



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SETUP BY AN ACT OF PARLIAMENT)

BHUJ BRANCH OF ICAI (WIRC)

KATIRA COMPLEX, SANSKAR NAGAR ROAD, SANSKAR NAGAR,
BHUJ, GUJARAT 370001



INDIA

CA DAY

1ST JULY 2025

E-NEWSLETTER

Release On July 05, 2025 Volume 2025- Edition June

IN THIS ISSUE

TITLE	PAGE
Chairperson's Communique	2
The Evolving Role of Chartered Accountants: From Number Crunchers to Nation Builders	4
ICAI's New Financial Statement Format for Non-Corporate Entities: A Paradigm Shift in FY 2024-25	5
Key Changes Introduced in AY 2025-26 ITR Forms: A Comprehensive Analysis	12
Transitioning from Income Tax Depreciation to AS 10 Compliance for Small Entities: A New Financial Reporting Paradigm	16
AI vs AI Agent: Understanding the Difference	19
DUE DATES CALENDAR	22
GST UPDATES	23
PHOTO GALLERY	24
TEAM BHUIJ BRANCH	29

Chairperson's Communique



Dear Members & Colleagues,

Greetings!

June & 1st July 2025 was an inspiring filled with wellness, professional celebration, and community honor. Here are the highlights:

1. CPE on live filing of GST return using Tally Prime 6.0 by CA Sachin Mehta – Platform given to new speaker for sharing his knowledge & thoughts to our fellow colleagues on 9/6/25.

2. International Day of Yoga – June 21

Under the global theme “Yoga for One Earth, One Health”, we held yoga sessions leading up to June 21 like Slogan Writing, Essay Writing, Light-Camera-Yoga Theme. We have celebrated 21st June with Sarvamangal Arogyadham, Bhuj under the guidance of Special Yog Faculty.

3. International MSME Day – June 27

We organised International MSME Day and Samriddhi Jain was invited as Chief Guest who is Credit Officer, SME (SBI Bhuj Branch). Bharat Nakum, Manager (RM) DIC, Bhuj was special invitee for this event. CA Hardik K Thacker shared his knowledge willingness under the guidance of CA Mehul Lodariya.

There was a helpdesk by branch & bank for registration and practical resolution. On this day it was a Ashadhi Bij which is celebrated as new year of Kachchh District. Festival of Kachchh Carnival was enjoyed by people of Kachchh.

Senior CA members (75+ age) were also awarded by memento towards contributing the profession & society.

4. Chartered Accountants Day – July 1

We celebrated CA Day with impactful events that blended health, service, governance, and culture:

- Walkathon–along with doctors & Income Tax officers

- AGM–reviewed branch progress
- Tree plantation & cleanliness drive–promoting civic responsibility
- Cultural evening–musical evening for CA fraternity
- Workshop on Work–Life Balance–equipping members with practical wellness strategies

5 . MOU with Sarvamangal Arogyadham, Bhuj

For the better health & physical fitness we have arranged special quota at discounted rate for members, students, families & staffs which ultimately help our profession directly & indirectly.

What's Ahead

- CPE Webinars on GST, audits, and IT
- Motivational Seminar, International Skills Day Celebration

Thank you to everyone who joined these events. Your enthusiasm strengthens our community's spirit and paves the way for a balanced, vibrant, and forward-looking branch.

Warm regards,
CA Bhargav N. Shankarwala
Chairman, ICAI Bhuj Branch (WIRC)

The Evolving Role of Chartered Accountants: From Number Crunchers to Nation Builders

CA Sneha P. Verma

1st July – A Date Etched in Pride.

As we commemorate CA Day, we don't just celebrate the birth of the Institute of Chartered Accountants of India (ICAI), we celebrate the unwavering integrity, intellect, and contribution of every CA across the country.

Gone are the days when Chartered Accountants were perceived as mere auditors or tax consultants. In today's dynamic economy, CAs are strategic advisors, financial storytellers, risk managers, digital navigators, and compliance guardians. We are at boardrooms guiding billion-dollar decisions, on-ground helping MSMEs stay compliant, and in startups building financial muscle from scratch.



The New-Age CA:

Tech-Savvy Professionals: With GST, faceless assessments, and AI-led audits, technology is no longer optional—it's our ally.

Advisors Beyond Books: From ESG reporting to forensic audits, our canvas has expanded. Partners in Nation-Building: Whether through timely tax filing or ethical corporate governance, we uphold the financial backbone of the country.

Young CAs, New Energy:

The youth in our profession are not just job seekers—they are entrepreneurs, influencers, educators, and policy thinkers. They are proving that the CA prefix can open more doors than ever before.

