

# The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



## Bengaluru Branch (SIRC) e-Newsletter

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JNANA JYOTI AUDITORIUM  
BENGALURU

SAVE THE DATE

12 & 13 DEC 2025

12 CPE HOURS

Organised By:  
**Group to Promote India as Accounting GCC**  
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Hosted by:  
Bengaluru Branch (SIRC) of ICAI



### KEY HIGHLIGHTS

Emerging Opportunities Karnataka and Beyond  
Bengaluru Growth potential across Tier-2 and Tier-3 cities  
Building Capability: Support Services & Consulting Models  
Strategic Insights from Industry Experts  
Practical Roadmap: How to Set Up GCCs and Enable

### CPE MEETINGS

- Study Circle Meeting  
"PGBP (charging and deduction provisions)" & Disallowances and Audit provisions under New Income Tax Act 2025  
3<sup>rd</sup> December 2025

- 63<sup>rd</sup> Campus Orientation Programme  
3<sup>rd</sup> December 2025

- Certificate Course on AI for CA's  
5<sup>th</sup> to 7<sup>th</sup> December 2025

- Awareness Outreach Program for PSUs under Income Tax Act, 1961  
5<sup>th</sup> December 2025

- Intensive Workshop on Demystifying the New Income Tax Act 2025  
6<sup>th</sup> December 2025

- Study Circle Meeting at Whitefield  
Seminar on International Taxation : Outbound Remittances (Valuation, Taxation & FEMA)  
6<sup>th</sup> December 2025

- Half Day Seminar at Tumkur  
Practical guide to GST Annual Return & Integration of GST Data ...  
6<sup>th</sup> December 2025

- Study Circle Meeting  
New Labour Codes & GST Appellate Tribunal  
10<sup>th</sup> December 2025

- Certificate Course on AI for CA's  
12<sup>th</sup> to 14<sup>th</sup> December 2025

- GCC Summit  
12<sup>th</sup> to 13<sup>th</sup> December 2025

- Overview of Labour Codes and Subsumed Acts, Interplay with Shops and Establishment Acts ...  
17<sup>th</sup> December 2025

- Study Circle Meeting  
New Labour Codes & GST Appellate Tribunal  
10<sup>th</sup> December 2025

- Half Day Seminar  
Session 2 of new Income Tax Act 2025 - Assessment, Reassessment and Penalty provisions  
23<sup>rd</sup> December 2025

- Study Circle Meeting  
Emerging career opportunities for young CAs in the area of Fund Management - our holistic approach to training and mentoring  
24<sup>th</sup> December 2025

- Certificate Course on AI for CA's  
26<sup>th</sup> to 28<sup>th</sup> December 2025

- Study Circle Meeting  
31<sup>st</sup> December 2025

- Study Circle Meeting  
7<sup>th</sup> January 2025

- Study Circle Meeting  
21<sup>st</sup> January 2025

- Study Circle Meeting  
28<sup>th</sup> January 2025





Dear Professional Colleagues,  
Namaste!

**A**s we approach the close of yet another remarkable year, it gives me immense pleasure to connect with you through the December 2025 edition of the Chairman's Communique. Previous month has been particularly significant for our Bengaluru Branch, marked by impactful initiatives, enriching learning experiences, and milestones that underscore our commitment to professional excellence.

### **Hosting the GCC Summit – A Historic First for Bengaluru Branch**

It is with great pride that I share that the ICAI Bengaluru Branch hosted the GCC Summit for the very first time, held on 12th & 13th December 2025. This two-day event brought together:

- Industry experts and global thought leaders
- CFOs and CXOs from leading GCCs
- Senior officials from the Government of Karnataka
- Professionals from diverse sectors contributing to Bengaluru's global innovation ecosystem

The Summit created a unique platform for Members to interact with stakeholders who are shaping the future

of global capability centers, technology-driven finance functions, and emerging opportunities for Chartered Accountants.

This event has undeniably positioned our Branch as a hub of thought leadership and strategic dialogue for the GCC community in India. My profound thanks to all contributors, sponsors, speakers, and Members for making this milestone event a grand success.

### **Intensive Workshop on "Demystifying the New Income Tax Act, 2025"**

Understanding and adapting to legislative changes is central to our profession. In this spirit, the Branch successfully organized an Intensive Workshop on Demystifying the New Income Tax Act, 2025, covering all major provisions, changes, transitional impacts, compliance requirements, and practical implications for practitioners and corporate professionals.

The participation and enthusiasm from Members reaffirm the importance of continuous learning, especially at a time when tax reforms are evolving rapidly. I extend my heartfelt appreciation to the eminent faculty who simplified complex provisions with clarity and practical insights.

### **Study Circle Meetings at Whitefield**

I am pleased to share that the Bengaluru Branch of ICAI has commenced Study Circle Meetings at Whitefield to better serve our Members residing and working in the eastern part of Bengaluru. The initiative has received an encouraging and positive response from the fraternity.

My sincere appreciation and special thanks to CA Rekha Parekh, CA Manobin, CA Sini Thomas, and all other members who have been actively coordinating and contributing to the successful conduct of these Study Circle Meetings at Whitefield. Your efforts are truly commendable and instrumental in making this initiative impactful.

**Programs conducted during November 2025**

Sl. No.	DATE	Programme	CPE Hours	Total No. of Members Attended
1	05-Nov-25	Study Circle Meeting on Changes & Amendments to GSTR-9 / 9C and Impact of various disclosures	3	198
2	07-Nov-25 to 09-Nov-25	AI Certificate Course Batch- 563	18	55
3	12-Nov-25	Study Circle Meeting on Clubbing Provisions, Set off & Carry Forward of Losses & Unexplained Income & Expenses under New Income Tax Act 2025	3	145
4	14-Nov-25 to 16-Nov-25	AI Certificate Course Batch- 564	18	50
5	15-Nov-25	Seminar on Demytifying the New Income Tax Act 2025	6	429
6	19-Nov-25	Study Circle Meeting on Salary, House Property & Income from Other Sources under Income Tax Act 2025	3	184

Sl. No.	DATE	Programme	CPE Hours	Total No. of Members Attended
7	21-Nov-25 to 23-Nov-25	AI Certificate Course Batch- 565	18	47
8	21-Nov-25	Interactive Session on -"Accreditation in the Gold Industry: Unlocking New Professional Pathways for CAs"	No CPE	15
9	22-Nov-25	Study Circle Meeting on Comparative Analysis: Income Tax Act, 1961 Vs. Income Tax Act, 2025	3	58
10	22-Nov-25	Seminar on Demytifying the New Income Tax Act 2025	6	593
11	24-Nov-25	Exposure Draft of the Code of Ethics	No CPE	15
12	26-Nov-25	Study Circle Meeting on on Non Resident Taxation (other than GAAR & TP) under Income Tax Act 2025	3	196
13	26-Nov-25	Half a Day Seminar on Direct Taxes (Tumkur)	3	41



Sl. No.	DATE	Programme	CPE Hours	Total No. of Members Attended
14	28-Nov-25	One Day Training Programme for Peer Reviewers at Bengaluru	6	133
15	28-Nov-25 to 30-Nov-25	AI Certificate Course Batch- 566	18	52
16	29-Nov-25	Seminar on Demy-stifying the New Income Tax Act 2025	6	624

### Season's Greetings

As the festive spirit envelops us, I take this joyous opportunity to wish each one of you and your families a Merry Christmas. May the season bring peace, warmth, and cherished moments with loved ones.

With the dawn of a new calendar year around the corner, I extend my heartfelt wishes for a happy, healthy, prosperous, and fulfilling New Year 2026. May the coming year bring new opportunities, success, and growth in all your professional and personal endeavors.

### Best Wishes to CA Students

To our diligent and aspiring CA Students appearing for examinations in January 2026, my best wishes are with you. Stay focused, stay confident, and trust your preparation. The entire fraternity is cheering for your success.

Let us continue to uphold the values of the profession, strive for excellence, and contribute to the growth of our Branch, the Institute, and the nation. Together, let us welcome 2026 with renewed energy and purpose.

