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The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

The Chartered Accountant STUDENT

Your monthly guide to CA news, information and events



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Knowledge is power. Information is liberating. Education is the premise of progress, in every society, in every family

• Kofi Annan •

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SWACHH BHARAT - A STEP TOWARDS CLEANLINESS



Dear Students,

Becoming a Chartered Accountant is more than achieving a professional qualification; it is a journey of learning, self-development and responsibility. It is about building the knowledge, judgement, integrity and professional values that earn the trust of society. The journey demands determination, continuous learning and discipline.

Celebrating Achievements, Embracing New Beginnings

The September 2026 CA Foundation examination results mark an important milestone for thousands of aspiring Chartered Accountants. Of the 1,04,240 candidates who appeared, 19,736 qualified, registering an overall pass percentage of 18.93%. I congratulate all successful candidates, particularly the rank holders, on their commendable achievement.

To those who could not clear the examination, remember that one result does not define your potential or determine your future. Use this experience to reflect on your preparation, identify areas requiring improvement and approach your next attempt with greater clarity and confidence.

Your determination today will shape the professional you become tomorrow. The journey that lies ahead will not always be easy — it will demand your best effort. Yet, in meeting those challenges, you will discover your true strength and experience transformation. So, work hard and believe in yourself.

ICAI: Walking Alongside Students at Every Step

ICAI remains committed to supporting students throughout their academic and professional journey. Our endeavour is to create an enabling environment that goes beyond examination preparation and nurtures competent, confident and ethically responsible professionals.

In this direction, the Board of Studies (Academic), the academic wing of ICAI, organised a comprehensive Induction Programme for newly registered CA Foundation students and their parents on **23rd November 2026.** In a significant first, the programme was conducted simultaneously across ICAI's Regional Councils and Branches on the same date and at the same time, ensuring a coordinated and uniform outreach across the country. The initiative received an encouraging response, with **more than 100 branches successfully conducting the programme and over 5,000 students and parents registering for physical participation.**

This initiative reflects ICAI's commitment to reaching students at the grassroots level and ensuring that they and their parents are well informed about the CA journey from the very beginning. The programme provided insights into the course structure, examination processes, practical training, student services and career opportunities, while familiarising participants with ICAI's various academic and digital platforms.

Empowering Students Through Learning and Opportunities

To strengthen examination preparedness for the January 2027 examinations, the Board of Studies (Academic) is commencing **"Success at CA Exam BoS"** for Foundation and Intermediate students, providing focused academic guidance, subject-specific insights and examination-oriented strategies.

Additionally, **Mock Test Papers (MTP) Series I and II for Foundation students** are being conducted to help them assess their preparation, practise under examination-like conditions, identify areas requiring improvement and build confidence.

I encourage all students to make full use of these academic initiatives. Remember, effective preparation is built on conceptual clarity, regular practice and the confidence to face examinations with a positive mindset.

Beyond Academics: Learning, Leadership and Global Exposure

Academic excellence must be complemented by opportunities for learning, leadership and interaction. Through national and international conferences, ICAI provides students with platforms to exchange ideas, broaden their perspectives and develop professional networks. The International Conference of CA Students in Mumbai, with participation from neighbouring countries, will offer valuable global exposure and opportunities for collaboration. Similarly, the CA Students National Talent Search 2026–27 encourages creativity, communication and intellectual abilities through various competitions, helping students discover and nurture their potential.

Competence, Confidence and Character: The Making of a CA

The theme of this issue, "From Student to CA: Competence. Confidence. Character.", captures three essential qualities that shape a successful Chartered Accountant.

Competence comes from sound conceptual knowledge, practical exposure and the ability to apply learning to real-life situations. It calls for curiosity, analytical thinking and a commitment to keeping pace with developments in accounting, taxation, auditing, finance and business.

Confidence develops through consistent preparation, practical experience and the willingness to embrace challenges. It enables professionals to communicate effectively, take informed decisions, accept responsibilities and face unfamiliar situations with composure. Believe in your abilities, learn from feedback and view every experience as an opportunity to grow.

Character gives lasting value to professional competence. Integrity, objectivity, independence, accountability and ethical conduct are the foundations of public trust. A Chartered Accountant must discharge professional responsibilities efficiently while upholding the highest standards of conduct, particularly in challenging circumstances.

A successful professional is also an effective communicator, good listener and team player. Students should use their articleship to ask questions, accept feedback, take initiative and learn from diverse perspectives. Every assignment and interaction offers an opportunity to build professional maturity, strengthen interpersonal skills and uphold the reputation of the profession.

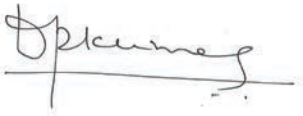
Shaping the Future: A CA's Role in Nation-Building

As India advances towards Viksit Bharat @2047, Chartered Accountants have an important role in promoting transparency, strengthening financial discipline, supporting entrepreneurship and contributing to sustainable economic growth.

Dear students, as future members of this esteemed profession, you have an opportunity to contribute meaningfully to the nation's progress. Let integrity guide your actions, knowledge strengthen your decisions and professional excellence define your journey. Remember, true success lies not only in personal achievements but also in the positive difference you make to society.

On behalf of ICAI, I wish you an exciting and fulfilling journey ahead. Remember, the CA course is more than a qualification — it's a path that shapes you into a trusted professional who can make a real impact in the nation and the world.

With Best Wishes,



CA. PRASANNA KUMAR D

PRESIDENT, ICAI

Success is the sum of small efforts being repeated day in and day out. - Robert Collier

VICE PRESIDENT'S COMMUNICATION



Dear Students,

Warm greetings to all of you!

A Significant Achievement – September 2026 CA Foundation Examinations

Heartiest congratulations to all the successful candidates of the September 2026 CA Foundation Examinations. Every achievement has a story of determination, patience and perseverance behind it. Your success is well deserved. May you carry forward the same spirit of excellence and integrity as you embark on the next chapter of your professional journey.

From Student to CA: Competence. Confidence. Character

The journey from being a student to becoming a Chartered Accountant is much more than earning a professional qualification; it is a transformation in knowledge, perspective and responsibility. It is a journey shaped by dedication, discipline, commitment and an unwavering pursuit of excellence.

Competence is built through rigorous learning, practical exposure and the ability to apply knowledge with sound professional judgement. It empowers a Chartered Accountant to navigate challenges and deliver meaningful value.

Confidence comes from overcoming obstacles, embracing opportunities and trusting one's abilities. It enables young professionals to take informed decisions, shoulder responsibilities and face the evolving demands of the profession.

Above all, **Character** defines the true worth of a professional. Integrity, ethical conduct, accountability and independence must remain the guiding principles of every Chartered Accountant.

As you step into this distinguished profession, remember that success is not merely about what you achieve, but also about the values you uphold and the difference you make. Become professionals who inspire trust, command respect and create lasting impact.

January 2027 Examinations: The Final Stretch Towards Success

Every examination is an opportunity to turn knowledge into performance and preparation into achievement. With the January 2027 Examinations drawing near, it is time to strengthen your efforts, sharpen your examination skills and move ahead with renewed determination.

A well-planned revision strategy, regular practice, conceptual clarity and a positive mindset can make a significant difference. Make the most of the academic resources provided by the Board of Studies (Academic), particularly RTPs, MTPs, *Saransh* – the Last Mile Referencer, subject-specific webinars and *Success at CA Exam* sessions. These initiatives will help you evaluate your readiness, identify areas for improvement and approach the examinations with greater confidence.

Do not underestimate the power of consistent effort. Every revision matters, every practice question counts and every improvement brings you closer to your aspirations.

Stay focused, trust yourself and let your preparation reflect your potential. Your moment to perform is approaching!

Induction Programme for CA Foundation Students

The Board of Studies (Academic), ICAI, organised its first-ever hybrid (physical-cum-virtual) Induction Programme for newly registered Foundation Course students on 23rd November 2026. The programme was organised in over 100 Branches and Regional Councils, with students joining in person at their respective centres.

The initiative provided an excellent opportunity for students, accompanied by their parents, to familiarise themselves with ICAI, its organisational structure, academic support ecosystem, student services and the facilities available at their nearest Branch or Regional Council. I was delighted to address the students and their parents and share insights about their journey ahead with the Institute.

It is truly heartening that more than 5,000 students participated in this important initiative across various Branches and Regional Councils, making it an encouraging beginning!

Global Education Summit on Commerce & Accountancy (GES-CA) 2026

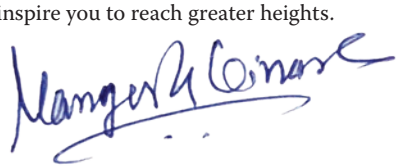
We are pleased to note that the Global Education Summit on Commerce & Accountancy (GES-CA) 2026 was organised by the Board of Studies (Academic) on 27th and 28th November 2026 at Ernakulam, Kerala, on the theme "Future-Ready Workforce through Industry-Aligned University Ecosystem.

Bringing together the worlds of academia and industry, the Summit provided a collaborative platform for leading universities, educational institutions, industry representatives and other stakeholders to connect, deliberate and share perspectives. Through insightful discussions and the exchange of best practices, GES-CA 2026 aimed to strengthen institutional partnerships, bridge the industry-academia gap and identify innovative approaches to shaping the future of commerce and accountancy education."

A Thought to Reflect Upon

I would like to share a thought with you about the significance of patience and time. Patience teaches us to believe in our abilities, even when the road seems challenging, while time reminds us that meaningful achievements cannot be rushed. Every hour of preparation, every lesson learnt and every obstacle overcome adds value to our journey. So, give yourself time, trust your preparation and celebrate every small achievement. Remember, success is not always about being fast; it is about staying consistent until you reach your destination.

Celebrate your wins, cherish your learnings and let every milestone inspire you to reach greater heights.



CA. MANGESH KINARE
VICE PRESIDENT, ICAI

Live as if you were to die tomorrow. Learn as if you were to live forever. - Mahatma Gandhi



Dear Students,

Every Chartered Accountant was once a student who dared to dream, embraced challenges and persevered with determination. What transforms that dream into reality is not merely the ability to clear examinations, but the commitment to grow, evolve and become a professional of competence, confidence and character.

The journey from being a CA student to become a Chartered Accountant is, therefore, one of continuous learning, personal transformation and professional growth. It extends beyond acquiring academic knowledge to develop the judgement, integrity and capabilities required to shoulder professional responsibilities.

The theme of this edition, ***"From Student to CA: Competence, Confidence, Character",*** aptly encompasses the qualities that define a successful Chartered Accountant. Technical proficiency, sound judgement and ethical conduct form the foundation of professional excellence. As you advance in your professional journey, let these qualities shape your decisions, define your conduct and guide you in upholding the trust and confidence that society places in the Chartered Accountancy profession.

CA Curriculum: Developing Globally Ready Professionals

The CA curriculum is designed to develop globally ready professionals by integrating academic rigour, practical training and professional competence. It goes beyond imparting technical knowledge to nurture the skills, values and professional attitude that shape a competent, ethical and future-ready professional.

Through enriched learning methodologies, multidisciplinary exposure, industry-oriented learning and holistic assessment, the curriculum prepares students to become well-rounded professional. Remember, a CA qualification marks the beginning of a professional journey; your competence, integrity and commitment to excellence will determine the heights you achieve. Look beyond examinations, embrace every learning opportunity and prepare yourself not just to enter the profession, but to make a meaningful mark in it.

Preparing for the Evolving Professional Landscape

The professional world is evolving rapidly, and tomorrow's Chartered Accountants must be prepared not just to keep pace with change, but to lead it. This calls for a mindset of continuous learning, adaptability to changing business and regulatory landscapes and an openness to emerging technologies. Alongside technical knowledge, develop effective communication, analytical thinking, problem-solving, teamwork and sound decision-making skills. Above all, let integrity, objectivity, accountability, confidentiality and commitment to public interest remain the cornerstones of your professional conduct.

Bridging Classroom Learning with Practical Application

Recognising that professional competence is built not merely through learning concepts but through understanding their practical application, the Board of Studies (Academic) has been conducting the online series **"Audit Insights – Bridging Theory with Practice",** scheduled to conclude on **14th December 2026.** The series takes students through the entire audit journey – from engagement and planning to risk assessment, audit evidence, testing, completion, reporting and documentation – connecting the Standards on Auditing with their practical application.

I encourage you to make the most of the remaining sessions and gain greater confidence in applying auditing concepts in practice.

Learning Capsules – December 2026 Edition

Making learning more focused and exam-oriented, the **December 2026 Students' Journal** features Learning Capsules for Foundation – Paper 4: Business Economics; Intermediate – Paper 4: Cost and Management Accounting; and Final – Paper 4: Direct Tax Laws and International Taxation.

Keeping pace with legislative changes, the Final capsule on **"Taxation of Companies"** incorporates the Income-tax Act, 2025, as amended by the Finance Act, 2026, and is applicable for the May and November 2027 examinations.

Foundation Induction Programme

A confident beginning lays the foundation for a successful journey. Following an encouraging response in virtual mode, the BoS(A) conducted the Foundation Induction Programme in physical mode on **23rd November 2026** at Regional Councils and Branches. Students and their parents were introduced to ICAI's vision, initiatives and support facilities, including oral coaching, libraries, reading rooms and counselling services, thereby helping new entrants embark on their CA journey with greater awareness and confidence. **The programme witnessed an impressive participation of 5,081 participants, comprising 3,878 physically and 1,203 virtually, across 102 Branches and 472 cities.**

Global Education Summit on Commerce and Accountancy (GESCA) 2026

GESCA 2026, **organised on 27th and 28th November 2026,** brought together leading academicians, researchers and scholars in commerce from across India **under the theme** ***"Future Ready Workforce through: Industry Aligned University Ecosystem"***. The deliberations at the Summit highlighted the need for an industry-aligned educational ecosystem that blends academic rigour, technological advancement, multidisciplinary learning and professional values to shape a future-ready workforce.

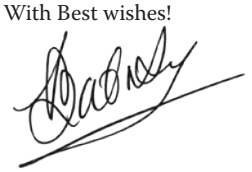
January 2027 Examinations: Revise, Prepare and Succeed!

