

# Rise & Reflect

E-NEWSLETTER

DECEMBER 2025



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
[Set up by an Act of Parliament]



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# From the desk of Chairman.....



“कर्म ही साधना है, और साधना ही सफलता का मार्ग।”

Dear Esteemed Members,

December marked a defining and deeply enriching chapter in the professional journey of the Jaipur Branch. The month reflected the maturity of our collective vision—where technical excellence, ethical grounding, leadership development, and service to society converged meaningfully. As we progressed toward the close of the calendar year, our activities reaffirmed that the role of a Chartered Accountant today extends well beyond compliance into stewardship, governance, and nation-building.

One of the key highlights of the month was the continued focus on advanced professional competencies through specialized certification programs. The Certificate Course on Forensic Accounting and Fraud Detection witnessed strong participation from members keen to strengthen investigative and analytical capabilities. In an era of heightened regulatory scrutiny and complex financial structures, such skill enhancement is no longer optional—it is essential. The enthusiastic engagement throughout the course reaffirmed our members' commitment to staying future-ready.

December also stood out for its strong emphasis on ethics, governance, and professional discipline. The seminars on ethical conduct, peer review preparedness, GST compliance, and audit quality provided a robust platform for introspection and dialogue. These programs were not merely technical sessions; they were reminders of the values that define our profession. Upholding integrity while adapting to evolving laws and technologies remains the cornerstone of public trust in Chartered Accountants.

A significant achievement of the month was the hosting of high-impact national-level forums and conferences that placed Jaipur firmly on the national professional map. These platforms brought together thought leaders, regulators, policymakers, and practitioners to deliberate on emerging themes such as artificial intelligence, global capability centers, MSME empowerment, financial leadership, and sustainability. The depth of discussions and quality of participation reflected the growing stature of our branch as a center of excellence.

Equally important was our focus on holistic development and societal contribution. Initiatives such as health awareness programs, professional mentoring interactions, and community-oriented drives highlighted the humane dimension of our profession. As Chartered Accountants, our responsibility extends beyond boardrooms into the larger social ecosystem, and December's initiatives reflected this balance with clarity and purpose.

The Residential Refresher Course organized during the month offered members and their families an opportunity to learn, reflect, and connect in a relaxed yet intellectually stimulating environment. Such forums strengthen bonds within the fraternity and remind us that professional growth is most sustainable when accompanied by personal well-being and shared experiences.

As Chairman, I am deeply grateful for the collective effort of our Managing Committee, program conveners, faculty members, and branch staff whose dedication ensured flawless execution across a demanding calendar. Most importantly, I thank every member who participated, engaged, questioned, and contributed. Your involvement is the true measure of the branch's success.

As we move into the new year, our resolve remains clear—to continue building a progressive, inclusive, and professionally vibrant Jaipur Branch that anticipates change, embraces innovation, and upholds the highest ethical standards.

Warm Regards,

**CA. Vikas Yadav**  
**Chairman**

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# From the desk of Secretary.....



“संगठन वही सशक्त होता है, जहाँ विचार, अनुशासन और सहभागिता एक साथ चलते हैं।”

Dear Esteemed Members,

December was a month of remarkable momentum for the Jaipur Branch—both in scale and substance. From a secretarial perspective, the month reflected operational excellence, disciplined planning, and strong member participation across diverse professional initiatives. It was encouraging to witness how structured execution, timely coordination, and collaborative effort translated into impactful outcomes throughout the month.

One of the defining strengths of December's calendar was the balance between depth and diversity. The branch successfully delivered advanced technical programs while simultaneously facilitating forums for leadership dialogue, ethics, governance, and emerging opportunities. Each initiative was designed with a clear objective—to equip members with relevant knowledge, sharpen professional judgment, and foster confidence in a rapidly transforming economic and regulatory environment.



The successful conduct of long-duration certification courses and training programs required meticulous coordination across logistics, faculty scheduling, compliance requirements, and participant engagement. The smooth execution of these programs reflects the strength of our internal systems and the commitment of the branch team to professional excellence. Feedback received from members consistently highlighted the quality of content, relevance of topics, and seamless delivery.

December also witnessed strong participation in high-level professional conclaves and forums that addressed contemporary themes such as forensic practice, global finance operations, MSME growth, and ethical leadership. These events demonstrated that our members are not only keen learners but active contributors to national and global professional discourse. The growing confidence with which members engage in such platforms is a matter of pride for the branch.

