

इपवेदकेरइनेव

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e-Newsletter from NITIN N & CO. Chartered Accountants

INSIDE

This edition brings you a curated blend of timely professional insights - from the transformative shift in lease accounting under Ind AS 116 and the auditor appointment framework under the Companies Act, 2013, to a clear understanding of trustee powers, partnership dissolution essentials, and the evolving income-tax landscape. Practical, precise, and relevant - everything you need to stay informed and ahead.



EDITOR'S DESK

- CA NITIN N, B.Com., FCA, DISA (ICAI), Registered Valuer, Social Auditor

The shortest month, February is but the month of major reforms for the nation as well as ICAI. This is the month when we look forward to amendments in various legislations through the Finance Bill presented before the Houses of Parliament. This also marks the time when the baton leadership of ICAI gets passed on to the elected members. Changes are the constant in our profession. From the amendments in Income Tax Act,

1961 to the transition to Income Tax 2025, from the nuances of Indirect Taxes to the

Technology including AI and the incidental laws; the only thing that should remain constant is the

professional competence including unwavering integrity, commitment to the words in letter and spirit, ethics as a way of life and a macro mindset of looking at the nation and its economy over individuals who make the same.

*Navigate changes like
a free-flowing River*

*“Information is power - but judgment is wisdom.
Verify, reflect, and act responsibly”*

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Ind AS 116 v/s AS 19: A Comparative Analysis of Lease Accounting



Overview

The transition from AS 19 to Ind AS 116 represents a fundamental shift in lease accounting philosophy. While AS 19 allowed lessees to keep operating leases off-balance sheet, Ind AS 116 brings most leases onto the balance sheet, enhancing transparency and comparability. Under AS 19, a lease is a finance lease if, substantially all risks and rewards of ownership are transferred, and Operating lease is any lease other than finance lease.

Key Conceptual Differences

Aspect	AS 19	Ind AS 116
Lessee Accounting Model	Dual model: Finance lease vs Operating lease	Single model: All leases on balance sheet
Balance Sheet Impact	Only finance leases recognized in Balance Sheet while Operating lease is treated as off-balance Sheet item	Right-of-Use (ROU) asset and lease liability for most leases
P&L Impact	Operating lease: Straight-line rent expense Finance Lease: Depreciation on leased asset + Finance Charge on lease liability	Depreciation on ROU asset + Interest expense on lease liability
Exemptions	No specific exemption	Short-term leases (≤ 12 months) and low-value assets

Illustrative Example: Office Space Lease

Facts:

- Lease term: 5 years
- Annual lease payment: ₹10,00,000 (payable at year-end)
- Incremental borrowing rate: 8% per annum
- Estimated useful life of ROU asset: 5 years (straight-line depreciation)
- Fair value of office space: ₹42,00,000

Calculation of Lease Liability (Ind AS 116)

$$\begin{aligned} \text{Present Value of lease payments} &= ₹10,00,000 \times \text{PVAF (8\%, 5 years)} \\ &= ₹10,00,000 \times 3.9927 \\ &= \underline{\underline{₹39,92,700}} \text{ (Initial lease liability and ROU asset)} \end{aligned}$$

Year 1 Accounting Comparison

Under AS 19 (Operating Lease):

Particulars	Amount(₹)
Rent Expense (P&L)	10,00,000
Total P&L Impact	10,00,000

Under Ind AS 116 as well as Finance lease under AS 19:

Particulars	Calculation	Amount(₹)
Interest Expense (P&L)	$39,92,700 \times 8\%$	3,19,416
Depreciation (P&L)	$39,92,700 \div 5$	7,98,540
Total P&L Impact		11,17,956

Balance Sheet Impact

Under AS 19 (Operating Lease):	Under AS 19 (Finance Lease):	Lease Ind AS 116:
NIL	Lease Liability: ₹33,12,116 (₹39,92,700 - ₹10,00,000 (actual lease payment) + ₹3,19,416 (Interest exp)) Lease Asset: ₹31,94,160 (₹39,92,700 - ₹7,98,540 (depreciation))	Lease Liability: ₹33,12,116 (₹39,92,700 - ₹10,00,000 (actual lease payment) + ₹3,19,416 (Interest exp)) ROU Asset: ₹31,94,160 (₹39,92,700 - ₹7,98,540 (depreciation))

Particulars	AS 19 (Finance Lease)	IND AS 116
Lease Liability	PV of minimum lease payments excluding unguaranteed residual value	PV of future lease payments including unguaranteed residual value
Lease Asset / ROU Asset	lower of fair value or present value of lease payments	same amount as the lease liability, adjusted for any lease incentives, prepaid lease payments, and initial direct costs

Impact Analysis Over 5 Years

Year	AS 19 – Expense (Operating Lease)	Ind AS 116 & Finance lease under AS 19 (Dep + Int)	Difference
1	10,00,000	11,17,956	(1,17,956)
2	10,00,000	10,63,509	(63,509)
3	10,00,000	10,05,228	(5,228)
4	10,00,000	9,42,636	57,364
5	10,00,000	8,75,271	1,24,729
Total	50,00,000	50,04,600	(4,600) (Rounding Difference)

Key Observation: Ind AS 116 results in higher expenses in earlier years (front-loading effect) and lower expenses in later years, *while total expense over the lease term remains same (excluding rounding differences)*.