For Foundation and Intermediate students appearing in January 2027 examinations, the time has come to turn preparation into performance. Make the most of BoS (Academic) resources, including, Study Material, **Revision Test Papers (RTPs), Mock Test Papers (MTPs)**, Suggested Answers, Learning Capsules and Saransh, to consolidate concepts, practise answer writing and sharpen time management.

Remember, **"Success comes from consistent efforts and the courage to persevere."** Stay focused, trust your preparation and approach the examinations with confidence. **Revise with purpose, write with confidence and take one more step towards your CA dream!**

As we enter the festive month of December, I extend my warm wishes to all students and their families on the occasion of Christmas. May the season bring joy, peace and happiness, and inspire you to move forward with renewed hope, positivity and enthusiasm in your CA journey.

With Best wishes!



CA. BABU ABRAHAM KALLIVAYALIL
CHAIRMAN, BOARD OF STUDIES (ACADEMIC)

Education is the most powerful weapon which you can use to change the world. - Nelson Mandela

CHAIRMAN BOARD OF STUDIES-OPERATIONS COMMUNICATION



Namaste budding CA Students,

"मेहनत इतनी ख़ामोशी से करो कि सफलता
स्वयं आपकी पहचान बन जाए। "

As we welcome the winter air, a season of stillness, reflection and resolve, I am reminded that the finest harvests ripen quietly in the cold months. A professional's character ripens the same way, in unseen hours of study, revision and perseverance. The profession sees this in you. It sees sharper analytical thinking, a firmer ethical compass and a growing ability to turn complexity into clarity. Talent opens doors, but consistent, disciplined effort keeps them open. In time, that discipline becomes your real signature, recognised across India and the world, where Chartered Accountants are valued for integrity, competence and sound judgment.

Beyond the Classroom: The Conferences Ahead

This Board committed to recognising and nurturing your talent, curiosity and passion. With this vision, we are organising theme-based conferences across the country to provide opportunities to learn, engage and grow beyond the classroom.

While textbooks build the foundation, professional practice demands sound judgement, critical thinking and practical decision-making. Through knowledge sessions, practical insights and expert interactions, these conferences aim to bridge the gap between academic learning and real-world professional expectations.

I encourage you to participate actively, ask questions and share ideas with an open mind. Develop a solution-oriented approach guided by transparency, integrity and professional responsibility. These conferences will also help you build meaningful connections with peers and mentors, creating networks that can support you throughout your professional journey. I urge all CA students to participate wholeheartedly and in maximum numbers, make the most of this opportunity, and contribute towards shaping the future of the profession.

Technical Depth with Mindful Growth Through CA. Students Workshop

Under the theme **AURA & SPARK**, the Board of Studies (Operations) aims to equip CA students with the technological knowledge, professional competencies and essential skills to succeed in an evolving professional environment.

AURA (AI Understanding for Rising Achievers) focuses on emerging technologies and their applications in finance, audit, taxation and advisory. AURA 2.0 emphasises practical AI application, critical thinking, professional scepticism and its ethical and responsible use.

SPARK (Skills, Potential, Awareness, Resilience & Knowledge) promotes holistic personality development through workshops at POUs and Branches, enhancing communication, confidence, leadership and professional presence. Free online workshops are also conducted every Wednesday, 10:30 AM to 12:30 PM, covering Group Discussions, Entrepreneurship, Drafting, Vocabulary and Communication Skills.

Together, AURA and SPARK aim to nurture ethical, confident, technologically aware and future-ready Chartered Accountants committed to continuous learning and professional excellence.

Four Weeks Residential Programme- Experience the Campus Life at ICAI

The FWRP at ICAI's Centres of Excellence in Jaipur and Hyderabad is a signature initiative that offers CA students a unique opportunity to experience a vibrant campus life while pursuing their professional journey. Over 28 days, students learn, interact and grow in an enriching environment alongside fellow students, experienced mentors and industry experts.

Beyond professional learning, the programme provides an opportunity to develop interpersonal skills, build lifelong friendships, gain new perspectives and experience a healthy balance between professional commitments and personal well-being. Students planning to undergo the mandatory MCS Course have a choice they may complete MCS at their respective Regional Centres or enrol in the FWRP, which is offered in lieu of the MCS Course.

I encourage you to make the most of this distinctive opportunity. Step beyond the classroom, experience the campus culture, build lasting connections and return with greater confidence, renewed motivation and memories to cherish throughout your professional journey.

E-Diary -Your Journey, Recorded with Purpose

The E-Diary is not merely a regulatory requirement but also an important tool for professional development. For Members, it serves as a means to guide, assess and mentor articled assistants, while for articled assistants, it provides an opportunity to record, refine and monitor their skills and progress. When maintained diligently and honestly, it fosters accuracy and integrity in documenting work, reflecting the professional growth and competencies developed over time.

Believe in the Light Within - Rise Beyond Your Shackles

धीरे-धीरे रे मना, धीरे सब कुछ होय।
माली सींचे सौ घड़ा, ऋतु आए फल होय॥
— संत कबीर

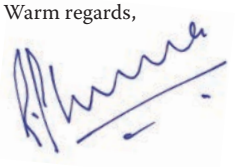
As this edition closes, Kabir's thought is the one I leave with you patience, practised with consistency, is the surest form of progress. Your journey asks for sleepless revisions, difficult attempts and moments when the destination seems distant. Yet every concept mastered, every setback met with composure and every day you return to your desk adds to a character that no examination alone can measure.

Remember those who stand behind you. Your parents have been your strongest pillar, in pain and pleasure, in anxious results and joyful celebrations alike. They have asked for little and given much. Offer them your gratitude, not only through the success you achieve but through the affection and respect you show along the way. Your achievements are shared with them.

To students at every stage, I say this do not let doubt, comparison or a single outcome define you. Look beyond the limits you have placed on yourself and discover the fuller person within. Hold on to self-belief and to the faith that a greater energy works with you when you work with sincerity. You are not a candidate waiting to be validated you are a professional in the making, with a purpose worth pursuing.

Be humble in learning, steady in effort, honest in conduct and generous in spirit. Look after your health and peace of mind, and lean on your mentors, faculty and peers whenever needed.

With deep affection, best wishes, good luck and heartfelt blessings,
नमस्ते, शुभकामनाएँ
जय ICAI, जय हिंद।
Warm regards,



CA. RAJESH SHARMA
CHAIRMAN, BOARD OF STUDIES (OPERATIONS)

Intelligence plus character — that is the goal of true education. - Martin Luther King Jr.

FROM STUDENT TO CA: COMPETENCE. CONFIDENCE. CHARACTER

The Journey of Becoming a Professional Who Makes a Difference



Every Chartered Accountant begins as a student with a goal and determination. Yet the journey from student to CA is about much more than passing examinations, completing practical training and earning a qualification. It is a process of personal and professional growth. Along the way, students learn to apply knowledge, overcome setbacks, take responsibility and understand the values expected of a trusted professional.

In a changing business environment, technical knowledge must be supported by sound judgement, communication, adaptability and ethical conduct. *Three qualities—Competence, Confidence and Character*—provide a useful guide for every student preparing to enter the profession.

COMPETENCE: TURNING KNOWLEDGE INTO ABILITY

Competence begins with learning, but it is demonstrated through understanding and application. Accounting, auditing, taxation, corporate laws and financial management form the technical foundation of the CA course. Aim to understand principles and their practical application, rather than merely remembering provisions or reproducing answers.

When studying a topic, ask why a particular accounting treatment is appropriate, how a legal provision applies or what an audit procedure is intended to establish. This approach builds conceptual clarity and makes it easier to deal with unfamiliar questions. Case studies, practical questions and application-based assessments should be treated as opportunities to develop analytical thinking and problem-solving skills.

Competence also includes the ability to organise work, manage time, communicate clearly and work with others. These skills may not always be measured in an examination, but they are important in professional life. Develop them through discussions, presentations and active participation.

The business environment is also being reshaped by Artificial Intelligence, data analytics, automation, blockchain and cloud-based systems. Future professionals will need to understand how such technologies affect financial information and business processes. Students should develop digital awareness and learn to use relevant tools responsibly.

Competence is not about knowing everything. It is about building strong fundamentals, recognising what you do not know, finding reliable information and applying knowledge carefully. Make learning meaningful, not mechanical.



CONFIDENCE: BELIEVING IN YOUR POTENTIAL



The CA journey demands patience, discipline and determination. A demanding syllabus, examination pressure, practical training and competing responsibilities can sometimes make the goal appear distant. An examination may not go as planned, or a difficult subject may take longer to understand. Such experiences can affect confidence, but they do not determine a student's potential.

Confidence means continuing to make an effort despite uncertainty and trusting that improvement is possible. When faced with a setback, review your preparation honestly. Identify what needs to change, seek guidance where required and make a practical plan for the next attempt. A result is feedback on performance at a particular time; it is not a final judgement on your ability.

Confidence grows through preparation and action. Set realistic study targets, revise regularly, practise questions under examination conditions and assess your progress. Avoid comparing journeys; students have different strengths and learning speeds. Focus on steady improvement.

Communication is another important part of confidence. A future CA must explain complex matters simply, listen carefully and interact respectfully. Students can strengthen these abilities by asking questions, participating in discussions and taking opportunities to make presentations.

During practical training, do not hesitate to clarify doubts, accept constructive feedback or volunteer for suitable responsibilities. Confidence is built gradually, through preparation, honest effort and the courage to step beyond familiar tasks.

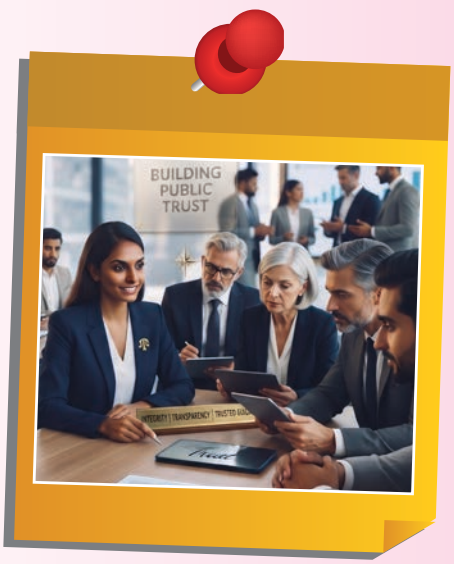
CHARACTER: THE FOUNDATION OF TRUST

Competence influences what a professional can do, and confidence helps the professional take responsibility. Character determines how that responsibility is discharged. The CA profession is built on public trust. These values should be practised from the student stage, not treated as obligations that begin after qualification.

Character is reflected in everyday conduct: honesty in examinations, sincerity in academic work, punctuality, respect for others and accountability for assigned tasks. During practical training, it includes protecting confidential information, acknowledging errors, avoiding misleading statements and completing work responsibly.

Students may sometimes face situations in which an easier option conflicts with what is right. Choosing honesty, even when inconvenient, strengthens the moral courage required in professional life. Recognise the limits of your knowledge and seek guidance when needed.

Technology makes ethical awareness even more important. Information produced by digital tools or AI should be checked before it is relied upon. Confidential data must be handled carefully, and technology should never be used to avoid professional responsibility. A tool may assist with a task, but the user remains responsible for how its output is used.



A qualification can establish professional credentials, but trust is earned through consistent conduct. Make integrity a habit in your studies and training, and it will remain a guide throughout your career.

PRACTICAL TRAINING: LEARNING BEYOND THE CLASSROOM



Practical training connects academic learning with the realities of professional work. It exposes students to financial records, audit procedures, taxation, regulation, business operations, client interactions, deadlines and teamwork.

The value of this experience depends on how students approach it. Do not treat an assignment only as a task to be completed. Try to understand its purpose, the provisions involved, the risks being considered and the conclusion that can be drawn. For example, while checking documents during an audit, understand why the evidence is relevant and what it helps establish. While working on a taxation matter, consider how the applicable provision affects the facts of the case.

Observe experienced professionals and how they approach problems and communicate. Ask questions at an appropriate time, maintain notes of what you learn and seek feedback on areas for improvement. Take responsibility for assigned work while recognising when guidance is needed.

Even routine assignments teach accuracy, discipline and attention to detail. Approach each opportunity with curiosity and sincerity. Practical training is not simply a requirement to be completed; it is a chance to develop the judgement and professional habits that cannot be acquired from textbooks alone.

PREPARING FOR A CHANGING PROFESSION



The responsibilities and opportunities of Chartered Accountants continue to evolve. Artificial Intelligence, automation, cybersecurity, sustainability reporting, data governance, international taxation and regulatory developments are influencing businesses and professional practice. Future CAs will need to combine technical knowledge with business understanding, digital awareness and sound judgement.

Stay informed about economic and regulatory developments and how organisations operate. Be willing to explore emerging areas, learn new tools and update your knowledge. Professional learning does not end with the final examination or membership of the Institute. The ability to learn, unlearn and relearn will remain essential throughout a career.

ICAI's academic and student support initiatives can help students strengthen their preparation. Make purposeful use of Study Materials, Live Virtual Classes, Mock Test Papers, digital learning resources, Self-Paced Online Modules and other facilities provided by the Institute. Use them to clarify concepts, identify gaps in preparation, practise application and build confidence. A resource is valuable when it becomes part of a consistent learning plan.

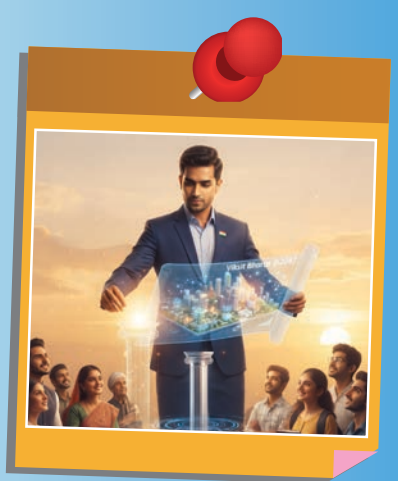
Treat technology as an opportunity to improve professional work, while retaining judgement, accountability and ethical responsibility.

