI	10 Years
Interest Subsidy	7% p.a. (Up to 10% of eFCI)	7% p.a. (Up to 15% of eFCI)	10 Years
Power Tariff Support	₹1.00 / unit (Up to 10% of eFCI)	₹2.00 / unit (Up to 15% of eFCI)	10 Years
Overall Incentive Cap	15% of eFCI	20% of eFCI	10 Years

D. Mega Industries

Qualification Criteria: Minimum Investment of ₹1,000 Crore AND direct employment

generation for at least 250 persons in a Thrust Sector.

Incentive Component	Category B Taluka	Category A Taluka	Maximum Tenure
Capital Subsidy	20% of eFCI	25% of eFCI	10 Years
Interest Subsidy	7% p.a. (Up to 20% of eFCI)	7% p.a. (Up to 25% of eFCI)	10 Years
Power Tariff Support	₹1.00 / unit (Up to 20% of eFCI)	₹2.00 / unit (Up to 25% of eFCI)	10 Years
Overall Incentive Cap	30% of eFCI	35% of eFCI	10 Years

“MSMEs represent the backbone of Gujarat's economy, with over 42 lakh registered units.”

E. Ultra-Mega Industries

Qualification Criteria: Minimum Investment of ₹10,000 Crore AND direct employment generation for at least 3,000 persons in a Thrust Sector.

Incentive Component	Category B Taluka	Category A Taluka	Maximum Tenure
Capital Subsidy	25% of eFCI	30% of eFCI	12 Years
Interest Subsidy	7% p.a. (Up to 20% of eFCI)	12 Years	
Power Tariff Support	₹1.00 / unit (Up to 20% of eFCI)	₹2.00 / unit (Up to 25% of eFCI)	12 Years
Overall Incentive Cap	35% of eFCI	40% of eFCI	12 Years



F. Special Provision for Selected Thrust Sectors

Applies to Drone Manufacturing, Robotics, Footwear, Toy Manufacturing, and Sports Goods

& Equipment. These units qualify for the policy's highest incentive band (45% to 50%).

Incentive Component	Category B Taluka	Category A Taluka	Maximum Tenure
Capital Subsidy	30% of eFCI	35% of eFCI	5–12 Years (5 Yrs MSME, 8 Yrs Large, 10 Yrs Mega, 12 Yrs Ultra Mega)
Interest Subsidy	7% p.a. (Up to 20% of eFCI)	5–12 Years (5 Yrs MSME, 8 Yrs Large, 10 Yrs Mega, 12 Yrs Ultra Mega)	
Power Tariff Support	₹1.00 / unit (Up to 20% of eFCI)	₹2.00 / unit (Up to 20% of eFCI)	5–12 Years (5 Yrs MSME, 8 Yrs Large, 10 Yrs Mega, 12 Yrs Ultra Mega)
Overall Incentive Cap	45% of eFCI	50% of eFCI	5–12 Years

5. Soft Subsidies, Statutory Exemptions & ESG Framework

Beyond core eFCI-linked capital incentives, the Viksit Gujarat Industrial Policy 2026 establishes a comprehensive suite of soft subsidies and compliance exemptions that significantly impact client cash flows and operational budgets:

- **EPF Statutory Contribution Reimbursement:** 100% reimbursement of the employer's statutory EPF contribution, subject to the following scale-based tenures and employee-wise monthly caps:
- **Eligible Tenures: 5 Years** (MSME) | **8 Years** (Large – Thrust Sectors) | **10 Years** (Large – General Sectors, Mega, & Ultra-Mega Units)
- **Employee Monthly Caps:** Male: ₹1,800/month | Female: ₹2,500/month | Specially-Abled (PwD): ₹3,000/month
- **Statutory Duties & Taxes:** 100% exemption from Electricity Duty under the Gujarat Electricity Duty Act, 1958, alongside 100% reimbursement of stamp duty and registration fees paid on land acquisition/lease.
- **R&D & Innovation Grants:** Up to 50% capital grant for establishing specialized R&D centers, prototyping facilities, and testing laboratories in emerging technologies.
- **The T.H.R.I.V.E. Urban Relocation Project:** Announcement of the T.H.R.I.V.E.

Project (Transforming Infrastructure for Urban Relocation), providing dedicated financial support to relocate existing industrial units from congested urban clusters to planned GIDC estates.

- **Green & Circular Economy:** Financial assistance for wastewater recycling units, Zero Liquid Discharge (ZLD) installations, cleaner production tech, and green industrial park development.



6. Strategic Advisory & Practice Opportunities for CAs

The Viksit Gujarat Industrial Policy 2026 creates vast advisory, financial modeling, and compliance management opportunities for Chartered Accountants. Key practice areas include:

- **1. Incentive Optimization & Structuring:** Formulating financial decision models under 'Choose Your Incentive' to select the optimal combination of Capital Subsidy, Interest Subsidy, and Power Tariff Support based on client cash flows, capital structure, and operational power intensity.
- **2. eFCI Certification & Claims Audit:** Verifying capital expenditure on plant & machinery, preparing audit certificates, and filing subsidy claims with District Industries Centres (DIC) and Industries Commissionerate.
- **3. EPF & Statutory Compliance Audits:** Setting up robust payroll tracking mechanisms to audit employee profiles (Male, Female, PwD) to seamlessly claim 100% EPF employer reimbursements under Direct Benefit Transfer (DBT) mechanisms.
- **4. SME Capital Advisory & Exchange Listing:** Guiding growing MSME clients through capital structure planning, leveraging SME Exchange listing assistance, and ensuring smooth governance transitions as enterprises cross MSME thresholds into Large category status.



The Growth Paradox: Why Cash Flow Kills Scaling MSMEs and How CAs Can Provide Working Capital Solutions



CA. Hirenkumar Rathod

Member of the Institute

The Growth Paradox:

1. The Invisible Trap of Rapid Growth

A founder called me a while ago. It had been the best year of his company's history—revenue jumped from ₹5 crore to ₹10 crore. Then came the real shocker: he needed an urgent working capital loan just to pay staff salaries. Eleven crore in revenue, and he couldn't cover payroll.

When we opened the books to see what was going wrong, nothing looked broken on paper. And that was the actual problem.

Growth consumes cash long before profit arrives. Profit is just an accounting calculation on paper, but cash is what actually sits in your bank account. Having a record sales year and running out of money aren't opposites; they are usually the exact same event seen from two different financial statements.

2. How Decisions Silently Drain Working Capital

When a business scales quickly, everyday decisions that seem smart on their own can quietly ruin cash flow. In this founder's case:

“ Profit is just an accounting calculation on paper, but cash is what actually sits in your bank account. ”

- **Debtor days doubled (45 to 90 days):** Winning bigger clients boosted his numbers, but big clients pay more slowly and push harder.
- **Inventory went up 2.5 times:** Those new enterprise clients expected him to keep extra stock on standby.
- **Supplier advances spiked:** He chased volume discounts by paying vendors upfront.

Every single decision made sense in isolation. But together, they converted his profits into someone else's cash flow. He didn't have a sales problem—he was using his own money to finance his customers' businesses and calling it growth.

3. The Working Capital Diagnostic Workflow

Instead of jumping straight to a high-interest bank loan, we need a simple, step-by-step diagnostic process:



- **Step 1: Find where cash is trapped.** Look closely at collection delays (like DSO jumping to 90 days) and money tied up in raw materials or advance payments.

“ When a business scales quickly, everyday decisions that seem smart on their own can quietly ruin cash flow. ”

- **Step 2: Try zero-cost fixes first.** Before adding debt, help the client renegotiate credit cycles with buyers and cut back on unnecessary standby stock. In our case, spending six weeks renegotiating payment terms with four major clients fixed the cash flow with zero interest cost.
- **Step 3: Pick the right funding product.** If debt is genuinely needed, match the issue with structured tools:
 - *Fund-Based Limits:* Cash Credit (CC), Overdraft (OD), Working Capital Demand Loans (WCDL), or Invoice Discounting.
 - *Non-Fund / Trade Finance:* Letters of Credit (LC), Bank Guarantees (BG), or Pre/Post-Shipment EXIM credit.

- **Step 4: Due Diligence & Disbursal.** Ensure quick approvals through clean CMA data preparation, GST reconciliation, and practical cash flow verification.



Conclusion: Beyond Audit & Tax

Taking out another loan isn't always the right answer. As CAs, our role is shifting from recording financial history to acting as strategic advisors. By spotting these hidden working capital leaks early and helping clients fix their cash cycles, we keep scaling businesses healthy and grounded.



21-Day Notice Requirement Under the Industrial Relations Code, 2020: What Employers Need to Know



CA. Kankshil Parikh

Member of the Institute

21-Day Notice Requirement Under the Industrial Relations Code, 2020: What Employers Need to Know

The Industrial Relations Code, 2020 (“IR Code”) has introduced several changes in the way employers manage employment relationships and workplace conditions. One provision that requires particular attention from HR and management teams is Section 40 – Notice of Change.

Section 40 requires an employer to provide 21 days’ prior notice before implementing certain changes in the conditions of service of workers. However, this requirement does not apply to every employee or to every change in employment conditions.

The applicability depends on three important factors:

- Whether the establishment is covered by the Industrial Relations Code
- Whether the affected person qualifies as a “worker” under the Code
- Whether the proposed change relates to a matter specified in the Third Schedule

What Does Section 40 Provide?

Section 40 provides that an employer proposing to change the conditions of service applicable to any worker in respect of a matter specified in the Third Schedule cannot implement the change:

- without giving the affected workers notice of the proposed change in the prescribed manner
- within 21 days from the date of giving such notice

Therefore, the provision is essentially a “Notice of Change” requirement and not a general 21-day notice period applicable to all employment-related changes.



Which Changes Require 21-Day Notice?

The Third Schedule specifies certain conditions of service for which the notice requirement may apply. These include:

- Wages, including the period and mode of payment
- Employer contributions to provident fund, pension or other statutory funds
- Compensatory and other allowances
- Hours of work and rest intervals
- Leave with wages and holidays
- Shift working
- Classification by grades

- Customary concessions or privileges
- Rules of discipline

“ The actual nature of duties and the statutory definition of “worker” should be considered rather than relying only on the designation mentioned in the appointment letter. ”

- Rationalization, standardization or improvement of plant or technique, where it is likely to lead to retrenchment of workers
- Increase or reduction in the number of persons employed, subject to the conditions specified under the Code

Accordingly, employers should carefully review proposed changes to these areas before implementing them for covered workers.

Is the 21-Day Rule Applicable to All Employees?

No.

Section 40 specifically applies to conditions of service applicable to a “worker.”

The Industrial Relations Code defines a worker to include persons employed to perform manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, subject to the exclusions provided under the Code.

Persons employed mainly in a managerial or administrative capacity are excluded from the definition. Certain supervisory employees are also excluded where they fall within the statutory conditions.

