

# The Institute of Chartered Accountants of India

(Setup by an Act of Parliament)

## Kannur Branch of SIRC

e-Newsletter – March 2026

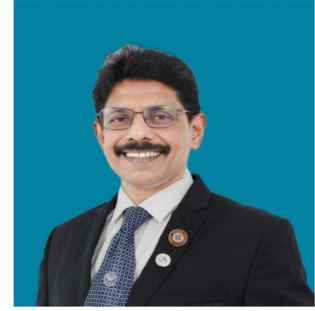
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## *From Chairman's Desk* \_\_\_\_\_



### **Preparing Our Profession for the Future**

Change has always been part of professional life, but the pace of change today is far greater than before. Technology, new ideas, and evolving expectations are gradually reshaping every profession. In such a situation, it is important for us to pause and reflect on how we can prepare ourselves to remain relevant in the years ahead.

In the past, professional growth often depended on adopting systems, ideas, and practices developed by others. However, the present environment requires a different mindset. Progress now depends on our ability to think differently, identify opportunities that others may not yet see, and develop unique solutions. Innovation and originality are increasingly becoming essential for professional relevance.

There is also a visible shift from individual success to collective progress. When professionals come together with a shared vision, exchange ideas, and support one another's growth, the possibilities for advancement become much greater than what individual efforts alone can achieve.

We must also reconsider how development is defined. Traditionally, development was associated with physical infrastructure such as roads, bridges, and buildings. In the future, intellectual infrastructure—knowledge, skills, creativity, and the ability to innovate—may become the true foundation for sustainable progress.

The future of accounting itself may also become uncertain as digital systems evolve. If every transaction is automatically recorded at the moment it occurs on platforms maintained by tax authorities, accounting may effectively take place at the point of generation. In such a system, businesses may simply focus on their operations while financial records and statements are generated automatically in real time within regulatory platforms. When data is captured and validated at the source, the traditional roles of accountants in maintaining books, preparing financial statements, certification, and even aspects of audit may gradually diminish, raising important questions about the future scope of the profession.

To understand the broader scale of technological change, consider a simple scenario in the medical field. A patient may walk through a smart medical pathway where sensors automatically capture vital parameters such as temperature, pulse, and blood pressure. The collected data can be analysed instantly by systems powered by Artificial Intelligence, which may quickly identify possible health conditions and generate a diagnosis with minimal human intervention.

With further advancements in technologies such as Quantum Computing, the ability to analyse complex and massive volumes of data may increase significantly. This example illustrates that even highly specialised professions can be influenced by technological transformation.

The appropriate response to such changes is not concern but preparation. Professionals must strengthen their ability to interpret complex situations, apply sound judgment, and develop innovative approaches—areas where human insight continues to remain valuable.

As a professional community, our responsibility is to encourage continuous learning, collaboration, and innovation. By strengthening intellectual capabilities and promoting new ideas, we can ensure that our profession remains relevant and resilient in the years ahead.

Vision:

To nurture a future-ready professional community built on knowledge, innovation, and shared progress.

Slogan:

“Innovate Together, Grow Beyond.”

CA Dinesh K Kumar FCA, DISA(ICAI)

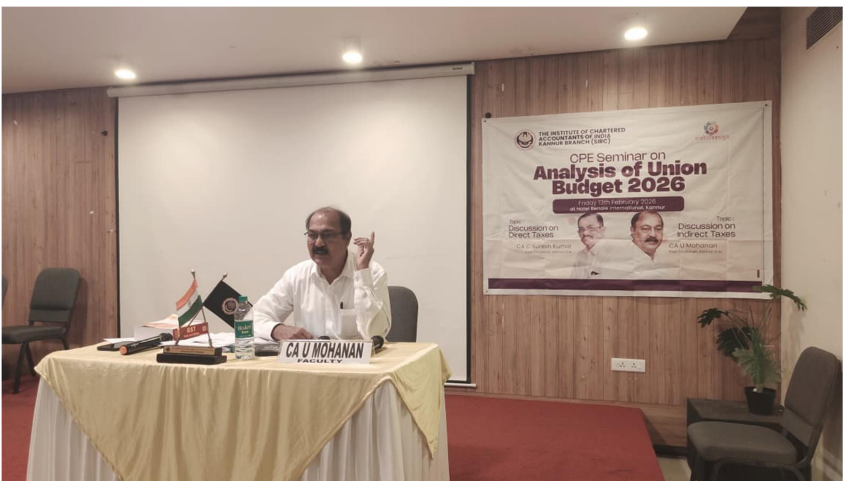
Chairman

# Photo Gallery

## Analysis of Union Budget 2026



CA Suresh Kumar C



CA U Mohanan

# Changeover 2026



Lighting the lamp



CA Muhammed Faisal K P –  
Immediate Past Chairman –  
Welcome & Presidential Address