BEYOND THE QUALIFICATION: MAKING A DIFFERENCE

Becoming a Chartered Accountant can open many professional opportunities, but the significance of the qualification extends beyond individual career advancement. Chartered Accountants contribute to financial discipline, transparency, accountability and informed decision-making. Their work supports businesses, entrepreneurs, investors and institutions.

As India moves towards the vision of Viksit Bharat @2047, young Chartered Accountants will have opportunities to support start-ups and MSMEs, encourage responsible investment, strengthen financial systems, promote financial inclusion and contribute to sustainable growth. Students preparing today can be part of this progress tomorrow.

Look beyond examination results and ask how your knowledge can be useful to others. Success includes professional achievement, but it also includes the trust you earn, the responsibilities you fulfil and the positive contribution you make.





KEY TAKEAWAYS

THE PROFESSIONAL YOU ASPIRE TO BECOME



BUILD COMPETENCE

Strengthen fundamentals, understand concepts, apply knowledge and keep learning.



DEVELOP CONFIDENCE

Prepare consistently, learn from setbacks, communicate clearly and take initiative.



UPHOLD CHARACTER

Practise honesty, integrity, objectivity and accountability in academic and professional work.



EMBRACE CHANGE

Stay curious, develop digital awareness and adapt to emerging professional requirements.



CREATE AN IMPACT

Look beyond personal success and use your knowledge to contribute to business and society.

CONCLUSION: YOUR JOURNEY, YOUR TRANSFORMATION

The journey from student to Chartered Accountant is shaped by everyday effort. Each chapter studied, examination attempted, question asked, assignment completed and challenge faced contributes to your development. Steady preparation and a willingness to learn will help you move forward.

As you work towards the letters 'CA' before your name, remember that the qualification is a significant achievement, but the professional you become matters just as much. Let your learning make you capable, your experiences make you confident, and your values make you trustworthy.

Be competent enough to solve problems, confident enough to take responsibility and courageous enough to uphold what is right. Dream with ambition, learn with curiosity, work with commitment and lead with integrity.

Your journey begins as a student. Let competence shape your abilities, confidence strengthen your aspirations and character define the professional you become.



THE THIN LINE BETWEEN TAX PLANNING, TAX AVOIDANCE AND TAX EVASION

Use the law. Respect its intent.



SNEHAL AGARWAL
Reg. No. CRO0811166

Between a legitimate deduction and deliberate deception lies a grey area. Tax planning may be entirely lawful; an arrangement designed primarily to obtain a tax advantage by exploiting the provisions of law may, amount to tax avoidance. Concealment of income, falsification of records or deliberate misrepresentation may cross the line into tax evasion. Understanding these distinctions is essential for every person entering the tax profession.

If saving tax is legal, when does saving tax become questionable?

Imagine a businessperson who has earned ₹1 crore. The person approaches a Chartered Accountant and asks a familiar question: "How can I reduce my tax liability?" There is nothing inherently wrong with asking this question. The answer, however, depends on the manner in which the tax saving is achieved.

The adviser may suggest three alternatives. First, the taxpayer may make a genuine investment in a scheme for which the law expressly provides a deduction and satisfy all prescribed conditions. Second, the taxpayer may create a complex arrangement involving several entities and contracts, with little commercial rationale apart from obtaining a tax advantage. Third, the taxpayer may conceal ₹ 20 lakh of income and omit it from the return. All three approaches may seek to reduce tax, but they are not legally or ethically equivalent. The objective may be similar; the method and legal consequences are very different.

Is wanting to pay less tax wrong?

A taxpayer is not expected to ignore legitimate deductions, exemptions or incentives merely because they reduce the tax payable. Where the law grants an incentive to encourage investment in a particular sector, a taxpayer who genuinely makes the qualifying investment and fulfils the prescribed conditions is entitled to claim the benefit. Tax saving, by itself, is not wrong. The critical question is whether the benefit is claimed within the framework and purpose of the law.

It is useful to distinguish three broad situations:

- **Legitimate tax planning:** arranging one's affairs within the provisions of law and claiming benefits to which the taxpayer is genuinely entitled.
- **Tax avoidance:** using artificial, contrived or commercially unjustified arrangements to obtain a tax advantage by exploiting legal provisions. Depending on the facts and applicable anti-avoidance rules, such arrangements may be challenged.
- **Tax evasion:** unlawfully reducing tax through concealment, suppression of income, false claims, fabricated documents or deliberate misrepresentation.

Therefore, the more useful question is not merely, "Did the taxpayer save tax?" It is, "How was the tax saving achieved, and is the arrangement legally sustainable?"

What if everything looks legal on paper?

The difficulty often arises when an arrangement appears compliant on its face. There may be agreements, invoices, bank entries and several incorporated entities. The documentation may be complete. Yet documentation alone does not necessarily establish that the arrangement is genuine or that the tax benefit is available.

Consider an arrangement created primarily to obtain a tax benefit, with no meaningful commercial objective, no real change in economic position and no functions or risks commensurate with the structure. The tax authorities may examine the arrangement as a whole, including the actual conduct of the parties, the flow of funds, decision-making, economic consequences and the applicable statutory and treaty provisions.

A useful question to ask is: would the arrangement have been entered into in substantially the same form if the anticipated tax benefit were not available? The answer is not conclusive by itself, but it may help identify whether the structure has a genuine commercial rationale or is predominantly tax-driven.

Does every loophole invite exploitation?

Suppose a taxpayer identifies a gap or ambiguity in legislation and asks: "The law does not expressly prohibit this. Why should I not adopt this course?" The question deserves careful legal analysis. A taxpayer is entitled to arrange transactions within the law, and a tax benefit does not become unlawful merely because it was anticipated or considered while planning the transaction.

At the same time, the absence of an express prohibition does not automatically validate an artificial arrangement. The arrangement must be examined in the context of the statutory scheme, the relevant anti-avoidance provisions, applicable treaty provisions and judicial principles. Identifying a legislative gap is not, by itself, tax avoidance. However, deliberately using an artificial structure to defeat the law may invite scrutiny under specific anti-avoidance rules or GAAR.

Is following the words of the law enough?

Consider a rule that permits use of a common facility for a specified purpose. A person who uses the facility for that purpose complies with both its wording and intent. Another person may repeatedly reserve the facility, not to use it, but to prevent others from doing so, while arguing that the wording does not expressly prohibit such conduct. The second person may claim literal compliance, but the purpose and context of the rule raise a different question.

Tax law can present similar issues. Interpretation cannot always be confined to isolated words or individual steps in a complex transaction. The statutory text remains the starting point, but the arrangement may also need to be examined in its entirety and in the light of its commercial substance and the purpose of the relevant provisions. Compliance with the wording of the law should not be used as a camouflage for defeating its purpose.

How can the thin line be identified?

There is no single universal test that determines whether every tax

arrangement is acceptable. The following questions can, however, guide the analysis:

1. Is the arrangement permitted by the applicable law and the relevant tax treaty?
2. Have all material facts and transactions been fully and accurately disclosed?
3. Does the arrangement have a genuine commercial or business transactions apart from the tax benefit?
4. Do the contractual documents reflect the actual conduct of the parties?
5. Does the arrangement misuse or abuse a provision, lack commercial substance, or employ means not ordinarily used for bona fide purposes?

These questions do not replace the statutory tests or the facts-specific judicial analysis. They help develop the professional judgement required when advising on tax-sensitive transactions.

What does this have to do with a person entering the CA profession?

The distinction is relevant from the very beginning of professional life. Consider a CA aspirant preparing for an examination with ten chapters to revise in five days. The aspirant prepares a timetable, identifies difficult topics, allocates more time to weaker areas and adopts effective methods of revision. This is intelligent planning within the rules.

Now imagine someone deliberately exploits an ambiguity in the examination rules to secure an advantage that the rules were not intended to provide. A third person copies another candidate's answers and submits them as their own. The three situations illustrate the distinction: intelligent use of permitted options is planning; artificial exploitation of rules may amount to avoidance; deliberate dishonesty is misconduct.

The same professional values apply in tax practice. A Chartered Accountant is expected not merely to identify tax-saving opportunities, but also to evaluate whether the proposed arrangement is lawful, commercially genuine, properly documented and defensible. Professional advice should not facilitate concealment or lend credibility to an artificial arrangement.

What do the courts say?

Judicial decisions have shaped the distinction between legitimate tax planning and impermissible avoidance. The principles emerging from some important decisions are summarised below.

Judicial decision	Emerging principle
McDowell & Co. Ltd. v. Commercial Tax Officer (1985) 154 ITR 148 (SC)	The Supreme Court emphasised that tax planning may be legitimate provided it is within the framework of law and colorable devices cannot be part of tax planning.
Union of India v. Azadi Bachao Andolan (2003) 263 ITR 706 (SC)	The Court held that a taxpayer is entitled to arrange his affairs so as to minimise tax liability, provided the arrangement is within the framework of law. It further observed that the mere motive of reducing tax liability cannot invalidate an otherwise genuine and legally permissible transaction.
Vodafone International Holdings B.V. v. Union of India (2012) 341 ITR 1 (SC)	The Court held that a complex offshore transaction is not automatically illegal just because it is complicated, and the transaction must be examined on its actual facts.
AAR (Income-tax) v. Tiger Global International II Holdings (2026) 485 ITR 214 (SC)	The Supreme Court held that a Tax Residency Certificate is relevant but not conclusive and that the arrangement, commercial substance, effective control and applicable anti-avoidance provisions may be examined.

What do these cases really tell us? They do not suggest that tax saving is inherently wrong, nor do they imply that completing the necessary documentation is sufficient to establish the legitimacy of an arrangement. Rather, they emphasise that the facts, commercial substance, legal framework and underlying purpose of an arrangement must be examined together. That is exactly why this line is called thin.

Then why do we need GAAR?

Imagine someone saying, "I understand the tax law, so I will identify a loophole and structure my entire transaction around it to secure a tax advantage." If such arrangements become common, there must be a mechanism to prevent taxpayers from misusing the provisions of law to obtain unintended tax benefits. This is where the General Anti-Avoidance Rule (GAAR) comes into play.

GAAR empowers the tax authorities to examine the substance and real purpose of an arrangement rather than being guided merely by its legal form or the documentation supporting it. Where an arrangement is found to be an impermissible avoidance arrangement, involving misuse of tax provisions or lacking genuine commercial substance and meet the criteria laid down in the law the tax authorities may invoke GAAR to deny the tax benefit and determine the tax consequences as if the arrangement had not been entered into.

In essence, GAAR seeks to distinguish genuine tax planning undertaken within the framework of law from arrangements designed primarily to obtain tax benefits through artificial or abusive means.

So, where exactly is the thin line?

Is it simply the difference between paying more tax and paying less tax? No. Is it the difference between a simple transaction and a complicated one? Not necessarily. Is having a tax-saving motive itself wrong? Certainly not.

What matters is the legal framework, the substance and purpose of the arrangement, the genuineness of the transaction, the accuracy of disclosure and compliance with the applicable anti-avoidance provisions. The ability to explain and substantiate the arrangement is an important part of responsible tax planning.

A transaction may appear perfectly structured when no questions are being asked. But what happens when the documents are examined, the commercial purpose is questioned, the movement of funds is traced and the actual decision-making is scrutinised? What happens when the professional who advised the arrangement is asked to explain why it was structured in that particular manner? That is when the line becomes visible.

Perhaps the distinction can be expressed simply:

- Tax planning asks: "What does the law permit me to do?"
- Tax avoidance asks: "Am I using an artificial arrangement to stretch or defeat the law for a tax benefit?"
- Tax evasion involves an unlawful attempt to reduce tax, commonly through concealment, falsification or deliberate misrepresentation.

The smartest tax strategy is not necessarily the one that saves the most tax. It is the one that is lawful, commercially justified, transparently documented and capable of answering question when scrutinize.

"Save tax by using the law, not by abusing it — because the smartest tax plan is one that survives scrutiny."

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  22nd – 23rd Dec

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CA FINAL - PAPER 4: DIRECT TAX LAWS & INTERNATIONAL TAXATION

The Board of Studies (Academic) of ICAI has always been committed to facilitating quality learning by providing comprehensive and relevant academic resources to those pursuing the Chartered Accountancy Course. As part of this endeavour, BoS (A) has developed this Capsule for Final Paper 4: Direct Tax Laws & International Taxation, covering the key provisions relating to Taxation of Companies in a concise and structured manner. The Capsule has been prepared in accordance with the provisions of the Income-tax Act, 2025, as amended by the Finance Act, 2026 and the Taxation and other Laws (Amendment) Act, 2026 and is applicable for the May 2027 and November 2027 Examinations.

This Capsule is designed to facilitate quick revision and is intended to supplement, and not to substitute, a detailed study of the subject. For an in-depth understanding of the concepts and statutory provisions, reference may be made to the Final Course Study Material applicable for the May 2027 and November 2027 Examinations.

TAXATION OF COMPANIES

- Total income (TI) and tax liability as per the normal provisions of Act including MAT
- Total income (TI) and tax liability as per the concessional tax regimes u/s 200 or 201

TOTAL INCOME AND TAX LIABILITY AS PER THE NORMAL PROVISIONS OF THE ACT INCLUDING MAT

Rates of income-tax for companies

Foreign Company

- Royalties and fees for technical services (FTS) received from Government or an Indian concern in pursuance of an agreement, approved by the Central Government, made by the company with the Government or Indian concern between 1.4.1961 and 31.3.1976 (in case of royalties) and between 1.3.1964 and 31.3.1976 (in case of FTS) → 50% of TI
- Other Income → 35% of TI

Domestic Company

Is it engaged in manufacturing or generation of electricity?

