The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

PUNE BRANCH OF WIRC OF ICAI

NEWSLETTER : DECEMBER 2025

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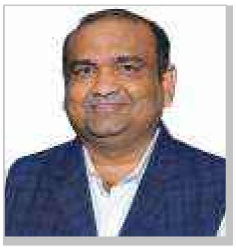
Our Torch Bearer

CA. Chandrashekhar V. Chitale
CCM, ICAI



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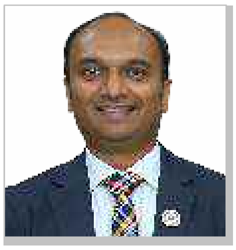
RCM, WIRC of ICAI



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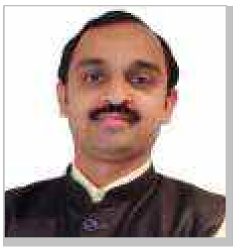

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Pune Branch Chairman's Communique

CA Sachin Miniyar
Chairman
Pune Branch of WIRC of ICAI

Dear Esteemed Members,

Season's greetings to all of you.
As we arrive at the month of December, marking the close of another eventful calendar year, it gives me immense pleasure to reflect upon the collective journey of the Pune Branch of WIRC of ICAI. This year has been a testament to the resilience, adaptability, and professionalism of our fraternity in an ever-evolving economic and regulatory environment.

During the month of November, the Pune Branch has successfully organised a wide array of **CPE programmes like "Accreditation in the Gold Industry: Unlocking New Professional Pathways for CAs", AI Level 2 batches, seminar on changes in GSTR 9, drafting of Will, Partnership Deed, care to be taken in Certification assignments, 2 days GCC summit etc for members in practice as well as "Independent Director Meet" for members in Industry** covering both core and emerging areas of practice. The active participation and encouraging response from members for the GCC summit forced us to announce GCC Summit 2 for those who did not get registration because of 100% registrations being completed few days before the program. I feel proud to inform that it has happened for the first time in the history of ICAI where during the GCC summit, same program is announced at a gap of just 3 weeks because of the overwhelming response. All this could not have been possible without the untiring efforts and dedicated efforts of the entire Management Committee and Pune branch Staff.

As we look ahead to the coming year, I urge members to embrace change, invest in upskilling, and leverage technology while staying firmly rooted in our core values of **ethics, independence, and professional discipline**. Mentorship, collaboration, and active participation in ICAI activities will be key in shaping a future-ready profession.

On behalf of the Pune Branch, I extend my best wishes to you and your families for a **a healthy year-end, and a prosperous New Year 2026**. May the coming year bring new opportunities, professional growth, and continued success to all.

Let us move forward together with renewed enthusiasm and a shared commitment to excellence.

Warm regards,
CA Sachin Miniyar
Chairman
Pune Branch of WIRC of ICAI

Editorial Communique

CA Sarika Dindokar
Chief Editor & MCM
Pune Branch of WIRC of ICAI

Dear Members,

As we conclude the calendar year 2025, the month of December marked a vibrant phase of professional learning and engagement at the Pune Branch. It gives me immense pleasure to reflect upon the successful programs conducted during the month, which witnessed enthusiastic participation from members across the fraternity.

The key highlight was the National Conference on GST held on 9th and 10th December 2025, which provided an excellent platform for in-depth deliberations on recent developments, practical challenges, and emerging opportunities under the GST regime. The insightful sessions by eminent speakers reinforced the critical role of Chartered Accountants in strengthening the GST framework through effective implementation and advisory services.

Alongside the conference, the branch organized technical sessions on contemporary professional themes, including GST practice, labour law reforms, and new avenues for mid-sized firms. These programs were thoughtfully curated to address practical aspects and evolving professional needs.

I sincerely appreciate the dedicated efforts of the Managing Committee, faculty members, volunteers, and branch staff for ensuring seamless execution of all activities. I also thank our members for their continued support and active participation.

As we step into the New Year, let us continue to uphold professional excellence, integrity, and collective growth.

Warm regards,
CA Sarika Dindokar
MCM & Editor-in-Chief
Newsletter committee of Pune Branch of WIRC of ICAI

COVER STORY AND EXPERT VIEWS

The Story of Startup India -A Movement of Innovation

CA. Aishwarya Mutha

Introduction

Once upon a time, in 2016, India stood at the crossroads of innovation and opportunity. The government realized that the country's brightest minds—young engineers, designers, and dreamers—were brimming with ideas but lacked the support to turn them into thriving businesses. And so, the Startup India Scheme was born, a flagship initiative designed to nurture entrepreneurship, fuel innovation, and transform India into one of the world's largest startup ecosystems.

