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EDITORIAL **Wealth Creation- Secrets Unfolded**

CA Vinod Jain*

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The Chartered Accountants as professionals are best equipped to design and implement a Wealth creation and Wealth maximization strategy. The specific prescription will depend on person's individual and family background and will require close guidance and support in design of initial strategy, creation of an implementation plan and regular monitoring to ensure sustain growth and success.

Some of the important ground rules, leading to a sure shot success will include:

Foundation

- Channelize all income and receipts to bank account including income receipts realized in cash.
- Issue proper tax invoice and receipts for all business or professional transactions.
- Maintain proper books of accounts even for all individuals.
- Plan a capital expenditure budget and a revenue expenditure budget.
- All expenses, except personal day to day household expenses, are to be incurred through proper banking channels (including UPI, NEFT and RTGS).
- It is important to obtain proper invoices with GST charged thereon. The GST invoice will not bring any additional tax burden as in all cases you will gain multiple benefits-
 - Input Tax Credit of GST,
 - a reduced concessional basic cost of goods and services is generally offered by suppliers to all business buyers – offering from 2.5% to 9% special discount
 - a deduction from income of all revenue expenses as well as capital expenditure (through depreciation) reducing tax liability by 25% under Income Tax Act.
 - GST Rates are already cut. Do not get into the clutches of bogus bill providers.

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The Missing Piece Found: Navigating the Dawn of the GST Appellate Tribunal (GSTAT)

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For nearly nine years, the Goods and Services Tax (GST) regime in India has operated with a glaring structural void: the absence of a dedicated Appellate Tribunal. Since July 2017, the path to justice for aggrieved taxpayers has been truncated, forcing a direct—and often premature—leap from the First Appellate Authority to the High Courts via Writ Jurisdiction.

As we commence 2026, that

era of uncertainty has officially ended. With the Principal Bench in New Delhi and 31 State Benches becoming operational this month, the GST Appellate Tribunal (GSTAT) is finally a reality. For the Chartered Accountant community and the policy architects of our nation, this development marks a critical pivot from "interim arrangements" to a mature, legally robust dispute resolution mechanism.

The End of the "Black Hole"

For years, orders confirming demands were stuck in a legal limbo. Taxpayers could not appeal because the forum didn't exist, yet the recovery of dues was often only stayed by judicial intervention or administrative circulars.

The operationalization of the GSTAT restores the statutory hierarchy. It is vital to recognize that the Tribunal is the **final fact-finding authority**. This is a paradigm shift for litigation strategy. Until now, High Courts (under Article 226) occasionally entertained questions of fact due to the lack of an alternative remedy. Moving forward, the High Courts will likely restrict themselves strictly to "Substantial Questions of Law."

For practitioners, this means the days of vague drafting are over. The Tribunal is where the battle on facts—classification, valuation, and documentary evidence—must be fought and won.

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The "Backlog" Window: A Critical Compliance Check

The immediate challenge facing the fraternity is the accumulation of eight years of disputes. To manage this, the Government has wisely instituted a special filing window.

For all "Old Orders" (Appeal orders passed on or before March 31, 2026), the limitation period has been extended. However, a hard deadline looms: **June 30, 2026.**

We urge our members not to wait until June. The portal traffic will be immense. A staggering strategy—filing 2017-18 cases now, followed by subsequent years—is highly recommended to avoid technical glitches closer to the cutoff.

The Cost of Justice: Liquidity Concerns

Policy makers must note that while the Tribunal offers a path to justice, it comes at a premium. The financial entry barrier for the GSTAT is significant.

Under Section 112, a taxpayer must make a **pre-deposit of 20% of the disputed tax**. This is in addition to the 10% already deposited at the First Appeal stage. Effectively, 30% of the disputed tax is locked up before a case is even heard.

Furthermore, despite favorable judgments in certain High Courts regarding the use of the **Electronic Credit Ledger (ITC)** for pre-deposits, the portal architecture predominantly enforces payment via the Electronic Cash Ledger. For MSMEs facing high-value demands, this 30% cash block could precipitate a working capital crisis. We hope the Ministry will consider clarifying the use of ITC for these deposits to ease the burden on genuine businesses.

A Roadmap for the Profession

As we guide our clients through this new landscape, a few procedural imperatives stand out:

- Re-evaluate the Merits: Not every dormant appeal should be revived. With the high cost of pre-deposit, a cost-benefit analysis is essential.
- Digitization of Records: The GSTAT is a paperless court. Practitioners must ensure that older, physical records from the early GST years are digitized and ready for e-filing (Form GST APL-05).
- Legal Precision: The "Grounds of Appeal" must be drafted with the precision of a High Court petition, as this is the last opportunity to place facts on record.

