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

PUNE BRANCH OF WIRC OF ICAI

NEWSLETTER JULY 2026

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

OUR TORCH BEARER

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Pune Branch Chairman's Communique

CA Pranav Apte
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Dear Esteemed Members,

Warm Greetings to all Esteemed Members.

It gives me immense pleasure to extend my greetings on the occasion of 78th **Chartered Accountants Day!!.** 1st July 2026, CA Foundation Day is a moment of pride and honour, as ICAI completes its 77 years of Trust, Excellence and Integrity. It is indeed a great privilege and honour to address you at this momentous occasion through our esteemed CA Newsletter.

The month started with the celebrations of CA Day. We had planned various activities like Walkathon, blood donation camps at 10 locations, organising various sports competitions such as Badminton, Cricket, Carrom etc. for members and students. The Cultural Evening was one of the highlights of the celebrations, where many members showcased their talent in singing, instrumental music performances and One Act Play etc. I extend my sincere gratitude to all who contributed to make it memorable.

Pune Branch Chairman's Communique

CA Pranav Apte
Chairman
Pune Branch of ICAI

I take this opportunity to apprise you about few seminars held during June 2026. We hosted 2 certificate course batches on Artificial Intelligence and also Certificate Course on Forensic Accounting and Fraud Detection (FAFD) in the month of June 2026 and we are thankful to all the members for their overwhelming response. We also conducted Virtual Sessions on Various AI Tools on every Wednesday to empower members to become future ready professionals. We also conducted various seminars on various topics such as Accounting Standard Compliances for Proprietorships and Partnerships, Foreign Exchange Management Act (FEMA), precautions in GST Appellate proceedings etc. We also hosted WIRC's State Cooperative Conference on 13th and 14th June 2026. Pune Branch also hosted programme on 'Creating A Better Financial Reporting Ecosystem', which is organised by National Financial Reporting Authority (NFRA) in collaboration with the ICAI.

In the upcoming month, various events and seminars have been planned. We are planning to conduct various seminars on the topic of Anti Money Laundering Act, Income Tax, workshop on audit of credit co-operative societies etc. We will be hosting Sub Regional Conference at Shegaon on 3rd and 4th July 2026 along with co-host branches. We will also be hosting certificate course batch on Artificial Intelligence in the month of July 2026.

I thank all the contributors and editorial team members for their efforts in making this edition impactful.

"Alone we can do so little; together we can do so much." So, I urge all the members to actively participate in various seminars, workshops and conferences. Your valuable suggestions, ideas and support will be helpful in serving the profession.

Wishing you all a good health and great success!!

Best Regards,
CA Pranav R. Apte
Chairman
Pune Branch of WIRC of ICAI

Editorial Communique

CA Sarika Dindokar

Chief Editor & MCM
Pune Branch of ICAI
(FCA, CS, DISA, MCOM)

Dear Members,

July is a month that holds a very special place in the heart of every Chartered Accountant. It is a time when we celebrate the legacy, values, and achievements of our profession, while also looking ahead with renewed pride and responsibility.

As we celebrate CA Foundation Day, I feel immense gratitude to be part of a profession that not only shapes careers but also contributes significantly to the growth and integrity of our nation. The journey of becoming a Chartered Accountant is filled with dedication, discipline, and perseverance, and July reminds us of the honour and responsibility that come with this designation.

This month has also been vibrant with activities, celebrations, and opportunities for learning. It has been truly inspiring to see students and members come together with enthusiasm, whether in academic sessions, cultural events, or professional interactions. Such participation strengthens the bond within our ICAI family and creates memories that we cherish for years to come.

On this auspicious occasion of July month we celebrated CA Foundation Day, I extend my heartfelt wishes to every member and student. May we continue to uphold the highest standards of our profession and inspire the next generation of Chartered Accountants.

