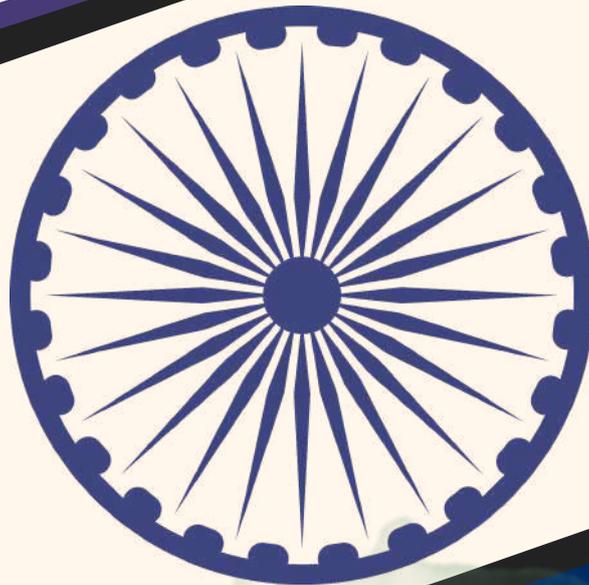


THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SET UP BY AN ACT OF PARLIAMENT)

HYDERABAD BRANCH (SIRC)



E-NEWSLETTER - FEBRUARY 2026

Website: www.hydicai.org

Email: hyderabad@icai.org

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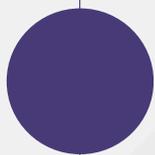


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FROM THE CHAIRMAN

Dear Professional Colleagues,

As I pen this final message in my capacity as Chairman of the ICAI Hyderabad Branch, my heart is filled with immense gratitude, pride, and a deep sense of fulfilment. The journey we have undertaken together over the past year has been truly memorable and rewarding. It has been a year marked by growth, collaboration, and meaningful achievements that have further strengthened our profession and our branch.

This progress would not have been possible without the unwavering support of our esteemed members, the constant guidance of our seniors, the dedication and commitment of the Managing Committee and Regional Council Members, and the enthusiastic participation of our fraternity in the various professional, academic, and social initiatives of the branch.

26-01-2026 - 77th Republic Day Celebrations

On the proud occasion of India's 77th Republic Day, we came together as a fraternity to celebrate the spirit of democracy, patriotism, and professional integrity. The celebrations were marked by the unfurling of the National Flag, symbolising our collective commitment to the values enshrined in the Constitution and our responsibility as professionals towards Nation-building. The event fostered unity and pride among members, students, and staff alike.

Union Budget:

1. Economic & Fiscal Priorities

- GDP & Growth: Sustains strong growth momentum with robust real and nominal growth projections.
- Fiscal Discipline: Fiscal deficit targeted at approximately 4.3% of GDP for 2026-27.



**CA. CHINNA SITA RAMI REDDY A
- CHAIRMAN**

- Capital Expenditure: Public capex increased to ₹12.2 lakh crore to drive infrastructure development and job creation.

2. Infrastructure & Connectivity

- Development of seven high-speed rail corridors connecting major cities.
- New dedicated freight corridor (Dankuni-Surat).
- Expansion of 20 national waterways to improve logistics efficiency.
- Establishment of an Infrastructure Risk Guarantee Fund to strengthen project financing.

3. Manufacturing & Strategic Industries

- Launch of India Semiconductor Mission 2.0 to strengthen domestic chip manufacturing.
- ₹40,000 crore outlay to boost electronics components and critical sectors.
- Development of rare earth and chemical parks to support advanced manufacturing.

FROM THE CHAIRMAN

4. Tax & Compliance Reforms

- Simplified income tax regime with streamlined filing procedures.
- Reduction of TCS to 2% on overseas tours, education, and medical remittances.
- Rationalisation measures aimed at easing compliance burden.

5. Support for MSMEs & Businesses

- ₹10,000 crore SME Growth Fund to enhance credit access and expansion opportunities.
- Policy measures to improve liquidity and market access for MSMEs.

