



**THE INSTITUTE OF  
CHARTERED ACCOUNTANTS OF INDIA**  
(Set up by an Act of Parliament)  
**INDORE BRANCH (CIRC)**



# NEWSLETTER

April, 2026 ▶ Price ₹ 20



# Chairman Communique



## *A Vision Rooted in Purpose and Progress*

*Dear Esteemed Members,*

*It is with a deep sense of responsibility and heartfelt optimism that I address you at the dawn of another promising tenure. Each new beginning offers us not merely a chance to continue, but an opportunity to redefine, to elevate and to inspire.*

*We stand today at the threshold of a rapidly transforming professional world—one that demands not hesitation, but courage; not resistance, but reinvention. The time has come for us to wholeheartedly embrace change and advanced technology and to rise beyond the confines of routine functions into the realm of strategic advisory. To empower this transition, we shall be delivering a series of forward-looking learning initiatives throughout the year, including courses like AI Level 1 & 2, FAFD, DPCAC, and other enriching programs designed to future-proof our profession.*

*As proud “Partners in nation building”, it is our solemn duty to align ourselves with the government’s vision of a digitally empowered ecosystem. I urge each one of you to actively support and strengthen initiatives that enhance the ease of doing business, thereby contributing meaningfully to national progress. In our journey forward, we shall remain anchored in wisdom. I intend to actively seek the guidance and blessings of our distinguished past chairmen, secretaries and experienced committee members. Their invaluable insights and lived experiences will serve as a guiding light as we chart new paths of growth and excellence. Professional excellence is incomplete without discipline. We shall uphold the highest standards of punctuality and commitment in all our seminars and engagements, demonstrating respect not only for time, but for each other.*

*True progress is inclusive. We are committed to fostering a more supportive and enabling environment for our female members by introducing thoughtfully designed women-centric programs and creating kids-friendly spaces such as play zones, ensuring that participation is never hindered by responsibility. Equally, we must remember that behind every professional is a human being. This year, we will place a renewed emphasis on the physical and mental well-being of our members, promoting a culture where health is valued as deeply as success. I also wish to strengthen the bond we share as a community. Through direct and meaningful interactions, I look forward to understanding your challenges, aspirations, and areas of interest, so that together we can design initiatives that truly resonate and make a difference. My vision extends beyond achievements and accolades. We aspire to build not just a successful branch, but a vibrant, compassionate, and closely-knit professional family—one that uplifts, inspires, and stands united in every circumstance. Let us move forward with passion in our hearts and purpose in our actions, and together, let us reclaim our rightful place again as the no. 1 branch of ICAI. With profound regards and unwavering faith in our collective strength*

*Warm Regards,*

**CA. Samkit Bhandari**

*Chairman,*

*Indore Branch of ICAI*



## Secretary Communique

*“Ya Esha Supteshu Jagarti”—while the world rests, there is always someone who remains awake. In that same spirit, as your Secretary, I want each one of you to feel that I am always available—accessible, approachable, and completely unbiased. Whether you are a member or a student, your voice matters equally.*

*The shloka further says, “Tadeva Shukram Tad Brahma”—that purity, that ultimate truth, is what should guide us. For us, this simply means that integrity must reflect in everything we do—every decision, every action. Transparency and trust are not just ideals; they will define how we work together.*

*Our goal is very clear—to serve all 5,000 members and 10,000 students with complete fairness. No favoritism, no bias—only equal opportunity and genuine support. Because when every individual feels valued, the entire institution grows stronger.*

*Together with our Chairman’s vision, we are committed to making the Indore Branch No. 1 again—not just in rankings, but in participation, learning, and pride. Just as Indore is known for setting the benchmark in cleanliness, we will strive to set the benchmark in excellence. “Speak the truth, follow righteousness”—these are not just guiding words, but principles we must live by every single day. Even the smallest actions, when guided by these values, can create a meaningful impact.*

*So let us move forward together—aware, connected, and committed. Because when we move ahead as one, we don’t just progress—we truly grow stronger.*

Warm Regards,  
**CA. Narayan Somani**

Secretary  
Indore Branch of ICAI



### Forthcoming Programmes – May 2026

Date	Event	Description / Organised By
1st May 2026	AI Batch & Cricket	
2nd May 2026	AI Batch & Cricket	
3rd May 2026	AI Batch & Cricket	
3rd May 2026	Seminar	Seminar organised by Committee for Members in Public Service
4th May 2026	Training Programme	Training Programme for Technical Reviewers Organised by TAQRB, ICAI
9th May 2026	Seminar	Seminar on Company Law

Date	Event	Description / Organised By
10th May 2026	CFO Meet	Organised by Committee for Members in Industry & Business (CMIB), ICAI
16th May 2026	Seminar	TDS / TCS Seminar
20th May 2026	Orientation Programme	Orientation for Campus Placement Programme
21st May 2026	Campus Placement	Campus Placement Programme
22nd May 2026	Campus Placement	Campus Placement Programme
23rd May 2026	Convocation	Convocation Ceremony

# THE PETPOOJA POS CONTROVERSY: TECHNOLOGY TAX COMPLIANCE, AND THE ROAD AHEAD



CA. MILIND WADHWANI

## 1. Introduction

The increasing digitisation of business transactions has transformed tax administration across jurisdictions. In India, the widespread use of cloud-based Point-of-Sale (POS) systems by restaurants and retail establishments has created extensive digital trails that can be analysed by tax authorities for compliance verification.