Therefore, an organization should not automatically apply the 21-day rule to its entire employee population.

The actual nature of duties and the statutory definition of “worker” should be considered rather than relying only on the designation mentioned in the appointment letter.

Does It Apply to IT and Service Companies?

A common misconception is that the 21-day notice requirement applies only to factories or manufacturing establishments.

This is not correct.

The Industrial Relations Code is not restricted to factories. IT, ITES, BPO, professional services, retail, logistics, hospitality and other service organizations may come within the industrial relations framework where they fall within the definition of an “industry” and have persons who qualify as workers.

However, this does not mean that Section 40 automatically applies to every employee of such organizations. For example, an IT organization may have technical employees, operational employees, supervisors, managers and senior management. The applicability of Section 40 should be assessed based on whether the affected individual qualifies as a “worker” and whether the proposed change relates to a matter covered by the Third Schedule.

What Is the Prescribed Notice?

The Industrial Relations (Central) Rules, 2026 prescribe Form IV – Notice of Change of Service Conditions Proposed by an Employer for this purpose.

The prescribed form requires the employer to specify the proposed change and the date from which the change is intended to take effect.

The Rules also prescribe the manner in which the notice is to be served and displayed. Employers should therefore ensure that the prescribed procedure is followed, and appropriate records are maintained.



Are There Exceptions to the 21-Day Notice?

Yes.

Section 40 provides exceptions in certain circumstances. Notice is not required where the change is made:

“ A common misconception is that the 21-day notice requirement applies only to factories or manufacturing establishments. ”

- pursuant to a settlement or award
- in respect of workers governed by specified Government service rules or other applicable rules or regulations
- in an emergent situation requiring a change of shift or shift working, subject to the requirements specified under the Code
- pursuant to an order of the appropriate Government or in circumstances otherwise recognized under the Code

The Code also provides powers for the appropriate Government to exempt certain classes of industrial establishments or workers from the operation of Section 40, subject to the statutory requirements.

Accordingly, employers should check whether an exception or exemption applies before concluding that a 21-day notice is mandatory.



What Does This Mean for Employers?

The requirement becomes particularly relevant when organizations undertake changes involving:

- working hours
- shift arrangements

- wages or allowances
- leave and holidays
- worker classification or grades
- customary benefits or privileges
- disciplinary rules
- workforce rationalization or restructuring

For example, if an organization proposes to introduce a new shift system for a category of workers, the employer should first assess whether the affected persons are “workers” and whether the proposed change falls within the Third Schedule.

Similarly, an organization proposing to withdraw or materially alter an established allowance or customary benefit should assess whether Section 40 is triggered before implementing the change.

The key point is that an HR policy change should not automatically be treated as an internal administrative decision if it changes a statutory condition of service applicable to covered workers.

Key Takeaway

The 21-day requirement under Section 40 should not be viewed as a blanket requirement applicable to every employee and every HR policy change. The practical test is:

Covered Establishment + Worker + Third Schedule Change + No Applicable Exception = Section 40 Compliance

Therefore, before changing working hours, shifts, wages, allowances, leave conditions, customary benefits or other specified conditions of service, employers should first determine whether the affected persons are covered workers and whether the proposed change falls within the Third Schedule.

As organizations transition to the new labour law framework, a review of employee classifications, employment contracts, HR policies and proposed changes in service conditions can help identify situations where a Notice of Change may be required before implementation. A proactive review can help organizations reduce procedural non-compliance and minimize the risk of disputes arising from unilateral changes in employment conditions.



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Is 'Affordable' Housing Actually the Costlier Buy? A Tax Reality Check

CA. Shweta Changlani

Member of the Institute



REAL ESTATE & TAXATION

On paper, “affordable housing” should be the cheapest way to buy a home in India, with the lowest GST rate and extra loan benefits. But look closer, and a strange thing shows up: many middle-class buyers today pay almost the same tax rate as someone buying a luxury flat - sometimes worse off than a buyer of a ready villa. This is due to the limit of Rs 45 lakh price cap that decides what counts as “affordable.”



What Makes a Home “Affordable” Today

Under GST law, a home is “affordable” only if it meets two tests together: its carpet area must be within 60 square metres in metro cities (90 sq. m. elsewhere), and its price must not exceed Rs 45 lakh. These criterias for the concessional GST definition were introduced as part of the revised real-estate GST regime effective from 1 April 2019. Since then, construction costs, land prices and financing costs have all risen sharply. Even assuming a broad 60–80% increase in

residential prices since 2019, a dwelling priced at ₹45 lakh at the time could correspond to approximately ₹72–81 lakh today, depending on the market.

The GST Trap: One Rupee Can Cost You Lakhs

Here is where it gets unfair. If a flat is priced at Rs 45 lakh, the buyer pays just 1% GST. If the same flat, in the same locality, is priced at Rs 45,00,001 - one rupee more - it instantly falls into the 5% GST bracket, assuming the apartment satisfies the applicable carpet-area criterion and other conditions of the affordable residential apartment definition. That is a five-fold jump in tax for a home that is, in every practical sense, still “affordable” to the family buying it. Because the price cap has not kept pace with real costs, a large number of genuinely small, modest homes bought by middle-class, first-time buyers now fall outside the “affordable” bracket purely on price - and end up paying the very same 5% GST rate as someone buying a flat worth Rs 3 crore or Rs 5 crore.

The tax system no longer distinguishes between a mid-income family stretching to Rs 48 lakh and a wealthy buyer of a luxury apartment. Both pay 5% - the opposite of what a “concessional” rate is meant to do.

Item	Affordable Housing (price up to Rs 45 lakh)	Premium / Luxury Housing (price above Rs 45 lakh)
GST while under construction	1% of price, no credit for tax paid by builder (ITC)	5% of price, no ITC — 5% of taxable consideration for residential apartments outside the affordable-housing definition, irrespective of whether the apartment is marginally above ₹45 lakh or substantially higher in value
GST once ready-to-move (Occupancy Certificate received)	Nil	Nil — but luxury buyers more often buy ready flats, so more of them actually get this benefit
Extra home-loan interest deduction (Sec. 80EEA)	Rs 1.5 lakh/year — only if loan was sanctioned Apr 2019–Mar 2022; not available on fresh loans today	Never available (price exceeds Rs 45 lakh)
Basic home-loan interest deduction (Sec. 24(b))	Capped at Rs 2 lakh/year, same fixed amount regardless of loan size	Same Rs 2 lakh cap — a much smaller share of a large luxury EMI*
Stamp duty & registration	Same percentage rate as any other property (typically 5–7%, state-wise); no discount for being “affordable”	Same percentage rate

***Deductions relating to housing-loan interest are not available in the same manner under section 115BAC.**

The Paradox: When a Higher-Value Buyer May Pay Less GST

“ Under GST law, a home is “affordable” only if it meets two tests together: its carpet area must be within 60 square metres in metro cities (90 sq. m. elsewhere), and its price must not exceed Rs 45 lakh. ”

GST is generally not applicable to the sale of a completed building where the entire consideration is received after issuance of the completion certificate, where required, by the competent authority, or after its first occupation,

whichever is earlier, only stamp duty. Middle-class buyers, who depend on bank loans disbursed in stages as construction progresses, may be more likely to choose under-construction properties because staged payment schedules can reduce the immediate funding requirement. Wealthier buyers, who can pay a larger amount upfront, more often buy fully completed premium flats or villas - and walk away paying zero GST on the purchase. So the buyer who needs relief the most frequently ends up paying tax, while the buyer who needs it the least frequently escapes it altogether.

Stamp duty adds to the imbalance, charged at the same percentage rate for every buyer with no lower slab for affordable homes. The additional home-loan interest deduction under section 80EEA, introduced for eligible first-time homebuyers meeting the prescribed conditions... (Section 80EEA, up to Rs 1.5 lakh a year) applied only to loans sanctioned between April 2019 and March 2022. It has not been extended, so a middle-class buyer taking a fresh loan today gets no additional income-tax benefit, despite technically buying “affordable” housing.

A Simple Example

Consider two buyers. Buyer A books an under-construction flat at Rs 48 lakh — just above the cap — and pays 5% GST, or about Rs 2.4 lakh in tax. Buyer B purchases a ready-to-move luxury flat worth Rs 3 crore with an Occupancy Certificate already in place, and pays no GST at all. In percentage terms, Buyer A - the middle-class buyer - bears a real tax cost that Buyer B avoids entirely. The label “affordable” has stopped matching reality for a growing number of ordinary homebuyers.

The Full Tax Picture: How Much of the Price Is Actually Tax?

Beyond GST alone, a unit's final price carries several layers of tax that rarely appear as separate line items to the buyer. Indirect taxes - GST on the sale itself, GST locked into construction materials that developers can no longer claim credit for, stamp duty, registration, local body charges, labour cess, and GST on professional services - quietly stack up. On top of this sits a direct-tax layer: the income tax a

developer pays on its profit margin, which is built into the price it charges. Put together for a typical premium/non-affordable unit, these layers can add up to roughly **a third of the price**, as below:

A. Direct buyer-level taxes

- GST on under-construction purchase — 1% / 5%, as applicable
- Stamp duty
- Registration fee

B. Taxes/levies embedded in project economics

- GST on inputs where ITC is unavailable
- BOCW cess

“ Even assuming a broad 60–80% increase in residential prices since 2019, a dwelling priced at ₹45 lakh at the time could correspond to approximately ₹72–81 lakh today, depending on the market. ”

- applicable development/local authority charges



Why the Definition Needs to Change: In Summary

- The Rs 45 lakh price cap was fixed in 2017-18 and has never been revised, while home prices have risen by roughly 60–80% since.
- Genuinely small, modest homes (by carpet area) are being priced out of the “affordable” tax bracket purely due to cost inflation, not because buyers have become wealthier.

- Once a home crosses Rs 45 lakh by even a small margin, GST jumps five-fold (1% to 5%) — the same rate charged on luxury flats worth crores.
- Middle-class buyers, who rely on staged home loans, are structurally more likely to buy under-construction and pay this tax; wealthier buyers can more easily buy ready flats and avoid it.
- The additional income-tax interest benefit meant for affordable housing (Section 80EEA) has lapsed for new loans, removing a benefit that once partly offset the GST burden.
- Stamp duty offers no separate, lower slab for affordable housing, so it adds proportionately to the cost regardless of a buyer’s income level.
- The expression ‘affordable housing’ is used differently across various regulatory, housing-finance and government-scheme frameworks, making it important to specify the relevant statutory definition in each context.
- Industry bodies have periodically advocated an upward revision of the ₹45 lakh threshold to reflect regional variations and changes in property prices, arguing this would bring more genuine middle-class purchases back into the concessional 1% GST bracket.

Conclusion

The idea of “affordable housing” was meant to protect middle-class buyers from paying full-rate taxes on their one big life purchase. Eight years of price inflation, without a matching revision to the Rs 45 lakh cap, has quietly undone that protection for a large number of buyers. Until the definition catches up with real prices, many families who think they are buying “affordable” housing will keep paying tax as if they were buying luxury.