Act I: The Beginning

In a small town, Raghu, a young software developer, dreamt of building an app that could connect farmers directly to buyers. His vision was simple yet powerful—eliminate middlemen, empower farmers, and give consumers access to fresh produce. But like many aspiring entrepreneurs, Raghu faced hurdles: lack of funding, complicated compliance rules, and no guidance on Intellectual Property Rights (IPR).

Just when he was about to give up, the Startup India Scheme arrived like a guiding light. The scheme promised tax benefits, easier compliance, and fast-tracking of patents for recognized startups. It also offered mentorship programs, incubation centers, and funding opportunities through the Fund of Funds for Startups (FFS). Raghu realized this was his chance to turn his dream into reality.

Act II: The Transformation

With Startup India's support, Raghu registered his company under the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry. He discovered that eligibility required:

- A company less than 10 years old
- Registered as a Private Limited Company, Partnership Firm, or Limited Liability Partnership (LLP)
- Annual turnover not exceeding Rs 100 crore
- Not formed by splitting up or reconstructing an existing business
- Working towards innovation, development, or improvement of products, processes, or services

Once recognized, Raghu's startup enjoyed several benefits:

- Tax exemptions for three years under Section 80-IAC of the Income Tax Act
- Self-certification under six Labor Laws and three Environmental Laws, reducing compliance burden
- 80% rebate on patent filing fees and fast-track processing of patent applications
- Priority in government tenders, without the requirement of prior experience or turnover
- Opportunity to register on the Government e-Marketplace (GeM) portal to sell directly to government departments

Soon, Raghu's app gained traction. Farmers loved the transparency, and buyers appreciated the direct access. His startup received seed funding through government-backed investors, and he was mentored by industry leaders. What began as a small-town idea was now a scalable business model.

Act III: The Bigger Picture

Raghu's journey was just one among thousands. By 2025, India had recognized over 2 lakh startups, more than 100 of them Unicorns, making it the third-largest startup ecosystem in the world. These startups spanned diverse sectors—Healthcare, Fintech, Agriculture, Education, SaaS, and Clean Energy—creating jobs, solving problems, and driving economic growth.

The Startup India Scheme wasn't just about businesses; it was about changing mindsets. It encouraged risk-taking, celebrated innovation, and made entrepreneurship accessible to students, women, and professionals across the country.

The government also introduced supportive measures such as:

- Startup India Hub – a one-stop platform for mentorship, knowledge sharing, and networking.
- Fund of Funds for Startups (FFS) – managed by SIDBI, channeling investments into venture funds that support startups.
- Fast Exit option under the Insolvency and Bankruptcy Code (IBC), 2016, allowing startups to wind up operations quickly if needed.

Epilogue: A Nation of Entrepreneurs

Nine years later, Raghu stood on a stage during National Startup Day (January 16), sharing his success story. He looked at the audience—students, budding entrepreneurs, and policymakers—and realized that Startup India had become more than a scheme.

By then, Indian startups recognized by the government had created over 17 lakh direct jobs. In 2021 alone, despite the pandemic, Indian startups raised between $38–42 billion, marking a record-breaking year for the ecosystem. The initiative had clearly evolved into a movement—a story of a nation believing in its people's ideas.

