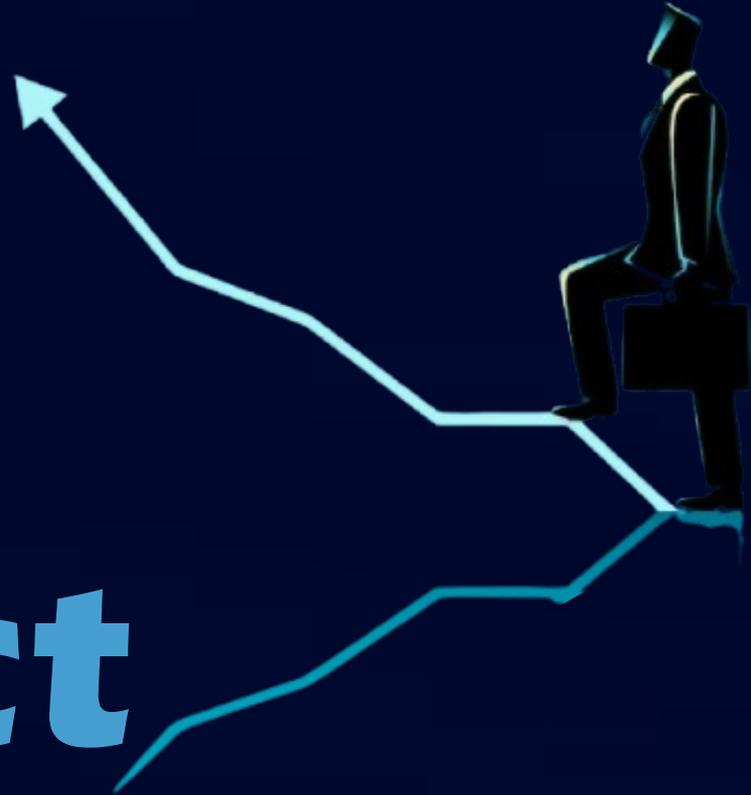


**JAIPUR BRANCH OF CIRC OF ICAI**  
[Largest Branch of CIRC of ICAI]

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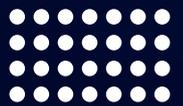
# Rise & Reflect

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**E-NEWSLETTER**

**JANUARY 2026**



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



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# From the desk of Chairman.....



Dear Esteemed Members,

**“संगच्छध्वं संवदध्वं सं वो मनांसि जानताम्।”**

Let us move together, speak together, and think together in unity.

The month of January marked a powerful beginning to the calendar year, blending patriotism, professional engagement, youth empowerment, and member interaction. It reaffirmed that our branch continues to stand not only as a professional institution but also as a responsible and vibrant community.

We commenced the month by celebrating Republic Day with pride and dignity at our branch premises. The hoisting of the National Flag in the presence of senior members and managing committee representatives symbolized our collective commitment to nation-building. As Chartered Accountants, our contribution extends beyond financial reporting—we serve as custodians of economic integrity and governance. The enthusiastic participation of members demonstrated our deep respect for constitutional values and professional responsibility.

Continuing the spirit of unity and wellness, we organized a Box Cricket and Pickle Ball Tournament, bringing together members and students on a common sporting platform. With strong participation, the event was more than competition—it was about collaboration, stress relief, and strengthening professional bonds. In today's demanding environment, physical well-being and camaraderie are essential components of sustainable professional excellence.

One of the most intellectually stimulating initiatives of the month was the Youth Parliament for CA Students, held at the Nagar Nigam Assembly Hall. Conducted under the aegis of the Board of Studies, this program enabled students to experience democratic discourse firsthand. Participants engaged in structured debates and parliamentary procedures, encouraging leadership, articulation, and policy awareness. Such exposure equips future Chartered Accountants to think beyond numbers and understand governance frameworks critically.

Skill development remains a key focus area. The successful conduct of Advanced ICITSS-MCS and Advanced ICITSS-ITT batches highlights our continuous efforts to prepare students for practical challenges. These structured training modules play a pivotal role in shaping technically sound and ethically grounded professionals.

Additionally, our Career Counselling initiative witnessed school students visiting ICAI Bhawan to explore the CA profession. Guiding young aspirants toward the profession is an investment in the future of the Institute. The curiosity and enthusiasm displayed by these students reaffirm that the CA profession continues to inspire the next generation.

January has therefore reflected our multidimensional approach—celebrating national pride, promoting sportsmanship, empowering youth through democratic simulation, and strengthening technical education.

As we move ahead in 2026, our focus will remain on enhancing member engagement, expanding professional knowledge initiatives, and creating platforms that blend ethics, excellence, and innovation.

Let us continue to work collectively to elevate the stature of the Jaipur Branch and uphold the highest standards of our profession.

Warm regards,



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

+91-9166332244

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# From the desk of Secretary.....



Dear Members,

**“कर्मणा जायते जन्तुः कर्मणैव विलीयते।”**

Through actions we rise, and through actions we define ourselves.

January 2026 has been a month of structured engagement, operational efficiency, and meaningful participation at the Jaipur Branch. From ceremonial observances to youth-driven initiatives, the branch demonstrated how disciplined planning transforms ideas into impactful outcomes.

The celebration of Republic Day sets the tone for the year. The hoisting of the National Flag alongside senior professionals and committee members was not merely symbolic was a reminder that our profession thrives on integrity, accountability, and commitment to public trust. The strong participation reflected the unity within our fraternity.

The same period witnessed high energy at the Box Cricket and Pickle Ball Tournament. The event showcased exceptional enthusiasm among members and students alike. Such gatherings strengthen inter-member relationships and create informal networking opportunities that later translate into professional collaboration.

A particularly noteworthy initiative was the Youth Parliament Program organized under the Board of Studies. This platform brought students into a real legislative environment, allowing them to simulate parliamentary proceedings. The program fostered leadership, structured argumentation, and civic awareness—qualities essential for future professionals who will advise organizations operating within complex regulatory frameworks.

From an academic and administrative perspective, the successful completion of Advanced ICITSS-MCS and Advanced ICITSS-ITT batches demonstrates the branch's continued commitment to structured learning. These programs bridge theoretical education with practical application, enhancing communication skills, IT competence, and professional discipline among students.

