The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

PUNE BRANCH OF WIRC OF ICAI

NEWSLETTER : SEPTEMBER 2025

INDEX

Our Torch Bearer

CA. Chandrashekhar V. Chitale
CCM, ICAI

CA. Rajesh Agrawal
RCM, WIRC of ICAI

CA. Rekha Dhamankar
RCM, WIRC of ICAI

CA. Abhisek Dhamne
RCM, WIRC of ICAI

Managing Committee Members 2025 - 2026

CA. Sachin Miniyar
Chairman

CA. Pranav Apte
Vice - Chairperson

CA. Nilesh Yeolekar
Secretary

CA. Neha Phadke
Treasurer

CA. Pradnya Bamb
WICASA - Chairperson

CA. Hrishikesh Badve
Member

CA. Sarika Dindokar
Member

CA. Nandkumar Kadam
Member

CA. Pritesh Munot
Member

Pune Branch Chairman's Communique

CA. Sachin Miniyar
Chairman
Pune Branch of WIRC of ICAI

Dear Professional Colleagues,

Warm greetings!

As we step into September, the profession finds itself in one of its busiest phases. The deadline for filing of non-audit income-tax returns has been extended to 15 September, offering some relief. We remain hopeful that the CBDT will consider extending the due dates for uploading tax audit reports and filing returns of audit cases as well, enabling professionals to deliver quality work without unnecessary stress.

Amidst these demanding timelines, it is vital to remind ourselves that sustained excellence stems from balance. Adequate sleep, proper nutrition, and short breaks during work can go a long way in maintaining focus and reducing errors. Let us prioritize our well-being alongside professional commitments so that we can serve our clients and society with clarity of thought and sound judgment.

Our profession has always been synonymous with integrity, quality, and diligence. As we move forward this tax season, let us uphold these values and extend support to one another wherever possible.

I am grateful to all members and volunteers of our branch for their unwavering dedication to the profession. Together, let us navigate this busy period with resilience, empathy, and a shared commitment to excellence.

Wishing you a productive and healthy September!

Warm regards,
CA. Sachin Miniyar
Chairman, Pune Branch of WIRC of ICAI

CA Sarika Dindokar
Chief Editor & MCM
Pune Branch of WIRC of ICAI

Dear Professional Colleagues,

As we step into September, a month packed with multiple compliances, let us focus on making this journey smoother and more efficient. Compliance is often seen as a burden, but with the right approach and tools, it can be simplified into a seamless process.

The Institute has always encouraged the use of technology, and today automation and Artificial Intelligence are transforming the way we approach our professional commitments.

From due date reminders, reconciliations, data validations, to filing of returns – smart solutions are now available to ease our workload. What earlier took hours of manual effort can now be managed in minutes with minimal errors.

This is the right time for us to adopt automation-driven practices in our offices. By embracing AI-powered tools, we can not only ensure timely and accurate compliance but also create more time for value-added advisory and strategic services for our clients. Efficiency, accuracy, and stress-free working are no longer luxuries but necessities in our profession.

Let us collectively work towards making compliance easy, efficient, and error-free by adopting automation in our daily practice. Together, we can turn challenges into opportunities and move towards a smarter professional future.

Wishing you all a productive month ahead!

CA. Sarika Dindokar
Chief Editor & Managing Committee Member
Pune Branch of WIRC of ICAI

Cover Story & Expert Views

CA. Sayali Chandaliya
Email : sayali.chandaliya@avalara.com

U.S. Sales Tax and Economic Nexus: What Indian Businesses Must Know

Economic Nexus: The Silent Trigger for U. S. Sales Tax Obligations

Many Indian businesses assume that sales tax obligations in the United States only arise after they establish a physical presence in the country. This means setting up an office, hiring staff, or opening a warehouse. But that assumption no longer holds true. Due to economic nexus rules now adopted by most U.S. states, remote sales into the country without a single physical presence can quietly trigger a sales tax liability. For example, high-value SaaS contracts from Bengaluru, e-commerce shipments from Delhi, or digital consulting services rendered from Mumbai, any of these could potentially land you in the U.S. tax net.