I also take this opportunity to place on record my sincere appreciation for the **Newsletter Committee** for their tireless efforts and dedication in ensuring the timely publication of our monthly newsletter with high-quality content, making it an effective medium of communication and knowledge sharing for our members.

One of the most significant accomplishments of this year is the **purchase of land for the Hyderabad Branch**. This milestone is a matter of immense pride for all of us. In the coming years, this will pave the way for the construction of our own branch building, which will serve as a permanent and vibrant professional hub for members and students, supporting learning, interaction, and growth for generations to come.

Final Thoughts

As I conclude my tenure as Chairman, I reflect with satisfaction and humility on the incredible journey we have shared. Leading the ICAI Hyderabad Branch has been a great honour and privilege. This year presented its share of challenges and opportunities, and I am extremely proud of what we have collectively achieved. The true strength of our branch lies in the unity, dedication, and active participation of its members, and I am confident that the branch will continue to scale greater heights in the years ahead.

Gratitude & Acknowledgements

I extend my heartfelt appreciation to all our members for their active involvement and unwavering support in making every programme and initiative a success. Your enthusiasm and commitment are the backbone of our branch.

I convey my sincere gratitude to:

President & Vice-President of ICAI

- CA. Charanjot Singh Nanda, President
- CA. Prasanna Kumar D, Vice-President

Central Council Members

- CA. Dayaniwas Sharma
- CA. Muppala Sridhar

FROM THE CHAIRMAN

Regional Council Members

- CA. Bhanu Narayan Rao YV, Treasurer, SIRC
- CA. Chengal Reddy Ramireddygari
- CA. Mandava Sunil Kumar
- CA. Yarra Tirupathaiah
- CA. Deepak Ladda

Managing Committee Colleagues

- CA. Girdhari Lal Toshniwal – Vice Chairman
- CA. Rama Rao Karumanchi – Secretary
- CA. Seelam Naga Harshavardhan Reddy – Treasurer
- CA. Mukkara Sai Charan Reddy – Chairman, SICASA
- CA. Gonugunta Murali – Co-Chairman, SICASA
- CA. Uppalapati Saran Kumar
- CA. Kumar Pal Tated
- CA. Shailesh Khandelwal

I also express my sincere appreciation to all the speakers, guest faculty, and resource persons who enriched our professional programmes, and to the dedicated staff of the Hyderabad Branch and ICAI employees, whose behind-the-scenes efforts ensured the smooth functioning of all activities.

With heartfelt thanks, warm regards, and best wishes for continued success to the ICAI Hyderabad Branch.

Warm regards,

Chairman

Hyderabad Branch of SIRC of ICAI

MEET THE TEAM!

MANAGING COMMITTEE (2025-26) OF HYDERABAD (SIRC)



CA. A Chinna Sita Rami Reddy
(Chairman)



CA. Girdhari Lal Toshniwal
(Vice- Chairman)



CA. Rama Rao Karumanchi
(Secretary)



CA. S N Harshavardhan Reddy
(Treasurer)



CA. Mukkara Sai Charan Reddy
(Chairman - SICASA)



CA. Gonugunta Murali
(Co-Chairman - SICASA)



CA. Uppalapati Saran Kumar
(Committee Member)



CA. Shailesh Khandelwal
(Committee Member)



CA. Kumar Pal Tated
(Committee Member)

EX- OFFICIO COUNCIL MEMBERS (2025-26)



CA. Dayaniwas Sharma
(Central Council Member)



CA. Muppala Sridhar
(Central Council Member)



CA. Bhanu Narayan Rao Y V
(Treasurer - SIRC)



CA. Chengal Reddy R
(Member - SIRC)



CA. Mandava Sunil Kumar
(Member - SIRC)



CA. Deepak Ladda
(Member - SIRC)



CA. Yarra Tirupathaiah
(Member - SIRC)