Furthermore, our Career Counselling visit expanded awareness about the CA pathway among school students. Early engagement with aspirants ensures informed career decisions and strengthens the pipeline of future professionals.

From an operational standpoint, January reflected strong coordination between committees, faculty, and administrative staff. Every program was executed smoothly, maintaining the professional standards expected from our branch.

As we progress through the year, we aim to introduce more member-centric initiatives, strengthen training modules, and promote structured engagement across technical, social, and professional dimensions.

Your continued participation and feedback remain the foundation of our branch's growth.

With Sincere Regards,

**CA. Yash Gupta**  
Secretary

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# Judicial Interpretation of Section 6(2)(b) of the CGST Act: Decoding the Supreme Court's Decision in M/s Armour Security (India) Ltd



E-NEWSLETTER



CA Divya Gupta

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## INTRODUCTION

In a landmark judgment dated August 14, 2025, the Supreme Court of India in *M/s Armour Security (India) Ltd. v. Commissioner, CGST, Delhi East Commissionerate & Anr.* [SLP (C) No. 6092 of 2025] delivered crucial clarity on the interpretation of Section 6(2)(b) of the Central Goods and Services Tax Act, 2017 ("CGST Act").

The judgment brings long-awaited clarity on two key aspects that have often led to litigation and confusion —

- what constitutes "initiation of proceedings", and
- what qualifies as the "same subject matter" under the GST law.

The ruling effectively delineates the boundary between inquiry/investigation and adjudicatory proceedings, and provides a structured framework to prevent overlapping actions by Central and State GST authorities. By upholding the Delhi High Court's decision, the Supreme Court reaffirmed that summons and investigations do not amount to initiation of proceedings, and therefore do not violate Section 6(2)(b).

## FACTUAL BACKGROUND

The petitioner, *M/s Armour Security (India) Ltd.* (herein after referred as "the Petitioner"), a public limited company engaged in providing security services and registered under the Delhi GST, faced proceedings from both State and Central authorities.

**1. Initial Show Cause Notice (SCN) - State GST Proceedings:** FIRST, the State GST department issued a Show Cause Notice (SCN) under Section 73 of the CGST Act on November 18, 2024, alleging discrepancies in turnover reconciliation, Mismatch in e-way bill data and excess Input Tax Credit (ITC) claims for FY 2020–21.

**2. Search and Summons - Central Authorities:** SECOND, shortly thereafter, on January 16, 2025, the Central GST authorities conducted a search under Section 67(2) and issued summons under Section 70 to four company directors, requiring them to produce documents.

Another summons was issued on January 23, 2025, to a director for production of documents.

## 3. Petitioner's Objection:

Aggrieved by the summons issued by Central Authorities, the petitioner filed a writ petition before the High Court of Delhi by contending that once the State authority had initiated proceedings through an SCN, the Central authority was barred under Section 6(2)(b) from undertaking any parallel proceedings on the same subject matter.

## FINDINGS OF THE DELHI HIGH COURT

The Delhi High Court, in its order, dismissed the writ petition and refused to quash the summons issued by the Central authorities. The Court made several significant observations, which became the foundation for the Supreme Court's later reasoning. The High Court held that:

### 1. Summons Are Not Proceedings

- The Court held that the expression "any proceedings" in Section 6(2)(b) does not include a search or summons.
- Summons issued under Section 70 or search operations under Section 67 are preliminary investigative steps, not formal adjudicatory actions.

Hence, such actions cannot be treated as "initiation of proceedings" for the purposes of Section 6(2)(b).

### 2. Distinction Between Inquiry and Proceedings

The High Court distinguished between:

- Inquiry/Investigation: intended to collect evidence or information; and
- Proceedings: adjudicatory actions triggered by the issuance of a show cause notice (SCN) under Sections 73 or 74.

Thus, Section 6(2)(b) primarily aims to prevent parallel assessment or adjudication, particularly those under

Conti...

# Judicial Interpretation of Section 6(2)(b) of the CGST Act: Decoding the Supreme Court's Decision in M/s Armour Security (India) Ltd

Sections 73 and 74 of the CGST Act, not to restrict legitimate inquiries. At the summons stage, authorities are merely gathering information, and the specific course of action is not yet determined.

### 3. Contextual Interpretation of "Same Subject Matter"

The Court observed that the term "same subject matter" cannot be interpreted broadly to include every inquiry involving similar issues. Only when two authorities seek to determine or recover identical tax liabilities, then only bar under Section 6(2)(b) apply.

### 4. Distinction from Vivek Narsaria v. State of Jharkhand

- The petitioner had relied on Vivek Narsaria v. State of Jharkhand, where the High Court had restrained parallel inquiries.
- However, the High Court distinguished the case, by noting that the search in the present case occurred subsequent to the pending proceedings and was not related to prior assessments.

### ISSUES BEFORE THE SUPREME COURT

The Supreme Court was called upon to decide:

**(a) Whether issuance of summons under Section 70 constitutes "initiation of proceedings" under Section 6(2)(b)? and**

**(b) Whether the summons issued by the Central authority concerned the "same subject matter" as the SCN issued by the State authority?**

### PETITIONER'S SUBMISSIONS BEFORE THE SUPREME COURT

The Petitioner key arguments that:

- Section 6(2)(b) expressly prohibits parallel proceedings on the same subject matter by State and Central GST authorities.
- The summons from CGST authorities were barred since an SCN on the same issue had already been issued by the State GST.
- The High Court narrowly interpreted Section 6(2)(b) by restricting the proceedings under Sections 73 and 74, by arguing that the statutory bar also apply to summons issued under Section 70.
- Common GST portal reflects complete records and status of all proceedings initiated by either the

State or Central GST authorities, making both authorities aware of ongoing matters.

- The GST regime is founded on cooperative federalism, requiring one authority to aid proceedings initiated by the other, rather than conducting parallel investigations.
- Reliance was placed on Circular bearing No CBEC/20/43/01/2017-GST dated October 5, 2018, emphasizing harmonious exercise of powers.
- The CGST Act is a Special Statute and a self-contained code and Section 6(2)(b) should be interpreted literally, which clearly envisages a bar on the initiation of any proceedings by a proper officer under the CGST Act on the same subject matter where proceedings have already been initiated by a proper officer under the SGST Act.

