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

PUNE BRANCH OF WIRC OF ICAI
NEWSLETTER AUGUST 2026

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OUR TORCH BEARER

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Pune Branch Chairman's Communique

CA Pranav Apte
Chairman
Pune Branch of ICAI

Dear Esteemed Members,

Warm Greetings to all Esteemed Members.

On the occasion of our 80th Independence Day, I on behalf of the entire management committee of Pune Branch wish everyone a "Happy Independence Day". It is indeed a great privilege and honour to address you 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. I take this opportunity to apprise you about few seminars held during July 2026. We hosted certificate course batch on Artificial Intelligence. We also hosted Sub Regional Conference at Shegaon on 3rd and 4th July 2026 along with co-host branches.

In the upcoming month, various events and seminars have been planned. We are planning to organise seminars on various topics like Peer Review training programme, IND AS, Income Tax, etc. We will also be hosting 2 certificate course batches on Artificial Intelligence in the month of August 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)

Warm Greetings to all Esteemed Members.

August brings with it a renewed sense of purpose, patriotism and professional commitment. As we celebrate the spirit of independence, it is an opportune moment for each one of us to reflect on the freedom that comes with knowledge, responsibility and the courage to embrace change.

For the accounting profession, change has become a constant. Artificial Intelligence, automation, evolving tax frameworks, regulatory developments and new-age business models are transforming the way Chartered Accountants work. The CA of tomorrow must therefore go beyond conventional knowledge and continuously upgrade skills, technology and professional perspectives.

At the Pune Branch of ICAI, our endeavour continues to be aligned with this changing professional landscape. Through technical sessions, workshops, student initiatives, networking opportunities and professional development programmes, the Branch is committed to creating platforms where members and students can Learn, Connect, Lead and Grow.

The month of August is also significant for our students. Their journey towards becoming Chartered Accountants is not merely an examination journey—it is a journey of discipline, resilience and continuous learning. Through WICASA, we remain committed to providing students with meaningful academic, professional and leadership opportunities, helping them prepare not only for examinations but also for the profession that awaits them.

Our various committees and initiatives continue to bring together experienced professionals, young members, students and stakeholders, creating a vibrant ecosystem for knowledge sharing. The objective is simple yet powerful: to make every interaction at the Branch an opportunity to learn something new and every initiative a step towards a stronger profession.

Editorial Communique

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

As professionals, we must also remember that our role extends beyond numbers and compliance. Trust, integrity and public interest remain the foundation of the CA profession. In an era where technology can process information within seconds, the qualities that will distinguish a Chartered Accountant will be judgement, ethics, empathy, leadership and the ability to take responsibility.

I invite all members and students to actively participate in the programmes and initiatives of the Pune Branch. Your participation, feedback and ideas are what make the Branch vibrant and progressive.

Let us continue to build a professional community that is knowledge-driven, technology-enabled, ethically strong and future-ready.

Knowledge creates confidence.
Integrity creates trust.
Leadership creates impact.

Let us learn together, grow together and contribute together towards a stronger Chartered Accountancy profession.

Wishing all members and students a productive, inspiring and fulfilling month ahead.

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

Taxation of Investment Funds under the Income-tax Act, 2025

A Practical Analysis of Sections 224, 393, Rule 145 and Forms 78 & 79

CA. Rahul V. Shah
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Introduction

Alternative Investment Funds (AIFs) have become an important source of long-term capital for the Indian economy. They provide funding to start-ups, infrastructure projects, private equity, venture capital, real estate, distressed assets and other specialised sectors that often require patient capital. As the industry expanded, the need for a dedicated tax framework became increasingly evident.

Before the introduction of the special regime for investment funds, taxation largely depended upon the general principles applicable to trusts and other investment vehicles. This often resulted in uncertainty regarding the person liable to tax, the character of income distributed by the fund, and the applicability of tax deduction at source.

