



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(SET UP BY AN ACT OF PARLIAMENT)



FEBRUARY 2026

E-Newsletter

THANK YOU!

THRISSUR BRANCH (SIRC)

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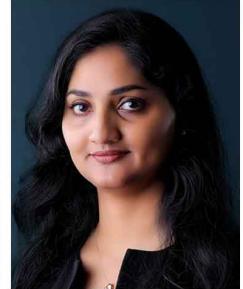
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THANK YOU!

EDITORIAL



Dear Esteemed Members,

Greetings from the editorial desk!

The Thrissur Branch e-Newsletter reflects the true essence of our profession—intellectual strength, adaptability, and a strong sense of community.

This edition features two thought-provoking technical articles addressing contemporary professional challenges.

CA Dr. Santhakumar provides a timely analysis of the Income Tax Act, 2025, highlighting the transitional complexities relating to carry-forward of losses, tax credits, pending proceedings, incentives, and corporate restructurings. The article cautions practitioners on the likelihood of interpretational disputes and litigation during the shift from the 1961 Act to the new Act, underscoring the need for careful professional judgment.

CA M. Jhanasree brings a practical perspective to practice management by focusing on client data flow as a critical internal process. Through a simple, structured framework, the article explains how disciplined data intake, validation, and internal movement can significantly improve timelines, reduce stress, and enhance overall practice efficiency. The insights shared are particularly relevant for firms seeking operational control without over-automation.

Complementing these technical contributions, January also witnessed the Members' Fest, a vibrant celebration of creativity and entrepreneurship. Members and their families showcased talents, crafts, and business initiatives, reinforcing the spirit of camaraderie and the multifaceted nature of our fraternity. The event was a refreshing reminder that professional excellence flourishes best in a connected and supportive community.

I sincerely thank the authors, organisers, and members for their valuable contributions. I hope this edition informs, inspires, and strengthens our collective professional journey.

Warm Regards,

CA Jinu Rose Johnson
Editor – ICAI Thrissur Branch (SIRC)

CHAIRPERSON'S MESSAGE



A Season of Gratitude and Golden Milestones

Dear Professional Colleagues,

As I write this message for the January 2026 e-newsletter, I am overwhelmed with a mix of pride and nostalgia. This edition is particularly significant as it marks my final message to you as the Chairperson of the Thrissur Branch of ICAI.

Serving this prestigious branch—a "center of excellence" in South India—has been the highest honor of my professional journey. As I prepare to pass the torch, I look back at a year that has truly defined the spirit of the Thrissur CA fraternity: a spirit of resilience, innovation, and unwavering unity.

A Historic First: The Members' Fest 2026

We are beginning the New Year with a landmark event—the Members' Fest 2026. For the first time in our branch's history, we have curated a unique, dedicated festival that brings together our members and their families for a day of pure celebration.

Inaugurated by Dr. Niji Justin, Hon. Mayor of Thrissur, this fest was more than just a cultural evening; it was a tribute to the families who stand behind every successful Chartered Accountant. Seeing our colleagues swap their calculators for microphones and their laptops for the dance floor was a powerful reminder that we are, first and foremost, a vibrant family.

2025: A Year of "Action and Achievement"

This past year has been a marathon of professional and social milestones. Together, we have scaled heights that seemed ambitious just eleven months ago:

Professional Excellence: I am thrilled to report that we successfully conducted a record-breaking **266 hours of CPE programmes**. From deep dives into the New Income Tax Act 2025 and GST 2.0 to hands-on workshops on AI and Power BI, we ensured that the Thrissur CA remained at the cutting edge of global finance.

A Galaxy of Guests: We were honoured to host intellectual giants like Dr. Shashi Tharoor, MP, and social icons like Sri Suresh Gopi, Fr Davis Chiramel, State Higher education minister Dr R Bindu whose presence at our events elevated the stature of our branch.