### SUPREME COURT'S ANALYSIS:

**(A) Whether issuance of summons can be regarded as "initiation of proceedings" within the meaning of Section 6(2)(b) of the CGST Act?**

The Supreme Court endorsed the Delhi High Court's reasoning and categorically held that:

- A search under Section 67(2) or issuance of summons is a preparatory act, not an adjudicatory one. Summons under Section 70 are merely steps in an inquiry or investigation to collect information and such actions do not amount to initiation of proceedings under Section 6(2)(b). (This interpretation aligns with earlier High Court rulings such as G.K. Trading v. Union of India (Allahabad HC) and K.T. Saidalavi v. State Tax officer (Kerala HC)).
- The "initiation of proceedings" refers to formal adjudicatory action—specifically the issuance of a show cause notice under Sections 73 or 74. A SCN is a mandatory precondition for raising a demand and marks the commencement of quasi-judicial adjudication. Until an SCN is issued, the Department retains the discretion not to initiate proceedings.

**(B) Whether "subject matter" within the meaning of Section 6(2)(b) of the CGST Act includes all matters dealt with in summons under the Act?**

The Court clarified the term "subject matter" under

# Judicial Interpretation of Section 6(2)(b) of the CGST Act: Decoding the Supreme Court's Decision in M/s Armour Security (India) Ltd

Section 6(2)(b):

- “Subject matter” is intrinsically tied to the determination of the specific violation as articulated in the show cause notice through its charges, grounds, and quantification of demand. It refers to the alleged offence or non-compliance, together with the relief or demand sought by the Revenue.
- The statutory bar under Section 6(2)(b) is triggered only when the two proceedings seek to assess or recover an identical or overlapping liability. Where the proceedings concern distinct infractions, the bar is not attracted and each Department is entitled to proceed within its respective statutory remit without infringing the prohibition.
- **Twofold Test to determine whether a subject matter is "same":**

**FIRST**, if an authority has already proceeded on an identical liability of tax or alleged offence by the assessee on the same facts.

**SECOND**, the demand or relief sought is identical.

In the present case, the summons alone could not reveal the subject matter, it could only be ascertained from the SCN, which is not issued by the Central Authorities.

## **(C) What is the purport of an "Order" under Section 6(2)(a) of the CGST Act?**

Section 6(2)(a) mandates that if a proper officer issues an order under the CGST Act, they must also issue a corresponding order under the SGST or UTGST Act, with intimation to the jurisdictional officer. This provision serves a twofold purpose:

**FIRSTLY**, to insulate taxpayers from the prospect of being proceeded against by more than one authority for the same subject matter

**Secondly**, to vest in the officers functioning under the CGST Act, the SGST Act, or the UTGST Act, to render a comprehensive order, thereby avoiding multiplicity of proceedings.

## **SUPREME COURT'S CONCLUSION:**

- Section 6(2)(b) bars the “initiation of any proceedings” on the “same subject matter”.
- Any action arising from the audit of accounts or

detailed scrutiny of returns must be initiated by the assigned tax administration.

- Intelligence based enforcement action can be initiated by either Central or the State tax administrations despite the taxpayer having been assigned to the other administration.
- Parallel proceedings should not be initiated by another tax administration once one has already initiated intelligence-based enforcement action.
- All actions that are initiated as a measure for probing an inquiry or gathering of evidence or information do not constitute "proceedings" within the meaning of Section 6(2)(b) of the CGST Act.
- The expression "initiation of any proceedings" in Section 6(2)(b) refers to the formal commencement of adjudicatory proceedings by way of issuance of a show cause notice, not by issuance of summons, search, or seizure etc.
- The expression "subject matter" refers to any tax liability, deficiency, or obligation arising from any particular contravention which the Department seeks to assess or recover.
- The bar under Section 6(2)(b) is attracted where two proceedings seek to assess or recover an identical or partially overlapping tax liability.
- Where the proceedings concern distinct infractions with similar tax liability, deficiency, or obligation, the same would not constitute a "same subject matter" and the bar under Section 6(2)(b) would not be attracted.
- The twofold test for “Same subject matter” involves **FIRSTLY**, the identical tax liability or offence on the same facts, and **SECONDLY**, the demand or relief sought is identical.

## **GUIDELINES ISSUED BY THE SUPREME COURT FOR AUTHORITIES AND TAXPAYERS:**

To prevent duplication and to protect taxpayers, the Court issued comprehensive operational guidelines:

- **Compliance with Summons:** An assessee must comply with summons, as mere issuance of summons does not constitute proceedings.
- **Assessee's Duty:** Where an assessee becomes aware that the subject matter of an inquiry or

# Judicial Interpretation of Section 6(2)(b) of the CGST Act: Decoding the Supreme Court's Decision in M/s Armour Security (India) Ltd

investigation initiated by one authority is already under inquiry or investigation by another authority, it is incumbent upon the assessee to promptly inform the authority initiating the new action, in writing, about the existence of such ongoing proceedings on the same or similar issues.

- **Inter-Authority Communication:** Upon receiving such intimation, tax authorities shall communicate with each other to verify the claim and avoid duplication.
- **Intimation to Assessee regarding Distinct Subject Matters:** If the claim of overlap of enquiries is found untenable and the investigations of the two authorities pertain to different "subject matters", an intimation with reasons and distinct subject matters shall be conveyed to the taxpayer immediately.
- **Quashing of Overlapping SCNs:** Any show cause notice issued in respect of a liability already covered by an existing SCN shall be quashed.
- **Who will Continue:** If the Central or the State tax authority, finds that the matter being inquired into or investigated by it is already the subject of inquiry or investigation by another authority, both authorities shall decide inter-se which authority will continue with the inquiry or investigation, with the other forwarding all relevant material. The taxpayer cannot choose which authority proceeds.
- **Determination of Competent Authority:** Where the authorities are unable to reach a decision as to which of them shall continue, then the one which first initiated the inquiry will continue, and the other shall transfer all material to that authority.
- **Right to Judicial Remedy:** In case of non-compliance with aforesaid guidelines, the taxpayers may file a Writ Petition before High Courts under Article 226.
- **Cooperation by Taxpayer:** The Court emphasized that taxpayers must cooperate with the authorities during investigations and not use Section 6(2)(b) as a shield to evade legitimate inquiries.

## SUGGESTION ON ADMINISTRATIVE COORDINATION

The Supreme Court also highlighted the need for systemic reform.