From an administrative standpoint, the coordination required for large-scale events, residential programs, and national conferences was intensive. Yet, every challenge was met with collective ownership and clarity of roles. I sincerely appreciate the discipline shown by conveners, volunteers, and staff members who ensured adherence to timelines, regulatory norms, and quality benchmarks.

Equally significant was the branch's emphasis on inclusivity and continuity. Senior professionals, mid-career members, and young practitioners all found meaningful avenues for engagement during the month. Such inclusiveness strengthens institutional memory while simultaneously nurturing future leadership within the profession.

As Secretary, I have had the privilege of witnessing the behind-the-scenes efforts that often go unnoticed—late-night planning, last-minute adjustments, and constant coordination. I extend heartfelt appreciation to the Managing Committee and branch office team for their unwavering support and professionalism.

Above all, I thank our members for their trust, participation, and constructive feedback. Your engagement gives purpose to every initiative we undertake. As we step into the coming year, the Secretariat remains committed to strengthening systems, enhancing member experience, and supporting the branch's strategic vision with efficiency and integrity.

Warm Regards,

**CA. Yash Gupta**  
**Secretary**

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# From Self-Assessment to System-Driven Assessment: Is GST Quietly Redefining the CA's Role?



CA Kritika Maheshwari

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## 1. Introduction

The Goods and Services Tax (GST) was introduced as a self-assessment-based tax system. Section 59 of the Central Goods and Services Tax Act, 2017 (CGST Act) places the responsibility of correctly assessing tax liability on the taxpayer. This framework reflects a trust-based approach, where taxpayers, supported by professionals, assess their own tax positions, subject to verification by the tax authorities at a later stage.

Overtime, GST administration has seen extensive use of technology. Auto-populated returns, system validations, data analytics and system-generated communications have become a regular part of compliance. While the legal structure of GST continues to be rooted in self-assessment, the manner in which compliance and enforcement operate suggests a gradual movement towards a more system-driven environment.

This article attempts to reflect on this transition in a balanced manner. It explores how law and technology are interacting under GST and how this interaction is shaping the evolving role of Chartered Accountants.

## 2. Self-Assessment under GST: The Legal Position

GST law clearly envisages self-assessment as its foundation. Taxpayers are required to determine their tax liability, avail eligible input tax credit (ITC) and discharge tax through periodic returns. The role of the department, as provided in the law, is largely post-compliance—through scrutiny, audit, or assessment proceedings.

The law also provides for procedural safeguards such as issuance of notices, opportunity of being heard and passing of reasoned orders. Technology was intended to support this framework by simplifying processes, reducing physical interaction and improving transparency.

## 3. Increasing Reliance on Systems and Data

In practice, GST compliance today is significantly influenced by system-generated data. Returns are auto-

populated based on supplier filings, ITC availability is linked to system statements and validations are built into return filing. Automated calculation of late fees and interest has also become standard.

Tax authorities increasingly rely on data analytics to identify mismatches and potential risks. This has improved efficiency and helped in targeted compliance monitoring. At the same time, system outputs often become the starting point for enquiries and communications with taxpayers.

## 4. Interaction between Law and Technology

While technology brings speed and uniformity, tax law operates on interpretation, facts and context. Situations do arise where system-based results may not fully reflect the legal position. Timing differences, accounting practices, sector-specific exemptions, or transitional issues may lead to system mismatches that require explanation.

These situations are not necessarily indicative of deficiencies in the system. Rather, they highlight the need for alignment between automated processes and legal provisions. As GST continues to evolve, such alignment is expected to improve.

## 5. Due Process in a Digital Framework

The move towards automated and faceless processes has reduced manual intervention and increased consistency. However, it also calls for careful attention to procedural fairness. Taxpayers must have adequate opportunity to explain their positions and responses should be examined with due application of mind.

Maintaining principles of natural justice in a digital environment is important for sustaining confidence in the tax system. Technology, when applied with appropriate checks, can support these principles rather than dilute them.

## 6. Changing Role of Chartered Accountants

With routine compliance becoming increasingly system-assisted, the role of Chartered Accountants is

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# From Self-Assessment to System-Driven Assessment: Is GST Quietly Redefining the CA's Role?

also changing. While return filing and reconciliations remain important, greater emphasis is now placed on interpreting law, evaluating system-generated information and advising clients on managing tax risks.