Inspiration in Motion: Felicitating CA Sreekumar P R, who conquered severe locomotor disability to achieve his CA dreams, remains the most touching moment of my tenure.

Collaborative Spirit: From hosting ***NAVARATNA Season 6*** alongside our fellow Kerala branches to our successful ***Residential Seminar at Palakkad***, we proved that collaboration is our greatest strength.

Infrastructure Developments: Members Lounge, Front gate cum compound wall, Staff and Faculty Room, Publication store etc are some of the major infra structure developments happened in the branch.

My Sincere Thanks and Appreciation

As I sign off, my heart is full of gratitude.

To the Members: Thank you for your immense cooperation and active participation. Your feedback, your presence at seminars, and your trust in my leadership were my daily fuel.

To the Managing Committee: Your unconditional and purposeful dedication and support made my duties comfortable and successful

To the Staff: Your tireless work behind the scenes made every mega-event look effortless.

To the Students: You are the heartbeat of this branch. The energy I witnessed at EKHA, TARANG and the Commerce Carnival assures me that the future of our profession is in safe hands.

Though my term as Chairperson ends, my commitment to this branch remains forever. I look forward to joining you in the audience at our future events, proud to be a member of the ICAI Thrissur Branch.

I respect the profession

I salute my fellow members

I support my managing committee.

Wishing you all a Prosperous 2026 filled with health, happiness, and professional advancement.

With deepest regards and heartfelt thanks,

CA. SANJO N G

Chairperson

ICAI Thrissur Branch(SIRC)

Navigating the Grey Zones: Transitional Pitfalls in the Income Tax Act, 2025



CA. (DR.) SANTHAKUMAR K

The Income Tax Act, 2025—coming into force on April 1, 2026—replaces the six-decade-old 1961 law with a more readable, globally aligned structure. However, many entrenched complexities remain, especially within the transitional provisions on losses, MAT credits, and incentive regimes, increasing the risk of interpretational disputes and litigation.

The transition provisions, while crucial for maintaining continuity, are recognized in the sources as a significant potential cause of litigation under the new Income-tax Act, 2025 (the Act). The main challenge stems from deciding whether the old law (Income-tax Act, 1961, or ITA) or the new Act governs rights, obligations, and proceedings that extend beyond the repeal date of 1 April 2026.

The sources highlight several principal areas of retained complexity and potential litigation arising from this transition:

1. Financial Carryovers and Credits

A major source of disputes involves financial items accrued or accumulated under the ITA that must be carried forward into the new regime.

- **Unabsorbed Losses and Depreciation:** The treatment of unabsorbed losses and depreciation carried forward from the ITA is a fertile ground for disputes, involving high-value cash-flow implications. Disagreements may arise regarding speculative or business losses, and whether the restrictions of the old law or the new law would govern such carry-forwards.
- **Tax Credits:** Litigation is anticipated regarding MAT/AMT credits and other tax credits, such as TDS, TCS, and foreign tax credits accumulated under the ITA. Timing mismatches, especially for foreign tax credits claimed on an accrual basis, could specifically lead to litigation.

2. Pending Proceedings and Procedural Matters

Although the transitional provisions generally save the applicability of the ITA for ongoing matters, ambiguity remains regarding procedural alignment:

- **Pending Assessments and Reassessments:** Pending assessments and reassessments initiated under the ITA will generally continue under that law, but disputes may arise on **whether the old or new procedure applies**, particularly where reassessment timelines differ between the two statutes.
- **Appeals and Jurisdictional Issues:** Appeals already filed under the ITA will proceed before existing appellate forums. However, issues of **forum shopping and jurisdictional objections** may surface if the new Act alters the hierarchy or timelines for appeals.

- **Penalties and Prosecutions:** Penalties and prosecutions for defaults committed under the ITA remain punishable under that law. Complications may arise when a default spans both the old and new regimes, and constitutional challenges may occur if the penal consequences differ between the two laws.
- **Lapsed Opportunities:** The Act does not revive or reopen matters where the time limit to file an application, appeal, reference, or revision had already expired under the ITA on or before 1 April 2026, even if the new Act provides longer periods.