Warm regards,

**CA. Manjunath M Hallur**

Chairman

ICAI Bengaluru Branch (SIRC)



## CALENDAR OF EVENTS CPE MEETINGS FOR THE MONTH OF DECEMBER 2025

DATE AND DAY	TOPIC / SPEAKER	VENUE & TIME	STRUCTURED CPE CREDIT
03.12.2025 Wednesday	<b>Study Circle Meeting</b> <b>"PGBP (charging and deduction provisions)" under New Income Tax Act 2025</b> <b>CA. Zeel Gala</b> <b>Disallowances and Audit provisions (including Presumptive provisions) under New Income Tax Act 2025</b> <b>CA. Siddharth Bhandari</b> Delegate Fees: <b>Members</b> – Rs.300/- Plus GST <b>Non Members</b> – Rs.600/- Plus GST	ICAI Bhawan, Vasanthnagar 5:00 pm to 8:00 pm	<b>3 hrs</b>
03.12.2025 Wednesday	<b>63<sup>rd</sup> Campus Orientation Programme</b>	Gokulam Grand Hotel & Spa	—
05.12.2025 Friday to 07.12.2025 Sunday	<b>Certificate Course on AI for CA's</b> <i>Organized under the aegis of Digital Accounting and Assurance Board</i> <i>Hosted by : Bengaluru Branch (SIRC)</i>	Fairfield by Marriott Bengaluru 59 <sup>th</sup> C Cross, 4 <sup>th</sup> M Block, Manjunath Nagar, Rajajinagar, Bengaluru	<b>18 hrs</b>
05.12.2025 Friday	<b>Awareness Outreach Program for PSUs under Income Tax Act, 1961</b>	ICAI Bhawan, Vasanthnagar, Bengaluru 5:00 pm to 8:00 pm	<b>3 hrs</b>
06.12.2025 Saturday	<b>Study Circle Meeting at Whitefield</b> <b>Seminar on International Taxation : OUTBOUND REMITTANCES (Valuation, Taxation &amp; FEMA)</b> <b>CA. Dr. Gopal Krishna Raju, FCA, FCMA, ACS</b> Delegate Fees: <b>Members</b> – Rs.300/- Plus GST <b>Non Members</b> – Rs.600/- Plus GST	Ecumenical Christian Centre, Whitefield, Bengaluru 9:30 am to 1:00 pm	<b>3 hrs</b>
06.12.2025 Saturday	<b>Half Day Seminar</b> <b>1. Practical guide to GST annual return</b> <b>2. Integration of GST data with other Statutory Audits and Books of Accounts with recent development in GST returns</b> <b>CA. Manju K</b> <b>CA. Thejaswini P R, M T R &amp; Co, Mysuru</b> Delegate Fees: <b>Members</b> – Rs.500/- Plus GST <b>Non Members</b> – Rs.1,000/- Plus GST	TDCAA premises, Tumkur in Association with Bengaluru Branch (SIRC)	<b>3 hrs</b>



## CALENDAR OF EVENTS

### CPE MEETINGS FOR THE MONTH OF DECEMBER 2025

DATE AND DAY	TOPIC / SPEAKER	VENUE & TIME	STRUCTURED CPE CREDIT
06.12.2025 Saturday	<p><b>Intensive Workshop on Demystifying the New Income Tax Act 2025</b>  <b>TOPIC: Panel discussion on Search &amp; Seizure related provisions under Income Tax 2025 (including search assessments)</b>            Panelists: <b>CA. Naginchand Khincha .H</b>  <b>CA. A. Shankar</b>, Senior Advocate  <b>CA. K.R. Pradeep</b>, Advocate            Moderator: <b>CA. Prashanth G.S.</b>            10.00 am to 11.30 am (1st session)            11:45 am to 1:15 pm (2nd session)  <b>Topic: Collection and recovery of taxes – TDS and TCS provisions under Income Tax Act 2025</b>  <b>CA. Deepak Chopra</b>            2:15 pm to 3:45 pm  <b>Topic: Returns and Assessments</b>  <b>CA. Naveen Khariwal G.</b>            4:00 pm to 5:30 pm            Delegate Fees: <b>Members</b> – Rs.1,250/- Plus GST  <b>Non Members</b> – Rs.2,500/- Plus GST</p>	<p><b>A.P.S College of Commerce</b>  <b>3rd Cross Road,</b>  <b>Shop street,</b>  <b>NR Colony,</b>  <b>Basavanagudi,</b>  <b>Bengaluru 560004</b>  <b>10.00 am to 6.00 pm</b></p>	<p><b>6 hrs</b></p>
10.12.2025 Wednesday	<p><b>Study Circle Meeting 'New Labour Codes'</b>  <b>1. Impact analysis</b>  <b>2. Compensation Structuring</b>  <b>3. Policies and Processes</b>  <b>CA. Amaranath Ambati</b>  <b>GST Appellate Tribunal</b>  <b>Key legal provisions, strategic considerations, drafting and pleading</b>  <b>CA. Madhur Harlalka</b>            Delegate Fees: <b>Members</b> – Rs.300/- Plus GST  <b>Non Members</b> – Rs.600/- Plus GST</p>	<p><b>ICAI Bhawan,</b>  <b>Vasanthnagar,</b>  <b>Bengaluru</b>  <b>5:00 pm to 8:00 pm</b></p>	<p><b>3 hrs</b></p>
12.12.2025 Friday to 14.12.2025 Sunday	<p><b>Certificate Course on AI for CA's</b>  <i>Organized under the aegis of</i>            Digital Accounting and Assurance Board  <i>Hosted by : Bengaluru Branch (SIRC)</i></p>	<p><b>Fairfield by Marriott Bengaluru</b>  <b>59<sup>th</sup> C Cross,</b>  <b>4<sup>th</sup> M Block,</b>  <b>Manjunath Nagar,</b>  <b>Rajajinagar, Bengaluru</b></p>	<p><b>18 hrs</b></p>

## CALENDAR OF EVENTS

### CPE MEETINGS FOR THE MONTH OF DECEMBER 2025

DATE AND DAY	TOPIC / SPEAKER	VENUE & TIME	STRUCTURED CPE CREDIT
12.12.2025 Friday to 13.12.2025 Saturday	<b>GCC Summit</b>	Jnanajyothi Auditorium, Bengaluru City University Campus, Bengaluru	<b>12 hrs</b>
17.12.2025 Wednesday	<b>Study Circle Meeting</b> <b>1. Overview of labour codes and subsumed Acts</b> <b>2. Interplay with shops and establishment Acts</b> <b>3. Key financial and operational impacts</b> <b>4. Way forward and discussion points</b> <b>Mr. Vijay Bharech</b> Delegate Fees: <b>Members</b> – Rs.300/- Plus GST <b>Non Members</b> – Rs.600/- Plus GST	ICAI Bhawan, Vasanthnagar, Bengaluru 5:00 pm to 8:00 pm	<b>3 hrs</b>
20.12.2025 Saturday	<b>Study Circle Meeting at Whitefield</b> <b>Seminar on GSTAT – Appeals and Drafting</b> <b>Adv. M G Kodandaram, IRS (Assistant Director – Retd.)</b> Delegate Fees: <b>Members</b> – Rs.300/- Plus GST <b>Non Members</b> – Rs.600/- Plus GST	Ecumenical Christian Centre, Whitefield, Bengaluru	<b>3 hrs</b>
23.12.2025 Tuesday	<b>Half Day Seminar</b> <b>Session 2 of new Income Tax Act 2025 - Assessment, Reassessment and Penalty provisions</b> <b>CA. Tharun Kothari</b> Delegate Fees: <b>Members</b> – Rs.500/- Plus GST <b>Non Members</b> – Rs.1,000/- Plus GST	TDCAA premises, Tumkur in Association with Bengaluru Branch (SIRC)	<b>3 hrs</b>
24.12.2025 Wednesday	<b>Study Circle Meeting</b> <b>Emerging career opportunities for young CAs in the area of FUND MANAGEMENT-Our holistic approach to training and mentoring</b> <b>V.R. Govindarajan</b> Delegate Fees: <b>Members</b> – Rs.300/- Plus GST <b>Non Members</b> – Rs.600/- Plus GST	ICAI Bhawan, Vasanthnagar, Bengaluru 5:00 pm to 8:00 pm	<b>3 hrs</b>