Disclaimer: This article is for general professional awareness and does not constitute tax, legal or investment advice. GST, income-tax and stamp-duty provisions are subject to periodic amendment; readers should verify current rates and eligibility with a qualified professional before acting.



Foreign RSUs Held by Indian Employees: Taxation at Vesting, Capital Gains on Sale and Schedule FA Compliance



CA. Alpa Panchal

Member of the Institute

Foreign RSUs Held by Indian Employees: Taxation at Vesting, Capital Gains on Sale and Schedule FA Compliance

Restricted Stock Units (RSUs) are increasingly used as compensation by multinational companies. For an Indian resident employee, the analysis normally has two separate stages: taxation of the employment-related benefit when shares are allotted or transferred pursuant to vesting, and capital-gains taxation when the shares are later sold. Foreign-asset and foreign-income reporting may also apply. This article explains the principal issues through a foreign-listed company such as Intel. The exact result depends on the award agreement, payroll records, residential status and law applicable to the relevant transaction.

1. The RSU lifecycle

An RSU is a contractual right to receive shares, generally subject to continued employment or performance conditions. The usual stages are grant, vesting/allotment and sale. Grant ordinarily does not create an immediate tax charge where no shares or benefit have been received. The award documents must nevertheless be examined because the legal event may be allotment or transfer rather than the contractual label 'vesting'.

The employment-related benefit and the later sale are different transactions. The first is examined under the salary/perquisite provisions;

the second is examined under the capital-gains provisions. Separate records should be maintained for each vesting lot and each sale.



2. Perquisite taxation at vesting or allotment

Section 17(1)(d) of the Income-tax Act, 2025 includes, within 'perquisite', the value of a specified security or sweat-equity share allotted or transferred, directly or indirectly, by the current or former employer, free of cost or at a concessional rate. The corresponding provision under the Income-tax Act, 1961 was section 17(2)(vi). In a conventional RSU there is no exercise price; therefore, the taxable value will ordinarily be the FMV of the shares received, less any amount actually paid or recovered from the employee.

Section 17(4)(a) of the Income-tax Act, 2025 states that FMV is to be determined in accordance with the prescribed method. Rule 3 of the Income-tax Rules, 2026 provides the valuation framework for specified securities and sweat-equity shares. For quoted shares, the prescribed method may use the average of the opening and closing prices on the relevant valuation date, subject to the conditions of the Rule. The article should therefore not describe FMV merely as the closing price on NASDAQ.

The employee should retain the vesting/allotment statement, price data, valuation working, exchange-rate evidence and payroll computation. The prescribed foreign-currency conversion rule should be applied to convert the relevant amount into Indian rupees, and the payroll record should be reconciled with the broker statement.

Section 392 of the Income-tax Act, 2025 governs deduction of tax from salary. Section 392(2) also addresses payment of tax by an employer on a non-monetary perquisite. Accordingly, the employer may include the RSU perquisite in payroll and either deduct tax from salary or pay tax on the non-monetary perquisite as permitted by the provision. A sell-to-cover arrangement may sell or withhold shares to fund that tax; the number of shares depends on the employee's marginal rate, surcharge, cess and employer policy.

3. Capital gains on subsequent sale

Section 48 of the Income-tax Act, 2025 provides the general mode of computation of capital gains: the full value of consideration is reduced by expenditure incurred wholly and exclusively in connection with the transfer and the cost of acquisition and improvement. For RSU shares, section 49(2AA) of the Income-tax Act, 1961 expressly provides that the cost of acquisition is the FMV taken into account for taxing the specified security or sweat-equity shares as a perquisite. The corresponding provision under the Income-tax Act, 2025 should be read with the official Act and concordance for the applicable return year.

The holding period should be determined from the date of allotment or transfer pursuant to vesting, not automatically from the grant date.

The official Income Tax Department guidance for employee stock benefits states that the holding period commences from the date of allotment of securities. Each lot therefore has its own acquisition date and cost.

For transfers on or after 23 July 2024, foreign shares that do not qualify as shares listed on a recognised stock exchange in India generally fall within the 24-month holding-period rule for unlisted shares. A foreign listing does not, by itself, confer the Indian listed-equity treatment. The Income Tax Department's capital-gains guidance distinguishes listed and unlisted shares and states that unlisted shares ordinarily require a holding period exceeding 24 months to be long-term.

Section 196 of the Income-tax Act, 2025 applies the 20% special rate to specified short-term gains where the statutory conditions, including securities transaction tax, are satisfied. A foreign-share sale ordinarily does not meet those conditions merely because the shares are listed overseas; the resulting short-term gain is generally considered under the normal applicable rates. Section 197 of the 2025 Act contains the tax-on-long-term-capital-gains provision, while section 112A is the special provision for eligible long-term gains subject to its conditions.

4. Illustration

Assume that 500 shares are allotted upon vesting on 1 April 2024 at USD 45 per share. The employment-related value is USD 22,500, converted and reported under the applicable valuation and exchange-rate provisions. The employee later sells 200 shares in June 2026 at USD 60 per share.

“ Section 196 of the Income-tax Act, 2025 applies the 20% special rate to specified short-term gains where the statutory conditions, including securities transaction tax, are satisfied. ”

- The cost of the 200 shares is based on the rupee FMV attributed to those shares at allotment/vesting, allocated lot-wise.
- The sale consideration is converted into rupees using the applicable exchange-rate methodology for the sale transaction.
- The gain or loss is classified by applying the holding-period and rate provisions relevant to the transfer date.
- The broker's cost should be checked because foreign brokers may use foreign tax rules rather than Indian tax rules.

If the shares are held for more than 24 months before sale, they will generally be long-term for the applicable foreign-share analysis. The long-term rate and any threshold must be checked under the law and rate schedule applicable to the transfer year; the section 112A exemption and rate should not be claimed unless its statutory conditions are met.



5. Sell-to-cover and other broker entries

A broker statement may combine shares sold or withheld on vesting, later discretionary sales, dividends, fractional-share cash and corporate actions. These should not be treated as one consolidated foreign-tax figure.

- Sell-to-cover transactions should be reconciled with the perquisite reported by the employer. Price movement, brokerage and currency differences can create a gain or loss.
- Later discretionary sales are separate disposals and require lot-wise computation under section 48 and the applicable capital-gains provisions.
- Cash in lieu of fractional shares, stock splits, mergers and other corporate actions should be examined separately.
- An amount already subjected to payroll tax is not, by that fact alone, exempt from reporting as a disposal where the return form requires disclosure.

ESPPs are not identical to RSUs. The timing and amount of any employment-income element

depend on the purchase plan and applicable provision. US concepts such as qualifying or disqualifying disposition should not be imported into Indian tax analysis without examination.

6. Schedule FA and foreign tax credit

Schedule FA is the return schedule for details of foreign assets and income from outside India. The notified ITR-2 for 2026-27 contains Schedule FA and asks for foreign-asset information for the relevant calendar-year reporting period. A resident taxpayer should determine residential status and then examine whether foreign shares held through a foreign broker or custodian, foreign dividends, foreign bank accounts or other interests require reporting. The treatment of an unvested contractual award should not be assumed; the award terms and Schedule FA instructions must be considered.

The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 contains penalty provisions for failure to furnish information regarding foreign assets. The provisos inserted into sections 42 and 43 provide that the specified penalty provisions do not apply where the aggregate value of the relevant assets, other than immovable property, does not exceed ₹20 lakh, subject to the statutory conditions. This is penalty relief and not an exemption from Schedule FA disclosure.

Where foreign tax has been paid or deducted on foreign-source income, foreign-tax credit may be available under the applicable treaty and Rule 128 of the Income-tax Rules, 1962. Form 67 is the prescribed statement for a resident assessee claiming foreign-tax credit. Supporting evidence of foreign income and tax paid or deducted should be retained; a broker's tax deduction is not automatically creditable merely because it appears on a statement.

7. Practical compliance checklist

“ Section 17(4)(a) of the Income-tax Act, 2025 states that FMV is to be determined in accordance with the prescribed method. ”

- Confirm residential status and use the notified ITR form. Capital gains or reportable foreign assets will generally require ITR-2, unless business or professional income requires ITR-3.
- Obtain the employer's payroll statement showing the perquisite value and tax withheld or paid under section 392.
- Maintain a lot-wise schedule containing grant, vesting/allotment date, shares withheld, shares credited, rupee cost, sale date, sale value, expenses and exchange rates.
- Reconcile sell-to-cover and later sales with payroll records, broker statements, AIS and other available information.
- Review Schedule FA for the relevant calendar year and report foreign dividends and other foreign-source income where applicable.
- Estimate tax on capital gains and consider advance-tax obligations under the applicable provisions.



Conclusion

RSUs require the employee to separate the perquisite event from the later sale, track every lot in Indian rupees, avoid assuming that foreign-listed shares receive the same treatment as

Indian listed equity, and complete foreign-asset reporting independently of whether the eventual capital gain is small or nil. Before filing, the award agreement, payroll records, broker statements, residential status, tax treaty and notified return forms should be reviewed together.

■ References: Income Tax Department:

- 1. Income-tax Act, 2025, section 17(1)(d); corresponding Income-tax Act, 1961 provision: section 17(2)(vi).
- 2. Income-tax Act, 2025, section 17(4)(a), read with Rule 3 of the Income-tax Rules, 2026, for FMV methodology.
- 3. Income-tax Act, 2025, section 392(1) and section 392(2), salary withholding and tax on non-monetary perquisites.
- 4. Income-tax Act, 2025, section 48; Income-tax Act, 1961, section 49(2AA), cost of RSU/ESOP security where FMV was taxed as perquisite.
- 5. Income Tax Department guidance on taxation of employee stock option plans: holding period begins from the date of allotment.
- 6. Income Tax Department capital-gains guidance: 24-month holding period for unlisted shares for transfers on or after 23 July 2024.
- 7. Income-tax Act, 2025, sections 196 and 197; section 112A applies only where its statutory conditions are satisfied.
- 8. Notified ITR-2 for Tax Year 2026-27, Schedule FA.
- 9. Black Money Act, 2015, sections 42 and 43, including the ₹20 lakh proviso for specified assets other than immovable property.
- 10. Income-tax Rules, 1962, Rule 128 and Form 67, foreign-tax credit.