To address these concerns, Parliament introduced a separate regime for eligible investment funds through the Finance Act, 2015, which now finds place in **section 224**[1] and **section 393**[2] of the Income-tax Act, 2025. The framework is supplemented by **Rule 145**[3] of the Income-tax Rules, 2026 and the prescribed reporting statements in **Forms 78 and 79**[4]**.**

Legislative Background

The special regime introduced through section 224[1] and section 393[2] was intended to remove certain uncertainties by establishing a statutory pass-through mechanism.

Taxation of Investment Funds under the Income-tax Act, 2025

Scope of Section 224

Section 224[1] applies to an eligible investment fund that satisfies the prescribed conditions under the Income-tax Act, 2025 and the applicable SEBI Regulations.

Broadly, income (other than business income) earned by the investment fund is taxable directly in the hands of the unit holders as though they had earned the income themselves. Consequently, the investment fund ordinarily functions as a conduit rather than the final taxable person.

The provision preserves three important attributes of the income:
- its character;
- its timing; and
- the person ultimately chargeable to tax.

This ensures that the same income is not subjected to multiple layers of taxation merely because investments are routed through an eligible investment fund.

Understanding the Pass-through Principle

The concept of pass-through taxation is the foundation of section 224. Simply stated, where the statutory conditions are satisfied, specified income earned by the investment fund is treated as if it had been earned directly by the investors.

However, the pass-through mechanism is not universal. The first and most important exercise for every investment fund is to classify its income correctly.

The broad position may be summarised below.

Nature of income	Tax treatment
Capital gains	Taxable in the hands of unit holders
Dividend income	Taxable in the hands of unit holders
Interest income	Taxable in the hands of unit holders
Income from other sources	Taxable in the hands of unit holders
Business income	Taxable in the hands of the investment fund

Taxation of Investment Funds under the Income-tax Act, 2025

The distinction is significant because the pass-through mechanism applies only to specified categories of income. Business income generally remains taxable at the level of the investment fund.

Why Classification of Income Matters

In practice, disputes rarely arise because the law is unclear. They usually arise because there is disagreement about the true nature of a particular receipt.
Typical questions include:

- Does frequent purchase and sale of securities amount to investment activity or a trading business?
- Are arrangement fees or processing fees earned in the ordinary course of investment activity, or do they constitute business income?
- Should interest earned during deployment of funds be regarded as investment income or business income?

There is no universal answer. The classification depends upon the facts of each case.
Courts have consistently held that the real nature of the receipt is more important than the label adopted in the accounts. Factors such as intention, frequency of transactions, volume, manner of operation and surrounding commercial circumstances continue to play an important role in determining whether a receipt constitutes business income.

For fund managers, careful classification is therefore one of the most important compliance responsibilities under section 224.

Practical Illustration

Suppose an eligible Category II AIF earns:

- Long-term capital gains – ₹5 crore
- Interest income – ₹2 crore
- Consultancy fees – ₹50 lakh

The capital gains and interest income ordinarily qualify for pass-through taxation, whereas consultancy fees may require examination to determine whether they constitute business income.

Accordingly, different streams of income may receive different tax treatment even though they are earned by the same investment fund. This demonstrates why income classification should be undertaken receipt-wise rather than on an overall basis.

Taxation of Investment Funds under the Income-tax Act, 2025

Section 393 – Tax Deduction at Source

While section 224 determines who is liable to tax, **section 393**[2] ensures timely collection of tax through withholding.

Tax is required to be deducted at the earlier of:

- credit of income to the account of the unit holder; or
- actual payment.

The timing rule deserves careful attention. A withholding obligation may arise even where the income has merely been credited in the books of account and has not yet been physically distributed. Investment funds should therefore ensure that accounting entries, investor allocations and TDS compliance remain fully aligned. In this sense, the investment fund acts as the reporting and withholding vehicle through which the statutory pass-through regime operates.

Withholding for Resident and Non-resident Investors

The withholding provisions differ depending upon the residential status of the investor.