In late 2025, tax authorities initiated investigations into several restaurant chains after observing significant discrepancies between turnover reported in Income-tax returns and the apparent scale of operations reflected in transaction data. The investigation reportedly traced these inconsistencies to certain POS software platforms widely used in the restaurant industry.

## 2. Detection of Possible Suppression of Turnover

The investigation was reportedly triggered during routine verification exercises when tax officials observed that restaurants with heavy customer traffic had reported relatively modest turnover in their Income-tax filings.

Subsequent analysis of digital transaction data allegedly revealed inconsistencies between:

- i) POS transaction logs
- ii) Declared turnover in Income-tax returns
- iii) GST outward supply disclosures

Under the Income-tax Act, suppression of turnover directly affects the computation of profits under the head "Profits and Gains of Business or Profession.

" Unreported sales increase taxable income and, where deliberate suppression is established, may attract penalty consequences.

## 3. Alleged Mechanisms of Revenue Suppression

According to preliminary reports, authorities have identified several practices that could potentially lead to under-reporting of business income.

### (a) Deletion and Modification of Cash Transactions

Authorities allege that certain establishments used backend features in POS systems to delete or modify billing records. In some instances, bulk deletions covering multiple days of transactions were reportedly carried out prior to the filing of GST and Income-tax returns.

### (b) Dual Accounting Systems

Another allegation relates to the maintenance of parallel datasets within POS systems. The Authorities claim that:

- i) One dataset recorded the actual sales generated at the point of service, while
- ii) A second dataset reflected modified figures used for official accounting and tax reporting.

Such parallel records could potentially facilitate systematic under-reporting of taxable turnover.

### (c) Cloud-Based Data Access

In a significant technological development, tax authorities reportedly accessed transaction logs stored in cloud servers



maintained by POS service providers. This enabled them to correlate:

- i) GST registration numbers
- ii) PAN details of restaurant operators
- iii) Real-time billing data stored on cloud servers.

This cross-verification exercise allowed authorities to compare recorded POS transactions with figures reported in GST returns and Income-tax filings.

#### **(d) Data Analytics and AI-Based Detection**

The investigation reportedly relied heavily on AI-driven analytics tools. These systems analyzed large volumes of billing data and flagged inconsistencies between:

- i) POS transaction logs
- ii) GST outward supply declarations
- iii) Income-tax return disclosures.

Such data-driven enforcement represents a growing trend in modern tax administration.

#### **4. Industry Perspective: Reasons for Difference**

While tax authorities have framed the issue as a potential case of tax evasion, the restaurant industry has highlighted operational factors that may explain discrepancies.

##### **(a) Routine Billing Adjustments**

Restaurant operations frequently require changes in bills due to:

- i) Order cancellations by customers
- ii) Modifications to orders after billing
- iii) Application of promotional discounts or coupons
- iv) Adjustments related to food delivery platforms such as Swiggy or Zomato
- v) Partial or full returns due to service errors
- vi) Corrections of billing mistakes or excess quantities charged.

These adjustments often require edits or voiding of previously generated bills.

##### **(b) High-Volume Operational Environment**

Restaurant kitchens operate in a fast-paced environment where:

- i) Orders are frequently altered
- ii) Incorrect entries may be generated during peak hours
- iii) Trial orders may be created during staff training or software testing.

Bulk deletion features in POS software may sometimes

be used to remove such test entries or erroneous records rather than to suppress genuine revenue.

##### **(c) Technological Literacy Constraints**

Many small restaurant operators rely on POS software primarily for ease of operations and may not fully understand the compliance implications of certain system features. Where billing software includes functionalities such as:

###### **i) Bulk deletion of transactions**

###### **ii) Post-facto bill editing**

staff may use these tools for operational convenience without realising that such actions may trigger red flags in AI-based tax monitoring systems.

While tax authorities have framed the issue as a potential case of tax evasion, the restaurant industry has highlighted operational factors that may explain certain discrepancies.

#### **5. The Saksham Nudge Campaign**

In response to the detected discrepancies, the tax administration reportedly adopted a compliance-oriented approach through the “Saksham Nudge” campaign.

Tax authorities have reportedly undertaken a large-scale analytics exercise covering approximately 1.77 lakh restaurant identifiers.

Approximately 63,000 restaurants identified through data analytics were sent advisory communications encouraging voluntary correction of discrepancies.

Unlike statutory notices issued under Section 142(1), these communications function as informal alerts through emails and SMS, enabling taxpayers to review and correct their disclosures. Taxpayers receiving such nudges are advised to:

- i) Review reported turnover and financial disclosures
- ii) Identify discrepancies between POS records and tax filings
- iii) File an Updated Return (ITR-U) under Section 139(8A), where required

The March 31, 2026 deadline is critical. Failure to respond to such nudges before the end of the financial year may result in scrutiny proceedings and higher penalties.