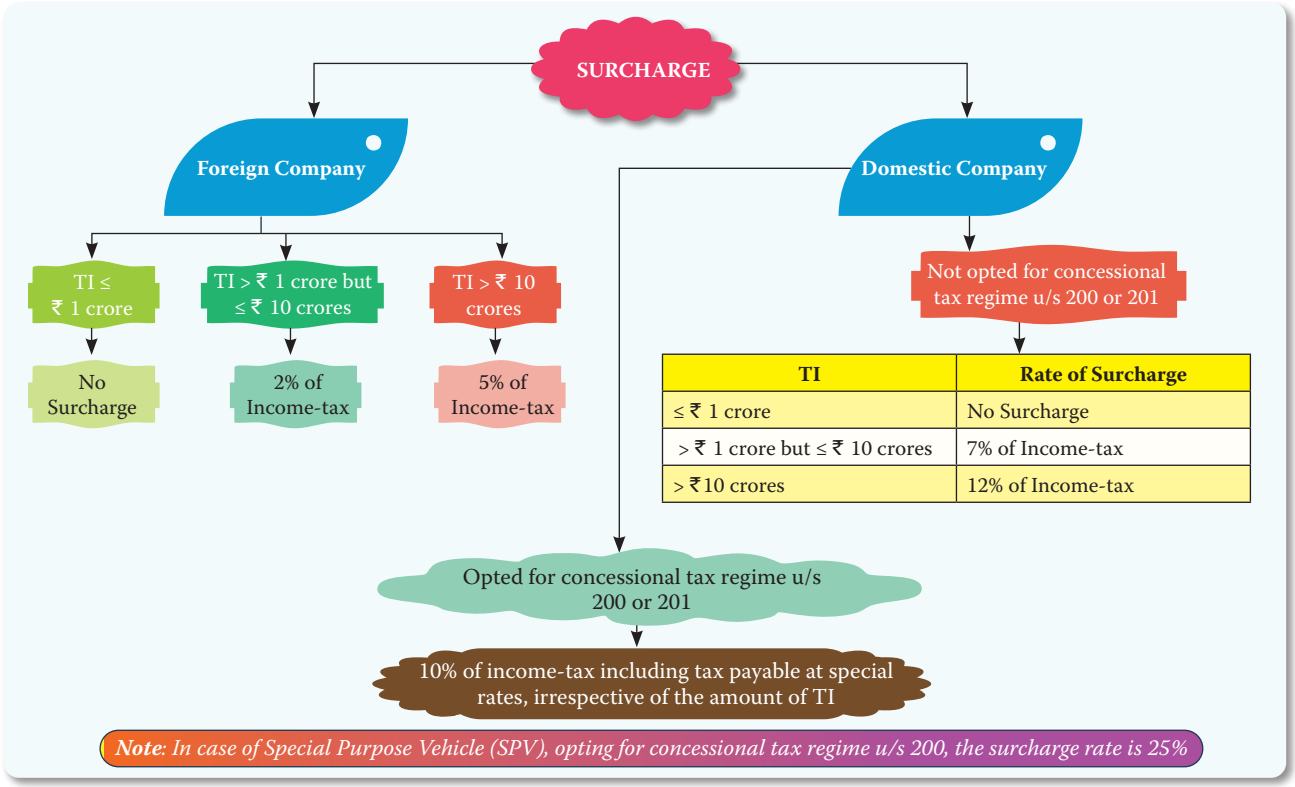
- No → Is it opting for concessional tax regime u/s 200?
- Yes → Is it set up and registered on or after 1.10.2019 and has it commenced manufacturing or production or generating electricity on or before 31.03.2024?
  - No → Is it opting for concessional tax regime u/s 200?
  - Yes → Has it opted for concessional tax regime u/s 201?
    - No → Is it opting for concessional tax regime u/s 200?
    - Yes → 15% on income derived from or incidental to manufacturing or production or generating electricity

Is it opting for concessional tax regime u/s 200?

- Yes → 22% of TI
- No → Does its total turnover or gross receipts for Tax year 2024-25 exceed ₹ 400 crores?
  - No → 25% of TI
  - Yes → 30% of TI

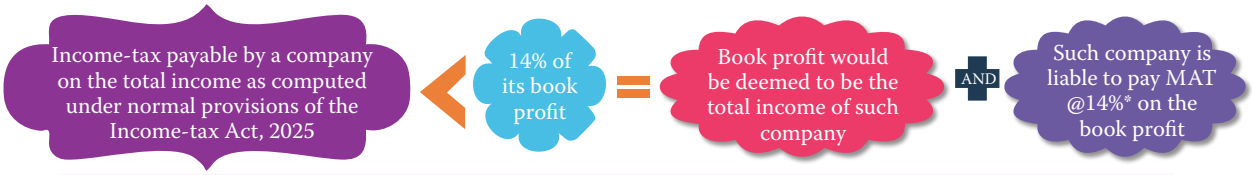


Note - Income covered under Chapter XIII would be subject to tax at the rates mentioned in the sections specified in the said Chapter.



TI	Rate of Surcharge
≤ ₹ 1 crore	No Surcharge
> ₹ 1 crore but ≤ ₹ 10 crores	7% of Income-tax
> ₹10 crores	12% of Income-tax

MINIMUM ALTERNATE TAX ON COMPANIES [SECTION 206(1)]



* In case of a company, being a unit located in IFSC and deriving its income solely in convertible foreign exchange, MAT rate would be 9%.

Note: MAT paid for tax year 2026-27 and onwards is a final tax and does not give rise to any MAT credit.

Computation of book profit [Section 206(1)(c) and 206(1)(d)]

Particulars		Amount in ₹
Net Profit as per Statement of profit and loss		xxx
***Add*: Net profit to be increased by the following amounts as per section 206(1)(c) if such amounts are debited to Statement of profit and loss**		
• Income-tax paid or payable and the provision therefor (Income-tax includes interest, surcharge and health and education cess)	xxx	
• Amount carried to reserves	xxx	
• Amounts set aside to provisions made for meeting liabilities other than ascertained liabilities	xxx	
• Provision for losses of subsidiary companies	xxx	
• Dividend paid or proposed dividend	xxx	
• Expenditure relatable to any exempt income to which section 11 applies or any expenditure out of regular income of a registered non-profit organisation referred in section 335	xxx	
• Depreciation	xxx	
• Deferred tax and provision for deferred tax	xxx	
• Amount set aside as provision for diminution in the value of any asset	xxx	xxx
***Add*:** Net profit to be increased as per section 206(1)(c) by the amount standing in revaluation reserve relating to the revalued asset on the retirement or disposal of such asset, in case the same is not credited to the Statement of profit and loss		xxx
***Less*: Net profit to be decreased by the following amounts as per section 206(1)(c), if these amounts are credited to Statement of profit and loss:**		
• Amount withdrawn from any reserve or provision, where the book profit of such year has been increased by those reserves/ provisions out of which the said amount was withdrwan	xxx	

Particulars		Amount in ₹
• Income to which section 11 applies or any regular income of a registered non-profit organisation referred in section 335	xxx	
• Amount withdrawn from the revaluation reserve to the extent it does not exceed the amount of depreciation on revaluation of assets	xxx	
• Deferred tax	xxx	xxx
Less: Depreciation debited to the Statement of profit and loss (excluding the depreciation on account of revaluation of assets)		xxx
Less: Aggregate amount of unabsorbed depreciation and brought forward loss (excluding depreciation) is to be reduced, in case of ◊ a company, where the Tribunal, on an application moved by the Central Government under section 241 of the Companies Act, 2013 has after suspension of the Board of Directors of such company has nominated new directors under section 242 of the said Act ◊ a company against whom corporate insolvency resolution process has been admitted by the Adjudicating Authority under section 7 or 9 or 10 of the Insolvency and Bankruptcy Code, 2016		xxx
Less: In other case, lower of brought forward loss or unabsorbed depreciation, as per books of account [However, no deduction will be allowed, if either the figure of brought forward loss or unabsorbed depreciation is "NIL"]		xxx
Less/Add: **Net profit to be further adjusted by the following amounts as per section 206(1)(d):**		
• In case of a company, being a member of AoPs/BoIs, having share in the income of such AoP or BoI, on which no income-tax is payable as per section 310, then reduce such share income and add expenditure relatable to such income, if credited or debited, as the case may be to Statement of profit and loss.	xxx	
• Income accruing to foreign company from (A) the capital gains arising on transactions in securities or (B) the interest, dividend, royalty, or fees for technical services chargeable to tax at the rates specified in Chapter XIII if income-tax payable thereon is at a rate less than 14%, has to be reduced and expenditure relatable to such income has to be added, if credited or debited, as the case may be to Statement of profit and loss.	xxx	
• Notional loss/gain on transfer of shares of a SPV to a business trust in exchange of the units allotted by the trust	xxx	
• Gain/Loss on transfer of units of business trust acquired in exchange of shares of SPV	xxx	
• Royalty income in respect of patents taxable under section 194(1), and expenditure relatable to such royalty income	xxx	
• Profits for the period commencing from the tax year in which a company has become a sick industrial company and ending with the tax year during which the entire net worth of such company becomes equal to or exceeds the accumulated losses, is to be reduced.	xxx	xxx
Book Profit		xxx

Computation of Book Profit for Ind AS compliant companies

Adjustment in the book profit computed above due to adoption of Ind AS [Section 206(1)(d)(ix) read with section 206(1)(e)]

- Annual adjustments
- 1/5th of the transition amount in the year of convergence and each of the following four tax years

Non-applicability of MAT

- Life insurance business referred to in section 194(1)[(Table Sl. No. 6)]
- Company which has exercised the option u/s 200(5) or section 201(2)
- A foreign company in certain cases

Cases where MAT provisions would not be applicable on a Foreign Co.

Is there a DTAA with the country of residence of the foreign company

- Yes → Foreign company should not have a permanent establishment in India as per such DTAA
- No → Foreign company is not required to seek registration under any law for the time being in force relating to companies

Total income of foreign company comprises solely of profits and gains from business referred to in section 61(2) and such income has been offered to tax at the rates specified in the said section.

Set-off of MAT Credit carried forward as per section 115JAA of the Income-tax Act, 1961 [Section 206(3)]

MAT CREDIT UNDER SECTION 115JAA OF THE INCOME TAX ACT, 1961

The difference between the tax paid for a year under the provisions of MAT and the tax payable on the total income for that year computed in accordance with the other provisions of the Act was treated as MAT Credit, which was allowed to be carried forward.

Computation of MAT Credit
(under Section 115JAA of the 1961 Act)

MAT Credit = Tax paid under the MAT provisions − Tax payable on the total income as per normal provisions

Such credit was allowed to be set off against the tax payable on the total income in a tax year in which the tax is computed as per the provisions of the Act, other than MAT, to the extent of excess tax payable over the tax payable on book profits in that year.

MAT Credit Adjustment
(under Section 115JAA of the 1961 Act)

MAT credit to the extent of difference between tax as per normal provisions of the Act and tax as per MAT provisions is allowed to be set-off.

The balance credit was allowed to be carried forward to the subsequent years.

SET-OFF UNDER SECTION 206(3) OF THE INCOME TAX ACT, 2025



Domestic Company



Has exercised the option under **Section 200(5) or Section 201(2)** (taxation at concessional rate) for the Tax Year 2026-27 or onwards

Yes → Eligible for set-off of MAT credit under Section 206(3)

No → Benefit under Section 206(3) not available

QUANTUM OF SET-OFF

Such MAT credit brought forward is allowed to be set off in any tax year to the extent of **25%** of the tax payable on total income under Section 200 or Section 201 for that tax year.

Set-off in any tax year = Lower of:

- **Brought-forward MAT credit** (as on 31.03.2026)
- and
- **25% of the tax payable under Section 200 or Section 201** (for that tax year)

TREATMENT OF REMAINING MAT CREDIT

- The remaining credit shall be carried forward to the subsequent tax year; and
- Such carry forward or set off of tax credit shall not be allowed beyond the **15th tax year** immediately succeeding the tax year in which the tax credit first became allowable under Section 115JAA of the Income-tax Act, 1961

OTHER PROVISIONS

- Where, as a result of any order passed under the Act, the amount of tax payable is decreased or increased, as the case may be, the amount of tax credit allowed to be set off shall also be decreased or increased, accordingly.
- In case of conversion of a private company or unlisted public company into an LLP, the set off of tax credit would not be allowed to the successor LLP



Set-off of MAT Credit carried forward as per section 115JAA of the Income-tax Act, 1961 to a foreign company [Section 206(4)]

LEGAL PROVISION

Section 206(4) of the Income-tax Act, 2025 provides for the treatment of MAT credit carried forward under Section 115JAA of the Income-tax Act, 1961 in the case of a **foreign company**.

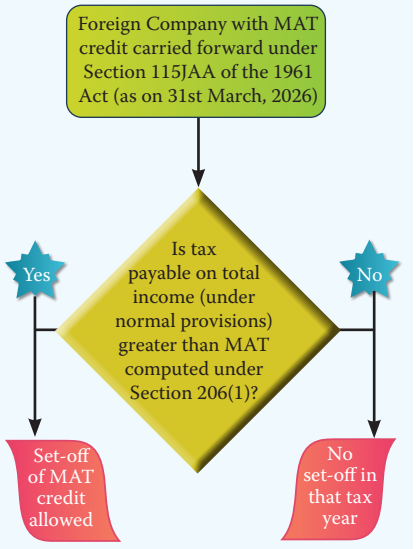
BACKGROUND: MAT CREDIT UNDER SECTION 115JAA (INCOME TAX ACT, 1961)

The difference between the tax paid under the MAT provisions and the tax payable on the total income under the normal provisions of the Act was treated as MAT credit, which was allowed to be carried forward.

COMPUTATION OF MAT CREDIT (UNDER SECTION 115JAA OF THE 1961 ACT)

MAT Credit = Tax paid under the MAT provisions − Tax payable on the total income as per normal provisions

TREATMENT OF CARRIED FORWARD MAT CREDIT IN THE CASE OF A FOREIGN COMPANY



KEY CONDITIONS UNDER SECTION 206(4)

01 Set-off permitted only in a tax year in which the tax payable on the total income under the normal provisions of the Act **exceeds the MAT** computed under Section 206(1).

02 **Quantum of set-off:** Allowed to the extent of the excess of tax liability on the total income under the other provisions of the Act and the MAT for that tax year, subject to the MAT credit available

03 **Time limit:** The carry forward or set off of such tax credit shall not be allowed beyond the **15th tax year** immediately succeeding the tax year in which the tax credit first became allowable under Section 115JAA of the 1961 Act.