Conclusion

The establishment of the GSTAT is arguably the single biggest "Ease of Doing Business" reform in the indirect tax space since 2017. It promises to unclog our High Courts and provide specialized, technical adjudication for complex tax matters.

However, the true test lies in execution. The speed of disposal, the stability of the digital infrastructure, and the judiciousness of the benches will determine if the GSTAT becomes a pillar of trust or another layer of delay. As custodians of financial compliance, it is our duty to ensure the transition is smooth, compliant, and just.

The wait is over. The work begins now.

LATEST IN FINANCE

NHAI gets Sebi nod for Raajmarg public InvIT

The National Highway Authority of India's second platform for highway monetisation has got approval from the Securities and Exchange Board of India (Sebi) as an Infrastructure Investment Trust (InvIT). The Raajmarg Infra Investment Trust (RIIT) will be a public InvIT that will be open to retail and domestic investors. This new set of investors will now be able to subscribe to the equity of the special purpose vehicles (SPVs) floated by RIIT that will acquire highway assets from NHAI. For each round of monetisation through InvIT an SPVi set up. Through the public InvIT NHAI is planning to monetise 1,500 km of highways in next three-to-five years. This will be in addition to monetisation through private InvIT-National Highways Infra Trust (NHIT).

MUFG Bank picks 20% in Shriram Fin for 39,618 cr

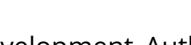
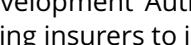
Shriram Finance on Friday said it is entering into definitive agreements with Japan's largest lender MUFG Bank for an investment of RS 39,618 crore (\$4.4 billion) to pick 20 per cent stake in the NBFC via preferential issue of shares. This is the largest FDI in a financial services company in India. Shriram Finance's overall assets stood at over 2,81 lakh crores as on September end.

Bank Of Baroda underwrites \$500 million 5-year foreign currency term loan facility

Acting as the sole mandated lead arranger, Bank of Baroda has underwritten a \$500 million 5-year foreign currency term loan facility to OVL Overseas IFSC Limited (OOIL), a Gift City registered wholly-owned subsidiary of QNGC Videsh Ltd (OVL).

Non-bank Funds Up in Cos' Credit History

Corporates' fundraising from all sources rises 13% YoY till Nov-end, reliance on bank loans less now

Key sources	Outstanding flow of funds to commercial sector			Figures in lakh crore
	2024	2025	YoY growth (%)	
1) Bank credit	174.5	194.4	11.4	
2) Non-bank credit	81.9	95.9	17.0	
2.1) Domestic	60.0	72.0	19.8	
a. Corp bonds by non-fin entities	18.7	22.8	22.0	
b. Commercial papers	1.8	2.04	11.7	
c. Credit by HFCs*	5.8	6.3	8.0	
d. Financial institutions	4.3	5.0	14.5	
e. Credit by NBFCs*	29.4	35.8	22.0	
2.2) Foreign funds	21.9	23.9	9.4	
a. ECB by non-finance entities	10.9	12.1	10.7	
b. Short-term credit abroad	10.9	11.8	8.0	
Total (1+2)	256.5	290.4	13.2	

IRDAI proposes allowing insurers to invest 20% in debt of public infra SPVs

The Insurance Regulatory and Development Authority of India (IRDAI) has proposed permitting insurers to invest up to 20 per cent of their funds in debt instruments issued by public limited special purpose vehicles (SPVs) operating in the infrastructure sector. The rider is that the project must have commenced commercial operations and cash flows should have stabilised



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New cheque clearing system -RBI

The timing of the presentation session is modified to 9 am to 3pm and the timing of the confirmation session is modified to 9 am to 7 pm. Under the new system, cheques received by the bank branches will be scanned and sent to the clearing house session, which runs during the presentation from 10 am to 4 pm. The clearing house will release the cheque images to drawee banks on a continuous basis. Each cheque will now be settled on a near real time basis, instead of clearing cycle from current T+1 Days. The phase -I for this system is scheduled from October 4 to January 2 next year, wherein drawee banks are required to confirm cheques presented on them latest by the end of the confirmation session. Cheques for which confirmation is not provided would be deemed to have been approved and included for settlement.