**Key Statutory Note:** Filing an ITR-U for these discrepancies involves an additional tax of 25% to 50% (and up to 70% in certain long-term cases) on the tax

and interest due, depending on the period of delay.

## 6. Role of Section 139(8A)

Section 139(8A) of the Income-tax Act permits taxpayers to file updated returns within a prescribed period to rectify omissions or inaccuracies in previously filed returns. However, such returns require payment of:

- i) tax and applicable interest, and
- ii) an additional amount ranging from 25% to 50% of the tax and interest payable, depending on the timing of the revision.

In certain extended cases, the additional tax burden may increase further.

Recent legislative amendments have strengthened the consequences of ignoring compliance advisories, increasing the likelihood of formal scrutiny where taxpayers fail to respond.

## 7. Other Enforcement Measures

In addition, enforcement measures have included:

- i) Spot verifications
- ii) Summons issued to restaurant owners
- iii) Survey actions by the tax department.

As per the revenue authorities Preliminary findings reportedly indicate suppressed sales of approximately ₹408 crore in a recent survey round, with broader estimates suggesting significantly larger discrepancies across multiple years.

## 8. Corrective Measures for Affected Businesses

### a) Filing Updated Returns (ITR-U)

Section 139(8A) permits taxpayers to update previously filed returns to correct omissions or under-reporting of income. However, such correction requires payment of additional tax together with an additional amount ranging from 25% to 50% of the tax and interest payable, depending on the timing of the update.

Where additional turnover is disclosed, the 5% GST applicable to restaurant services (without input tax credit) would also apply to the incremental turnover reported.

### b) Payment of Taxes in Advance of Reassessment

Taxpayers may compute the correct tax liability and deposit the tax through the appropriate challan. Such payments may be utilised in reassessment proceedings under Section 148, potentially mitigating exposure to penalties and the additional tax payable under the updated return mechanism.

## c) Internal Digital Audit of POS Systems

Businesses should conduct a detailed internal review of digital records by comparing POS backend logs with bank statements, accounting records, and GST disclosures to identify discrepancies in reported turnover.

## d) Restricting High-Risk POS Features

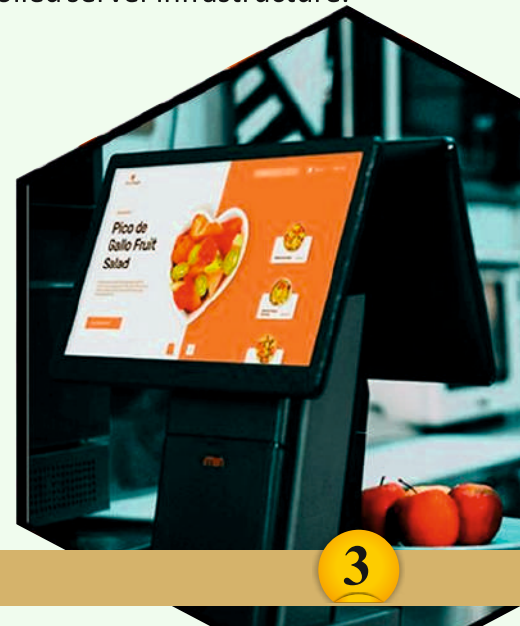
Access to sensitive system features—such as bulk deletion of bills or post-billing modifications—should be restricted to authorised personnel. Every modification should be supported by documented reasons and proper audit trails.

## e) Establishment of Standard Operating Procedures (SOPs)

Clear internal procedures should be implemented for bill cancellations, order reversals, and billing corrections. Each cancellation should be supported by proper documentation, such as a signed kitchen order ticket (KOT) or equivalent operational record.

## 9. Conclusion

The Petpooja POS controversy illustrates the growing use of POS data, cloud records, and AI analytics in Income-tax enforcement to detect possible suppression of turnover. The Saksham Nudge initiative encourages restaurants to correct discrepancies through updated returns under Section 139(8A) before enforcement action. The episode highlights the need for stronger POS controls, reconciliation of digital records, and robust data governance. It also raises concerns that reliance on third-party POS platforms may expose confidential data, a risk that could potentially be mitigated through proprietary software and controlled server infrastructure.





# Sovereign GOLD BONDS After Budget 2026



CA. PRERIT AGRAWAL

## BUDGET 2026 CHANGES THE RULES FOR SOVEREIGN GOLD BONDS: WHAT INVESTORS MUST KNOW

Budget 2026 has significantly changed the tax treatment of Sovereign Gold Bonds (SGBs). Earlier, all investors—whether they purchased SGBs during the primary issue or later from the secondary market—were eligible for full capital gains tax exemption at maturity, provided they held the bonds until redemption with the RBI.

Under the new rule, this exemption is now restricted only to original subscribers who purchased the bonds in the primary issuance and held them continuously until maturity. Investors who bought SGBs from the secondary market will no longer receive tax-free capital gains at redemption.

### Key Impact:

- **Primary investors:** Continue to enjoy tax-free capital gains at maturity.

