Sudeeksha

e- News letter from NITIN N & CO., Chartered Accountants

Formation Day Special Edition- 17th June

A Note of Gratitude

From the Proprietor- CA Nitin Naganathan

As I look back down the memory lane, a condensed mixture of deep feelings of pride and satisfaction woven around the fabric of enormous work and efforts put in by each and every person who laid their own supporting material to the bricks that were laid by them over these years and I see this as a palace where the foundation stones were laid by me and the rest of the structure got built over time. Each of you holds a special place in my life and I will remember the contributions as far as memory remains with me. Right from the first day when each of you stepped into this office, I strived to ensure that the primary and most valuable addition to your life would be the education from the experience that the exposure provides you with.

To each client who were the main contributors to the skillsets that I could acquire through their own ventures and way of life that brought them to me; I am forever indebted to you all who made me interpret the legislations that I had once learnt before laying my hands on the membership certificate from The Institute of Chartered Accountants of India. Many of you opened my eyes wider in examining the compliances and other practical scenarios that you faced for which you came to me for solutions and suggestions. I believe I had invested the most valuable resource – time, to ensure that the service from my side was delivered in the best possible manner.

I trained everybody in my office with the same intention and consistency, and I ensured that every bit of knowledge that I had acquired over these years was passed on in the most undiluted manner with respect to the content and the most filtered version learning from my past choices and decisions which I was particular that the regret that I faced should not get passed on along with the experience that was shared.

Whatever I could gather in the course of being a Chartered Accountant in practice was due to the combined support of my staff, clients, other stakeholders and the foundation laid by the pillars of support in my life.

I remember my parents who lit up my life and have endured and overcome every obstacle on the way. They are the reason for me becoming a Chartered Accountant along with the teachers who always performed their bit by guiding me on the right path whenever I faltered.

The present that I enjoy is a bundle of challenges and opportunities, and the outlook is very positive from every angle. I commit myself to continue and intensify my efforts in ensuring that the life of every staff, client and stakeholder becomes better through my role that has been assigned by each of you.

Remember that education is the most powerful and valuable tool that you possess and that which you should sharpen so that you can utilize the most valuable thing in life – which is time manifested in it.

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WHATS' INSIDE...?

As we celebrate our 14th Formation Day, this special edition reflects our continued commitment to knowledge sharing, professional excellence, and compliance awareness. Over the past 13 years, our journey has been shaped by trust, independence, and an unwavering pursuit of quality service. In this edition, we bring together practical insights and regulatory updates designed to help businesses, professionals, and stakeholders stay informed and future-ready.

Inside this edition, we explore key developments in taxation, compliance, governance, and regulatory practices. We begin with 'Why Internal Audit Matters More Than Ever', offering a practical overview of the significance of internal audit in today's business environment, along with its key benefits, challenges, and limitations. We also share a practical guide on 'Resetting Passwords in TRACES', designed to help taxpayers and professionals efficiently manage compliance-related challenges.

Further, gain valuable insights into 'Input Tax Credit (ITC) – The Backbone of GST', understand its significance within the GST framework, and discover the 'Top Tax Saving Investments' that can support effective tax planning and long-term financial growth.

The edition also features a 'Landmark Judgement Analysis', offering perspectives on significant legal developments shaping today's business environment. In addition, our 'Step-by-Step Guide to Registering an NGO in India' provides an overview of common legal structures, registration procedures, and the essential documents required to establish a non-profit organization.

We conclude our knowledge section with 'In Compliance, Every Detail Counts', highlighting the importance of attention to detail and proactive compliance practices in building sustainable and well-governed organizations.

Finally, we have included glimpses of memorable events, celebrations, achievements, and milestones that have defined our journey and contributed to our growth over the years.

We hope you find this edition insightful, informative, and valuable.
Discover. Learn. Stay Informed..!

Why Internal Audit Matters

More Than Ever

Have you been tired of complexities in internal matters?

In today's rapidly evolving business environment, organizations face growing and uncertain challenges in managing financial accuracy, regulatory compliance, operational efficiency, and business risks. With increasing scrutiny from regulators, investors, and all other business stakeholders, internal audit has emerged as a vital function that goes far beyond routine checking of accounts. Nowadays it plays a strategic role in helping businesses strengthen governance, improve controls, and achieve long-term sustainability.

Athira Unnikrishnan
Head 1 - Assurance & Consulting

Internal Audit: More Than a Compliance Function!

Traditionally, internal audit was mainly associated with verifying financial records and ensuring compliance with laws and regulations. While these responsibilities remain important, the scope of internal audit has expanded significantly over the years.

Modern internal auditors are expected to evaluate:

- *The effectiveness of internal controls*
- *Risk management processes*
- *Operational efficiency*
- *Fraud prevention mechanisms*
- *Compliance systems*
- *Technology and cybersecurity risks*

This broader role enables businesses to identify weaknesses early and implement corrective measures before they escalate into major financial or operational issues.

Managing Risks in an Uncertain Environment

Today's businesses operate in a highly dynamic environment marked by economic fluctuations, evolving tax regulations, cybersecurity threats, and rapid technological advancements. Even a small control failure can lead to significant financial losses, reputational damage, or regulatory penalties.

Internal audit helps organizations proactively identify and assess such risks. By continuously reviewing business processes and monitoring internal controls, auditors provide management with valuable insights that support informed decision-making and risk mitigation.

For example, internal audits can help detect:

- *Revenue leakages*
- *Inefficient operational processes*
- *Weak authorization controls*
- *Non-compliance with GST or tax regulations*
- *Data security vulnerabilities*
- *Potential fraud or misappropriation of assets*

Strengthening Corporate Governance

Good corporate governance is essential for building trust among investors, lenders, customers, and other stakeholders. Internal audit contributes significantly to governance by ensuring accountability, transparency, and ethical business practices within the organization.

An effective internal audit function creates confidence that:

- Financial information is reliable
- Policies and procedures are being followed
- Risks are properly managed
- Resources are utilized efficiently

For growing businesses and startups, establishing strong internal audit practices at an early stage can help create a culture of discipline and control that supports sustainable growth.

The Impact of Technology on Internal Audit

Technology has transformed the way businesses operate, and internal audit functions are evolving accordingly. The adoption of cloud accounting systems, digital payments, AI tools, and automated processes has increased both opportunities and risks for organizations.

Modern internal auditors increasingly rely on:

- Data analytics tools
- Continuous auditing techniques
- Automated compliance tracking
- AI-based risk assessment systems

These technologies enable auditors to analyze large volumes of data efficiently, identify unusual transactions, and provide real-time insights to management.
At the same time, internal audit also evaluates cybersecurity controls and data protection measures to ensure that organizations remain secure in an increasingly digital business landscape

Internal Audit as a Strategic Business Partner

One of the most significant shifts in recent years is the transformation of internal audit from a traditional control function into a strategic advisory role. Internal auditors now work closely with management to improve business processes, enhance efficiency, and support strategic objectives.

