www.vasai.icai.org

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SETUP BY AN ACT OF PARLIAMENT)

VASAI BRANCH (WIRC)

MONTHLY E-NEWSLETTER

March 2026

CONTENTS

MANAGING COMMITTEE

CA Sumit Gajanand Lakhotia
Mobile No. : 8468028076
E-mail : ca.sumitlakhotia@gmail.com

Chairman's Message
Vasai Branch of WIRC of ICAI

Dear Esteemed Professional Colleagues,

It is a privilege and honour to address you as the Chairman of Vasai Branch of WIRC of ICAI for the term 2026–27. I extend my sincere gratitude for the trust and confidence reposed in me. This responsibility represents not only a leadership transition but also a renewed commitment to uphold the highest standards of professionalism, integrity, and collective growth of our fraternity.

The month of March marked a dynamic and purposeful commencement of our term. We began this journey with the Oath Ceremony held on 8th March, reaffirming our commitment to the core values of our profession. This was preceded by the celebration of International Women's Day on 7th March, acknowledging and appreciating the significant contributions of women members to our profession.

A key initiative during the month was the "What After CA – Newly Qualified CA Meet & Greet" held on 8th March, which provided a platform to guide and engage with newly qualified members as they embark on their professional journey.

In line with our focus on professional excellence, a series of technical programs were conducted. The Seminar on Peer Review on 15th March offered valuable insights into quality assurance and regulatory expectations. The Seminar on Bank Audit on 22nd March addressed critical and practical aspects relevant to the ongoing audit season. Further, the session on Year-End Compliances under GST, Corporate Laws, and Income Tax held on 29th March was highly relevant and beneficial for members navigating year-end responsibilities.

Alongside professional development, we also undertook meaningful social initiatives. A Blood Donation Camp and an Artificial Limb Camp were successfully organized on 15th March, reflecting our commitment towards community welfare and social responsibility.

As we move into April, we look forward to an equally engaging and enriching lineup of programs. A 3-Day Certification Course on Artificial Intelligence scheduled on 4th, 5th, and 6th April aims to equip members with essential knowledge in emerging technologies. In addition, a Seminar on RERA on 5th April and a Seminar on PMLA on 12th April will address key regulatory areas impacting our profession.

Further strengthening our knowledge initiatives, a 2-Day Workshop on the Income Tax Act, 2025 is scheduled on 18th and 19th April, focusing on recent developments and their practical implications.

We also remain committed to giving back to society. On 3rd April, the branch will undertake a Go Seva initiative at Keshav Shrushti Goshala, along with a community outreach program at Radhika Old Age Home, where a lunch program will be organized for the residents. These initiatives reflect our belief in contributing meaningfully beyond the professional sphere.

At Vasai Branch, we firmly believe that continuous learning, adaptability, and collaboration are essential in today's evolving environment. We are committed to creating a platform that fosters knowledge enhancement, professional networking, and holistic development of our members.

The strength of our branch lies in your active participation, valuable suggestions, and continued support. I encourage each one of you to engage wholeheartedly in the branch's initiatives and contribute towards building a progressive and vibrant professional community.

With unity, dedication, and a shared vision, I am confident that we will make this term impactful and set new benchmarks of excellence.

I extend my sincere thanks to all Managing Committee Members, Past Chairmen, and members for their continued guidance and support.

Warm Regards,

CA Sumit Lakhotia
Chairman
Vasai Branch of WIRC of ICAI

CA Siddharth S Dwivedi

Mobile No. : 9892079970
E-mail : casiddharth.dwivedi@gmail.com

An In-depth look at Section 29(1)(e) of the Income Tax Act, 2025 and the amendment in The Finance Act, 2026; Due Date for Crediting Employee Contributions

1. Introduction

One of the most litigated issues in Indian Income Tax Law has been the deductibility of employee contributions to welfare funds such as the Employees' Provident Fund (EPF) and the Employees' State Insurance (ESI). The Income Tax

Act, 1961 has been replaced by The Income Tax Act, 2025; with effect from Tax Year 2026-27, consolidates the law on this subject under Section 29(1)(e). Before the new act could establish a secure position, the Finance Act ,2026 amended the Section 29(1)(e). This amendment redefines the "due date" for the intention of claiming deduction of employees' contributions, and in this process it has reversed a settled position of law affirmed by the Hon'ble Supreme Court of India in Checkmate Services (P.) Ltd.

