

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

CHENGALPATTU DISTRICT BRANCH (SIRC)

E-Newsletter - April 2026



Address : ICAI Bhawan, ICAI Salai, Tambaram Sanatorium, Chennai - 47.

Phone : 044-22390098 | 8056244300 | 7550009811

Email : chengalpattu@icai.org

Website : www.chengai-icai.org



Contents

S No	Particulars	Page No
1	From the Chairperson's Desk	3
2	Photo Gallery	4
3	Upcoming Programs	17
4	Legal Updates	18
5	Income Tax Updates	22

ARTICLES INVITED FROM MEMBERS

Note: Articles are invited from members for publishing in Newsletter. The articles shall be either on the specific subject or a general article. Members can send their articles with Name, Membership Number, Mobile Number, Residential Address, Office Address & Photo to our E-mail id mentioned below:

E-mail id: chengalpattu@icai.org

Note: The views expressed in the articles published, are their own views and Chengalpattu District Branch (SIRC) does not endorse or take responsibility.

From the Chairperson's Desk

April 2026



CA. MADHUMITHA R

Warm greetings to all of you.

It gives me immense pleasure to connect with you through this edition of our Chengalpattu Branch Newsletter.

Our branch continues to grow in strength and unity, thanks to your active participation and unwavering support. I sincerely appreciate the enthusiasm shown by members in all our initiatives.

As professionals, it is essential that we remain updated with the latest developments. I urge all members to stay well-informed about the recent changes in the Income Tax Act, 2025, and continuously upgrade your knowledge to maintain the highest standards of professional excellence.

I would also like to bring to your attention a few important announcements and upcoming programs:

Members are requested to kindly ensure timely payment of their ARS fees to continue our programs.

On 18th April, we have organized a technical program focusing on Income Tax, which will provide valuable insights into recent amendments and practical implications.

The AICA Level 2 Course is currently underway, and I encourage eligible members to make the most of this opportunity for professional advancement.

Looking ahead, we will be hosting a Certificate Course on GST next month, which will be highly beneficial for those looking to strengthen their expertise in indirect taxation.

I strongly encourage all members, especially young professionals, to actively participate in these programs and take advantage of the learning opportunities provided by the branch.

Let us continue to work together with dedication, uphold professional integrity, and contribute to the growth of our fraternity.

I extend my sincere thanks to the managing committee and volunteers for their continuous efforts in organizing such meaningful initiatives.

Wishing you all success, good health, and prosperity.

Warm Regards,

CA. Madhumitha R

Chairperson

Chengalpattu District Branch (SIRC)

PHOTO GALLERY

CPE Meeting

Topic: Women's Day Celebration

Date: 8th March 2026

Time: 10.00 AM to 5.00 PM

Venue: ICAI BHAWAN, ICAI SALAI, TAMBARAM SANATORIUM, CHENNAI-600 047.



E-Newsletter - Chengalpattu District Branch (SIRC)

April 2026



E-Newsletter - Chengalpattu District Branch (SIRC)

April 2026





CPE Meeting

Topic: ONE DAY WORKSHOP ON GST

Date: 14th March 2026

Time: 10:00 AM to 5:00 PM

Venue: ICAI BHAWAN, ICAI SALAI, TAMBARAM SANATORIUM, CHENNAI-600 047.



E-Newsletter - Chengalpattu District Branch (SIRC)

April 2026



CPE Meeting

Topic: WORKSHOP ON BANK BRANCH AUDIT

Date: 21st March 2026

Time: 10:00 AM to 5:00 PM

Venue: ICAI BHAWAN, ICAI SALAI, TAMBARAM SANATORIUM, CHENNAI-600 047.



E-Newsletter - Chengalpattu District Branch (SIRC)

April 2026



Program

Topic: HALF - DAY SEMINAR ON THE NEW INCOME TAX ACT - WHAT A CA MUST KNOW

Date: 26th March 2026

Time: 5:00 PM to 8:00 PM

Venue: ICAI BHAWAN, ICAI SALAI, TAMBARAM SANATORIUM, CHENNAI-600 047.





April 2026

Program

Topic: AICA Certificate course

Date: 27th, 28th and 29th March 2026

Time: 10:00 AM to 5:00 PM

Venue: ICAI BHAWAN, ICAI SALAI, TAMBARAM SANATORIUM, CHENNAI-600 047.