1. **Need for Coordination:** The Court emphasized that Central and State tax authorities must act in harmony, ensuring proper coordination in handling intelligence inputs and investigations.
2. **Objective:** Such coordination is vital to fulfil the legislative intent of the GST regime, which is based on the principle of "one nation, one tax" and cooperative federalism.
3. **Avoiding Hardship to Taxpayers:** Effective inter-departmental communication would prevent unnecessary hardship to taxpayers arising from overlapping or duplicate proceedings by different authorities.
4. **Direction to DGGI:** The Directorate General of GST Intelligence (DGGI) has been advised to develop a robust mechanism for seamless data and intelligence sharing between Central and State GST authorities.
5. **Real-Time Data Visibility:** The Court suggested that both authorities should have real-time visibility of actions initiated on the basis of intelligence inputs, to ensure transparency and coordination.

## SIGNIFICANCE OF THE JUDGMENT

The Armour Security decision is of landmark significance for several reasons:

- It settles the long-standing ambiguity on the meaning of "proceedings" and "same subject matter."
- It reaffirms that summons and investigations are permissible across jurisdictions without violating Section 6(2)(b).
- The ruling ensures that taxpayers are not subjected to duplicative investigations, while preserving the authorities' ability to conduct legitimate intelligence-based inquiries.
- It strengthens cooperative federalism by emphasizing coordination over conflict between Central and State authorities.

# Fundamental Principles of Tax Law: Judicial Evolution, Comparative Jurisprudence, and Practical Application

E-NEWSLETTER



**CA RAHUL SHARMA**

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## ABSTRACT

Tax law is a constitutionally regulated domain where legislative intent, judicial interpretation, and administrative practice intersect.

This paper examines ten fundamental principles of tax law derived from landmark judicial decisions. It integrates constitutional foundations, legislative purpose, practical application in assessment and litigation, and comparative perspectives from the United Kingdom and the United States.

The study is intended as an ICAI Journal-ready scholarly contribution for professionals, academicians, and adjudicators.

## INTRODUCTION

Taxation is an attribute of sovereignty but is constrained by constitutional discipline. In India, Articles 14, 19, 21, and 265 of the Constitution collectively regulate the manner in which tax laws are enacted, interpreted, and enforced.

Judicial decisions have transformed statutory provisions into enduring principles that guide interpretation and administration.

These principles ensure certainty, fairness, and economic realism while preventing abuse of taxing powers.

This paper analyses ten such principles, enriched with comparative jurisprudence from the UK and US systems.

### PRINCIPLE 1: Strict Construction of Taxing Statutes

This principle has evolved through consistent judicial interpretation to balance revenue collection with taxpayer rights.

Indian courts have emphasized that taxation must operate strictly within statutory boundaries while respecting constitutional guarantees.

The Supreme Court, through a series of landmark judgments, has clarified the scope and application of this principle in assessment proceedings.

In practical terms, assessing officers rely on this doctrine while framing assessments, and appellate authorities invoke it to correct excesses.

In litigation, this principle often becomes decisive in determining validity of additions and sustainability of demands.

From a comparative perspective, the United Kingdom follows similar doctrines rooted in parliamentary supremacy, where taxing statutes are interpreted strictly unless purposive interpretation is clearly warranted.

In the United States, tax jurisprudence places strong emphasis on substance, constitutional due process, and judicial anti-avoidance doctrines.

Despite structural differences, all three jurisdictions seek to prevent arbitrary taxation while protecting legitimate revenue interests.

Practically, professionals invoke this principle during assessment proceedings through written submissions, during appellate stages through grounds of appeal, and before courts through constitutional arguments. Its consistent application enhances predictability and taxpayer confidence in the tax system.

### PRINCIPLE 2: Substance Over Form Doctrine

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### PRINCIPLE 3: No Tax Without Authority of Law

This principle has evolved through consistent judicial

Conti...

# Fundamental Principles of Tax Law: Judicial Evolution, Comparative Jurisprudence, and Practical Application

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#### **PRINCIPLE 4: Ambiguity in Favour of Assessee**

This principle has evolved through consistent judicial interpretation to balance revenue collection with taxpayer rights.

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#### **PRINCIPLE 5: Income Assignment Doctrine**

This principle has evolved through consistent judicial interpretation to balance revenue collection with taxpayer rights.

Indian courts have emphasized that taxation must operate strictly within statutory boundaries while respecting constitutional guarantees.

The Supreme Court, through a series of landmark judgments, has clarified the scope and application of this principle in assessment proceedings.

In practical terms, assessing officers rely on this doctrine while framing assessments, and appellate authorities invoke it to correct excesses.

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#### **PRINCIPLE 6: Realisation Doctrine**

This principle has evolved through consistent judicial interpretation to balance revenue collection with taxpayer rights.

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In practical terms, assessing officers rely on this doctrine while framing assessments, and appellate authorities invoke it to correct excesses.

In litigation, this principle often becomes decisive in determining validity of additions and sustainability of demands.

# Fundamental Principles of Tax Law: Judicial Evolution, Comparative Jurisprudence, and Practical Application

From a comparative perspective, the United Kingdom follows similar doctrines rooted in parliamentary supremacy, where taxing statutes are interpreted strictly unless purposive interpretation is clearly warranted. In the United States, tax jurisprudence places strong emphasis on substance, constitutional due process, and judicial anti-avoidance doctrines.

Despite structural differences, all three jurisdictions seek to prevent arbitrary taxation while protecting legitimate revenue interests.

Practically, professionals invoke this principle during assessment proceedings through written submissions, during appellate stages through grounds of appeal, and before courts through constitutional arguments. Its consistent application enhances predictability and taxpayer confidence in the tax system.

## **PRINCIPLE 7: Tax Planning versus Tax Evasion**

This principle has evolved through consistent judicial interpretation to balance revenue collection with taxpayer rights.

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In litigation, this principle often becomes decisive in determining validity of additions and sustainability of demands.

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Despite structural differences, all three jurisdictions seek to prevent arbitrary taxation while protecting legitimate revenue interests.

Practically, professionals invoke this principle during assessment proceedings through written submissions, during appellate stages through grounds of appeal, and before courts through constitutional arguments. Its consistent application enhances predictability and taxpayer confidence in the tax system.

## **PRINCIPLE 8: Doctrine of Mutuality**

This principle has evolved through consistent judicial interpretation to balance revenue collection with taxpayer rights.