Disclosure Requirements

AS 19 Disclosures (Operating Lease - Lessee)

- General description of significant leasing arrangements
- Total of future lease payments for periods: (a) not later than one year,
(b) later than one year but not later than five years,
(c) later than five years
- Lease payments recognized in the statement of profit and loss

Ind AS 116 Disclosures (Lessee)

- Depreciation charge for ROU assets by class of underlying asset
- Interest expense on lease liabilities
- Expense relating to short-term and low-value leases
- Total cash outflow for leases
- Additions to ROU assets
- Carrying amount of ROU assets by class
- Maturity analysis of lease liabilities

Note: Ind AS 116 requires significantly more detailed disclosures, providing greater transparency to stakeholders.

Tax Impact over the years

Year	Book Expense (₹)	Tax Deduction (₹)	Timing Difference (₹)	Tax Impact @ 25% (₹)
1	11,17,956	10,00,000	(1,17,956)	29,489 (DTA)
2	10,63,509	10,00,000	(63,509)	15,877 (DTA)
3	10,05,228	10,00,000	(5,228)	1,307 (DTA)
4	9,42,636	10,00,000	57,364	14,341 (Reversal of DTA)
5	8,75,271	10,00,000	1,24,729	31,182 (Reversal of DTA)
Total	50,04,600	50,00,000	4600 (Rounding difference)	1,150 (Rounding difference)

Transition from AS 19 to IND AS 116 (say at the beginning of 3rd year of lease term)

Calculate Lease Liability

$$\begin{aligned} \text{Present Value of Remaining Lease Payments for 3 years} &= ₹10,00,000 \times \text{PVAF (8\%, 3 years)} \\ &= ₹10,00,000 \times 2.5771 \\ &= ₹25,77,100 \end{aligned}$$

This amount represents both the initial lease liability and the ROU asset on the transition date

$$\text{Calculate Depreciation on ROU Asset} = ₹25,77,100 \div 3 \text{ years} = ₹8,59,033$$

$$\text{Calculate Interest Expense on Opening Lease Liability} = ₹25,77,100 \times 8\% = ₹2,06,168$$

$$\text{Lease Payment at year-end} = ₹10,00,000$$

Comparative P&L Impact on migration: AS 19 vs Ind AS 116

Year	AS 19 Operating Lease (₹)	Ind AS 116 (Dep + Int) (₹)	Difference (₹)
3	10,00,000	10,65,201	(65,201)
4	10,00,000	10,01,694	(1,694)
5	10,00,000	9,33,104	66,896

Balance Sheet Impact on migration at the end of year 3

Assets	Amount (₹)
ROU Asset (Opening)	25,77,100
Less: Depreciation for Year 3	(8,59,033)
ROU Asset (Closing)	17,18,067

Liabilities	Amount (₹)
Lease Liability (Opening)	25,77,100
Add: Interest for Year 3	2,06,168
Less: Lease Payment	(10,00,000)
Lease Liability (Closing)	17,83,268

Transition Impact

When transitioning from AS 19 to Ind AS 116, companies typically experience:

- **Balance sheet expansion:** Recognition of previously off-balance sheet operating leases.
- **Profit volatility:** Front-loaded expense pattern changes quarterly and annual results.
- **Covenant implications:** Debt covenants may be affected due to increased leverage ratios.
- **System changes:** Enhanced tracking systems required for lease portfolio management.

Practical Exemptions under Ind AS 116

Lessees need NOT recognize ROU asset and lease liability for:

1. **Short-term leases:** Lease term \leq 12 months with no purchase option
2. **Low-value assets:** Individual asset value when new is low (e.g., laptops, tablets, phones) - typically USD 5,000 or less

For these exemptions, lease payments are recognized as expense on a straight-line basis (similar to AS 19 operating lease treatment).

Conclusion

Ind AS 116 brings significant changes to lease accounting, enhancing balance sheet transparency and improving comparability across entities. While it increases complexity in calculations and disclosures, it provides stakeholders with a more complete picture of a company's lease obligations and asset utilization.

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ASSURANCE AND CONSULTING STAFF - 2



Appointment of Auditors under Companies Act, 2013 (Sections 139–147)



I. Section 139 – Appointment of Auditors

A. First Auditor:

- + Appointed by **Board of Directors** within **30 days of incorporation**.
- + If the Board fails to do so, the **members (shareholders)** must appoint the auditor within **90 days**.
- + The first auditor holds office until the conclusion of the **first Annual General Meeting (AGM)**.