Warm regards,
CA Sarika Dindokar
Chief Editor – Members' Newsletter
WICASA Chairperson
Pune Branch of WIRC of ICAI

Taxation and Regulatory Issues Relating to Silver Commodities

CA. Rahul V. Shah
shah12.rahul@gmail.com

Silver occupies a unique position in India. Unlike most assets, it serves multiple purposes—it is used as a household article, a ceremonial object, an investment commodity and, increasingly, as an underlying asset for Exchange Traded Funds (ETFs) and other regulated investment products. Because silver exists in different forms, its tax treatment is not uniform. The Income-tax Act, judicial precedents and recent regulatory developments demonstrate that the tax consequences depend more upon the nature and purpose of holding than upon the metal itself.

Under section 2(14) of the Income-tax Act, a capital asset excludes "personal effects", namely movable property held for personal use by the assessee or members of the family. Whether silver qualifies for this exclusion is essentially a question of fact. The determining consideration is not merely ownership, but whether the article is genuinely intended for personal or household use or is, in substance, held as an investment.

The distinction has been examined in several judicial decisions. In **CIT v. Sitadevi N. Podar,** the Bombay High Court held that silver utensils such as kalash, kundi and other household articles used for domestic purposes constituted personal effects. The Court observed that articles genuinely intended for household use do not become capital assets merely because they are made of silver.

The Supreme Court adopted a different approach in **H.H. Maharaja Rana Hemant Singhji v. CIT**, where silver bars, silver coins and similar articles used only on ceremonial occasions were held not to qualify as personal effects. The Court explained that bullion and coins are ordinarily stores of wealth rather than articles of personal use. This decision continues to provide the principal distinction between household silver and investment silver.

Judicial authorities have also recognised that personal use does not necessarily imply daily use. In **Jayantilal A. Shah v. K.N. Anantharam Aiyar, CIT and Himatlal C. Valia v. CIT,** silver dinner sets and utensils intended for use during family functions and for entertaining guests were accepted as personal effects. These decisions illustrate that occasional use does not, by itself, alter the character of household articles where the dominant purpose remains domestic.

Conversely, where silver is accumulated primarily as a store of value, courts have treated it as a capital asset. In **Veena Chokhani v. ITO**, the Tribunal considered approximately 145 kilograms of silver utensils disclosed under the Amnesty Scheme and sold shortly thereafter. Having regard to the volume and surrounding circumstances, the Tribunal concluded that the silver represented investment holdings rather than household articles. The Bombay High Court subsequently reiterated that the exemption for personal effects applies only where the articles bear a close nexus with the personal or family use of the assessee.

Apart from the nature of the asset, documentation frequently determines the outcome of tax disputes. In **Krishna Ghosh v. ACIT**, the assessee produced sale bills for silver utensils but failed to establish ownership, acquisition or earlier disclosure. The Kolkata Tribunal held that sale bills alone were insufficient and treated the receipts as undisclosed income. In contrast, **Jagdish Mitter v. DCIT** involved silver disclosed under the Voluntary Disclosure of Income Scheme and subsequently sold through proper banking channels. Since the assessee successfully established both the source and the sale, the transaction was accepted as genuine.

Search and seizure decisions further demonstrate the importance of maintaining proper evidence. In **Rameshkumar Shankarlal & Co.,** the Gujarat High Court rejected the assessee's explanation that seized cash represented proceeds from silver sales because the claim was unsupported by credible evidence. Likewise, in **Rajaram & Co.,** penalty proceedings were sustained where alleged silver transactions lacked commercial credibility and supporting documentation.

An equally important principle emerges from **Agra Machine Tools (P.) Ltd.,** where the Tribunal held that silver recovered during the manufacturing process could not be subjected to tax merely on the basis of notional valuation in closing stock. Taxability arises only when real income is earned, reinforcing the settled principle that income-tax is levied on actual profits rather than hypothetical gains.

Silver has long been recognised as an investment asset. Unlike fixed income instruments, it generates no periodic income and investors rely primarily upon capital appreciation. Since silver prices broadly move in tandem with international markets, subject to exchange rate movements and domestic duties and taxes, it is now regarded as an established investment asset class alongside gold.

Today, investors can obtain exposure to silver through physical bullion, coins, bars and utensils, as well as through regulated financial products such as **Silver ETFs** and **Silver Mutual Funds.** These investment avenues eliminate concerns relating to storage, insurance and purity while providing liquidity and professional management. The **SEBI (Mutual Funds)** Regulations, 2026 expressly recognise silver and silver-related instruments as permissible investments for mutual fund schemes, reflecting the growing acceptance of silver as a regulated financial asset.