Rather than simply identifying problems, internal auditors help organizations:

- Improve operational performance
- Optimize resource utilization
- Enhance decision-making processes
- Strengthening risk management frameworks
- Prepare for future challenges

This value-added approach makes internal audits an important contributor to overall business success

Internal Audit V/s Statutory Audit

Internal audit and statutory audit differ primarily in their purpose and scope. Internal audit is an ongoing function that evaluates an organization's internal controls, risk management, compliance, and operational efficiency to help improve business processes and prevent future issues. It reports to management and the Audit Committee and covers both financial and non-financial areas. In contrast, a statutory audit is a legally required independent examination of financial statements conducted by external auditors to determine whether they present a true and fair view of the organization's financial position. While internal audit focuses on improving operations and managing risks, statutory audit focuses on providing assurance to shareholders and other stakeholders regarding the accuracy of financial reporting.

Key Difference in Practice

A statutory auditor may verify whether revenue is reported correctly in financial statements.

An internal auditor may examine:

- Whether sales processes are vulnerable to fraud
- Whether customer credit approvals are effective
- Whether revenue controls can prevent future errors.

Thus, statutory audits look primarily at financial reporting accuracy, while internal audit focuses on improving the organization's overall control environment.

Case Studies

Case Study 1: Barings Bank Collapse (1995)

Barings Bank was one of the oldest banks in the United Kingdom.

What Happened?

Trader Nick Leeson concealed massive trading losses through unauthorized transactions.

Internal Audit Failure

- Weak segregation of duties
- Inadequate monitoring of trading activities
- Poor risk oversight

Outcome

Losses exceeded £800 million, leading to the bank's collapse.

Lesson

A stronger internal audit function could have identified control weaknesses before losses became catastrophic.

Case Study 2: Wells Fargo Unauthorized Accounts Scandal)

Wells Fargo employees opened millions of unauthorized customer accounts to meet aggressive sales targets.

Internal Audit Issues

- Weak monitoring of sales incentives
- Insufficient review of customer complaints
- Inadequate escalation of control concerns

Outcome

- Significant fines
- Reputational damage
- Leadership changes

Lesson

Internal audit should evaluate culture and conduct risks, not just financial controls.

In an era of increasing complexity, uncertainty, and regulatory expectations, internal audits have become more important than ever. It is no longer limited to compliance and error detection; it is now a critical tool for risk management, governance, operational improvement, and strategic growth.

'Organizations that invest in strong internal audit systems are better positioned to manage challenges, maintain stakeholder trust, and achieve long-term sustainability. As businesses continue to evolve, the role of internal audit will only become more significant in driving resilience, transparency, and value creation'.

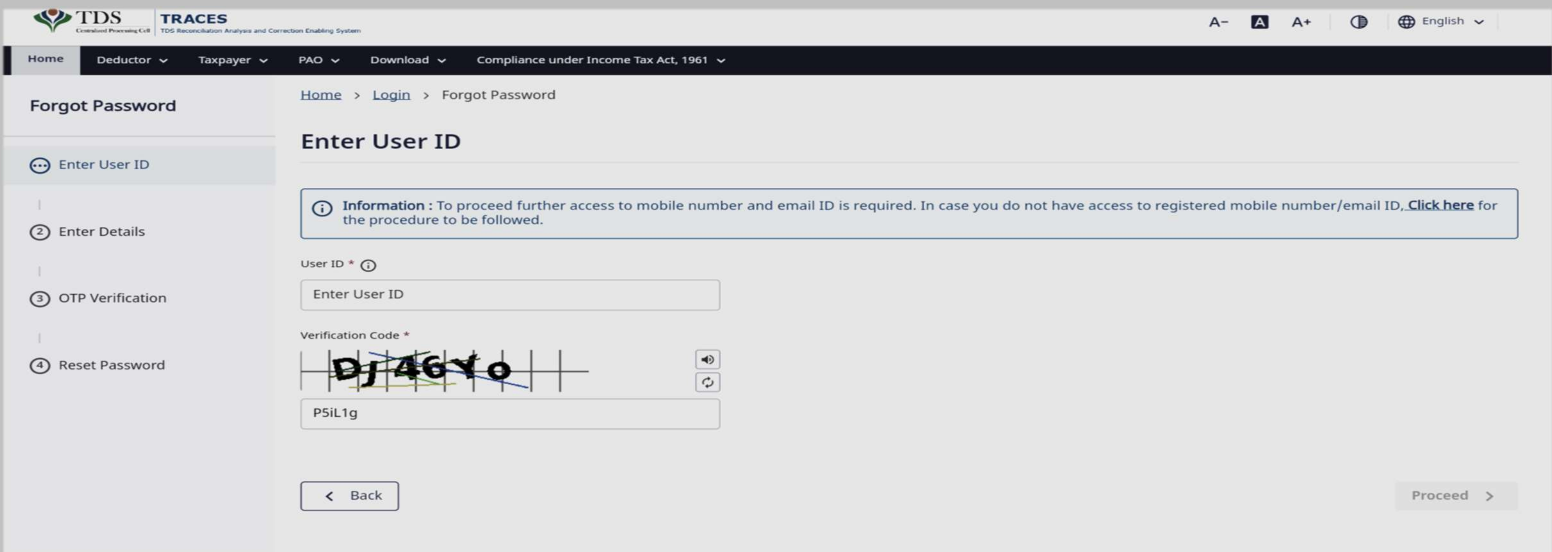
Author may be reached at
nncostaff@gmail.com, unnikrishnanathira123@gmail.com

How to Reset Password in TRACES?

Riya Paul
Trainee

The TDS Reconciliation Analysis and Correction Enabling System (TRACES) portal is used for TDS/TCS compliance activities such as filing correction statements, downloading Form 16/16A, viewing defaults, and managing TAN-related information. Many deductors face issues when the registered mobile number or email ID linked with TRACES is no longer accessible. In such cases, password reset becomes difficult because OTP verification cannot be completed.

This article explains the different methods available for resetting the TRACES password and the procedure for updating the registered mobile number or email ID when login credentials are not accessible.



1. When Registered Mobile Number or Email ID is Accessible

If the registered mobile number and email ID are still active, the password can be reset directly through the portal.

Steps

1. *Visit the official TRACES Portal*
2. *Click on "Login".*
3. *Select "Forgot Password".*
4. *Enter:*
   (i) *User ID (TAN of Deductor for Deductor/ PAN for Taxpayer)*
   (ii) *Date of TAN Allotment*
5. *Authenticate using OTP received on the registered contact details.*
6. *Create a new password and confirm it.*

After successful verification, the password will be reset instantly.