B. Subsequent Auditor (AGM Appointment):

- + The members shall appoint the auditor at the first Annual General Meeting (AGM) of the company. The auditor shall hold office from the **conclusion of the first AGM till the conclusion of the sixth AGM**, subject to the provisions relating to rotation, where applicable.
- + Term of appointment:
 - ↘ An individual auditor can be appointed for a maximum of **5 consecutive years**.
 - ↘ An audit firm can be appointed for **two terms of 5 years each** (mainly applicable to listed and large companies, due to rotation requirements).

Requirements:

Before appointment:

The auditor must give written consent.

- + A certificate of eligibility under Section 141 must be provided.

After appointment:

- + The company shall file Form ADT-1 with the Registrar of Companies within 15 days of such appointment.

This section provides the framework for appointment and tenure of auditors

II. Section 140 – Removal and Resignation of Auditors

A. Removal:

An auditor may be removed before the expiry of his term only by following the prescribed procedure

- ✚ The company must obtain **prior approval of the Central Government**.
- ✚ A **special resolution** must be passed by the members
- ✚ The auditor has the right to make a written representation, and the company must circulate it to members or read it at the meeting.

Form Requirement

- ✚ The company must file **Form ADT-2** with the Central Government within **30 days of passing the Board Resolution** seeking removal.
- ✚ After approval and passing special resolution, the company must file **Form ADT-1** for appointment of the new auditor.

B. Resignation:

- ✚ The auditor must submit a **resignation letter** to the company.
- ✚ The auditor must file a statement indicating the reasons for resignation and other relevant facts.

Form Requirement:

- ✚ The auditor must file **Form ADT-3** with the company and the Registrar of Companies (RoC).
- ✚ Time limit: **Within 30 days of resignation**.

This section regulates the removal and resignation of auditors.

III. Section 141 – Eligibility and Disqualifications

A. Eligibility:

- ✚ Only a **Chartered Accountant in practice** can be appointed as auditor
- ✚ In case of a firm, majority of partners practising in India must be Chartered Accountants.

B. Disqualifications:

A person is disqualified if they are:

- ✚ An officer or director of the company.
- ✚ An employee of the company or its subsidiary.
- ✚ A partner of an officer or director.
- ✚ Any person having a conflict of interest or other disqualifications as prescribed by rules.

These restrictions ensure the auditor remains independent and unbiased

IV. Section 142 – Remuneration of Auditors

- ✚ The auditor's remuneration is decided by the members at the AGM, or as determined by the Board (if authorized).
- ✚ The Board cannot reduce the fees once fixed by members.
- ✚ In listed and large companies, the Audit Committee recommends the remuneration.

This section governs auditor remuneration

V. Section 143 – Powers and Duties of Auditors

A. Powers:

- ✚ Right to access all company books, accounts, and vouchers.
- ✚ Right to seek information and explanations from company officers and employees.

B. Duties:

- ✚ Examine financial statements and ensure they show a true and fair view.
- ✚ Report any fraud discovered to the Board or shareholders.
- ✚ Issue an audit report in the prescribed format.

This section highlights the auditor's crucial role in protecting stakeholder interests

VI. Section 144 – Auditor Not to Render Certain Services

To maintain independence, auditors are prohibited from providing certain non-audit services to the company, such as:

- ✚ Accounting/Bookkeeping services.
- ✚ Internal audit services.
- ✚ Design/implementation of financial information systems.
- ✚ Actuarial or management services to the company.

This prevents conflict of interest

VII. Section 145 – Auditor to Sign Audit Reports, etc.

Requirement:

- ✚ Auditor must sign audit reports, financial statements, and certificates.
- ✚ Ensure all statutory disclosures and **prescribed annexures** are attached.

This section requires signing of audit reports

VIII. Section 146 – Auditor to Attend General Meeting

- ✚ The auditor (or an authorised representative qualified to act as auditor) has the **right to receive notice of and attend every general meeting**.
- ✚ The auditor has the **right to be heard** on any matter concerning the audit, financial statements, or their role as auditor.
- ✚ At the same time, attending the general meeting is also considered a **professional duty**, as the auditor is expected to provide clarifications and respond to shareholder queries relating to the audit.
- ✚ However, the company may specifically **exempt** the auditor from attending the Annual General Meeting (AGM), in which case their physical presence is not mandatory.

This section ensures auditor attendance at general meetings

IX. Section 147 – Penalty for Contravention

If any provisions from Sections 139–146 are violated

Person Liable	Penalty/Punishment
Company	Fine ranging from Rs. 25,000 to Rs. 5,00,000
Officer in Default	Fine ranging from Rs. 10,000 to Rs. 1,00,000
Auditor	Fine ranging from Rs. 25,000 to Rs. 5,00,000
In case of Wilful Misconduct by Auditor	Imprisonment up to 1 year and/or fine up to Rs. 25,00,000



These penalties ensure strict compliance and accountability

Conclusion

The provisions relating to auditors under Sections 139–147 are fundamental to corporate governance.