SUB - COMMITTEES

COMMITTEE FOR MEMBERS IN INDUSTRY

CA. Shailesh Khandelwal	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio
CA. Seelam Naga Harshavardhan Reddy	Member
CA. Gonugunta Murali	Member
CA. Srikanth Bhakkad	Member Co-opted
CA. Manu Sharma	Member Co-opted

TAXATION COMMITTEE

CA. Kumar Pal Tated	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio
CA. Seelam Naga Harshavardhan Reddy	Member
CA. Gonugunta Murali	Member
CA. Akshaye Surana	Member Co-opted
CA. Komal Chhajed	Member Co-opted

CPE COMMITTEE

CA. Girdhari Lal Toshniwal	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio

NEWSLETTER COMMITTEE

CA. Shailesh Khandelwal	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio

INFORMATION TECHNOLOGY (IT) COMMITTEE

CA. Uppalapati Saran Kumar	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio

LIBRARY COMMITTEE

CA. Rama Rao Karumanchi	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio

**HYDERABAD
(SIRC)**



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MCS VALEDICTORY SESSION

HELD ON
19TH JANUARY, 2026



The MCS Valedictory Session held on 19th January 2026 marked the successful completion of the Management and Communication Skills Course by the participants. The session celebrated the students' dedication, learning, and overall development throughout the programme, emphasizing the importance of communication, leadership, and professional etiquette in the journey of a Chartered Accountant.



The event concluded with words of encouragement and guidance from the dignitaries, motivating students to apply the skills acquired in their professional careers. Certificates were distributed, and the session ended on an inspiring note, reinforcing confidence, ethical values, and a commitment to excellence.



77TH REPUBLIC DAY CELEBRATIONS

HELD ON
26TH JANUARY, 2026



The 77th Republic Day Celebrations were held on 26th January 2026 with great patriotic fervor and enthusiasm. The occasion commemorated the adoption of the Constitution of India and celebrated the values of democracy, unity, and national integrity. Members, students, and staff gathered to mark the significance of this historic day.





The celebrations began with the hoisting of the National Flag, followed by the singing of the National Anthem. The gathering reflected on the sacrifices of freedom fighters and the vision of the Constitution makers who laid the foundation for a sovereign and progressive nation. Inspirational messages were shared, emphasizing the role of professionals in contributing to nation-building.





The event concluded with cultural expressions of patriotism and a renewed commitment to uphold the principles of integrity, responsibility, and service to society. The celebration instilled a strong sense of pride and collective responsibility among all present.



CA SHILPI JAIN

CASE LAW SUMMARY INDIRECT TAXATION - JAN '26

Case 1 - IGST Correctly Payable on Ex-Factory Inter-State Supplies

*M/s Toyota Kirloskar Motor Pvt. Ltd. 2025
(12) TMI 1727 - Karnataka High Court*

Facts:

The petitioner, M/s Toyota Kirloskar Motor Pvt. Ltd., manufactured motor vehicles in Karnataka and supplied them to dealers located in other States. For the period April 2018 to March 2021, the petitioner discharged IGST on such supplies, treating them as inter-State supplies.

Based on audit objections, the department issued a show cause notice dated 30.12.2023, proposing demand of CGST and KGST on the ground that:

- as per the dealership agreement and invoice terms,
- title and risk in goods passed at the factory gate in Karnataka when goods were handed over to the common carrier,
- therefore, the place of supply was Karnataka, making the transaction an intra-State supply.

The SCN sought to demand CGST and KGST aggregating to over ₹4,456 crore under one audit objection, despite IGST having already been paid.

The petitioner challenged the SCN only insofar

as it related to this place of supply issue, while agreeing to respond to the other audit objections.

Issue:

Whether supplies made on an ex-factory basis, where goods are handed over to a common carrier in Karnataka but delivered to dealers outside the State, can be treated as intra-State supplies liable to CGST and SGST, despite payment of IGST.

Reasoning and decision of the Court

- The Court examined Section 10(1)(a) of the IGST Act, which provides that where supply involves movement of goods, the place of supply is the location where the movement of goods terminates for delivery to the recipient.
- It held that:
 - movement of goods does not terminate when goods are handed over to the common carrier,
 - termination occurs only when goods reach the destination enabling delivery to the recipient.