Indian courts have emphasized that taxation must operate strictly within statutory boundaries while respecting constitutional guarantees.

The Supreme Court, through a series of landmark judgments, has clarified the scope and application of this principle in assessment proceedings.

In practical terms, assessing officers rely on this doctrine while framing assessments, and appellate authorities invoke it to correct excesses.

In litigation, this principle often becomes decisive in determining validity of additions and sustainability of demands.

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## **PRINCIPLE 9: Principle of Consistency**

This principle has evolved through consistent judicial interpretation to balance revenue collection with taxpayer rights.

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# Fundamental Principles of Tax Law: Judicial Evolution, Comparative Jurisprudence, and Practical Application

prevent arbitrary taxation while protecting legitimate revenue interests.

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## **PRINCIPLE 10: Principle of Natural Justice**

This principle has evolved through consistent judicial interpretation to balance revenue collection with taxpayer rights.

Indian courts have emphasized that taxation must operate strictly within statutory boundaries while respecting constitutional guarantees.

The Supreme Court, through a series of landmark judgments, has clarified the scope and application of this principle in assessment proceedings.

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## **CONCLUSION**

The principles discussed in this paper constitute the jurisprudential foundation of modern tax law. They regulate legislative drafting, administrative discretion, and judicial review.

Comparative analysis demonstrates convergence of tax philosophies across jurisdictions despite structural differences.

For professionals, these principles are indispensable tools in assessment strategy, litigation planning, and advisory functions.

Their continued evolution will shape the future of tax administration in India and beyond.

This sentence reinforces judicial discipline, constitutional balance, and interpretative certainty in taxation. This sentence reinforces judicial discipline, constitutional balance, and interpretative certainty in taxation.

# GST Tribunal: What It Means for Litigation, Compliance and CA Practice– With Special Reference to Rajasthan



E-NEWSLETTER

## CA Animesh Mangal

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### 1. Introduction

The introduction of Goods and Services Tax (GST) was one of the most significant indirect tax reforms in India, subsuming multiple central and state levies into a unified tax structure. While GST aimed to simplify taxation, the absence of a functional appellate mechanism at the second level created serious challenges for taxpayers and professionals alike.

For several years, disputes under GST were being escalated directly from the First Appellate Authority to the High Courts, leading to increased litigation costs, procedural complexities, and inconsistent judicial outcomes. The long-awaited constitution and operationalisation of the **Goods and Services Tax Appellate Tribunal (GSTAT)** marks a crucial milestone in strengthening the GST dispute resolution framework.

This article examines the **legal framework, impact on litigation and compliance, and the evolving role of Chartered Accountants**, with special reference to the working of the GST Tribunal in **Rajasthan**.

### 2. Legal Framework of GST Appellate Tribunal

#### 2.1 Statutory Basis

The GST Appellate Tribunal is constituted under **Section 109 of the Central Goods and Services Tax Act, 2017**, read with corresponding State GST provisions. It functions as the **second appellate authority** under GST law.

#### 2.2 Structure of the Tribunal

The Tribunal consists of:

- **Principal Bench** (New Delhi)
- **State Benches / Area Benches**

Each Bench comprises:

- Judicial Members
- Technical Members (Centre and State)

This balanced composition ensures that **both legal interpretation and tax administration perspectives** are considered in adjudication.

#### 2.3 Jurisdiction

Appeals can be filed before the Tribunal against:

- Orders passed by the First Appellate Authority
- Revisional orders
- Certain orders passed by adjudicating authorities, as prescribed

The Tribunal acts as the **final fact-finding authority**, after which appeals lie only to the High Court on substantial questions of law.

### 3. Significance of GST Tribunal in GST Litigation

#### 3.1 Bridging the Appellate Vacuum

The non-availability of GST Tribunal for several years resulted in:

- Direct writ petitions before High Courts
- Increased compliance cost for taxpayers
- Heavy burden on constitutional courts

The Tribunal restores the **intended appellate hierarchy**, ensuring quicker and cost-effective justice.

#### 3.2 Uniformity in GST Law Interpretation

Divergent rulings across states on issues such as:

- Input Tax Credit eligibility
- Time limits for availing ITC
- Classification disputes
- Cancellation of registration

The Tribunal will help in achieving **consistency and predictability** in GST jurisprudence.

#### 3.3 Reduced Litigation Cost

Tribunal proceedings are:

- More structured
- Less formal than courts
- Faster compared to High Court litigation

This directly benefits MSMEs and medium-sized businesses.

### 4. GST Tribunal and Compliance Landscape

#### 4.1 Shift from Procedural to Substantive Compliance

With an effective appellate forum in place:

- Taxpayers are more confident in contesting arbitrary demands
- Department is expected to pass **legally sustainable orders**

This improves overall **compliance culture**.

#### 4.2 Impact on Notices and Adjudication

Officers are now conscious that:

- Orders will be tested before the Tribunal
- Poorly reasoned orders may not survive appellate scrutiny

This encourages **quality adjudication** at the departmental level.

### 5. Working of GST Tribunal in Rajasthan

#### 5.1 Rajasthan as a Major GST Litigation State

Rajasthan has witnessed a significant number of GST disputes relating to:

- E-way bill and detention matters
- ITC reversals
- Registration cancellations
- Transitional credit issues

The operationalisation of the GST Tribunal in Rajasthan is expected to **substantially reduce the burden on the**

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# GST Tribunal: What It Means for Litigation, Compliance and CA Practice– With Special Reference to Rajasthan

Rajasthan High Court.

## 5.2 Expected Benefits for Taxpayers and Professionals

- Local bench access reduces travel and litigation costs
- Faster disposal of long-pending appeals
- Region-specific understanding of trade practices

## 5.3 Opportunities for Local Practising CAs

With Tribunal functioning within the State:

- Demand for GST litigation expertise will increase
- Local practitioners can develop specialised appellate practices
- Collaboration between CAs and advocates will strengthen

## 6. Evolving Role of Chartered Accountants

### 6.1 From Compliance Experts to Litigation Advisors

The GST Tribunal enhances the role of Chartered Accountants in:

- Drafting grounds of appeal
- Preparing paper books and reconciliations
- Interpreting GST law with judicial precedents

### 6.2 Importance of Documentation and Record-Keeping

Tribunal proceedings rely heavily on:

- Books of accounts
- Reconciliation statements
- Return data (GSTR-1, GSTR-3B, GSTR-2A/2B)

CAs must ensure **robust documentation** to defend clients effectively.