3. Incentives, Exemptions, and Corporate Activities

Complexity also arises in preserving benefits granted under the repealed law:

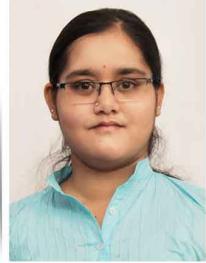
- **Exemptions and Deductions:** Exemptions and deductions available under the ITA, such as those for SEZ, start-up, and infrastructure incentives, are intended to be grandfathered until their expiry. Yet, **ambiguity is likely when such benefits are linked to repealed specific provisions, leading to potential disputes over their preservation.**
- **Corporate Restructurings:** Gaps may arise if the new Act omits certain neutralisation provisions (e.g., those relating to demergers or dividend upstreaming). Litigation is particularly likely in cases where **corporate restructuring was initiated under the ITA but is concluded under the Act.**
- **Interpretation of Prior Tax Positions:** Practitioners must scrutinise transitional clauses to see whether settled legal interpretation under the ITA may be dealt with differently under the new drafting. Generally, whether **facts arising before enactment are governed by the repealed Act or the newly enacted Act** is contested, requiring judicial resolution of saving clauses and of the retrospective application.

In essence, while the explicit intention was to ensure a smooth transition and legal continuity, commentators agree that the transitional wording is insufficiently precise, and the sheer volume of areas covered (losses, credits, incentives) can spawn new **litigation**. The core difficulty lies in mapping existing legal positions and financial components from a highly amended, six-decade-old law onto the streamlined (but sometimes vague) framework of the new Act.

Let's think of this transition like moving assets from an old, complex safe to a new, modern digital vault. The litigation points are the disagreements over what assets qualify to be moved (e.g., which losses are legitimate), how their value is assessed during the move (e.g., timing of tax credits), and which set of rules governs the process if something goes wrong mid-transfer (e.g., pending assessments or penalties). Taken together, the analysis suggests that the prescribed transition framework is unlikely to deliver a litigation-free shift to the new regime, as the inherent gaps and ambiguities leave room for significant contestation.

CA. (Dr.) Santhakumar K

Client Data Flow as an Internal Process: From Chaos to Control in CA Practices



CA M. Jhana Shree

The Hidden Bottleneck

“Most delays in a CA practice are not caused by lack of effort, but by lack of flow.”

In many CA firms, deadlines are missed not because teams are inefficient, but because client data arrives late, incomplete, scattered, or unusable. Emails, WhatsApp messages, Excel files, PDFs, photos, voice notes—often without context—become the invisible bottleneck of practice operations.

Client data flow is rarely treated as a process. Yet, it is the starting point of every compliance, audit, and advisory assignment. When this first step is weak, every downstream activity suffers.

Recognising client data flow as a formal internal process is one of the most powerful upgrades a CA practice can make.

Understanding Client Data Flow as a System

What Is Client Data Flow?

- *Client data flow refers to:*
- *How data is requested*
- *How it is submitted*
- *How it is received, stored, validated, and accessed*
- *How it moves internally between team members*

It is an internal design responsibility.

A Simple 4-Step Client Data Flow Framework

1. Data Request (Input Design)

Instead of asking: “Please send documents.”

Shift to:

- *Structured checklists*
- *Period-wise and purpose-wise data requests*
- *Clear formats (Excel / PDF / portal upload)*

Good request design reduces follow-ups by 50–60%.

2. Data Collection (Single Channel Rule)

Multiple channels create confusion.

Best practice:

- *One defined channel per engagement*
 - *Client portal*
 - *Dedicated email ID*
 - *Secure cloud folder*

Avoid:

- *WhatsApp + email + Drive + verbal submissions*

3 Data Validation (Early Screening)

Before processing:

- *Check completeness*
- *Flag missing items*
- *Validate formats*

This avoids rework later when deadlines are closer.