Understanding this ambiguity is even more important now as there is a rise in cross-border SaaS adoption by American enterprises and an increasing appetite of Indian tech startups to target U.S. clients. Sectors like IT services, digital goods, e-commerce exports, and consulting firms are particularly vulnerable, not because of what they're doing wrong, but because of what they don't yet know. In this article, we demystify what economic nexus really means, how it differs from traditional "physical nexus," and why understanding these rules is no longer optional.

Why does economic nexus matter?

In 2018, the U.S. sales tax system shifted, as the concept of economic nexus gained critical importance. The South Dakota vs. Wayfair, Inc. ruling by the United States Supreme Court changed the framework around sales tax liability. Before this decision, businesses only triggered liability for sales tax in states where they had a physical presence, e.g. an office, warehouse, or employees.

Following the Wayfair decision, having a significant economic footprint in a state, even without any physical presence, could now trigger sales tax obligations. Simply put, if your sales volume or transaction count in a state crosses a certain threshold, you are required to collect, register, and remit sales tax there. This change to sales tax liability is having a large impact on Indian companies (especially service exporters, e-commerce sellers, and SaaS providers) that may not even realize they cross these transaction thresholds by making digital or remote sales.

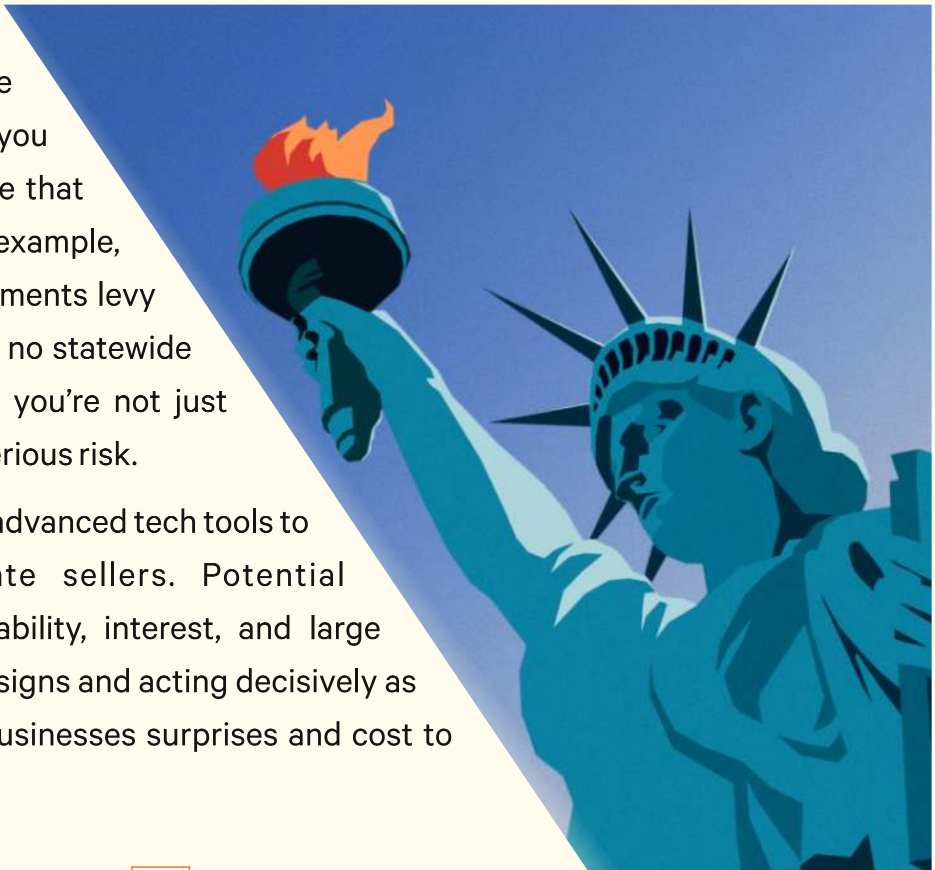
To complicate matters further, the U.S. does not have a federal sales tax system. Each of the 50 U.S. states enforce their own distinct sales tax laws, with varying thresholds, penalty structures, and filing schedules. These economic nexus thresholds vary significantly, ranging from $100,000-$500,000 in annual sales only, to 100-200 transactions, to a combination of annual sales and transactions. For example, California has set its threshold at $500,000 in sales, while New Jersey's economic nexus threshold is $100,000 or 200 transactions, and New York's threshold is $500,000 and 100 transactions. This creates legal obstacles for businesses operating in multiple states and makes it essential for them to manage where and when their activities trigger compliance obligations.