They ensure:

- ✚ Proper appointment and rotation of auditors.
- ✚ Independence and transparency.
- ✚ Accountability through penalties.

A clear understanding of these sections helps companies avoid legal consequences and maintain financial integrity.

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Dissolution of a Partnership Firm

The dissolution of a partnership firm means the complete closure of the partnership's business. All partners settle their accounts, pay off outstanding liabilities, and distribute the remaining assets as per their profit-sharing ratio. Once this process is complete, the firm's legal existence comes to an end, and it cannot continue business under the same name. It is important to understand that dissolution is different from retirement, death, or admission of a partner. In those situations, the firm is not dissolved but simply reconstituted. The business continues with a new set of partners under the same firm name. For example, if one partner retires and the others continue the business, that is a change in the firm's constitution, not dissolution. But when all partners agree to stop business activities completely, the firm stands dissolved. As per Section 39 of the Indian Partnership Act, 1932, dissolution means the ending of the partnership relationship between all the



partners of a firm. It is the final stage where the firm's operations stop, assets are realized, debts are paid, and any surplus is divided among the partners. Once a firm is dissolved, it must complete important legal formalities such as issuing a public notice, closing bank accounts, and cancelling registration and tax numbers like PAN, TAN etc. These steps ensure that no future liabilities or legal complications arise in the firm's name. Dissolution can occur in different ways such as mutual consent, operation of law, court intervention, or expiry of the agreed partnership period.

Types or Modes of Dissolution of a Partnership Firm

The Indian Partnership Act, 1932 provides different ways in which a partnership firm can be dissolved. Depending on how and why the firm ends, dissolution can be voluntary, automatic, or ordered by a court. Understanding these modes helps partners choose the right legal path for closing the business properly.

The partnership deed may also contain a clause that allows dissolution under specific conditions, such as continuous losses or expiry of a certain period. Once

1. Dissolution by Agreement (Section 40)

A firm can be dissolved by mutual consent of all partners. This is the simplest and most common mode. If all partners agree that the business should end, they can execute a Dissolution Deed and settle accounts.

partners sign the mutual agreement, the firm stands dissolved from the effective date mentioned in the deed.

2. Compulsory Dissolution (Section 41)

A firm is compulsorily dissolved when it becomes unlawful to carry on the business, or when all partners become insolvent. For instance, if a firm’s

business involves the export of a product later banned by law, it must be dissolved immediately. Similarly, if all partners are declared insolvent and unable to meet liabilities, the partnership automatically ends.

3. Dissolution on the Happening of Certain Contingencies (Section 42)

Some partnerships are formed for a fixed term or for a specific venture. In such cases, the firm stands dissolved when the term expires or the venture is completed.

The firm may also dissolve automatically on the death or insolvency of a partner, unless the partnership deed provides for continuation. For example, if one partner dies and there is no clause for business continuity, the firm is deemed dissolved.

4. Dissolution by Notice (Section 43)

In a partnership at will, any partner can dissolve the firm by giving written notice to the other partners. The notice must clearly state the partner’s intention to dissolve the

firm. The dissolution becomes effective from the date mentioned in the notice, or if no date is mentioned, from the date the notice is received by the other partners.

5. Dissolution by Court (Section 44)

When disputes or misconduct make it impossible to continue the business, a partner may approach the court for dissolution. The court can order dissolution under several grounds such as:

- Permanent incapacity of a partner

- Misconduct or breach of agreement
- Continuous losses making business unprofitable
- Transfer of a partner’s interest to a third party
- Any other situation where it is just and equitable to dissolve the firm.



Procedure: Step-by-Step Process for Dissolution of a Partnership Firm in India

Dissolving a partnership firm is not merely about stopping business operations. It requires compliance with legal provisions, settlement of financial obligations, and completion of necessary procedural formalities to ensure that the dissolution is legally valid and that partners are protected from future liabilities. The following is the step-by-step process as per the Indian Partnership Act, 1932, along with the relevant compliance requirements.

1. Decision to Dissolve

The first step is for all partners to decide that the firm should be dissolved. This can happen through mutual consent, as per the terms of the partnership deed, or due to legal reasons such as insolvency, expiry of a fixed term, or a court order. If the partnership deed already includes a dissolution clause, partners can invoke it directly. In the absence of such a clause, a separate Dissolution Deed should be executed to formalize the decision.

2. Notice of Dissolution

In the case of a partnership at will, any partner can initiate dissolution by sending a written notice to the other partners. The notice must clearly mention the intention to dissolve the firm and the effective date of dissolution. This ensures transparency and

avoids disputes later about whether the dissolution was legally valid.