Compliance Calendar – September 2026

CA. Bhavin Soni

Member of the Institute



Income Tax Due Dates		
Date	Period	Compliance
7	Aug'26	Deposit TDS/TCS liability
7	Aug'26	Upload Declaration received in Form 127 from buyer
14	May'26	TDS certificate in Form 132 u/s 395(4) for TDS deducted u/s 393(1) [Table SI. No. 2(i), 3(i), 6(ii) & 8(vi)]
15	TY 2026-27	Second instalment of advance tax
15	Aug'26	Form 137 [Old Form 24G]
15	Aug'26	Statement in Form 1 by the stock exchange
30	Aug'26	Payment of TDS in Form 141 u/s 393(1) [Table SI. No. 2(i), 3(i), 6(ii) & 8(vi)]
30	AY 2026-27	Filing Audit Report u/s 44AB in case of assessee who is required to file his ITR on or before 31st October 2026
30	AY 2026-27	Filing of Audit Report in Form 10B/10BB by Fund or Trust or Institution or university or educational institution or hospital or other medical institution
GST Due Dates		
Date	Period	Compliance
10	Aug'26	GSTR-7 (TDS) & GSTR-8 (TCS)
11	Aug'26	GSTR-1 (Monthly)
13	Aug'26	IFF (QRMP)
13	Aug'26	GSTR-5 (NRTP) & GSTR-6 (ISD)
20	Aug'26	GSTR-3B (Monthly) & GSTR-5A (OIDAR)
25	Aug'26	PMT-06 (QRMP)
PF/ESIC & ROC Due Dates		
Date	Period	Compliance
15	Aug'26	PF/ESIC Deposit & Return
27	FY 2025-26	AOC 4 by One Person Company
30	FY 2025-26	Last date to hold AGM



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- Madhav Gidwani
Business Owner, Madhav Textile



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From Ledger to Leadership: A Woman CA's Journey Beyond the Numbers

CA. Viral Bagri

Member of the Institute



What it takes to become a business-focused CFO in manufacturing—and why continuous learning matters

“Do the work you like, at whatever hours you can manage—but do not give up the work.”



What Does Industry Really Expect from a CFO?

A CFO in industry needs far more than accounting expertise. The CA qualification is the foundation, but manufacturing demands a wider skill set: business understanding, financial discipline, working-capital management, taxation, commercial acumen, internal controls, technology, risk management, strategic thinking and the ability to communicate with promoters, bankers, auditors, government authorities and operational teams.

Most importantly, a CFO must understand what happens beyond the balance sheet. Raw material prices, production efficiency, inventory, capacity utilisation, receivables, borrowing costs,

customer credit, capex and taxation all eventually meet in the same place—the cash flow.

The CFO must ask, “Is this commercially right, what will it do to cash, and what does it mean for the business?”

I have come to believe that the strongest industry CFOs develop six capabilities together:

- Understand the business. Know the product, process, customer, supplier, margins and operational bottlenecks.
- Master cash and working capital. Profit may be reported in the P&L, but survival is governed by cash.
- Think commercially. Evaluate pricing, customer credit, procurement, contracts, capex and financing as business decisions—not isolated finance matters.
- Build systems and controls. A strong CFO creates reliable information, disciplined processes and controls that work even when the business grows.
- Use technology intelligently. ERP, SAP, analytics and AI should improve visibility, speed and decision-making—not simply automate old processes.
- Lead with judgement and communication. A CFO must translate numbers into a language that promoters, management and operational teams can act upon.

These skills are what transformed my own role from being responsible for the numbers to becoming part of the decisions behind them.

The Restart

The first time I walked onto a mill floor, I was thirty-five and starting over. The machines were louder than any argument I had prepared, and the men around me had spent their lives in cotton and yarn—people who measured you by whether you understood a loom before you understood a ledger. I understood the ledger. Eleven years on, I understand both.

My road was not a straight one. I began as a banker, spent two and a half years there, then moved into teaching while building a small practice. Much of that period coincided with the early years of motherhood. When I eventually turned towards industry, restarting was the practical option left.

I often meet young women CAs at the same crossroads—balancing family, ambition and the fear that a career break has put them behind.

My message is simple: do the work you like, at whatever hours life permits, but do not give up the work. A professional career can slow down, restart and gather speed again.

“Career breaks may change the route. They do not have to decide the destination.”

The Floor I Walked Into

Textiles is an old industry, but it is not a simple one. It is relationship-driven, promoter-led and built on knowledge accumulated over generations. When I arrived, the mill floors and boardrooms were almost entirely male.

“ I am steadier, more curious and, perhaps most importantly, no longer intimidated by the giants of the industry. ”

I was usually the only woman in the room and often the youngest by two decades. I was rejoining at a relatively junior rung. Acceptance was not immediate; I had to learn the business and earn trust.

I learned to listen before speaking, observe before changing, and let consistency do the talking.

“Authority is not announced. It is accumulated.”



The CA qualification opened the door. What kept it open was competence.

When Finance Learned to Speak the Language of Business

For a finance leader in manufacturing, credibility comes from understanding how money actually moves. Working capital is not a ratio in a presentation. It is cotton bought today and paid for long before the fabric is sold; inventory moving through spinning, weaving and processing; customers taking time to pay; and banks expecting their money on time.

I remember explaining to a promoter why an attractive order could choke cash for four months. The conversation changed. I had understood the business problem.

A manufacturing business does not need finance merely to score the past. It needs finance to connect the factory floor with the balance sheet and help management see the consequences of a decision before it is taken.

Over the years, my role expanded far beyond the traditional boundaries of finance. I moved from managing compliance to understanding how tax, cash, controls, capital and commercial decisions come together to shape a business. Whether it was optimising working capital, navigating complex tax and regulatory matters, securing eligible incentives and refunds, strengthening internal controls, or evaluating major capital investments, the objective remained the same—to make finance a business enabler, not merely a reporting function.

The real transformation came when I began entering the conversation before a decision was made, rather than explaining it after it happened.

“The value of finance is not in explaining yesterday’s numbers; it is in helping management make better decisions about tomorrow.”

The Skills Had to Keep Moving

My professional journey has also been a journey of changing tools and expanding skills.

I started with **Tally**. Then came **ERP**. Then **SAP**. Each transition demanded more than learning software.



I had to understand systems, controls, masters and how information could move faster and more accurately. Technology did not make the accountant less relevant. It changed what the accountant needed to know.

And now there is AI.

I have chosen to learn it rather than stand at a distance. AI is a powerful professional assistant—**not a substitute for judgement**. It can accelerate analysis, drafting, research, reconciliation, data interpretation and repetitive work. But professional responsibility remains ours: to question the output, apply judgement and take the final decision.

The lesson is simple: professional relevance belongs to those who remain curious.

The qualification gives us a foundation. Experience gives us judgement. Technology gives us leverage. Continuous learning keeps all three relevant.

The Finance Chair Has Changed

Two things have changed significantly since I qualified: the profession and the finance function.

Women in finance are no longer unusual. Younger women are entering leadership positions with confidence, and rightly so.

“ The CFO must ask, “Is this commercially right, what will it do to cash, and what does it mean for the business?” ”

The CA is not a man’s badge or a woman’s. It is a professional distinction earned equally and carried equally.

At the same time, the finance chair itself has changed. Earlier, the role could be defined largely through compliance, MIS, closing the books and managing auditors. Today, finance sits much closer to strategy.

GST has changed supply-chain thinking; digitisation has brought near real-time visibility; exports have introduced currency and global demand cycles; and sustainability requirements can affect market access.

The modern finance leader must understand the business, market, technology, risk and the decisions that shape its future.

“The factory is the classroom. The balance sheet is the report card. Strategy is the examination.”

The strongest finance leaders understand all three.

To the Women Coming Up Behind Me

If a young CA asked me whether she should choose industry, especially a traditional industry, I would offer four thoughts.

- Go to the floor. Do not learn the business only from reports. See the raw material, machines, people, bottlenecks and customers.
- Learn operations. Know why inventory moves, why cash gets stuck, why capacity matters and why a seemingly profitable order may not be the right order.
- Earn your place in strategy. Do not wait for an invitation. Put numbers around the problem no one has framed properly—cash, tax, risk, return and capacity.
- Keep learning. The qualification is the foundation, not the finish line. Your next

skill may be the one that keeps you relevant when the business changes again.
 “Your designation gets you introduced. Your ability to solve problems gets you remembered.”

Most people ultimately cared whether I could contribute to the business. Unfamiliarity can be overcome; competence, practised consistently in plain sight, is difficult to ignore.

Do not become defensive when someone underestimates you. Become better.

The Thread That Runs Through It

Eleven years on, what I value most is not the title but the vantage point. A finance leader in a legacy industry sits where the old meets the new—promoters who built something real with their hands and a global market that will not wait; traditions worth preserving and habits that must be retired.

I feel genuinely shaped by the journey. I am steadier, more curious and, perhaps most importantly, no longer intimidated by the giants of the industry. I can sit at the table, understand the conversation and contribute to it.

The profession gave me the qualification. The industry gave me the classroom. Experience and continuous learning gave me confidence.



Perhaps that is the real lesson of a career in a changing industry: you are never finished.

My journey began with a ledger. It took me to a mill floor, a boardroom and now into a world where technology and AI are reshaping how we work.

There is no full stop. There is always a next chapter.

To the women coming up now: the door is open wider than it was when I started.

Walk through it—and make the industry glad you did.



India's REIT Tax Reform: What It Means for Investors

Piyush Kothari

Guest Contributor



By Piyush Kothari Executive Director & CEO, Shivalik Investment Fund Pvt. Ltd.

The Taxation and Other Laws (Amendment) Act, 2026 introduces an important change in the tax treatment of qualifying dividends distributed through Real Estate Investment Trusts (REITs). The amendment ensures that dividend income distributed by a business trust remains exempt in the hands of its unit holders even where the underlying Special Purpose Vehicle (SPV) has opted for the concessional corporate tax regime.

The significance of this change extends beyond its immediate tax impact. It addresses a structural inconsistency within the REIT framework and has implications for post-tax investor returns, capital allocation and the continued development of India's institutional real estate market.

What Is a REIT?



A Real Estate Investment Trust is a SEBI-regulated structure that enables investors to participate in large-scale, income-generating real estate assets, including office parks, malls and commercial complexes, without acquiring the underlying properties directly. REIT units are listed on stock exchanges, providing investors with liquidity that direct property ownership does not.

The REIT structure is designed around the distribution of cash generated by its underlying assets. Under SEBI regulations, not less than 90% of the REIT's net distributable cash flows are required to be distributed to unit holders. The regulations also provide for distributions to be declared at least once every six months, with REITs able to adopt a more frequent distribution cycle in accordance with their distribution policy.

India now has six SEBI-registered REITs, reflecting the continued development of listed real estate as an institutional investment class.

How a REIT Actually Works

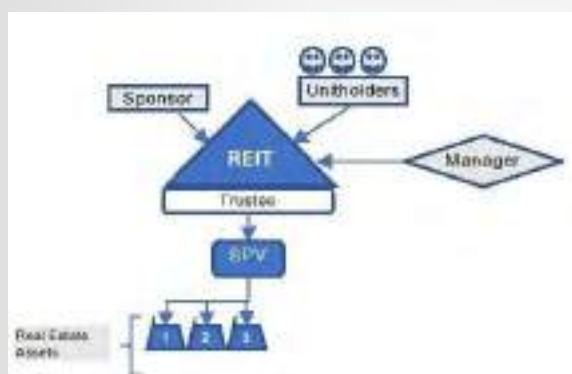
A REIT does not generally hold commercial properties directly. The structure operates through multiple layers. Investors hold units in the REIT, the REIT holds interests through underlying entities such as SPVs, and those SPVs hold the underlying commercial assets.