Looking Ahead:

As we step into another year of this prestigious profession, let's continue to:

- Embrace change
- Mentor generously
- Work ethically
- Innovate constantly

Let us be the reason someone believes that finance can be honest, audits can be empowering, and numbers can change the nation.

Happy CA Day to all torchbearers of trust, transparency, and transformation.

ICAI's New Financial Statement Format for Non-Corporate Entities: A Paradigm Shift in FY 2024-25

CA Mansi Thacker



Introduction

The Institute of Chartered Accountants of India (ICAI) has led in a new era of financial reporting with the introduction of standardized financial statement formats for non-corporate entities, effective from FY 2024-25. This landmark development, formalized through the Guidance Note 2023 on 'Financial Statements of Non-Corporate Entities,' represents a significant shift from the previously flexible reporting practices to a more structured and standardized approach.

What initially appeared as a recommendatory measure has now been confirmed as compulsory for all non-corporate entities from April 1, 2025. This mandatory adoption signals ICAI's commitment to enhancing transparency, comparability, and consistency in financial reporting across all entity types in India.

Background and Rationale

The absence of standardized formats for non-corporate entities had long been a concern in the accounting profession. Unlike corporate entities governed by Schedule III of the Companies Act, 2013, non-corporate entities enjoyed considerable flexibility in presenting their financial statements. This flexibility, while providing convenience, often resulted in inconsistent reporting practices and reduced comparability.

The new guidance note addresses these concerns by establishing uniform reporting standards that align with contemporary accounting practices while maintaining the essence of traditional financial reporting. The objective is to ensure that financial statements of non-corporate entities meet the same standards of transparency and disclosure as their corporate counterparts.

Scope and Applicability

Entities Covered

The new format applies to all non-corporate entities, including:

- Sole proprietorships
- Partnership firms (excluding LLPs)
- Association of Persons (AOP)
- Hindu Undivided Families (HUF) carrying on business.
- Trusts engaged in commercial activities
- Other unincorporated entities

Entities Excluded

- Companies (governed by Schedule III of Companies Act, 2013)
- Limited Liability Partnerships (LLPs) - separate format available
- Non-Profit Organizations (NPOs) - separate guidance exists

Effective Date and Transition

ICAI has introduced a new format for non-corporate entities which is applicable from 1st April, for statements prepared for FY 2024-25. Though the initial communication hinted at the new format being recommendatory, the ICAI has since confirmed that effective April 1, 2025, the new format will be compulsory for all non-corporate entities.

Key Components of the New Format

The revised format comprises three main components, bringing it in line with corporate financial statement presentation:

1. Balance Sheet (Vertical Format)

The balance sheet follows a vertical presentation format with clear segregation between:

Equity and Liabilities:

- Capital/Owner's Equity
- Reserves and Surplus
- Current Liabilities
- Non-Current Liabilities

Assets:

- Non-Current Assets
- Current Assets

2. Statement of Profit and Loss

The profit and loss statement follows a structured format with clear categorization of:

- Revenue from Operations
- Other Income
- Total Income
- Expenses categorized appropriately
- Profit/Loss before and after tax

3. Notes to Accounts

Comprehensive notes covering:

- Accounting policies
- Related party disclosures
- Contingent liabilities and commitments
- Other material disclosures

Significant Changes and Enhancements

Current vs. Non-Current Classification

The new format requires a clear distinction between current and non-current assets and liabilities. Specifically, the previous formats had no requirement for a clear distinction between current and non-current items. This classification brings non-corporate entities in line with corporate reporting standards and provides better insight into liquidity and financial position.

Enhanced Disclosure Requirements

Detailed disclosures on related party transactions, contingent liabilities, and other material financial aspects are mandatory. This enhanced transparency ensures that stakeholders have access to comprehensive information about the entity's financial position and performance.

Standardized Presentation

The new format eliminates the variations in presentation that were previously acceptable, ensuring consistency across all non-corporate entities. This standardization facilitates better comparison and analysis by stakeholders, including lenders, investors, and regulatory authorities.

Integration of Accounting Standards under the New Format

One of the most significant changes brought about by the ICAI's new financial statement format is the explicit requirement to adhere to applicable Accounting Standards, which were earlier often overlooked in the context of non-corporate entities. With the enhanced disclosure and classification norms, certain AS now assume critical importance for even small and medium-sized non-corporate entities.

To ensure consistency and transparency in financial reporting, the ICAI has revised the classification criteria for non-company entities, effective from financial year 2024-25. Entities are now categorized into four levels based on turnover and borrowings, with corresponding levels of compliance under the Accounting Standards. The table below outlines the updated thresholds, which replace the earlier limits of ₹50 crore turnover and ₹10 crore borrowings used in past classifications.