2. When Registered Mobile Number or Email ID Is Not Accessible

In many practical situations:

(a) the accountant who handled TRACES has left,

(b) old email IDs are inactive,

(c) mobile numbers are discontinued, or

(d) login credentials are lost.

In such cases, the deductor/taxpayer must request updation of the registered contact details:

*(i) Through **email to CPC-TDS.***

The request has to be sent to: contactus@tdscpc.gov.in, with the subject line: "Request to update Mobile No. and email-id of <Name of Taxpayer> PAN/TAN <......>"

Required Documents:

Category 1: Individual Taxpayers & Deductors

Document Type	Requirements & Specifics
Request Letter	A signed letter requesting a change of registered mobile number/email ID, stating the reasons for the change, and detailing the new mobile number and email ID.
PAN Proof	Scanned copy of the individual's PAN card or PAN allotment letter.
Identity Proof	Scanned copy of any government-issued documents (Passport, Aadhaar Card, Voter ID, Driving License, Bank Passbook affixed with a bank-attested photo).
Address Proof	Scanned copy of any of the following documents (Must be different from the identity proof document): · Passport / Aadhaar Card / Voter ID / Driving License · Bank Passbook affixed with a bank-attested photo · Electricity Bill / Gas Bill / Postpaid telephone or mobile phone Bill
Notarized Affidavit	Scanned copy of the original Affidavit made before a Notary/Magistrate confirming the identity of the applicant and the reason for the request.

Category 2: Non-Individual Taxpayers & Deductors
(Companies, Partnership Firms, LLPs, Trusts, Societies, etc.)

Document Type	Requirements & Specifics
Request Letter	Must be signed by the **Principal Officer** or **Authorized Principal Contact**, detailing the reason for the change and providing the new contact details.
Entity PAN Proof	Scanned copy of the entity's PAN Card or PAN Allotment Letter.
Principal ID Proof	Scanned government-issued ID of the Principal Contact (Aadhaar, Passport, Voter ID, or Driving License).
Entity Address Proof	Document issued directly in the **entity's name** (Electricity Bill, Telephone Bill, Bank Passbook, or Rent Agreement).
Proof of Appointment	Official authorization proof based on entity type: · **Corporate:** Board Resolution · **Firms/LLPs:** Partnership Deed / LLP Agreement · **Trusts:** Trust Deed / Formal Authorization Letter
Notarized Affidavit	Scanned copy of the original Affidavit made before a Notary/Magistrate confirming the applicant's identity, legal authority, and the reason for the request.

(i) **After sending the email request**, the applicant must also send:

- Printout of the email request, and
- Original Affidavit

to CPC-TDS by post within 15 days of email request.

Failure to send the physical documents may delay or prevent updation of contact details.

(iii) After Contact Details Are Updated

Once CPC-TDS updates the registered mobile number/email ID:

1. Visit the TRACES portal again.
2. Use the "Forgot Password" option.
3. Complete OTP verification using the updated details.
4. Set a new password.

The above steps can be used for login reset in TRACES. By following the prescribed procedure and submitting the required supporting documents, taxpayers/deductors can update their registered contact details and regain access to their TRACES account. Proper maintenance of login credentials and updated contact information helps avoid future compliance difficulties relating to TDS filings and corrections.

Author may be reached at
nncostaff@gmail.com, riapaul327@gmail.com

INPUT TAX CREDIT (ITC) – The Backbone of GST

Anagha Mariya
Articled Assistant

GST was introduced with the promise of removing the cascading effect of taxes. Before GST, businesses often paid "tax on tax," which increased the final cost of goods and services. The concept of Input Tax Credit (ITC) changed this completely. ITC allows a registered person to claim credit of GST paid on purchases and use it against GST payable on sales. Because of this mechanism, tax is effectively levied only on value addition.

For example, if a trader purchases goods for ₹1,00,000 and pays GST of ₹18,000, and later sells the same goods ₹1,50,000 with GST liability of ₹27,000, he can adjust the earlier GST of ₹18,000 and pay only the balance ₹9,000 to the Government. Thus, ITC avoids double taxation and reduces the burden on businesses as well as consumers.

The legal foundation of ITC is contained in Section 16(1) of the CGST Act, which states:

"Every registered person shall… be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business…"

This provision makes it clear that ITC is available only to a registered person and only when the goods or services are used for business purposes. Even goods intended to be used for business qualify for ITC.

However, ITC is not automatic. Section 16(2) prescribes several conditions which must be satisfied before credit can be claimed. ***The recipient must possess a valid tax invoice or debit note.*** *Without proper documentation, ITC cannot be availed. Further, the supplier must upload the invoice in GSTR-1 and the same should appear in the recipient's GSTR-2B. If the invoice is not reflected in GSTR-2B, the recipient cannot claim the credit even though the purchase is genuine.*

Another important condition is that the recipient should have ***actually received*** *the goods or services. In case goods are received in instalments, ITC can be availed only after receipt of the final lot. GST law also recognizes the "Bill-to Ship-to" model. Suppose A sells goods to B, but on B's instruction directly delivers them to C. Even though B never physically receives the goods, ITC is still available to B because the law treats it as deemed receipt. Similarly, in the case of* services, if A provides consultancy services to C on the instructions of B and raises the invoice on B, the services are deemed to have been received by B even though they are actually rendered to C. Accordingly, B is eligible to avail ITC subject to fulfillment of the other prescribed conditions.

Further, the law provides that the **tax charged by the supplier must actually be paid to the Government**. This provision has increased the importance of vendor compliance under GST. If a supplier fails to deposit the tax or does not file GSTR-3B, the recipient may ultimately face reversal of ITC along with interest.

The law also contains a payment condition requiring the recipient to pay the supplier within 180 days from the invoice date. If payment is not made within this period, the ITC claimed earlier must be reversed and interest at **18% per annum** is payable on the amount of credit availed. Once the payment is subsequently made to the supplier, the credit can be reclaimed in accordance with the GST provisions.

GST law additionally prescribes a strict time limit for availing ITC. Section 16(4) states:

"A registered person shall not be entitled to take input tax credit… after the thirtieth day of November following the end of financial year…"

Thus, ITC cannot be claimed indefinitely. For an invoice relating to FY 2024-25, the credit must be availed on or before 30th November 2025 or the date of filing the annual return for FY 2024-25, whichever is earlier.

Blocked Credits and Practical Importance of ITC:

Blocked credit refers to input tax credits that are specifically disallowed under GST law, even when the related goods or services are used in the course or furtherance of business. The provisions relating to blocked credits are contained in Section 17(5) of the CGST Act, 2017, and, by virtue of Section 20 of the IGST Act, 2017, these restrictions apply equally to IGST. Although GST is founded on the principle that taxes paid on business purchases should generally be available as credit, the law restricts ITC on certain specified goods and services to prevent misuse of the credit mechanism and to exclude expenses that are personal in nature or not directly connected with taxable business activities. Such ineligible credits are commonly known as blocked credits.