Category of investor	Broad position
Resident investor	TDS at 10%
Non-resident investor	Rates in force under the Finance Act, subject to DTAA
Treaty-eligible investor	Applicable treaty rate, subject to prescribed conditions

For non-resident investors, treaty relief is not automatic. Before applying a concessional rate, the investment fund should verify the relevant documentation, including the Tax Residency Certificate, Form 41[5], beneficial ownership requirements and any other conditions prescribed under the applicable Double Taxation Avoidance Agreement.

The fund should also examine whether a certificate for lower or nil deduction has been obtained under section 395[6] and whether the provisions of section 397[7] relating to PAN are attracted.

Keeping proper documentation at the time of withholding significantly reduces the possibility of disputes at a later stage.

Note : Part 2 Will Publish in September Newletter

A Magnetic Status, CA

CA. Vijay Ashtekar
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I remember way back in 1994 when I passed out, a neighbour aunty next door reacted as फार अवघड असतं हो ते.

In 1985 after passing 10th standard when I took admission in commerce college, the principal then was surprised to see a boy with high percentage doing commerce instead of pursuing medicine or engineering.

Our principals used to tell us that upto late 70s the student has to pay a premium to the principal to enrol for the examination and get training. Over the period the scenario changed and students started getting stipend.

Stipend is such an interesting thing a separate chapter is required to be written.

Those days, sometimes people used to get confused about CA as something similar to BA.

After getting enrolled for CA, I could understand the significant difference between the qualifications of science branch i.e. Engineering and Medical and CA or for that matter CMA, CS. The entry for engineering (CET, JEE) and medicine (NEET) is difficult however exit is quite easy. On the other hand, for CA the entry is easy however the exit is difficult (an exception of the current pattern of the course). Usually to become an Engineer or Doctor at the most you may require five or six years. For CA, there is no time limit.

A bright student during academics standing in the merit list was supposed to become either an Engineer or Doctor by default. A merit student enrolling for CA was something unusual and subject of criticism or debate. However, when the same student after becoming a CA got placement in a large well-known organisation with a fatty package, the criticism melted into an appreciation.

A Magnetic Status, CA

I remember an article sometime in 90s in a leading newspaper. **'I am earning double the salary of my age'.** The story was of a bright student who could not get a medical seat despite of having ninety plus percentage due to limited open seats. He changed his track and did Law with gold medal and simultaneously did Company Secretary course with a rank. At the age of twenty-five years he got a job in a well-known firm for a monthly salary of Rs 50000/-.

The day we start doing training we get silver lining recognition being auditor. If you are doing training with a large size firm then you become VIP at client place, of course that is because of the principal under whom you do the training. Moreover, if the organisation happens to be a Government company then you are a celebrity, stay in star hotels, for travel luxury cars, flights and what not. I remember during pre-training life we did not dare to visit a particular hotel even for tea or snacks during training we used to stay in such hotels for weeks together. We used to experience such hospitality just because we enrolled for the course. The respect and recognition which we were getting and are getting was due to qualification we possess which comes with specialised knowledge, experience, leadership qualities, ability to handle complex situations in the core field.

Auditor or Chartered Accountant is supposed to be a watch dog. Hence, he is shouldered with more responsibilities, confidence, trust by the society, country and industry. The signature he puts on a report or certificate has an unmeasurable value. The support he provides to the industry, society and contribution in nation building is invaluable.

The people unfortunately who could not achieve that qualification understand better the significance of those two letters CA behind the name.

The low percentage of the success and the uncertainty about the completion of the course in a reasonable period made the course and the degree more popular. Perhaps it might be the only course which has been pursued by the people over decades and without loosing the patience and consistency.

Some of the old members still talk about their experience during the examination days and feel about the increasing heart beats while passing nearby the examination centres.

A Magnetic Status, CA

The enrolment for CA course was very low compared to other streams. The reasons being the long duration three years' compulsory training, very low passing percentage in the range of two to five percent and moreover getting stipend not even in the range of a pocket money. Further the pattern of the course was such that after graduation (at our times) you have to enrol then join some firm for training, appear for examination. The individual paper passing was forty marks and aggregate fifty marks for each group. Until you pass all the four groups you were not qualified.