3. Settlement of Accounts

This is the most critical phase of the process. A final balance sheet must be prepared to determine the firm's assets, liabilities, and partners' capital accounts. Settlement generally follows this order

1. Pay off external creditors and liabilities.
2. Clear partner loans or advances given to the firm.
3. Return capital contributions to partners.
4. Distribute remaining profits or losses according to the partnership agreement.

4. Public Notice of Dissolution

Once the firm is dissolved, it is essential to publish a public notice in the Official Gazette and

at least one local newspaper. This informs customers, creditors, and other stakeholders that the firm has ceased operations. The public notice acts as a legal safeguard by preventing any partner from being held liable for actions carried out by others in the firm's name after dissolution.

5. Intimation to Registrar of Firms

If the partnership was registered, partners must send an intimation of dissolution to the Registrar of Firms within the prescribed time (usually within 90 days). The notice should be signed by all partners and accompanied by supporting documents like the Dissolution Deed, final accounts, and proof of publication. Once verified, the Registrar updates the firm's status as "dissolved" in the records.

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WHO HOLDS THE HAMMER WHEN TRUSTS DON'T EXIST? THE TRUSTEE DOES.

In October 2025, the Supreme Court of India delivered a judgment that should make every trustee pause.

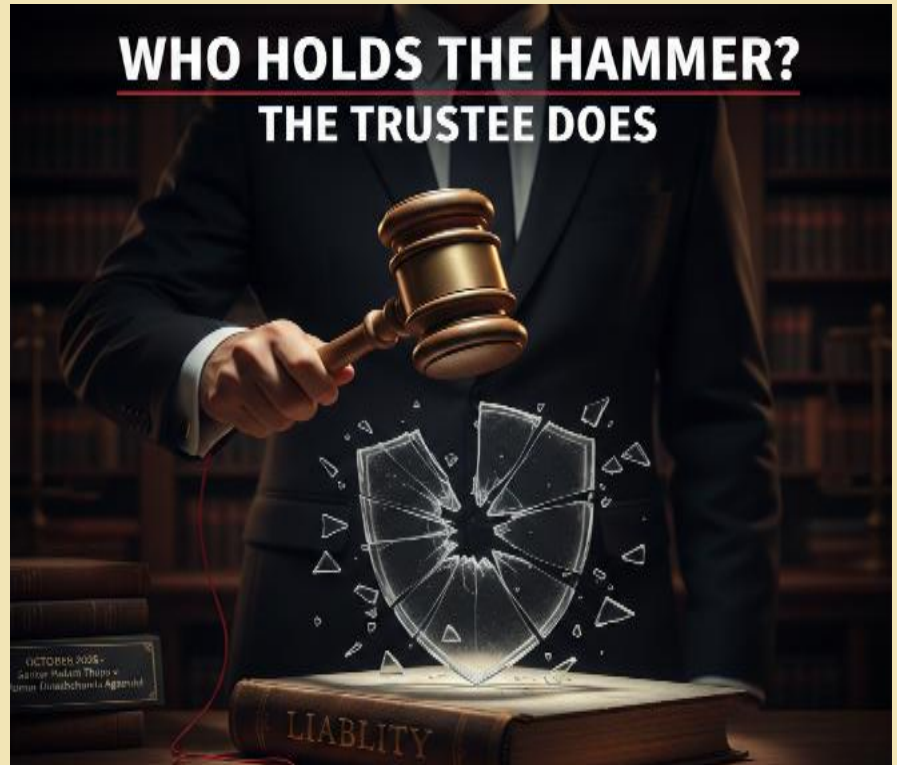
The Court said something simple - but powerful:

A trust is not a separate legal entity.

It does not exist independently.

It acts only through its trustees.

Which means this: *when something goes wrong, it is not “the trust” that stands in the dock. It is the trustee.*



In *Sankar Padam Thapa v. Vijaykumar Dineshchandra Agarwal (2025 INSC 1210)*, the Supreme Court clarified what many professionals knew in theory but often ignored in practice - a trust is not a juristic person. The responsibility bears with the individuals managing it. And that changes how trustees should think about risk.

Why This Matters More Than Most Realise

Trusts are widely used - estate planning, philanthropy, succession structuring, family wealth management. Over time, they begin to look and feel like independent institutions. They have PANs. Bank accounts. Registrations. Staff. Auditors.

But legally, that structure is only an arrangement. When contracts are signed, when cheques are issued, when tax positions are taken - it is the trustee acting. Many trustees operate with an unconscious assumption: *“If something happens, the trust will handle it.”* This judgment makes it clear - that assumption is dangerous.

Where Trustees Commonly Slip?

From what we see in practice, exposure rarely comes from fraud. It comes from informality.