Level	Turnover (excl. other income)	Borrowings (incl. deposits)	AS & Cash-Flow Requirements
Level I (Large)	Above ₹ 250 crore	Above ₹ 50 crore	Full AS compliance and Mandatory Cash Flow Statement
Level II (Medium)	₹ 50-250 crore	₹ 10-50 crore	Partial exemptions; Cash Flow not mandatory
Level III (Small)	₹ 10-50 crore	₹ 2-10 crore	More relaxations; Cash Flow optional
Level IV (Micro)	Up to ₹ 10 crore	Up to ₹ 2 crore	Only essential AS; Cash Flow optional

*the above table is for quick reference but for detailed please refer to the guidance note issued by ICAI

Here is the complete table extracted from Appendix I of the Guidance Note on Financial Statements of Non-Corporate Entities (August 2023), covering the applicability of AS 1 to AS 29 for Level II, III, and IV entities and for Level I every AS is compulsory.

Accounting Standard (AS)	Level II	Level III	Level IV
AS 1	Applicable	Applicable	Applicable
AS 2	Applicable	Applicable	Applicable
AS 3	Not applicable	Not applicable	Not applicable
AS 4	Applicable	Applicable	Applicable
AS 5	Applicable	Applicable	Applicable
AS 7	Applicable	Applicable	Applicable
AS 9	Applicable	Applicable	Applicable
AS 10	Applicable	Applicable with disclosure exemptions	Applicable with disclosure exemptions
AS 11	Applicable	Applicable with disclosure exemptions	Applicable with disclosure exemptions (excluding current-tax)
AS 23	Not applicable	Not applicable	Not applicable
AS 24	Applicable	Not applicable	Not applicable
AS 25	Not applicable	Not applicable	Not applicable
AS 26	Applicable	Applicable	Applicable with disclosure exemptions
AS 27	Not applicable	Not applicable	Not applicable
AS 28	Applicable with disclosure exemptions	Applicable with disclosure exemptions	Not applicable
AS 29	Applicable with disclosure exemptions	Applicable with disclosure exemptions	Applicable with disclosure exemptions

Key Accounting Standards with Elevated Relevance:

Few standards which are to be emphasized now which may have ignored in non corporate are as under:

AS 10 – Property, Plant and Equipment

Previously, many non-corporate entities recorded fixed assets using informal methods, often aligning depreciation schedules with Income Tax Act provisions. Under the new format:

- **Proper classification of PPE into current and non-current** is required.
- **Depreciation must be as per AS 10**, not just as per Income Tax Act.
- **Disclosure of gross block, accumulated depreciation, and net block** is mandatory.
- If revaluation is done, **Revaluation Reserve** must be shown under “Reserves & Surplus” and supported with proper disclosure in notes.

This demands:

- A detailed fixed asset register
- Correct depreciation methods (e.g., SLM/WDV as per AS 10)
- Separate tracking for capital work-in-progress (CWIP) and assets held for disposal

AS 18 – Related Party Disclosures

AS 18, though long applicable, was often ignored by small non-corporate entities. Under the new format:

- Disclosure of transactions with related parties (partners, relatives, entities under common control, etc.) is mandatory.
- This includes nature of relationship, amount of transaction, balance outstanding, and any terms that are not at arm’s length.
- These must be appropriately cross-referenced in the notes to accounts and should align with audit working papers.

AS	Was it mandatory before?	What's new in ICAI's 2023 Guidance Note?
AS 1 – Disclosure of Accounting Policies	✔ Always applicable.	Now compulsory to disclose as the first note in the financial statements.
AS 9 – Revenue Recognition	✔ Applicable earlier too.	Now emphasis on timing, accrual vs receipt , and clear note presentation .
AS 29 – Provisions, Contingent Liabilities and Assets	✔ Applicable, but often ignored in practice.	Now must be clearly disclosed in notes as per prescribed format.
AS 22 – Accounting for Taxes on Income	✔ Applicable only if deferred tax arises and entity opts to follow it.	Now ICAI encourages disclosure of deferred tax , especially for larger non-corporates.
AS 26 – Intangible Assets	✔ Applicable earlier.	Now specific instruction to show software, brand cost, goodwill , etc. clearly – no more clubbing under “Misc. Expenses”.

Enhancing Compliance through AS Integration

The inclusion of these Accounting Standards within the structure of the financial statements:

- **Elevates the overall financial reporting quality**
- Enhances **audit readiness and stakeholder confidence**
- Brings **non-corporate reporting closer to corporate standards**
- Helps in **defending disclosures in tax assessments, bank audits, and litigation**

Compliance Implications

Mandatory Adoption

It means that professionals and non-corporate entities are expected to adopt the prescribed formats in their financial statements from the financial year 2024-2025 onwards. Non-compliance may result in rejection of financial statements by various stakeholders.