- **Secondary market investors:** Capital gains at redemption will now be taxable as per prevailing tax laws.
- **Market sentiment:** Disappointment among secondary investors due to perceived mid-course policy change.
- **Liquidity impact:** Secondary market trading may decline.
- **Alternative shift:** Investors may prefer Gold ETFs for liquidity and predictable taxation.
- **Policy intent:** Likely aims to encourage primary subscriptions and reduce tax revenue loss.

The change underscores a broader theme—while SGBs still offer sovereign backing and fixed interest income, investor confidence and policy predictability remain crucial.

#IndianEconomy#MinistryOfFinance#RetailInvestors#TaxPlanning#Budget2026#SovereignGoldBonds#SGB#Taxation#CapitalGainsTax

**Summary in tabular form Tax Benefit: Old vs New (Post Budget 2026)**



Particulars	Old Tax Rule (Before Budget 2026)	New Tax Rule (After Budget 2026)
Capital Gains on Redemption (Primary Subscriber)	Fully Exempt (if held till maturity)	Fully Exempt (if held till maturity)
Capital Gains on Redemption (Secondary Market Buyer)	Fully Exempt (if held till maturity)	Taxable as per capital gains rules
Tax Treatment on Interest (2.5% p.a.)	Taxable as per income tax slab	Taxable as per income tax slab (No change)
Early Sale on Exchange (Before Maturity)	Taxable (Capital Gains rules apply)	Taxable (Capital Gains rules apply)
Overall Tax Efficiency	High for all long-term holders	High only for original subscribers



# GOLD & SILVER PRICE DYNAMICS – 2025

Comprehensive 12-Month Market Review  
Investor & Client Circulation



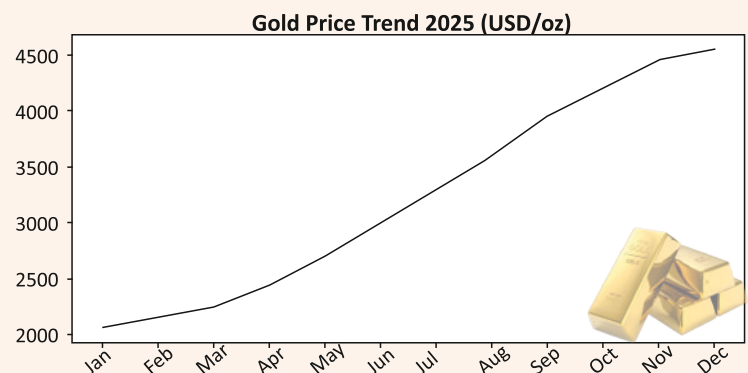
CA RISHABH AGRAWAL

The year 2025 will be remembered as a defining chapter in the modern history of precious metals. Gold and silver, long regarded as monetary anchors during periods of uncertainty, delivered exceptional returns as global macroeconomic, geopolitical, and monetary forces converged. The rally was neither isolated nor speculative in nature; rather, it was underpinned by deep structural drivers that reshaped investor behavior, central bank reserve strategies, and industrial consumption patterns. Gold reaffirmed its position as the ultimate store of value, benefiting from sustained central bank demand, persistent inflationary pressures, declining real interest rates, and heightened geopolitical risk. Silver, often considered gold's more volatile counterpart, emerged as the breakout performer of the year. Its price action reflected not only monetary hedging demand but also a severe and persistent imbalance between industrial demand and mine supply, particularly from renewable energy, electrification, and technology sectors. This report provides a detailed, investor-oriented assessment of gold and silver price dynamics over the last twelve months of 2025, examining price transitions, major inflection points, macroeconomic drivers, correlation behavior, physical market tightness, industrial uses, substitutability, and the evolving impact of BRICS-led currency initiatives. The analysis is designed to support portfolio decision-making, strategic asset allocation, and client communication.

## Gold Price Performance – A Structural Bull Market

Gold entered 2025 with strong underlying momentum and concluded the year at unprecedented price levels. Prices crossed the psychological USD 4,000 per ounce mark for the first time in history before extending gains further to close

the year above USD 4,500 per ounce. This represented an annual appreciation of over 70 percent, ranking among the strongest yearly performances since the late 1970s. The ascent in gold prices was notably orderly, reflecting strategic accumulation rather than speculative excess. Central banks, particularly across emerging markets, played a pivotal role as net buyers of gold. Their actions were motivated by the desire to diversify reserves, reduce reliance on the U.S. dollar, and hedge against geopolitical and financial sanctions risk. At the same time, institutional investors increased allocations to gold as real yields compressed and monetary policy expectations shifted decisively toward easing. Gold's resilience was further reinforced by sustained inflation levels that remained above long-term targets in major economies. Even as headline inflation moderated at times, structural cost pressures, fiscal expansion, and supply-chain realignments sustained demand for gold as an inflation hedge.