CA Geralad Thomas :  
Report Presentation



Installation of Chairman for 2026-27



CA Dinesh K Kumar  
Chairman's acceptance speech



Sri Yathish Chandra G H, IPS,  
DIG of Police, Kannur Range, Chief Guest



CA Babu Abraham Kallivayalil,  
Central Council Member



Sri Madhavan Puracherry,  
Poet and writer – Guest of honour



CA Rathish P K  
Vote of Thanks

## FELICITATIONS



CA Vinod N  
Secretary, Kozhikode Branch



Sri Anil Kumar, President  
North Malabar Chamber of Commerce



CA U Mohanan  
President, Past Chairmen Forum



Members and family members



Iftar



Entertainment Programme



Managing Committee members ( 2026-27 ) with CA Babu Abraham Kallivayalil, Central Council member, ICAI



## THE CAPITAL GAINS ACCOUNTS SCHEME, 1988: NAVIGATING COMPLIANCE AND JUDICIAL BENEVOLENCE

CA Suresh Kumar C

### Introduction: The Spirit of Reinvestment

The Income Tax Act, 1961, is often perceived as a collection of rigid mandates. However, certain provisions like Section 54 and 54F act as “social engineering tools”, incentivizing taxpayers to reinvest their wealth into the housing sector. Section 54 offers relief on the sale of a residential house, while Section 54F extends this benefit to the sale of any long-term capital asset other than a residential house. The primary challenge for any assessee is the mismatch between the “tax timeline” and the “real estate timeline”. To bridge this gap, the Capital Gains Accounts Scheme (CGAS), 1988 was introduced. While the statute demands strict adherence, the Indian Judiciary has increasingly adopted a “substance over form” approach, favouring the taxpayer where the intent to invest is genuine.

### The Statutory Bedrock: Section 54(2) and 54F(4)

The mechanics of the exemption are governed by a specific proviso in both sections. If the capital gain or net consideration is not utilized before the date of furnishing the return of income under Section 139, it must be deposited in a specified bank account.

### The Deadline:

Deposits must be made on or before the due date for filing the return of income.

### The Utilization Window:

Funds must be used within 2 years (purchase) or 3 years (construction).

### Consequences of Non-utilization:

Unutilized portions are treated as long-term capital gains in the year the 3-year period expires.

### Exemption Cap:

The Finance Act, 2023, has capped the maximum exemption under both sections to an investment of Rs.10 crore

## **Judicial Shift: Beneficial Interpretation of the "Due Date"**

A major point of contention is whether the "due date" for CGAS deposits refers strictly to Section 139(1) or includes the belated return period under Section 139(4).

### **CIT v. Ms. Jagriti Aggarwal [2011] 15 taxmann.com 146 (Punjab & Haryana):**

The Punjab & Haryana High Court held that the due date for CGAS deposits includes the extended period allowed under Section 139(4) for filing a belated return. This ensures that as long as the deposit is made before the belated filing, the exemption remains preserved.

### **PCIT v. Shankar Lal Saini [2018] 89 taxmann.com 235 (Rajasthan):**

Supporting this liberal view, the Rajasthan High Court also affirmed that the time limit for depositing funds into the CGAS account aligns with the time available to file a return under Section 139(4).

### **CIT v. Smt. Umayal Annamalai [2020] 118 taxmann.com 80 (Madras):**

The Madras High Court allowed a Section 54F exemption even when funds were not deposited by the Section 139(1) deadline. The court prioritized the fact that the actual investment was made before the belated return deadline and possession was taken within three years.

#### **Substantive Compliance over Procedural Lapses**

Courts have increasingly ruled that procedural requirements should not overshadow the core objective of reinvestment.