Program

Topic: PANEL DISCUSSION - BOOK CLOSURE – A 360° PERSPECTIVE

Date: 28th March 2026

Time: 5:00 PM to 8:00 PM

Venue: ICAI BHAWAN, ICAI SALAI, TAMBARAM SANATORIUM, CHENNAI-600 047.



April 2026

UPCOMING PROGRAMS

***CPE MEETING FOR THE MONTH OF APRIL
WILL FOLLOW***

LEGAL UPDATES

April 2026

by



CA. SIVAGURUNATHAN T

Book Closure – A 360' perspective with respect to Income-Tax

A. Preliminary Checks (Before Finalisation)

- Verify nature of entity
- Verify opening balances Vs previous audited financials
- Ensure books are updated up to 31st March
- Bank Reconciliation
- Provisional entries for expenses (e.g., audit fees, electricity, rent) to match expenses with the correct period
- Confirm applicability of Tax Audit u/s 44AB (turnover / gross receipts limits)

B. Revenue & Turnover Verification

- Turnover as per books must be duly reconciled with:
- GSTR-1 and GSTR-3B, and
- AIS/26AS data
- Check:
- Unbilled revenue
- Advances received & revenue recognition
- Any differences should be:
- Properly identified
- Explained and documented

C. Expenses – Allowability & Disallowances

Section-wise scrutiny:

- Sec 37(1) – Business expenditure (wholly & exclusively)
- Sec 40(a)(ia) – TDS non-deduction / late deduction
- Sec 40A(3) – Cash payments > ₹10,000
- Sec 43B – Statutory dues (PF, ESI, GST, etc.)
- Sec 36(1) – Specific deductions

Checks:

- Provision Vs actual expenses
- Personal / capital expenses incorrectly debited
- Employee benefit expenses (bonus, leave encashment)
- Prior period expenses

D. TDS / TCS / Advance Tax Compliance

- Verify the accuracy of TDS deductions under the relevant sections) and timely deposit of TDS
- Reconcile books Vs TDS returns (Form 24Q, 26Q)
- Check the interest liability u/s 201(1A)
- Ensure the expense disallowance triggered if non-compliant (Ensure expense disallowance for non-compliance)
- Ensure all instalments of advance tax (due by March 15) is fully paid to avoid interest under Sections 234B and 234C.

E. Fixed Assets & Depreciation

Verify:

- Additions with supporting invoices
- Date of put-to-use
- Apply correct depreciation rates (as per IT Act)
- Check:
 - Capital Vs revenue classification
 - Assets sold / discarded
 - Maintain block-wise WDV

F. Loans, Advances & Deemed Income

Check loans to directors / related parties

Verify:

- Interest-free loans → arm's length concerns
- Applicability of Sec 2(22)(e) – Deemed dividend

G. Inventory & Valuation

Ensure valuation as per:

- Cost or NRV whichever is lower

Verify:

- Closing stock consistency with previous years

Check:

- Obsolete / slow-moving stock provisions

H. GST Reconciliation (Important for Tax Audit Reporting)

Reconcile:

- Turnover (Books Vs GST)
- ITC (Books Vs GSTR-2B)

Check:

- Ineligible ITC claimed
- ITC reversals (Rule 42/43)

Ensure:

- GST payable/receivable properly accounted

I. Related Party Transactions

- Identify all specified persons

Verify:

- Arm's length nature
- Proper disclosure in Form 3CD

Cross-check:

- Loans, expenses, remuneration

J. Cash & Bank Transactions

Cash balance verification

Check:

- High-value cash receipts/payments

Compliance with:

- Sec 269SS / 269T
- Sec 269ST (₹2 lakh restriction)

K. Statutory Dues & Provisions

Ensure all dues are:

- Properly provided / paid

Verify:

- GST, PF, ESI, TDS, Income tax

Reporting under:

- Clause 21 & 26 of Form 3CD

M. Losses & Carry Forward

- Verify:
- Brought forward losses
- Check:
- Set-off eligibility
- Ensure:
- Timely filing for carry forward

N. Form 3CD Specific Clauses (Critical)

- Clause 8 – Section applicability
- Clause 13 – Method of accounting
- Clause 18 – Depreciation
- Clause 21 – Disallowances
- Clause 26 – 43B items
- Clause 31 – Loans / deposits
- Clause 34 – TDS compliance