The governing institute the Institute of Chartered Accountants of India was established by passing a separate Act in the parliament. It is the single institute or body which administers and governs the course and members. Further there is no provision for reservation, etc. hence the standard could be maintained throughout. The structure and syllabus of the course is so well defined and designed that the qualified members prove to be the best in the respective industry. Being the highest degree in the stream, they are globally recognised and preferred.

After your graduation you have options like taking up a job in the industry or a large audit firm or be a self-employed i.e. practising Chartered Accountant either individually or with some senior members.

The knowledge and experience of accounting, finance, taxation give an added advantage to Chartered Accountants compared with others especially when the issues of economic development, financial inclusion, tax collection, etc. are dealt with.

Besides the industry the Government also requires the support of Chartered Accountant fraternity to design and develop economic policies, financial regulations, tax structure and many more things.

We have many Chartered Accountants placed or reached by their ability at the helm of the conglomerates driving them efficiently and profitably. Not only in the industries few Chartered Accountants are found to be active and effective in politics, social services and crime investigation handling financial crimes.

Chartered Accountancy course being an exclusive and premium course in the financial domain attracts today's Gen Z like a Magnet.

Pickleball Competition (Single/Double) For Members on the occasion of CA Foundation Day 2026

27th June 2026

Members / Students Badminton (Single / Double) Competition On the Occasion of CA Foundation Day 2026

27th & 28th June 2026

Blood Donation Camp Week 2026
On the Occasion of CA Foundation Day 2026

27th June to 4th July 2026

Carrom (Single / Double) Competition on the occasion of CA Foundation Day 2026

28th June 2026

Walkathon/Padayatra on the occasion of CA Foundation Day 2026

1st July 2026

Swacch Bharat Abhiyan on the occasion of CA Foundation Day 2026

1st July 2026

'Flag Hoisting' on the occasion of CA Foundation Day 2026

1st July 2026

Wellness Session
on the occasion of CA Foundation Day 2026

1st July 2026

Cultural Evening on the occasion of CA Foundation Day 2026

1st July 2026

Sub Regional Conference, Shegaon

3rd & 4th July 2026

Certificate Course on AI for Chartered Accountants (AICA) LEVEL - 2 Batch - 66

14th to 16th July 2026

Interactive Meet with Commissioner for Cooperation and Registrar of Cooperative Societies, Government of Maharashtra State, Pune

14th July 2026

Shri Deepak Taware (IAS),
Commissioner for Cooperation and Registrar of Cooperative Societies,
Government of Maharashtra State, Pune

Workshop on Credit Co-Operatives - Audit 360 degree and Important Practical Issues

25th July 2026

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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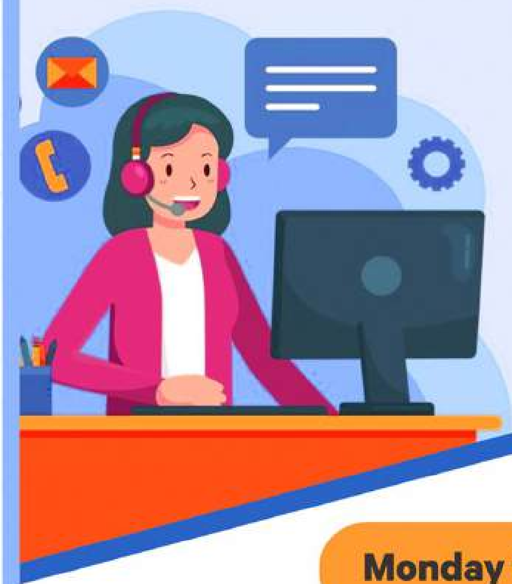

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INVITATION TO WRITE ARTICLES

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.

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Pune Branch of WIRC of ICAI

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