One of the major categories of blocked credit is **motor vehicles** used for transportation of persons having seating capacity of not more than thirteen persons. Thus, ITC on cars purchased for directors or office use is generally not available. However, exceptions are provided where such vehicles are used for passenger transport services, driving training, or further supply of vehicles.

The law also blocks ITC on *food and beverages, outdoor catering, beauty treatment, health services, cosmetic surgery, club memberships, and travel benefits* provided to employees on vacation such as leave travel concession. These expenses are generally considered personal in nature. However, where providing such facilities is mandatory under any law, ITC may still be allowed. For example, if a factory is required under labour laws to provide canteen facilities to employees, the GST paid on such canteen services may qualify for ITC.

Another important blocked credit relates to *construction of immovable property*. GST paid on goods or services used for construction of office buildings, civil structures, or renovations capitalized in books is generally not available as ITC. For instance, a company constructing its own corporate office cannot claim ITC on cement, steel, tiles, or contractor services used in such construction. However, the restriction does not apply to "plant and machinery" as defined under the Act.

Further, ITC is also blocked on goods lost, stolen, destroyed, written off, or distributed as gifts or free samples. Therefore, if a business distributes promotional gift hampers or free product samples, the GST paid on such goods cannot be claimed as credit. Similarly, if inventory is destroyed due to fire or theft, the related ITC must be reversed.

The law also disallows ITC on goods or services used for personal consumption and on tax paid under composition scheme. In addition, GST paid as a consequence of fraud, suppression, or willful misstatement is not eligible for credit.

Blocked credit is one of the most litigated areas under GST because businesses often incur these expenses during normal business operations. Therefore, proper identification of blocked credits is essential to avoid wrongful ITC claims, reversal of credit, interest, and penalties.

ITC on Cancellation of Registration or Discontinuance of Business:

Businesses should be mindful that Input Tax Credit already availed may require reversal when GST registration is cancelled or business operations are discontinued. In such cases, taxpayers are required to determine the ITC attributable to inputs, semi-finished goods, finished goods, and capital goods held in stock immediately preceding the date of cancellation and discharge the applicable liability in accordance with the GST provisions. Proper stock identification, accurate computation of the amount payable, and timely compliance are essential to avoid future disputes and demands. The detailed statutory framework governing such reversals is contained in Section 29(5) and Section 18(6) of the CGST Act, 2017 read with Rule 44 of the CGST Rules, 2017.

In practice, Input Tax Credit is not just a benefit but a continuous compliance responsibility under GST. Businesses need to carefully match their purchase records with GSTR-2B, ensure suppliers are compliant, make timely payments, and correctly distinguish eligible and blocked credits. Even a small oversight can lead to ITC reversal, interest costs, and unnecessary disputes.

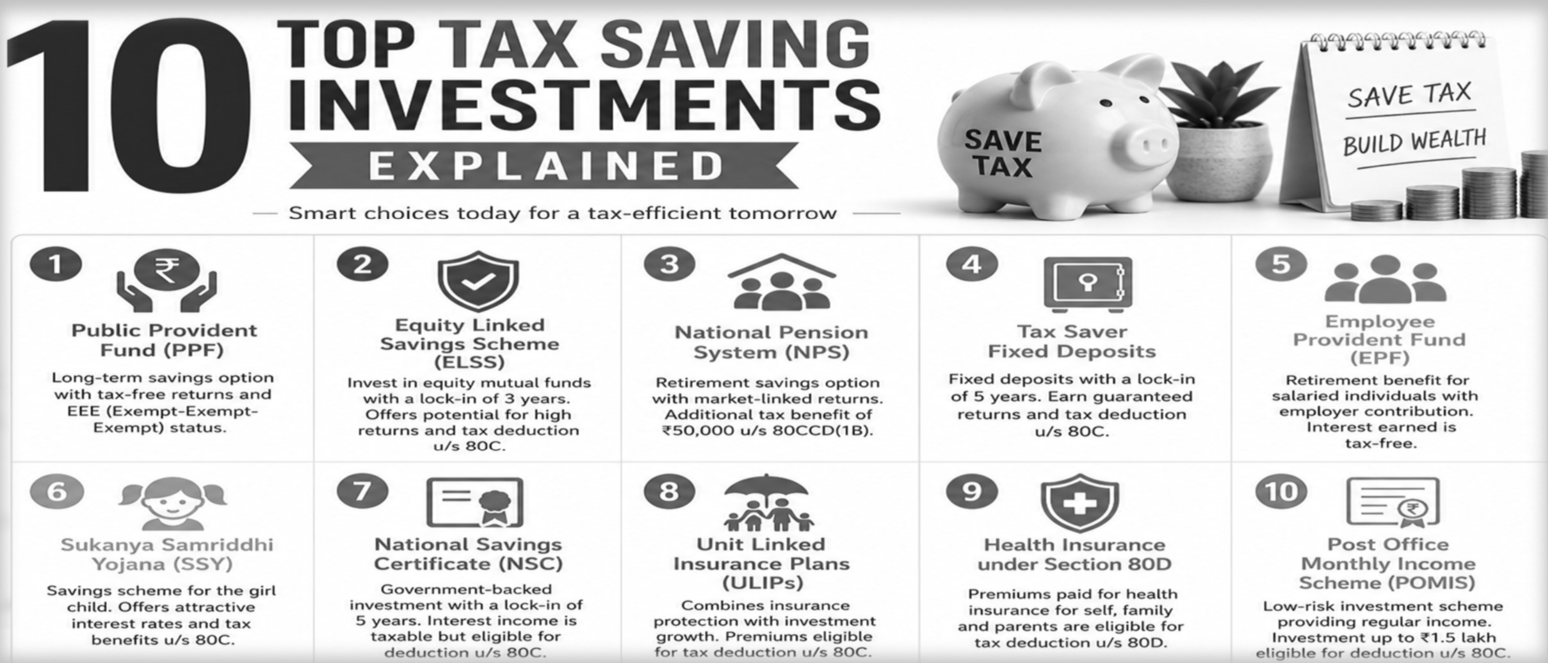
Ultimately, ITC is the core strength of the GST system. When managed properly, it keeps the tax burden low, improves cash flow, and ensures smooth business operations. **In today's GST framework, good ITC discipline is not optional - it is essential for healthy and efficient business functioning.**

Author may be reached at
nncostaff@gmail.com, anaghamariya480@gmail.com

Top Tax Saving Investments Explained

Aswathy R Nair
Staff 2 - Assurance and Consulting

Tax planning is an important part of financial management. Many people think tax saving is only about reducing the amount of tax paid to the government. However, proper tax planning also helps in building long-term wealth, improving financial discipline, and achieving future financial goals. Investments made for tax saving can support retirement planning, children's education, medical protection, and financial security.