CAs play a key role in analysing system discrepancies, explaining legal positions to tax authorities and guiding businesses through automated compliance processes. Professional judgment and ethical standards continue to be central, even in a technology-driven environment.

## 7. Skills and Adaptation

This changing environment requires continuous learning. Understanding return mechanics, data flow and system logic is becoming essential, alongside sound knowledge of GST law and judicial developments. Clear drafting, structured responses and effective communication are also increasingly important.

The profession has traditionally adapted well to change and this phase of digital transition is no exception.

## 8. A Balanced Way Forward

The increasing use of technology should be seen as an evolution of the GST framework rather than a departure from self-assessment. When law and technology work together, compliance can become both efficient and

fair. For tax administration, combining automation with human oversight can strengthen outcomes. For professionals, using technology while remaining anchored in legal interpretation adds long-term value.

## 9. Conclusion

GST remains a self-assessment tax in law, even as systems play a larger role in practice. This shift calls for reflection and adaptation. Chartered Accountants continue to occupy an important position between taxpayers and the tax administration.

By aligning legal understanding with technological awareness and professional judgment, the profession can contribute meaningfully to a GST system that is efficient, fair and trusted as it continues to mature.

# Income-tax Scrutiny of Political Contributions under Section 80GGC: Legal Framework and Practical Approach.



E-NEWSLETTER



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## Introduction

In recent assessment cycles, the Income-tax Department has initiated scrutiny proceedings in a significant number of cases where assessees have claimed deduction in respect of political donations under section 80GGC of the Income-tax Act, 1961. Notices have been issued seeking explanations regarding the genuineness of such donations, primarily based on information stated to have been received from the Investigation Wing of the Department.

This article attempts to analyse the legal framework governing such scrutiny proceedings, the procedural safeguards available to assessees, and the practical approach that professionals may adopt to effectively represent such cases during assessment and appellate stages.

## Background of the Issue

It is understood that search and survey actions were carried out by the Investigation Wing in the case of certain political parties and related entities. Based on materials allegedly gathered and statements recorded during such proceedings, the Department has formed a view in several cases that political donations claimed under sections 80GGB and 80GGC represent accommodation entries, wherein donations are made through banking channels and the equivalent amount is allegedly returned to donors in cash after deducting commission.

Based on such information, scrutiny proceedings have been initiated against donors, and deductions claimed under section 80GGC are being proposed for disallowance.

## Statutory Framework – Section 80GGC

An assessee is entitled to deduction under section 80GGC subject to fulfilment of the following statutory conditions:

1. The donation is made to a political party registered under section 29A of the Representation of the People Act, 1951.
2. The donation is not made in cash and is routed through prescribed banking channels.

Where the above conditions are satisfied, the deduction is allowable under the Act.

## Key Legal and Procedural Issues in Scrutiny Proceedings

Based on assessment notices and proceedings observed in practice, the following issues commonly arise and should be addressed appropriately during assessment itself to strengthen appellate remedies.

### **1. Fulfilment of Conditions under Section 80GGC**

The assessee should place on record documentary evidence establishing that:

- The political party is duly registered.
- The donation has been made through banking channels.
- Donation receipts and bank statements corroborate the transaction.

Once statutory conditions are fulfilled, the initial onus cast upon the assessee stands discharged.

### **2. Non-furnishing of Investigation Wing Material**

In many cases, proposed disallowance is stated to be based on information received from the Investigation Wing. However, such material is often not furnished to the assessee.

It is settled law that any material relied upon by the Assessing Officer for drawing adverse inference must be made available to the assessee. Accordingly, a specific request should be made during assessment proceedings seeking copies of all materials relied upon.

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# Income-tax Scrutiny of Political Contributions under Section 80GGC: Legal Framework and Practical Approach.

## 3. Non-supply of Alleged Statements and Evidence

The Department frequently refers to statements allegedly recorded from political party officials or intermediaries regarding an alleged modus operandi. However, such statements are often not supplied to the assessee.

In absence of such material being furnished, no adverse inference can be drawn against the assessee.

## 4. Violation of Binding Judicial Principles and CBDT Instructions

Judicial precedents consistently hold that:

- Information from the Investigation Wing is only a starting point.
- The Assessing Officer must conduct independent enquiry.
- Relied-upon material must be supplied to the assessee.

Failure to adhere to these principles vitiates the assessment proceedings.

## 5. Absence of Assessee's Name in Alleged Statements

Where reliance is placed on third-party statements, the assessee should specifically seek clarification as to whether:

- The assessee is named or identified in any statement or evidence.