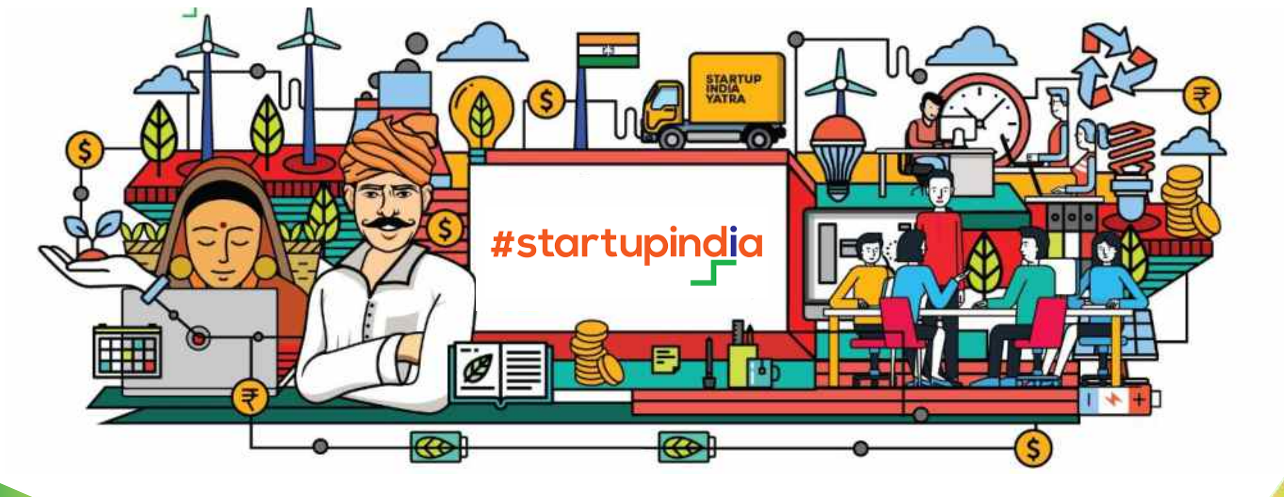
Conclusion

The Startup India Scheme has transformed India's entrepreneurial landscape. From Raghu's small-town dream to unicorns shaping global markets, the initiative has empowered thousands of innovators. It has simplified compliance, provided financial backing, and created a culture where entrepreneurship is celebrated.

Startup India is not just a policy—it is a movement of innovation, resilience, and opportunity. It is the story of India believing in its people, and its people believing in themselves.

Key Takeaways

- Launched in 2016, Startup India is a flagship initiative to foster entrepreneurship.
- Provides tax exemptions for 3 years u/s 80-IAC of the Income Tax Act, easier compliance, and patent support.
- Eligibility: <10 years old, turnover ≤ Rs 100 crore, registered entity.
- 80% rebate on patent filing fees and fast-track processing of patent applications.
- Registration opportunity on Government e-Marketplace (GeM) portal.
- Priority in Government Tender (no requirement of prior experience or turnover).
- Self-Certification under 6 Labour Laws and 3 Environment Laws.
- Fund of Funds for Startups (FFS) managed by SIDBI.
- Access to Startup India Hub (Mentorship + Knowledge sharing).
- Fast Exit option under the Insolvency and Bankruptcy Code (IBC), 2016.
- Celebrated annually on National Startup Day (Jan 16).



Exemption from Audit for Companies with Turnover up to ₹1 Crore

CA. Dilip Satbhai

Benefits May Exist, but the Risks Are Far Greater

It has been reported that the Ministry of Corporate Affairs is considering a proposal to amend Section 139 of the Companies Act, 2013, to exempt companies with an annual turnover of up to ₹1 crore from mandatory statutory audit. A similar approach was earlier adopted under the GST law, where all audit requirements were removed. The consequences of that decision are now visible and clearly indicate a shift towards a "low compliance, high risk" model.

At present, under the Income-tax Act, tax audit limits are ₹1 crore for business entities and ₹50 lakh for professionals. These thresholds are set by the Finance Ministry after careful consideration. Internationally, however, the trend in developed economies has been the opposite—gradually expanding audit requirements from large entities to smaller ones to strengthen financial discipline. Against this background, a blanket exemption from audit is a risky policy choice.

Although the stated objective of this proposal is to improve "Ease of Doing Business" and reduce compliance burden on small entrepreneurs, compromising financial discipline and public interest in the name of convenience is neither prudent nor sustainable. When viewed holistically, the potential damage from this proposal is likely to far outweigh its benefits. For many small companies, an annual audit by a Chartered Accountant is the only structured financial health check they undergo. Removing it is like cancelling preventive medical check-ups before illness strikes.

Key Risks and Consequences

1. Erosion of Financial Discipline

Audit is not merely a tax formality. It ensures proper accounting, correct recording of income and expenditure, and compliance with laws. Audited financial statements provide reliable information to business owners for planning future growth. Without audit, many small companies may prepare accounts only on estimates or when absolutely necessary, increasing the likelihood of errors, misstatements and financial confusion.

2. Creation of a "Compliance Vacuum"

If this proposal is implemented, certain companies may not be required to undergo audit under either the Companies Act or the Income-tax Act. This means there would be no independent professional verification of their financial statements throughout the year. Such a situation creates a dangerous "compliance vacuum". Professional bodies like the Institute of Chartered Accountants of India (ICAI) have warned that this may encourage income suppression, false entries and tax evasion. Several European countries experienced similar issues and later reintroduced limited reviews or stricter checks in high-risk sectors.

3. Increased Risk of Shell Companies and Money Laundering

Audit exemption may encourage businesses to artificially keep turnover below ₹1 crore or split operations into multiple small entities. This can lead to a rise in shell companies existing only on paper. While banks and Financial Intelligence Units monitor suspicious transactions, audit reports often serve as the first warning signal. Removing this safeguard would make tracking money trails far more difficult.