The Income Tax Act provides several tax-saving opportunities under different sections such as Section 80C, Section 80D, Section 80CCD (1B), Section 80CCD (2), and capital gains exemption provisions such as Sections 54 and 54EC. The Income Tax Act, 2025 has also reorganized and renumbered several provisions while continuing to provide tax benefits for eligible investments and savings. Selecting the right investment option depends on an individual's income level, financial goals, risk appetite, and investment horizon. A well-balanced investment strategy can help taxpayers enjoy tax benefits while also growing their wealth over time.

1. Public Provident Fund (PPF)

Public Provident Fund, commonly known as PPF, is one of the most trusted and safest investment schemes in India. Since it is backed by the Government of India, it carries very low risk and provides stable long-term returns.

PPF is mainly considered suitable for individuals who prefer safety and guaranteed returns rather than market-linked investments.

The scheme has a lock-in period of fifteen years, which makes it ideal for retirement planning and long-term wealth accumulation. Investments made in PPF qualify for deduction under Section 80C up to ₹1.5 lakh per year.

One of the major advantages of PPF is its tax-free nature. The invested amount, interest earned, and maturity amount are all exempt from tax.

Key Features

- Government-backed investment
- Long-term savings scheme
- Tax-free returns
- Safe and stable investment option

Advantages

PPF encourages disciplined savings and helps individuals create a strong financial foundation for the future. Since the returns are guaranteed by the government, investors do not have to worry about market fluctuations.

Another major benefit of PPF is its E-E-E (Exempt-Exempt-Exempt) tax status. Under this benefit, the amount invested qualifies for tax deduction under Section 80C, the interest earned on the investment is completely tax-free, and the maturity amount received at the end of the tenure is also exempt from tax. This unique feature makes PPF one of the most tax-efficient investment options available in India.

Limitations

The long lock-in period may reduce liquidity for some investors. Individuals looking for short-term returns may not find PPF suitable.

2. Equity Linked Savings Scheme (ELSS)

Equity Linked Savings Scheme is a tax-saving mutual fund that mainly invests in equity markets. ELSS is popular among investors seeking higher returns and long-term wealth creation. Among all tax-saving investments under Section 80C, ELSS has the shortest lock-in period of only three years.

Since ELSS funds are linked to stock market performance, the returns are not guaranteed. However, over a long period, equity investments have historically generated better returns compared to traditional fixed-income products.

Key Features

- Market-linked investment
- Lock-in period of 3 years
- Managed by professional fund managers
- Eligible for tax deduction under Section 80C up to ₹1.5 lakh per financial year.

Advantages

ELSS offers the potential for higher returns and helps investors participate in the growth of the equity market. Professional management also allows investors to benefit without directly selecting stocks.

Limitations

Since the investment is market-linked, returns can fluctuate. Investors must be prepared to handle short-term market volatility.

3. National Pension System (NPS)

National Pension System is a retirement-oriented investment scheme regulated by the Pension Fund Regulatory and Development Authority. It is designed to help individuals systematically build a retirement corpus over the long term.

One of the biggest attractions of NPS is the additional tax deduction of ₹50,000 available under Section 80CCD(1B). In addition, employer contributions to NPS may qualify for tax benefits under Section 80CCD(2), subject to the prescribed limits. These benefits are over and above the deduction available under Section 80C..

Key Features

- Retirement-focused investment
- Additional tax benefit
- Investment in equity and debt instruments
- Professionally managed funds
- Tier I Account – A retirement-focused account that offers tax benefits and has withdrawal restrictions
- Tier II Account – A voluntary savings account that provides greater flexibility and liquidity, with limited tax benefits

Advantages

NPS helps individuals prepare financially for retirement and encourages long-term financial discipline. The scheme also offers flexibility in selecting asset allocation.

Limitations

Withdrawals are restricted before retirement, and a portion of the maturity amount must be used to purchase an annuity.

4. Tax Saver Fixed Deposits

Tax Saver Fixed Deposits are offered by banks with a lock-in period of five years. These deposits qualify for tax deduction under Section 80C.

Fixed deposits are highly preferred by conservative investors because they provide guaranteed returns and capital safety. Unlike regular fixed deposits, premature withdrawal is not allowed before completion of the lock-in period.

Key Features

- Fixed and predictable returns 5-year lock-in period
- Low-risk investment
- Eligible under Section 80C

Advantages

Tax Saver FDs are easy to understand and provide financial stability through guaranteed returns.

Limitations

Interest earned is taxable, and returns may be lower compared to market-linked investments like ELSS

5. Employee Provident Fund (EPF)

Employee Provident Fund is a retirement savings scheme mainly available to salaried employees. Both the employer and employee contribute regularly to the EPF account every month.

The scheme helps employees accumulate long-term retirement savings while enjoying tax benefits under Section 80C.

EPF is supported by two additional schemes namely the Employees' Pension Scheme (EPS) and Employees' Deposit Linked Insurance Scheme (EDLI).

EPS provides pension benefits to employees after retirement, while EDLI offers life insurance coverage to employees and financial protection to their families in the event of the employee's death during service.

Key Features

- Monthly contribution system.
- Employer contribution benefit
- Government-supported retirement scheme
- Tax benefits available

Advantages

EPF promotes disciplined savings and builds a retirement corpus steadily over time. The employer contribution also increases the overall benefit received by employees.

Limitations

Withdrawal options are limited before retirement, except under specific conditions.

6. Sukanya Samriddhi Yojana (SSY)

Sukanya Samriddhi Yojana is a special savings scheme introduced for the benefit of the girl child. Parents or legal guardians can open this account for girls below ten years of age.

The scheme offers attractive interest rates and tax-free maturity benefits, making it one of the most beneficial long-term savings options for families with daughters.

The account matures after twenty-one years from the date of opening or upon the marriage of the account holder after attaining the prescribed age, subject to applicable rules. Once the girl attains the age of eighteen years, she becomes eligible to operate the account independently. Partial withdrawals may also be permitted for higher education and other approved purposes as per the scheme guidelines, while the account continues until maturity

Key Features

- Government-backed savings scheme
- Designed for girl child welfare
- Attractive interest rates
- Tax-free maturity amount

Advantages

SSY supports future education and marriage expenses of daughters while providing tax-saving benefits to parents.

Limitations

The scheme has a long lock-in period and is available only for girl children.

7. National Savings Certificate (NSC)

National Savings Certificate is a fixed-income investment scheme available through post offices. It provides guaranteed returns and qualifies for deduction under Section 80C.NSC is widely preferred by investors who prioritize safety and stability.

Key Features

- Government-backed investment
- Fixed maturity period
- Guaranteed returns
- Easily accessible.

