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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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VASAI BRANCH (WIRC)



MONTHLY E-NEWSLETTER

January 2026





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**Chairperson
Vasai Branch of WIRC of ICAI**

आलस्यं हि मनुष्याणां शरीरस्थो महान् रिपुः ।
नास्त्युद्यमसमो बन्धुः कृत्वा यं नावसीदति ॥

For the first time, the Vasai Branch has bagged the 2nd Best Branch in the Large Category, and WICASA Vasai has been recognised as the 2nd Best Branch of Students' Association in the Mega Category at the National Level. These prestigious honours were conferred upon us at the World Forum of Accountants on 1st February 2026, marking a truly defining moment in our journey.

This achievement is far more than an award. It represents the culmination of consistent efforts, visionary leadership, disciplined execution, and the unwavering dedication of every managing committee member, student representative, volunteer, past leader, and well wisher who believed in the potential of our branch. It reflects our shared commitment to excellence, professional integrity, and initiatives that create meaningful and lasting value for both members and students.

January 2026 truly embodied this spirit of excellence.

The year commenced with the ICAI Skills X Debate Oratory Competition, where students displayed remarkable confidence, analytical thinking, and eloquence. The competition celebrated talent while reinforcing the importance of effective communication, a defining quality of future leaders of the profession.

The month further featured insightful sessions on How to Become a Registered Valuer and on the Rationale and Significance of Peer Review. These knowledge driven initiatives offered clarity on emerging professional avenues while emphasizing the importance of quality, compliance, and

credibility in practice. The sessions were both forward looking and foundational, equipping members with perspectives essential for long term professional growth.

The spirit of unity and enthusiasm was vividly reflected in CA Run 2026. Organised in alignment with Republic Day celebrations, the run symbolised fitness, discipline, and collective strength. It was not merely a physical activity but a representation of our commitment towards national pride, integrity, and shared purpose. The Republic Day celebration further strengthened our bond as members of a profession that plays a vital role in nation building.

Every initiative conducted during the month witnessed enthusiastic participation, reflecting the hunger for learning and the strong sense of belonging within our fraternity.

January 2026 will be remembered as the month where dedication translated into distinction. These national recognitions stand as a proud reminder that when vision aligns with teamwork and persistence, extraordinary milestones are achieved.

As we move ahead, let us carry this momentum forward with humility, unity, and renewed determination. This recognition is not the destination but the beginning of an even more impactful journey.

Warm regards,

CA Daya Amit Bansal
Chairperson
Vasai Branch of WIRC of ICAI



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Budget 2026: Sovereign Bonds Under Spotlight

The Union Budget 2026 has left a significant imprint on India's sovereign bond market, reshaping investor sentiment and altering the dynamics of both primary and secondary trading.

Before the Budget

Leading up to the budget, sovereign bonds—particularly Sovereign Gold Bonds (SGBs)—enjoyed strong demand. Investors were buoyed by:

- **Tax-free maturity benefits:** Capital gains exemptions made SGBs highly attractive, especially for long-term holders.
- **Steady liquidity:** Secondary market trading was active, supported by rising gold prices and investor confidence.
- **Safe-haven appeal:** With global uncertainty, sovereign bonds were seen as a stable hedge against inflation and currency volatility.

After the Budget

The announcements in Budget 2026 triggered sharp volatility:

- **Tax policy shift:** Capital gains exemptions were restricted only to original subscribers holding bonds till maturity. Secondary market buyers lost this benefit.
- **Immediate sell-off:** SGB prices fell by nearly 10% on exchanges as investors reassessed the reduced attractiveness.
- **Liquidity concerns:** Secondary market volumes are expected to shrink, impacting

flexibility for investors who rely on trading rather than holding to maturity.

Impact on Government Bonds

- **Higher borrowing:** The government signaled larger-than-expected borrowing, putting pressure on debt markets.
- **Yield spike:** The 10-year benchmark yield rose by 8 basis points to 6.78%, the highest in over a year.
- **Supply stress:** Increased issuance created upward pressure on yields, raising borrowing costs across the economy.

Market Ripple Effects

- **Equities:** Investor sentiment weakened due to higher borrowing costs and tax changes in derivatives.
- **Currency:** The rupee slipped close to ₹91.98 per USD, prompting RBI intervention.
- **Overall mood:** Markets turned cautious, reflecting disappointment over tighter tax rules and fiscal stress.