## CALENDAR OF EVENTS

### CPE MEETINGS FOR THE MONTH OF DECEMBER 2025 & JANUARY 2026

DATE AND DAY	TOPIC / SPEAKER	VENUE & TIME	STRUCTURED CPE CREDIT
26.12.2025 Friday to 28.12.2025 Sunday	<b>Certificate Course on AI for CA's</b> <i>Organized under the aegis of Digital Accounting and Assurance Board</i> <i>Hosted by : Bengaluru Branch (SIRC)</i>	Fairfield by Marriott Bengaluru 59 <sup>th</sup> C Cross, 4 <sup>th</sup> M Block, Manjunath Nagar, Rajajinagar, Bengaluru	<b>18 hrs</b>
31.12.2025 Wednesday	<b>Study Circle Meeting</b> <b>Comparative Analysis of Retrenchment and Closure of undertakings under the old Act and the new Labour Codes</b> Advocate Tejaswini Raghunath <b>Topic:</b> <b>Speaker: To be Confirmed</b> Delegate Fees: <b>Members</b> – Rs.300/- Plus GST <b>Non Members</b> – Rs.600/- Plus GST	ICAI Bhawan, Vasanthnagar, Bengaluru 5:00 pm to 8:00 pm	<b>3 hrs</b>
07.01.2026 Wednesday	<b>Study Circle Meeting</b> Delegate Fees: <b>Members</b> – Rs.300/- Plus GST <b>Non Members</b> – Rs.600/- Plus GST	<b>To be confirmed</b> 5:00 pm to 8:00 pm	<b>3 hrs</b>
14.01.2026 Wednesday	<b>No Study Circle Meeting</b>	—	—
21.01.2026 Wednesday	<b>Study Circle Meeting</b> Delegate Fees: <b>Members</b> – Rs.300/- Plus GST <b>Non Members</b> – Rs.600/- Plus GST	<b>To be confirmed</b> 5:00 pm to 8:00 pm	<b>3 hrs</b>
28.01.2026 Wednesday	<b>Study Circle Meeting</b> Delegate Fees: <b>Members</b> – Rs.300/- Plus GST <b>Non Members</b> – Rs.600/- Plus GST	<b>To be confirmed</b> 5:00 pm to 8:00 pm	<b>3 hrs</b>

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**Advt. material should reach us before 22nd of previous month.**

EDITOR :

CA. MANJUNATH M HALLUR

SUB EDITOR :

CA. TUPPAD VIRUPAKSHAPPA

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# RELEVANCE OF ADDITION UNDER SECTION 69C FOR BOGUS PURCHASES – CRITICAL ANALYSIS OF THE RECENT SUPREME/HIGH COURT DECISIONS



CA. Siddesh Gaddi

## Introduction

**B**ogus purchases generally imply transactions where entries are made in the books for goods that were never actually procured, often resulting in inflated purchases designed to reduce taxable profit.

Further, “bogus purchases” are distinct from “unproven purchases”, wherein the key difference is that goods are genuinely received, often from the grey market, but the invoices are procured from non-existent bill providers (accommodation entries). The difference in classification significantly impacts the resulting tax treatment: whether the *entire* purchase amount is added back as income or only the *profit element* embedded within the transaction is taxed.

The judicial approach to determining taxability in these cases is highly fact specific. The core legal framework often involves treating the disputed purchase amount as an unexplained expenditure u/S. 69C of the Act. For a successful defence, the assessee must furnish exhaustive documentary evidence, including purchase bills, delivery challans, stock registers, bank statements, source of payments, supplier confirmations, etc.

## The recent ruling in Kanak Impex (India) Ltd Vs. PCIT and others

This article attempts to explore the critical issues surrounding the taxability of alleged bogus purchases u/S. 69C of the Income-tax Act, 1961 (**‘the Act’**) in the view of the latest ruling of the Hon’ble Supreme Court of India in the case of **Kanak Impex (India) Ltd Vs. PCIT** bearing **Special Leave Petition (Civil) Diary No. 47369/2025** wherein the SLP has been dismissed summarily by upholding the ruling of the Hon’ble Bombay High Court in the case of **PCIT vs. Kanak Impex (India) Ltd.** reported in **[2025] 474 ITR 175 (Bombay) [03-03-2025]**.

Though a summary dismissal of an SLP by the Apex Court has no precedential value, the findings of the Hon’ble High

Court have wide-reaching implications. Not that the issue has not reached the highest court in other cases, however, the changing landscape of 100% of the amount being added u/S. 69C, instead of restricting the addition to the profit margin, is something to look out for, as it has been a consistent finding in the past as well. Further, some other notable rulings on this issue are in the cases of:

1. **N. K. Proteins Ltd. vs. DCIT** reported in **[2017] 250 Taxman 22 (SC)[16-01-2017]** wherein the Apex Court has dismissed the SLP against the ruling Hon’ble High Court of Gujarat in the case of **N.K. Industries Ltd. vs. DCIT** reported in **[2017] 292 CTR 354 (Gujarat)[20-06-2016]** wherein it was held that estimating only a percentage of a bogus claim runs contrary to the provisions u/Ss. 68 and 69C of the Act. When purchases are found to be fictitious, the Tribunal is not obligated to limit the disallowance by confirming just a portion of those purchases.
2. **Drisha Impex (P.) Ltd. vs. PCIT** reported in **[2025] 306 Taxman 337 (SC)[22-08-2025]** wherein the Apex Court has dismissed the SLP filed against the ruling of the Bombay High Court in the case of **PCIT vs. Drisha Impex (P.) Ltd.** reported in **[2025] 173 taxmann.com 571 (Bombay)[07-04-2025]**. The High Court upheld the initial disallowance of the whole amount by making an addition u/S. 69C of the Act. The High Court disproved the view taken by the CIT(A) that only 1% of the bogus purchase, which was later increased to 3% by the ITAT. In the said case, despite repeated chances, the assessee couldn’t prove the genuineness of the transactions, couldn’t provide supplier details or confirmations, couldn’t produce the suppliers, couldn’t even bring its own audited books for verification, and apparently incurred no transport or delivery expenses on goods worth crores. Summons under Section 133(6) bounced back, stock registers and delivery challans weren’t



maintained, ledger copies for suppliers were conveniently “lost” with an FIR filed only later, and even related-party suppliers flagged during assessment weren’t proven. All the above inconsistencies resulted in addition u/S. 69C of the Act to the extent of the full amount.

### **Analysis of section 69C**

For greater relevance, a reference to the provisions u/S. 69C of the Act under which the additions is being upheld is extracted as hereunder:

#### ***Unexplained expenditure, etc.***

**69C.** *Where in any financial year an assessee has incurred any expenditure and he offers no explanation about the source of such expenditure or part thereof, or the explanation, if any, offered by him is not, in the opinion of the Assessing Officer, satisfactory, the amount covered by such expenditure or part thereof, as the case may be, may be deemed to be the income of the assessee for such financial year :*

**Provided that,** *notwithstanding anything contained in any other provision of this Act, such unexplained expenditure which is deemed to be the income of the assessee shall not be allowed as a deduction under any head of income.*

It is settled law that the provisions u/S. 69C is a deeming provision and can operate only when its jurisdictional facts are first established. A plain reading of the section makes two conditions mandatory. First, the assessee must have actually incurred an expenditure. Second, the assessee must fail to offer a satisfactory explanation regarding the source of such expenditure. Only when both conditions coexist can the Assessing Officer treat the unexplained expenditure as deemed income of the assessee. The proviso makes the position even more explicit by stating that no deduction shall be allowed under any head of income in respect of such deemed income.

With respect to the first condition, namely that the assessee must have incurred an expenditure. In this case, there remains an inherent debate on whether a bogus expenditure can even qualify as “expenditure” for the purposes of S. 69C of the Act.

#### **Applicability of 68/69C over section 69C**

Assuming for argument’s sake that such expenditure is treated as incurred and S. 69C is triggered, the focus must shift to the second jurisdictional requirement, which is that the assessee’s

obligation to explain the source of such expenditure. It is pertinent to note that in cases where the books of account are maintained, and the assessee demonstrates that payments have been made through banking channels, the second condition is not met, since there is a satiable explanation in this case. Once the source of payment is established, S. 69C cannot be invoked because the statutory jurisdictional fact simply does not exist.

However, even where the payments are routed through banking channels, an addition u/S. 69C may still arise if the credit preceding the payment is itself doubtful. For instance, where the bank balance funding the expenditure is built out of unexplained cash deposits or other unexplained credits, the source of the expenditure remains unproven. In such circumstances, the second condition fails, enabling the Assessing Officer to resort to S. 69C.

Even where the credits preceding the expenditure are considered suspicious, the correct provision for making an addition is either S. 68 or S. 69A, but never S. 69C. This is because the moment the focus shifts from “expenditure incurred” to “nature and source of credits in the bank account,” the factual foundation required for invoking S. 69C no longer exists. S. 69C deals strictly with unexplained expenditure, and it does not authorize the Assessing Officer to treat unexplained credits as unexplained expenditure, though, technically, there is a requirement to explain the source. If the dispute concerns the source of funds available in the bank account, the appropriate statutory tools are S. 68 of the Act (unexplained credits) or S. 69A of the Act (unexplained money), depending on the factual characterization. Resorting to section 69C in such circumstances distorts the provision and bypasses the jurisdictional requirements built into the statute.