4. Practical Sector-Specific Risks

In sectors such as real estate, construction and cash-intensive trades, risks of manipulation in cash transactions, labour payments and subcontracting are high. Without audit, such businesses may remain completely outside the system. Small trading companies could misuse client funds without detection for long periods. Entrepreneurs may believe they are saving audit fees, but the long-term costs in the form of penalties, interest, incorrect tax filings and loan defaults can be substantial.

5. Impact on Finance, Investment and Governance

Even in countries where audit exemption exists, banks often insist on audited or certified accounts. Therefore, the cost saving is largely illusory, while the statutory framework becomes weaker. Companies planning future expansion, private equity investment or partnerships face serious disadvantages if they lack a reliable audit track record of 3–5 years. European studies show that many companies later opted for voluntary audits due to investor demand.

6. Difficulty in Accessing Bank Credit

Banks and financial institutions rely heavily on audited financial statements while granting loans. Absence of audit may result in higher interest rates, stricter conditions, or outright rejection of credit applications.

7. Saving Audit Fees Is Not Real Support

Avoiding audit fees does not truly help businesses. The absence of professional financial guidance can lead to poor structuring and costly mistakes. Financial statements are the mirror of a business, and only a qualified professional can ensure they reflect the true picture.

8. Obstacles During Future Growth

A company that is small today may grow tomorrow. If its early-year accounts are unaudited, future investors, lenders or partners may question its credibility. Lack of reliable historical records can seriously hinder expansion, mergers or restructuring.

9. Turnover Alone Is an Inadequate Criterion

Low turnover does not necessarily mean low risk. Related-party transactions, cash dealings, foreign transactions or sector-specific risks may exist even at lower turnover levels. After removal of GST audit, large-scale frauds came to light, highlighting the dangers of relying solely on turnover as a benchmark.
In the European Union, audit exemption is granted only when at least two out of three criteria—turnover, balance sheet size and number of employees—are satisfied. The UK also considers asset size and employee strength, and excludes public interest and financial entities from audit exemption.

A Balanced Way Forward for India

Instead of a blanket exemption, more practical and safer alternatives include:

1. Making limited review or review engagements (similar to SAE 2400) mandatory instead of full exemption.
2. Retaining full audits for high-risk sectors through risk-based classification.
3. Providing tax or credit incentives for companies opting for voluntary audits.
4. Making audit mandatory for the first three years of a company's existence, with conditional relaxation hetreafter.

Conclusion

Supporting small businesses is essential, but granting a blanket exemption from statutory audit to companies with turnover up to ₹1 crore is a hurried and risky policy decision. From the perspective of governance, transparency and financial stability, a system of limited but mandatory checks, risk-based audits and multi-criteria thresholds would be far more balanced and forward-looking.

Navigating E-commerce Complexity: Tax Rules for Marketplaces and Gig Platforms

CA.Sayali Chandaliya

Today, businesses can expand across borders without warehouses or storefronts. Sometimes it is just one seller with a laptop, or a gig worker with a skill set stepping into new markets. But while marketplaces and gig platforms have made global selling and remote work easier, tax rules haven't kept pace with this simplicity. A sale that looks identical on the surface can trigger completely different obligations depending on where the buyer is located, how the platform operates, and what each jurisdiction considers a taxable event.

Each jurisdiction defines indirect tax responsibilities differently, and platforms must keep pace while continuing to scale. In this article, we'll unpack how different regions tackle these differences, why compliance grows more complex as platforms expand, and how businesses can stay accurate without slowing their growth.

How do rules change region by region?

Marketplaces and gig platforms operate differently than traditional retail models, and tax rules have evolved to reflect that. A transaction on a platform involves more than just the buyer and seller; the platform facilitates the sale, handles key operational elements, and often manages payments. As a result, many jurisdictions assign tax obligations directly to the platform.

In a traditional online store, the merchant controls the website, manages the customer experience, and is responsible for collecting and remitting tax. Marketplaces centralize these functions for thousands of sellers, which is why regulations such as marketplace-facilitator laws often place responsibility for collection and remittance on the platform rather than on individual sellers.

lFor example, the European Commission (EU) VAT e-commerce rules treat online marketplaces (electronic interfaces) as deemed suppliers under certain conditions, particularly for cross-border B2C supplies. In the United States, state-level sales tax nexus, economic thresholds, and marketplace facilitator laws create layers that platforms need to manage transaction by transaction. Gig platforms face added ambiguity because their offerings mix services, deliveries, and sometimes tangible goods, each of which can trigger different state interpretations.