O. Documentation & Audit Trail

Maintain:

- Agreements, invoices, vouchers

Ensure:

- Audit trail enabled (Companies Act, 2013 requirement)

Check:

- Proper narration & supporting

P. Year-End Accounting Adjustments

- Depreciation Calculation: Calculate depreciation using both the Companies Act 2013 rates for reporting and the Income Tax Act 1961 (WDV method) for tax purposes.
- Expense Accruals: Pass journal entries for all accrued expenses (e.g., audit fees, electricity, rent) to match expenses with the correct period.
- Bad Debts: Identify and write off bad debts or create necessary provisions as per accounting policies.
- Deferred Tax (DTA/DTL): Recognize Deferred Tax Assets (DTA) or Liabilities (DTL) arising from temporary timing differences between book profit and taxable profit, such as depreciation differences.
- Non-cash expenses: Passing the non-cash expense entries (eg: - amortisation).
- Confirmation of Balances: Cross ledger of vendor and customer should be obtained and ensure that the balance of ledger match with counterparty.
- ITC Reversal: If payment made to creditors after 180 days, whether reversed ITC taken back or not.
- Inventory Valuation: Conduct physical stock verification and value it at cost or net realizable value (NRV), whichever is lower.
- Fixed Asset Register: Update the register with new purchases or disposals made during the year.

RECENT DECISIONS IN DIRECT TAXES April 2026

by



CA. Muthu Abirami T V

Source: Taxguru.com

1. Mumbai International Airport Pvt. Ltd. Vs DCIT (ITAT Mumbai) (ITA No. 6692/2025)(Date of Decision: 09/03/2026)

Held: Development fee collected from passengers is a capital receipt being earmarked for airport modernisation and not taxable; upfront concession fee paid to AAI is an intangible asset eligible for depreciation; retrenchment compensation paid to AAI is allowable as revenue expenditure and section 35DDA is not applicable; no disallowance under section 14A can be made in absence of exempt income; income from temporary investment of surplus project funds is inextricably linked to the project and to be reduced from capital work-in-progress; PSF-SC is collected in fiduciary capacity and not taxable as income; runway, taxiway, apron and allied infrastructure qualify as plant and machinery eligible for higher depreciation; order of CIT(A) upheld and Revenue's appeal dismissed, while assessee's appeal allowed for statistical purposes.

Revenue challenged depreciation on upfront concession fee, retrenchment compensation to AAI employees, taxability of development fee, section 14A disallowance, surplus fund gains, PSF-SC and depreciation on airport infrastructure - Revenue argued upfront fee is deferred capital expenditure, development fee and PSF-SC are revenue receipts, section 14A applies despite no exempt income, surplus gains are taxable and airport structures are building - assessee relied on earlier ITAT orders and contended amounts are capital or not income - Tribunal held upfront concession fee is intangible asset eligible for depreciation, retrenchment compensation under OMDA is allowable revenue expenditure not hit by section 35DDA, development fee is capital receipt not taxable, no disallowance u/s 14A without exempt income, surplus fund income to be reduced from capital work-in-progress, PSF-SC is not income being fiduciary collection, and airport infrastructure qualifies as plant and machinery eligible for higher depreciation - order of CIT(A) upheld - Revenue's appeal dismissed - assessee's appeal allowed for statistical purposes.

April 2026

2. Mondelez India Foods Private Limited Vs PCIT (ITAT Mumbai) (ITA No. 3689/2025) (Date of Decision: 27/03/2026)

Held: The Tribunal held that where the assessment order is passed by the Assessing Officer in conformity with the directions issued by the Dispute Resolution Panel (DRP) under section 144C(13), such order cannot be subjected to revision under section 263, as the AO is statutorily bound to follow the DRP directions and has no discretion to deviate; further, DRP being a collegium of Commissioners stands at a higher pedestal and its directions cannot be indirectly revised by the PCIT accordingly, the assumption of jurisdiction under section 263 was held to be invalid and the impugned revision order was quashed.