In absence of specific reference to the assessee, generalized allegations cannot sustain disallowance.

## 6. Right to Cross-examination

If the Assessing Officer relies upon statements of third parties, the assessee has a vested right to cross-examine such persons. Any addition made without granting such opportunity is contrary to principles of natural justice.

## 7. Lack of Independent Satisfaction by the Assessing Officer

Assessment notices often do not disclose independent reasoning or satisfaction recorded by the Assessing Officer. The assessee may request a speaking order reflecting application of mind, rather than mechanical reliance on third-party information.

## 8. Absence of Evidence of Routing Back of Funds

Allegations of routing back of funds must be supported by cogent evidence such as:

- Cash trail
- Bank withdrawals
- Statements specifically implicating the assessee

In absence of such evidence, the allegation remains unsubstantiated.

## 9. Additions Based on Presumption and Generalisation

Disallowance of deduction cannot be sustained merely on assumptions or generalised observations drawn from other cases, without specific evidence against the assessee.

## 10. No Evidence of Assessee Being a Beneficiary

The burden lies on the Department to establish that:

- The assessee was a beneficiary of any accommodation entry.
- The assessee had knowledge of or participation in any alleged arrangement.

Absent such proof, the allegation lacks legal sustainability.

## 11. Absence of Corroborative Financial Evidence

No addition can be made without corroborative material such as:

- Cash withdrawals
- Ledger entries
- Confirmatory statements

Mere suspicion cannot replace proof.

## 12. Violation of Principles of Natural Justice

Reliance on third-party material without:

- Supplying copies thereof, and
- Granting opportunity of cross-examination,

renders the assessment vulnerable to being set aside.

## 13. Role of Affidavit

In circumstances where negative facts are alleged, an

# Income-tax Scrutiny of Political Contributions under Section 80GGC: Legal Framework and Practical Approach.

affidavit by the assessee affirming the genuineness of the donation assumes importance. Judicial precedents have held that an uncontested affidavit must be accepted as evidence.

## Conclusion

Scrutiny proceedings relating to political donations under section 80GGC require careful handling at the assessment stage itself. While the Department is empowered to verify claims, such verification must adhere to statutory provisions and principles of natural justice. Assessee and professionals must ensure that all procedural safeguards are invoked during assessment to effectively protect their rights in appellate proceedings.

## Disclaimer:

The views expressed in this article are personal and based on professional experience. Readers are advised to evaluate facts of each case independently. Suggestions and feedback may be sent to [cadevarora07@gmail.com](mailto:cadevarora07@gmail.com)

# Accounting for Interim Financial Reporting under AS 25 and Ind AS 34 – A Comprehensive Professional Analysis



E-NEWSLETTER



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## 1. Introduction

Interim financial reporting is one of the most significant developments in the evolution of corporate financial transparency.

It bridges the gap between annual reports and the stakeholders' constant need for up-to-date financial information. For stakeholders such as investors, analysts, lenders, and regulators, quarterly and half-yearly data are vital in assessing the financial health and operational efficiency of a business.

In India, the requirements for interim reporting differ depending on whether a company follows the traditional Accounting Standards or the Ind AS framework.

The Institute of Chartered Accountants of India (ICAI) has issued Accounting Standard (AS) 25 – Interim Financial Reporting – for entities not required to follow Ind AS.

For Ind AS-compliant entities, the corresponding standard is Ind AS 34, which is substantially aligned with International Accounting Standard (IAS) 34.

While their objectives are similar, there are subtle but important differences in recognition, measurement, and disclosure requirements that Chartered Accountants must master to ensure compliance and quality reporting.

## 2. Regulatory Context in India

The Indian corporate regulatory landscape has been significantly shaped by SEBI's Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015, which make quarterly financial reporting mandatory for all listed companies.

In addition, certain large unlisted public companies and companies with specific loan covenants also prepare interim financial reports, often at the request of banks, investors, or joint venture partners.

Key aspects of the regulatory context include:

- **SEBI LODR**: Mandatory publication of quarterly results within 45 days of quarter-end (except the last quarter, which aligns with annual results).



- **Companies Act, 2013**: While it does not specifically mandate interim reporting, the requirement for the Board to approve financial statements extends to interim statements where applicable.

- **Banking Sector**: RBI requires banks and NBFCs to prepare quarterly financial statements for regulatory filings.

This dual compliance framework means that Chartered Accountants often work with both AS 25 and Ind AS 34, depending on the nature of the client.