The SPV owns the property, generates rental income and pays applicable corporate taxes. It can then distribute dividends to the REIT, which passes the relevant income through to its unit holders in accordance with the applicable tax and regulatory framework.

This structure serves important purposes, including efficient ownership, professional asset management, regulatory oversight and access to institutional-grade real estate for a broader investor base.

“ Under the earlier treatment, if the dividend was taxable in the investor's hands at a 30% rate, the tax liability would be ₹93,600, resulting in a net receipt of ₹2,18,400. ”

However, the tax treatment of dividends could previously vary depending on the corporate tax regime selected by the underlying SPV. The 2026 amendment addresses this distinction.



The Tax Issue That Needed Resolution

Under the earlier framework, dividend income distributed through a business trust could lose its exemption at the unit-holder level where the underlying SPV had opted for the concessional corporate tax regime. This created a distinction in the tax treatment of investors based on a tax-regime decision made at the SPV level.

The 2026 amendment removes this condition. As a result, qualifying dividend income distributed through a REIT or InvIT can remain exempt in the hands of unit holders irrespective of whether the underlying SPV has opted for the concessional tax regime. At the same time, the amendment increases the surcharge applicable to qualifying SPVs opting for the concessional regime from 10% to 25%.

This is therefore not simply a tax reduction. It represents a restructuring of where the tax burden sits within the investment structure.

The Financial Impact

The financial impact can be illustrated through a simplified example.

Assume a commercial property held through an SPV generates ₹50 crore in annual rental income. After ₹10 crore of operating expenses, the SPV has ₹40 crore of profit before tax. For the purposes of this illustration, assume that ₹3,12,000 is ultimately distributed to an investor as qualifying dividend income.

Under the earlier treatment, if the dividend was taxable in the investor's hands at a 30% rate, the tax liability would be ₹93,600, resulting in a net receipt of ₹2,18,400.

Under the amended framework, where the distribution qualifies as exempt dividend income, the investor would retain the full ₹3,12,000.

The underlying asset has not changed. Occupancy, rental income and operating performance remain unchanged. The difference arises from the tax treatment applicable to the distribution.

“ Under SEBI regulations, not less than 90% of the REIT's net distributable cash flows are required to be distributed to unit holders. ”

This distinction is important for investors. Returns from real estate are ordinarily influenced by factors such as occupancy, rental growth, operating efficiency and asset appreciation. Tax policy, however, can influence the post-tax return without changing the underlying economics of the property.

Implications for the REIT Market

Predictable post-tax income is an important consideration when investors evaluate REITs against

direct property ownership and other income-generating instruments.

The amendment improves tax neutrality within the REIT structure by reducing the extent to which the investor's tax treatment depends on the corporate tax regime selected by the

underlying SPV. It can also provide greater flexibility to SPVs when evaluating the concessional tax regime, since the choice no longer results in the same loss of dividend exemption at the unit-holder level.

The corresponding increase in SPV surcharge means that the choice between the regular and concessional regimes cannot be evaluated solely on the basis of investor-level tax treatment. Each REIT or InvIT will need to assess the overall economics of its structure, including corporate tax, surcharge, available tax attributes, expected distributions and long-term cash flows.

For India's broader real estate market, the reform provides greater certainty around the tax treatment of institutional real estate investment structures. This is particularly relevant as the market continues to attract domestic and global capital into professionally managed commercial assets.

Conclusion

India's commercial real estate market, including office parks, retail assets and other institutional-grade properties, requires long-duration capital that can support income-oriented investment alongside long-term asset creation.

REITs are structurally positioned to channel such capital into professionally managed real estate while providing investors with liquidity and access to diversified assets.

The 2026 amendment removes a tax distinction that had linked the investor-level treatment of

qualifying dividend income to the tax regime selected by the underlying SPV. By restoring the dividend exemption irrespective of that choice, the reform strengthens the tax neutrality of the REIT structure.



For investors, the significance lies not merely in the potential increase in post-tax distributions, but in the greater consistency and predictability of the framework governing institutional real estate investment in India.

Note: The Taxation and Other Laws (Amendment) Act, 2026 received Presidential assent on 17 August 2026. The amendment addresses the tax treatment of qualifying dividend income distributed through business trusts. REIT distributions may comprise dividend, interest, rental income and other components, each of which can carry different tax treatment. Investors should review the distribution statement and consult their tax advisors regarding the treatment applicable to their individual circumstances. This article is for informational purposes only and does not constitute investment advice.



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Electronic Cash Ledger Refunds: Some Legal Defences

CA. Pinkesh Chhajer

Member of the Institute



Electronic Cash Ledger Refunds: Some Legal Defences

An Analysis of Key Legal Issues Arising in Departmental Challenges to Electronic Cash Ledger Refunds

■ **Introduction**

A refund from the Electronic Cash Ledger (ECL) is among the most straightforward entitlements in the GST law - it is the taxpayer's own money, deposited by it and not appropriated towards any liability. Yet such refunds are increasingly being challenged by the Department, often on grounds that are misconceived both in fact and in law. A recently contested refund proceeding before the Commissioner (Appeals) raises five distinct legal issues of wide applicability that arise whenever the Department challenges an ECL refund. This article analyses each of them and distils the key practice points.

■ **The Factual Setting**

A proprietor-taxpayer held an unutilised excess balance in its Electronic Cash Ledger after discharge of all admitted liabilities. He applied for refund of that excess balance under the proviso to Section 54(1) of the CGST Act, 2017 read with Section 49(6), through Form GST RFD-01, entirely electronically through the common portal. After due scrutiny and verification, the Assistant Commissioner sanctioned the refund by a detailed speaking order in Form GST RFD-06, followed by disbursement.

The Department challenged the refund order before the Commissioner (Appeals), contending that the refund ought not to have been sanctioned in view of the outstanding demand.

Five distinct lines of defence were raised in the taxpayer's written submissions, analysed below.



■ **The Five Legal Issues**

Issue 1: A Departmental Appeal filed manually when the order is available on the portal is not maintainable

Rule 109(1) of the CGST Rules, 2017 requires a departmental appeal under Section 107(2) to be filed *electronically* in Form GST APL-03. Manual filing is permissible only in two narrow situations:

“ A refund from the Electronic Cash Ledger (ECL) is among the most straightforward entitlements in the GST law - it is the taxpayer's own money, deposited by it and not appropriated towards any liability. ”

- where the Commissioner has so notified, or
- where the order is unavailable on the common portal.

Practice Point: Examine the mode of filing as the first step in any departmental appeal. Where the order is on the portal and no notification permitting manual filing exists, non-maintainability under Rule 109(1) is a complete threshold objection.



Issue 2: A Departmental Appeal Without a Written Commissioner Authorization Under Section 107(2) Is Incompetent

A departmental appeal under Section 107(2) is competent only where the Commissioner has, *by an order in writing*, examined the record, satisfied himself as to the illegality or impropriety of the order, and directed a subordinate officer to file an appeal within six months of communication of the order. This written authorization is a **jurisdictional prerequisite**, not a procedural formality.

It is common, in practice, for departmental appeals to merely assert that the Commissioner has directed the filing, without disclosing any copy of the authorization order. Where no such document is produced, the appeal is incompetent.

Practice Point: Raise non-maintainability on jurisdictional grounds as a preliminary objection wherever the departmental appeal does not annex or identify the Commissioner's written authorization under Section 107(2).

Issue 3: Section 54(10) Does Not Reach ECL Refunds - the Architecture of Section 54 Is Decisive

This is the most important substantive issue and one of the widest practical significance. Departmental challenges to ECL refunds

routinely invoke Section 54(10), which empowers the proper officer to withhold a refund due to the taxpayer and adjust it against any outstanding demand. The argument, while superficially appealing, rests on a misreading of the architecture of Section 54.

Section 54(3) - and Section 54(3) alone - is expressly made 'subject to the provisions of sub-section (10)'.

“ This is the most important substantive issue and one of the widest practical significance. ”

The proviso to Section 54(1), under which ECL refunds are claimed, is not. This is not an accident of drafting: it reflects the fundamental distinction between a refund of the Government's money (such as accumulated ITC under Section 54(3) arising from zero-rated supplies or an inverted duty structure, which the exchequer is otherwise entitled to retain) and the return of the taxpayer's *own* money lying in the ECL, over which the Government has no right. The CBIC confirmed this in Circular No. 166/22/2021-GST dated 17/11/2021, clarifying that an ECL refund is not even subject to the two-year limitation of Section 54, precisely because those funds belong to the taxpayer.

Issue 4: A DRC-03 Deposit Made During Investigation Is Not an Admission; Section 112(9) Deems Recovery Stayed

A recurring departmental argument in ECL refund disputes is that a sum paid through Form GST DRC-03 during investigation represents an 'admitted liability', which reduces the 'disputed' amount and creates a recoverable arrear against which the refund may be adjusted. This argument fails on both the facts and the law.

On the facts: it is well-settled, across multiple High Courts, that a deposit made in the course of a search, inspection, or investigation is *involuntary* and cannot be elevated to the status of an admission of liability or a self-ascertainment under Sections 73(5) or 74(5) of the Act. The Gujarat High Court in *Bhumi Associate v. Union of India* [2021] 124 taxmann.com 429 laid down binding guidelines

that no recovery shall be made during investigation unless voluntary. The Karnataka, Delhi, Madras, and Punjab and Haryana High Courts have followed the same principle.

On the law: where the amount deposited through DRC-03 equals or exceeds the mandatory pre-deposit of 20% of the disputed demand under Section 112(8), Section 112(9) operates automatically: 'where the appellant has paid the amount as per sub-section (8), the recovery proceedings for the balance amount shall be deemed to be stayed till the disposal of the appeal.' Recovery is thus stayed by statute, and there is, in law, no recoverable arrear against which any ECL refund can be adjusted. The Patna High Court in *Vihaan Networks Ltd. v. State of Bihar* [2023] 148 taxmann.com 257 applied this principle on identical facts.

Practice Point: Where an investigation-stage DRC-03 deposit equals or exceeds the mandatory pre-deposit, assert Section 112(9)'s deemed stay of recovery expressly in all refund and adjustment proceedings. There is no recoverable arrear in law, and therefore no basis for withholding or adjusting an ECL refund.



Issue 5: A Concluded Speaking Order Cannot Be Re-Opened by a Mere Change of Opinion Under Section 107(2)

The Department's fifth line of attack is frequently that the refund order is 'non-speaking' and therefore unsustainable. This ground, wherever it appears, must be examined carefully against

the actual order. Where the sanctioning authority has passed a reasoned order dealing with the existence of arrears, the pendency of appellate proceedings, the pre-deposit position, and the deemed stay - as is good practice in all refund orders involving outstanding demands - the 'non-speaking' ground is self-refuting.