Outlook

While near-term volatility is expected, the government's emphasis on fiscal discipline and structural reforms may stabilize bond markets in the medium term. For investors, the key takeaway is clear:

SGBs remain attractive only for original subscribers, while secondary market buyers must now weigh tax costs against potential returns.



3. Risks and Challenges

While reforms simplified compliance, they also introduced new challenges:

- **Automation rigidity:** Portal-driven enforcement meant missed deadlines triggered automatic penalties.
- **Transitional adjustments:** Businesses had to update systems, renegotiate contracts, and retrain staff.
- **ITC restrictions:** Stricter blocked credit rules demanded sharper financial planning.

For many MSMEs, the learning curve was steep, requiring capacity building and professional guidance.

9. The Road Ahead – GST in 2026 and Beyond

The changes of 2025 set the stage for 2026's pressing issues:

Benefits of GSTAT:

- **Portal automation** now dominates compliance, with deadlines non-negotiable.

- **Blocked credit rules** continue to challenge procurement strategies.
- **GSTAT** is expected to reduce litigation backlog and bring consistency.

Looking forward, GST is evolving into a **discipline-driven regime** where proactive compliance, digital integration, and structured planning are essential.

Conclusion

2025 was the year GST matured into a more disciplined, transparent, and technology-driven system. The reforms under GST 2.0 simplified rates, clarified litigation, and introduced automation, but also demanded sharper compliance strategies. For businesses, the lesson was clear: GST compliance is no longer reactive filing but proactive planning.

As India moves through 2026, the legacy of 2025's reforms continue to shape the tax landscape, ensuring that GST remains not just a tax, but a framework for accountability, efficiency, and growth.



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GST Implications on Services Provided to Panchayats and Municipalities Constitutional Framework, Legal Position & Exemption Analysis.

1. Constitutional Framework of Local Self-Government.

- The Constitution of India envisages a robust system of **local self-government** through **Panchayats** and **Municipalities**, introduced by the **73rd and 74th Constitutional Amendments**.
- **Articles 243A to 243O** deal with **Panchayats** (rural local bodies)
- **Articles 243P to 243ZG** deal with **Municipalities** (urban local bodies)

These provisions empower local bodies to function as institutions of self-government, entrusted with constitutionally defined responsibilities.

2. Panchayats - Powers and Functions under Article 243G.

Article 243G of the Constitution of India authorises State Legislatures to endow Panchayats with powers and responsibilities necessary to enable them to function as institutions of self-government, particularly with respect to:

- a) Preparation of plans for economic development and social justice
- b) Implementation of schemes for economic development and social justice, including matters listed in the **Eleventh Schedule**

Eleventh Schedule – Functions Entrusted to Panchayats.

The Eleventh Schedule lists **29 functions**, including **agriculture, rural housing, drinking water, roads, sanitation, education, health, welfare schemes, public distribution system, and maintenance of community assets, among others**. These functions form the constitutional basis for determining whether a service provided to a Panchayat is connected with its statutory role.

3. Municipalities – Powers and Functions under Article 243W.

Article 243W empowers Municipalities to function as institutions of self-government with respect to:

- a) Preparation of plans for economic development and social justice
- b) Performance of functions and implementation of schemes entrusted to them, including matters listed in the **Twelfth Schedule**

Twelfth Schedule – Functions Entrusted to Municipalities.

The Twelfth Schedule enumerates **18 urban functions**, such as **urban planning, water supply, sanitation, solid waste management, fire services, slum improvement, urban poverty alleviation, public amenities, street lighting, burial grounds, and regulation of slaughter houses**.



4. Whether Gram Panchayat Qualifies as a “Local Authority” under GST.

Constitutional Definition.

As per **Article 243(d)** of the Constitution of India: “Panchayat” means an institution (by whatever name called) of self-government constituted under Article 243B, for the rural areas.

A **Gram Panchayat**, being constituted under Article 243B for rural areas, squarely falls within this definition.

GST Law Recognition.

Further, **Section 2(69)(a) of the CGST Act, 2017** defines “Local Authority” to include: “a Panchayat as defined in clause (d) of Article 243 of the Constitution.”

Conclusion

Since:

- Gram Panchayat = Panchayat under Article 243(d), and
- Panchayat = Local Authority under Section 2(69) of the CGST Act,

Hence A Gram Panchayat is a “Local Authority” for GST purposes.

5. GST Exemption for Services Provided to Panchayats and Municipalities.

Relevant Notification.