Professional Responsibility

Chartered Accountants preparing or auditing financial statements of non-corporate entities must ensure compliance with the new format. This includes:

- Proper classification of assets and liabilities
- Adequate disclosures as per the guidance note
- Adherence to prescribed terminology and presentation

Stakeholder Impact

It may cause the rejection of financial statements by tax authorities, banks, and other regulatory bodies if the prescribed format is not followed. This underscores the critical importance of compliance.

Benefits of the New Format

Enhanced Transparency

The standardized format provides clearer insights into the financial position and performance of non-corporate entities, benefiting all stakeholders.

Improved Comparability

Uniform presentation enables better comparison across entities and time periods, facilitating decision-making by lenders, investors, and other users.

Professional Development

The enhanced disclosure requirements elevate the quality of financial reporting and contribute to the professional development of CAs handling non-corporate entities.

Regulatory Alignment

The format aligns non-corporate entity reporting with broader regulatory expectations, reducing compliance burden in the long term.

Challenges and Mitigation Strategies

Implementation Challenges

- Initial resistance from clients due to increased disclosure requirements
- Need for system updates and staff training
- Additional time and cost implications

Mitigation Strategies

- Phased implementation approach
- Client education and communication
- Investment in training and technology
- Clear documentation of new procedures

Future Implications

The introduction of standardized formats for non-corporate entities signals ICAI's broader vision of harmonizing financial reporting standards across all entity types. This development may pave the way for:

- Further alignment with international reporting standards
- Enhanced regulatory oversight
- Improved access to formal credit markets for non-corporate entities
- Greater integration with digital reporting platforms

Conclusion

The mandatory adoption of ICAI's new financial statement format for non-corporate entities represents a watershed moment in Indian accounting practice. While the transition may present short-term challenges, the long-term benefits of enhanced transparency, comparability, and professional standardization far outweigh the initial implementation costs.

As chartered accountants, we have a professional responsibility to ensure seamless compliance with these new requirements while helping our clients understand and adapt to the changing landscape. The success of this initiative depends on our collective commitment to maintaining the highest standards of financial reporting and professional excellence.

The new format is not merely a compliance requirement but an opportunity to elevate the quality of financial reporting for non-corporate entities and contribute to the broader goal of transparent and reliable financial information in the Indian business ecosystem.

Key Changes Introduced in AY 2025–26 ITR Forms: A Comprehensive Analysis

CA Sneha P. Verma

The Income Tax Department has notified all seven ITR forms (ITR-1 to ITR-7) for Assessment Year (AY) 2025–26, incorporating changes necessitated by Finance Act, 2024, as well as continued policy efforts to enhance digital compliance, improve reporting accuracy, and increase the ease of return filing for certain categories of taxpayers.



As Chartered Accountants, it is crucial that we understand and convey these changes accurately to clients and colleagues. Below is a detailed breakdown of the significant updates introduced in the ITR forms for AY 2025–26.

1. Expanded Eligibility for ITR-1 (Sahaj) and ITR-4 (Sugam)

For AY 2025–26, taxpayers earning long-term capital gains (LTCG) up to ₹1.25 lakh under Section 112A from sale of listed equity shares or units of equity-oriented mutual funds (and with no carry-forward or set-off of such losses) can now use ITR-1 or ITR-4.

◆ Earlier, any capital gains income disqualified taxpayers from using ITR-1/4. This change facilitates simpler compliance for small investors.

2. Aadhaar Enrolment ID No Longer Accepted

Pursuant to changes in the Income Tax Act, only the Aadhaar number (not enrolment ID) is now accepted for PAN-Aadhaar linkage and return filing. Accordingly, all references to Aadhaar enrolment ID have been removed from ITR-1 through ITR-5.

◆ Taxpayers who previously filed with an Aadhaar enrolment ID must now ensure that their full Aadhaar number is linked to their PAN.

3. New Tax Regime Opt-Out Declaration in ITR-4

ITR-4 now mandates enhanced disclosure from taxpayers who opt out of the default new tax regime (Section 115BAC(6)). If the taxpayer has filed Form 10-IEA in a previous year to opt out, they must provide:

- Whether the option was furnished earlier under Form 10-IEA.
 - The Acknowledgement Number and Date of Filing of that Form.
 - Whether the taxpayer wishes to continue with the opted-out regime.
- ◆ This ensures tracking of regime preferences and prevents ambiguity in multiple-year filings.

4. Mandatory Disclosure of TDS Section Codes

In a bid to improve reconciliation between Form 26AS/TIS and ITRs, taxpayers claiming TDS on non-salary income (e.g., rent, professional fees, interest) must now mention the applicable TDS section code in their ITR.