### **Venkata Dilip Kumar v. CIT [2019] 111 taxmann.com 180 (Madras):**

The Madras High Court took a benevolent view, stating that mere non-compliance with procedural requirements under Section 54(2) should not impede an exemption if the assessee has fully complied with the substantive requirement of actual investment in a new asset within the prescribed time.

### **Nitin Bhatia Vs. ITO [2025] 181 taxmann.com 971 (Hyderabad - Trib.):**

The Hyderabad Tribunal ruled that Section 54(2) is directory and procedural. It held that if the mandatory requirement of actual investment in a new house is met within the stipulated period, the exemption cannot be denied solely for a failure to deposit in CGAS.

### **Ram Niranjan Banka Vs. ACIT [2025] 180 taxmann.com 764 (Kolkata - Trib.):**

In this case, the assessee placed funds in three term deposits with a nationalized bank rather than a specific CGAS account. The Tribunal allowed the exemption, highlighting that the assessee's genuine intention to invest in construction within the stipulated period outweighed the failure to use the specific scheme type.

## Handling Impossibility of Performance and Hardship

### **Dhananjay Madhukar Naik v. ITO [2023] 154 taxmann.com 540 (Mumbai - Trib.):**

When a builder halted construction and the matter went to court, the Mumbai Tribunal held that an assessee cannot be compelled to pay tax on unutilized funds if performance is impossible. The utilization period was effectively extended until performance became possible.

### **Sharada Mohan Shetty Vs. ITO [2023] 150 taxmann.com 122 (Bangalore - Trib.):**

The Bangalore Tribunal allowed a proportionate deduction where a writ petition against land acquisition prevented the assessee from constructing a house within the statutory timeframe, acknowledging the genuine hardship Timing of Taxability and Administrative Relief Clarifications on when unutilized funds become taxable protect assesseees from premature demands.

### **Digamber Madhav Chaudhary Vs. DCIT [2024] 168 taxmann.com 64 (Raipur - Trib.):**

The Tribunal ruled that unutilized amounts can only be brought to tax in the previous year in which the three-year utilization period expires, strictly adhering to the statutory timeline rather than an earlier assessment year.

### **CBDT Circular No. 743 [1996]:**

This provides critical relief by stating that if an assessee dies before the utilization period expires, the unutilized CGAS amount is not taxable in the hands of the deceased or their legal heirs, as it becomes part of the estate.

### **Conclusion:**

The Roadmap for Practitioners

<u>Scenario</u>	<u>Statutory View</u>	<u>Judicial View (Lenient)</u>
Deposit after 139(1) but before 139(4)	Disallowed	Allowed (Jagriti Aggarwal)
Actual investment without CGAS deposit	Disallowed	Allowed if within time limit (Venkata Dilip Kumar)
Builder Delay / Impossibility	Taxable	Period may be extended (Dhananjay Naik)
Use of Borrowed Funds	Contested	Allowed if linked to investment (J.V. Krishna Rao)

# GST LIABILITY OF DEVELOPER IN CASE OF JOINT DEVELOPMENT OF PROPERTY



**CA Rathish P K**

A joint development a tripartite agreement is formed between Landowner, Developer and Contractor.

In this case Developer means the promoter who constructs or converts a building into apartments or develops a plot for sale

## **Activity flow of developer**

1. Developer identifies and coordinates with land owners or owners to get the land for Joint development project
2. Developer either constructs the building himself or delegating the activity to a contractor
3. He enters a joint development agreement with the land owner to transfer the share of the land owner after the construction of apartments.
4. The developer sells his share after the construction is completed.
5. The land owner sells his share of apartments after the transfer of apartments to him by the developer.
6. The developer may retain one or two apartments for his own personal use.

## **GST Liability on transfer of land from land owner**

The following activities are involved: -

1. Transfer of Development Rights by land owner or society or tenant to promoter.
2. Transfer of Development Rights by Government (in case of slum rehabilitation project).
3. Transfer of Transferable Development Rights (TDR).
4. Upfront amount for granting long term lease of land for thirty years or more.