1. Treating the Trust as a Shield

Some trustees assume liability ends with the trust’s assets. But courts have repeatedly held otherwise - especially in cheque dishonour and contractual disputes.

2. Casual Decision-Making

Verbal approvals. WhatsApp confirmations. No recorded resolutions.

In a dispute, those gaps matter.

3. Tax Misunderstandings

Tax notices may be addressed to the trust.

But statutory responsibility sits with the trustee.

Incorrect filings, aggressive income classification, failure

to maintain proper records - these can translate into personal exposure.

4. Multi-Trustee Confusion

In family trusts especially, roles are often loosely defined.

When litigation begins, “I wasn’t involved” is rarely a complete defence.

Ambiguity does not dilute accountability.

When Risk Becomes Real?

Trustees are most exposed when they:

- Sign agreements without clearly documented authority
- Issue cheques from trust accounts casually

- Approve loans or asset transfers without structured approval
- Fail to maintain proper accounting discipline

- Assume compliance is the auditor’s responsibility

That is precisely why the risk is underestimated.

What This Judgment Really Says?

This ruling is not anti-trust. It is pro-accountability. Trusteeship is merely a fiduciary role. It carries responsibility - not just prestige. A trust can hold assets. But it cannot contain responsibility on its own. Only Natural persons can.

Practical Reality: What Trustees Should Do Now

Not panic - but tighten governance.

- Revisit the trust deed. Are powers and decision protocols clearly defined?

- Ensure indemnity clauses are properly drafted.
- Record major decisions formally.

- Maintain disciplined accounting and compliance oversight.
- Educate all co-trustees about personal exposure.

Professional advice is not a luxury here irrespective of the size of the trust - it is protection against unwanted litigations and legal jargons.



The Bottom Line

For years, trustees have operated in a comfort zone - believing structure equals insulation. The Supreme Court has now removed that comfort. A trust may hold the assets. But when something goes south, the law pulls the plug. And that is where the hammer falls.

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Tech Tools Every CA Should Know in 2026: Automating Routine Tasks & Reclaiming Your Time

Today, Chartered Accountants are working in a world where finance and technology go hand in hand. There is more data than ever, rules are becoming stricter, and clients want quick and clear answers. Because of this, automation is no longer optional—it is necessary to stay relevant and competitive.

At the AI Innovation Summit (AIS 2025) organised by the Institute of Chartered Accountants of India (ICAI) in Pune on 18–19 July 2025, ICAI President CA Charanjot Singh Nanda shared an important thought: AI cannot replace human judgement; it is meant to support and strengthen it. He highlighted that CAs who

use AI and automation wisely will lead the future of accounting, audit, tax and governance.

The good news is that today’s tools are better, affordable, and designed for Indian professionals. Below is a selected list of tools that are truly helping CAs save time and work more efficiently in 2026.



1. Robotic Process Automation (RPA) – For repetitive work

Tools like UiPath and Microsoft Power Automate take care of routine, rule-based tasks such as data entry, invoice processing, report preparation, and basic compliance checks. These tools connect different accounting software and complete tasks automatically, with minimal manual effort.

How it saves time:

- Reduces repetitive manual work
- Speeds up back-office processes
- Ensures accuracy and consistency

Best for:

Firms handling large volumes of data, monthly reporting, or multiple software systems.

2. AI-Enabled Accounting Platforms – Smarter, Automation

These platforms use AI to handle more complex work like transaction classification, bank reconciliation, error detection, forecasting, and risk identification.

Popular tools include:

QuickBooks AI Agents — Automates bookkeeping, invoicing, payroll, bill payments, and tax compliance. Many users save significant time every month.

Xero — Automatically matches bank transactions and detects unusual entries.

Botkeeper — Provides end-to-end AI-based bookkeeping and document management.

How it saves time:

- Processes transactions quickly
- Identifies issues instantly
- Provides useful insights without manual analysis

Best for: Firms looking for real-time insights and smarter decision-making.

3. India-Specific Tools for Tax & Compliance (Best for GST & Audits)

Indian tax laws require high accuracy. Tools designed for Indian regulations are especially helpful for GST and audits.

Key Tools:

- **Vyapar TaxOne** (formerly Suvit) — Automates GST reconciliation, ITC tracking, bank data imports, document collection, error checks, and return preparation.

- **Assure AI** — Automates audit work including financial statements, ratio analysis, tax audit reports, sampling, and checklist-based audits.

How it saves time:

- Reduces GST and audit preparation time
- Automates follow-ups and scrutiny
- Minimizes errors in statutory compliance

Best for: CA firms in Kerala and across India handling GST, audits, and statutory compliance.