TOTAL INCOME AND TAX LIABILITY AS PER CONCESSIONAL TAX REGIME UNDER SECTION 200 OR 201

Option Available with Domestic Companies to Opt for Concessional Rates of Tax

SECTION 200

- **Concessional rate: 22%** (plus surcharge @ 10% and HEC @ 4%)
- **Applicability:** For domestic companies.
- **Conditions:** Non-availability of profit-linked deductions and investment-linked tax deduction, deduction for contribution to research and development, additional depreciation, etc.
- **Exercise of option:** To be exercised in the prescribed manner on or before the due date u/s 263(1) for furnishing the return of income for any tax year.
- **Continuity:** Once exercised in a year, the company will continue to be governed by section 200 thereafter and cannot opt for normal provisions in any subsequent year.

SECTION 201

- **Concessional rate: 15%** (plus surcharge @ 10% and HEC @ 4%)
- **Applicability:** For manufacturing or electricity generating domestic companies set up and registered on or after 1.10.2019, and commenced manufacturing or generating electricity on or before 31.3.2024.
- **Conditions:** Non-availability of profit-linked deductions and investment-linked tax deduction, deduction for contribution to research and development, additional depreciation, etc.
- **Exercise of option:** Was to be exercised on or before the due date u/s 263(1) for furnishing the first return of income, failing which it cannot be exercised in the subscquent years.
- **Continuity:** Once exercised, the company will continue to be governed by section 201 thereafter and cannot opt for normal provisions in any subsequent year.

Since manufacturing was required to be commenced on or before 31.3.24, fresh option cannot be exercised under section 201 from T.Y. 2024-25 and onwards.

Companies exercising options under section 200 or section 201 are not liable to Minimum Alternate Tax (MAT) under section 206(1).

These two sections, namely sections 200 and 201, have been detailed in the upcoming paragraphs.

(1)	(2) Particulars	(3) Section 201	(4) Section 200
1.	**Rate of tax**		
	(a) on income covered under Chapter XIII Part A, B, C and E, other than section 199 and 201/200 [For example, long-term capital gains chargeable to tax u/s 197 and 198, short-term capital gains chargeable to tax u/s 196]	at the rates mentioned in the said sections in Chapter XIII Part A, B, C and E other than section 199 and 200.	at the rates mentioned in the said sections in Chapter XIII Part A, B, C and E other than section 199 and 201.
	(b) on income which is neither derived from nor incidental to manufacturing or production of an article or thing (For example, income from house property and income from other sources)	22% (without any deduction or allowance in respect of any expenditure or allowance)	22%
	(c) on other income in respect of which no specific rate of tax is provided in Chapter XIII Part A, B, C and E		
	(d) on STCG derived from transfer of a capital asset on which no depreciation is allowable under the Act	22%	22%
	(e) On deemed income u/s 205(4) *[Refer Note below]*.	30%	-
	(f) On other income	15%	22%
	Note - Adjustments for transactions with persons having close connection [applicable in case of section 201] *As per section 205(4), where it appears to the Assessing Officer that owing to the close connection between the company to which this section applies and any other person or for any other reason, the course of business is so arranged that the business transacted between them produces more than the ordinary profits to the company, he is empowered to take into account the amount of profits as may be reasonably deemed to have been derived therefrom, while computing profits and gains of such company.* *In case the arrangement referred above involves a specified domestic transaction referred to in section 164, then, the amount of profits from such transaction would be determined by considering the arm's length price (ALP) as defined in section 173(a).* *The amount, being profits in excess of the amount of the profits determined by the Assessing Officer, shall be deemed to be the income of the person. The income-tax on the income so deemed shall be subject to tax @ 34.32% (i.e., tax @ 30% + surcharge @10% +HEC @ 4%).*		
2.	**Rate of surcharge**	10%	10%
	***Note:** In case of special purpose vehicle opting for concessional tax rate u/s 200, the applicable rate of surcharge would be 25%. SPV is an Indian company in which business trust holds controlling interest or any specific percentage of shareholding.*		
4.	**Common conditions for both sections for availing the concessional rate of tax**		
	In case of a company opting for either section 200 or 201, the total income should be computed -		
	(i) without providing for deduction or exemption under any of the following sections:		

Section	Provision
33(8)	Additional depreciation @20% of actual cost of new plant and machinery acquired and installed by manufacturing undertakings, determined in the prescribed manner.
45(2)	Deduction of in-house scientific research expenditure incurred by a company engaged in the business of bio-technology or in the business of manufacture or production of an article or thing.
45(3)(a)	Deduction for payment to any research association having the object of undertaking scientific research/ research in social science or statistical research or to a university etc. to be used for scientific research/ research in social science or statistical research.
45(3)(b)	Deduction of payment to a company registered in India having the main object of scientific research and development and approved by prescribed authority.
45(3)(c)	Deduction of payment to a National Laboratory or University or IIT or specified person for scientific research under an approved programme.
46	Investment-linked tax deduction for specified businesses.
47(1)(a)	Deduction of expenditure incurred on notified agricultural extension project
47(1)(b)	Deduction of expenditure incurred by a company on notified skill development project.
48	Deduction@40% of profits and gains of business of growing and manufacturing tea, coffee or rubber in India, to the extent deposited with NABARD or in a deposit account in accordance with scheme approved by the Tea/Coffee/ Rubber Board.
49	Deduction@20% of the profits of a business of prospecting, extraction or producing petroleum or natural gas or both in India, to the extent deposited with SBI in an approved scheme or deposited in Site Restoration Account.

(1)	(2) Particulars		(3) Section 201	(4) Section 200
		144	Deduction in respect of profits and gains derived from export of articles or things or from services by an assessee, being an entrepreneur from his Unit in SEZ from gross total income.	
		123 to 154	Deductions from gross total income under Chapter VIII other than the provisions of section 146 or section 148.	
	(ii)		without set-off of any loss or allowance for unabsorbed depreciation deemed so u/s 116, where such loss or depreciation is attributable to any of the deductions listed in (i) above. [Such loss and depreciation would be deemed to have been already given effect to and no further deduction for such loss shall be allowed for any subsequent year]	
	***Notes** – Additional points relevant in the context of section 200:* *(1) In case of a company opting for section 200, total income should be computed without set-off of any loss brought forward or depreciation from any earlier tax year, where such loss or depreciation is attributable to any of the deductions listed in (i) above [Such loss and depreciation would be deemed to have been already given effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year]* *(2) In the case of a person having a Unit in the IFSC, which has exercised option under section 200, deduction u/s 147 would be allowed subject to fulfilment of the conditions specified in that section.* *(3) Since there is no timeline within which option under section 200 can be exercised, a domestic company having brought forward losses and depreciation on account of deductions listed in (i) above may, if it so desires, postpone exercise the option under section 200 to a later tax year, after set off of the losses and depreciation so accumulated.*			

Let's understand the provisions with respect to set-off of MAT credit carried forward under the provisions of section 115JAA of the Income-tax Act, 1961, in case of a Domestic Company opting for section 200 of the Income-tax Act, 2025 and foreign company, with the help of the following examples:

Example: In case of a Domestic Company opting for section 200 of the Income-tax Act, 2025

ABC Ltd., a domestic company, incorporated in the year 2015. It has MAT credit, being carried forward as on 31.03.2026 of ₹ 5,00,000 under the provisions of section 115JAA of the Income-tax Act, 1961 (Pertains to Tax Year 2023-24). ABC Ltd. is exercising the option of concessional regime u/s 200 from tax year 2026-27. Its details pertaining to tax year 2026-27 are as follow:

Particulars	*Amount (₹)*
Total Income for T.Y. 2026-27 (taxable @22%)	*20,00,000*
Tax u/s 200 @22%	*4,40,000*
Add: Surcharge @10%	*44,000*
	4,84,000
Add: Health and education cess@4%	*19,360*
Tax payable under section 200	***5,03,360***
Less: Set off of MAT credit allowed u/s 206(3) – upto 25% of tax payable i.e. 25% of ₹ 5,03,360	*1,25,840*
Balance Tax Payable	***3,77,520***

The balance MAT Credit of ₹ 3,74,160 (₹ 5,00,000 less ₹ 1,25,840) is to be carried forward to subsequent tax year. It can be carried forward maximum upto tax year 2038-39.

Example – In case of a Foreign Company

XYZ Ltd. is a foreign company incorporated in Country X. It has a PE in India as per Country X and India DTAA. It has MAT credit, being carried forward as on 31.03.2026 under the provisions of section 115JAA of the Income-tax Act, 1961 - ₹ 1,15,000

T.Y.	*Tax on Book Profits (MAT) as per section 206(1) (₹)*	*Tax as per regular provisions (Normal Tax) (₹)*	*Set off of MAT Credit (₹)*	*Actual Tax Paid (₹)*	*MAT Credit Balance (₹)*
2026-27	*3,00,000*	*2,50,000*	*-*	*3,00,000*	*1,15,000*
2027-28	*3,80,000*	*4,00,000*	*20,000*	*3,80,000*	*95,000*
2028-29	*4,50,000*	*6,00,000*	*95,000*	*5,05,000*	*-*

- *In T.Y. 2026-27, MAT is higher than normal tax liability, hence, no set off of MAT credit is available.*
- *In T.Y. 2027-28, since normal tax liability is more than MAT, set off is available to the extent of excess of normal tax liability over MAT.*
- *In T.Y. 2028-29, since normal tax liability is more than MAT, set off is available to the extent of excess of normal tax liability over MAT. However, it is restricted upto the balance of MAT credit available.*

***Note** - Please refer "Chapter 9: Assessment of Various Entities" in the Study Material for detailed coverage of section 200 and 201 of the Income-tax Act, 2025 and other provisions relating to taxation of companies.*

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CA INTERMEDIATE - PAPER 4: COST & MANAGEMENT ACCOUNTING

This capsule is a short and simple summary of the chapter Budgets and Budgetary Control, written for quick revision. It begins with the meaning of a budget and explains the essentials, objectives and advantages of budgetary control. It then describes the different types of budgets, compares fixed and flexible budgets, and explains zero-based budgeting. It ends with the budget ratios used to compare actual performance with the budget. Simple diagrams are given throughout, and worked examples with small numbers are provided for the flexible budget and the budget ratios, so that the ideas are easy to follow.

BUDGETS & BUDGETARY CONTROL

Chapter at a Glance

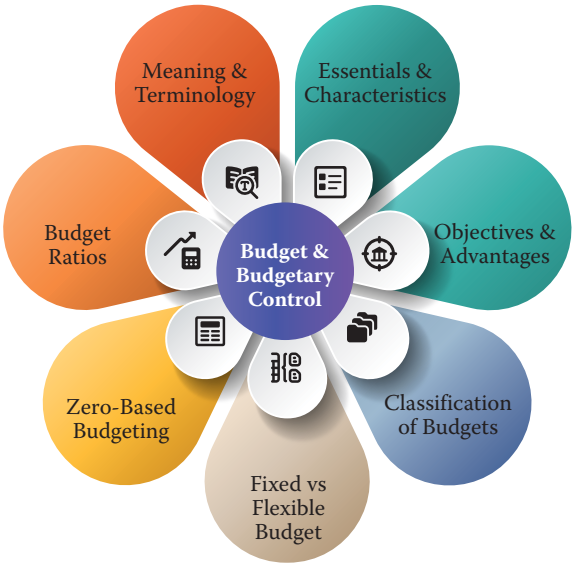

Figure 1: The parts of this capsule

Meaning and Terminology

Three terms are used together in this chapter. They are related, but they are not the same.

Term	Meaning	In simple words
Budget	A quantitative expression of a plan for a defined period of time.	The **plan**, written in numbers (units and/or money).
Budgeting	Coordinating the combined intelligence of the whole organisation into a plan of action, based on past performance.	The **process of preparing** the plan.
Budgetary control	Setting budgets for the responsibilities of executives in line with a policy, and continuously comparing actual results with budgeted results – either to achieve the policy's objective by individual action, or to provide a basis for revising it.	The **process of following** the plan, comparing results and acting on the difference.

REMEMBER

Budget = the plan. Budgeting = making the plan. Budgetary control = working the plan and checking it against actual results.

Essentials and Characteristics of a Budget

Essentials of an effective budget

Clear organisational structure
Everyone's authority and responsibility is clearly defined, so every budget has an owner.

Clear objectives, reasonable targets
Objectives are clear, and targets are realistic and achievable.

Future-oriented
Budgets are prepared for coming periods, based on what is expected to happen.

Updated for new events
Budgets are revised for events that were not thought of when they were first prepared.

Quantified and monitored
The master budget is divided into functional budgets, and all budgets are reviewed regularly.

Linked to rewards
Performance against the budget is linked to the reward system.

Characteristics of a budget

- It relates to a **definite future period**.
- It is a **written document**.
- It is a **detailed plan** of all the economic activities of a business.
- It is a **means** to achieve business goals, not an end in itself.
- It helps in **planning, coordination and control**.
- It is usually prepared in the light of **past experience**.



Objectives and Advantages of Budgeting

The objectives of budgeting **begin with planning and end with controlling**. Once the plans are made, budgets are used to direct and control operations so that the targets are achieved. Control then feeds back into planning, so budgeting is a continuous process.

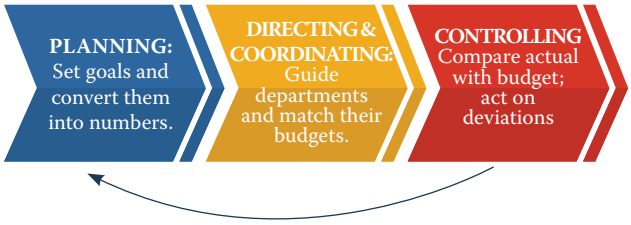

Figure 2: The budgeting cycle – from planning to control and back

Advantages of a budgetary control system

#	Advantage	How it helps
1	**Control on expenditure**	Spending is kept within the approved limits, and overspending is noticed early.
2	**Efficiency**	Clear targets motivate managers and staff to perform better and reduce waste.
3	**Finding deviations**	Actual results are compared with the budget, so differences (variances) are found and can be investigated.
4	**Effective use of resources**	Men, materials, machines and money are used as planned, not by guesswork.
5	**Cost consciousness**	Every department knows its cost limits, which builds a habit of economy.
6	**Revision of plans**	Feedback from actual results helps to revise plans when conditions change.
7	**Standard costing system**	Budgets and standards support each other: standards give the figures for budgets, and variances show performance.
8	**Credit rating**	A well-run budgetary system increases the confidence of banks and lenders.