## **GST Liability on Development Rights/FSI transferred or long-term Lease amount before 31-3-2019**

If development rights are transferred two services are involved:-

1. Person transferring FSI or development rights to developer, and

2. Builder or developer transferring the supply of constructed apartments (land owners share) to transferor of Development right person or land owner

In the case land owner has to pay the GST Liability and promoter or developer can take the input

### **Scenario after 1-4-2019**

After 1-4-2019 the developer has to pay the GST liability on reverse charge basis and can take the input tax on tax paid

The service code of this is 99721 and the rate of tax is 18%

Exemption on GST liability is there on the apartment unsold and not to be paid to government.

### **Activity of Developer.**

1. The developer himself purchases the material and engages labour to develop the construction.
2. The developer himself purchases the material and outsources the labour work to outsiders.
3. The Developer may outsource both labour and material from outside and supervise the work himself in accordance with the building plan.

### **If the material is purchased and labour is engaged for construction.**

- If the material is purchased by the developer, he has to bear the GST for the purchase and GST input will not be available when the developer sells residential apartments or commercial apartments in Residential Real Estate project (RREP).
- The GST rate is 1% or 5% only.
- The developer should purchase the cement from the registered supplier only and if not received the developer has to pay GST on Reverse charge at the rate of 28%. At least the purchase from registered supplier should be 80% of the total cement purchase.
- Other input services (other than services of development rights, natural gas, motor spirit, high speed diesel) should be received from registered suppliers only to the extent of 80% of the total purchases. In case of short fall 18% GST will have to be paid by the developer under reverse charge.
- In case of capital goods purchase also purchases from unregistered suppliers, the developer will be liable to pay GST under reverse charge at the rate of 18%.
- If the own labour of the developer is used, then no GST liability arises, as s.no. 1 of schedule III services by employee to employer is not treated as a supply under GST.
- If the developer provides tea for the workers, it is not liable for GST.

### **In case of material purchase and labour outsourced by developer.**

In this case both material and labour supply will be liable for GST and the rate is 18%. No input is available for developer as he sells residential or commercial property under RREP.

### **In case if developer outsource both material and labour from outside.**

- In such a case it will come under works contract.
- GST rate is 18%.
- No input available to developer.

### **GST Liability on transfer of building to land owner in consideration of transfer of land.**

- GST is chargeable on transaction by the developer to land owner.
- Rate of GST IS 18%
- Input can be availed by the land owner on further sale of apartments to customers which is subject to GST.

### **GST liability for the developer on transfer of building to final customers.**

Rate of GST is 1% (without ITC) for affordable apartments. Affordable apartments means residential apartments having carpet area not exceeding 60 Sq. Meter in non metro cities and 90 Sq. meters in metro cities and gross amount charges is not more than Rs. 45 lacs.

Rate of GST is 5% ( without ITC) for other than residential apartments specified above.

Rate of GST is 5%( without ITC) for commercial apartments (shops etc.) In RREP.

RREP means real estate project (REP) of residential apartments with commercial apartments not more than 15% carpet area of REP.

Rate of GST is 12% in case of other commercial construction (with ITC)

### **GST Liability on transfer of building to final customers (ready to occupy) by developer.**

GST liability to be collected from customers if part payments or instalments are received from customers before the issue of completion certificate

No GST liability arises to developer if the entire consideration is received after the issue of completion certificate.

ITC reversal is possible in case of apartments which are not sold on the date of completion.

### **One or more developed apartment retained for personal use (residential or commercial) by developer.**

No GST arises as there is no supply.

# CASE LAWS, NOTIFICATIONS & CIRCULARS UNDER GST

CA Midhun K Mohan



**M/s. Meerut Steels V. Union of India & Ors. THE SUPREME COURT OF INDIA**

**Special Leave Petition DATED- 09-03-2026 - (SC) 2026 ITL(GST) 467**

Decision

- The impugned order of the High Court while dismissing a writ petition of the petitioner has granted liberty to it to approach the appellate authority with an appeal and has also observed that if such an appeal is filed within three weeks from date, limitation shall not stand as a bar for consideration thereof on merits.
- However, if the petitioner prefers an appeal within a fortnight from date, the appellate authority shall proceed to decide the same on merits.
  - Delay condoned.
  - Pending application(s), if any, shall stand disposed of.