RBI raises concerns over rising gold price volatility

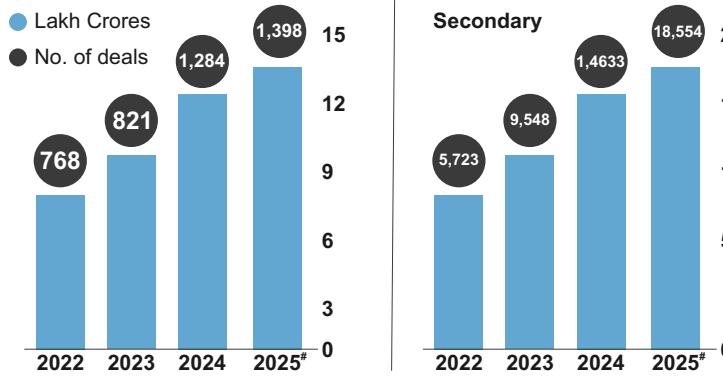
Gold loans to jewellery businesses and households registered a 100% Y-o-Y increase since March.

Shipbuilding subsidy scheme guidelines notified

The ministry of ports, shipping and waterways has notified guidelines for two major ship-building initiatives with a total outlay of over 44,700 crore. Under SBFAS, which has a corpus of 24,736 crore, the government will provide financial assistance of 15-25% per vessel, depending on the vessel category. The SBDS, with a budgetary outlay of 19,989 crore, focuses on long-term capacity and capability creation. It said the scheme introduces graded support for small normal, large normal, and specialised vessels, with stage-wise disbursement linked to defined milestones and backed by security instruments. Under SBDS, greenfield shipbuilding clusters will receive 100% capital support for common maritime and internal infrastructure 50:50 Centre-state special purpose vehicle, while existing shipyards will be eligible for 25% capital assistance for brownfield expansion of critical infrastructure such as dry docks, ship lifts, fabrication facilities and automation systems.

Large banks mobilise record funds via certificates of deposit in 2025

Large banks raised record funds via certificate of deposit (CDS) issuances in calendar year 2025 as organic term deposit and low-cost current account and savings account (CASA) growth remained tepid, whereas credit growth saw

Certificate of deposit*

Source: primedatabase.com

*Jan 1, 2022 onwards

till Dec 23, 2025

New insolvency rule tightens norms, makes backdoor entry tougher.

The Centre has notified changes in the insolvency regulations requiring every resolution plan submitted by the potential bidders to include the details of their beneficial owners who are ultimately going to take control of the distressed company post its transfer.

Fitch Sees Strengthening Outlook for Indian Banks on Regulatory Reforms

Fitch Ratings has noted that Indian banks are likely to be more resilient going forward, citing enhanced supervisory tools and strengthened regulatory oversight by the Reserve Bank of India.

India's GDP Growth Forecast Upgraded to 7.4% for FY 2025-26

India's National Statistics Office released the first advanced estimates of GDP for FY 2025-26, projecting real GDP growth at 7.4%, higher than earlier official guidance of 6.3-6.8%.

RBI to Infuse ₹2.90 Lakh Crore Liquidity via Bond Buys & USD Swap

The Reserve Bank of India will inject ₹2.90 lakh crore into the banking system to ease liquidity tightness that has pushed short-term rates above policy levels. This includes open market purchases of ₹2 lakh crore of government bonds in four tranches between late December and January, and a \$10 billion dollar-rupee buy/sell swap auction in mid-January. The measures aim to stabilize money market rates, ease bond yields, and support market confidence amid year-end pressures.

Draft Proposal on Disclosure of Costs in Foreign Exchange Transactions

With a view to improving transparency in the foreign exchange market, Authorised Dealers were earlier required, from January 2024, to disclose the mid-market rate as well as the bid and ask prices of foreign exchange derivative and foreign currency interest rate derivative contracts to retail users prior to execution and to reflect the same in the deal confirmation or term sheet. As a further measure to enhance transparency, it is now proposed to require Authorised Dealers to disclose the components of transaction costs — including remittance charges, exchange rates and currency conversion fees — relating to foreign exchange cash, tom and spot contracts offered to retail customers.

Changes to Banking Regulation (Co-operative Societies) Rules

The Central Government has amended the Banking Regulation (Co-operative Societies) Rules to specify that an "ineligible director" is one who does not satisfy the conditions laid down under Section 10-A(2) of the Banking Regulation Act.



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Reduction in Policy Rates under Liquidity Adjustment Facility

The Monetary Policy Committee (MPC) has reduced the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points, bringing it down from 5.50% to 5.25% with immediate effect. As a consequence of this revision, the Standing Deposit Facility (SDF) rate stands reduced to 5.00%, and the Marginal Standing Facility (MSF) rate stands adjusted to 5.50%. The rate change is intended to support liquidity conditions and credit transmission in the economy.