Assessee challenged revision order u/s 263 passed by PCIT against assessment framed u/s 143(3) r.w.s. 144C(13) pursuant to DRP directions - Revenue alleged underassessment on multiple items including termination cost, VRS, ESOP, grants and forex items and invoked Explanation 2 to section 263 for fresh enquiry - assessee contended AO had conducted enquiry and passed order strictly following binding DRP directions and that DRP being a collegium of three Commissioners cannot be overridden by PCIT - Tribunal observed that section 263 applies only to AO's independent orders and not to orders passed in conformity with DRP directions, AO cannot deviate or conduct fresh enquiry post DRP directions and PCIT cannot do indirectly what AO cannot do directly - accordingly revision held without jurisdiction and quashed - in favour of assessee.

3.ITO Vs Tarun Santramdas Varma (ITAT Ahmedabad) (ITA. No. 2549/2025) (Date of Decision: 26/03/2026)

Held: The Tribunal held that no liability to deduct tax at source under section 194-IA arises where the consideration paid by each buyer to each seller is below ₹50 lakh, as the threshold is to be applied per buyer-seller transaction for the relevant assessment year and not on an aggregate basis; further, the amendment introduced by the Finance Act, 2024 mandating aggregation is prospective and not applicable retrospectively it was also held that payments made to confirming parties are outside the scope of section 194-IA, and since the lands in question were rural agricultural lands not constituting capital assets, the provisions of section 194-IA were not attracted accordingly, the assessee could not be treated as an assessee in default under section 201 and the demand was rightly deleted.

Assessee purchased multiple land parcels involving several buyers and sellers - AO treated assessee as in default for non-deduction of TDS u/s 194-IA by aggregating total consideration exceeding ₹50 lakh and invoked section 206AA for higher rate - assessee contended that individual payments to each seller were below ₹50 lakh, lands were rural agricultural lands and payments to confirming parties are outside scope of section 194-IA - CIT(A) accepted contentions holding threshold to be applied per buyer-seller combination and amendment by Finance Act 2024 is prospective - Tribunal observed AO failed to conduct any independent verification of nature and location of land and relied merely on transaction values, whereas CIT(A) relied on official certificates, revenue records and census data - further held Revenue failed to provide authenticated evidence regarding distance from municipal limits and could not rebut findings that lands were rural agricultural lands - also held payments to confirming parties do not constitute transfer of immovable property under section 194-IA - accordingly, no TDS obligation arises and assessee cannot be treated as in default - order of CIT(A) upheld and Revenue's appeal dismissed.

**4. Asirvad Micro Finance Pvt. Ltd. Vs DCIT (ITAT Chennai) (ITA No.1139/2025)
(Date of Decision: 10/03/2026)**

Held: The Tribunal held that addition under section 56(2)(viib) is not sustainable where the assessee has issued shares at premium based on a valuation method prescribed under Rule 11UA, and the Assessing Officer has neither established any defect in the valuation nor demonstrated that unaccounted money was introduced through such premium; further, once the assessee has adopted a recognized method like DCF, the same cannot be rejected and substituted with another method without cogent evidence it was also held that valuation report obtained subsequent to issue of shares does not invalidate the valuation if duly substantiated accordingly, the addition made under section 56(2)(viib) was deleted.

Assessee issued rights shares at premium using DCF valuation certified by Chartered Accountant - AO rejected DCF method stating projections were based on management inputs and adopted NAV method resulting in addition u/s 56(2)(viib) - Revenue argued valuation report was obtained after issue of shares and premium was unjustified - assessee contended valuation was as per Rule 11UA, transaction was genuine, approved by RBI and actual profits exceeded projections - Tribunal observed section 56(2)(viib) is anti-abuse provision to curb unaccounted money and cannot be invoked without evidence of such infusion - further noted AO failed to point out defects in DCF valuation or prove projections incorrect and wrongly substituted method without basis - also held timing of valuation report is not decisive if valuation is substantiated - considering genuineness of transaction and absence of unaccounted income, addition held unsustainable - in favour of assessee.

5. Ipfonline Limited Vs DCIT (ITAT Mumbai) (ITA No.5946/2025) (Date of Decision: 05/03/2026)

Held: The Tribunal held that for claiming deduction of bad debts under section 36(1)(vii) read with section 36(2), it is sufficient if the debt is written off as irrecoverable in the books of account and the assessee is not required to prove that the debt has actually become irrecoverable; accordingly, disallowance on this ground was deleted further, it was held that no TDS is required to be deducted on payments made for serving food in a restaurant in the normal course of business in view of CBDT Circular, and in respect of other expenses, where payments are petty, made to unorganized service providers, or in the nature of reimbursement/barter, TDS provisions may not apply, though such issues require factual verification accordingly, certain issues were remanded for fresh examination and the appeal was partly allowed.