Most judicial rulings that have upheld additions u/S. 69C has not undertaken a detailed examination of the jurisdictional prerequisites embedded in the provision. The decision in the case of Kanak Impex (India) Ltd. (*supra*) is a particularly distinct example, driven entirely by its unusual factual matrix. In that case, the assessee neither appeared before the Assessing Officer nor advanced any argument beyond requesting that only a profit-based addition be made as a percentage of the alleged expenses. Crucially, the assessee made no submissions regarding the applicability of S. 69C or the requirement to establish the source of expenditure. Because these jurisdictional aspects were never contested,

the Tribunal proceeded to uphold the addition. The relevant extract of the ruling is reproduced below:

***'38. In our view, in the instant case, the respondent-assessee has offered no explanation of the source of the expenditure incurred on account of purchases of Rs.20,06,80,150/- and, therefore, the AO was justified in making an addition of the said amount and the Appellate Authorities were not justified in estimating the profit rate and thereby impliedly grant deduction of such unexplained expenditure which is contrary to the express provision of Section 69C of the Act.***

*39. In the instant case before us, the respondent-assessee has not appeared in the re-assessment proceedings to discharge its onus on proving purchase transactions under consideration. Before the CIT(A) for the first time, scanty details of sundry debtors, creditors and stocks were given. The CIT(A) gave a finding of the respondent-assessee's involvement in bogus transaction. Therefore, the finding of the AO on the genuineness of the purchases was confirmed by the CIT(A). Before the Tribunal, the respondent-assessee has not canvassed any submission on the genuineness of the purchases but only pleaded for an estimation of a certain percentage of such bogus purchases to be added. Therefore, before all three authorities, the respondent-assessee has not proved the genuineness of the purchases, which inter alia include the source of making the payment for such purchases. In the light of these factual findings by three authorities, today before this Court, the respondent-assessee's submissions that they have discharged the onus cast upon them to prove the genuineness of the purchases, including the source cannot be accepted.'*

It is relevant to consider the illustration provided in the ruling itself in order to appreciate the obligations cast upon an assessee u/S. 69C. The pertinent example as explained in the ruling is as extracted below:

*'14. Before we adjudicate the issue, it is relevant to understand the concept of accommodation entry by an example. Mr. A has unaccounted cash, which he uses to buy goods for selling. However, the sales are made by cheque. Since the goods are purchased with unaccounted money, they cannot be recorded in the books of account. Therefore, the modus operandi to bring such purchases into the books of account is that Mr A will contact*

*Mr B, an accommodation entry provider. Mr B would issue a paper invoice in the name of Mr A, and Mr A would issue a cheque to Mr B to show that the purchases have been made by cheque from Mr B. After deducting certain commission, Mr B would then withdraw the money from his bank account and return the cash so withdrawn to Mr A. By this process, the purchases made by Mr. A by unaccounted cash enter the books of account as if the purchases are made from Mr. B. However, what has actually happened is that the unaccounted money of Mr. A is shown to have entered the books of account by such a modus operandi and Mr. A gets back his unaccounted cash from Mr. B.*

*15. The source of such unaccounted cash, which was utilised by Mr. A to buy goods originally, must be examined. Mr. B is only a paper entry provider. Therefore, the purchases are made from someone else, but through Mr. B they get formalised in the books of account so that sales can be made and recorded in the books of account. However, what needs to be examined is how he financed the original purchases. If such financing is out of unaccounted income, then the same has to be brought to tax, and if it is out of accounted income, it cannot be brought to tax. The onus is on Mr A to show the source of financing for the original purchase and to give the correct details from whom he has purchased the goods originally. This is the simplest model of accommodation entry. However, various complex models are adopted to avoid tracing the flow of money. This menace is harmful to the country's economy, and it amounts to routing unaccounted cash into the formal economy without the original unaccounted income being taxed.'*

As noted from the above, there are two distinct types of purchases/transactions to consider. The first is purchases made out of unaccounted money, and the second is purchases made through an accommodation entry provider, supported by a paper invoice with payment routed through a cheque.

For the first category, the Assessing Officer carries a heavier burden: it must be established through proper inquiry that unaccounted funds were, in fact, used. It cannot be presumed that every purchase is tainted. In cases involving credit unaccounted purchases, the source of funds can often be explained with reference to the sales cycle, in which event only a profit-element addition may be justified.



As regards the second category, the payments are admittedly through banking channels. Unless there is a specific and evidenced suspicion regarding the credits in the bank account that would require action under the appropriate charging provisions of the Act, no addition can be sustained u/S. 69C.

#### **Interplay between 69C, 115BBE(2) and 37(1) – Possible double taxation?**

The real difficulty surfaces only in the narrow situation where the purchases are unaccounted, but the corresponding sales are duly recorded. It is only in this peculiar fact pattern that an addition u/S. 69C may be justified. Even then, the Assessing Officer must first discharge two essential burdens. The first is to establish, with evidence, that the assessee has in fact made unaccounted purchases. The second is to demonstrate that the purchases recorded in the books have been routed through accommodation entries rather than through genuine suppliers. Unless both elements are proved, the jurisdictional foundation for invoking section 69C simply does not exist.

It is interesting to see how the proviso to S. 69C would operate in such circumstances. The relevant extract of the same is hereunder

*Provided that, notwithstanding anything contained in any other provision of this Act, such unexplained expenditure which is deemed to be the income of the assessee shall not be allowed as a deduction under any head of income.*

Noteworthy reference may also be made to S. 115BBE(2), which is extracted here under.

*(2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing his income referred to in clause (a) and clause (b) of sub-section (1).*

When S. 69C is read together with its proviso and S. 115BBE(2), an important issue emerges. If an addition is made u/S. 69C on account of bogus purchases, the question arises whether a further disallowance u/S. 37(1) or similar provisions is warranted in respect of the same expenditure already recorded in the books. Since S. 69C creates an addition, whereas S. 37(1) provides for disallowance, applying both provisions on the same amount would effectively result in a double disallowance.

A principled approach is that, in cases involving accommodation-entry providers, the addition u/S. 69C pertains to the unaccounted element of the purchase, while the recorded purchase, even though supported only by a paper invoice, represents the cost component of goods sold and should be allowed as a deduction u/S. 37(1). In such circumstances, the proviso to S. 69C should not operate to deny the deduction, as the underlying purchase itself is not genuine. This interpretation prevents duplication of additions and maintains consistency in the tax treatment. However, we have not yet seen greater deliberation on this from the judicial bodies.

Further, the Courts have recognised that merely making payments through banking channels does not shield an assessee from Section 69C. There has to be significant other forms of proof, such as delivery challans, bills, or such other documentary evidence that demonstrates the innocence of the Assessee. Further, as a sword with double edges, the department is also entrusted with the liability of having to prove with evidentiary value, the existence of some form of back channels for the assessee to have received the money, as unaccounted cash. The High Court of Gujarat in the case of **PCIT vs. Tejua Rohitkumar Kapadia** reported in **[2018] 94 taxmann.com 324 (Gujarat)[18-09-2017]** held that S. 69C cannot be invoked solely based on such payments, and the Apex Court's dismissal of the SLP in **PCIT vs. Tejua Rohitkumar Kapadia** reported in **[2018] 256 Taxman 213 (SC)[04-05-2018]** reinforces this point. Still, the ruling also underlines that bank payments are not some magical purity test; both the assessee and the department must establish a fuller factual backdrop before any 100 per cent disallowance of purchases u/S. 69C can be justified or come out of the clutches of the same.

#### **Conclusion**

Given how hard it is for the department to sustain additions u/S. 69C, or even to push disallowances u/S. 37(1), and considering the endless debates around profit-based estimation, the parliament seems to have taken the shortcut. Further, the provisions u/S. 271AAD was introduced to straight-up penalise the value of any false entry in the books, neatly sidestepping the complications of proving unexplained expenditure or inflated purchases.





# BENEISH M SCORE – MODEL FOR FINDING THE LIKELIHOOD OF MANIPULATION IN FINANCIAL STATEMENTS



Dr. V. Rajesh Kumar

**B**eneish M Score is a mathematical model, developed by Professor M. Daniel Beneish of the Kelley School of Business at Indiana University, which uses eight financial ratios weighted by coefficients to identify whether a company has manipulated its profits.

Beneish demonstrates that the model correctly identified a large majority (71%) of the most famous accounting fraud cases that surfaced after the model's estimation period in advance of public disclosure.

The Beneish model surmises that companies are incentivised to manipulate profit if they have high sales growth, deteriorating gross margins, rising operating expenses and rising leverage. They are likely to manipulate profit by accelerating sales recognition, increasing cost deferrals, raising accruals and reducing depreciation<sup>1</sup>. Management's desire to put a positive spin on financial results has been around as long as corporations and investors themselves. Dishonest companies have long used these tricks to prey on unsuspecting investors, and it is unlikely that they will ever cease to do so.