Changes in Basic Savings Bank Deposit (BSBD) Account Framework

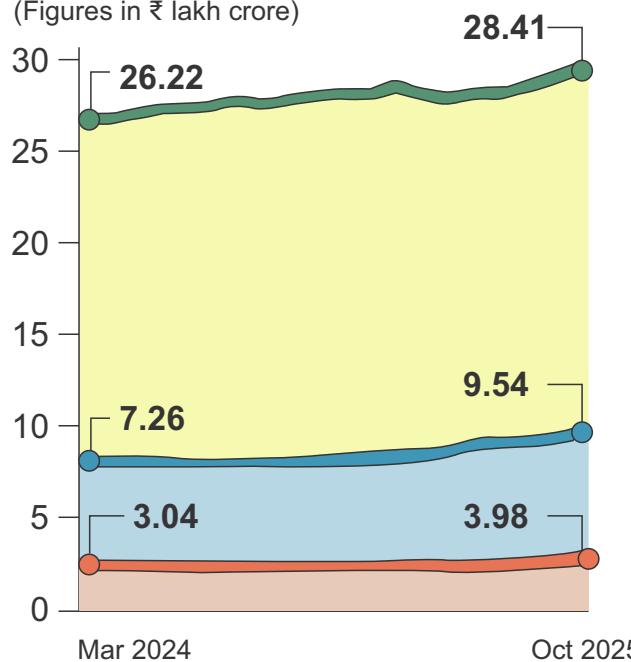
Under the revised framework, banks are required to offer BSBD accounts as a default option with specified basic facilities such as cash deposits, unlimited monthly deposits, an ATM-cum-debit card without annual charges, a 25-leaf cheque book, internet and mobile banking, free passbook or electronic statements, and four free withdrawals per month. Banks are prohibited from prescribing any minimum balance requirement and are required to permit conversion of existing accounts into BSBD accounts within seven days.

Bank credit to micro, small enterprises grows 27%

Bank Leading to Micro and Small enterprises has taken off sharply since March 2024. According to data from the Reserve Bank of India (RBI), credit to the MSE segment has risen 20.45% between March and October to 9.54 lakh crore. The year on-year (y-o-y) rise is even more impressive at 27%. Overall, Bank Credit to industry has improved 11% in the past year - from Rs 37.74 lakh crore to Rs 41.93 lakh crore.

■ Micro & small ■ Medium ■ Large

(Figures in ₹ lakh crore)



IRFC Refinances Rs 10k cr Foreign Currency WB Loan

Indian Railway Finance Corporation (IRFC) has refinanced a 10,000 crore foreign currency debt availed from the World Bank for the Eastern Dedicated Freight Corridor (EDFC). This first-of-its-kind refinancing arrangement is expected to result in savings of 2,700 crore for India.

Banks Seek CA Certification for Overseas Remittances

Banks are asking for chartered accountant certification of the source of funds for overseas remittances, especially from HNIs, NRIs and corporates, amid rising outward transfers. Some banks are also requiring that the certifying CA be selected from their empanelled list.

RBI has allowed compounding of FEMA case against Genpact: ED

The RBI had issued a compounding order for Genpact India, against a one-time payment, resulting in termination of FEMA against the technology major. Genpact subsequently filed an application before the Reserve Bank of India (RBI) for compounding of the said FEMA contraventions.

Revised Rules for Carrying Indian Currency to Nepal and Bhutan

RBI has revised the FEMA regulations to permit movement of Indian currency to and from Nepal and Bhutan within prescribed limits. Currency notes up to ₹ 2,100 may be freely carried, while higher denomination notes are permitted up to an overall limit of ₹ 2,25,000. The revised facility is available to all persons other than citizens of Pakistan and Bangladesh and is intended to simplify cross-border currency movement while maintaining regulatory control.

SEBI Introduces SWAGAT-FI Framework under FVCI and FPI Regulations

A new category of FVCIs — SWAGAT-FIs — has been created for trusted foreign investors meeting SEBI's eligibility and governance criteria and can obtain registration with SEBI valid for 10- years. *Relaxation of Investment Concentration Limits:* The standard limits restricting FVCIs from investing more than 66.67% in a single venture capital fund or more than 33.33% in a single investee company will not apply to SWAGAT-FIs, giving them greater flexibility in portfolio construction.

Registered valuers made mandatory across key market regulations

SEBI has amended the SBEB & Sweat Equity Regulations and the SAST Regulations to align the definition and role of "valuer" with section 247 of the Companies Act, 2013, requiring all share valuations to be done only by independent registered valuers instead of merchant bankers, acquirers or managers. A nine-month transition period is provided for valuation assignments started before the amendments took effect.

NRIs get relief as physical presence norm eased for digital re-KYC.