The complexity doesn't end there. Unlike India's uniform GST framework, with centralized registration and standardized compliance—U.S. sales tax operates at the state level. Companies must register separately in each applicable state, track different filing timelines, and deal with different definitions of taxable activity. Simply put, in India, there is one national system. But dealing with the U.S. market requires compliance with more than 50 distinct tax regimes, each with its own timelines and potential risks for falling short.

Tax misconceptions to consider

Indian businesses could fall into what can be called the "We only sold once, it shouldn't matter" trap. But even a single large transaction in the U.S. or a series of smaller ones can silently trigger economic nexus. Once that threshold is crossed, compliance becomes an obligation, whether you're selling software, subscriptions, or something else seemingly intangible. Sales tax rules also vary by product type, not just by state. For example, digital products are generally taxable in Colorado, though electronically delivered software is exempt. These variations mean you cannot apply one logic across all digital sales.

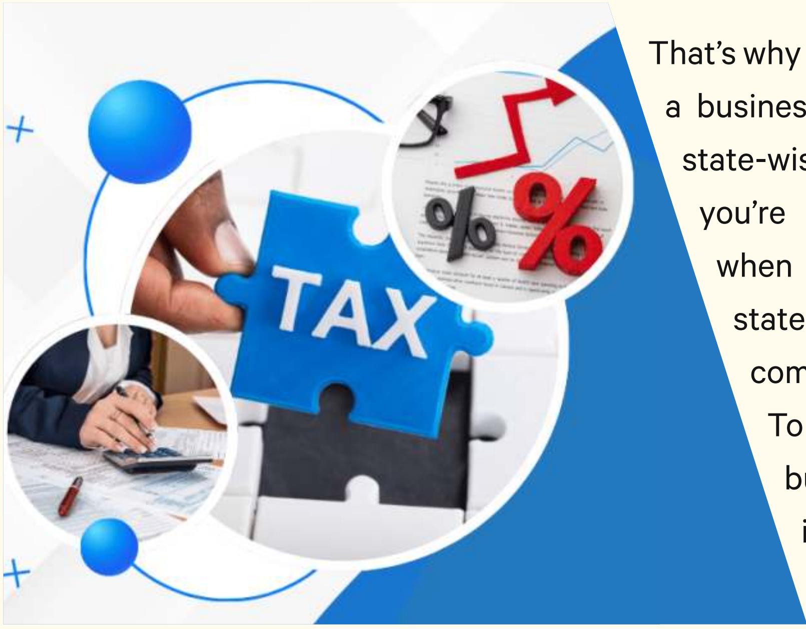
Knowing who to pay and where becomes part of the compliance burden. You may be surprised to learn you can trigger sales tax liability in a state that does not have statewide sales tax. For example, in Alaska, more than 100 local governments levy local sales taxes even though there is no statewide sales tax. Ignore these nuances, and you're not just dodging paperwork—you're inviting serious risk.



U.S. states are increasingly deploying advanced tech tools to detect unregistered out-of- state sellers. Potential consequences are retroactive tax liability, interest, and large penalties. Recognizing these warning signs and acting decisively as a pathway for compliance can save businesses surprises and cost to the business in the future.

Realistic tax checklist for businesses

Crossing an economic nexus threshold often happens quietly for exporters dipping into the U.S. market. But the good news is that there are active measures that can help catch exposure before penalties are incurred. Start with a nexus analysis. This means tracking cumulative sales—by state, not just overall—and counting transactions across all channels, whether direct-to-client, through marketplaces, or via digital platforms. It's easy to miss the mark when sales are fragmented across systems. A $50,000 direct enterprise sale plus a dozen small SaaS subscriptions through a marketplace could quietly push you over the edge in a state like Arizona or Florida.



That's why tax advisors and digital compliance tools act as a business's early warning system. They help monitor state-wise thresholds in real time and alert you when you're approaching exposure. Automation can flag when businesses are nearing a trigger point in one state while still focused on another. It's like a compliance GPS, quietly navigating all the tax rules. To stay ahead, every cross-border seller should build in a periodic compliance review. This includes scanning U.S. sales by state, reevaluating billing flows (especially in SaaS, where customer location can be ambiguous), and reviewing client contracts for embedded tax responsibilities. Sometimes the obligation is on the business, sometimes it's shared.