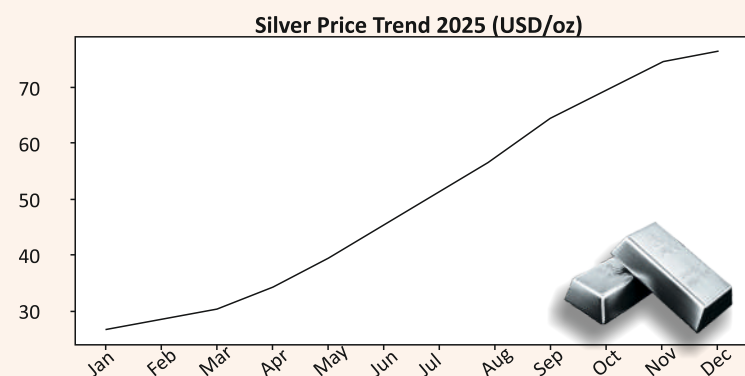


Geopolitical developments added another powerful layer of support. Ongoing conflicts, trade disruptions, and strategic competition among major powers elevated risk premiums across financial markets. In such an environment, gold continued to function as a neutral, non-sovereign asset free from counterparty

risk. This characteristic proved especially valuable for both central banks and long-term investors navigating an increasingly fragmented global order.

### Silver Price Performance – Volatility Driven by Structural Demand

Silver delivered one of the most dramatic price performances across global commodity markets in 2025. Starting the year below USD 30 per ounce, silver prices accelerated sharply through successive quarters, eventually reaching levels above USD 70–75 per ounce by year-end. The resulting annual gain of over 130 percent significantly outpaced gold and most other asset classes. Unlike gold, whose demand is predominantly monetary and investment-driven, silver occupies a unique dual role as both a precious metal and an essential industrial input. Approximately half of global silver consumption is tied directly to industrial applications. In 2025, this characteristic became a defining feature of silver's rally. Rapid expansion in solar photovoltaic installations, electric vehicle production, electronics manufacturing, and advanced medical applications pushed industrial demand to record levels. At the same time, global silver supply struggled to keep pace. Mine output growth remained constrained by declining ore grades, limited capital investment, and geopolitical challenges in key producing regions. Recycling flows, while supportive, proved insufficient to offset the widening gap between supply and consumption. The result was a continuation of multi-year structural deficits that tightened physical availability across global markets.

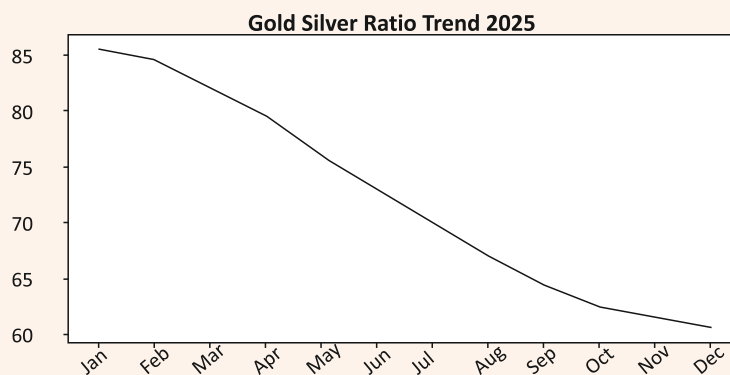


Physical market stress became increasingly visible during the year. Premiums on spot silver widened in several regions, particularly in Asia, while lease rates

rose sharply, reflecting immediate delivery constraints. Certain investment vehicles faced challenges in sourcing physical metal, highlighting the disconnect between paper market liquidity and real-world availability. These dynamics amplified price volatility and reinforced silver's sensitivity to incremental changes in demand.

### Macroeconomic Drivers and Policy Environment

The macroeconomic backdrop of 2025 was broadly supportive of precious metals. Inflation, while uneven across regions, remained structurally elevated relative to historical norms. At the same time, economic growth slowed sufficiently to prompt expectations of monetary easing by major central banks. This combination of persistent inflation and declining nominal interest rates compressed real yields, reducing the opportunity cost of holding non-yielding assets such as gold and silver. Currency dynamics further strengthened precious metals. The U.S. dollar faced cyclical weakness as interest rate differentials narrowed and fiscal concerns intensified. For international investors, a weaker dollar enhanced the appeal of dollar-denominated commodities, contributing to broader-based demand for bullion.



### Correlation, Gold–Silver Ratio & Market Structure

Gold and silver exhibited a strong positive correlation throughout 2025, reflecting shared sensitivity to macroeconomic variables such as inflation expectations, interest rates, and currency movements. Statistical analysis over the period indicates correlation coefficients frequently exceeding 0.7, underscoring the tendency of both metals to move in tandem during major market shifts. However, silver consistently displayed

higher volatility. This was evident in the behavior of the gold–silver ratio, which narrowed significantly over the course of the year as silver outperformed. The compression of the ratio signaled a combination of catch-up dynamics, heightened industrial demand, and acute physical scarcity. Periodic divergences between gold and silver highlighted the latter’s exposure to industrial cycles and supply-side disruptions.