## 3. Fundamental Accounting Concepts Embedded in AS 25 and Ind AS 34

Several core accounting concepts underlie the preparation of interim financial statements, which ensure that such reports are consistent, comparable, and reliable.

1. **Accrual Concept** – Transactions are recorded when they occur, not when cash is received or paid. Interim periods are no exception.
2. **Consistency of Accounting Policies** – Both AS 25 and Ind AS 34 require that the same accounting policies be applied in interim and annual statements to ensure comparability.
3. **Materiality** – An item material in the context of interim results may not be material annually; hence, materiality is judged with reference to the interim period.
4. **Periodicity** – The integral view adopted treats interim periods as part of the whole financial year rather than as discrete periods.
5. **Prudence** – Estimates at interim dates should be made cautiously to avoid overstatement of assets or income.
6. **Going Concern** – The assumption that the entity will continue in operation for the foreseeable future is equally applicable in interim reporting.

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# Accounting for Interim Financial Reporting under AS 25 and Ind AS 34 – A Comprehensive Professional Analysis

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## 4. Recognition and Measurement Principles

Both AS 25 and Ind AS 34 stipulate that the recognition and measurement of items in interim financial statements should be based on the same principles as used in the annual financial statements.

However, estimates play a much larger role in interim reporting. For example:

- **Tax expense** is based on the estimated annual effective tax rate applied to the pre-tax income of the interim period.
- **Seasonal revenues** may require estimation of cost allocations for accurate margin reporting.
- **Provisions** are recognized when the liability arises, even if it results in quarterly volatility.

The integral approach means that certain costs (such as depreciation) are allocated evenly, while others (such as bonuses) may be accrued progressively over the year.

## 5. Comparative Analysis – AS 25 vs Ind AS 34

While both standards aim to provide timely and reliable interim information, there are notable differences:

- **Presentation**: AS 25 mandates presentation of a balance sheet, statement of profit and loss, and cash flow statement; Ind AS 34 additionally requires a statement of changes in equity.
- **Segment Reporting**: Under Ind AS 34, segment disclosures are mandatory if Ind AS 108 applies; AS 25 encourages but does not mandate them.
- **Impairment**: Ind AS 34 allows reversal of certain impairment losses (except goodwill), whereas AS 25 is silent.
- **Disclosures**: Ind AS 34 prescribes more extensive disclosures, including fair value changes, contingencies, and related party transactions.

## 6. Corporate Case Studies and Illustrations

### \*\*Case Study 1 – Infosys Ltd. (Q2 FY 2023–24)\*\*

- **Context**: Ind AS 34 reporting for a global IT services company with significant foreign operations.
- **Challenge**: Volatile foreign exchange rates affecting revenue recognition and OCI.
- **Approach**: OCI adjustments made for currency translation differences, with interim tax calculated using annual ETR.

### \*\*Case Study 2 – Tata Motors Ltd. (Q1 FY 2022–23)\*\*

- **Context**: Seasonality in passenger vehicle sales.
- **Challenge**: Allocation of fixed costs and promotional expenses.
- **Approach**: Fixed costs allocated on annual

production basis; promotional costs expensed in the quarter incurred.

### \*\*Case Study 3 – HDFC Bank Ltd. (Q4 FY 2021–22)\*\*

- **Context**: Large provision for NPAs recognized in one quarter.
- **Challenge**: Determination of period in which provision should be recognized.
- **Approach**: Provision recognized when obligating event occurred, not spread over the year.

## 7. Numeric Example – Interim Tax Allocation

A company expects an annual profit before tax (PBT) of ₹1,200 lakh with an annual ETR of 30%.

- Q1 PBT = ₹200 lakh → Tax = ₹60 lakh
- Q2 PBT = ₹150 lakh → Tax = ₹45 lakh
- Q3 Loss = ₹50 lakh → Tax credit applied using annualized approach.

This method ensures that tax expense is matched appropriately over the year.

## 8. Special Considerations in Interim Reporting

- **Impairment Testing**: Required if indicators exist; reversals permitted under Ind AS 34 except for goodwill.
- **Contingent Liabilities**: Significant changes since year-end must be disclosed.
- **Fair Value Adjustments**: Interim recognition of changes in fair value of financial instruments is mandatory for certain sectors.

## 9. Challenges and Best Practices

Challenges include estimation uncertainty, seasonality effects, result volatility, and disclosure overload.