More broadly, the power of the Commissioner under Section 107(2) is to correct an order that is 'not legal or proper'. It is not a power of review, and not a licence to substitute a different opinion upon the same record. As the Supreme Court held in *Commissioner of Income-tax v. Kelvinator of India Ltd.* [2010] 187 Taxman 312 (SC), an authority has no power of review masquerading as the exercise of another statutory power. A mere change of opinion, without fresh material or an identified error of law, cannot justify disturbing a reasoned and concluded order.

■ Conclusion

The five issues examined above - maintainability of a manual appeal, absence of a written Commissioner's authorization, the inapplicability of Section 54(10) to ECL refunds, the involuntary character of investigation-stage deposits and the Section 112(9) deemed stay, and the bar against disguised review - are not confined to any single proceeding. They arise, in combination or in isolation, across a very large number of ECL refund disputes across the country.

An ECL refund is not a grace from the Government - it is a right. The taxpayer's own money, once deposited and not appropriated towards any admitted liability, must be returned. The Department's power to withhold or adjust that refund is far more limited than is commonly assumed. For members advising GST clients, each of these five defences deserves to be raised promptly, precisely, and with confidence.



RBI Updates

CA. Mayur Modha

Member of the Institute



RBI Updates

Monetary Policy Statement, 2026-27 Resolution of the Monetary Policy Committee August 3 to 5, 2026

Monetary Policy Decisions

The Monetary Policy Committee (MPC) held its 62nd meeting from August 3 to 5, 2026, after a detailed assessment of the evolving macroeconomic and financial developments and the outlook, the MPC voted unanimously to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 5.25 per cent. Consequently, the standing deposit facility (SDF) rate remains at 5.00 per cent and the marginal standing facility (MSF) rate and the Bank Rate remain at 5.50 per cent. The MPC also decided to continue with the neutral stance

In the month of August, 2026 there are various Master directions, Master circulars, notifications issued by RBI, Summary and brief understanding of few of them are as under:

Date of issue	Master directions/ Master circulars/ notifications No.	Applicability	Brief understanding
06.08.2026	RBI/2026-2027/223 DOR.MCS.REC.No.193/01-01-032-33-35-36-37-38/2026-27	All Commercial Banks, Rural Co-operative Banks, Urban Co-operative Banks, Regional Rural Banks, Local Area Banks, and Small Finance Banks	The Reserve Bank of India has issued the Fourth Amendment Directions, 2026, All these amendments focus on responsible business conduct and fair treatment of borrowers. The directions aim to ensure that banks follow proper and ethical practices while dealing with customers and recovering loan dues. They also promote transparency, customer protection, and a better grievance redressal system. Overall, these common amendments will help make banking services safer, fairer, and more customer-friendly.
06.08.2026	RBI/2026-2027/229 DOR.MCS.REC.No.200/01-01-040/2026-27	All India Financial Institutions (AIFIs)	The Reserve Bank of India has issued the Third Amendment Directions, 2026, for All India Financial Institutions (AIFIs). These rules focus on fair and responsible recovery of loan dues. AIFIs and their recovery agents must treat borrowers politely and cannot use threats, harassment, or unfair practices. The directions also require proper training of recovery agents, protection of

Date of issue	Master directions/ Master circulars/ notifications No.	Applicability	Brief understanding
			customer information, and a clear system for handling complaints. These new rules will come into effect from January 1, 2027.
07.08.2026	RBI/2026-27/232 FIDD.CO.PSD.BC.No.08/04.09 .001/2026-27	All Authorised Dealer Category-I Banks	The Reserve Bank of India has amended the Priority Sector Lending Directions, 2026. Under this amendment, certain loans given against eligible fresh FCNR (B) and NRE deposits will be excluded from the calculation of Adjusted Net Bank Credit (ANBC) for priority sector lending targets. This change will help banks in calculating their priority sector lending requirements. The amendment has come into effect immediately.





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Can a GST Return Be Corrected After the Deadline?

CA. Jeet Shah

Member of the Institute



Can a GST Return Be Corrected After the Deadline?

Imagine a taxpayer who has made a perfectly genuine taxable supply.

The invoice is genuine. The customer is genuine. GST has been charged correctly. The tax has been paid to the Government.

There is just one problem.

While uploading the invoice in GSTR-1, the taxpayer accidentally enters the **wrong GSTIN**.

At first, it looks like a minor clerical mistake. But in the GST ecosystem, a wrong GSTIN can create a much bigger problem. The invoice may not appear in the intended recipient's records, the recipient may face difficulty in claiming ITC, and ultimately the supplier itself may face a commercial dispute.

Now comes the frustrating part.

The taxpayer approaches the Department and says:

"The mistake is genuine. The tax has already been paid. Please allow me to correct the return."

And the response is:

"The statutory time limit is over. The portal does not permit correction."

So, what happens next?

Is the taxpayer permanently stuck because a data-entry mistake was discovered late?

The Tripura High Court's recent decision in *M/s Ashutosh Bandyopadhyay v. Union of India & Ors.*, W.P.(C) No. 379 of 2023, decided

on 27 July 2026, provides an important answer. The Court directed the authorities to permit correction of GSTR-1 and GSTR-3B where invoices had been reported under the wrong GSTIN, relying upon the judicial principles developed by the Bombay High Court and subsequently considered by the Supreme Court.

The judgment is therefore not merely about correcting a GSTIN. It raises a larger question:

Can procedural limitations under GST be applied so rigidly that a genuine, revenue-neutral human error becomes impossible to correct?



What happened in the Ashutosh Bandyopadhyay case?

The petitioner was a registered partnership firm under the CGST Act.

For the period **1 May 2019 to 5 February 2020**, certain invoices were inadvertently reported

against the firm's **GST TDS GSTIN instead of its regular GSTIN**. The mistake was subsequently identified.

Interestingly, the jurisdictional GST authority had verified the invoices with the GST portal and found that the invoices had indeed been filed against the GST TDS GSTIN and not the regular GSTIN.

The taxpayer therefore approached the authorities seeking rectification.

The Department, however, took the position that the jurisdictional authorities did not have the power or access to alter the entries once they had been submitted on the GST portal. It was also argued that the recipient could claim ITC only when the supplier correctly reported the invoices against the recipient's GSTIN in GSTR-1.

This is where the dispute became interesting.

The question was no longer whether an error had occurred. Everyone could identify the error.

The real question was:

Does the GST law permit the consequences of such a genuine error to be corrected?



Why does a wrong GSTIN matter so much?

GST is not simply a tax calculation system.

It is an interconnected reporting system.

A supplier reports an outward supply through GSTR-1. That information feeds into the recipient's electronic records and ultimately affects the recipient's ITC position.

Take a simple example.

Example

ABC Ltd. sells goods to XYZ Ltd.

Particulars	Amount
Taxable value	₹10,00,000
GST @ 18%	₹1,80,000
Invoice value	₹11,80,000

ABC Ltd. charges ₹1,80,000 GST and pays it to the Government.

While preparing GSTR-1, however, the accountant accidentally enters **PQR Ltd.'s GSTIN instead of XYZ Ltd.'s GSTIN**.

The supply itself has not changed.

The tax has not changed.

The Government has not lost ₹1 of tax.

But XYZ Ltd. may not get the expected ITC reflection.

This is where a seemingly insignificant data-entry mistake can create a substantial commercial consequence.

And this is precisely why courts have started looking beyond the mere existence of a deadline.

To understand the Court's reasoning, it is useful to look at **Sections 37, 38 and 39 of the CGST Act** together.

Section 37 – outward supplies

Section 37 provides the statutory framework for furnishing details of outward supplies.

In practical terms, GSTR-1 is where the supplier tells the GST system:

"These are the supplies I have made, these are my invoices, these are my customers and this is the tax associated with those supplies."

Therefore, accuracy in GSTR-1 is not merely an accounting requirement. It affects the recipient's electronic trail as well.

Section 38 – inward supply and ITC information

Section 38 deals with communication of inward supply information and ITC-related details.

The practical significance is obvious.

If Supplier A reports Recipient B's GSTIN incorrectly, the error can travel from the supplier's return into the recipient's ITC reconciliation.

Section 39 – returns

Section 39 deals with furnishing GST returns and also contains the statutory framework dealing with omissions and incorrect particulars.

The important point is that the GST legislation itself recognises that **mistakes and incorrect particulars can occur after a return has been filed**.

The controversy arises when the normal statutory correction window has already expired.

That is precisely where the courts have stepped in in exceptional factual situations.

The first major turning point: *Star Engineers*

The Bombay High Court's decision in ***Star Engineers (I) Pvt. Ltd. v. Union of India***, decided on 14 December 2023, is one of the most important decisions on this issue.

The facts were remarkably similar.

Star Engineers supplied electronic components to Bajaj Auto Limited. Under a bill-to/ship-to arrangement, goods were delivered to third-party locations.

While filing GSTR-1, the taxpayer inadvertently reported the GSTINs of the **ship-to parties instead of Bajaj Auto Limited, the bill-to customer**.

The mistake was discovered later.

By then, the GST portal did not permit the taxpayer to modify the old GSTR-1 returns.

The Department rejected the request on the ground that the correction was time-barred.

The taxpayer therefore approached the Bombay High Court.

The Court took a practical view.

It noted that there was no revenue loss to the Government and that the error was an inadvertent human mistake. The Court held that the GST provisions should not be interpreted in a manner that prevents correction of a bona fide mistake merely because the electronic system does not provide a mechanism after the statutory deadline.

*“ Particulars Amount Taxable value
₹10,00,000 GST @ 18% ₹1,80,000
Invoice value ₹11,80,000 ”*

The Court consequently directed the Department to permit rectification of GSTR-1 either online or manually.

The judgment contains a very practical observation.

GST is largely an electronic tax regime.

But the people entering information into that electronic system are still human beings.

A company may have thousands of invoices. An accountant may work with ERP-generated data. GSTINs may be copied, mapped or imported into the return utility.

An error can happen.

The Bombay High Court therefore emphasised that the Department should recognise bona fide and inadvertent errors where correction does not result in revenue loss.

In other words: **The GST portal may be digital, but the GST taxpayer is not a machine.**

Aberdare Technologies: the principle gets another layer

The issue came before the Bombay High Court again in ***Aberdare Technologies Pvt. Ltd. v. Central Board of Indirect Taxes and Customs***.

The taxpayer had discovered errors in its GST returns after the normal correction period.

The facts were substantially similar to *Star Engineers*, including the absence of revenue loss.

The Bombay High Court followed its earlier decision and directed the authorities to enable correction of GSTR-1 and GSTR-3B.

This was significant because the principle was no longer confined to a single taxpayer or a single unusual factual situation.