Notification No. 12/2017–Central Tax (Rate) dated 28.06.2017, at **Serial No. 3 and 3A**, provides exemption to:

Pure services (excluding works contract services or composite supplies involving goods beyond the prescribed limit) provided to the Central Government, State Government, Union Territory, Local Authority or Governmental Authority, by way of any activity in relation to functions

entrusted under Article 243G (Panchayats) or Article 243W (Municipalities).

Conditions for Exemption.

For GST exemption to apply:

1. The recipient must be a **Local Authority** (Gram Panchayat / Municipality)
2. The supply must be a **pure service**
3. The service must be **directly related to functions entrusted under Article 243G or 243W**, read with the Eleventh or Twelfth Schedule

6. CBIC Clarifications – Circular No. 206/18/2023–GST dated 31.10.2023.

To remove interpretational ambiguities regarding the scope of exemption under Sr. No. 3 and 3A of Notification No. 12/2017–CTR, the Central Board of Indirect Taxes and Customs (CBIC) issued Circular No. 206/18/2023–GST dated 31.10.2023, providing important clarifications through illustrative cases.

6.1 District Mineral Foundation Trusts (DMFTs):

District Mineral Foundation Trusts (DMFTs) are set up by State Governments under the Mines and Minerals (Development and Regulation) Act, 1957 to work for the interest and benefit of persons and areas affected by mining-related operations.

DMFTs regulate the receipt and utilisation of Mineral Development Funds and undertake activities such as:

- Drinking water supply
- Environmental protection
- Health care facilities
- Education
- Welfare of women and children
- Supply of medical equipment



These activities closely correspond to functions listed in the Eleventh Schedule and Twelfth Schedule of the Constitution. Further, the services are provided free of charge, and no consideration is recovered from beneficiaries.

CBIC Clarification.

It has been clarified that DMFTs set up by State Governments qualify as 'Governmental Authorities' and are therefore eligible for the same GST exemptions as available to other Governmental Authorities under Notification No.12/2017-CTR.

6.2 Horticulture / Horticulture Works Provided to CPWD:

The Central Public Works Department (CPWD) undertakes development and maintenance of public parks, gardens and green areas in government residential colonies, government offices and other public spaces.

Maintenance of community assets, urban forestry, environmental protection and promotion of ecological aspects are functions entrusted to:

- Panchayats under Article 243G read with Sr. No. 29 of the Eleventh Schedule, and
- Municipalities under Article 243W read with Sr. No. 8 of the Twelfth Schedule.

CBIC Clarification.

Supply of:

- **Pure services, or**
- **Composite supplies of goods and services where the value of goods does not exceed 25% of the total value,**

by way of horticulture / horticulture works provided to CPWD are eligible for GST exemption under Serial No. 3 and 3A of Notification No.12/2017-CTR.

7. Taxability in Other Cases.

Where:

- The service is **not connected** with constitutionally entrusted functions, or
- The supply involves **works contract or significant supply of goods,**

such services shall be **taxable under GST at the applicable rate**, as no specific exemption applies.

8. Concluding Remarks.

The GST treatment of services supplied to Panchayats, Municipalities and Governmental Authorities is function-centric rather than entity-centric. While Gram Panchayats and similar bodies clearly qualify as Local Authorities or Governmental Authorities, GST exemption is available only where services are intrinsically connected to constitutional functions entrusted under Articles 243G or 243W, as further clarified by CBIC Circular No. 206/18/2023-GST.

Each transaction must therefore be examined on the basis of nature of service, recipient status, and constitutional nexus.

9. Here are relevant AAR / interpretation references.

1) Karnataka AAR – M/s. Manish Manpower Agency (KAR ADRG 03/2024):

- The **Karnataka Authority for Advance Ruling (AAR)** held that **manpower services supplied to Panchayats (Zilla & Taluk Panchayat)** may be **exempt under Notification No. 12/2017-CT (Rate)** if both conditions are satisfied:



1. The supplies are pure services, and
 2. They are in relation to any function entrusted to a Panchayat under Article 243G.
- The AAR explicitly recognized that **Zilla Panchayat / Taluk Panchayat qualify as “Local Authorities”** under Section 2(69) CGST, satisfying the first condition for exemption.

However, the AAR also clarified that:

- Certain manpower services such as Data Entry Operators, Drivers, FDA/SDA, Typists etc. **do not qualify as related to Panchayat functions** and are therefore **taxable**.