### Uses, Substitutability & Strategic Importance

Gold’s demand profile remains firmly anchored in its role as a monetary and financial asset. Jewelry consumption continues to account for a substantial share of demand, particularly in Asia, while central bank reserves and investment holdings dominate incremental flows. Gold’s limited industrial use and low substitutability reinforce its monetary premium and long-term store-of-value characteristics. Silver, by contrast, is deeply embedded in the global industrial ecosystem. Its unparalleled electrical conductivity, reflectivity, and antimicrobial properties make it indispensable in a wide range of applications. While substitution is technically possible in some uses, alternative materials often entail higher costs, reduced efficiency, or compromised performance. As a result, rising silver prices tend to have limited immediate impact on demand destruction, sustaining structural tightness.

### BRICS Currency Developments & Gold’s Strategic Role

A key strategic theme influencing precious metals in 2025 was the acceleration of de-dollarization initiatives among BRICS nations. Continued accumulation of gold by these countries reflected a broader effort to diversify reserve assets and reduce exposure to dollar-centric financial systems. Discussions around alternative settlement mechanisms, potentially incorporating gold as a reference asset, further enhanced bullion’s strategic relevance. While the full realization of a BRICS-linked currency framework remains a medium- to long-term process, the narrative alone contributed to sustained central bank demand and reinforced gold’s position as a neutral reserve asset in a multipolar world.

### Outlook and Investment Implications

Looking ahead, the fundamental case for both gold and silver remains constructive. Gold is expected to retain its elevated status, supported by ongoing central bank purchases, geopolitical uncertainty, and the potential for further monetary easing. Silver’s outlook is characterized by continued volatility but with an upside bias, driven by persistent supply deficits and accelerating industrial demand tied to the global energy transition. For investors, precious metals continue to offer diversification benefits, inflation protection, and strategic resilience in an increasingly complex macroeconomic landscape. The experience of 2025 underscored their enduring relevance as core components of long-term portfolio strategy.

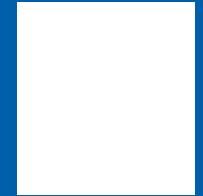
### Disclaimer:

The above newsletter has been prepared on the basis of information available from various sources on the internet and independent research, with reference to historical price movements of gold and silver. The content is intended solely for general informational purposes and does not constitute investment advice, solicitation, or recommendation. Readers are advised to exercise their own judgment before making any financial decisions.



# PRACTICAL INSIGHTS ON GST Audit

by Department under Section 65  
of the CGST Act



CA. RITESH MAHESHWARI

## INTRODUCTION

Section 65 of the CGST Act, 2017 empowers the tax authorities to conduct a **departmental audit** of registered persons to verify compliance with the provisions of the GST law. While the statutory framework of GST audit appears procedural, in practice, **the manner of submission of documents, explanations, and responses plays a decisive role in determining the outcome of the audit.** Inadequate care at this stage often leads to avoidable disputes, unwarranted demands, and prolonged litigation.

This article seeks to provide **practical insights** based on real-life audit experiences, highlighting common pitfalls and suggesting precautionary measures that professionals and taxpayers must adopt.

### 1. Importance of Careful Submission of Documents

One of the most critical aspects of a GST audit is the **submission of documents such as trial balance, audit report, ledgers, and reconciliations.** In many cases, these documents are submitted mechanically, **without carefully reading the notes, descriptions, or narrations contained therein.**

It is often observed that:

- The department **selectively picks words or notes** from audit reports or financial statements.
- Such extracted observations are then **used as the sole basis for raising audit objections and proposing demands,** without appreciating the context or commercial substance.

### 2. Legal and Professional Fees – A Favourite Audit Objection

One of the most commonly targeted expense heads during GST audit is **“Legal and Professional Fees.”** In several audits, it has been noticed that:

- The department **treats the entire amount under Reverse Charge Mechanism (RCM).**
- No distinction is made between services covered under RCM and those liable under forward charge.
- Notices are issued proposing tax, interest, and penalty on the gross amount, ignoring exemptions and FCM. (Suggestion: submit detailed working upfront)

### 3. Notes in Audit Report – A Double-Edged Sword

In one audit case, the statutory auditor had mentioned a note stating that **software was written off due to non-functioning.** Based on this note alone, the department proposed reversal of ITC on the entire software cost.

However, the note was purely an accounting disclosure and did not automatically imply ineligibility of ITC under GST law.

**Practical takeaway:**



- Audit report notes must be **read from a GST perspective**.
- If any note has the potential to be misunderstood, it should be **explained proactively** at the time of submission.

#### 4. Departmental Visit at Client's Premises – A Sensitive Area

In some cases, the audit team visits the **client's place of business** and seeks:

- Access to accounting software, Backup data & Invoice-level details.

#### Practical take away:

- Clients must be **trained and sensitized** regarding:
  - ▶ What data can be shared
  - ▶ Limited and controlled access to software
  - ▶ Responding factually without assumptions
- Ideally, such visits should be handled in the presence of a tax professional.

#### 5. Manner of Information Submission Matters

The way information is presented often influences the audit outcome.

#### Illustrative Case

A retail shop incurred expenses on external decoration during festival. During GST audit:

- Invoices were submitted without explanation.

- The department interpreted the expense as beautification and temporary structure outside the premises.
- ITC was proposed to be reversed on the ground of ineligibility as temporary structure is part of building.