In 1998, a group of Cornell University business management students used the Beneish model and correctly identified that Enron Corporation was manipulating its earnings. At that time, Enron's stock was trading at \$48. Noticeably, Wall Street's financial analysts didn't pay heed to this and were still recommending a buy for the stock. Eventually, the stock went up to \$90. In 2001, when Enron filed for bankruptcy, it was found that the company had manipulated its earnings, and it resulted in a \$74 billion loss to the shareholders<sup>2</sup>.

While the model has its utility, it has its share of limitations as well. Following are the limitations of this model:

- 1 GMT Research (2022), Beneish's M-Score | Accounting Ratio. Available at <https://www.gmtresearch.com/en/accounting-ratio/beneishs-m-score/>. (Accessed January 19, 2022)
- 2 "Defining the Beneish Model.". Investopedia, Accessed January 19, 2022, <https://www.investopedia.com/terms/b/beneishmodel.asp>.

- a) While Beneish's M-score model can be used to find the manipulation of the overstated profits it is not useful in finding understated profits.
- b) The model does not apply to financial firms like banks and insurance companies.
- c) It is a probability theory model and doesn't guarantee fraud detection in a company.

The M-score propounded by Beneish has two variants viz., '8-variable score' and '5-variable score'.

Following are the eight variables or ratios used in calculation of M-score.

## 1. DSRI = Days' Sales in Receivables Index

$$DSRI = \frac{\left( \frac{\text{Current Year Receivables}}{\text{Current Year Sales}} \right)}{\left( \frac{\text{Preceding Year Receivables}}{\text{Preceding Year Sales}} \right)}$$

A value of DSRI > 1 indicates that the company's receivables are growing as a percentage of sales year over year.

This can suggest either deteriorating economic conditions at the company (i.e., company is incentivising sales by extending more lenient credit terms to its customers) or aggressive accounting (i.e., the company is recognising revenue before it is earned).

## 2. GMI = Gross Margin Index

Gross Margin = Gross Profits as a proportion of Sales (i.e.,

$$GMI = \frac{\text{Preceding Year Gross Margin}}{\text{Current Year Gross Margin}}$$

Gross Profits / Sales)

Gross Profit = Sales (-) Cost of Goods Sold

A GMI value > 1 indicates that the company's gross margin is deteriorating year over year. Higher the value of GMI above 1, more drastic is the deterioration.





### 3. AQI = Asset Quality Index

$$AQI = \frac{\left[1 - \left(\frac{\text{Current Assets} + \text{PPE}}{\text{Total Assets}}\right)\right] \text{ for current year}}{\left[1 - \left(\frac{\text{Current Assets} + \text{PPE}}{\text{Total Assets}}\right)\right] \text{ for preceding year}}$$

Or

$$AQI = \frac{\left(\frac{\text{Non-current Assets excluding PPE}}{\text{Total Assets}}\right) \text{ for current year}}{\left(\frac{\text{Non-current Assets excluding PPE}}{\text{Total Assets}}\right) \text{ for preceding year}}$$

PPE refers to 'Property, Plant and Equipment'

A value of AQI > 1 indicates that the company's non-current assets (such as goodwill, intangibles and other items of uncertain long-term value) are increasing as a percentage of all assets year over year.

A higher the value of AQI above 1 indicates higher growth of soft assets of uncertain quality compared to tangible current assets.

### 4. SGI = Sales Growth Index

$$SGI = \frac{\text{Current Year Sales}}{\text{Preceding Year Sales}}$$

A value of SGI > 1 indicates that the company's sales are growing year over year.

Higher the value of SGI above 1, greater is the growth rate in sales.

High growth in sales by itself is not a bad thing. However, when a company with high growth rate in sales scores poorly on other variables specified in the Beneish model, it can be a significant warning to the investors.

Research shows that companies having high growth in sales are under pressure to maintain the growth rate, even if that means manipulating earnings. So, while a high growth in sales is not a negative factor, it provides an incentive for manipulating earnings.

### 5. DEPI = Depreciation Index

$$DEPI = \frac{\text{Effective Rate of Depreciation for Preceding Year}}{\text{Effective Rate of Depreciation for Current Year}}$$

$$\text{Effective Rate of Depreciation} = \frac{\text{Depreciation}}{(\text{Net PPE} + \text{Depreciation})} \times 100$$

'Net PPE + Depreciation' represents 'Gross Block of PPE'

A value of DEPI > 1 indicates that the company's effective rate of depreciation has slowed year over year.

Higher the value of DEPI above 1, more drastic is the reduction in the rate of depreciation.

This suggests that the company has increased its estimate of the useful lives of the assets, thereby slowing the recognition of expenses and possibly increasing the projection of income.

### 6. SGAI = Sales, General and Administrative expenses Index

$$SGAI = \frac{\text{Percentage of SGA Expenses to Sales, for current year}}{\text{Percentage of SGA Expenses to Sales, for preceding year}}$$

SGA Expenses refers to 'Selling, General and Administrative Expenses.'

A value of SGAI > 1 indicates that the company's SGA expenses as a percentage of sales are increasing year over year, representing declining administrative and marketing efficiency.

Research shows that companies are more likely to engage in earnings manipulation to cover up deteriorating operational performance.

### 7. LVGI = Leverage Index

$$LVGI = \frac{\left(\frac{\text{Current Liabilities} + \text{Long-term Debts}}{\text{Total Assets}}\right) \text{ for current Year}}{\left(\frac{\text{Current Liabilities} + \text{Long-term Debts}}{\text{Total Assets}}\right) \text{ for preceding Year}}$$

A value of LVGI > 1 indicates that the borrowing of the company is increasing year over year.

Higher the value of LVGI above 1, higher is the possibility of using debt funds to finance the assets of the company. This suggests the financial risk that the company is exposed to. An increasing LVGI is a strong incentive for manipulating earnings.

### 8. TATA – Total Accruals to Total Assets

$$TATA = \frac{\text{Income from Continuing Operations} - \text{Cash Flows from Operations}}{\text{Total Assets}}$$

'Accruals' measure the difference between accounting profit and cash profit. The difference indicates accrued operating incomes (i.e., operating incomes yet to be received.) These accruals are expressed as a percentage of 'total assets' for comparison across companies.

Research shows that companies which have large accruals are more likely to be engaged in earnings manipulation.

These are just the variables used for ascertaining the possibility of financial manipulation. Prof. Beneish combined all these and developed a model which resulted

in 'M-score'<sup>3</sup> He suggested two variants for 'M-score' viz., a '8-variable M-score' and '5-variable M-score.'

8-variable M score:

$$\text{M-score} = -4.84 + (0.92 \times \text{DSRI}) + (0.528 \times \text{GMI}) + (0.404 \times \text{AQI}) + (0.892 \times \text{SGI}) + (0.115 \times \text{DEPI}) - (0.172 \times \text{SGAI}) - (0.327 \times \text{LVGI}) + (4.679 \times \text{TATA})$$

5-variable M score:

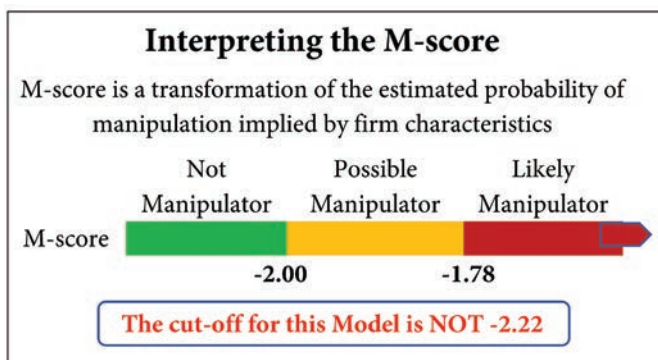
$$\text{M-score} = -6.065 + .823 \text{ DSRI} + .906 \text{ GMI} + .593 \text{ AQI} + .717 \text{ SGI} + .107 \text{ DEPI}$$

The webpage of Kelley University, with which Prof. Beneish has been associated since 1996, is <https://apps.kelley.iu.edu/Beneish/MScore/MScoreInput>. This webpage provides a 'Beneish M-Score Calculator'. On filling the inputs, the M-score is generated and the interpretation of the score is displayed.

An M-score of less than -2.00 indicates that the company is not a manipulator. If the M-score is between -2 and -1.78, there is a possibility that the company is manipulating its financial statements. A score higher than -1.78, indicates that the company may be a 'likely manipulator.'