- The Court observed that the departmental reliance on:
 - dealership agreement clauses,
 - invoice terms,
 - and provisions of the Sale of Goods Act relating to passing of title, was misplaced for determining place of supply under Section 10(1)(a).
- It clarified that passing of title under contract law has no nexus with determination of place of supply under the IGST Act.
- The Court also noted that:
 - the ultimate destination of goods was outside Karnataka,
 - the supplies were therefore undisputedly inter-State supplies, and
 - IGST had already been paid on both goods and freight.
- Any further demand of CGST and SGST would result in double taxation and was contrary to the statute.

Comments:

There was always an ambiguity regarding the type of tax applicable on the ex-factory sales where the seller's responsibility extinguishes at his factory gate. Through some tweet at the time of introduction of GST, it was mentioned that in case of ex-factory sales the place of supply would be the location of the customer, there was no formal clarification from the CBIC in this regard.

This decision is a welcome one which brings clarity that the contract law and the tax law need not be working in consensus. Thereby, even if ownership passes to the customer in the supplier's State as per the contract law, the place of supply will be the place where the delivery terminates to the recipient.



Thereby, in case of inter-State ex-factory sales, the PoS would be the location of the recipient. This is more logical than considering the PoS as the location of the supplier since GST has been implemented to remove the cascading effect of taxes. By considering the PoS as location of the recipient, the ITC is enabled to the customers.

Case 2: Section 16(2)(c) Read Down: ITC Cannot Be Denied Automatically for Supplier's Default

*Sahil Enterprises TS-02-HCTRI-2026-GST
Tripura High Court*

Facts:

- Petitioner made purchases between Jul '17 to Jan '19 involving GST of Rs.1,11,60,830/- which it had paid to its vendor/supplier.
- Such vendor has not deposited the GST to the Government and hence ITC is sought to be denied to the Petitioner.

Issue:

Whether ITC could be denied to the petitioner by applying section 16(2)(c) of the CGST Act in the facts of the case.

Reasoning & Decision of the court:

- The Court read down Section 16(2)(c) CGST Act as per below:
 - Parliament failed to distinguish bona fide purchasers (who verified invoices/GSTR-2A, took Act precautions) from collusive parties; cannot punish innocent for supplier's fault.
 - Impossible burden on buyer to predict/ensure supplier remittance—no mechanism to verify GSTR-3B; cannot "do the impossible" of identifying and avoiding transactions with future defaulters.

- Prevents double taxation—ITC eliminates tax burden on amounts already paid to supplier; Act lacks language for re-taxing bona fide payments.
- Reading down saves provision from Article 14 violation (arbitrary/disproportionate);
- Thus Court read down Section 16(2)(c) CGST Act—upheld constitutional validity but restricted application only to non-bona fide, collusive, or fraudulent transactions; expressly declined to strike down as unconstitutional.

Comments:

The reading down of the provision applies only in Bonafide cases, i.e. in cases where the purchaser is genuine and/or has not colluded with the seller to evade the payment of taxes. This will ensure that genuine and innocent purchasers are not denied ITC for default of the supplier.

There are many other decisions which have held that genuine taxpayers should not be required to reverse ITC for supplier's default and that the department should first initiate proceedings with the supplier who is at default.

At the same time, this provision will apply in cases where there are non-bona fide, collusive, or fraudulent transactions to ensure that such transactions are correctly not granted the credit and the purchaser reverses the credit.

GST being a Central law applicable to whole of India, this decision though rendered by the HC at Tripura, should be applicable all over the country.



Case 3: Wrong Head Claim of ITC in GSTR-3B Can Be Rectified Through Annual Returns

Periyasamy Karthikeyan 2026 (1) TMI 1272 - Madras High Court

Facts:

The petitioner had filed GSTR-3B returns for FY 2018-19, wherein ITC amounting to ₹1,94,77,496 was wrongly reflected under the heads of CGST and SGST instead of IGST due to an error at the time of filing the monthly returns.