SEBI has amended the KYC Master Circular to allow existing NRI clients to complete digital re-KYC remotely instead of being physically present in India, subject to enhanced digital safeguards. Intermediaries must ensure use of random action prompts, time-stamping, geo-location and IP anti-spoofing, with GPS matching the client's country of residence.

CBDT Reallocates Appellate Jurisdiction for Search and Survey Cases

The Central Board of Direct Taxes (CBDT) has issued Notification No. 170/2025 under section 120 of the Income-tax Act, 1961, reallocating appellate jurisdiction among specified Commissioners of Income-tax (Appeals) for cases arising out of searches, requisitions and surveys.

DIRECT TAX CASE LAWS

Delhi ITAT Allows Set-off of Capital Losses Against Current-Year LTCG

The Income Tax Appellate Tribunal (ITAT), Delhi has held that taxpayers are entitled to set off brought-forward long-term capital losses (LTCL) and current-year short-term capital losses (STCL) from shares and mutual funds against current-year long-term capital gains (LTCG) under Section 70 of the Income-tax Act. The Tribunal ruled that differences in tax rates applicable to gains and losses do not prevent such set-off so long as all items fall under the head "Income from Capital Gains," and accordingly overturned the disallowance made by the CPC and upheld by the CIT(A). *ITO v. [Taxpayer], ITAT Delhi, order under Section 70 of the Income-tax Act, 1961*

ITAT Mumbai: Capital Gains on Sale of Development Rights Taxable in Hands of Flat Owners

The Income Tax Appellate Tribunal (ITAT), Mumbai has held that where a cooperative housing society transfers development rights to a builder under a redevelopment agreement, the resulting capital gains are taxable in the hands of the individual flat owners and not in the hands of the society. The Tribunal ruled that the society merely acts in a fiduciary and representative capacity and does not itself earn any income from the transaction, as the consideration flows to the members. Accordingly, it set aside the tax department's action of taxing the society on such receipts. In the case before it, the assessing officer had treated about ₹4.97 crore as short-term capital gains in the society's hands and levied a penalty of around ₹1.54 crore, both of which were deleted, with the Tribunal directing that any tax liability must be examined at the level of the individual members.

ACIT v. [Co-operative Housing Society], ITAT Mumbai, order on taxability of transfer of development rights under Section 45 of the Income-tax Act, 1961 (as reported).

SC judgement on Taxability of Shares Received on Amalgamation when Held as Stock-in-Trade:

Issue before the Court

Whether shares received on amalgamation, where the original shares were held as stock-in-trade, give rise to taxable business income under Section 28 at the time of amalgamation, or only on actual sale of the substituted shares.

Statutory Framework

Section 47(vii) – Exemption applies only to capital assets.

Section 28 – Taxes real profits and gains of business, whether in cash or kind; transfer is not a condition.

Section 2(47) – Definition of "transfer" relevant only for capital gains, not for business income.

Hon SC observations:

1. Capital asset vs. stock-in-trade

If shares are capital assets, amalgamation is a transfer, but exempt under Section 47(vii). If shares are stock-in-trade, Section 47(vii) does not apply; so there is a possible taxation under Section 28.

2. No automatic taxation under Section 28

Amalgamation does not per se result in taxable business income. Section 28 requires real income, not notional or hypothetical gains.

3. Commercial realisation test (decisive)

Tax arises at the stage of amalgamation only if:

The original stock-in-trade ceases to exist

Shares received have a definite and ascertainable value

Shares are immediately realisable / freely tradable.

If any of the above is absent, no income accrues at amalgamation.

4. Timing of taxation

Where shares are not freely tradable (e.g., unlisted, lock-in), substitution is a statutory replacement, not realisation.

Tax is deferred until actual sale of the shares.

Conclusion:

Substitution of shares on amalgamation, even when held as stock-in-trade, is taxable under Section 28 only if it results in a real, immediately realisable commercial gain. Otherwise, taxation arises only on subsequent sale.

M/s Jindal Equipment Leasing Consultancy Services Ltd. & Ors. v. CIT (Civil Appeal Nos. 152-155 of 2026) Issue before the Court

GST

GSTN Clarifies Reporting and Adjustment of Values in Table 3.2 of GSTR-3B

GSTN has issued an advisory and FAQs on reporting values in Table 3.2 of GSTR-3B, which covers inter-State supplies to unregistered persons, composition taxpayers and UIN holders. The values are auto-populated from GSTR-1 and cannot be edited in GSTR-3B. Taxpayers must therefore ensure correct reporting in GSTR-1, as it forms the basis for GSTR-3B. The advisory also outlines when liability or ITC adjustments may be needed to resolve mismatches. Failure to comply may cause reconciliation issues and lead to compliance queries.