Please note, if you conduct a web search on the M-score there are some sources that state that the cut-off point is -2.22 instead of -1.78. Hence, Figure 1 provides a warning in red stating that 'The cut-off for this model is not -2.22'.

Figure 1: Interpretation of M-score



Source: Kelly School of Business, Indiana University (2022), Beneish M-Score Calculator. Available at <https://apps.kelley.iu.edu/Beneish/MScore/MScoreInput> (Accessed: January 18, 2020)

3 Messod D. Beneish (1999), 'The Detection of Earnings Manipulation' *Financial Analysts Journal*, 55(5) pp 24-36, <https://doi.org/10.2469/faj.v55.n5.2296>.

The inputs required for calculating M-score, their computation and the sources are shown in Table 1

Table 1: Inputs required for M-score and their sources

Inputs	Sources
Sales Revenue	Amount given against 'Revenue from Operations' in the Statement of Profit and Loss
Cost of Goods Sold	Sum of 'Cost of Material Consumed, Purchase of Stock-in-trade, and Change in Inventory' given under the heading 'Expenses' in the Statement of Profit and Loss
Selling, General and Administrative Expenses	Sum of 'Employee Benefit Expenses and Other Expenses' given under the heading 'Expenses' in the Statement of Profit and Loss
Depreciation	Amount given against 'Depreciation, Amortisation and Depletion Expenses' under the heading 'Expenses' in the Statement of Profit and Loss
Net Income (before Extraordinary Items)	Amount given against 'Profit for the year' in Statement of Profit and Loss
Property, Plant and Equipment (Net)	Amount given against 'Property, Plant and Equipment' under 'Assets' in the Balance Sheet (Note: The carrying value of PPE in the Balance Sheet is 'Net' amount)
Current Assets	Amount given against 'Total Current Assets' under 'Assets' in the Balance Sheet
Net Accounts Receivables	Amount given against 'Trade Receivables' under 'Assets' in the Balance Sheet
Total Assets	Amount given against 'Total Assets' under 'Assets' in the Balance Sheet
Long-term Debt	Sum of 'Borrowings and Other Financial Liabilities' under the heading 'Non-Current Liabilities' in the Balance Sheet
Current Liabilities	Amount given against 'Total Current Liabilities' under 'Liabilities' in the Balance Sheet
Cash Flow from Operations	Amount given against 'Net Cash Flow from Operating Activities' in Cash Flow Statement



# RECENT AMENDMENTS TO GSTR-9 & 9C (AS APPLICABLE FOR FY 24-25) AND THEIR IMPACT

CA. C D Vinay Karthik



**B**e it the adoption of changes in ITC disclosure (as per the amended Table 4 of GSTR-3B and mechanism prescribed in Circular 170/02/2022 dt. 06.07.2022) or the disclosures of Section 9(5) supplies, the GST annual returns needed a facelift.

## Recent changes / amendments in the annual returns:

The table below deftly captures the recent changes and amendments made to Form GSTR-9 and GSTR-9C as applicable for FY 24-25:

Table of GSTR-9	Table of GSTR-9C	Description
4G1	9K2	Supplies notified under Section 9(5) where tax is payable by the ECO* and not the supplier. This Table will be filled by the deemed supplier i.e., <b>ECO</b> .
5C1	5D1	Supplies notified under Section 9(5) where tax is payable by the ECO and not the supplier. This Table will be filled by the <b>original supplier</b> .
6A1	-	In a major change to the ITC disclosure, ITC pertaining to invoices issued during FY 23-24 claimed in FY 24-25 (other than reclaim on account of R 37 / 37A reversal) shall be bifurcated and declared in this Table. In case, the reclaim is on account of R 37 / 37A reversal made during FY 23-24, then such ITC must be disclosed in Table 6H.
6M	-	ITC claimed through Form ITC-01, ITC-02 and ITC-02A.
7A1	-	Reversal of ITC in compliance with Rule 37A.
8A	-	The ITC auto-populated here contains information of invoices issued during FY 24-25 and available in GSTR-2B of FY 24-25 and FY 25-26. Further, invoices issued during FY 23-24 available in GSTR-2B of FY 24-25 will not be included in this Table. Effectively, only ITC on invoices issued during FY 24-25 will be auto-populated here.
8H1	-	IGST claimed in FY 25-26 on import of goods on bill of entry filed in FY 24-25.
9	-	Difference between tax payable and tax paid is captured.
14	-	
-	Part V	Discharge of any additional liability arising out of annual returns can be made by using the balances in electronic credit ledger (if ITC is permitted to be used for discharging the said liability). It is pertinent to note that dues of RCM liability, interest, penalty, late fee or other dues cannot be paid by using ITC balance.

\* ECO - Electronic Commerce Operator

## Imminent fallout of insertion of Table 6A1:

With the introduction / addition of Table 6A1, the total ITC claimed in FY 24-25 gets cleaved between ITC pertaining to invoices issued in FY 23-24 and invoices issued in FY 24-25.

However, the net ITC as auto-totalled in Table 6O flowing into Table 7J of GSTR-9 does not include the ITC declared in Table 6A1. In other words, Table 7J of GSTR-9 (which hitherto matched with Table 4C of GSTR-3B) will fall short of net ITC claimed in GSTR-3B to the extent of ITC declared in Table 6A1.

Another side effect, the reconciliation drawn in Table 12 of GSTR-9C will also have unreconciled ITC as Table 7J is one of the components of Table 12E of GSTR-9C. Such unreconciled ITC (which depicts) excess claim during the year, must be explained and reported in Table 13 of GSTR-9C as *"ITC on invoices issued in FY 23-24 claimed in FY 24-25 reported in Table 6A1 of GSTR-9 not auto-populated in Table 12E above"*.

In the era of system drive scrutiny and system generated notices, it is hoped that suitable tweaks are made to the systems doing the scrutiny to understand and appreciate this issue which is beyond the control of the taxpayer!

**What are the Tables that have become mandatory for FY 24-25 (hitherto optional)?**

- Bifurcation of ITC claimed on import of goods between inputs and capital goods in Table 6E.
- Reporting of reversals made between the various types of reversals as per the various Tables in Table 7 (viz. Table 7A to 7H). A word of caution, do not report all reversals directly in Table 7H (Other reversals).
- ITC on invoices issued in FY 24-25 claimed or reversed in returns filed in FY 25-26 (up-till 30.11.2025) to be reported in Table 13 and Table 12 (respectively).

**Changes in ITC reporting:**

Circular No. 170/02/2022 brought about a different style of reporting (viz. claiming, reversing and reclaiming) and disclosing ITC in GSTR-3B. The concept of temporary reversal, permanent reversal and reclaim of ITC were introduced. Taking cognisance of this, the reporting of ITC in GSTR-9 has undergone a change.

This loop of claim-reverse-reclaim has created multiple claims in Table 4A of GSTR-3B and this needs to be permeated into GSTR-9. First claim shall be reported in Table 6B, temporary reversal shall be reported in Table 7h and reclaim shall be reported in Table 6H.

The table below captures the disclosures to be followed:

Invoice Date	GSTR-2B month	GSTR-3B claim month	GSTR-3B reclaim month	GSTR-9 of FY 24-25	GSTR-9 of FY 25-26
23-24	23-24	23-24	24-25	6A1	-
23-24	24-25	24-25	24-25	6A1, 6H, 7H	-
24-25	24-25	24-25	-	6B	-
24-25	24-25	24-25	24-25	6B, 6H, 7H	-
24-25	24-25	24-25	25-26	6B, 7H, 13	6A1
24-25	25-26	25-26	-	8C, 13	6A1
24-25	25-26	25-26	25-26	8C, 13 Or 8C, 13, 12, 13	6A1, 6H, 7H

\* The table does not capture the situation of reversals due to Rule 37, Rule 37A, Rule 42 and Rule 43. In such situations, the reversals will be reported in the respective Table of Table 7 and the reclaim will be reported in Table 6H (irrespective of year of reversal). Furthermore, in case the reclaim takes place in subsequent year, the same must be reported in Table 13.

A comprehensive register of invoices issued in FY 24-25 appearing in GSTR-2B (preferably matching to Table 8A) needs to be maintained to identify the month of first claim, month of reversal and month of reclaim. This does not dispense the requirement to maintain a Statement of ITC (along with description of the inward supply) claimed in Table 4C (i.e., Table 6A1 + Table 7J) of GSTR-3B!



For those who did not follow the reporting as per Circular 170/02/2022, the disclosure methodology applied hitherto can be followed with the only change that the reporting of ITC in Table 6A1 (of ITC pertaining to FY 23-24) must be mandatorily made.