From a direct tax perspective, the taxation of financial products linked to silver is governed by the provisions applicable to the relevant mutual fund scheme under the Income-tax Act, including the amendments introduced in recent Finance Acts. Investors should therefore consider not only the expected investment returns but also the applicable holding period, character of gains and prevailing tax provisions while choosing between physical silver and regulated investment products.

Recent regulatory developments further strengthen the formal recognition of silver as an investment asset. The Reserve Bank of India has permitted scheduled commercial banks, subject to prescribed safeguards, to extend working capital finance against gold or silver used as raw material for genuine manufacturing and processing activities. SEBI has also prescribed that physical gold and silver held by mutual fund schemes should be valued using domestic spot prices published by recognised stock exchanges in place of earlier international benchmarks, thereby improving valuation transparency and better aligning net asset values with Indian market conditions.

From an indirect tax perspective, acquisition of physical silver is also subject to the applicable Goods and Services Tax and, where imported, customs duties and related levies. Consequently, the overall acquisition cost of physical silver may differ from investing through regulated financial products. These commercial considerations frequently influence an investor's choice of investment vehicle in addition to the direct tax implications.

Silver therefore cannot be regarded as a single class of asset for tax purposes. Depending upon the surrounding facts, it may constitute a personal effect, a capital asset, trading stock or the underlying asset of a regulated financial product. Judicial precedents consistently emphasise that the substance of the holding, its actual use and the quality of supporting evidence are the decisive factors.

From a professional perspective, taxpayers should maintain proper records relating to acquisition, inheritance, valuation, storage and disposal of silver. Documentary evidence often becomes the determining factor in tax proceedings. As investment products and regulatory frameworks relating to precious metals continue to evolve, tax professionals should evaluate each transaction on its own facts rather than applying a uniform approach to every form of silver. Silver's evolution—from a household article to a regulated financial asset—illustrates how law and regulation continue to adapt to changing economic realities. Careful classification, supported by adequate documentation, remains the most effective safeguard against future tax disputes.

Succession, A Big Challenge

CA. Vijay Ashtekar
ashtekar@ashtekarca.com

We learned during our academics one of the features of a company incorporated or registered under Companies Act, 1956 for that matter 2013 now, is that it has perpetual existence. What does it mean? The promoters, shareholders, directors may get changed for any reason, the company exists unless it is wound up. In other words, succession of ownership from old shareholders to new shareholders.

Usually, this is possible when the ownership merely changes hands. To have this positive effect the form of organisation necessarily needs to be a limited company.

However, what happens when the form of organisation is other than limited company say proprietary, partnership, etc. It is been observed and experienced over the decades that many organisations especially MSME, do not see the second or third generation. In other words, it can be summarised as under:

1. Generation first – Creates
2. Generation second – Grows
3. Generation third – Maintains
4. Generation fourth – Shuts down

Many organisations don't see even second or third generation.

What are those reasons which cause or compels the owners of the well-going organisations to stop, shut down or liquidate? I could see three major reasons. First, the successors or next generation is not at all interested in continuing the family business because they choose some different career. A doctor's son becomes an engineer, so the hospital established by the doctor had to be shut down. Second reason, the entrepreneurs do not have successors. A positive solution can be considered in the situation arising because of second reason. However, I will discuss the same later.

The third reason has more concern and it is quite unfortunate if because of it the business has to shut down. The word succession I used in the title is to indicate Worth Succession or Competent Succession. If a well-going business goes in the hands of successors who are not worth enough or competent to run it as expected or required, the failure is inevitable. Such failure becomes the reason for closure or shut down.

Succession, A Big Challenge

The third reason is more serious as it has hardly an alternative solution.

If the legal heirs or successors are not competent enough to run the business efficiently, then finding out an outsider becomes a necessity in view of the continuity of the business.

The succession issue is not restricted to only businesses; it is equally related to professions. We the CAs do experience to certain extent the same issue. The second generation CAs are reluctant to continue the profession as self-employed they prefer high profile jobs. In other cases, the children do not prefer to become CA for whatever reasons. In such a situation what is the future of the existing business or profession established by the first-generation entrepreneurs?