Applies to: ITR-1, 2, 3, and 5

Common codes include:

- 194I – Rent
- 194J – Professional Fees
- 194A – Interest (non-bank)
- 194H – Commission

◆ This assists in automated cross-verification and reduces mismatch notices.

5. Revised Capital Gains Reporting Requirements

In line with Finance Act, 2024, changes in ITR-2, 3, 5, 6, and 7 include:

(a) Segregated Reporting Based on Transaction Date

- Gains/losses arising before and after 23 July 2024 must be reported separately due to amendments in capital gains computation methods.

(b) Enhanced Breakup for Asset Categories

- Separate fields introduced for unlisted securities, listed shares, land/building, bonds, debentures, and buybacks.

(c) Buyback-Related Changes (w.e.f. 1 Oct 2024)

- Loss from buyback of shares will be allowed only if the deemed dividend income under Section 2(22)(iv) has been declared in the ITR.
- Taxpayers must confirm that the requisite amount was disclosed under “Income from Other Sources.”

◆ These changes are aimed at plugging misuse in capital gain/buyback structures and enhancing tax base clarity.

6. Asset and Liability Reporting Threshold Raised to ₹1 Crore

The Schedule AL (Assets and Liabilities)–previously mandatory for taxpayers with gross total income exceeding ₹50 lakh–is now applicable only if the gross total income exceeds ₹1 crore.

Applies to: ITR-2 and ITR-3

◆ This eases compliance for mid-income professionals and reduces the burden of granular reporting.

7. Disability-Related Deduction Claim Rationalisation (Sections 80DD & 80U)

To claim deductions under Sections 80DD (maintenance of a dependent with disability) or 80U (self-disability), taxpayers must now provide:

- Certificate Number issued by the competent medical authority
- Issuing Authority Name
- Date of Issue of certificate

Applies to: ITR-1, 2, 3, and 4

- ◆ This is part of CBDT’s larger move towards digitized verification of deduction claims.

8. Presumptive Income Limits Revised (ITR-4)

Following the Finance Act, 2023, applicable from FY 2023–24 (AY 2025–26):

- Section 44AD (Business): Turnover limit increased from ₹2 crore to ₹3 crore, if ≥95% receipts are digital.
- Section 44ADA (Professionals): Limit increased from ₹50 lakh to ₹75 lakh, under the same 95% digital condition.

- ◆ These changes aim to encourage digital transactions and broaden presumptive taxation.

9. Extended Filing Deadline for AY 2025–26

The CBDT has extended the due date for filing ITRs for individuals and non-audit cases from 31 July 2025 to 15 September 2025.

Reason: Delay in rollout of utility forms and the integration of updated TDS, AIS and PAN validation systems into the e-filing platform.

- ◆ This provides much-needed breathing room for taxpayers and practitioners to adapt to new forms and validations.

✍ Conclusion

The changes introduced in the ITR forms for AY 2025–26 reflect a balanced approach—simplifying returns for eligible small taxpayers, while intensifying compliance and transparency requirements for those with complex financial structures.

As Chartered Accountants, it is imperative to:

- Revisit client data collection templates
- Update filing checklists and TDS tracking
- Guide clients proactively, especially around new capital gain bifurcations and tax regime disclosures
- Leverage the extended due date wisely

These changes aren’t just procedural—they reflect a policy shift toward data accuracy, automated verification, and intelligent tax governance.

Infographic: Key Changes at a Glance

	PREVIOUS RULE	AY 2025–26 RULE
Capital Gains for ITR-1	Disallowed for any CG	Allowed if LTCG ≤ ₹1.25 lakh (Sec 112A)
Asset Reporting Threshold	₹50 lakh	₹1 crore
Presumptive Tax (44AD)	₹2 crore	₹3 crore if ≥95% receipts are digital
Return Filing Deadline	31 July 2025	15 September 205

Transitioning from Income Tax Depreciation to AS 10 Compliance for Small Entities: A New Financial Reporting Paradigm

CA Mansi Thacker

Introduction

For years, small non-corporate entities, particularly Level IV entities under ICAI's classification, have aligned their accounting depreciation with the Income Tax Act rates for convenience and tax conformity. This shortcut, though convenient, is now set to evolve into a more robust and transparent approach. With the issuance of ICAI's "Guidance Note on Financial Statements of Non-Corporate Entities" effective from April 1, 2024, the message is clear: it's time to elevate accounting practices to match professional standards



What Changes Now?

The Guidance Note mandates that even the smallest non-corporate entities must comply with ICAI's Accounting Standards for recognition and measurement of assets, including depreciation under AS 10. This means: - No more blindly using Income Tax depreciation rates in the books. - Entities must now estimate useful life and residual value based on actual usage and business context.