Advantages

The scheme is simple, secure, and suitable for conservative investors.

Limitations

Interest income is taxable, and liquidity is limited during the lock-in period.

8. Unit Linked Insurance Plans (ULIPs)

ULIPs combine insurance coverage with investment opportunities. A portion of the premium paid goes toward life insurance protection, while the remaining amount is invested in market-linked funds.

Key Features

- Insurance plus investment
- Long-term financial planning
- Market-linked returns
- Tax benefits under Section 80C

Advantages

ULIPs help individuals build wealth while also providing financial protection for their families.

Limitations

Returns depend on market performance, and some plans may involve higher charges.

9. Health Insurance under Section 80D

Health insurance is essential for financial protection against rising medical expenses. The Income Tax Act allows deductions for health insurance premiums paid for self, spouse, children, and parents.

Key Features

- Medical protection
- Tax deduction under Section 80D
- Additional deduction for senior citizens
- Financial security during emergencies

Advantages:

Health insurance reduces financial stress during medical emergencies and promotes better financial planning.

Limitations

Coverage and benefits vary depending on the insurance policy selected.

Tax-saving investments should always be selected based on financial goals and future requirements rather than only for reducing taxes. Every investment option has its own benefits, risks, and limitations. Some investments focus on safety and stability, while others offer higher growth potential through market exposure.

A balanced investment approach can help individuals achieve financial security, wealth creation, retirement planning, and tax efficiency together. Starting tax planning early in the financial year allows better decision-making and avoids last-minute financial pressure.

Proper planning today can create a more stable and secure financial future tomorrow!

Author may be reached at
nncostaff@gmail.com, nairaswathy1997@gmail.com

LANDMARK JUDGEMENT ANALYSIS

Safari Retreats Pvt. Ltd. (CIVIL APPEAL NO. 2948 OF 2023) – A Turning Point in GST Input Tax Credit?

Anish C Kamath
Head 2 - Assurance and Consulting, IT Manager

Introduction

Few GST provisions have generated as much litigation and interpretational conflict as Section 17(5) of the CGST Act - particularly in relation to blocked Input Tax Credit (ITC) on construction of immovable property.

For years, taxpayers encountered a recurring commercial dilemma:

If a building is constructed for earning taxable rental income, should GST paid on construction remain blocked?

The answer from tax authorities had traditionally been: Yes - ITC blocked.

However, the legal position underwent a significant shift following the landmark ruling in the case of Safari Retreats Pvt. Ltd., where the issue reached the highest judicial scrutiny and triggered a larger discussion on the purpose and philosophy of GST itself.

The Commercial Background

The taxpayer constructed a shopping mall intended for commercial leasing.
The business model was straightforward:

- Construction of commercial property
- Leasing/renting to tenants
- Charging GST on rental income

The taxpayer's argument was practical:
If outward supply (renting) is taxable, why should ITC on the very asset enabling such supply be denied?

After all, GST is intended to avoid cascading taxation.
If tax paid on inputs becomes permanently blocked despite taxable output supply, an element of tax-on-tax inevitably enters the system.
Yet, Section 17(5)(d) appeared to deny ITC in cases involving construction of immovable property.

This gave rise to an important interpretational conflict:

Should literal wording prevail? OR Should the objective of GST neutrality be considered?

The Core Legal Issue

The dispute revolved around interpretation of:
Section 17(5)(d) of the CGST Act
which restricts ITC relating to construction of immovable property.

The tax department adopted a strict interpretation:
Building constructed = ITC blocked.
Irrespective of subsequent commercial use.

The taxpayer argued for a purposive interpretation:

Where construction itself becomes indispensable for taxable outward supply, denying ITC defeats GST design.

The controversy essentially questioned:
Can GST become a cost where output itself is taxable?

Judicial Thinking

The judgment gained attention because it moved beyond a mechanical reading of statutory language.

The Court examined:

- Legislative intent behind GST
- Principle against cascading taxes
- Functional relationship between input and output supply
- Commercial substance of transactions

A broader principle emerged:

If construction is fundamentally linked to taxable business activity, complete denial of ITC may require closer scrutiny.

Importantly, the ruling did not create an unrestricted right to ITC.

Instead, it introduced a more nuanced approach. The factual matrix, nature of use, and business purpose became increasingly relevant.

Why This Judgment Matters Professionally

This ruling became important not merely because of tax impact -but because it challenged a widely accepted compliance position.
For years, professionals often treated construction-related ITC as automatically blocked.

Post-judgment, more questions emerged:
Commercial malls?
Warehouses?
Co-working spaces?
Hotels?
Buildings constructed exclusively for leasing?
Could these situations require reconsideration?

The ruling reopened conversations that many professionals considered settled.

The Practical Challenge for Professionals

Despite the relief-oriented interpretation, caution remains essential.

Businesses cannot assume:

"Building constructed = ITC available."

The issue continues to depend on:

- Nature of outward supply
- Purpose of construction
- Factual nexus with taxable activity
- Exact wording of contracts and use

Documentation and business substance may become decisive factors.

Larger GST Philosophy

Perhaps the most important contribution of this case lies beyond Section 17(5).

It revives a fundamental GST principle:

Taxes should ordinarily not stick where business activity remains taxable.

This philosophy may influence future disputes involving blocked credits and restrictive interpretations.

Key Question for Reflection

If GST is intended to eliminate cascading taxes,

Should genuine business inputs continue to suffer permanent tax cost merely because they take the form of immovable property?

In my view, the real significance of Safari Retreats lies in the Court's close examination of the phrase "on his own account" in Section 17(5)(d). Merely because a taxpayer constructs and owns a building should not automatically mean that the construction is on its own account. The purpose behind the construction is equally important. When a commercial property is built exclusively to generate taxable rental income, the building is not simply being held for the taxpayer's personal benefit or enjoyment; it becomes the very foundation of the taxable business activity. If every construction resulting in ownership were treated as construction on one's own account, the qualifying words chosen by Parliament would have little practical meaning. The judgment, therefore, highlights the need to look beyond the physical existence of the building and examine its commercial role in the business. In doing so, the Court has attempted to balance the literal wording of the law with the broader GST principle that taxes should ordinarily not become a permanent cost where inputs are directly linked to taxable outward supplies.