4 Internal Data Movement

Once data is validated:

- *Store in standardised folders*
- *Use naming conventions*
- *Control access levels*

Data should flow to the team, not be chased repeatedly.

Technology Options for Indian CA Practices

For Sole Proprietorships (Low Cost, High Control)

Recommended tools:

- *Google Drive (structured folders)*
- *Google Forms (data collection)*
- *Excel-based checklists*
- *Dedicated client email IDs*

Investment: ₹0 – ₹5,000 per year

Pros: Simple, flexible, low cost

Cons: Manual discipline required, scalability limited

For Mid-Sized Firms (Process + Scale)

Recommended tools:

- *Client portals (Zoho WorkDrive, Tally Prime with document add-ons)*
- *Practice management software (KDK, CCH iFirm, Clear Practice modules)*
- *Document management systems (DMS)*
- *Task trackers integrated with data intake*

Investment: ₹50,000 – ₹3,00,000 per year

Pros: Scalability, Audit trail, accountability

Cons: Initial learning curve, vendor dependence

Selecting the Right Vendor – What to Check

Before choosing any tool:

- Is it *GST/ITR workflow friendly*?
- Is *local support available*?
- Can it *integrate with existing tools*?
- Is *data ownership clear*?
- Are *exits and migration possible*?

Avoid over-automation. Choose tools that support your process, not replace thinking.

Internal Training & Migration – The Make-or-Break Phase

Technology fails when people are not prepared.

Best practices:

- *Train team before client rollout*
- *Start with one service line (e.g., GST)*
- *Migrate clients in batches*
- *Document SOPs alongside migration*
- *Review after 30–60 days*

Remember: process maturity comes before software maturity.

Summary – Why Client Data Flow Deserves Attention

Client data flow is not a back-office activity. It is a core operational spine. When structured well, it:

- *Reduces stress*
- *Improves timelines*
- *Enhances client discipline*
- *Protects team morale*
- *Increases practice profitability*

A calm practice begins with clean inputs.

10-Point Checklist: Client Data Flow Health Check

- ☒ Is data requested through structured checklists?
- ☒ Is there a single submission channel?
- ☒ Are formats clearly defined?
- ☒ Is data screened before processing?
- ☒ Are folders standardised and named?
- ☒ Is access controlled?
- ☒ Are follow-ups automated or tracked?
- ☒ Is the team trained on data SOPs?
- ☒ Is the tool cost justified by usage?
- ☒ Can the system scale next year?

From Chasing to Flow

“When data flows well, people work well.”

A CA practice should not survive on reminders and follow-ups. It should function on clarity, systems, and respect—for time, energy, and professionalism.

When client data flow becomes intentional, the practice moves from chaos to control—and from exhaustion to excellence.