Classification of Budgets

Budgets are classified on the basis of **capacity, function** and **period**. The **master budget** sits above all of them as a consolidated summary.

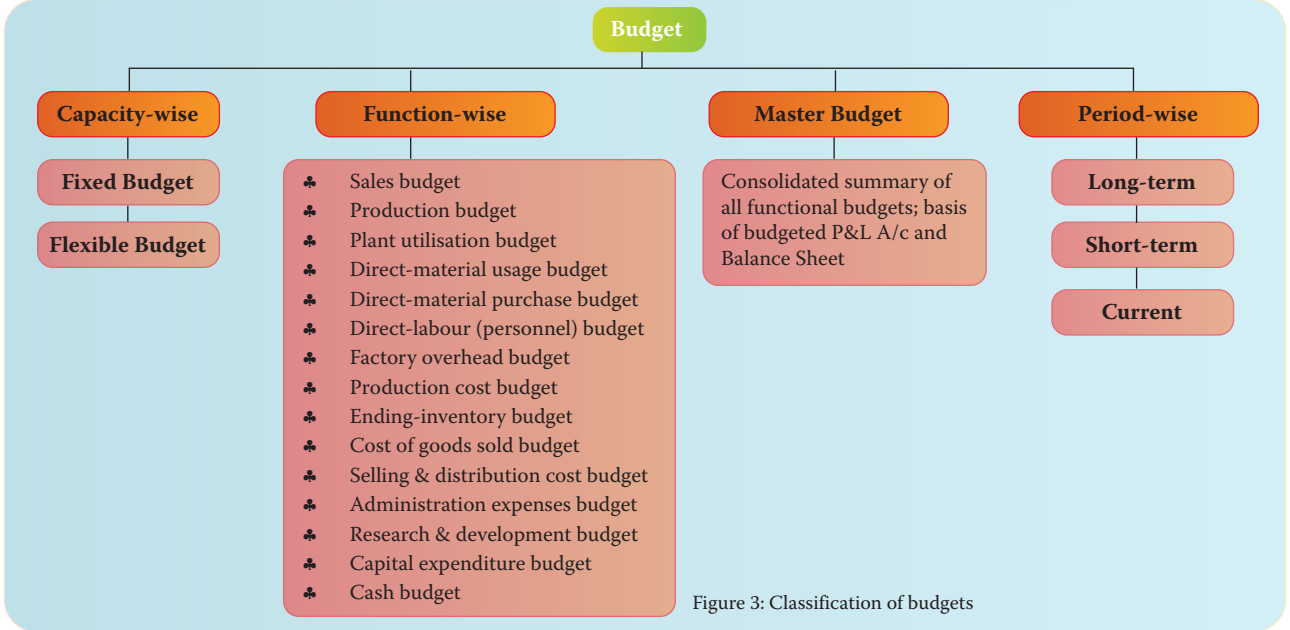

Figure 3: Classification of budgets

Types of budgets – meaning

Type	Meaning
Functional budget	A budget that relates to one function of the organisation. For example: purchase, sales, production, plant-utilisation and cash budgets.
Master budget	A consolidated summary of the various functional budgets. It is the basis on which the budgeted Profit & Loss A/c and the forecast Balance Sheet are prepared.
Long-term budget	Prepared for a period longer than one year. Useful for business forecasting and forward planning. For example: capital expenditure budget and research & development budget.
Short-term budget	Prepared for a period of less than one year, usually where quick action is needed to bring a variation under control. For example: cash budget.
Basic budget	A budget that stays unchanged over a long period of time.
Current budget	A budget prepared for a short period and related to current conditions.
Fixed budget	A budget designed to remain unchanged irrespective of the level of activity actually attained (CIMA).
Flexible budget	A budget which, by recognising the difference between fixed, semi-variable and variable costs, is designed to change in relation to the level of activity attained (CIMA).

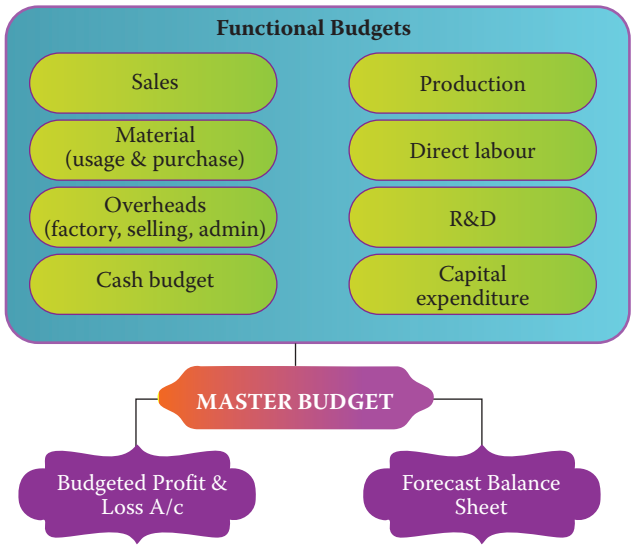

Figure 4: How functional budgets combine into the master budget

REMEMBER

Budget preparation usually starts from the **principal (key) budget factor,** the factor that limits the activity of the business, most often sales demand. All other functional budgets are then built around it.

Fixed Budget vs Flexible Budget

Fixed budget	Flexible budget
Remains **unchanged irrespective of the level of activity** actually attained.	Recognises the difference between fixed, semi-variable and variable costs, and is **designed to change with the level of activity** attained.

Differences

Basis	Fixed budget	Flexible budget
Nature	Does not change with the actual activity. So it is rigid (inflexible).	Can be re-cast to the activity level actually achieved. So it is not rigid.
Activity levels	Works at one level of activity and one set of conditions. It assumes that conditions will not change, which is unrealistic.	Has separate budgets for different levels of activity.
Variance analysis	All costs (fixed, variable and semi-variable) relate to one level of activity, so variance analysis gives little useful information.	Each cost is analysed according to its behaviour, so variance analysis is useful.
Cost and price decisions	If budgeted and actual activity differ greatly, cost ascertainment and price fixing give a wrong picture.	Helps in finding cost, fixing selling price and giving quotations at different levels of activity.
Comparison with actuals	Comparing actual performance with the budget is meaningless when the two activity levels differ.	Gives a meaningful basis for comparing actual performance with the budget.

EXAMPLE – FLEXIBLE BUDGET

A company has a capacity of **10,000 units** and sells at **₹ 90 per unit.** Costs behave as follows: direct materials ₹ 40, direct labour ₹ 20 and variable overheads ₹ 5 per unit; maintenance is semi-variable (₹ 10,000 fixed plus ₹ 2 per unit); fixed overheads are ₹ 50,000.

(a) Prepare a flexible budget at 60%, 80% and 100% capacity.

(b) Actual output was **7,000 units** at a total cost of **₹ 5,35,000**. Compare this with the fixed budget (8,000 units) and with the flexible budget.

(a) Flexible budget

Particulars	Cost behaviour	60%	80%	100%
Units produced		**6,000**	**8,000**	**10,000**
Direct materials	₹ 40 per unit – variable	2,40,000	3,20,000	4,00,000
Direct labour	₹ 20 per unit – variable	1,20,000	1,60,000	2,00,000
Variable overheads	₹ 5 per unit – variable	30,000	40,000	50,000
Maintenance	₹ 10,000 + ₹ 2 per unit – semi-variable	22,000	26,000	30,000
Fixed overheads	**₹ 50,000 – fixed**	50,000	50,000	50,000
Total cost (₹)		**4,62,000**	**5,96,000**	**7,30,000**
Cost per unit (₹)		77.00	74.50	73.00
Sales at ₹ 90 per unit		5,40,000	7,20,000	9,00,000
Profit (₹)		**78,000**	**1,24,000**	**1,70,000**

Cost per unit **falls as activity rises**, because the fixed cost is spread over more units.

(b) Which comparison is right?

Basis of comparison	Budgeted cost	Actual cost	Difference	Conclusion
Fixed budget (8,000 units)	5,96,000	5,35,000	61,000 Fav	Activity levels differ
Flexible budget (7,000 units)	5,29,000	5,35,000	6,000 Adv	Like-for-like comparison

Against the fixed budget, the company seems to have saved ₹ 61,000, but only because it produced fewer units. Against the flexible budget for 7,000 units, the true result is ₹ 6,000 **adverse**.

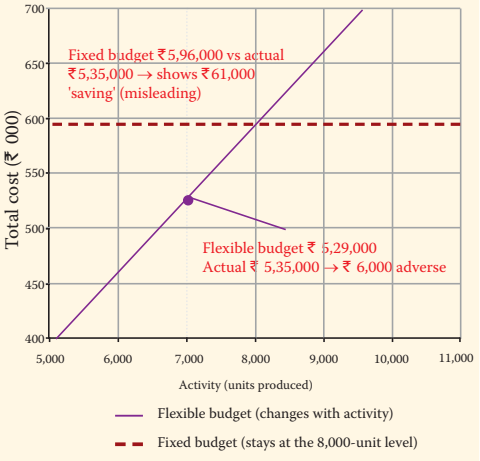

Figure 5: The same actual cost looks favourable against a fixed budget, but adverse against the flexible budget

Zero-Based Budgeting (ZBB)

DEFINITION

A method of budgeting which requires **each cost element to be specifically justified**, although the activities to which the budget relates are being undertaken for the first time.

Stages in ZBB

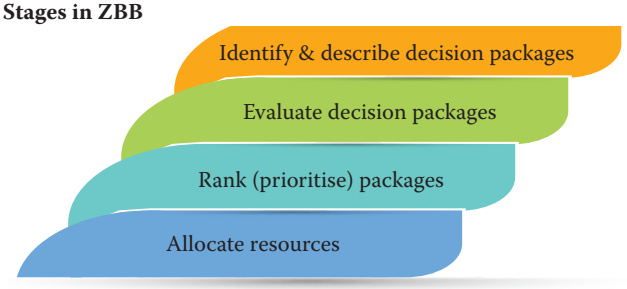

Figure 6: The four stages of zero-based budgeting

#	Stage	What happens
1	**Identify and describe decision packages**	Each activity is described as a "decision package": its purpose, cost, benefit and alternatives, including what happens if it is not done.
2	**Evaluate decision packages**	Management studies each package through cost-benefit analysis and compares the alternatives.
3	**Rank (prioritise) the packages**	Packages are arranged in order of importance and benefit.
4	**Allocate resources**	Funds are given to the top-ranked package first, then to the next, until the available resources are used up.

ZBB vs traditional (incremental) budgeting

Point	Traditional budgeting	Zero-based budgeting
Starting point	Last year's figures, plus or minus a change.	Zero, every item is built afresh.
What is justified	Only the increase over last year.	The entire amount, old and new activities alike.
Outcome	Old, useless activities may continue unnoticed.	Obsolete or low-value activities are dropped.

Budget Ratios

Budget ratios show the **level of performance**: how far actual performance differs from the budget, and whether the difference is favourable or unfavourable. Management commonly uses the following six ratios.

Ratio	Formula	What it shows
(i) Efficiency ratio	$\frac{\text{Standard Hours}}{\text{Actual Hours}} \times 100$	Standard hours for the work produced, as a percentage of the actual hours taken to produce it.
(ii) Activity ratio	$\frac{\text{Standard Hours}}{\text{Budgeted Hours}} \times 100$	Standard hours for the work produced, as a percentage of the budgeted standard hours.
(iii) Calendar ratio	$\frac{\text{Available working days}}{\text{Budgeted working days}} \times 100$	Working days available in the period, as a percentage of the working days in the budget period.
(iv) Standard capacity usage ratio	$\frac{\text{Budgeted Hours}}{\text{Max. possible hours in the budget period}} \times 100$	Budgeted hours, as a percentage of the maximum possible working hours in the budget period.
(v) Actual capacity usage ratio	$\frac{\text{Actual Hours worked}}{\text{Max. possible working hours in the period}} \times 100$	Actual hours worked, as a percentage of the maximum possible hours. It shows how much of the facilities was actually used.
(vi) Actual usage of budgeted capacity ratio	$\frac{\text{Actual working Hours}}{\text{Budgeted Hours}} \times 100$	Actual hours worked, as a percentage of the budgeted hours.

EXAMPLE – COMPUTING THE RATIOS

Budgeted output is **2,000 units** at a standard time of **0.5 hour per unit**. Actual output is **1,980 units**, and **900 hours** were actually worked. The maximum possible working hours in the period are **1,250**. Budgeted working days are **25**, and working days actually available are 24.

Budgeted hours = 2,000 × 0.5 = **1,000**.
Standard hours for actual output = 1,980 × 0.5 = **990**.

Ratio	Working	Result	What it means
Efficiency	990 ÷ 900 × 100	110%	Better than standard
Activity	990 ÷ 1,000 × 100	99%	1% below the budgeted activity
Calendar	24 ÷ 25 × 100	96%	One working day less than budgeted
Standard capacity usage	1,000 ÷ 1,250 × 100	80%	Budgeted hours are 80% of the maximum
Actual capacity usage	900 ÷ 1,250 × 100	72%	72% of the maximum was used
Actual usage of budgeted capacity	900 ÷ 1,000 × 100	90%	90% of the budgeted hours were worked

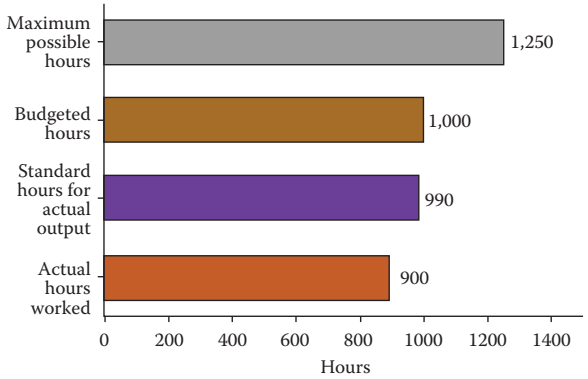

Figure 7: Hours behind the ratios in the example

REMEMBER

Activity ratio = Efficiency ratio × Actual usage of budgeted capacity ratio. Check with the example: 110% × 90% = 99%.