The courts were developing a consistent approach:

Where the error is genuine, identifiable and revenue-neutral, technical limitations should not automatically defeat the taxpayer's request for correction.



Then the Supreme Court stepped in

The matter became even more significant when CBIC challenged the *Aberdare Technologies* decision before the Supreme Court.

The Supreme Court dismissed the SLP on **21 March 2025**.

Its observations deserve particular attention.

The Court noted that correction timelines should be realistic because the problem may only become apparent when the recipient is denied ITC, even though the recipient has already paid the tax component to the supplier.

The Supreme Court also observed that **human errors and mistakes are normal**, and that errors can occur even on the Revenue's side.

Most importantly, it observed that software limitations should not by themselves be treated as a sufficient justification for denying correction.

This is a powerful statement in the context of GST.

A taxpayer cannot simply be told:

"The portal does not have a button for it."

if the law and facts otherwise justify correction.

Technology is meant to facilitate compliance.

It should not become a substitute for statutory interpretation.

Tripura High Court applies the same reasoning

This brings us back to *Ashutosh Bandyopadhyay*.

The Tripura High Court considered the earlier decisions of:

- *Star Engineers*;
- *Aberdare Technologies*; and
- the Supreme Court's decision in *CBIC v. Aberdare Technologies*.

The Court observed that the Department's argument that entries once made on the GST portal could not be altered was no longer sustainable in view of these judicial decisions.

The facts were straightforward.

The taxpayer had reported invoices under the wrong GSTIN.

There was no loss of revenue.

The Court therefore directed the authorities to permit amendment/rectification of **GSTR-1 and GSTR-3B for the period 1 May 2019 to 5 February 2020**, either online or manually, within four weeks.

Section 16(5): another important piece of the puzzle

There is another interesting aspect of the Tripura judgment.

The disputed period included **FY 2019-20**.

The Court therefore referred to the retrospective insertion of **Section 16(5)** by the Finance (No. 2) Act, 2024.

Section 16(5), with retrospective effect from 1 July 2017, provides a special relaxation for invoices or debit notes relating to:

- FY 2017-18;
- FY 2018-19;
- FY 2019-20; and
- FY 2020-21.

For these specified years, eligible ITC could be taken in a return under Section 39 filed up to **30 November 2021**.

The Tripura High Court noted that Parliament itself had relaxed the earlier ITC timeline through this amendment.

This is relevant because it demonstrates that statutory deadlines in GST are not necessarily immune from legislative reconsideration.

But wait does this mean every old GST return can now be corrected?

No.

This is probably the most important caution arising from these cases.

The decisions should not be understood as creating an unlimited right to reopen old GSTR-1 or GSTR-3B returns.

There is a major difference between:

A genuine clerical mistake

For example:

CorrectGSTIN:24AAAAA1111A1Z1 Reported
GSTIN: 24BBBBB2222B1Z2

The invoice, taxable value and GST remain unchanged.

And:

A substantive tax change

For example, the taxpayer wants to retrospectively change:

- taxable turnover;
- tax rate;
- place of supply;
- tax liability; or
- ITC entitlement.

That is a very different situation.

The judicial relief in these cases is strongest where the taxpayer can demonstrate that the proposed correction is **genuine, limited, supported by documents and revenue-neutral**.

Let's take three practical situations

Situation 1 – Wrong GSTIN

A supplier reports an invoice of ₹10 lakh plus ₹1.80 lakh GST under the wrong GSTIN.

The ₹1.80 lakh tax has been paid.

The correct customer can be established from the invoice, purchase order and payment records.

This is the classic situation addressed by *Star Engineers, Aberdare Technologies* and *Ashutosh Bandyopadhyay*.

Situation 2 – Wrong recipient but tax remains unchanged

A supplier makes a bill-to/ship-to transaction and mistakenly reports the ship-to party as the recipient in GSTR-1.

Again, the transaction is genuine and tax has been paid.

The *Star Engineers* decision directly dealt with this kind of factual situation.

Situation 3 – Tax liability itself changes

Suppose the taxpayer originally reported:

GST = ₹18 lakh

and later seeks correction reducing the liability to:

GST = ₹12 lakh.

Now the Department is not merely being asked to correct a GSTIN.

The taxpayer is effectively seeking to alter the tax liability.

That situation cannot automatically be equated with the revenue-neutral rectification cases.

What should a taxpayer do when such an error is discovered?

The best approach is not to simply send an email saying:

“Please open the portal.”

Instead, prepare a proper factual and documentary record.

First, identify the exact mistake

Prepare an invoice-wise statement containing:

- invoice number;
- invoice date;
- taxable value;
- tax amount;
- GSTIN reported;
- correct GSTIN;
- relevant GSTR-1 period;
- relevant GSTR-3B period.

Second, establish that the transaction is genuine

Keep ready:

- tax invoice;
- purchase order;
- e-way bill;
- delivery proof;
- ledger;
- bank statement;
- GSTR-1;
- GSTR-3B;
- electronic liability ledger;
- recipient confirmation.

Third, demonstrate revenue neutrality

A simple reconciliation can be extremely effective:

GST originally reported: ₹1,80,000 **GST actually paid:** ₹1,80,000 **GST after proposed correction:** ₹1,80,000 **Revenue impact:** Nil

The Department can then see that the request is about correcting information, not reducing tax.

What about the recipient's ITC?

This is where the issue becomes particularly serious.

Suppose the supplier has already paid GST but the recipient cannot claim ITC because the invoice is not correctly reflected.

The recipient may end up effectively bearing the cost of tax that has already been paid.

The Supreme Court specifically recognised this practical problem while discussing the need for realistic correction mechanisms.

That is why the consequences of a seemingly small data-entry mistake can be disproportionately large.

Conclusion

The journey from **Star Engineers** → **Aberdare Technologies** → **Supreme Court** → **Ashutosh Bandyopadhyay** is significant.

The cases do not say that GST deadlines are irrelevant.

They do not say that every historical return can be reopened.

And they certainly do not provide protection for fraudulent or deliberate misreporting.

What they do recognise is something much more practical:

A genuine human mistake should not automatically turn into a permanent tax consequence merely because the GST portal no longer provides a correction button.

The *Ashutosh Bandyopadhyay* decision is therefore important not merely because it permits correction of a wrong GSTIN.

It reinforces a larger philosophy of GST administration:

The objective of GST returns is to capture the correct tax position. A genuine, demonstrable and revenue-neutral mistake should, wherever legally and factually justified, be capable of correction rather than being allowed to perpetuate merely because of a technical limitation in the system.

For taxpayers, however, the best advice remains simple:

File accurately. Reconcile regularly. Identify errors early. Document everything.

And if a genuine mistake survives the normal correction period, do not assume that the sentence:

“The portal does not allow it.”

is necessarily the end of the story.



Beyond Mutuality: Auditing and Taxing Co- operative Housing Societies

CA. Tarak Shah

Member of the Institute



Beyond Mutuality: Auditing and Taxing Co-operative Housing Societies

यथा मत्स्या जलान्तःस्था जायन्ते न पिबन्तो जलम्।
तथायुक्ता राजार्थं न जायन्तेऽर्थमपहारिणः॥ *“One cannot tell, by watching a fish swim, the moment it takes a sip of the very water it swims in, In much the same way, it is rarely possible to catch the precise moment a custodian of entrusted funds diverts them.”*
(paraphrased from Kautilya’s Arthashastra)

Introduction

Auditors are trained on the standard maxims of due care, but a routine, tick-the-box approach falls short when auditing a Residential Co-operative Housing Society (CHS) or Maintenance Society registered under the Gujarat Co-operative Societies Act, 1961 - in practice, it borders on professional negligence. Management committees still routinely treat statutory compliance casually: commercial receipts get dressed up as ‘mutuality’ income, and statutory liabilities that fall due regardless of the society’s not-for-profit character get overlooked.

The Income-tax Act, 2025, in force from 1 April 2026 (Tax Year 2026-27), has changed this compliance landscape structurally. TDS provisions that were earlier scattered across Sections 192 to 194S of the 1961 Act now sit within a handful of consolidated sections, and the older ‘previous year/assessment year’ framework has given way to a single ‘tax year’.

This note sets out the specific areas Chartered Accountants in Gujarat should examine while auditing or advising housing societies under the new regime.

1. Doctrine of Mutuality and Its Common Breaches

A housing society functions on the Doctrine of Mutuality: no one can trade with, or earn a profit from, themselves. Maintenance collected purely to run and maintain the building is accordingly exempt from tax. The moment the society earns income from a third party, however, mutuality breaks down and that income becomes taxable in the society’s hands.



One recurring red flag in Gujarat is overcharging on transfer premiums. The Gujarat Co-operative Societies (Amendment) Act, 2024 empowers the State Government to prescribe a ceiling on the transfer fee a housing society may collect, yet

many societies continue to charge well above the prescribed limit in practice.

2. TDS Compliance and the TAN Requirement (Section 393, Income-tax Act 2025)



Many managing committees operate under the mistaken belief that because the society has no 'business turnover', it falls outside the scope of TDS. That is incorrect. A CHS is assessed as an Association of Persons (AOP), and there is no blanket TDS exemption for a housing society merely because it operates on the mutuality principle.

Sections 194A, 194C, 194H, 194I and 194J of the erstwhile 1961 Act - covering contractor payments, professional fees, rent and similar payments - now stand consolidated under Section 393 of the Income-tax Act, 2025. The applicable rates and monetary thresholds are unchanged; only the section reference and the TDS return/challan codes have changed. While reviewing a society's books, thresholds worth specifically checking include:

“ Example: If a member's monthly maintenance is ₹8,200 and the society's annual turnover is ₹25 lakh, GST is payable on the entire ₹8,200 and not merely on the ₹700 that exceeds the threshold. ”

- Security and housekeeping contracts: TDS applies once a single bill exceeds ₹30,000, or the aggregate paid to that contractor during the year exceeds ₹1,00,000.

- Professional fees: payments to the statutory auditor, structural engineers, architects and legal consultants attract TDS once they cross the applicable threshold under Section 393.

Example: The society engages a facility management agency on SG Highway at ₹35,000 per month, an annual payout of ₹4,20,000. If the society does not deduct TDS at the applicable rate and deposit it against its TAN, the entire expense can be disallowed on assessment, resulting in a demand that ultimately falls on members' maintenance funds.

3. GST on Maintenance Charges: The ₹7,500 Threshold



GST registration and the 18% levy on maintenance charges become mandatory for a society or Resident Welfare Association only when both of the following conditions are met in a financial year (Entry 77 of Notification No. 12/2017-Central Tax (Rate), as amended, read with CBIC Circular No. 109/28/2019-GST dated 22 July 2019):

- Aggregate turnover of the society exceeds ₹20 lakh.
- Monthly maintenance charged to a member exceeds ₹7,500.