Depreciation under AS 10: Key Principles

Depreciation under AS 10 must be:

- Based on useful life: Not the IT Act schedule, but what truly reflects how long the asset is expected to be used.
- Systematically allocated: Using methods like Straight Line Method (SLM) or Written Down Value (WDV), depending on how benefits are consumed.
- Adjusted for residual value: The estimated scrap/salvage value must be deducted from depreciable cost.
- Reviewed annually: Useful life, method, and residual value must be reassessed each year.

Useful Life Chart (Schedule II Reference for Guidance)

While entities can estimate useful life based on usage and conditions, the following are recommended benchmarks (drawn from Schedule II of Companies Act for guidance) :

Asset Class	Useful Life (Years)
Buildings (Factory)	30
Buildings (Other than Factory)	60
Plant and Machinery	15

Asset Class	Useful Life (Years)
Computers & Servers	3
Office Equipment	5
Furniture and Fixtures	10
Vehicles (General)	8
Vehicles (Motorcycles/Scooters)	10

Note: These are reference values. Actual useful life must reflect the specific usage pattern and condition of each asset.

Applicability of AS 10 Across Entity Levels

Criteria / Feature	Level I (Turnover > ₹250 cr or borrowings > ₹50)	Level II (Turnover > ₹50 cr and ≤ ₹250 cr or)	Level III (Turnover > ₹10 Cr and ≤ ₹50 cr or borrowings ≤ ₹50 Cr)	Level IV (Turnover ≤ ₹10 Cr. and borrowings ≤ ₹2 Cr)
Compliance with AS 10	✔ Full compliance	✔ With relaxations	✔ With relaxations	✔ With relaxations
Component Accounting	✔ Mandatory	✔ Mandatory	✘ Not mandatory	✘ Not mandatory
Useful Life Estimation	✔ Required	✔ Required	✔ Required	✔ Required
Residual Value Estimation	✔ Required	✔ Required	✔ Required	✔ Required
Review of Useful Life / Method Annually	✔ Mandatory	✔ Mandatory	✔ Mandatory	✔ Mandatory
Disclosure of Reconciliation of PPE	✔ Detailed	⚠ Simplified allowed	⚠ Simplified allowed	⚠ Basic disclosure only
Disclosure of Change in Estimate (AS 5)	✔ Required	✔ Required	✔ Required	✔ Required

✔ = Mandatory, ✘ = Not Mandatory, ⚠ = Relaxation or Simplified

Treatment of the Change: Prospective Application under AS 5

This shift in depreciation approach i.e from Income tax rate to AS 10, is classified as a change in accounting estimate, as per AS 5. Accordingly: - It must be applied prospectively from April 1, 2024. - No restatement of past depreciation or financials is required. - The carrying amount of existing assets will be depreciated using the new estimated useful lives. - Disclosure must be made about the nature and reason of the change in the notes to accounts.

Exemptions and Relaxations for Small Entities - Component accounting is not mandatory for Level IV entities, meaning they can depreciate the entire asset as a single unit without separating it into individual parts with different useful lives. - Detailed reconciliations and disclosures can be simplified. - However, the recognition and measurement principles are non-negotiable – depreciation must follow AS 10.

Assets Excluded from AS 10

AS 10 does not apply to:

- Biological assets other than bearer plants
- Mineral rights and wasting assets (like oil, gas, mines)
- Investment property (covered under AS 13)
- Assets classified as held-for-sale (covered under AS 24)
- Assets governed by industry-specific regulations (e.g., insurance)

Quick Summary for AS 10, 13 and 24:

Standard	Applies To	Depreciation?	Example
AS 10	PPE used in business operations	✓ Yes	Machinery, furniture, computers
AS 13	Investment properties held for rent/appreciation	✓ Yes (cost model)	Rented warehouse (not used in business)
AS 24	Assets held for sale/discontinuing operations	✗ No	Asset listed for sale within 12 months

Industry Example:

How a Mandap Decorator Should Treat Their Props and Equipment?

A decorator running an event design business owns props such as LED screens, camera rotators, and furniture. These are: - Used in full-service decor packages - Rented to clients individually - Occasionally sold to customers.

Since the primary purpose is for business use and rental, these items qualify as PPE under AS 10 and must be depreciated accordingly. Occasional sales are treated as disposal of PPE, and gain/loss is recorded in P&L. These are not inventory, and the assets are not held for sale, hence AS 24 does not apply.

Impact on Tax Audit Report (Form 3CD):

The difference in depreciation due to AS 10 vs. Income Tax Act will lead to a book-tax difference: - This must be disclosed appropriately in Clause 13 of Form 3CD. - Larger entities may need to account for deferred tax implications under AS 22.