Shift to instant tax determination

Tax compliance complexity increases with marketplaces and gig platforms because these platforms do not handle it uniformly. Sellers often assume that platforms handle everything until they discover gaps in rate accuracy, product taxability, or nexus tracking. The reality is that each platform provides a different level of support, and it's the seller's responsibility to know what's actually being collected on their behalf.

In the US for example, many basic, built-in tax tools rely on ZIP-code matching and generic tax codes. They work for simple sales but struggle when ZIP codes overlap multiple tax jurisdictions, when product categories have nuanced taxability rules, or when temporary exceptions like sales tax holidays apply. That's why miscalculations are common, especially for sellers expanding into new states under varying economic-nexus thresholds.

To address this, more advanced tax support is available. These solutions are designed to more accurately map product taxability, calculate rates in real time, monitor when you are approaching new registration thresholds, and streamline reporting. Still, the features available vary widely from one platform to another.

Automation solves cross-border compliance

Automation solves many of these challenges by determining the correct tax amount at the point of sale for each transaction, specific to quantity and location. Additionally, automation collects all transaction details and consolidates them into a single location for reporting and filing purposes across jurisdictions' regulatory calendars. By turning an uncoordinated high-risk operation into a structured workflow, the likelihood of errors and/or failure to meet deadlines is significantly reduced.

An example may be a gig economy platform that has many independent workers travelling to several different cities on the same day, each of which has different local tax rates or local service levies; therefore, a platform would have difficulty keeping track of all the taxes on all of the assignments completed throughout the day by many workers.

Automation ensures that workers are taxed appropriately on their earnings, enabling tax compliance for both platforms and workers across the markets where they operate. It does so without adding unnecessary burden to the platform or reducing its efficiency through manual processing.

Another example would be a multi-seller marketplace where sellers from other countries have different VAT rates and various VAT filing thresholds. Automated systems alleviate issues arising from handling multiple VAT rates and accommodate different submission formats based on each seller's home country. This allows sellers to submit accurate returns while reducing mistakes and saving time previously spent reconciling spreadsheets or monitoring updates.

Beyond accuracy, automation provides audit-ready data trails that simplify inspections by tax authorities. It also mitigates risks during peak sales periods when manual oversight is more likely to fail. Ultimately, automated compliance can transform a high-risk, resource-intensive process into a manageable, reliable system. Automation enables platforms to gain confidence that they are meeting obligations, sellers to experience fewer complications, and tax teams to focus on strategic decision-making rather than constant firefighting.

Where compliance goes next

Real-time tax calculation systems are now a functional need for marketplace and gig platform sellers. As more countries move toward digital reporting and instant verification, manual or delayed calculations create avoidable exposure. Automated determination at checkout helps platforms and sellers handle mixed supplies, cross-border sales, and seller-specific rules without slowing down operations. This ultimately allows both sellers and the marketplace and gig platforms to continue to scale for growth.

GLIMPSES OF THE PAST SEMINARS /EVENTS

Independent Directors/CFOs Meet

8th November, 2025

Interactive Meeting-Visit with CHRIST (Deemed to be University)

13th November, 2025

Interaction with Hon. Mr. Rahul Rekhawar, Director, SCERT Maharashtra

19th November, 2025

Interactive Meet & Inauguration of "Accountancy Museum"

at HSDMLMVM, MGE Society's Durgabai Lohia Mahila Mahavidyalaya, 19th November, 2025

Interactive Meet & Inauguration of "Accountancy Museum"

at PVG's College of Science & Commerce, Parvati, 19th November, 2025

Visit of WIRC Office Bearers 2024-
at ICAI Pune Branch, Bibwewadi 19th November, 2025

Seminar on Recent changes in GSTR 9 and 9C

19th November, 2025

Seminar on Drafting of Will

25th November, 2025

Seminar on Skills Enrichment

27th November, 2025

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INVITATION TO WRITE ARTICLES

Dear Member,

Your contribution for Pune Branch E-newsletters is welcome in following ways:
Contribute your own articles in areas of Professional Interest; the article may cover any topics relevant to auditing, finance, laws, strategy, taxation, technology and so on.

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
latest by 25th of every month.
All contributions are subject to approval by the editorial board.

Pune ICAI Newsletter Committee 2025 - 2026

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CA. Sarika Dindokar Chief Editor & MCM, Pune Branch of WIRC of ICAI	**CA. Hrishikesh Badve** MCM, Pune Branch of WIRC of ICAI

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