For the efficiency, activity and calendar ratios, **100% or more is favourable**.

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Panipat	North	12-13 December 2026
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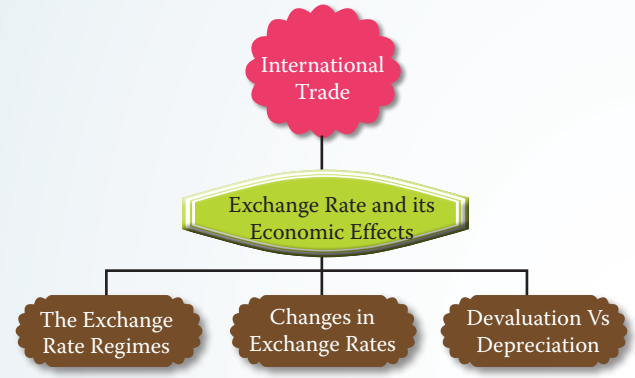
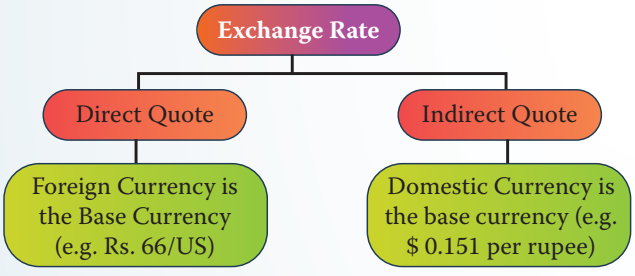
INTERNATIONAL TRADE

International trade is the exchange of goods and services as well as resources between countries and involves greater complexity compared to internal trade

Exchange Rate and Its Economic Effects

Exchange rate is the rate at which the currency of one country exchanges for the currency of another country.





Cross rate

The rate between Y and Z which is derived from the given rates of another set of two pairs of currency (say, X and Y, and, X and Z) is called cross rate.

Exchange Rate Regime

An exchange rate regime is the system by which a country manages its currency in respect to foreign currencies.

Floating Exchange Rate Regime

- The equilibrium value of the exchange rate of a country's currency is market determined i.e the demand for and supply of currency relative to other currencies, determines the exchange rate.
- A floating exchange rate allows a government to pursue its own independent monetary policy and there is no need of market intervention or maintenance of reserves. But, volatile exchange rates generate a lot of uncertainties in relation to international transactions, Examples: Advanced economies like U.S.A, New Zealand, Sweden.

A fixed exchange rate

- Also referred to as pegged exchanged rate, is an exchange rate regime under which a country's government announces, or decrees, what its currency will be worth in terms of either another country's currency or a basket of currencies or another measure of value, such as gold.
- A central bank may implement soft peg policy under which the exchange rate is generally determined by the market, or a hard peg where the central bank sets a fixed and unchanging value for the exchange rate
- A fixed exchange rate avoids currency fluctuations and eliminates exchange rate risks and transaction costs, enhances international trade and investment and lowers the levels of inflation. But, the central bank has to maintain an adequate amount of reserves and be always ready to intervene in the foreign exchange market.

A fixed exchange rate

- Nominal Exchange Rate states how much of one currency can be traded for a unit of another currency.
- Real Exchange Rate: The 'Real Exchange Rate' incorporates changes in prices and describes 'how many' of a good or service in one country can be traded for 'one' of that good or service in a foreign country.
- Real exchange rate = Nominal exchange rate x Domestic Price ÷ Foreign Price
- Real Effective Exchange Rate (REER) is the nominal effective exchange rate (a measure of the value of a currency against a weighted average of several foreign currencies) divided by a price deflator or index of costs.

Usually, the supply of and demand for foreign exchange in the domestic foreign exchange market determine the external value of the domestic currency, or in other words, a country's exchange rate.

Changes in exchange rates

- portrays depreciation or appreciation of one currency.
- The terms, `currency appreciation' and 'currency depreciation' describe the movements of the exchange rate.

Appreciation and Depreciation of Currency

- when its value increases with respect to the value of another currency or a basket of other currencies. On the contrary, currency depreciates when its value falls with respect to the value of another currency or a basket of other currencies.

Devaluation

- is a deliberate downward adjustment in the value of a country's currency relative to another currency, group of currencies or standard.

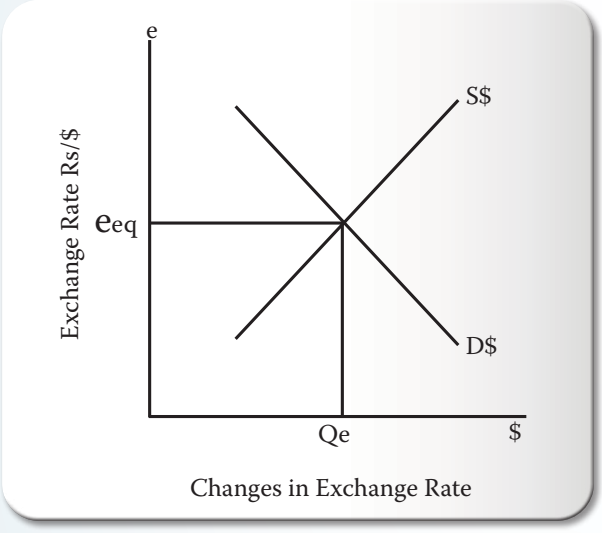
Effect of Appreciation

- An appreciation of a country's currency changes in import and export prices, will lead to changes in import and export volumes, causing changes in import spending and export revenue
- adversely affect the competitiveness of domestic industry, cause larger deficits and can worsen the current account

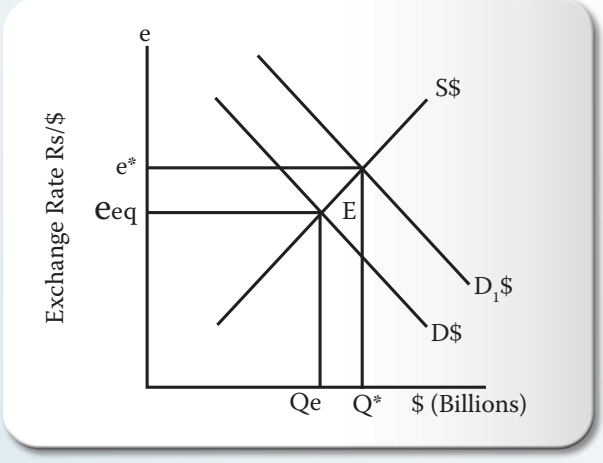
Effect of Appreciation

- Exchange rate depreciation lowers the relative price of a country's exports, raises the relative price of its imports, increases demand both for domestic import-competing goods and for exports, leads to output expansion, encourages economic activity, increases the international competitiveness of domestic industries, increases the volume of exports and promotes trade balance.

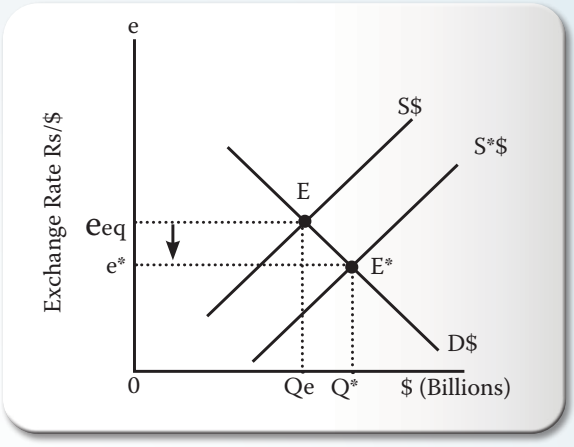
Determination of Nominal Exchange Rate



Home-Currency Depreciation under Floating Exchange Rates



Home-Currency Appreciation under Floating Exchange Rates



Foreign Exchange Market

The wide reaching collection of markets and institutions that handle the exchange of foreign currencies is known as the foreign exchange market.

Being an over-the-counter market, it is not a physical place; rather, it is an electronically linked network bringing buyers and sellers together and has only very narrow spreads

On account of arbitrage, regardless of physical location, at any given moment, all markets tend to have the same exchange rate for a given currency. Arbitrage refers to the practice of making risk-less profits by intelligently exploiting price differences of an asset at different dealing places.

Types of transactions in a forex market:

Spot Market:

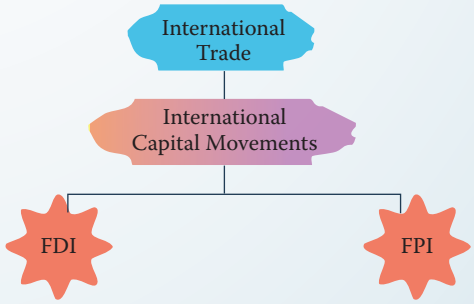
Current transactions which are carried out in the spot market and exchange involves immediate delivery

Forward and /or Future Market

- Contracts buy or sell currencies for future delivery which are carried out in forward and/or future
- current transactions which are carried out in the spot market and contracts to buy or sell currencies for future delivery which are carried out in forward and futures markets

International Capital Movements

Foreign capital may flow into an economy in different ways, such as foreign aid, grants, borrowings, deposits from non resident Indians, investments in the form of foreign portfolio investment (FPI) and foreign direct investment (FDI)



Foreign direct investment is defined as a process whereby the resident of one country (i.e. home country) acquires ownership of an asset in another country (i.e. the host country) and such movement of capital involves ownership, control as well as management of the asset in the host country.

Direct investments are real investments in factories, assets, land, inventories etc. and have three components, viz., equity capital, reinvested earnings and other direct capital in the form of intra-company loans. FDI may be categorised as horizontal, vertical or conglomerate. Two-way direct foreign investments reciprocal investments.

The main reasons for foreign direct investments are profits, higher rate of return, possible economies of large-scale in operation, risk diversification, retention of trade patents, capture of emerging markets, lower host country environmental and labour standards, bypassing of non-tariff and tariff barriers, cost–effective availability of needed inputs and tax and investment incentives.

Foreign portfolio investment is the flow of 'financial capital' with stake in a firm at below 10 percent and does not involve manufacture of goods or provision of services, ownership management or control of the asset on the part of the investor.

Foreign direct investment (FDI)	Foreign portfolio investment (FPI)
Investment involves creation of physical assets	Investment is only in financial assets
Has a long-term interest and therefore remain invested for long	Only short-term interest and generally remain invested for short periods
Relatively difficult to withdraw	Relatively easy to withdraw
Not inclined to be speculative	Speculative in nature
Often accompanied by technology transfer	Not accompanied by technology transfer
Direct impact on employment of labour and wages	No direct impact on employment of labour and wages
Enduring interest in management and control	No abiding interest in management and control
Securities are held with significant degree of influence by the investor on the management of the enterprise	Securities are held purely as a financial investment and no significant degree of influence on the management of the enterprise

Modes of FDI

- Opening of a subsidiary or associate company in a foreign country,
- Equity injection into an overseas company,
- Acquiring a controlling interest in an existing foreign company,
- Mergers and acquisitions(M&A)
- Joint venture with a foreign company.
- Green field investment
- Brownfield investments

(i) **Green field investment** (establishment of a new overseas affiliate for freshly starting production by a parent company).

(ii) **Brownfield investments** (a form of FDI which makes use of the existing infrastructure by merging, acquiring or leasing, instead of developing a completely new one. For e.g., in India 100% FDI under automatic route is allowed in Brownfield Airport projects.

In India, foreign investment is prohibited in the following sectors:



CROSSWORD SOLUTION – NOVEMBER 2026

1A	2S	S	3E	4T		5A	6U	7D	8I	9T	
10M	A		11Q	A	12D		13F	E	M	A	
14O	T		15U	T	I		16E	B	I	T	17A
R			18I	A	N			T			C
19T	R		T			20F	21L	O	A	T	
I		22E	Y		23M	O	B	R			24M
25S	26I	T		27C	A	R	O		28M	29A	C
A	C			30F	T	E		31A	I	M	
T		32M	T			33C	O	S	T		34G
35I	36M			37L	38O	A	N			39C	A
40O	N	E		41F	M	S		42S	43C	A	M
44N	E	T	W	O	R	T	H		45N	T	A

The Institute of Chartered Accountants of India

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

CA INDIA



ICAI E-DIARY

Students Advisory & Compliance Notes

Board of Studies - Operations

LOGIN PROCESS

Visit SSP Portal https://eservices.icai.org	Click on E-Diary Redirect Link	Enter SSP User ID & Password	Click Sign In	The Dashboard opens automatically

STUDENT LOGIN - DAILY & FORTNIGHTLY FILING

A. DASHBOARD INFORMATION

After login, student dashboard displays:

- Name
- SRN (Student Registration Number)
- Articleship Status
- Registration Date
- Termination Date (if applicable)



B. DAILY ENTRY PROCESS

- Select Date
- Select Duration: Half Day Full Day
- Select Task (from dropdown list)
- Select Sub-Tasks (Minimum 1, Maximum 5)
- Add Other Task (optional if task not listed)
- Click Save

Entries can be Edited/Deleted before submission.

C. STIPEND ENTRY (Only in F1 of Next Month)

Stipend details must be entered in F1 (1–15) of the following month. Fields to fill:

- Stipend Amount
- Received (Yes/No)
- Date of Payment
- Mode of Payment

Submit

D. FORTNIGHT SYSTEM

Each month is divided into

1st to 15th — F1 | F2 — 16th to Last Day

SUBMISSION RULE: Student must submit previous fortnight entries in the current fortnight.

Example: Work done from 1st-15 Jan Submit in 15-31 Jan.

Very Important:

Students are advised to record their E-Diary every day. Missed entries will be considered as leave.

For any queries

SCAN ME!