As I mentioned earlier, the situation arising out of first two reasons as discussed above can be handled or treated by following the systematic process of searching, shortlisting and selecting a competent and worthy successor.

Nowadays, there are certain forums of entrepreneurs which help the owners of businesses who are in the situation because of the first and second types of reasons discussed above. They help you to find the right candidates, interact with them and enter into a contract, where the incoming person becomes the owner of the business over the period and the existing owner takes an exit over the period.

The process is completed on mutually beneficial terms, conditions and consideration in the form of lumpsum or deferred for a certain period. The owner gets the satisfaction that his business is not closed down and is handed over to the right person. The successor also gets a good going business to run and grow.

In the profession, similarly you can induct junior degree holders to your firm as partners and slowly by reducing your share you get an exit from the firm with or without a premium as a valuation of goodwill.

Succession, A Big Challenge

However, though it seems to be easy and simple from the discussion above, it is not the case. Practically there are many challenges especially, the emotional attachment of the owners to the business or profession and moreover the lack of practical thinking towards the continuity of the business or profession, broad approach about the inclusivity of the people and society in view of the economic growth and development.

There are many such deserving candidates in the society who do not have the support in the form of funds, experience, infrastructure, platform, opportunity; however, they have knowledge, integrity, hard work, passion and ambition.

The collaboration of these two persons will resolve the succession issue to certain extent and save the society from the emergence of closure of a business.

During our professional journey we experienced few similar cases where as a professional there was a good amount of opportunity to render services.

In one instance an auto parts manufacturing company established by a person and was being run by he and his wife had the situation as discussed above. The son went to USA for higher studies and settled down. The daughter did graduation in Economics. The owner was worried about the succession. We advised him about the potential solution by way of finding a business successor. We helped him to search for the right candidate. We tapped the technical institutes for freshers, interviewed few of them. Sometimes we had to talk to parents to convince them about plans and future potential. Finally we could succeed in selecting a right person and take him on the board for collaboration.

However, as I also mentioned its not the easy task in cone instance of pharmaceutical business we could not get the required candidate even after talking to few persons and looking for persons with experience. Eventually the facility had to be disposed of in piecemeal.

We feel that it is a challenging area where professionals have good amount of scope to contribute.

Seminar on AS Compliances for Proprietorships and Partnerships

Date : 6th June 2026





Certificate Course on AI for Chartered Accountants (AICA) LEVEL - 1 Batch781

Date : 9th to 11th June 2026

Sahakar Parva
WIRC's State Cooperative Conference

Date : 13th June 2026

Sahakar Parva
WIRC's State Cooperative Conference

Date : 14th June 2026









Certificate Course on AI for Chartered Accountants (AICA) LEVEL - 1 Batch - 782

Date : 16th to 18th June 2026

WORKSHOP ON CREATING A BETTER FINANCIAL REPORTING ECOSYSTEM

Date : 19th June 2026

WORKSHOP ON CREATING A BETTER FINANCIAL REPORTING ECOSYSTEM

Date : 19th June 2026

Full-Day Seminar on FEMA

Date : 20th June 2026

INTERNATIONAL YOGA DAY

Date : 21st June 2026

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Seminar on precautions in gst Appellate proceedings

Date : 24th June 2026

ICAI MSME Mahotsav - From Survival to Scale

Date : 27th June 2026

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While submitting articles.

- Please keep following aspects in mind:
- The length of articles should be about 750-1000 words
- Articles should be original in nature

Please send articles with:

- A Photograph, your full name, membership number etc.
- Editable soft copy of file
- Declaration of originality of articles

Please send in your articles to : editor@puneicai.org; cpe@puneicai.org
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Pune Branch of WIRC of ICAI

Plot No. 8, Parshwanath Nagar, CTS No. 333, Sr. No. 573,
Munjeri, Opp. Kale hospital, Bibwewadi, near Mahavir Electronics, Pune, Maharashtra 411037

(020) 2421 2251 / 52 **admin@puneicai.org** **www.puneicai.org**