Scale with caution

Scaling a global business opens new markets, but it also scales your tax exposure. And in the U.S., where economic nexus laws vary across states and sectors, even a single high- value transaction can push a business over the threshold. As per the 2025 updates, several states have lowered their sales thresholds or removed the 200-transaction rule altogether, making it easier than ever to trigger nexus without realizing it. States are not even waiting to be notified. They are using advanced data tools, marketplace integrations, and third-party sources to flag remote sellers.

This makes proactive compliance essential. Companies need real-time sales tracking, state-specific threshold alerts, and regular reviews of client contracts, billing flows, and marketplace responsibilities. It's not just about meeting obligations, it's about avoiding retroactive fines and protecting your growth. We are only getting warmed up. Next, we'll break down how digital platforms and marketplaces add another layer of complexity, and how to ensure you're not assuming compliance when you should be owning it. If you think your marketplace handles it all, think again, because compliance delegation is not the same as compliance immunity.

CA. Jugal Doshi
Email : jugal.doshi@doshirc.in

Section 74A vs 73 & 74 of CGST Act: Key Differences and Impact

Section 74A governs the procedural requirement of creation of demand in the GST law in respect of demands from financial year 2024-25. Upto Financial 2023-24, the said provisions were covered by **Sections 73 and 74.**

Section 73 of the GST Act, 2017 applies in cases where there is no fraud, wilful misstatement, or suppression of facts to evade tax. In such cases, the proper officer can issue an order within 3 years from the due date for filing the annual return for the relevant financial year. On the other hand, Section 74 applies when there is fraud, wilful misstatement, or suppression of facts with the intent to evade tax. In such cases, the officer has a longer period and can issue an order within 5 years from the due date for filing the annual return for the relevant financial year.

Due to separate time-lines, litigations largely centred on whether a particular case should be classified under Section 73 or Section 74 and many cases where demand raised was legally sustainable is squashed by the judiciary due to procedural lapses of the lower authorities.

This approach led to several issues. Considerable time was spent in procedural disputes over the applicable section before the merits of the case were even addressed. There was also a tendency for the department to classify cases under Section 74 in order to impose higher penalties and avail extended limitation periods, even in situations where interpretation differed.

The boundaries between “fraud,” “suppression,” and “wilful misstatement” were often subject to interpretation, resulting in inconsistent treatment and prolonged litigation.

With the insertion of Section 74A by the Finance (No. 2) Act, 2024 (effective from 1 November 2024 and applicable from FY 2024–25), the framework for recovery proceedings has undergone a significant change wherein timeline for both the situations are same.

This eliminates the preliminary procedural battle whether demand is raised within statutory time line and shifts the emphasis to a direct examination of the facts, circumstances, and nature of the case. By simplifying the process, Section 74A reduces procedural disputes, ensures more consistent treatment, shortens timelines, and brings greater clarity and efficiency to recovery proceedings, thereby lowering the scope for litigation.

Comparison: Sections 74A, 73 & 74 of CGST Act

Aspect	Section 74A		Section 73	Section 74
	Fraud	Non-Fraud	Non-Fraud	Fraud
Applicability	Applies to fraud and non-fraud cases; unified framework		Applicable to only on-fraud cases	Applicable to only fraud/suppression cases
Penalty	100% of tax payable	10% of tax or ₹10,000 (whichever higher)	10% of tax or ₹10,000 (whichever higher)	100% of tax amount
Tax Paid	**Penalties / Interest**			
Before issuance of SCN	15% of Tax + Interest	No penalty	No penalty	15% of Tax + Interest
After issuance of SCN but within time limit prescribed	25% of Tax + Interest if paid within **60 days of SCN**	No penalty if paid within **60 days of SCN**	No penalty if paid within **30 days of SCN**	25% of Tax + Interest if paid **within 30 days of SCN**
After issuance of Order within prescribed time limit	50% of Tax + Interest if paid within **60 days of order**	10% of tax or ₹10,000 (whichever higher)	10% of tax or ₹10,000 (whichever higher)	50% of Tax + Interest if paid within **30 days of order**
After issuance of Order after prescribed time limit	100% of Tax + Interest			100% of Tax + Interest
Time Limits				
Time limit to issue SCN	Within **42 months** from due date of filing of annual return or from date of erroneous refund		Notice to be issued **3 months before expiry of 3 years i.e. 33 months** from due date of filing of annual return or date of erroneous refund	Notice to be issued **6 months before expiry of 5 years i.e. 54 months** from due date of filing of annual return or date of erroneous refund
Time Limit to issue an Order	**12 months** from date of notice Further extendable up to 6 months *		**3 years** from due date of return or from date of erroneous refund	**5 years** from due date of return or from date of erroneous refund
	Linked to SCN Date		**Linked to Annual Return Date**	