The Institute of Chartered Accountants of India

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

CA INDIA

Board of Studies - Operations

I C A I E-DIARY

Clarity, Guidance, Governance Insights for Principals and Members



LOGIN PROCESS

Visit SSP Portal: https://eservices.icai.org → Click on E-Diary Redirect Link → Enter SSP User ID & Password → Click Sign In → The Dashboard opens automatically

PRINCIPAL LOGIN - REVIEW AND ACTION

A. Principal Dashboard

Displays
List of submitted (default view) E-Diaries

Search by:

SRN | Fortnight

Left Panel Filters:

- Not Submitted
- Approved
- Ask for Correction

B. Review Process

- CLICK ACTION
- Date-wise entries
- Tasks performed
- Duration
- Stipend details

C. Available Actions

Approve
Comments mandatory
Click Confirm

Ask for Correction
Comments mandatory
Click Confirm

PRINCIPAL DEADLINE

Principal is required to Approve/Ask for Correction trainee's E-Diary within duration of next 2 (two) fortnights.

*Scenario 1

Student 1:

January F1: submitted by student on **15th January** (End of the fortnight)

Member 1: Can take action till **15th February** (By the end of two fortnights)

*Scenario 2

Student 2:

January F1: Submitted by student on **31st January** (End of the next fortnight)

Member 2: Can take action till **15th February** (By the end of two fortnights)

If no action is taken

System will Auto Approve at the beginning of the 3rd fortnight.

Together, let's build a culture of transparency, responsibility & excellence.
Every Entry. Every Fortnight. Every Future.

Follow us on @bosoicai
sroart@icai.in ittmonitoring@icai.in Follow ICAI

For any queries

SCAN HERE



Neel Rajesh Shah

AIR 1
CA INTERMEDIATE,
SEPTEMBER 2026 EXAMINATION

Congratulations on securing AIR 1! What inspired you to choose Chartered Accountancy and how did your family support you throughout your journey?
My interest in Mathematics, analytical thinking and the corporate world inspired me to pursue Chartered Accountancy. My father, a Chartered Accountant, was also a major influence, introducing me to the profession and its diverse opportunities. Throughout my journey, my father's guidance and professional insights, along with my mother's constant encouragement and emotional support, kept me motivated. Their unwavering belief in me helped me overcome challenges, and this achievement belongs equally to my family.

When did you start your preparation for the CA Intermediate examination and how did you plan your overall study duration from the beginning phase until the final exam?
I began preparing for CA Intermediate soon after appearing for my CA Foundation examination, even before the results were declared, to utilise the available time effectively. I focused on completing the syllabus systematically, alongside self-study, with an emphasis on building strong conceptual understanding. I planned to complete the syllabus well in advance and dedicate August primarily to revision, mock tests and question practice, ensuring thorough preparation and confidence before the examinations.

How effectively did you use ICAI's Study Material, LVC classes, RTPs and MTPs? Which of these BoS resources played the most crucial role in your success?
I extensively referred to ICAI's Study Material, particularly for theory subjects, to understand concepts and familiarise myself with the terminology and presentation expected by the Institute. I regularly practised ICAI's Revision Test Papers (RTPs) and Mock Test Papers (MTPs), covering at least the last three examination attempts. Among the BoS resources, RTPs and MTPs played the most crucial role by strengthening my application skills, familiarising me with the examination pattern and improving my exam readiness.

Can you share your structured daily routine during the last two months before the examination—study hours, revision cycles, mock tests, sleep pattern and break management?
I have always preferred studying during the night, so I structured my study schedule accordingly. I generally studied until 4 a.m. and woke up around 10 a.m., ensuring approximately six hours of sleep. I preferred a flexible routine rather than a rigid timetable, setting challenging daily targets to maintain consistency. From May to July, I devoted around 15 days to each subject to complete the syllabus and strengthen concepts. During August, I focused on revision and mock tests, allocating about one and a half days per subject. Between tests, I revised multiple subjects, addressed doubts and worked on weaker areas, maintaining a balanced and disciplined approach.

How many revisions did you complete before the examination and what was your revision strategy for theory-based and practical subjects?
I completed approximately three to four revisions of most subjects, while I revised Audit and Taxation around six times, as I found them comparatively challenging. For practical subjects, I identified and marked important questions covering different concepts and problem-solving approaches during my initial practice and revisited them regularly. For theory-based subjects, I relied primarily on repeated reading to strengthen retention. I also used acronyms and other memory techniques to recall important points and practised writing answers to improve recall and presentation. My strategy was to adapt revision according to each subject's requirements, focusing more time on challenging areas. I believe consistent revision, targeted practice and identifying weaker areas are essential for effective examination preparation.

How many Mock Test Papers did you attempt for each subject and how did analysing these papers help improve performance?
I attempted two Mock Test Papers (MTPs) for each subject, after dedicating approximately one and a half days to focused revision. Alongside these, I practised previous examination question papers between revision sessions. Attempting papers under examination conditions helped me assess my preparation, understand the examination pattern and improve time management. Analysing my performance enabled me to identify weaker areas, address conceptual gaps and focus on topics requiring further revision. These practice sessions helped me improve both accuracy and confidence before the actual examination.

Was this your first attempt? If not, what changes did you incorporate in this attempt, especially with respect to the guidance and support available from the Board of Studies?
Yes, September 2026 was my first attempt at the CA Intermediate examination. My primary focus was on building a strong conceptual foundation, completing the syllabus well in advance and allocating sufficient time for revision and practice. I referred to ICAI's Study Material, particularly for theory subjects, and made extensive use of the BoS Revision Test Papers (RTPs) and Mock Test Papers (MTPs) from the preceding three examination attempts. These resources helped me understand the examination pattern, practise different question formats and assess my preparation. Completing the syllabus early and reserving the final month for revision and mock tests helped me approach the examination with confidence.

Did you attempt the full paper in each subject? What time-management and answer-presentation strategies did you adopt in the exam hall?
Yes, I attempted the entire question paper in all six subjects. My key time-management strategy was to complete each question in the first attempt and revisit it only if time permitted, avoiding unnecessary repetition. For theory subjects, I presented answers in a clear, point-wise manner. For practical subjects, I ensured neat and systematic solutions, using properly headed tables and pencil-drawn formats wherever required. I also started each new question on a fresh page to maintain clarity and improve overall answer presentation.

What message would you like to convey to students appearing for the January 2027 CA Intermediate examination, especially regarding the effective use of BoS resources and maintaining consistency?
My message to students appearing for the January 2027 CA Intermediate examination is to stay focused, remain consistent and trust their preparation. Plan your studies, set realistic targets and revise regularly. Make effective use of ICAI's BoS resources, particularly Study Material, RTPs, MTPs and case study-based resources. Practise these sincerely and analyse your performance to identify areas for improvement. Avoid unnecessary stress, believe in your abilities and remember that consistent efforts, conceptual clarity and self-confidence are the keys to success.

TOPPERS OF CHARTERED ACCOUNTANTS

FOUNDATIOON EXAMINATION SEPTEMBER-2026

ALL INDIA TOPPER
FIRST RANK

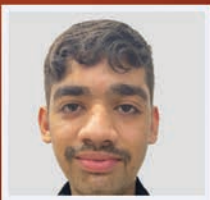


KANSIKA
HISAR



MAHEK GUPTA
HYDERABAD

ALL INDIA TOPPER
SECOND RANK



SPARSH KHANDELWAL
AJMER



J JAYANTH
CHENNAI

ALL INDIA TOPPER
THIRD RANK



VAIBHAVI SINGHAL
GWALIOR

Congratulations

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

BOARD OF STUDIES (ACADEMIC), ICAI

Structure of series of online sessions

Audit Insights

Bridging Theory with Practice



Time for Online Sessions- 3 PM to 5 PM

Date	Day	Topic
16-09-2026	Wednesday	Preliminary Engagement Activities
23-09-2026	Wednesday	Audit Strategy, Audit Planning and Audit Program
01-10-2026	Thursday	
07-10-2026	Wednesday	Risk Assessment and Internal Control Evaluation
14-10-2026		
21-10-2026	Wednesday	Audit Evidence
28-10-2026		

Date	Day	Topic
04-11-2026	Wednesday	Substantive Testing
18-11-2026		
25-11-2026		
30-11-2026	Monday	Completion & Review
02-12-2026	Wednesday	
07-12-2026	Monday	Audit Report
09-12-2026	Wednesday	
14-12-2026	Monday	Audit Documentation

FEATURES

- Importance of practical exposure alongside theoretical learning
- Role of auditing in ensuring reliability of financial information
- Linkage between Standards on Auditing (SAs) and Practical Exposure

Scan to Join or Access the Link to Join the Audit Insights

https://live.icai.org/bos/audit/

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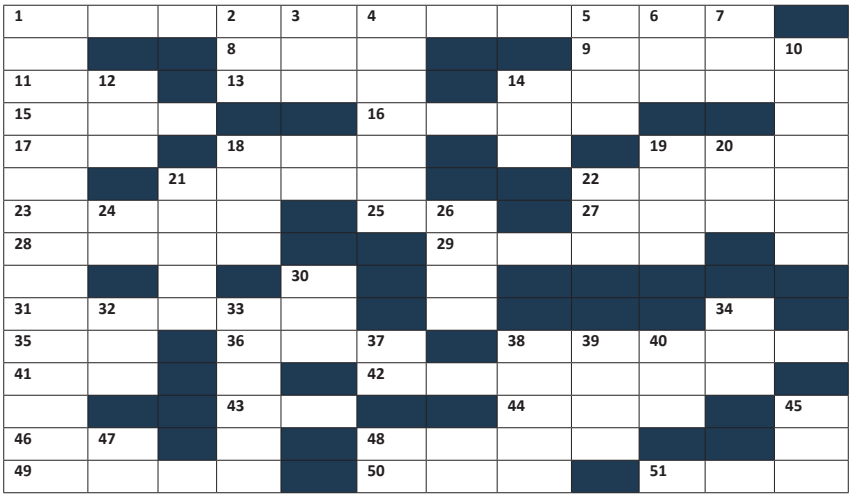
CROSSWORD - DECEMBER 2026



ACROSS

1. A Piece of software designed to carry out a particular task is _____
8. _____is an agreement according to international law to form a free-trade area between the cooperating states.
9. A document that transfers the title to property from one owner to another.
11. Abbre Supreme Court
13. A network protocol for delivering audio and video over IP networks.
14. An instant video messaging platform for iOS, Android, and Windows mobile devices.
15. _____ is the integrated management of main business processes, often in real time and mediated by software and technology.
16. A unique 11-digit alphanumeric code that is used for online fund transfer transactions done via NEFT, RTGS and IMPS.
17. _____ is a symbol to indicate that the preceding mark is a trademark, specifically an unregistered trademark.
18. Abbre : Common Admission Test
19. An Indian natural gas distribution company that supplies natural gas as cooking and vehicular fuel.
21. A forum of professional accounting bodies in the South Asian Association of Regional Cooperation region of eight nations.
22. It is established in each state for regulation of the real estate sector and also acts as an adjudicating body.
23. A questionnaire prepared by RBI which an auditor has to answer.
25. A curve that represents the combinations of the interest rate and income such that money supply and money demand are equal.
27. _____ is being introduced for admission into all UG Programmes in all Central Universities for academic session 2022-23 under the Ministry of Education, (MoE).
28. A method used to account for inventory that records the most recently produced items as sold first.
29. The apex body in India for the formulation, coordination, and promotion of biomedical research.
31. A computer or program fails suddenly _____
35. The total desired or planned. expenditure on goods and services in the economy.
36. The governing body of the National Olympic Committees (NOCs) and of the worldwide "Olympic Movement",
38. As per Ind AS, a _____ is a parent and all its subsidiaries.
41. ___ Bank means The Toronto-Dominion Bank
42. The value of the shares issued by a company.
43. Scottish form of not, used after an auxiliary verb.
44. ____ describes the breaking of degeneracies of electron orbital states.
46. A slang term for someone who's incredibly exceptional, authentic, or "old-school."
48. A commercial AM radio station in Farmersville, Texas.
49. A national level, institutionalized, electronic, transparent spot market.
50. A non-governmental trade association and advocacy group headquartered in New Delhi
51. A compilation of rules and orders of Government of India to be followed by all while dealing with matters involving public finances.

DOWNWARD

1. _____ involves dividing your investments among different assets, such as stocks, bonds, and cash.
2. Abbre Long-Term Failure Rate
3. An American worldwide manufacturing company based in Stamford, Connecticut.
4. _____is typically cash or liquid assets being held or obtained for expenditures.
5. As per Ind AS, the amount of fixed overhead allocated to each unit of production is not increased as a consequence of _____ plant.
6. An international governmental body for cooperation between Latin American countries in the field of education, science, technology
7. A private, non-profit foundation dedicated to the growth and strengthening of democratic institutions around the world.
10. _____ is to let the air out of something.
12. A process in which a business or other organization administers its interactions with customers, typically using data analysis to study large amounts of information.
14. A tax on goods and services sold domestically for consumption.
18. _____ 2020 is a new format for issue of audit reports in case of statutory audits of companies under Companies Act, 2013.
19. _____ provides market like exposure to the developed Europe space
20. A standardized test that is an admissions requirement for many graduate schools in the United States and Canada and few in other countries.
21. The free trade arrangement of the South Asian Association for Regional Cooperation.
22. An essential element of the system that enables clients to perform a "data-driven" analysis for a given process, organization, IT system, project/ event or custom entity.
24. A company engaged in the business of dealing with financial and monetary transactions such as deposits, loans, investments, and currency exchange.
26. A technology used primarily to identify and process checks.
30. A specialized agency of the United Nations responsible for international public health.
32. _____flags are indicators or warning of any impending danger or inappropriate behaviour.
33. A series of Audio wave is _____
34. It's an informal way to refer to a person, especially a male.
37. _____ are year notations for the Gregorian calendar the world's most widely used calendar era.
38. An Italian high-end luxury fashion house.
39. An _____system consists of a tiny radio transponder, a radio receiver and transmitter.
40. ___ media service is a media service offered directly to viewers via the Internet.
45. The percentage of a bank's total deposits that it needs to maintain as liquid cash.
47. An American multinational investment bank and financial services company.
48. _____Overseas Education is rapidly growing EdTech Company in India,

If undelivered, please return to: The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110002