### 6.3 Ethical and Professional Responsibility

With increased litigation exposure:

- Professional judgement must be well-reasoned
- Opinions should be backed by law and precedents
- Risk management becomes critical in CA practice

## 7. Challenges Ahead

Despite its advantages, the Tribunal system may face:

- Initial procedural delays
- Capacity constraints
- Need for continuous training of members

However, these are **transitional challenges**, and the long-term benefits far outweigh the initial hurdles.

## 8. Conclusion

The GST Appellate Tribunal represents a **cornerstone of GST dispute resolution**. Its establishment strengthens the rule of law, enhances taxpayer confidence, and restores balance in the appellate structure envisaged under GST legislation.

For Rajasthan, the Tribunal's functioning is a welcome development that will **reshape GST litigation dynamics** in the State. For practising Chartered Accountants, it opens a **new era of professional opportunities**, requiring deeper legal understanding, stronger documentation practices, and proactive client advisory.

In the evolving GST regime, Chartered Accountants must position themselves not merely as compliance professionals, but as **trusted legal and strategic advisors** in indirect tax matters.

### Author's Note

*The views expressed are personal and based on professional experience as a practising Chartered Accountant.*

# Role of Chartered Accountants in the Growth of MSMEs in India - Corporate Mitra Vision of the Union Budget.



E-NEWSLETTER

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## 1. Introduction

Micro, Small and Medium Enterprises (MSMEs) are widely recognised as the backbone of the Indian economy. They contribute significantly to employment generation, industrial output, exports, and regional development. In recent years, the Government has consistently emphasised strengthening the MSME ecosystem through financial support, regulatory reforms, and ease of doing business initiatives.

In her Budget Speech, the Hon'ble Union Finance Minister **Nirmala Sitharaman** highlighted the importance of professional support to MSMEs and envisioned **Chartered Accountants (CA), Company Secretaries (CS), and Cost & Management Accountants (CMA)** working together as "**Corporate Mitras**" to guide and mentor MSMEs in their growth journey.

This article analyses the **critical role of Chartered Accountants in MSME development**, the concept of Corporate Mitra, and how the profession can contribute meaningfully to sustainable and compliant growth of MSMEs in India.

## 2. MSMEs – Pillars of the Indian Economy

MSMEs play a vital role by:

- Generating large-scale employment
- Promoting entrepreneurship in semi-urban and rural areas
- Contributing substantially to GDP and exports
- Acting as ancillary units to large industries

Despite their importance, MSMEs often face challenges such as:

- Limited access to finance
- Weak financial management
- Poor compliance awareness
- Lack of professional guidance

This is where **Chartered Accountants emerge as key enablers**.

## 3. Corporate Mitra Concept – Budget Vision

The Corporate Mitra initiative aims to:

- Provide **end-to-end professional support** to MSMEs
- Bridge the knowledge and compliance gap
- Enable MSMEs to operate as **formal,**

**compliant, and growth-oriented businesses**

Under this vision:

- **CA** brings financial, tax, and strategic expertise
- **CS** ensures corporate and legal compliance
- **CMA** supports cost optimisation and efficiency

Together, they act as **trusted growth partners**, not mere compliance service providers.

## 4. Role of Chartered Accountants in MSME Growth

### 4.1 Financial Discipline and Bookkeeping

Many MSMEs struggle due to:

- Inadequate accounting systems
- Cash flow mismanagement
- Absence of financial reporting

Chartered Accountants assist MSMEs by:

- Setting up proper accounting frameworks
- Ensuring accurate financial statements
- Enabling informed decision-making

Strong financial discipline is the **foundation of MSME sustainability**.

### 4.2 Access to Finance and Credit Enablement

One of the biggest hurdles for MSMEs is access to timely and affordable finance.

CAs play a critical role in:

- Preparation of project reports
- CMA data and financial projections
- Bank loan and credit facility documentation
- Compliance with lending covenants

With professional support, MSMEs improve their **creditworthiness and lender confidence**.

### 4.3 Taxation and GST Advisory

MSMEs face frequent issues relating to:

- GST registration and returns
- Input Tax Credit mismatches
- Income-tax compliance and scrutiny

Chartered Accountants guide MSMEs in:

- Optimising tax structures
- Ensuring timely compliance
- Representing before tax authorities
- Preventing unnecessary litigation

This reduces compliance stress and financial exposure for MSMEs.

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# Role of Chartered Accountants in the Growth of MSMEs in India - Corporate Mitra Vision of the Union Budget.

## 4.4 Compliance under Multiple Laws

MSMEs are required to comply with:

- Income-tax laws
- GST laws
- Labour laws
- Corporate laws (for companies and LLPs)

CAs act as **single-point professional advisors**, coordinating compliance and ensuring that MSMEs remain legally protected while focusing on business growth.

## 4.5 Advisory in Business Structuring and Expansion

As MSMEs grow, they require guidance in:

- Choice of entity (proprietorship, partnership, LLP, company)
- Conversion and restructuring
- Succession planning
- Expansion and diversification

Chartered Accountants provide **strategic advice** aligned with tax efficiency and long-term sustainability.

## 5. Role of CAs in MSME Formalisation

Government initiatives such as:

- Udyam Registration
- Digital compliance systems
- Faceless assessments

require MSMEs to move from informal to formal structures.

CAs help MSMEs by:

- Bringing them into the formal economy
- Ensuring transparency and credibility
- Making them eligible for government incentives and schemes

Formalisation directly contributes to **inclusive economic growth**.

## 6. Challenges and Responsibilities of the CA Profession

While opportunities are immense, CAs must also:

- Maintain high ethical standards

- Balance advisory with compliance
- Educate MSMEs rather than merely executing tasks
- Manage professional risk and documentation

The Corporate Mitra role demands **responsibility, integrity, and long-term commitment**.

## 7. Way Forward – From Compliance to Partnership

The Budget's Corporate Mitra vision redefines the role of professionals:

- From compliance executors to growth partners
- From transactional engagement to long-term association
- From problem solvers to business mentors

Chartered Accountants, with their multidisciplinary expertise, are best positioned to lead this transformation.