CA M. Jhana shree

Glimpses

JAN' 26



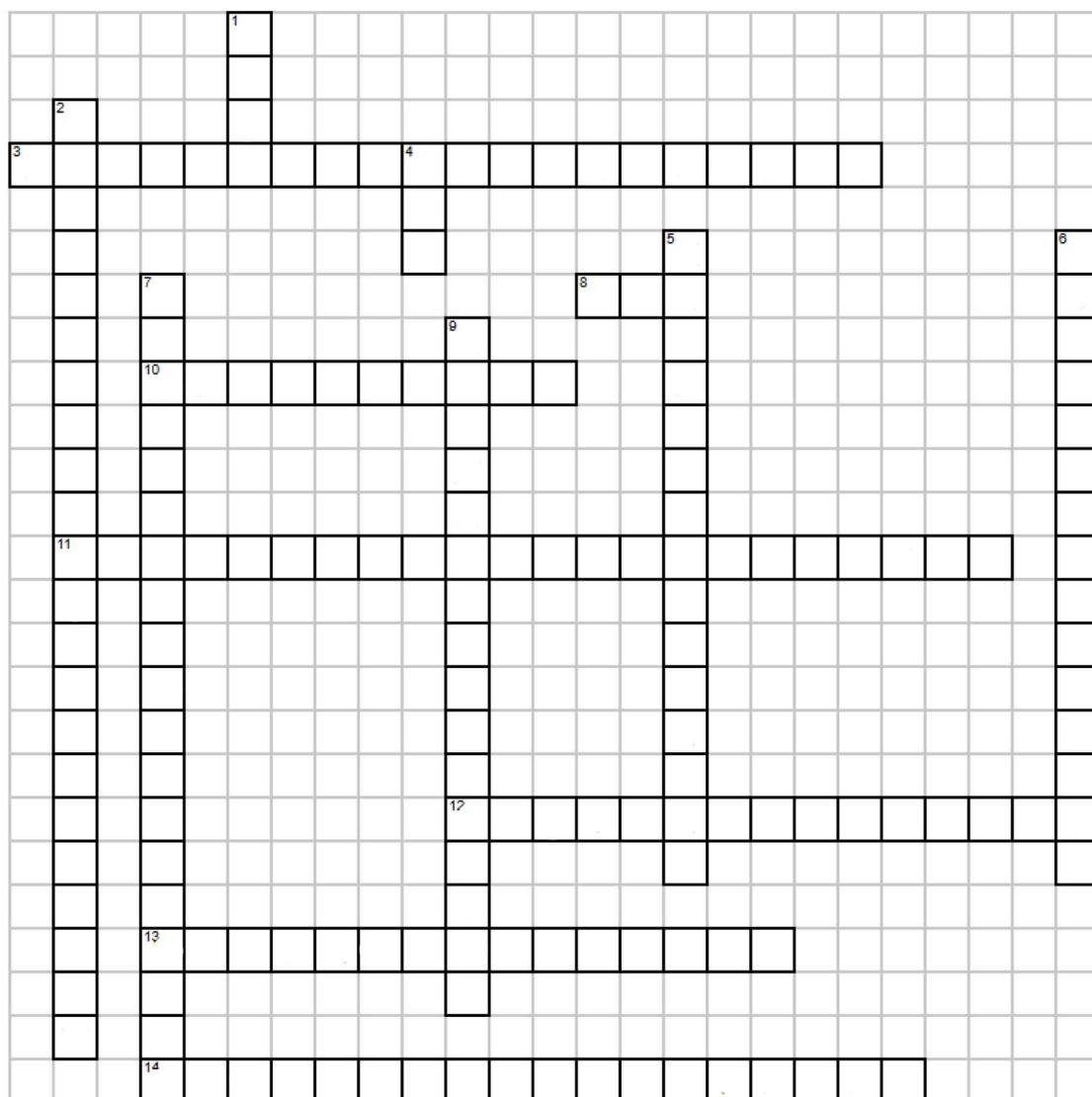
"Members' Fest | 20.01.2026

Hosted at ICAI Thrissur for members, families, and students, the event witnessed over 350 participants. Engaging cultural performances and vibrant members' stalls made the celebration lively.

The Mayor of Thrissur Corporation, Dr. Niji Justin, graced the occasion as Chief Guest."

CROSSWORD

INSIGHT CORNER



Across

- 3 ICAI disciplinary concern arising from excessive reliance on AI
- 8 AI tool used for automating repetitive accounting tasks
- 10 Key benefit of AI in statutory audit
- 11 Technology that enables machines to mimic human intelligence
- 12 Audit technique where full population is examined using AI
- 13 ICAI term for using AI tools in audit and assurance
- 14 Process of training AI models using labelled data

Down

- 1 Risk of AI giving incorrect results due to poor data
- 2 Human skill that AI cannot replace in CA profession
- 4 Ability of AI to understand human language
- 5 Type of AI that learns from historical data
- 6 ICAI ethical principle most impacted by AI usage
- 7 AI technique used for predicting financial trends
- 9 AI application used to identify unusual transactions

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