Assessee faced disallowances on bad debts written off, non-deduction of TDS on various expenses and prepaid/provision expenses - AO disallowed bad debts alleging assessee failed to prove irrecoverability and made TDS disallowance u/s 40(a)(ia) - assessee contended debts were written off in books satisfying section 36 conditions and relied on Supreme Court ruling that proof of irrecoverability is not required - further argued payments to hotels were towards food bills covered by CBDT circular exempting TDS, other payments were petty, reimbursement, barter or below threshold and hence no TDS applicable - Tribunal observed AO's approach contrary to settled law and CBDT circular, held bad debts allowable once written off and food expenses not liable for TDS - however noted additional evidences and nature of various payments require factual verification - accordingly, bad debt addition deleted, TDS-related issues and certain expense claims remanded to AO for fresh adjudication - appeal partly allowed in favour of assessee

6. Amrit Banaspati Company Pvt. Ltd. Vs DCIT (ITAT Delhi) (ITA Nos.3432, 3433 & 3434/2018)

Held: The Tribunal held that royalty paid for use of logo is allowable as business expenditure where the CIT(A) failed to point out any defect in the supporting evidence or establish that the expenditure was not incurred wholly and exclusively for business purposes; further, addition on account of undervaluation of closing stock was not sustainable as the assessee consistently followed a recognized method of valuation and any adjustment would be tax neutral; it was also held that capital subsidy received for industrial development and not for acquisition of specific assets cannot be reduced from the actual cost of assets under Explanation 10 to section 43(1); accordingly, additions on all these issues were deleted and assessee's appeals were partly allowed, while Revenue's appeals were dismissed on account of low tax effect.

Assessee challenged disallowance of royalty on logo, addition for undervaluation of closing stock and reduction of capital subsidy from asset cost - Revenue supported disallowances contending logo royalty not part of demerger scheme, stock undervalued due to non-inclusion of freight and subsidy to be reduced from cost u/s 43(1) - assessee argued royalty supported by agreement and incurred for business, stock consistently valued on FIFO method accepted in earlier years and subsidy was capital incentive for industrial development not linked to specific assets - Tribunal observed CIT(A) rejected additional evidence without identifying defects and failed to examine business purpose of royalty - further held consistent method of stock valuation cannot be disturbed and adjustment would be tax neutral - also held subsidy intended for industrial growth is capital receipt not to be reduced from asset cost - applying judicial consistency and earlier years' decisions, additions deleted - Revenue appeals dismissed due to low tax effect as per CBDT circular and assessee's appeals partly allowed.

7. Neeraj Vs PCIT (ITAT Delhi) (ITA Nos.938 and 939/DEL/2025) (Date of Decision: 20/03/2026)

Held: The Tribunal held that revisionary jurisdiction under section 263 cannot be invoked in a case where the assessee has filed return under section 44AD, as such presumptive taxation does not require maintenance of books of accounts and consequently provisions of section 68 cannot be applied; mere absence of further enquiry by the Assessing Officer does not render the assessment order erroneous or prejudicial to the interests of revenue in such cases accordingly, the order passed under section 263 was quashed for lack of jurisdiction and the consequential assessment order was rendered infructuous.

Assessee engaged in trading filed return u/s 44AD declaring presumptive income without maintaining books of accounts - AO accepted return but PCIT invoked section 263 alleging lack of enquiry into cash deposits and directed addition u/s 68 - Revenue argued AO failed to verify genuineness of business and source of deposits - assessee contended that under section 44AD no books are required and section 68 cannot be invoked in absence of books - Tribunal observed presumptive taxation scheme grants immunity from maintaining books and legal position consistently upheld in earlier decisions - further held PCIT cannot revise merely for inadequate enquiry when AO has accepted presumptive income - invocation of section 68 held invalid in absence of books - accordingly, revision order u/s 263 quashed and consequential assessment rendered infructuous - in favour of assessee