Best practices involve:

- Maintaining rolling forecasts.
- Providing management commentary for context.
- Ensuring alignment of segment reporting with investor expectations.
- Establishing robust internal controls over interim closing processes.

## 10. Conclusion

Interim financial reporting under AS 25 and Ind AS 34 is a sophisticated area that demands precision, professional judgement, and a deep understanding of accounting concepts.

For Chartered Accountants, mastering these standards ensures that interim reports not only meet compliance requirements but also serve as a powerful tool for transparent communication with stakeholders.

# GIFT City: The Emerging Global Financial Hub and Expanding Opportunities for Chartered Accountants



CA Zoya Pargaien

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## Introduction

Gujarat International Finance Tec-City (GIFT City) represents India's most ambitious step towards becoming a global financial and services hub. Conceived as a Special Economic Zone (SEZ) with International Financial Services Centre (IFSC) status, GIFT City aims to bring offshore financial activities onshore. With its unique regulatory, tax, and foreign exchange framework, GIFT City opens new and specialised avenues for Chartered Accountants in areas of international taxation, fund structuring, regulatory compliance, and global finance.

## 1. Understanding GIFT City and IFSC Framework

An IFSC is a jurisdiction that provides financial services to non-residents and residents in foreign currency. GIFT City is currently India's only operational IFSC, regulated by the International Financial Services Centres Authority (IFSCA).

### Key features include:

- Unified regulator (IFSCA) for banking, capital markets, insurance, and fund management
- Transactions primarily in foreign currency
- Liberalised FEMA framework
- Globally competitive tax incentives

For CAs, understanding this hybrid regulatory environment—domestic in location but international in operation—is critical.

## 2. Tax Incentives in GIFT City: A Technical Overview

GIFT City offers one of the most attractive tax regimes in India, making it a preferred destination for global financial activities.

### Key direct tax benefits include:

- 100% tax exemption for 10 consecutive years out of 15 years under Section 80LA
- Concessional 9% Minimum Alternate Tax (MAT)
- Exemption from dividend distribution tax
- Exemption on long-term capital gains in specified cases
- No applicability of Equalisation Levy on certain IFSC transactions
- Indirect tax benefits:

- Zero-rated supplies under GST for specified IFSC services
- Exemption from customs duty on specified imports

These incentives demand precise interpretation and compliance, positioning CAs as essential advisors in tax planning and structuring.

## 3. FEMA and Foreign Currency Transactions

GIFT City operates under a liberalised foreign exchange regime, allowing:

- Foreign currency denominated accounts
- Overseas borrowing and lending
- Cross-border investments with relaxed restrictions

### CAs play a vital role in:

- FEMA compliance and reporting
- Structuring inbound and outbound investments
- Ensuring alignment with RBI and IFSCA guidelines

Managing exchange control risks

This makes FEMA expertise a core competency for future CA practice.

## 4. Opportunities in Fund Management and Global Capital Markets

GIFT City has emerged as a preferred hub for:

- Alternative Investment Funds (AIFs)
- Offshore funds relocating to India
- Aircraft and ship leasing
- International banking and reinsurance

### CAs are required for:

- Fund structuring and tax optimisation
- Regulatory filings with IFSCA
- Transfer pricing and substance compliance
- Audit of IFSC entities under specialised frameworks

The shift of global capital activities to GIFT City significantly enhances high-value advisory roles for CAs.

## 5. Compliance, Audit, and Governance in IFSC Entities

Despite tax incentives, IFSC entities are subject to

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# **GIFT City: The Emerging Global Financial Hub and Expanding Opportunities for Chartered Accountants**

robust compliance and governance standards.

## **Future-oriented CA roles include:**

Statutory and internal audits under IFSCA regulations

Risk management and internal control design

AML and KYC compliance

Advisory on Ind AS / IFRS convergence

The emphasis is on quality, transparency, and global best practices, aligning CA services with international expectations.

## **6. Skill Development for CA Students**

To capitalise on opportunities in GIFT City, CA students should focus on:

Strong fundamentals of international taxation and FEMA

Understanding IFSCA regulations

Knowledge of global financial products

Drafting advisory opinions and compliance reports

Continuous upskilling in cross-border finance

## **Conclusion**

GIFT City is not merely a tax-efficient zone—it is a strategic platform positioning India as a global financial powerhouse. For Chartered Accountants, it represents the future of international advisory, high-end compliance, and global financial services.