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**Proper Officer Must Issue SCN, Not Just Summary in DRC-01 –**

**(Gau-HC) 2025 ITL(GST) 1049**

- The petitioner challenged the summary of a show cause notice dated 26.11.2024 and the resultant order dated 27.02.2025. The case was that the summary notice was issued without a proper show cause notice under Section 73(1) of the AGST Act, and that the final order was passed without affording the petitioner a hearing. Both parties agreed that the issue was squarely covered by the earlier decision in Construction Catalysers (P.) Ltd.
- The issue is whether a summary of show cause notice in Form GST DRC-01 can be treated as a valid substitute for a detailed show cause notice under Section 73(1) of the AGST Act, 2017, and whether an order passed without granting an opportunity of hearing is sustainable in law.
  - The statement of tax determination under Section 73(3), even if attached, is not sufficient to initiate proceedings.
  - Proceedings initiated and orders passed without following due process, especially without hearing, are violative of Section 75(4).
  - The High Court quashed the summary show cause notice dated 26.11.2024 and the summary order dated 27.02.2025 for being in violation of Sections 73 and 75 of the AGST

Act. The department was given liberty to initiate de novo proceedings if necessary, and the intervening period was ordered to be excluded for the purpose of limitation under Section 73(10).

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### **Supreme Court Upholds Use of Electronic Credit Ledger for Pre-Deposit Under GST – Union of India vs. Yasho Industries Ltd. - (SC) 2025 ITL(GST) 852**

- In a significant ruling that reinforces taxpayer rights under GST law, the Honourable Supreme Court of India has dismissed the Revenue's Special Leave Petition against the Gujarat High Court's judgment in the case of Yasho Industries Ltd. v. Union of India, affirming the right of taxpayers to utilize the Electronic Credit Ledger (ECL) for making pre-deposit payments under Section 107(6)(b) of the Central Goods and Services Tax Act, 2017.

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### **High Court Rules Export Support Services Not Intermediary Under GST – Relief to IDP India Subsidiary –**

#### **IDP Education India Pvt Ltd vs. Union of India - (Bom-HC) 2025 ITL(GST) 873**

- In a significant ruling for exporters and service providers in India, the Bombay High Court has held that a company providing support services to its foreign parent company does not qualify as an "intermediary" under the Integrated Goods and Services Tax Act, 2017 (IGST Act). This judgment, delivered in a batch of writ petitions (W.P. No. 5144/2022 and W.P. No. 2774/2024), brings clarity to a long-standing issue concerning the taxability of export-oriented support services under Indian GST law.

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### **Latest Notifications and circulars under GST**

#### **Facility for Withdrawal from Rule 14A-21.02.2026**

1. Rule 14A of the CGST Rules, 2017, effective from November 1, 2025, introduces a simplified, fast-track GST registration for small taxpayers with Aadhaar authentication. Eligible businesses with a monthly B2B output tax liability under ₹2.5 lakh can get registration within three working days, reducing compliance burdens.
2. GSTN has enabled a new online facility for eligible taxpayers to apply for withdrawal from the option availed under Rule 14A of the CGST Rules by filing Form GST REG-32 on the GST Portal by entering the "Reason for withdrawal from Rule 14A
3. This allows active taxpayers to opt out, provided they have filed returns for at least three months (before April 1, 2026) or one month (after April 1, 2026), and completed Aadhaar/biometric authentication.

4. Once the withdrawal (Form GST REG-33) is approved, the taxpayer can report B2B output tax liability exceeding ₹2.5 lakhs

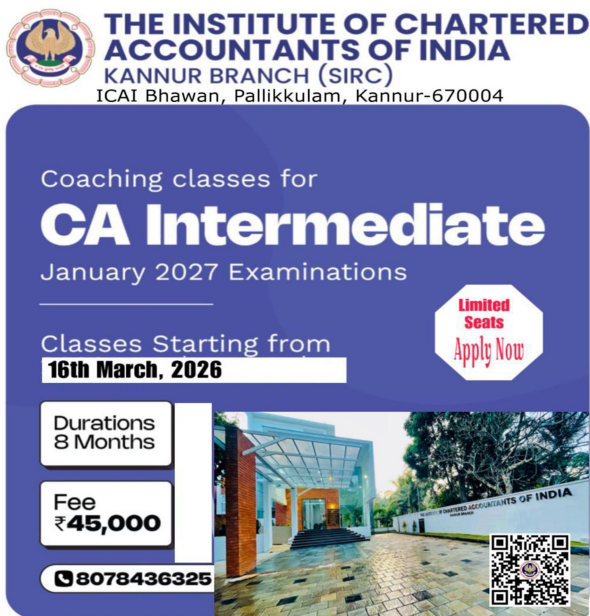
## Update on Advisory on Interest Collection and Related Enhancements in GSTR-3B Feb 19th 2026