Why This Shift is Positive

- Improved Transparency: Reflects actual usage and wear-and-tear of assets.
- Enhanced Credibility: Financial statements that comply with AS 10 will earn greater stakeholder confidence.
- Professionalism: Brings even the smallest firms closer to best accounting practices.

Conclusion

The transition from tax-based depreciation to AS 10-based depreciation is not just a compliance necessity – it is a progressive leap towards financial accuracy and integrity. By applying this as a change in estimate, entities can move forward without disruption, while ensuring they meet the evolving standards of financial reporting. Small entities are not exempt from transparency; rather, they are now empowered to present their financial position with greater truth and fairness.

Let this fiscal year be the one where accounting moves from convenience to credibility.

AI vs AI Agent: Understanding the Difference

CA Meet Pithadiya

Understanding Artificial Intelligence (AI).

What is AI?

Artificial Intelligence (AI) refers to the simulation of human intelligence in machines that are programmed to think, reason, learn, and act autonomously or semi-autonomously. These systems can process large volumes of data, recognize patterns, make decisions, and continuously improve their performance.



Key Features of AI:

- Learning: AI systems use algorithms to learn from data.
- Reasoning: They apply logical rules to reach conclusions or make predictions.
- Problem Solving: AI can assess complex problems and identify optimal solutions.
- Perception: Using sensors or data inputs (like vision or audio), AI can "perceive" its environment.
- Language Understanding: Natural Language Processing (NLP) allows AI to understand and respond to human language.

Types of AI:

1. Narrow AI (Weak AI): Specialized in a single task (e.g., voice assistants, recommendation engines).
2. General AI (Strong AI): Hypothetical AI that can perform any intellectual task a human can do.
3. Superintelligent AI: A theoretical AI that surpasses human intelligence in all aspects.

Applications of AI:

- Healthcare: Disease diagnosis, personalized treatment, drug discovery.
- Finance: Fraud detection, algorithmic trading, credit scoring.
- Retail: Personalized shopping, inventory management, customer service.
- Manufacturing: Predictive maintenance, quality control, automation.
- Transportation: Self-driving vehicles, traffic management systems.

AI Agents – The Intelligent Actors

What are AI Agents?

An AI agent is an autonomous entity that perceives its environment through sensors and acts upon it using actuators to achieve a specific goal. Think of it as the "doer" in the AI world – a software or system that makes decisions and takes actions intelligently.

Components of an AI Agent:

1. Perception: Collects information from the environment.
2. Decision-making (Agent Logic): Processes inputs and determines what actions to take.
3. Action: Interacts with the environment or users.
4. Learning: Continuously improves performance through feedback or experience.

Types of AI Agents:

- Simple Reflex Agents: Act only on current input without memory (e.g., thermostat).
- Model-Based Reflex Agents: Use internal models to make decisions (e.g., robots navigating a space).
- Goal-Based Agents: Make decisions that help achieve specific goals (e.g., chess AI).
- Utility-Based Agents: Choose actions based on desirability or reward (e.g., recommendation systems).
- Learning Agents: Learn from past experiences to improve future actions (e.g., self-learning chatbots).

AI Agents in Daily Life:

- Virtual Assistants: Alexa, Siri, and Google Assistant use AI agent frameworks to assist users.
- Customer Support Bots: Chatbots that resolve queries using NLP and ML.
- Autonomous Vehicles: Use real-time sensors and decision-making AI to navigate roads.
- Smart Homes: AI agents control lights, temperature, and security based on user behavior.

Benefits of AI Agents:

- Reduced human workload
- Increased efficiency and speed
- Real-time decision-making
- 24/7 availability
- Personalized experiences

Key Differences:

Feature	AI	AI Agent
Nature	System or model	Autonomous entity
Action	Reactive	Proactive
Goal	Performs a task	Achieves an objective
Learning	Static or dynamic	Often adaptive and self-improving
Examples	ChatGPT, image recognition models	Personal assistant agents, trading bots, robotic process automation (RPA) bots

Why It Matters?

As we move from static AI models to dynamic AI agents, we are entering a world where machines won't just answer questions—they'll initiate actions, collaborate with humans, and even negotiate outcomes.

This shift has vast implications across industries—from finance to healthcare, from education to manufacturing. The future isn't just AI-powered—it's AI Agent-driven.

Future Outlook: From Tools to Teammates

The evolution from basic AI tools to intelligent AI agents mirrors the transformation from calculators to virtual colleagues. With advancements like:

- Multi-agent systems (agents collaborating with each other),
- Autonomous AI (systems that define their own sub-goals),
- And human-AI collaboration, the future is moving toward AI systems that don't just assist humans – they become active participants in achieving complex goals.