GST Registration to be Auto-Suspended for Non-Submission of Bank Details

GSTN will auto-suspend registrations if valid bank details are not submitted within 30 days of notice. During suspension, taxpayers cannot file returns, claim ITC or receive refunds until compliance. The measure targets inactive and non-compliant registrations and follows a defined process for notice, suspension and reactivation.

Delhi GST Notification on Special Procedure for ITC Rectification

Delhi GST has notified a special procedure to rectify ITC denials arising from procedural or technical errors, prescribing formats, timelines and documentation. Taxpayers should use this route before appeal to reduce litigation. The process covers CGST/IGST coordination, is available on the Delhi GST portal, does not change substantive law, and requires strict timeline monitoring.

GST Authorities Operationalise GST Appellate Tribunal by Allotting Regional Benches

GST authorities have issued office orders constituting and allotting Principal, State and Area Benches of the GST Appellate Tribunal, specifying their jurisdiction, location and composition for hearing appeals under section 112 of the CGST Act. The allotment covers both Central and State GST matters and aims to improve access to appellate remedies, reduce pendency and expedite GST dispute resolution.

GST CASE LAWS

Delhi High Court Holds Provisional Attachment under GST Automatically Expires after One Year

The Court held that provisional attachment orders issued under section 83(1) of the CGST Act lapse automatically after one year in terms of section 83(2). Since the statutory time limit had expired, the attachment order was no longer legally operative. The Court accordingly directed the bank not to continue restrictions on the petitioner's account and directed the Sub-Registrar not to block transfer of the petitioner's immovable property based on the lapsed attachment order. [Devansh Wire and Cables Private Limited vs Union of India (Delhi High Court),

OTHER LAWS

MCA

NFRA Reiterates Audit Documentation and File Retention Requirements for PIE Auditors

NFRA has issued Circular No. NF-22/52/2025-NFRA dated 16/12/2025 reiterating the mandatory standards for maintenance, assembly, retention and submission of audit files by statutory auditors of Public Interest Entities. The circular requires audit documentation to be maintained in accordance with applicable Standards on Auditing and quality control standards and preserved in a manner that ensures integrity, authenticity and retrievability. NFRA has highlighted concerns over delays, post-completion alterations and format changes in audit files and has directed auditors to submit complete audit files within seven days of request, with extensions permitted only on justification. Audit files must be retained for more than seven years where legal or regulatory proceedings are pending.

Editorial Comments: NFRA instructions to submit all audit files in one go to NFRA is against the Indian legal jurisprudence. No regulator or authority to undertake roving enquiry and the Audit files also contain highly confidential information of the client which may not form part of audit documentation. The Audit firms may consult seniors and peers for a better legal advise rather than being prosecuted based on evidence provided by them on their own. NFRA need to ask only specific issues based on issues coming to their notice as is the practice in all regulatory bodies. The Constitution of India also protect a person that no one can be forced to provide evidence against oneself.

OTHER IMPORTANT CASE LAWS

SAT Upholds SEBI's Aggregate Approach to Related Party Transactions in Linde India Case

The Securities Appellate Tribunal (SAT) upheld SEBI's interpretation of Related Party Transaction (RPT) norms in the Linde India matter, ruling that large RPTs must be evaluated on an aggregate basis rather than transaction by transaction. The Tribunal endorsed SEBI's view that such an approach is necessary to ensure transparency and prevent circumvention of disclosure and approval requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations. The ruling is significant for listed companies as RPTs exceeding 1,000 crore or 10 percent of net worth, whichever is lower, typically require shareholder approval, and the judgment reinforces the need for holistic assessment and compliance when structuring group transactions. [Linde India Ltd. v. Securities and Exchange Board of India, Securities Appellate Tribunal, order dated December 9-10, 2025, interpreting Regulation 23 of the SEBI (LODR) Regulations, 2015 (as reported).]

Supreme Court Tightens Bail Standards in Corporate Fraud Cases

The Supreme Court has held that bail in cases of corporate fraud under Section 447 of the Companies Act cannot be granted as a matter of course and is subject to the strict conditions laid down in Section 212(6). The Court clarified that bail may be considered only if the accused satisfies the twin requirements that they are not likely to abscond and that their release will not prejudice the investigation or trial. The ruling set aside certain High Court orders that had granted bail without adequately applying these statutory tests. The judgment highlights the gravity of large-scale financial and corporate fraud and reinforces a stricter judicial approach to white-collar अपराध. State / SFIO v. [Accused], Supreme Court of India, interpretation of Sections 212(6) and 447 of the Companies Act, 2013 (as reported).