Example: If a member's monthly maintenance is ₹8,200 and the society's annual turnover is ₹25 lakh, GST is payable on the entire ₹8,200 and not merely on the ₹700 that exceeds the threshold. Property tax, water charges and other amounts collected on a pure reimbursement basis can be excluded from the ₹7,500 computation, but this requires clear, ledger-wise segregation of such receipts.

4. Checklist for a Forensic Review

Before signing the Balance Sheet, it is worth specifically verifying the following:

- Cash payment limits: cash payments exceeding ₹10,000 to a single vendor in a day remain disallowed as a deduction. Watch for 'split billing' used to route larger cash payments to local plumbers or electricians around this limit.

“ Property tax, water charges and other amounts collected on a pure reimbursement basis can be excluded from the ₹7,500 computation, but this requires clear, ledger-wise segregation of such receipts. ”

- Sinking fund utilisation: sinking funds are trust money earmarked for structural repairs and should not be diverted to revenue items such as Diwali decorations or routine painting. Confirm that surplus sinking fund balances are parked only in permitted institutions, such as nationalised banks or



scheduled co-operative banks, and are not left idle in the society's current account.

- Statutory registers: verify that the registers prescribed under the Gujarat Co-operative Societies Rules, 1965 - including the Register of Members and the Nomination Register - are updated contemporaneously rather than reconstructed at year-end for the audit.

5. Fiduciary Responsibility of the Office Bearers

The Chairman, Secretary and Treasurer carry fiduciary responsibility for the society's affairs, and the preparation of the financial statements is squarely their duty rather than the auditor's.

1. Signing the financials: the Balance Sheet and Income & Expenditure Account should be signed by the three office bearers before the statutory auditor signs the audit report, not the other way around.

2. Filing the return (Section 263, Income-tax Act 2025): filing the ITR is mandatory even where the taxable income is nil. Confirm that the Managing Committee has passed a resolution authorising a 'Principal Officer' (usually the Secretary) to sign and verify the return.

Prosecution risk: under Section 476 of the Income-tax Act, 2025 (which replaces the erstwhile Section 276B), failure to deposit TDS already deducted is a prosecutable offence. Office bearers in charge of the society at the time of the default can be held personally liable and face rigorous imprisonment, independent of any action against the society itself.

References

- Gujarat Co-operative Societies Act, 1961, and the Gujarat Co-operative Societies Rules, 1965, including the Gujarat Co-operative Societies (Amendment) Act, 2024
- Income-tax Act, 2025 - Sections 263, 393 and 476
- Notification No. 12/2017-Central Tax (Rate), as amended, and CBIC Circular No. 109/28/2019-GST dated 22 July 2019



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Leadership

Dr. Anurag Mehta

Guest Contributor

A quintessential question that a leader must answer himself just as he assumes the responsibility to lead someone is – why should my sub-ordinate want to report to a stranger with the requisite obedience and loyalty?



The basic human ego or even self-respect doesn't allow an individual to want to obey anyone except if he finds the person worth it or there is some hidden benefit he wants to extract from the leader.

Having said that, it is also true that most humans need leaders to guide them, whether it is political, religious or social scenario or the at the workplace. Leadership is not only a human aspect; even animals have an alpha male as a leader of the pack but human leadership is a conscious intellectual phenomena. Organisational studies on leadership define leadership under commonly known and read areas:

- Autocratic
- Democratic
- Collaborative
- Participative
- Servant/ spiritual
- Transformational

“ Having said that, it is also true that most humans need leaders to guide them, whether it is political, religious or social scenario or the at the workplace. ”

Academically speaking, it is important to define such categories based on the subjective intellectual needs of an individual. In reality though, professional leadership at the workplace exhibits a mix of all leadership styles to meet the situational needs. A leader may believe in

democratic style of handling the team but there can be times when he will need to be autocratic to enforce discipline and hence put his foot down and get the implementation done. In other times the same leader can get everyone together, be like a part of the team and collaborate to suit the need of the moment. A leader needs to train, reward and also enjoy with the team which is essential for the transformation of the team for taking bigger assignments in future.



Spiritual leadership, for example encompasses all of these types and also covers more ground. It is important to understand that leadership cannot be confined in one area and is purely situational in nature. Even in the same team with the same manager, different styles are supposed to be used with different team members as per their personality and habits as well as the need of the hour. A perfect leadership style should be called a conditional leadership style which should be a one stop shop solution of all needs

of managing the team depending on the condition of that moment.

Conditional leadership is the way a sound leader works with the team and creates a super performing and disciplined team.

How a conditional leader works

There are certain things that a leader must do to tackle this situation:

- **Acknowledge** – Most leaders interact with their employees in a way that they are just a means to the end, the end product being performance. A leader must rather acknowledge that a worthy candidate is working with him and he has trust on his abilities.
- **Appreciate** – Humans are seekers of social approval and look out for people who can tell them that they did a good job. When a leader does that for a good effort irrespective of the result, the team member wants to continue doing his best going forward too.
- **Motivate** – The team member is there to work and also justify his remuneration from the organisational perspective. Therefore it is essential that he is motivated by the leader to achieve the task which was given to him.

“ A leader needs to train, reward and also enjoy with the team which is essential for the transformation of the team for taking bigger assignments in future. ”

- **Inspire** – Inspiration is different from motivation in the way that there must be a motive to motivate and therefore motivation is external in nature. Inspiration is when you encourage a person to do his best to fulfill his being, to actualize his self to the fullest and to strive for excellence and know well that when the effort is sincere, results will follow. An inspired employee will always strive to take risks and initiatives. So a leader must put the team member on auto pilot mode by igniting a flame of passion towards excellence within him.
- **Accountability** – Accountability towards failures and acknowledgment of team members towards success is a hallmark of

great leadership skills. A rare virtue found amongst leaders, most are seen to go the



other way round demotivating the team and pushing people towards the exit door eventually.

- **Emotional Intelligence** – To be able to be on the correct side of accountability, emotional stability and balance is a necessary ingredient. Successful leaders around the world in all aspects of life are known to be people with high degree of emotional intelligence. Things don't go your way all the time and when the tide is against us, we not only have to enter the blame game but master ways to ride the tide. Even during times of success, the emotional stability of the leader is instrumental in keeping the upwards curve going lest a mistake in a moment of pride spoils the party.
- **Feedback** – If something goes wrong, a constructive feedback but with no ambiguity must be given to the sub-ordinate. If need be the feedback can be a reprimand too which can be balanced with a pat on the back in the end.
- **Role Model** – The team always looks at the leader for direction, especially when the going gets rough. In this time, a good leader always knows that his panic will make the whole team demotivated. As they say – a *good neta needs to be a god abhineta*. Not only the character of a leader needs to be strong enough to remain stable and managed emotionally but even if that ability takes a hit for a while, he must not allow the weak state of mind show up in his body language. He must show his resilient face in difficult times.
- **Leverage the Synergy** – Stephen Covey, in his famous book, *The Seven Habits of Highly Effective People*, mentions the sixth habit as 'leverage the synergy'. In the context of

leadership it means a smart leader must first combine the personal needs of the employee and the organization together and then create a synergy out of them where both the needs are met. The employee knows that his needs will be fulfilled when the organisational needs will be fulfilled by him and so he works for him and doesn't feel bad to follow the directions given by his leader.

- **Learning culture** – The learning culture is the biggest gift a progressive leader can give to his team and the organization as well and justify him transforming into a legacy. Learning culture constitutes an environment where everyone wants to grow, improvise,



upgrade themselves, improve on their mistakes, try new and innovative ways of doing things, hungry for learning smart ways to finish a task and much more. Such a team is a team on self driven momentum towards excellence. Once created, the leader can just sit easy and macro manage the team, effortlessly.

- **Discipline** – In spite of all the above, without creating standards and ensuring their enforcement, leaders cannot become great and sustain success. Therefore, it is important to have the drive to ensure things are planned and done in proper discipline and appropriate standards of reporting are set for the people to follow.

Humans by nature are free beings even although most are seen working under rules defined by someone else. Essentially we love our freedom and resist any infringement on this basic need of our being. Yet, when we do a job, we know fully well that our freedom will be challenged. A wise human leader at this juncture must be aware of this turmoil and therefore must use common sense instead of being demanding and dominating. He must empathise with this psychological aspect of the team member and start with '*what's in it for the team member*' so as to bring out their best from within.



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Upcoming Events



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23rd -25th
 October 2026


9
 The Radisson Blu Hotel,
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23rd October 2026, Friday

12:00 PM – 1:30 PM	Lunch	
1:30 PM – 2:30 PM	GD – II Assorted issues on Substantive and Procedural aspects in GST	CA. Sanil Gathurwala, Mumbai
3:00 PM – 4:30 PM	Networking over Tea/Coffee	
4:30 PM – 4:50 PM	Inauguration	
4:50 PM – 6:00 PM	GST Litigation Masterclass	CA. Anand Kapse, Patna
6:00 PM onwards	Fellowship Dinner	

24th October 2026, Saturday

7:00 AM – 9:00 AM	Breakfast	
9:00 AM – 11:00 AM	GD – II: Most Challenging GST issues in ITC, Valuation & Classification	Adv. (CA) Gaurav Gupta, Delhi
11:30 AM – 1:30 PM	Networking over Tea/Coffee	
1:30 PM – 2:30 PM	Reply to Posers of GD I Assorted issues on Substantive and Procedural aspects in GST	CA. Sanil Gathurwala, Mumbai
2:30 PM – 3:30 PM	Lunch	
3:30 PM – 4:30 PM	Reply to Posers of GD II Most Challenging GST issues in ITC, Valuation & Classification	Adv. (CA) Gaurav Gupta, Delhi
4:30 PM – 5:30 PM	Networking over Tea/Coffee	
5:30 PM – 6:30 PM	Strategies for handling Fake ITC cases	Adv. V Raghavaram, Bangalore
6:30 PM onwards	Dinner & Fellowship	

25th October 2026, Sunday

7:00 AM – 9:00 AM	Breakfast	
9:00 AM – 11:00 AM	Search & Seizure including DGDT, Enforcement Actions	Adv. (CA) Akshay Desai, Vadodra
11:30 AM – 12:30 PM	All for GST Professionals – Workshop	CA. Tapas Ruparelia & CA. Sanil Patel, Ahmedabad
1:00 PM – 1:15 PM	Valedictory Session	
1:15 PM onwards	Lunch & departure	

Category

Charter Registration
(Group of 1 Member)

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Till 10th September 2026
(Early Bird Registration)

₹11,000/- per Member

₹19,000/- per Member

From 11th September 2026

₹19,000/- per Member

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CA. Sanil Gathurwala is the coordinator of the workshop. All other members are participants.



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Chanakyapuri Road, Ghatlodia, Ahmedabad-380061

Phone : 079 – 6810 3989, 2768 0537, 2768 0946

Email : ahmedabad@icai.org, icaiahmedabad62@gmail.com

www.icaiahmedabad.com