4. Advanced Analytics & Reporting – Better reporting, less effort

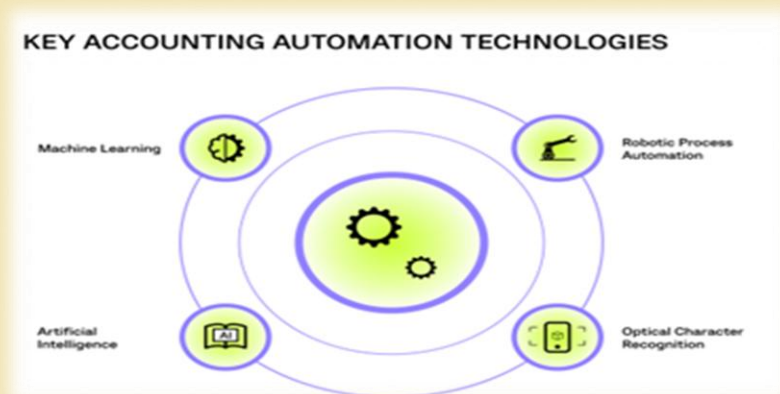
Workiva brings financial, risk, and compliance data onto one platform. It helps teams work together and prepares accurate reports and regulatory filings faster.

How it saves time:

- Combines data from multiple sources

- Automates report updates
- Improves team coordination

Best for: Firms managing multiple entities or complex reporting requirements.



Proven Impact in 2026

Automation is already delivering clear results—faster month-end closures, quicker audits, less manual work, and lower compliance risk. This growing momentum is also reflected in investor confidence.

Maxima, an AI platform for enterprise accounting that automates reconciliation, journal entries, month-end close, and audit-ready reports, raised \$41 million in November 2025. Early users are seeing major improvements in productivity and efficiency.



Automation doesn't replace a CA's expertise—it enhances it. With ICAI actively promoting AI adoption, CAs who start using these tools today will save time, reduce risk, and deliver greater value to clients. Start small, scale smart, and turn today's efficiency into tomorrow's advantage

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The Changing Face of Income Tax

Income Tax Act, 1961: Key Amendments

1. Section 92CA – Transfer Pricing (TPO Order)

- Law now clearly specifies how the 60-day time limit is to be computed
- Specific cut-off dates linked to 31st March are prescribed
- Amendment overrides judicial rulings to reduce litigation
- *No ambiguity in determining the time limit for TPO orders*

2. Section 139(1) – Return Filing Due Dates Revised

Category	Due Date
TP cases (u/s 92E)	30 th November
Audit cases (Company / Non-company / Partners)	31 st October
Non-audit Business / Profession	31 st August
Other assesseees	31 st July

- *Additional time granted to non-audit business assesseees*

3. Section 139(5) – Revised Return

- Revised return can now be filed up to the end of the Assessment Year
- Late filing fee applicable under section 234-I
- *Extended timeline, but delayed corrections now attract a fee*

4. Section 139(8A) – Updated Return

- Reduction of loss permitted
- Updated return allowed even after receipt of notice u/s 148
- Once opted, no alternative mode of compliance is allowed
- *Updated return provisions made more flexible*

5. Section 140B(3A) – Extra Tax after 148 Notice

- Filing updated return pursuant to reassessment notice attracts additional 10% tax
- *Post-notice compliance becomes costlier*

6. Section 234 I: Fee for Late Revised Return

Total Income	Fee
Up to ₹5 lakh	₹1,000
Above ₹5 lakh	₹5,000

- *Late revised returns now attract a fixed statutory fee*

Income Tax Act, 2025: Key Amendments

1. Section 2(40)(f) - Definition of Dividend

- Omitted from the definition of “dividend” any payment by a company on purchase of its own shares from a shareholder as per section 68 of the Companies Act, 2013 (18 of 2013)
- *All the references made to section 2(40) (f) in the Act is substituted accordingly to maintain alignment with the revised definition.*

2. Section 21(5) - Determination of annual value of house property

- For a property is held as stock-in-trade and is not let wholly or partly at any time during the tax year,
- The nil annual value benefit is available for a maximum period of two years, and not as an automatic or fixed entitlement for the entire two-year period in all cases.
- *This change is clarificatory in nature and does not alter the substantive tax treatment.*

3. Section 29(e) -Deductions related to employee welfare

- For certain house properties - self-occupied or cannot actually occupy it due to any reason
- The aggregate amount of deduction available for interest on a housing loan limiting to ₹2,00,000 (or ₹30,000 in other cases) in total,
- Now covers all eligible interest-related deductions together, instead of applying to only one category of such deduction as earlier.
- *Pre-construction interest is now subject to the overall maximum deduction limit.*

4. Section 29(e) - Deductions related to employee welfare

- Applies to deductions under “Profits and gains of business or profession.”
- Covers sums received from employees as contributions to:

- a. Provident fund
 - b. Superannuation fund
 - c. Employees' State Insurance fund
 - d. Any other employee welfare fund
- The employer (assessee) must credit these amounts to the employee's account in the relevant fund on or before the due date of filing the income tax return under section 263(1).
 - *Earlier, contributions must be deposited by the 15th of the following month under PF, ESI acts.*

5. Section 58(11)(a)(i) - Special provision for computing profits and gains of business or profession on presumptive basis in case of certain residents

- Removal of Restriction Linked to SEZ Deduction.
- SEZ deduction will no Longer not disqualify the taxpayer from opting for presumptive taxation.
- *Expanded eligibility for Presumptive Scheme.*

6. Section 69(2) - Capital gains on purchase by company of its own shares or other specified securities

- Introduction of Additional Income Tax on Promoters.