Supreme Court Upholds Forfeiture of 37.80 Crore for Delay in IBC Liquidation

The appellant was declared the successful bidder in a liquidation auction but failed to pay the balance consideration within the timelines stipulated by the NCLT. The liquidator consequently forfeited the earnest money deposit of ₹37.80 crore. The bidder challenged the forfeiture, arguing that it was excessive and unjustified. The Supreme Court held that strict adherence to timelines is a core objective of the Insolvency and Bankruptcy Code and that allowing bidders to default would defeat the purpose of time-bound resolution. The Court upheld the forfeiture and affirmed the NCLT's authority to impose and enforce such conditions. [Case: Shri Karshni Alloys Pvt Ltd v. Ramakrishnan Sadasivan (SC, 10/12/2025).]

Tribunal holds that attachment of property must be determined first

The appellant sought release of a flat during insolvency proceedings, but the NCLT refused relief on the ground that the Enforcement Directorate might have attached the property. Without verifying whether an attachment order actually existed, the NCLT shifted the burden onto the

appellant to secure release through undertakings. The NCLAT held that this approach was legally unsustainable. It ruled that the NCLT must first ascertain whether the property is under a valid attachment; only then can legal consequences follow. The matter was remanded for fresh adjudication. [Case: *Mohan Reddy Bhumi Reddy Gari v. STCI Finance Ltd (NCLAT, 18/11/2025)*]

Provisional attachments cease automatically under Section 32A of IBC

The Enforcement Directorate continued provisional attachment of assets even after approval of the resolution plan. The NCLAT held that Section 32A of the IBC provides statutory immunity to the corporate debtor and its assets upon successful resolution. Therefore, provisional attachments cease automatically and no separate order from the PMLA authority is required. The tribunal clarified that continuation of such attachments would undermine the clean slate principle of the Code. [Case: *Vantage Point Asset Management Pte Ltd v. Gaurav Misra (RP) (NCLAT, 04/12/2025)*]

NCLAT Holds There Is No Limitation for Fraudulent Transactions under Section 66

The transaction involved a structured payment arrangement where almost the entire consideration was paid before the seller even acquired the debt, indicating a pre-planned diversion of funds. The tribunal held that once a transaction is established as fraudulent under Section 66(1) of the IBC, the normal limitation periods do not restrict the tribunal from examining past transactions. Fraud vitiates limitation and can be investigated irrespective of the time elapsed. [Case: *Anubhav Anilkumar Aggarwal v. Rajendra Kumar Girdhar (NCLAT,)*]

Advance Paid for Supply of Goods Qualifies as Operational Debt

The appellant paid an advance to the corporate debtor for supply of goods, which were never delivered. The debtor argued the amount was not operational debt. The NCLAT held that advances paid for goods or services form part of operational transactions and therefore qualify as operational debt under Section 5(21). Admission of the Section 9 application was upheld. [Case: *Rakesh Bhailalbhai Patel v. Vasundhara Seamless Stainless Tubes Pvt Ltd (NCLAT)*]

IBC recoveries improved to 37% in 2024-25; cases referred fell

Tracking recoveries (FY25)

Recovery Channel	No. of cases referred	Amount involved (₹ crore)	Amount recovered (₹ crore)
Lokadalats	1,49,12,705	197,907	4,742
DRTs	34,430	129,516	12,363
Sarfaesi Act	215,709	103,180	32,466
IBC	932	149,045	54,528
Total	1,51,63,576	579,648	104,099

IBBI Suspends Liquidator for Arbitrary and Non-Transparent Conduct

The Disciplinary Committee found that the liquidator arbitrarily rejected the highest bid without recording reasons and convened stakeholder meetings without giving statutory notice. These actions violated transparency and procedural safeguards under the Liquidation Regulations. The IBBI suspended the registration of the liquidator for six months, emphasizing accountability and procedural discipline [Order: *IBBI Disciplinary Committee — Amresh Shukla*]

AUDIT AND ACCOUNTS

Easier audit standards for smaller firms

ICAI prepares new less-intrusive norms for closely held units, seeks NFRA approval. Proposed norms cut disclosure requirements and simplify processes for auditors of MSMEs, move aimed at promoting ease of doing business and facilitating speedy growth.

Higher Gratuity Liability Due to Labour Codes Must be Treated as Expense: ICAI

Most companies need to treat any increase in the gratuity liability due to their adoption of new labour codes as "a past service cost" and recognise it as an expense in their profit and loss statements immediately, this could weigh on the near-term profitability of companies.