This article has a chronological approach that analyses the provision under the Income Tax Act, 2025, and assesses the amendment.

2. Background: The Statutory Provision Under the Income Tax Act, 1961

2.1 Section 36(1)(va) and Section 2(24)(x)

Under the erstwhile Income Tax Act, 1961, the provisions governing employees' contributions to welfare funds rested on two sections: Section 2(24)(x) any sum received by the assessee (employer) from his employees as contributions to any provident fund or superannuation fund or any fund set up under the provisions of the Employees' State Insurance Act, 1948 (34 of 1948), or any other fund for the welfare of such employees Section 36(1)(va) then provided a corresponding deduction, but only if such amount was credited to the employee's account in the relevant fund on or before the "due date". The "due date" was expressly defined to mean the date by which the employer was required, as per the applicable labour law, rules, standing orders, award, or contract of service, to deposit the contribution. This sections has a very significant condition that the deduction is only allowed if the sum is credited to the employee's account in the relevant fund before the due date specified under the respective acts (e.g., PF Act, ESI Act). If credited late, it remains taxable income.

2.2 Section 43B - The Employer's Contribution

A separate section was applied to employer's own contributions to welfare funds. Section 43B of the Income Tax Act, 1961 allows the deduction of employer contributions to PF/ESI if the payment of employer contribution is made on or before the due date of filing the return of income for the relevant year.

This created an inherent unevenness: employer contributions were allowed if deposited on or before the ITR filing date, while employee contributions had to be deposited within the much shorter statutory deadlines under welfare law (typically the 15th of the following month).

2.3 The Judicial Controversy and the Hon'ble Supreme Court's Verdict

Over a period of time, several Hon'ble High Courts took the view that Section 43B, being a general provision, would override the special deduction mechanism under Section 36(1)(va), and that therefore employee contributions could also be allowed if deposited before the ITR filing date.

This variance was settled by the Hon'ble Supreme Court of India in Checkmate Services (P.) Ltd., wherein it was held:

• Employees' contributions are treated as income in the hands of the employer under Section 2(24)(x).

- Section 36(1)(va) is conditional and time-bound, which is strictly linked to the "due date" under the relevant welfare law.
- Section 43B is applicable only to the employer's contribution.

• Treating employees' contribution at par with employer's contribution would defeat the legislative intent and render Section 36(1)(va) redundant.

Accordingly, the Hon'ble Supreme Court held that if the deposit of employees' contribution is done after the due date or even if it is paid before the ITR filing date, the deposited amount is not allowed as deduction. This served a clear intent that the differentiation amongst the employer and employee contributions in the Income Tax Act was systematic and structurally decisive.

To further strengthen this position, as per Section 36(1)(va) Explanation 2 clarifies that the provisions of Section 43B shall not apply and shall be deemed never to have been applied for determining the "due date".

3. The Statutory Provision Under the Income Tax Act, 2025

3.1 Reorganisation of Provisions

The Income Tax Act, 2025, is a consolidated and structured compilation that simplifies the law. Section

36(1)(va) of the Income Tax Act, 1961 finds its counterpart in Section 29(1)(e) of the Income Tax Act,

2025

Section 29(1) of the Income Tax Act, 2025 provides for deductions allowable while computing income

chargeable under Section 26 (income from business

- Section 29(1)(a)..................;
- Section 29(1)(b)..................;
- Section 29(1)(c)..................;
- Section 29(1)(d)..................;
- Section 29(1)(e)..................

3.2 Section 29(1)(e): The Operative Provision - Employee contributions received by the employer

Section 29(1)(e) of the Income Tax Act, 2025 reads as under:

(e)(i) the amount of contribution received from an employee to which the provisions of section 2(49)(o) apply, if it is credited by the assessee to the account of the employee in the relevant fund or funds by the due date;

(ii) for the purposes of sub-clause (i), "due date" means the date by which the assessee is required as an employer to credit employee contribution to the account of an employee in the relevant fund under any Act, rule, order or notification issued under it or under any standing order, award, contract of service or otherwise and the provisions of section 37 shall not apply for determining the “due date” under this clause.