In Summary:

AI	AI Agent
Thinks	Thinks and Acts
Follows commands	Decides what to do next
Needs prompting	Can operate independently
Single-task focused	Goal-oriented and adaptive

Final Thoughts

AI is the foundation. AI Agents are the future.

As professionals, especially in fields like auditing, finance, law, and education, we must stay ahead by understanding not just how AI works, but how AI Agents will transform workflows, client relationships, and even business models.

Conclusion:

While AI provides the intelligence, AI Agents bring purpose, autonomy, and action. Understanding the difference isn't just a matter of semantics—it's the foundation of the next generation of intelligent systems.

DUE DATES CALENDAR

CA Bhargav N Shankarwala

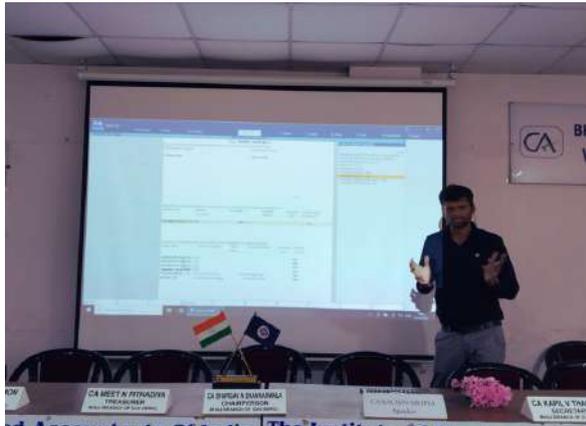
DATE	COMPLIANCE
7th July 2025	TDS/TCS Payment for June 2025
10th July 2025	GSTR-7, GSTR - 8
11th July 2025	GSTR 1 (Monthly) for June 2025
13th July 2025	GSTR 1 (Quarterly Return Filer)
15th July 2025	Provident Fund (PF) & ESI Returns and Payment for June 2025
15th July 2025	TCS return in form 27EQ
18th July 2025	Filing of CMP-08
20th July 2025	GSTR 3B for June 2025 (Monthly)
22nd July 2025	GSTR 3B (QRMP)
30th July 2025	TDS payment on property purchase (194-IA), Rent (194-IB), Contractor payment (194-M) & Virtual digital assets (194S)
30th July 2025	Issue of TCS Certificate
31st July 2025	TDS return in form 24Q/26Q/27Q

GST Updates – Notifications, Circulars, Order, Instructions, RoDs, Press Releases For the month of June 2025

CA Deep Koradia

Sr No	Notification No	Category	Date	Description	Keyword / Reference/ Comment	Citation
1	249/2025	Circular - CGST	09-06-2025	Generation and quoting of Document Identification Number(DIN) on any communication issued by the officers of the Central Board of Indirect Taxes and Customs (CBIC) to tax payers and other concerned persons	IF SCN or ORDER issued on portal with RFN, then DIN is not necessary	Click Here
2	250/2025	Circular - CGST	24-06-2025	Reviewing authority, Revisional Authority and Appellate Authority in respect of orders passed by Common Adjudicating Authority (CAA) for show cause notices issued by DGGI	When adjudication is done by Common adjudicating Authority as specifically notified, then for Appeal, Revision and Review, same authority will be notified	Click Here

SEMINAR ON HOW TO USE TALLY PRIME FEATURES EFFECTIVELY & LIVE FILING OF GSTR-1 THROUGH TALLY PRIME 6.0 09.06.2025



INTERNATIONAL YOGA DAY 21.06.2025



MSME DAY 27.06.2025



CA DAY 01.07.2025



CHAIRPERSON'S VISIT AT WIRC OFFICE



TEAM BHUJ BRANCH

BHUJ BRANCH OF WIRC OF ICAI, HALL NO. 2, KATIRA COMPLEX-2,
SANSKAR NAGAR, BHUJ-KUTCH-370 001

PHONE: +91-2832 258580

EMAIL: BHUJBRANCH.WIRC@GMAIL.COM, BHUJ@ICAI.ORG



**CA. Shankarwala Bhargav Nitin,
Chairman**

[M] 9727188934 [E] info@cabns.in



**CA. Joshi Manishaben Pramodrai,
Vice-Chairman**

[M] 7359311582 [E] mpjoshi.ca@gmail.com



**CA. Thacker Kapil Vitthaldas,
Secretary**

[M] 9428472676 [E] cakapilthacker@gmail.com



**CA. Pithadiya Meet Nareshbhai,
Treasurer**

[M] 9033927353 [E] Meet.pithadia@gmail.com



**CA. Memon Mahmadarif Mahmadrafik,
WICASA Chairman**

[M] 9924499051 [E] arifmemon.asso@gmail.com



**CA. Memon Shahid Husen Shokat,
Member**

[M] 9974791062 [E] cashahidmemon@gmail.com