Author may be reached at
nncostaff@gmail.com, anishckamath191@outlook.com

Step-By-Step Guide to Registering An NGO In India, - Including The Common Legal Structures and Required Documents

Aswathi Muraleedharan
Staff 1 - Assurance and Consulting, HR Manager

1. *Choose the Type of NGO*

In India, NGOs are usually registered as one of these:

1. ***Trust*** *— governed by the Indian Trusts Act*
2. ***Society*** *— governed by the Societies Registration Act, 1860* ***Trust*** *— governed by the Indian Trusts Act, 1882.*
3. ***Society*** *— governed by the Societies Registration Act, 1860 and applicable state legislations such as the* ***Kerala Societies Registration Act, 1955, Tamil Nadu Societies Registration Act, 1975****, and* ***Karnataka Societies Registration Act, 1960.***
4. ***Section 8 Company*** *— incorporated as a nonprofit company under the Companies Act, 2013.*

1. ***Trust*** *→ simpler, family/community charitable work.*
2. ***Society*** *→ membership-based NGOs, cultural/educational groups.*
3. ***Section 8 Company*** *→ most professional and preferred for large-scale*

CHOOSE THE TYPE OF NGO

NGO

TRUST	SOCIETY	SEC 8 COMPANY
Community & Charitable Work	Membership-based Cultural/ Educational & CSR Projects	Professional NGOs
Simple Setup	Democratic Structure & Funding Preference funding/CSR	High Credibility

OPTION 1 — Register a Trust

Step 1: Decide Details

- Name
- Objectives
- Address
- Trustees (usually 2-3 minimum depending on state)

Step 2: Prepare Trust Deed

The Trust Deed includes:

- Name of trust
- Objectives
- Trustee details
- Rules and powers
- Registered office address

Step 3: Arrange Documents

Required documents:

- ID proof of trustees
- Address proof
- PAN cards
- Registered office proof
- NOC from property owner

Step 4: Pay Stamp Duty

Trust deed must be printed on stamp paper (value varies by state).

Step 5: Register with Sub-Registrar/ Registrar

Visit local Sub-Registrar Registrar office with trustees and witnesses.

After approval, you receive:

- Registered Trust Deed

OPTION 2 – Register a Society

Step 1: Minimum Members

Usually, Minimum 7 members required

Step 2: Prepare Documents

- Memorandum of Association (MOA)
- Rules & Regulations
- Member IDs and addresses
- Office proof
- Affidavits/NOCs

Step 3: File with Registrar of Societies

- Submit application to state Registrar.

After approval, Society Registration Certificate issued

OPTION 3 — Register a Section 8 Company

This is the most structured model.

Step 1: Obtain DSC & DIN

For directors:

- Digital Signature Certificate (DSC)
- Director Identification Number (DIN)

Step 2: Reserve Name

Apply through the Ministry of Corporate Affairs portal.

Official portal: Ministry of Corporate Affairs (MCA)

Step 3: Draft MOA & AOA

Include nonprofit objectives.

Step 4: Apply for License

File SPICe+ forms online through MCA.

Step 5: Receive Certificate

You receive:

- Certificate of Incorporation, CIN number
- PAN.TAN, GST(Optional)

Empowering communities through structured and compliant organizations.

After NGO Registration

Mandatory Next Steps

1. PAN Card

Apply for PAN for Non-company NGO/NPO

2. Open Bank Account

Use registration certificate + PAN+ Authorizations

3. Apply for 12A Registration

Provides income tax exemption.

4. Apply for 80G Certificate- New Income Tax Act, 2025 (effective 1 April 2026)

80G provisions are reorganized under Section 354 for Registered Non-Profit Organisations (RNPOs).

Allows donors to claim tax deduction.

5. FCRA Registration (if foreign donations expected) track record .

Required for receiving foreign funds.

Official portal: FCRA Services Portal

Documents Commonly Required

- Aadhaar card
- PAN card
- Passport
- Address proof
- Office address proof
- Electricity bill/rent agreement
- NOC from owner /title deed

Time Required

- Trust: 3-15 days
- Society: 15-30 days
- Section 8 Company: 20-45 days

Author may be reached at
nncostaff@gmail.com, aswathyvinu1998@gmail.com

IN COMPLIANCE, EVERY DETAIL COUNTS...

Working in a Chartered Accountancy firm teaches us one thing very quickly — in compliance work, no detail is ever too small.

We often deal with return filings, reconciliations, notices, documentation, and client data daily. During busy seasons, work moves fast. Deadlines approach quickly, multiple assignments run simultaneously, and sometimes even a small oversight can lead to larger consequences later.

Over time, one thing becomes clear: behind many notices, there is usually a missed detail somewhere in the process.

Theresa Nileena N S

Articled Assistant

It may be:

Issue	Example Scenario	Consequence
Mismatch between AIS and Reported Income	Mr. Arun received ₹50,000 as bank interest during the year. The bank reported it in AIS, but he forgot to include it in his Income Tax Return (ITR).	The Income Tax Department may detect the mismatch and issue a notice seeking clarification. Additional tax, interest, and penalties may become payable if the omission is not justified.
Unreconciled GST Figure	A business reported sales of ₹20 lakh in GST returns, but only ₹18 lakh was reflected in its financial statements and tax return.	The inconsistency may trigger scrutiny from tax authorities, leading to queries, audits, or demands for explanation and supporting documents.
Missed TDS Entry	Ms. Priya had TDS deducted by a client, but she failed to claim the TDS credit while filing her return.	She may end up paying more tax than necessary or receive a lower refund. Correcting the mistake may require filing a revised return.
Incorrect Disclosure	A taxpayer accidentally omitted details of a foreign bank account that should have been disclosed in the return.	Incomplete disclosures can result in notices, penalties, and increased scrutiny, especially where mandatory reporting requirements are involved.
Document Not Properly Verified	A company uploaded supporting documents during an assessment but failed to complete the required verification process.	The submission may be treated as invalid or incomplete, potentially resulting in rejection of the claim or an adverse assessment outcome.
Assumption that a Detail "Would Not Matter"	A taxpayer ignored a small amount of interest income, assuming it was too insignificant to report.	Even minor omissions can create discrepancies in tax records, leading to notices, additional compliance work, and possible tax adjustments.

At the time of preparation, these issues may appear minor. But in today's compliance environment, even small inconsistencies can trigger regularly attention.

The system today is far more advanced and interconnected than before. Information reported in GST returns, TDS statements, income tax returns, bank transactions, and financial records are constantly cross verified through automated systems and data analytics.

In today's interconnected compliance ecosystem, returns are no longer examined in isolation but alongside multiple sources of financial data. And we often witness how a single mismatch can result in client queries, additional reconciliations, notice response, repeated follow-ups, stress during assessments and significant professional time spent on explanations

Interestingly, most of these situations do not arise because of intentional non-compliance. They arise because of assumptions made during routine work: "This amount is very small. "We can correct it later. "This disclosure may not be required." The department may not notice this mismatch."

But practical experience teaches us otherwise

In a profession built on accuracy and trust, details matter. Every figure, every reconciliation, every disclosure, and every supporting document plays an important role.

One of the biggest lessons we are learning is that compliance is not only about knowing provisions and sections. It is equally about patience, verification, documentation, and responsible review.