#### 6. Importance of Proper Reply and Legal Study

Audit objections often culminate in **show cause notices**. The quality of reply at this stage is crucial.

#### Illustrative Case

GST demand was raised on sale of car by a private limited company, based on income booked in the balance sheet. However:

- For GST purposes, tax is payable only on margin (sale value minus WDV as per Income Tax Act).
- The department ignored this distinction initially.

#### 7. Verification of Supporting Documents

- Submit state-specific financials and reconciliations
- Avoid consolidated data unless specifically required

#### Conclusion

GST audit under Section 65 is not merely a compliance exercise but a strategic process requiring careful planning, documentation, and professional judgment. Most audit disputes arise not due to tax evasion but due to:

- Casual submission of documents
- Lack of GST-centric analysis
- Inadequate explanation of facts

A cautious, well-prepared, and legally supported approach can significantly reduce audit exposure and prevent unnecessary demands. Both taxpayers and professionals must treat GST audit as a serious engagement rather than a routine formality.



# ESG REPORTING: A NEW PROFESSIONAL FRONTIER FOR CHARTERED ACCOUNTANTS



CA. MINI JAIN

## Abstract

Environmental, Social, and Governance (ESG) reporting has emerged as a significant development in the global corporate reporting landscape. Increasing regulatory expectations, investor awareness, and societal demands for sustainability have encouraged organizations to disclose non-financial information alongside financial performance. ESG frameworks provide stakeholders with insights into corporate sustainability practices, environmental impact, social responsibility, and governance structures.

In India, the introduction of the Business Responsibility and Sustainability Report (BRSR) framework by the Securities and Exchange Board of India (SEBI) has accelerated ESG adoption among listed companies. This development presents substantial opportunities for Chartered Accountants (CAs), whose expertise in reporting, assurance, and governance places them at the center of sustainability reporting practices. This article examines the concept of ESG, the evolving regulatory landscape in India, and the emerging professional opportunities for Chartered Accountants in ESG advisory, reporting, and assurance services.

**Keywords:** ESG, Sustainability Reporting, BRSR, Corporate Governance, Integrated Reporting, Chartered Accountants

## 1. Introduction

Corporate reporting has traditionally focused on financial metrics such as profitability, liquidity, and return on investment. While these indicators remain important, they no longer provide a comprehensive view of an organization's long-term performance and sustainability. In recent years, stakeholders have

increasingly demanded greater transparency regarding the environmental impact, social responsibilities, and governance practices of companies.

The concept of Environmental, Social, and Governance (ESG) has emerged as a framework for evaluating corporate sustainability and ethical performance. ESG reporting allows organizations to disclose non-financial information related to environmental stewardship, employee welfare, community engagement, and governance structures.

Global economic developments, climate change concerns, and social accountability movements have accelerated the adoption of ESG frameworks. Investors increasingly view ESG performance as an indicator of corporate resilience, risk management capability, and long-term value creation (Friede, Busch & Bassen, 2015).

For the accounting profession, ESG reporting represents an important extension of traditional financial reporting and assurance functions. Chartered Accountants possess the necessary expertise in reporting standards, governance systems, and assurance methodologies to play a crucial role in the development and credibility of ESG disclosures.

## 2. Understanding ESG: The Three Pillars

ESG reporting is based on three interrelated pillars that collectively evaluate the sustainability and ethical performance of an organization.

### 2.1 Environmental (E)

The environmental component focuses on the impact of business activities on the natural

environment. It evaluates how organizations manage environmental risks and contribute to sustainability.

**Key environmental indicators include:**

- Greenhouse gas emissions and climate change mitigation
- Energy consumption and renewable energy usage
- Water conservation and resource efficiency
- Waste management and recycling practices
- Biodiversity protection

With increasing global attention on climate change, companies are expected to measure and disclose their carbon footprint and environmental impact. Environmental performance is now considered a critical factor in corporate risk management and long-term strategic planning (United Nations, 2015).

**2.2 Social (S)**

The social pillar examines how organizations manage relationships with employees, customers, suppliers, and communities.

**Key social indicators include:**

- Employee welfare and workplace safety
- Diversity, equity, and inclusion
- Human rights and labor standards
- Customer protection and product responsibility
- Community development and corporate social responsibility initiatives

Organizations that prioritize social responsibility often benefit from stronger stakeholder relationships, improved employee engagement, and enhanced brand reputation.

**2.3 Governance (G)**

Governance refers to the systems, policies, and structures that guide corporate decision-making and ensure accountability.

**Important governance elements include:**

- Board composition and independence
- Executive compensation structures
- Shareholder rights and transparency
- Anti-corruption policies

- Risk management and internal control systems
- Strong governance frameworks promote transparency, ethical conduct, and investor confidence. Governance failures, on the other hand, can lead to significant financial and reputational risks.

**3. Increasing Importance of ESG Reporting**

The importance of ESG reporting has grown significantly due to several global trends.

**3.1 Investor Demand**

Institutional investors increasingly incorporate ESG factors into their investment decisions. Sustainable investing has gained significant momentum globally, with investors allocating capital toward companies that demonstrate strong ESG performance.