2) Andhra Pradesh AAR – Manpower Supply Exemption:

- In **AAR No.07/AP/GS1/2023**, the Andhra Pradesh AAR ruled that services such as **manpower supply to Government / Local Authorities / Government Entities** would be **eligible for GST exemption under Notification 12/2017-CT(R)** only if the services relate to **functions entrusted to Panchayats / Municipalities under Constitution**.

Eleventh Schedule

1. Agriculture, including agricultural extension.
2. Land improvement, implementation of land reforms, land consolidation and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.

7. Minor forest produce.
8. Small scale industries, including food processing industries.
9. Khadi, village and cottage industries.
10. Rural housing.
11. Drinking water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
16. Poverty alleviation programme.
17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities.
22. Markets and fairs.
23. Health and sanitation, including hospitals, primary health centres and dispensaries.
24. Family welfare.
25. Women and child development.
26. Social welfare, including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets.



2nd Best Branch Under Large Category





Media Coverage

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वसई ब्रांच ऑफ डब्लूआईआरसी ऑफ आईसीएआई तथा डब्लूआईसीएसए के संयुक्त तत्वावधान में भव्य गणतंत्र दिवस वॉकार्थॉन का आयोजन

प्रवासी संदेश टीम मीरा-भायंदर। इंस्टीट्यूट ऑफ चार्टर्ड अकाउंटेंट्स ऑफ इंडिया (आईसीएआई) की वेस्टर्न इंडिया रीजनल काउंसिल (डब्लूआईआरसी) की वसई शाखा ने डब्लूआईसीएसए एवं इकाको फाउंडेशन के संयुक्त तत्वावधान में गणतंत्र दिवस के अवसर पर भव्य वॉकार्थॉन का सफल आयोजन शाखा के बैनर के अंतर्गत किया। इस कार्यक्रम में 1,000 से अधिक चार्टर्ड अकाउंटेंट्स, सदस्य एवं विद्यार्थियों ने उत्साहपूर्वक भाग लिया। कार्यक्रम ने एकता, देशभक्ति एवं सामाजिक उत्तरदायित्व की भावना को सशक्त रूप से प्रदर्शित किया। वॉकार्थॉन के पश्चात ध्वजारोहण समारोह आयोजित किया गया, जिससे पूरे वातावरण में राष्ट्रभक्ति का भाव उत्पन्न हुआ। इस सफल आयोजन के लिए वसई शाखा ने दादी परिवार ट्रस्ट, मानव सेवा समिति, केलो मीरा-भायंदर हेल्पलाइन तथा भारत विकास परिषद (भायंदर एवं मीरारोड) का हृदय से

उपमहापौर तथा मनपा में भाजपा गुट नेता हसमुख गहलोट, नवनिर्वाचित भाजपा नगरसेवक एड तरुण शर्मा, सीए विठ्ठल नावंधर, युवा समाजसेवी संदीप अग्रवाल, पूर्व अध्यक्ष सीए दयाराम पालोवाल तथा सभी प्रबंध समिति सदस्यों सीए कृष्ण पुरोहित, सीए आबा परब, सीए अशोक कुमावत, सीए सुमित लखोटिया, सीए ऋतु अग्रवाल, सीए संजय अग्रवाल, सीए अमन जैन एवं सीए अंकित जैन का विशेष मार्गदर्शन एवं सहयोग प्राप्त हुआ। वसई शाखा ने कार्यक्रम के सफल एवं सुचारु संचालन हेतु शाखा स्टाफ के समर्पित प्रयासों की भी सराहना की, जिनके सहयोग से आयोजन निर्बाध रूप से संपन्न हुआ। यह गणतंत्र दिवस वॉकार्थॉन राष्ट्रीय एकता, सामाजिक सेवा एवं देशप्रेम का सशक्त प्रतीक बना और वसई शाखा की राष्ट्र निर्माण एवं सदस्य सहभागिता के प्रति निरंतर प्रतिबद्धता को दर्शाता है। यह जानकारी अभिषेक तिवाड़ी ने दी है।

आभार व्यक्त किया। में केंद्रीय परिषद सदस्य परिषद सदस्य (आरसीएम) कार्यक्रम को सफल बनाने सीए विष्णु अग्रवाल, क्षेत्रीय सीए विजेंद्र जैन, पूर्व



ICAI SkillsX – Debate Oratory Competition 04.01.2026





Seminar on S Vaidyanath Aiyar Memorial Lecture 11.01.2026





CA Run 26.01.2026





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