Section 2(49)(o) of the Income Tax Act, 2025 is the successor provision to Section 2(24)(x) of the Income Tax Act, 1961, deeming employee contributions received by the employer as income. The reference to Section 37 (the residual deduction provision under the Income Tax Act 2025, corresponding to Section 37 of the Income Tax Act 1961) is the replica of the earlier clarification introduced by the Finance Act, 2021 — clarifying that Section 37 cannot be used to re-characterise or relax the "due date" for employees' contributions.

3.3 GIST of Section 29(1)(e)

Feature	Position
Nature of employee contribution	Deemed income of employer [Section 2(49)(o)]
Allowability	Allowed only if paid on or before "due date”
“Due date" for EPF / ESI	15th of the month following month
Deposit after Due Date	Not deductible; treated as taxable income of employer
Applicability of Section 37	Excluded

4. The Finance Act, 2026: Amendment to Section 29(1)(e)

4.1 Clause 39 of the Finance Act, 2026

The Finance Act, 2026 Clause 39, Section 29(1)(e) reads as under:

"(e) the amount of contribution received from an employee to which the provisions of section 2(49)(o) apply, if it is credited by the assessee to the account of the employee in the relevant fund or funds, on or before the due date of filing of return of income under section 263(1) for the tax year."

Section 263(1) of the Income Tax Act, 2025 aligns with Section 139(1) of the Income Tax Act, 1961, which states the due date for filing returns of income.

4.2 Effective Date

The said amendment will be effective from April 01, 2026 and will be applied to Tax year 2026-2027 and the subsequent tax years.

4.3 Illustration

‘A’ Proprietor (Non Tax Audit Assessee) deducts ₹20,000 as PF contribution from employees' salaries for April 2026.

- Current Due Date: 15th May 2026 (as per PF Act)
- Employer's Return Filing Due Date: 31st August 2027 (Non Tax Audit Assessee) As per the amendment, ‘A’ Proprietor can claim deduction for the employee contribution if deposited by 31st August 2027, instead of 15th May 2026.

5. Old Law vs. New Law : An analysis

'A' Proprietor (Non Tax Audit Assessee) deducts ₹20,000 as PF contribution from employees' salaries for April 2026.

Criteria	Section 36(1)(va) of IT Act, 1961 (Old Law)	Section 29(1)(e) of IT Act, 2025 (as amended by Finance Act, 2026)
Governing provision	Section 36(1)(va)	Section 29(1)(e)
Nature of employee contribution	Deemed income as per section 2(24)(x)	Deemed income as per section 2(49)(o)
Deduction allowed	If paid on or before statutory "due date"	If paid on or before ITR filing due date u/s 263(1)
"Due date" defined	Date as per welfare law / Act	Due date of ITR filing u/s 263(1)
Supreme Court position	Checkmate Services — strict	Overridden prospectively
Applicable from	Up to Financial Year 2025-26 (Assessment Year 2026-27)	Tax Year 2026-27 onwards

6. Conclusion

The Finance Act, 2026 amendment to Section 29(1)(e) is a welcome step that reduces tax compliance complexity. The legislature removes a longstanding unevenness in tax legislation by aligning the deduction timeline for employee contributions with the ITR filing date with the same deadline applicable to employer contributions.

Nevertheless, the stakeholders should make a note that the amendment is prospective and does not disturb the prior-year provisions. For Financial Year 2025-26 and earlier years, the position settled by the Hon'ble Supreme Court in Checkmate Services (P.) Ltd. remains in charge thereof.

Disclaimer. This article is only for information and educational purposes and does not represent tax or legal advice. Kindly consult a tax professional for guidance on any such tax matters.

CA Monu Verma

Mobile No. :98920 63171
E-mail : camonuverma@gmail.com

E-Filing of Appeals before GST Appellate Tribunal (GSTAT): Legal Framework, Procedure and Practical Insights

Executive Summary

The establishment of the Goods and Services Tax Appellate Tribunal (GSTAT) marks a significant milestone in strengthening the dispute resolution mechanism under the GST regime. With the introduction of the GSTAT e-Filing Portal, appeals are now mandatorily required to be filed electronically, reflecting the Government's continued emphasis on a technology-driven tax administration.

This article examines the legal framework governing appeals before GSTAT, particularly Sections 112, 113, 114 and 115 of the CGST Act, along with the procedural aspects of e-filing and the practical implications for taxpayers and professionals.