That is why reviewing working papers carefully, cross-checking disclosures, understanding the background of transactions, and maintaining proper documentation are not merely procedural tasks — they are professional responsibilities.

As young professionals learning in this field, we gradually understand that good compliance is not achieved at the final stage of filing. It is built throughout the process, one detail at a time.

Because in practice, details are never truly "small."

And very often, In compliance, every detail counts

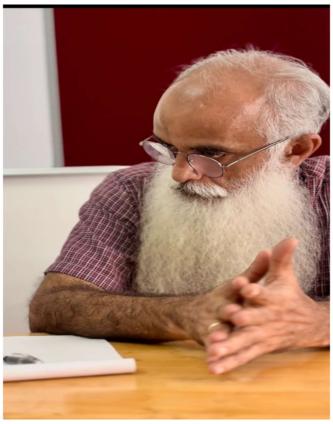
Author may be reached at
nncostaff@gmail.com, rojanilin@gmail.com

Remembering the moments that brought us here today…

A memorable milestone: bidding farewell to our first article assistants

Honouring the articles who have been an integral part of our journey.

OUR PREVIOUS FORMATION DAY

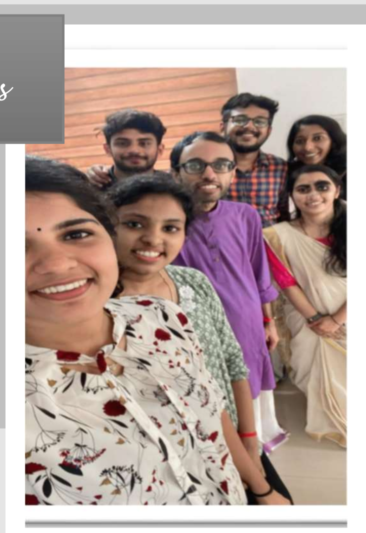


OUR CELEBRATIONS


Onam 2K25

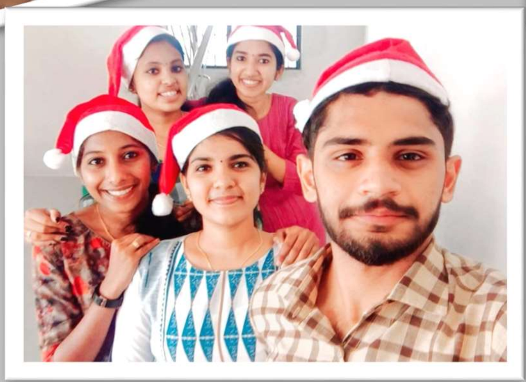

From Pookalams to Smiles –
Celebrating the Joy of Onam Through the Years






Festive Cheer, Lasting Bonds – A Look Back at Our Christmas Celebrations






Learning, Sharing, Growing – Highlights from Our Knowledge Sessions



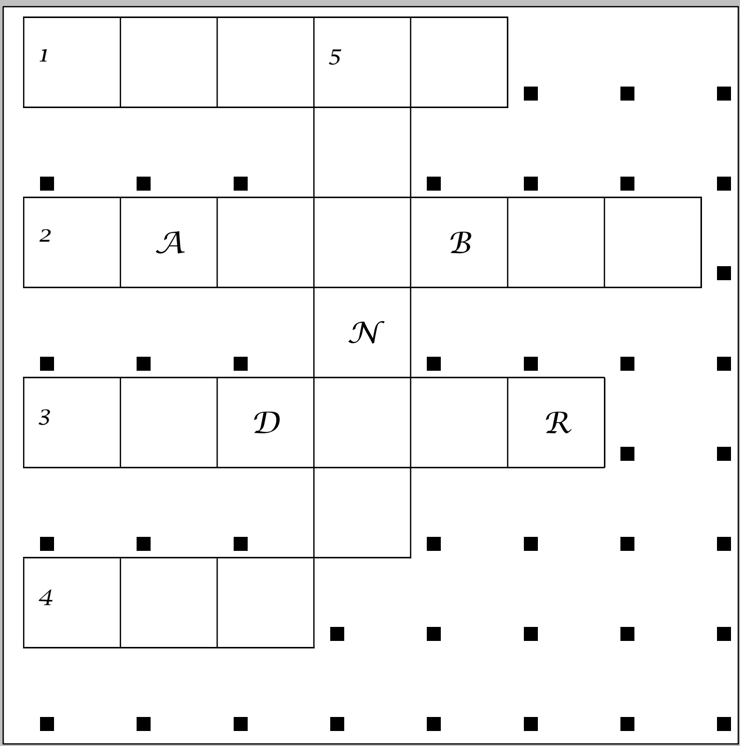


Marking Another Milestone in Our Journey Together:
Formation Day - 17th June 2026

The Faces of Our Firm at 14 - United by Purpose, Driven by Growth

Crossword

This month's crossword covers key concepts from audit, taxation, GST, and accounting, helping reinforce practical knowledge essential for Chartered Accountants and finance professionals.



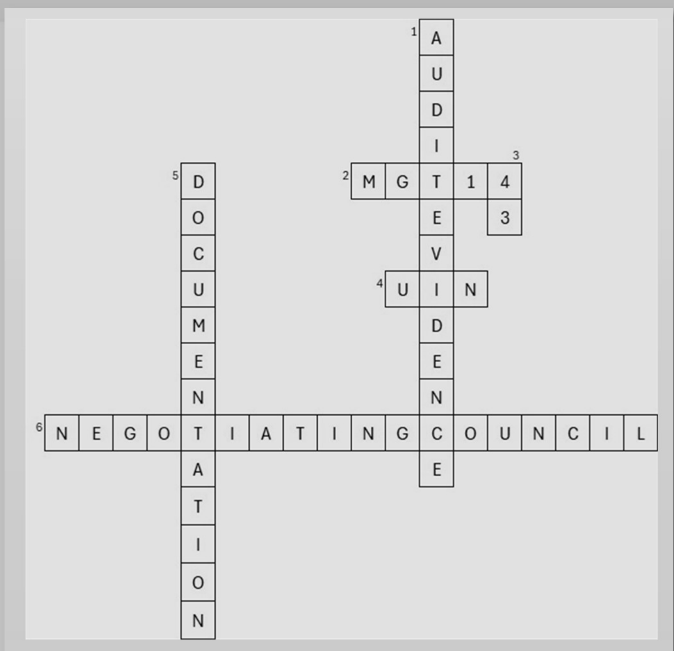
Across

1. Independent examination of financial records (5)
2. Subject to tax; not exempt (7)
3. Book containing accounting entries (6)
4. Indirect tax on goods and services in India (3)

Down

5. Country whose tax and audit profession uses ICAI standards (5)

The answers from last month's crossword are also included for reference to help you revise and track your progress.



THANK YOU!

Scan the for more.