#### The widened scope of Table 8A:

The mandate is clear that any invoice issued (i.e., dated) in FY 24-25 will be auto-populated in Table 8A irrespective of the year in which it appears in GSTR-2B. This means that an invoice appearing in GSTR-2B of FY 25-26, which is accounted for in FY 25-26 and ITC is claimed in FY 25-26 now appears in Table 8A of FY 24-25. This also means that these invoices must be pushed under Table 8C to subsequent years to substantiate the claim in Table 6A1 of the subsequent year.

Whether this deferment of ITC must be reported in Table 13 of GSTR-9 of FY 24-25 (despite the invoice being accounted for in FY 25-26) needs to be delved upon! Furthermore, whether this forms part of Table 12A and Table 12C of GSTR-9C of FY 24-25 also needs to be examined.

Invariably, one must look into the GSTR-2B of FY 25-26 while filling details in Table 8C of GSTR-9 of FY 24-25.

#### Certain internal ITC checks (food for thought):

Objective	Check-point
Net ITC claimed	Table 7J + Table 6A1 - Table 6N = Table 4C (GSTR-3B)
ITC reversal	Table 7I = Table 4B (GSTR-3B) + DRC-03 (if any)
ITC of FY 24-25 claimed in FY 25-26 (other than R 37 / 37A)	Table 12 + Table 13 = Table 12C (GSTR-9C)
	Table 8C (GSTR-9 of 24-25) + Table 13 {(GSTR-9 of 24-25) to the extent not disclosed in Table 8C} = Table 6A1 (GSTR-9 of 25-26)
ITC of last FY claimed now	Table 12C (GSTR-9C of 23-24) = Table 12B (GSTR-9C of 24-25)
	Table 8C (GSTR-9 of 23-24) ≥ Table 12B (GSTR-9C of 24-25)
Table 8 reconciliation (most idealistic)	Table 7J - Table 6N + Table 8C + Table 8E - Table 12 + Table 13 (to the extent not disclosed in Table 8C and not pertaining to RCM or import of goods) = Table 8A

It is interesting to note that Table 8C may not match with Table 13 due to the following situations which will be reported in Table 13 only:

- Invoices of FY 24-25 appearing in GSTR-2B of FY 24-25 claimed and temporarily reversed in FY 24-25 but reclaimed in FY 25-26
- ITC on imported goods based on bill of entries filled in FY 24-25 claimed in FY 25-26
- RCM ITC on RCM liability discharged in FY 24-25 claimed in FY 25-26

#### Epilogue:

The varied disclosure practices (successfully assailed during scrutiny / audit) give birth to varied disclosure methodologies in annual returns. A standardised approach is neither possible nor feasible. If it means to adopt the most quixotic approach, then so be it.

The changes in ITC disclosure have great impact on route of non-disclosure (suppression) to wrong-disclosure (misstatement) to right-disclosure. Not to forget, differences in Table 8 has long been the revenue pleaser and the changes in the said table must be well understood to be defence-ready!

Trust this column has succinctly captured the recent changes and amendments to annual returns as applicable for FY 24-25. In case of any queries or clarifications, the author can be reached out at [vinay@cnk-hska.com](mailto:vinay@cnk-hska.com).







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**CA. Manjunath M Hallur**  
Chairman

**CA. Tuppad Virupakshappa Muppanna**  
Secretary







THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
(Set up by an Act of Parliament)



## BENGALURU BRANCH (SIRC) ANNOUNCEMENT

ICAI - BENGALURU BRANCH IS ORGANIZING MOCK TESTS FOR FOUNDATION,  
INTERMEDIATE AND FINAL STUDENTS FOR THE JANUARY 2026 EXAMS - SERIES – II

The schedule for the same are as follows:

### Foundation - Series II

Date	Subject	Time
29.12.2025	Paper-1 : Accounting	2.00 pm to 5.00 pm
31.12.2025	Paper-2 : Business Law	
02.01.2026	Paper-3 : Quantitative Aptitude	2.00 pm to 4.00 pm
05.01.2026	Paper-4 : Business Economics	

Fee details			
All subject	Rs. 400/-	Single Subject	Rs. 100/-

### Intermediate - Series II

Date	Subject	Time
06.12.2025	Paper-1: Advanced Accounting	10.00am to 1.00pm
08.12.2025	Paper-2: Corporate and Other Laws	
10.12.2025	Paper-3: Taxation	
12.12.2025	Paper-4: Cost and Management Accounting	
15.12.2025	Paper-5: Auditing and Ethics	
17.12.2025	Paper-6: Financial Management & Strategic Management	

### Final - Series II

Date	Subject	Time
04.12.2025	Paper-1: Financial Reporting	2:00pm to 5:00pm
06.12.2025	Paper-2: Advanced Financial Management	
08.12.2025	Paper-3: Advanced Auditing, Assurance and Professional Ethics	
10.12.2025	Paper-4: Direct tax Laws & International Taxation	
12.12.2025	Paper-5: Indirect Tax Laws	
15.12.2025	Paper-6: Integrated Business Solutions (Multidisciplinary Case Study with Strategic Management)	

Registration on first come first served basis. **NO SPOT REGISTRATIONS**

Fees once paid will not be refunded

Registration Fees - Mode of payment: Cash / Online [www.bangaloreicai.org](http://www.bangaloreicai.org)

Email: [blrstudentevents@icai.org](mailto:blrstudentevents@icai.org) | Website: [www.bangaloreicai.org](http://www.bangaloreicai.org)

For further details /Queries Pls call 080 - 4394 4868 /4876 Mob: 9880007904

Venue: ICAI BHAWAN, #16/O, Millers Tank Bed Area, Vasanth Nagar, Bangalore - 52.

CA. Manjunath M Hallur  
Chairman

CA. Tuppad Virupakshappa Muppanna  
Secretary

## ICAI – Bengaluru Branch (SIRC) Faculty Recruitment for Orientation Course & MCS Course

The Institute of Chartered Accountants of India (ICAI), Bengaluru Branch (SIRC) invites applications for Faculty Positions for conducting the Orientation Course (OC) and Management and Communication Skills (MCS) Course.

### Criteria for Empanelment of faculty for OC/MCS Course

Following eligibility criteria, based on their qualifications and experience, be adopted for empanelment of faculties:

1. **Professional Qualification:** A CA qualification (practicing) or equivalent is essential to demonstrate a deep understanding of the specific challenges & requirements of the accounting profession.
2. **Advanced Degrees:** A Minimum of a master's degree in a relevant field such as Psychology, Sociology, Business Administration, Management, Organizational Communication, Law, or a related discipline. A Ph.D. is desirable for such programs. Any other allied courses in line with the advanced degree may also be considered. Certificate Course on Soft Skills Development, Leadership Skills, High Impact Presentation Skills, Training and Development and any Executive Education Programs in Communication Skills, Program in Leadership and Change Management, strategic thinking and NLP Trainer Certification may also be considered.
3. **Professional experience:** Typically, 5-15 years of relevant professional experience. This experience may include a combination of industry practice, teaching and potentially some form of management and leadership experience. This experience should demonstrate a significant impact in their field, leadership capabilities, and a record of effective teaching and program development.
4. **Previous Residential program experience.**
5. **Communication Skills:** (a) Clear and effective communication skills, both verbal and written; (b) Ability to convey complex concepts in an accessible and understandable manner.
6. **Teaching and Training experience:** (a) Proven experience in conducting training sessions or workshops, especially in a residential or immersive setting; (b) Demonstrated ability to engage and effectively communicate with diverse groups of participants.
7. **Industry Experience:** Practical experience and a strong background in the industry related to the skill being taught; (b) Knowledge of real-world application and industry trends.
8. **Curriculum Development:** Experience creating structured lesson plans and hands-on activities.
9. **Facilitation and interpersonal skills:** (a) Strong facilitation skills to lead group discussions, interactive activities, and collaborative projects. ;(b) Excellent interpersonal skills to build rapport with participants and create a positive learning environment.
10. **Technological Proficiency:** Familiarity with relevant technologies to enhance learning experience and (b) Capability to integrate technology into skill development activities.
11. **Student engagement and mentoring:** (a) commitment to student success through engagement, mentorship, and support; (b) Evidence of fostering positive and inclusive learning environment.