## 8. Conclusion

The growth of MSMEs is inseparable from the growth of the Indian economy. The Government's recognition of CAs, CSs, and CMAs as **Corporate Mitras** reflects the trust placed in the professional community.

For Chartered Accountants, this is both an **opportunity and a responsibility** — to actively contribute to nation-building by empowering MSMEs with sound financial management, compliance discipline, and strategic direction.

By embracing this role, Chartered Accountants can become true partners in the MSME growth story and key contributors to India's vision of a resilient and self-reliant economy.

### **Author's Note**

*The views expressed are personal and based on professional experience as a practising Chartered Accountant.*

# Business Process Outsourcing (BPO) in India



E-NEWSLETTER

## CA Palak Agrawal

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Legal, Tax and Compliance Perspectives for Practising Chartered Accountants

### 1. Introduction

Over the last two decades, **Business Process Outsourcing (BPO)** has emerged as one of the most significant drivers of economic growth and employment in **India**. From back-office accounting and payroll processing to customer support and data analytics, India has positioned itself as a preferred global outsourcing destination due to its skilled workforce, cost efficiency, and robust digital infrastructure.

With increasing foreign participation, evolving tax laws, and heightened regulatory scrutiny, BPO operations today demand **careful legal structuring and continuous professional oversight**. This article examines the **legal framework, taxation issues, GST implications, FEMA considerations, and the expanding role of Chartered Accountants** in the BPO sector.

### 2. Understanding the BPO Business Model

#### 2.1 What Constitutes BPO Services

BPO broadly includes outsourcing of:

- Accounting & bookkeeping
- Payroll processing
- Call centre and customer support
- Data processing and analytics
- KYC and compliance support services

From a legal standpoint, most BPOs operate as **service providers** rendering services to overseas or domestic clients under contractual arrangements.

#### 2.2 Legal Forms of BPO Entities

BPOs in India commonly operate as:

- Private Limited Companies
- Limited Liability Partnerships (LLPs)
- Partnership firms or Proprietorships (small-scale operations)

Choice of entity directly impacts **taxation, foreign investment eligibility, and compliance obligations**.

### 3. Regulatory and Legal Framework Governing BPOs

#### 3.1 Companies Act & LLP Act Compliance

BPO entities incorporated in India must comply with:

- Annual filings (AOC-4, MGT-7)
- Board and shareholder compliances

- Maintenance of statutory records

Chartered Accountants play a crucial role in **ensuring governance and statutory discipline**.

#### 3.2 Labour Laws and Employment Compliance

Given the manpower-intensive nature of BPOs, compliance with:

- Shops & Establishments Act
- PF, ESI
- Gratuity and labour welfare laws is critical.

Non-compliance can result in **penalties, reputational damage, and operational disruptions**.

### 4. Income Tax Implications for BPOs

#### 4.1 Taxability of BPO Income

Income earned by Indian BPOs is taxable in India under the Income-tax Act, 1961, irrespective of whether services are rendered to Indian or foreign clients.

Key issues include:

- Determination of business income
- Allowability of employee and infrastructure expenses
- Depreciation on IT infrastructure

#### 4.2 Transfer Pricing Considerations

Many BPOs operate as **captive service providers** to foreign group entities.

Key transfer pricing aspects:

- Arm's Length Price (ALP) determination
- Selection of appropriate comparables
- Cost-plus markup justification

Transfer pricing audits are a **high-risk area**, requiring detailed documentation and professional expertise.

### 5. GST Implications on BPO Services

#### 5.1 Domestic BPO Services

BPO services provided within India attract GST under the forward charge mechanism, typically at **18%**, unless exempted.

#### 5.2 Export of Services

Most overseas BPO contracts qualify as **export of services**, subject to conditions such as:

- Supplier located in India
- Recipient located outside India
- Payment received in convertible foreign

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# Business Process Outsourcing (BPO) in India

exchange

Export services are **zero-rated**, enabling refund of accumulated Input Tax Credit.

## 5.3 Common GST Challenges

- Classification disputes
- Refund delays
- ITC restrictions on certain expenses
- Place of supply interpretation

Effective GST advisory has become a **core value addition by practising CAs**.

## 6. FEMA and Foreign Exchange Regulations

### 6.1 Foreign Direct Investment (FDI)

BPO services generally fall under sectors eligible for **100% FDI under automatic route**, subject to sectoral conditions.

### 6.2 FEMA Compliance

Key FEMA requirements include:

- Inward remittance reporting
- FIRC and bank documentation
- Annual return on foreign liabilities and assets (FLA)

Non-compliance can attract **penalties under FEMA**, making professional oversight indispensable.

## 7. Role of Chartered Accountants in BPO Ecosystem

### 7.1 Advisory at Setup Stage

CAs assist in:

- Entity structuring
- Tax-efficient models
- Regulatory registrations (GST, labour laws)

### 7.2 Ongoing Compliance and Risk Management

With frequent audits and scrutiny, CAs act as:

- Compliance managers
- Tax litigators
- Strategic advisors

### 7.3 Handling Litigation and Assessments

BPOs often face:

- Transfer pricing audits
- GST refund disputes
- Income-tax scrutiny

CAs play a vital role in **drafting submissions, preparing reconciliations, and representing clients before authorities**.

## 8. Challenges and Emerging Trends

### 8.1 Increased Regulatory Scrutiny

Authorities are closely examining:

- Revenue recognition models
- Profit margins
- Cross-border arrangements

### 8.2 Shift Towards Knowledge Process Outsourcing (KPO)

Higher-end services such as analytics, legal support, and financial modelling are gaining prominence, bringing **complex tax and valuation issues**.

## 9. Conclusion

The BPO sector continues to be a cornerstone of India's service economy. However, its success increasingly depends on **robust legal compliance, transparent taxation practices, and sound financial governance**.

For practising Chartered Accountants, BPOs represent a **high-value, long-term practice area**, demanding a blend of legal knowledge, tax expertise, and strategic advisory skills. As regulatory expectations rise, the role of the CA evolves from compliance executor to **trusted business advisor** in the global outsourcing ecosystem.