ICAI Approves Advertising and Global Networking Reforms

The Institute of Chartered Accountants of India has approved major reforms to modernise practice regulations, including easing restrictions on advertising and digital communication and allowing ICAI-registered network firms to host their own websites. The Council has also introduced Global Networking Guidelines, 2025 to enable structured collaborations with overseas firms and adopted the IESBA Code of Ethics 2024 to strengthen independence and expand permitted services such as AI, forensic and social-impact work. The changes take effect from April 1, 2026.

CAG Identifies ₹747 Crore Revenue Exposure in Customs and Export Incentive Schemes

CAG, in Compliance Audit Report No. 21 of 2025, has flagged revenue risks of about ₹747 crore from control gaps in customs and export incentive schemes. Of 50 cases audited, 49 were accepted, resulting in corrective action and recoveries of around ₹14 crore. The report found irregular incentives of about ₹724.96 crore under MEIS and SEIS due to weak automation, validation failures, misclassification and benefits to ineligible entities, including post-discontinuation. CAG recommended stronger automation, validations and targeted recoveries to protect revenue.

CAG Flags ₹21,695 Crore GST Gaps

CAG has reported GST deviations of about 21,695 crore from incorrect ITC claims, return mismatches and delayed tax realisation, and has recommended stronger monitoring, reconciliation and enforcement by CBIC and State GST authorities. The report stresses robust documentation, periodic return-book reconciliation and timely rectification, and is likely to impact future audits, assessments and enforcement.

EDITORIAL **Wealth Creation- Secrets Unfolded**

► contd. from page 1

Credit Card Discipline

- To use credit cards in the least possible manner- better to fully avoid the credit card except where needed for travel or specific mandatory needs. The credit limits have to be kept at a minimum to ensure no default (interest and penalties are very heavy and unaffordable and may spoil your credit history and credibility). Do not use more than one credit card.
- To never allow your credit card to be used by any other person.

Savings, Investment & Leverage

- **Savings:** All income earners, irrespective of income level should save at least 30-40% of your income.
- **EMI Commitments:** The income earners are advised to not to undertake large commitments of EMI on loans obtained for buying a house or a car or may be a luxury trip. The timing of such expenditure may be postponed till these are limited to 10% to 20% of your assured income after keeping the savings plan intact as above. Borrowing for personal expenses has to be a last option.
- **Invest Carefully:** Take guidance of an expert Reliable Person. A Chartered Accountant will always be trustworthy- Please do not take casual advice, request for a proper professional engagement.
- **Derivatives and speculative trades:** The derivatives result in large losses to about 97% of participants and may be limited to perfect hedging only.
- **Leverage your Savings:** You can plan large investment in revenue earning projects or businesses or other investment avenues. The financial leverage (loans) need not exceed debt: Equity of 1:1 even in avenues offering very attractive returns, unless operating leverage is very low.

Tax Discipline & Risk Avoidance
Backdrop:

Capital Gain tax is now only 12.5%- why sell your property in cash and spoil your family by overspending such cash. Keep your hard earned resources intact in bank and invest safely. Income Tax is now fully exempt till Rs. 12 Lakh income per adult member of your family. Tax Slab, even for higher income are very reasonable. Please maximize your personal tax payment and be eligible to promote large businesses and opt for big opportunities

Corporate Assessee will pay only 25% income tax. Such a reasonable tax rate leaves adequate cash flow in your hand to fund growth.

Pay Full Income Tax: Tax evasion is to be considered as self-destructive. Full payments of due Income Tax will ensure that your entire income is freely useable for investment, lending and buying assets. legal tax planning with wisdom is your right.

Generation of Black money is worst choice: In case the income or resources are converted to black money by booking false expenses or otherwise, this will create biggest hurdle in Wealth maximization. The black money generation may save you 20% but you will lose Price Earnings multiple of 10 times to 40 times.

Example: In case your tax evasion is by false expense of INR 100 Lakhs, you save INR 20 Lakhs by tax evasion, you lose PE of INR 750 Lakhs to INR 3000 Lakhs.

Only a fool will evade taxes. A wise person will also earn credibility, trust and immense opportunities with clean money in hand. No Money laundering, No Benami transactions, No role of ED or CBI or SFIO. Avoid tax related litigation, survey, search, attachment, penalty and interest.

Cash is not the King:

The interest earned on cash money will always be less than interest earned on bank balance after tax.

Lending or investment in cash is always riskier, and you may even lose the capital. Money in bank will earn even when you are planning a large investment. *"In finance, discipline is the seed, compliance is the soil, and patience is the harvest."*



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