How to Apply: Send your CV to: [blrchairman@icai.org](mailto:blrchairman@icai.org); [blrstudentevents@icai.org](mailto:blrstudentevents@icai.org); [blradmin@icai.org](mailto:blradmin@icai.org)

Address: The Chairman, ICAI Bengaluru Branch (SIRC), Bengaluru, Karnataka



The Institute of Chartered Accountants of India  
(Set up by an Act of Parliament)  
BENGALURU BRANCH(SIRC)

GLOBAL CAPABILITY CENTRES

**GCC SUMMIT**  
2025 5th EDITION  
FROM LEDGERS TO GLOBAL LEADERSHIP  
CHARTERED ACCOUNTANTS SHAPING GCCs

**SPEAKERS**

DAY 1 | 12-12-2025 | FRIDAY




Hosted by:  
Bengaluru Branch (SIRC) of ICAI  
JNANA JYOTI AUDITORIUM  
BENGALURU

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PROGRAMME STRUCTURE



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**INACURATION**

**CHIEF GUEST**  
**Dr. Manjula N. IAS**  
Secretary to Government Department of Electronics, Information Technology, Biotechnology, and Science & Technology, Government of Karnataka

**Transition from cost centres to innovation hubs  
Beyond F&A: Building a Multi-Service GCC Charter  
— Controls, Compliance & Insight at Scale**



**CA. Chetan Venugopal**  
Co-Founder, Pterian Group of Companies

**The Rise of GCCs:  
Redefining Global Business DNA**



**Mr. Giridhar Rajagopal**  
MD, Sentient Solutions



**CA. Shreyas Kumar**  
Group CFO & DTO  
Narayana Nethralaya Eye Hospital

**GIFT-IFSC: A Strategic Enabler in  
Realizing the Vision of Viksit Bharat @ 2047**



**Shri. K Mahipal Reddy**  
Executive Director, International Financial Services Centres Authority

**GCC & Professional services Ecosystem:  
The Growth Catalyst for GIFT-IFSC**



**Shri. Satyaraj CM**  
General Manager, International Financial Services Centres Authority

**Decoding GCC Expectations: The CA Edge**



**CA. Mukul Pachisia**  
CFO, EY APAC  
EY Global Operations Leader



**CA. Ashveen Pai**  
Director and Head  
Finance GCC Delivery, Zinnov

**The Intelligent Ledger:  
GenAI and the Future of Finance**



**CA. Suresh Kumar R M**  
CFO & Director - Finance  
Shared Services, Schneider  
Electric Private Ltd.



**CA. Sankara Srinivasan Ayyathurai**  
Founde & CEO  
Koot business

**Beyond Ledgers :  
CAs in the Transformative  
Journey of GCCs**



**CA. Mukesh Kedia**  
CFO & Co-founder  
MOAR Advisory



**CA. Avinash Gupta**  
Managing Partner  
APT Global



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GLOBAL CAPABILITY CENTRES

**GCC SUMMIT**  
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FROM LEDGERS TO GLOBAL LEADERSHIP  
CHARTERED ACCOUNTANTS SHAPING GCCs

**SPEAKERS**

DAY 2 | 13-12-2025 | SATURDAY




Hosted by:  
Bengaluru Branch (SIRC) of ICAI  
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**Expanding Horizons: GCC Success  
Stories from Tier 2 & Tier 3 Karnataka**



**Mr. Mohammed Hanif**  
Co-Founder & CTO  
Navigo Solutions



**Mr. Suyog Shetty**  
CEO, Niveus Solutions

**The Next Frontier  
in Audit: AI, Automation  
and Cyber Resilience**



**CA. Narasimhan Elangovan**  
Co-Founder and Cyber Security Practice Leader  
Innary Advisory Services

**Crafting Global-Ready  
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**CA. Kandur Sudhir Prabhu**  
Global Head of Design Architecture and  
Integration- Finance Processes, Data & Systems  
ABB Business Services Private Limited

**The GCC People  
Blueprint**



**Ms. Priyadarshini Prabhu**  
Director People Solutions  
Baker Tilly One India

**GCC Consulting  
Demystified**



**Ms. Smitha Hemmigae**  
MD, ANSR

**Navigating GCC Employment  
& Consulting Pathways**



**Ms. Shalini Sankarshana**  
Managing Director - Planview (GCC Leader)

**Panel Discussion: Trailblazers: Women Redefining Leadership in GCCs**



**Ms. Sreedevi Hegde**  
Managing Director and  
Board Member, India GCC Head, VERVENT



**CA. Kavitha Ramesh**  
CFO, ANZ Bengaluru Service Centre



**CA. Meera Menon**  
Associate Vice President -  
Unit Finance controller, Infosys

**The AI Navigator:  
Future of GCC Finance  
& audit**



**CA. Anand Prakash Jangid**  
Chief change agent, AJALABS.AI

**The Acceleration Mindset:  
Using Analytics & Automation  
to Lead Change**



**CA. Subraya Bhagawat**  
CFO, SAP

✉ bladmin@icai.org   ✉ blregistrations@icai.org   ☎ 98800 07906 | 98800 07905



## One Day Training Programme for Peer Reviewers at Bengaluru on Friday 28<sup>th</sup> Nov. 2025



Inauguration of Program by lighting the lamp



CA Manjunath M Hallur  
Chairman,  
Bengaluru Branch  
(SIRC)



CA. Madhukar N  
Hiregange  
Central Council Member



CA. Tuppada Virupakshappa  
Muppanna, Secretary  
Bengaluru Branch  
(SIRC)

## Exposure Draft of the Code of Ethics on 24<sup>th</sup> Nov. 2025



CA Ananth Prasad B R



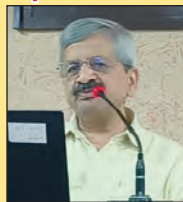
CA. Aditya Bajaj



CA. Ayush Jain  
New Delhi



CA. Heena Kausar



CA. Chitale Chandrashekar  
Vasant, Central Council Member



## Interactive Session on Accreditation in the Gold Industry Unlocking New Professional Pathways for CAs



Inauguration of Program by lighting the lamp



Maj. Aparajita



Felicitation to Maj. Aparajita

## Certification Course in AI for CA's on 7, 8, 9 Nov. 2025



## Certification Course in AI for CA's on 14, 15, 16 Nov. 2025



## Certification Course in AI for CA's on 21, 22, 23 Nov. 2025



## Certification Course in AI for CA's on 28, 29, 30 Nov. 2025



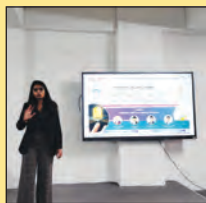
## Career Counselling & Financial Literacy Programmes



Financial Literacy Program on 10.11.2025



Financial Literacy Program  
on 10.11.2025



Financial Literacy Program  
at CMR University  
on 26.11.2025



Financial Literacy Program  
at CMR University  
on 26.11.2025



Government First Grade College  
for Women - Kolar



Govt Pu College for Boys -  
Chanapatna



Govt Pu College for Girls -  
Ramnagar



HKBK College - Bengaluru



Sri Sai PU and Degree College -  
Bethamangala



Surana College - Bengaluru



## ELEVATE ICAI CFO Forum on 14<sup>th</sup> Nov. 2025



Lighting of Lamp by dignitaries



CA K. Raghu  
Past President  
ICAI



CA.(Dr.) Anuj Goyal  
Chairman  
(CMI&B) - ICAI



CA. Rajesh Sharma  
Vice-Chairman  
CMI&B



CA. Madhukar N  
Hiregange, Central  
Council Member



Felicitating to CA K. Raghu  
Past President ICAI



## Intensive Workshop on Demystifying the New Income Tax Act 2025

Day 1



Lighting of Lamp by dignitaries



CA Manjunath M  
Hallur, Chairman  
Bangalore Branch  
(SIRC)



CA Dr. Vishnu  
Bharath Alampalli  
President  
APS Group of Institutions



CA. (Dr) Suresh N



CA. Sumeet  
Khurana

Day 1



CA. Nithin Surana A



CA. Naveen  
Khariwal G.



CA. Tuppad Virupakshappa  
Muppanna, Secretary,  
Bangalore Branch (SIRC)

Day 3



Advocate  
Tanmayee



CA. Sudheendra B R



CA. Narendra. J.  
Jain



CA. K.K. Chythannya



CA. H Padamchandra  
Khincha



CA. Prakash Hegde



CA. T.G. Suresh



Felicitating to CA. Prakash Hegde

honoured as Accountant  
Member of the Income Tax Appellate Tribunal

## Study Circle Meetings

## Study Circle Meeting at Tumkur



CA. Rajesh Kumar T R



CA. Vinay Karthik C D



CA. Karthik Shastri



CA. Siddesh Nagaraj Gaddi



CA. Rani N. R.



CA. K. Prasanna, Chennai



CA. Shiv Shankar T R

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