CA students who align their learning with the GIFT City ecosystem will be well-placed to lead this transformation. The profession's future lies not only in serving domestic businesses, but in enabling India's integration with global financial markets.

# Inter-Departmental Information Sharing (GST–Income Tax–ROC): Impact on Assessments and Litigation



E-NEWSLETTER



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## Abstract

In recent years, the Indian tax and regulatory framework has witnessed a paradigm shift from silo-based functioning of departments to an integrated, data-driven enforcement mechanism. Information sharing between the Goods and Services Tax (GST) authorities, Income Tax Department, and Registrar of Companies (ROC) has significantly altered the landscape of assessments, audits, and litigation. This article analyses the legal framework enabling such information exchange, practical implications for taxpayers and professionals, judicial trends, and the way forward for ensuring compliance while safeguarding taxpayer rights.

## 1. Introduction

The Government of India has increasingly relied on technology, analytics, and inter-departmental coordination to curb tax evasion, shell entities, fake invoicing, and financial misreporting. Earlier, GST, Income Tax, and ROC functioned largely independently, resulting in information gaps and regulatory arbitrage. With the advent of centralized databases, PAN–Aadhaar linkage, GSTN, MCA portal, and the Annual Information Statement (AIS), authorities now have access to cross-verified, real-time data.

For taxpayers, this means that inconsistencies across filings under different laws can no longer remain unnoticed. For Chartered Accountants, it has expanded both responsibility and opportunity—requiring holistic compliance advisory rather than law-specific reporting.

## 2. Legal Framework Enabling Information Sharing

### 2.1 Income Tax Act, 1961

- **Section 133C** empowers income tax authorities to call for information from other authorities.
- **Section 135A** allows information exchange agreements with other law enforcement agencies.
- **Annual Information Statement (AIS) & Form 26AS** now incorporate data sourced from GSTN, banks, and MCA.

### 2.2 CGST Act, 2017

- **Section 150** mandates GST authorities to share

specified information with other departments.

- **Section 158** permits disclosure of information to other government agencies under prescribed conditions.
- GSTN acts as a common technology backbone enabling analytics-based red flagging.

### 2.3 Companies Act, 2013

- **Section 206** allows ROC to call for information and conduct inquiries.
- **Section 210 & 212** empower investigation, including sharing findings with tax authorities.
- MCA data such as financial statements, director details, and shareholding patterns is frequently used by tax authorities.

## 3. Nature of Information Being Shared

### 3.1 GST to Income Tax

- Turnover as per GSTR-1 vs Income Tax Return
- Input Tax Credit (ITC) claims vs expense claims
- Fake invoicing and non-existent suppliers
- E-way bill data indicating unreported sales

### 3.2 Income Tax to GST

- Undisclosed income detected during assessments/searches
- Cash transactions and unexplained credits
- Bogus purchases and accommodation entries

### 3.3 ROC to Tax Authorities

- Mismatch in revenue, profit, and related party transactions
- Shell companies and dormant entities
- Director linkages across multiple companies

## 4. Impact on Assessments

### 4.1 Income Tax Assessments

Inter-departmental data has led to an increase in:

- **Automated scrutiny selections** based on mismatch parameters
- **Reopening of assessments** under sections 147/148 (now 148A procedure)
- Additions based on GST turnover exceeding ITR turnover

**Illustration:** If GST turnover reported in GSTR-3B is ₹6 crore but turnover in ITR is ₹4.5 crore, the differential ₹1.5 crore is often treated as suppressed income unless

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satisfactorily reconciled.

## 4.2 GST Assessments

Income tax findings are used to:

- Question genuineness of expenses and ITC
- Initiate proceedings under Section 74 for fraud/suppression
- Cancel GST registration in extreme cases

## 4.3 ROC Actions

ROC uses tax data to:

- Issue notices for incorrect financial statements
- Identify non-compliance with accounting standards
- Initiate action against shell companies

## 5. Impact on Litigation

### 5.1 Rising Multi-Forum Litigation

A single discrepancy may now trigger:

- GST demand proceedings
- Income tax additions and penalties
- ROC prosecution or adjudication

This increases compliance cost and litigation exposure for taxpayers.