Promoter Type	Short-Term Capital Gains	Long-Term Capital Gains
Domestic company	2%	9.5%
Non-domestic company	10%	17.5%

- *These rates are in addition to normal capital gains tax applicable under the Act.*

✿ 'promoter' for this section means,

- a. in the case of a listed company, a person recognized as a promoter under the SEBI Buy-Back of Securities Regulations, 2018, and
- b. in the case of any other company, a person who is regarded as a promoter under the Companies Act, 2013 or who directly or indirectly holds more than 10% of the company's shareholding.

7. Section 93 - Deductions

- Commission or remuneration paid for the realization of dividend income is not eligible for deduction against dividend income chargeable under the head "Income from other sources".
- *Reduction of dividend income is no longer possible.*

8. Section 99(2) - Income of individual to include income of spouse, minor child, etc

- Omitted, the clubbing of income generated from investment of remuneration (received by a spouse from a concern in which the other spouse had substantial interest) in a business or a partnership firm.
 - Now, clubbing applies to income generated from investment of any asset (transferred directly or indirectly to the spouse without adequate consideration or in connection with a separation agreement) in a business or a partnership firm.
- *The amendment does not change the substantive scope of clubbing itself.*

9. Section 263 - Return of income

Category	Due Date
Transfer pricing cases (u/s 172)	30 th November
Audit cases (Company / Non-company / Partner of an audit required firm)	31 st October
Non-audit cases (Assessee with Business or Profession income/ Partner of a non-audit required firm)	31 st August
Other assessees	31 st July

- *Revised due dates for filing income tax return.*

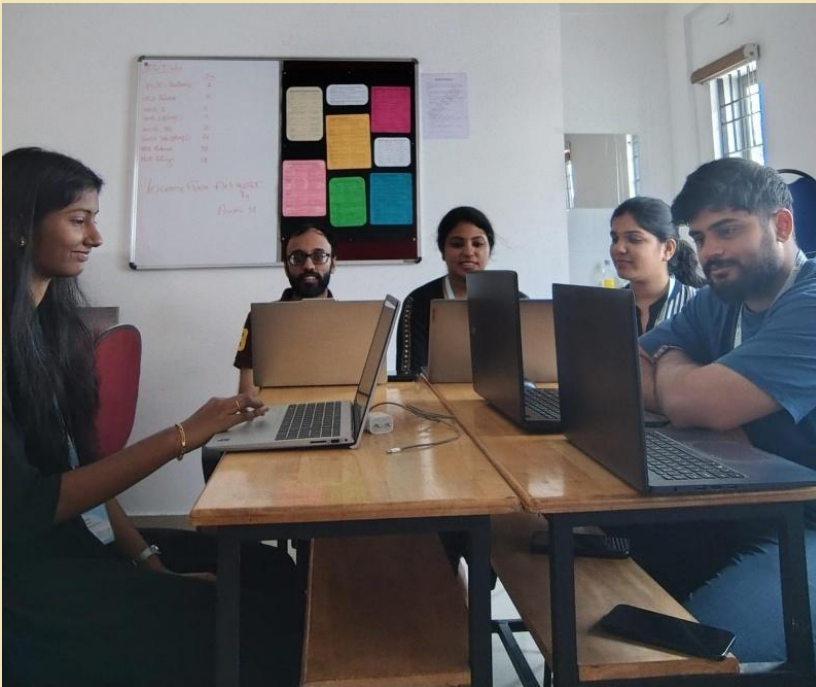
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Highlights – In Focus

Here’s a glimpse of the vibrant activities and initiatives. From insightful sessions to creative contributions and celebrations, these snapshots capture the energy, learning, and collaboration, camaraderie across our teams.

- TECHNICAL SESSIONS



SECTION 2 (5) OF INCOME TAX ACT, 2025.
BY ASWATHI MURALEEDHARAN
HR MANAGER, ASSURANCE AND
CONSULTING STAFF - 1



SECTION 15 OF INCOME TAX ACT, 2025.
BY ASWATHY R NAIR
ASSURANCE AND CONSULTING STAFF - 2

- A JOYFUL CELEBRATION OF NITIN SIR'S BIRTHDAY



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e-Newsletter from NITIN N & CO. Chartered Accountants



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