Introduction

The Goods and Services Tax has been designed as a modern, technology-oriented tax system aimed at enhancing transparency, efficiency and ease of doing business. Over time, the GST ecosystem has witnessed significant digital transformation, including return filing, registration, and compliance monitoring.

In this continuum, the operationalization of GSTAT and the introduction of an electronic filing mechanism for appeals represent a crucial step towards digitizing tax litigation. The move ensures seamless interaction between taxpayers and authorities, while reducing procedural delays and enhancing accessibility.

Legal Framework of Appeals before GSTAT

The right to appeal before the Appellate Tribunal is governed by Section 112 of the CGST Act. This provision enables any person aggrieved by an order passed by the Appellate Authority to prefer an appeal before GSTAT within the prescribed time limits. The taxpayer is required to file the appeal within three months from the date of communication of the order, whereas the department is allowed a period of six months.

A critical condition attached to the filing of an appeal is the requirement relating to payment of admitted dues and pre-deposit. The appellant is required to pay the **full amount of tax, interest and penalty as admitted by him,** which represents the undisputed liability. In addition, **a pre-deposit of ten percent of the disputed tax amount** is required for filing an appeal before the Appellate Tribunal. This mechanism ensures that only genuine disputes are pursued while safeguarding the interests of revenue.

The right to appeal under this provision is not absolute but is subject to strict compliance with statutory conditions, including limitation and pre-deposit. These conditions are intended to ensure discipline and certainty in the dispute resolution process.

- Section 113 of the CGST Act empowers the Appellate Tribunal to pass such orders as it thinks fit, including confirming, modifying or annulling the decision appealed against. The Tribunal functions as the final fact-finding authority and possesses wide adjudicatory powers. It is not merely confined to reviewing the legality of the order but can also examine factual aspects and interpret the law independently. However, its orders must be reasoned and adhere to the principles of natural justice, thereby ensuring fairness and transparency.
- Section 114 deals with the financial and administrative powers of the President of the Tribunal. The President exercises general superintendence over the functioning of the Tribunal, including the power to distribute work among benches and transfer cases. These powers are essential for maintaining administrative efficiency, ensuring uniformity in decision-making, and facilitating effective case management across different benches.
- Section 115 provides for the payment of interest on refunds arising out of appellate proceedings. Where an amount deposited during the course of appeal is required to be refunded, the taxpayer is entitled to interest, subject to prescribed conditions. This provision embodies the principle of equity by ensuring that taxpayers are compensated for delays in the return of their funds and prevents unjust enrichment of the revenue.

E-Filing Mechanism before GSTAT

The GSTAT e-filing portal has been introduced as a mandatory platform for filing appeals and applications electronically. Appeals are required to be filed exclusively through this portal, and manual filing is no longer permitted.

The portal provides a comprehensive interface for taxpayers, tax officers and authorized representatives, enabling end-to-end digital processing of appeals. It facilitates registration, filing, document upload, communication, and tracking of case status.

The requirement of prior registration ensures that only authenticated users can access the system. The registration process involves entering GSTIN, fetching system-generated details, verifying credentials through OTP, and creating login credentials. Once registered, the user can log into the portal, enter the relevant application or case reference number, and proceed with the filing of appeal.

Procedure for Filing Appeal Electronically

The process of e-filing begins with accessing the GSTAT portal and selecting the appropriate user role. The appellant is required to log in using the credentials generated during registration. The appeal is then filed by furnishing the required details, uploading supporting documents, and ensuring compliance with pre- deposit requirements under Section 112. Upon submission, an electronic acknowledgement is generated, and the appeal becomes available for further processing. The system also enables real-time tracking of case status and facilitates electronic communication of notices and orders, thereby eliminating the need for physical interaction.

Salient Features of GSTAT E-Filing System

The GSTAT e-filing system introduces a number of important features that enhance the efficiency of dispute resolution. It provides a completely paperless environment, thereby reducing administrative burden and ensuring faster processing of appeals.

The integration of the portal with the GST database allows auto-population of taxpayer details, minimizing errors and duplication of data. The availability of real-time status updates and digital communication ensures transparency and accountability in the appellate process. Further, the system significantly reduces the time required for filing and processing appeals, thereby contributing to faster resolution of disputes.

Role of Chartered Accountants

The establishment of GSTAT and the shift to electronic filing have expanded the scope of professional services for Chartered Accountants. Professionals are now required to assist clients not only in legal representation but also in navigating digital platforms and ensuring procedural compliance.