### Author's Note

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# ACTIVITIES BY JAIPUR BRANCH

## REPUBLIC DAY CELEBRATION



Date : 26.1.2026

## BOX CRICKET & PICKEL BALL TOURNAMENT



Date : 26.1.2026



# Branch in News



## पार्लियामेंट का आयोजन



जयपुर, समाचार जगत न्यूज | भारतीय चार्टर्ड अकाउंटेंट्स संस्थान (ICAI) की जयपुर शाखा द्वारा युथ पार्लियामेंट फॉर सीए स्टूडेंट्स का आयोजन नगर निगम, लालकोठी, जयपुर में किया गया। इस कार्यक्रम का उद्देश्य सीए विद्यार्थियों में नेतृत्व क्षमता का विकास करना एवं उन्हें लोकतांत्रिक मूल्यों तथा संसदीय कार्यप्रणाली की व्यावहारिक समझ प्रदान करना रहा। कार्यक्रम में सांसद श्रीमती मंजू शर्मा मुख्य अतिथि रहीं, वहीं विशिष्ट अतिथि लक्ष्मण सिंह नूनिवाल, अध्यक्ष, नगर निगम जयपुर तथा शंकर गोरा, राज्य अध्यक्ष, भारतीय जनता युवा मोर्चा, राजस्थान ने अपनी गरिमामयी उपस्थिति से कार्यक्रम की शोभा बढ़ाई। अतिथियों ने अपने संबोधन में सीए विद्यार्थियों को राष्ट्र निर्माण में सक्रिय भूमिका निभाने के लिए प्रेरित किया तथा युवाओं के लिए ऐसे मंचों को अत्यंत उपयोगी एवं प्रेरणादायक बताया। जयपुर शाखा के अध्यक्ष सीए विकास यादव एवं सचिव सीए यश गुप्ता ने बताया कि ICAI जयपुर शाखा द्वारा सीए विद्यार्थियों के सर्वांगीण विकास, नेतृत्व क्षमता के संवर्धन एवं लोकतांत्रिक मूल्यों की व्यावहारिक समझ विकसित करने के उद्देश्य से इस युथ पार्लियामेंट का आयोजन किया गया। सीकासा जयपुर शाखा के अध्यक्ष सीए शिव कुमार शर्मा एवं सीकासा सदस्य सीए कमल जैन ने जानकारी देते हुए बताया कि कार्यक्रम के अंतर्गत उपस्थित सभी सीए विद्यार्थियों ने आगामी केंद्रीय बजट को ध्यान में रखते हुए एक विधेयक (बिल) प्रस्तुत किया।

## अकाउंटेंट्स संस्थान सीए छात्रों के लिए युथ पार्लियामेंट का आयोजन

जयपुर ( मॉर्निंग न्यूज )। भारतीय चार्टर्ड अकाउंटेंट्स संस्थान की जयपुर शाखा द्वारा युथ पार्लियामेंट फॉर सीए स्टूडेंट्स का आयोजन नगर निगम, लालकोठी, जयपुर में किया गया। इस कार्यक्रम का उद्देश्य सीए विद्यार्थियों में नेतृत्व क्षमता का विकास करना एवं उन्हें लोकतांत्रिक मूल्यों तथा संसदीय कार्यप्रणाली की व्यावहारिक समझ प्रदान करना रहा। कार्यक्रम में सांसद मंजू शर्मा मुख्य अतिथि के रूप में उपस्थित रहीं। वहीं विशिष्ट अतिथि के रूप में लक्ष्मण सिंह नूनिवाल, अध्यक्ष, नगर निगम जयपुर तथा शंकर गोरा, राज्य अध्यक्ष, भारतीय जनता युवा मोर्चा, राजस्थान ने अपनी गरिमामयी उपस्थिति से कार्यक्रम की शोभा बढ़ाई। अतिथियों ने अपने संबोधन में सीए विद्यार्थियों को राष्ट्र निर्माण में सक्रिय भूमिका निभाने हेतु प्रेरित किया



तथा युवाओं के लिए ऐसे मंचों को अत्यंत उपयोगी एवं प्रेरणादायक बताया। जयपुर शाखा के अध्यक्ष सीए विकास यादव एवं सचिव सीए यश गुप्ता ने बताया कि आईसीएआई जयपुर शाखा द्वारा सीए विद्यार्थियों के सर्वांगीण विकास, नेतृत्व क्षमता के संवर्धन एवं लोकतांत्रिक मूल्यों की व्यावहारिक समझ विकसित करने के उद्देश्य से इस युथ पार्लियामेंट का आयोजन किया गया। उन्होंने कहा कि इस प्रकार के कार्यक्रम विद्यार्थियों को संवाद कौशल, अनुशासन एवं राष्ट्रीय विषयों पर तार्किक विचार व्यक्त करने का सशक्त मंच प्रदान करते हैं। सीकासा जयपुर शाखा के अध्यक्ष सीए शिव कुमार शर्मा एवं सीकासा सदस्य सीए कमल जैन ने जानकारी देते हुए बताया कि कार्यक्रम के अंतर्गत उपस्थित सभी सीए विद्यार्थियों ने आगामी केंद्रीय बजट को ध्यान में रखते हुए एक विधेयक (बिल) प्रस्तुत किया।

## सीए स्टूडेंट्स ने आगामी केंद्रीय बजट पर पेश किए बिल, पक्ष-विपक्ष में हुई बहस

### युथ पार्लियामेंट



सिटी रिपोर्टर • सीए स्टूडेंट्स के लिए युथ पार्लियामेंट लालकोठी स्थित नगर निगम में किया गया। कार्यक्रम का उद्देश्य सीए स्टूडेंट्स में नेतृत्व क्षमता का विकास करना, उन्हें लोकतांत्रिक मूल्यों और संसदीय कार्यप्रणाली की व्यावहारिक समझ देना रहा। जयपुर शाखा के अध्यक्ष सीए विकास यादव ने बताया स्टूडेंट्स के

सर्वांगीण विकास, नेतृत्व क्षमता के विकास, लोकतांत्रिक मूल्यों की व्यावहारिक समझ विकसित करने के लिए इसे आयोजित किया गया। कार्यक्रम के तहत मौजूद सभी सीए स्टूडेंट्स ने आगामी केंद्रीय बजट को ध्यान में रखते हुए विधेयक (बिल) प्रस्तुत किया। स्टूडेंट्स को पक्ष व विपक्ष में बांट कर बजट से संबंधित विभिन्न पक्षों पर चर्चा हुई।

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