The error was rectified through Form GSTR-9C, duly certified by a Chartered Accountant.

ASMT-10 was issued and subsequently proceedings were dropped by issuance of ASMT-12.

After this DRC 01A and DRC 01 were issued for the same reason for which ASMT - 10 was issued.

Reasoning and decision of the Court:

Dispute arose purely on account of wrong entries made in GSTR-3B, wherein ITC was claimed under CGST and SGST instead of IGST which was subsequently rectified through GSTR-9C

The Court by relying on section 61(2) of the CGST Act, held that once the explanation furnished is found acceptable and ASMT-12 is issued, no further action shall be taken in respect of the same matter.

On the allegation of revenue loss, the Court observed that there were no dues under CGST and SGST, and that IGST due alone had been wrongly reflected as CGST and SGST.

The Court further recorded that excess ITC was already available with the Government, characterising it as cash payment in advance yet to be availed, and held that revenue loss would arise only where ITC is availed without any ITC actually being available, which was not the case here.

The contention that the petitioner failed to reverse excess ITC was also rejected, as the Court found that the rectification through GSTR-9 and GSTR-9C had already corrected the error, and the department had misconstrued the situation as revenue loss.

Comments:

GST being a recent law coupled with the fact that there is no option available to revise GSTR3B, this decision is a welcome one as it takes into account the rectification made through GSTR 9 & 9C. The Court has rightly directed the department to

No revenue loss is considered in cases where the taxpayer has availed the credit which is available, though availed in the wrong head. Revenue loss occurs only when the taxpayer avails credit which is not available.

In situations where these types of revenue-neutral errors have been committed by the taxpayers, it is suggested that an intimation is made to the department coupled with a CA certificate to being on record these genuine errors much before the department identifies. If this intimation is not done timely then there is a possibility of allegation by the department of an 'afterthought' on the part of the taxpayer.



The author may be reached out at,
shilpijain@hnaindia.com



**THE INSTITUTE OF CHARTERED
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CRAFTING CAPTIVATING THOUGHTS

Invitation to Write Articles

Chartered Accountants with academic passion and flair for writing, are invited to share their expertise through the monthly e-newsletter of Hyderabad (SIRC). The article may cover any topic relevant to the accounting world covering auditing, finance, laws, strategy, taxation, technology, artificial intelligence, sustainability, ethics, financial reporting and so on. While submitting articles, please keep following aspects in mind:

The length of articles should be about 2000-2500 words.

Articles should not have been published or sent for publishing in any other print or electronic media.

An executive summary of about 100 words should accompany the article.

Articles should be engaging, original and aligned with newsletter guidelines. Every selected article is subjected to Plagiarism check in line with Newsletter Committee's Plagiarism Policy.

Please send articles sharing your valuable insights and expertise and help enrich the knowledge base of the accountancy profession. Attach photograph, editable soft copy of file along with the article. E-mails may be sent to the Chairman, Newsletter Committee of ICAI Hyderabad (SIRC) at ca.shaileshk@gmail.com

Contact Us



+91-40-29707026



hyderabad@icai.org



www.hydicai.org

The Hyderabad Branch of ICAI, established on 1st April 1962, is the second-largest and one of the most vibrant branches of ICAI. With multiple Best Branch Awards, it continues to set benchmarks in professional excellence. Serving over 14,000 members and nearly 80,000 students, the branch actively conducts conferences, seminars, workshops, and study circle meetings to ensure continuous learning.

The Managing Committee remains dedicated to supporting the fraternity and students. We encourage members to actively participate in sessions, stay updated, and connect with peers to grow together as a professional community.

Disclaimer: The views and opinions expressed or implied in this newsletter are those of the authors and do not necessarily reflect those of Hyderabad Branch of SIRC of ICAI.

Newsletter Co-ordinator:

**CA Shailesh Khandelwal,
Chairman - Newsletter Committee ICAI Hyderabad (SIRC)**