The ICAI has consistently emphasized the need for professionals to remain updated with evolving GST laws and technological systems, thereby enabling them to effectively discharge their responsibilities in the changing tax environment.

Practical Challenges

While the e-filing system offers several advantages, certain practical challenges may arise during its implementation. These include technical issues such as portal glitches, errors in document uploading, and system downtime.

Additionally, there may be challenges relating to accurate computation of pre-deposit, adherence to document formats, and the need for adequate digital literacy among users. Addressing these issues is essential for ensuring smooth functioning of the system.

Way Forward

The success of GSTAT e-filing depends on continuous improvements in the technological infrastructure and user experience. Regular system upgrades, capacity-building initiatives, and simplification of procedures will play a crucial role in enhancing the effectiveness of the system.

A robust grievance redressal mechanism and user support system will further strengthen confidence among taxpayers and professionals.

Conclusion

The introduction of e-filing before GSTAT represents a significant step towards modernizing tax litigation in India. By integrating technology with the appellate process, it enhances transparency, efficiency and accessibility.

The legal framework under Sections 112 to 115 of the CGST Act, coupled with the digital filing mechanism, provides a comprehensive structure for effective dispute resolution. As the GST regime continues to evolve, the GSTAT e-filing system is expected to play a pivotal role in ensuring timely and efficient resolution of disputes, thereby strengthening the overall tax ecosystem.

Footnotes

1. GSTAT e-Filing Portal – User Manual
2. Appeal Registration Process
3. Background Material on GST

CA Shilpa Goyal
Mobile No. : 8169480861
E-mail : cashilpaska@gmail.com

Indirect Tax Compliances to Kickstart the New Financial Year

As the financial year 2026–27 begins, businesses across India must reset their compliance calendars under indirect tax laws. Early preparation ensures smooth operations, avoids penalties, and strengthens credibility with stakeholders. Here's a structured overview of the key requirements every enterprise should address in April.

GST-Specific Compliances

1. Resetting Invoice Numbering

Businesses must start a fresh invoice series from 1st April, ensuring sequential and unique numbering as mandated under Rule 46 of the CGST Rules. This avoids duplication and maintains audit readiness.

2. Renewal of LUT for Exporters

Exporters of goods and services must file a new Letter of Undertaking (LUT) for FY 2026–27 to continue exporting without payment of IGST. Without renewal, GST must be paid upfront, impacting cash flows.

3. Input Tax Credit (ITC) Reconciliation

Reconcile ITC with GSTR-2B and GSTR-3B to identify mismatches. Reverse ineligible credits promptly to avoid interest and penalties under Section 16 of the CGST Act.

4. Vendor Compliance Monitoring

Ensure suppliers file their GSTR-1 and GSTR-3B returns. Non-compliance by vendors can block ITC availability for your business.

5. Annual Return Preparation

Begin collating data for GSTR-9 and GSTR-9C (mandatory for turnover above ₹5 crore).

Early preparation reduces last-minute errors and stress.

April Compliance Checklist

Compliance Item	Action Required	Deadline
Invoice series reset	Start new numbering	1st April
LUT renewal	File LUT for FY 2026–27	Before export
ITC reconciliation	Match GSTR-2B vs GSTR-3B	Monthly
Vendor compliance check	Verify supplier filings	April
Annual return	Begin collation	April onwards

Risks of Non-Compliance

- **Export Blockages**: Without LUT renewal, exporters must pay GST upfront.
- **Denial of ITC**: Mismatches or vendor defaults can block credits.
- **Penalties & Interest**: Late filings attract financial consequences.
- **System Errors**: ERP/accounting software not updated with new invoice series may cause filing failures.

Closing Note

The start of the financial year is not just about resetting books—it's about resetting discipline. By ticking off these compliance essentials in April, businesses can ensure a smoother journey through FY 2026–27, free from avoidable risks and penalties.