1. In continuation to the advisory posted on the GST Portal on 30th January, 2026 on the above subject, it is hereby informed that the functionality to utilise CGST or SGST ITC for payment of IGST liability, in any order of payment after complete exhaustion of IGST Credit (ref point no 3 of the advisory), shall be available from February-2026 period

2. From January-2026 tax period onwards, the interest calculation in table 5.1 of GSTR-3B on portal has been enhanced, providing the benefit of the minimum cash balance available in the Electronic Cash Ledger of the taxpayer from the due date of return filing until the date of tax payment (offset) in line with the proviso to Rule 88B(1) of the CGST Rules, 2017. The said change shall be applicable on the delayed returns filed for January 26' tax period for which interest shall be auto-populated in February 26' tax period's GSTR-3B.

## Notification No. 19/2025-Central Tax dated 31.12.2025

GST Valuation Shift to Retail Sale Price (RSP) for Pan Masala, Tobacco & Nicotine Products w.e.f. 1 February 2026 - Seeks to amend Notification No. 49/2023-Central Tax, Dated 29-09-2023.



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
KANNUR BRANCH (SIRC)  
ICAI Bhawan, Pallikkulam, Kannur-670004

Coaching classes for  
**CA Intermediate**  
January 2027 Examinations



Classes Starting from  
**16th March, 2026**

**Limited Seats Apply Now**

Durations  
8 Months

Fee  
₹ **45,000**

**8078436325**



Coaching classes for  
**CA Foundation**  
January 2027 Examinations

Classes Starting from  
2026 April onwards

Durations  
6 Months

Fee  
₹ **25,000**

**8078436325**



# Compliance Calendar

## April 2026

CA Maria Jacob



S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

### GST Act

- 10th April • GSTR-7 & GSTR-8 for March 2026.
- 11th April • GSTR-1 for March 2026.
- 13th April • GSTR-1 IFF for QRMP Scheme.  
• GSTR-5 for Non Resident Taxable Persons.  
• GSTR-6 Monthly Return of ISD.
- 18th April • CMP 08 for Jan-Mar 2026 (Composition Taxpayer)
- 20th April • GSTR-1A&3B for the month of March 2026  
• GSTR5A for OIDAR Services for March 2026
- 22nd April • GSTR-3B for QRMP Scheme (24th for certain states)
- 25th April • PMT-06 Monthly tax payment for April 2024 under QRMP scheme.

### Income Tax Act

- 7th April • Payment of TCS of March 2026.
- 14th April • Issue of TDS certificate in Form 16B/16C/16D/16E under section 194 IA/194-IB/194-M/ 194S of Income Tax Act for the month of February 2026.
- 30th April • Payment of TDS of March 2026.

### Employee Benefits

- 15th April • Payment & return filing of ESI/PF Challan for March 2026.

### Companies Act

- 30th April • MSME-1 for Oct-Mar 2026 for outstanding payments to MSME suppliers

## An Appeal

### REQUEST FOR JOINING AS LIFE MEMBER OF CABF

Our Institute has been taking a lot of initiatives and is extending unstinted support to all our members. As you are all aware, during Covid-19 pandemic, ICAI extended its care and support to our members and their families from CABF. To strengthen the endeavours of the ICAI, I request all the members to come forward as life members of CABF of ICAI. I also request the members who already enrolled as life members may also contribute generously for the benefit of professional brethren.

Disclaimer: The Kannur branch of SIRC of ICAI is not in any way responsible for the result of any action taken on the basis of the articles or advertisements or other data, if any, published in the e-Newsletter. Some of the Information/ articles/ case laws published in the Newsletter is taken from publicly available sources and is believed to be accurate. Likewise the views and opinions expressed or implied in the branch e-News Letter are those of the authors and do not necessarily reflect those of Kannur Branch of SIRC of ICAI.

#### **Newsletter Committee:**

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**Chairman**

**CA Sreejith T**  
**Editor**

**CA Maria Jacob**  
**Member**

**CA Midhun K Mohan**  
**Member**