### 5.2 Judicial Trends

Courts and tribunals have consistently held that:

- **Third-party information is a starting point, not conclusive evidence**
- Proper opportunity of being heard must be granted
- Additions cannot be made mechanically without independent verification

Key judicial principles emerging:

- GST data mismatch alone cannot justify income addition
- Reconciliations supported by books and audit reports must be considered
- Natural justice cannot be sacrificed at the altar of analytics

## 6. Challenges Faced by Taxpayers and Professionals

- Differences in law-specific definitions of turnover and income
- Timing mismatches (accrual vs tax point)
- Amendments and corrections in GST returns
- Inadequate understanding of cross-law

implications

Chartered Accountants now face the challenge of ensuring **consistency across all statutory filings**.

## 7. Role of Chartered Accountants in the New Regime

CAs play a crucial role in:

- End-to-end reconciliation between GST, Income Tax, and ROC data
- Advisory on risk areas and proactive compliance
- Representation before authorities across multiple forums
- Designing internal controls and compliance dashboards

The professional role has evolved from return filing to **compliance architect and litigation strategist**.

## 8. Best Practices for Managing Inter-Departmental Risks

- Periodic GST–ITR–Financials reconciliation
- Documentation of differences with proper explanations
- Regular review of AIS and GST analytics
- Timely responses to notices with factual clarity
- Use of technology and data analytics tools

## 9. Way Forward

While inter-departmental information sharing enhances transparency and revenue protection, it must be balanced with safeguards against arbitrary action. Clear standard operating procedures, better taxpayer communication, and robust grievance redressal mechanisms are essential.

For professionals, this integrated regime presents an opportunity to deliver higher-value advisory services and reinforce the credibility of the profession.

## 10. Conclusion

Inter-departmental information sharing between GST, Income Tax, and ROC marks a decisive move towards a unified compliance ecosystem. It has significantly impacted assessments and litigation, making consistency and accuracy across filings non-negotiable. With informed guidance from Chartered Accountants and a fair approach by authorities, this system can achieve its intended objective of compliance without undue hardship.

# ACTIVITIES BY JAIPUR BRANCH

## CERTIFICATE COURSE ON FORENSIC ACCOUNTING AND FRAUD DETECTION (FAFD)



Date : 21,22,28,29 Nov & 4,5,6 Dec 2025

# ACTIVITIES BY JAIPUR BRANCH

## RRC FOR CA MEMBERS TO SRI LANKA



Date : 3.12.2025 to 9.12.2025

# ACTIVITIES BY JAIPUR BRANCH

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Date : 13.12.2025

Speakers : CA Vishnu Goyal, Shri Atul Pardeshi, CA Manish Jain & CA Sonam Khandelwal

# ACTIVITIES BY JAIPUR BRANCH

## SEMINAR ON RECENT AMENDMENTS & DECODING OF GSTR 9/9C



Date : 15.12.2025

Speakers : CA Dinesh Koolwal, CA Yash Dhadda, CA. Aanchal Kapoor & CA Ranjan Mehta

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Date : 19.12.2025

**Speakers :** CA. Ankit Maheshwari, Director, Adwin Advisory, Mr. Kulveer Singh, Chief General Manager, RIICO, CA. Anil Agarwal, MD, NAV, Shri. Satyaraj C M, General Manager, International Financial Services Centres Authority, CA. Nitin Somani, CEO and Co-Founder, Formidium, Mr. Harshwal Sanwar, Managing Partner, Harshwal & Company, LLP, USA, & Dr. Abhay Sinha, Director General, CA. Kshitij Jain, Director & Co-Founder, Mindspace Outsourcing Services Pvt. Ltd, Mr. Puneet Parnami, Head of project delivery, Dotsquare & CA. Gaurav Makhijani

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Date : 23.12.2025

Speakers : CA. Sandeep Agrawal, CA Vimal Chopra & CA. Vikas Rajvanshi

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# ACTIVITIES BY JAIPUR BRANCH

## TWO-DAY NATIONAL CONFERENCE FIDUCIA 2025



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## TWO-DAY NATIONAL CONFERENCE FIDUCIA 2025



Date : 30.12.2025, 31.12.2025

**Under the Aegis of :** Continuing Professional Education Committee (CPE), ICAI

**Chief Guest :** Shri Vasudev Devnani, Speaker, Rajasthan Legislative Assembly

**Guest of Honor :** CA. Dharmender Singh Shekhawat, Independent Director, State Bank of India

**Speakers :** CA. O. P. Agrawal was Session Chairman and CA. (Dr.) Girish Ahuja,

CA Rohit Maheshwari, CA Dheeraj Sharma, CA. Bhupendra Mantri, CA. Amarjit Chopra,

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