International Women Day
07.03.2026

Meet and greet Program 08.03.2026

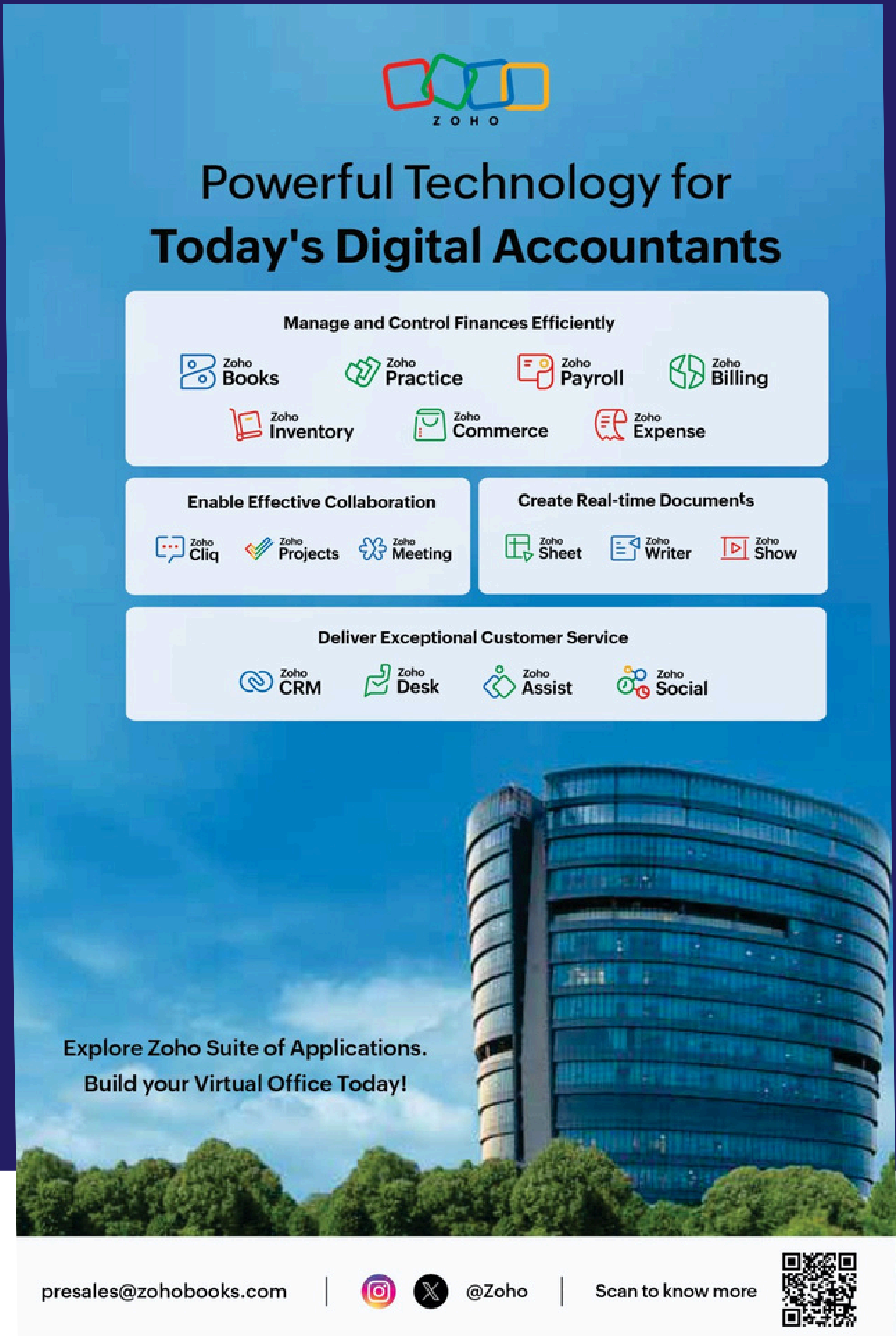
Blood Donation Camp
15.03.2026

One Day Training Programme for Peer Reviewers at Vasai 15.03.2026

Seminar On Bank Branch Audit 22.03.2026

Seminar On Bank Branch Audit 22.03.2026

Year end Compliance Under Corporate Law 29.03.2026



Editor: CA Sumit Lakhotia, Published by Vasai Branch of Western India Regional Council of The Institute of Chartered Accountants India

TheInstituteofChartered Accountants of India

Vasai Branch of WIRC

Address: MaxusMall,BWing,7th Floor, Above Maxus Banquet Hall, Temba Road, Bhayandar (West) Thane-401 101.
Contact: 9029858900/8655068901/8976068902 | Email: vasaibranch@gmail.com | Website: https://vasaibranchicai.com/