Research suggests that firms with strong ESG practices tend to exhibit better operational performance and lower cost of capital (Eccles, Ioannou & Serafeim, 2014).

**3.2 Regulatory Developments**

Governments and regulatory authorities worldwide are introducing ESG disclosure frameworks to promote transparency and responsible business practices.

In India, the Securities and Exchange Board of India (SEBI) introduced the Business Responsibility and Sustainability Report (BRSR) framework in 2021. The BRSR requires the top 1,000 listed companies by market capitalization to disclose sustainability-related information.

The framework aims to standardize ESG disclosures and align Indian reporting practices with global sustainability standards such as the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD) (SEBI, 2021).

**3.3 Stakeholder Expectations**

Modern stakeholders—including consumers, employees, regulators, and communities—expect companies to operate responsibly and transparently. ESG reporting enables

organizations to communicate their sustainability initiatives and demonstrate accountability to stakeholders.

Companies that neglect sustainability concerns may face reputational damage, regulatory scrutiny, and reduced investor confidence.

#### **4. ESG Landscape in India**

India has witnessed significant progress in sustainability reporting in recent years. The introduction of the BRSR framework represents a major milestone in the integration of ESG considerations into corporate governance.

The BRSR framework is structured into three sections:

1. General Disclosures: Basic information about the company and its operations.
2. Management and Process Disclosures: Policies, governance structures, and sustainability strategies.
3. Principle-wise Performance Disclosures: Quantitative and qualitative ESG metrics.

The framework is based on the National Guidelines on Responsible Business Conduct (NGRBC), which outline nine principles guiding responsible business practices in India.

The implementation of BRSR has increased the demand for professionals capable of assisting companies in ESG data management, reporting, and compliance.

#### **5. Role of Chartered Accountants in ESG Reporting**

The transition toward sustainability reporting creates several opportunities for Chartered Accountants.

##### **5.1 ESG Data Measurement and Reporting**

ESG reporting requires reliable measurement of environmental and social indicators. Chartered Accountants can design robust reporting frameworks and ensure the accuracy and consistency of ESG data.

##### **5.2 Regulatory Compliance and Advisory**

CAs can assist organizations in complying with

regulatory frameworks such as BRSR and international sustainability standards. Their expertise in compliance and reporting systems enables them to guide companies in implementing effective ESG reporting mechanisms.

##### **5.3 Integration with Financial Reporting**

There is an increasing shift toward integrated reporting, where financial and non-financial information is presented together. Chartered Accountants can help organizations integrate ESG considerations into financial planning, budgeting, and performance evaluation.

##### **5.4 ESG Assurance Services**

Similar to financial statements, ESG disclosures require independent verification to ensure credibility and reliability.

Chartered Accountants can provide:

- Sustainability assurance services
- Verification of ESG data
- Independent reporting validation

These services enhance stakeholder confidence in sustainability disclosures and strengthen the credibility of ESG reporting.

#### **6. Emerging Opportunities for CA Firms**

The growing importance of ESG reporting has opened new professional avenues for accounting firms. Some emerging services include:

- ESG reporting and sustainability reporting advisory
- BRSR compliance consulting
- Sustainability assurance and audit services
- Carbon accounting and emissions measurement
- Climate risk assessment and advisory

As sustainability becomes an integral part of corporate strategy, demand for ESG advisory services is expected to grow significantly.

#### **7. Challenges in ESG Implementation**

Despite its growing importance, ESG reporting presents several challenges:

- Lack of uniform global reporting standards
- Difficulty in collecting reliable sustainability data
- Risk of greenwashing or misleading sustainability claims
- Limited availability of ESG expertise within organizations

Addressing these challenges requires robust governance mechanisms, standardized reporting frameworks, and independent assurance processes.

### 8. The Way Forward

The future of corporate reporting is moving toward integrated reporting, where financial performance and sustainability impact are presented together to provide a comprehensive view of organizational value creation.

For Chartered Accountants, this transition represents both a challenge and an opportunity. The profession must develop expertise in sustainability frameworks, climate risk assessment, and ESG assurance methodologies.

Professional institutions and regulatory bodies are increasingly introducing training programs and guidelines to equip accountants with the skills

required to support sustainability reporting.

### 9. Conclusion

The global shift toward sustainability is redefining corporate reporting practices. ESG reporting has evolved from a voluntary disclosure mechanism to a strategic necessity that influences investment decisions, regulatory compliance, and corporate reputation.

Chartered Accountants, with their expertise in reporting, governance, and assurance, are uniquely positioned to support organizations in implementing credible ESG frameworks. By guiding companies in ESG measurement, reporting, and assurance, CAs can bridge the gap between financial performance and sustainable development.

As organizations move beyond traditional financial metrics toward broader measures of value creation, ESG reporting represents a significant professional opportunity for the accounting profession.





## Editor

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**CA. MILIND WADHWANI**  
Vice Chairman



**NATIONAL  
CONFERENCE**  
27-28 March 2026



# NATIONAL CONFERENCE

27-28 March 2026





# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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