** The Commissioner, or an officer authorized by the Commissioner senior in rank to the proper officer but not below the rank of Joint Commissioner of Central Tax, may, having regard to the reasons for delay in issuance of the order under sub-section (6), to be recorded in writing, before the expiry of the specified period, extend the said period further by a maximum of six months.*

Particulars	Case 1		Case 2
Default Period	Oct-23		Apr-24
Applicable Section	Section 73 / 74		Section 74A
Annual Return Due Date	31-Dec-24		31-Dec-25
Time Limit	**Sec 73**	**Sec 74**	**Sec 74A**
Last Date to issue SCN	30-Sep-27	30-Jun-29	30-Jun-28
DRC-01 (SCN) Actual Issue Date	01-Jan-24	01-Jan-24	01-Jul-24
Last date to pass Order (DRC-07)	31-Dec-27	31-Dec-27	30-Jun-25*

**As under Section 74A, last date to issue order is linked to SCN date, it will differ from case to case and will not be same for all dealers which was the case till date*

Author's Note:

This article is intended for informational purposes only and does not constitute legal advice. Businesses are advised to consult professional advisors for tailored litigation and compliance strategies.

GLIMPSES OF THE PAST SEMINARS / EVENTS

ICAI Celebrates 79th Independence Day in Pahalgam

Stands in Solidarity with Armed Forces and Jammu & Kashmir J&K, Chief Minister, Thanked ICAI for standing with them in this hour of distress. Date : 15th August 2025

First national institution to hold a high-level meeting in Pahalgam, post-tragedy.

From Policy to Prosperity: ICAI proposes strategic collaborations in the valley and works towards restoring normalcy and rebuilding trust.

The Institute of Chartered Accountants of India (ICAI) celebrated 79th Independence Day in Pahalgam with the people of Kashmir, standing in solidarity with Armed Forces and reaffirming its commitment to stand by the citizens of Jammu & Kashmir in this hour of distress.

*On this occasion, **CA. Charanjot Singh Nanda, President, ICAI** said, "As we celebrate the 79th Independence Day in Pahalgam, our message is clear - ICAI stands united with the Valley. Our presence here is more than symbolic; it is a testament to hope, a reaffirmation that normal life will return and a promise to work together for lasting peace and shared prosperity.*

This Council Meeting was not just an agenda of governance, it was a declaration of courage, continuity and collective resilience. By bringing our members and their families to the Valley, we wanted to show that the spirit of Kashmir remains unshaken. Beyond our role in accounting, governance reforms and economic revival, ICAI is committed to standing firm against the forces of terror and to being a partner in building a secure and thriving future for this land."

In a strong gesture of solidarity with the people of Jammu & Kashmir and the Armed Forces, ICAI also hosted its 445th Council Meeting in Pahalgam from August 12–14, 2025. The event brought together over 40 senior council members along with their families to visit the serin valley of Pahalgam, showing confidence in the region, after the tragic Baisaran incident of April 22.

***Shri Omar Abdullah, Hon'ble Chief Minister of Jammu & Kashmir**, graced the Council Meeting and extended heartfelt thanks to ICAI for choosing Pahalgam for this landmark event. "Your presence here has a lot of weight... it sends a powerful message of confidence and support. It reflects your belief in this place and reassures our people that better days lie ahead," he said, acknowledging ICAI's faith in the region.*

CA. Prasanna Kumar D, Vice-President, ICAI*, added, "ICAI is the first Institution to visit Pahalgam with its entire senior leadership after the tragic incident. It is a proud moment to celebrate this Independence Day here; it reflects our commitment to the people of the valley and solidarity with our armed forces.*

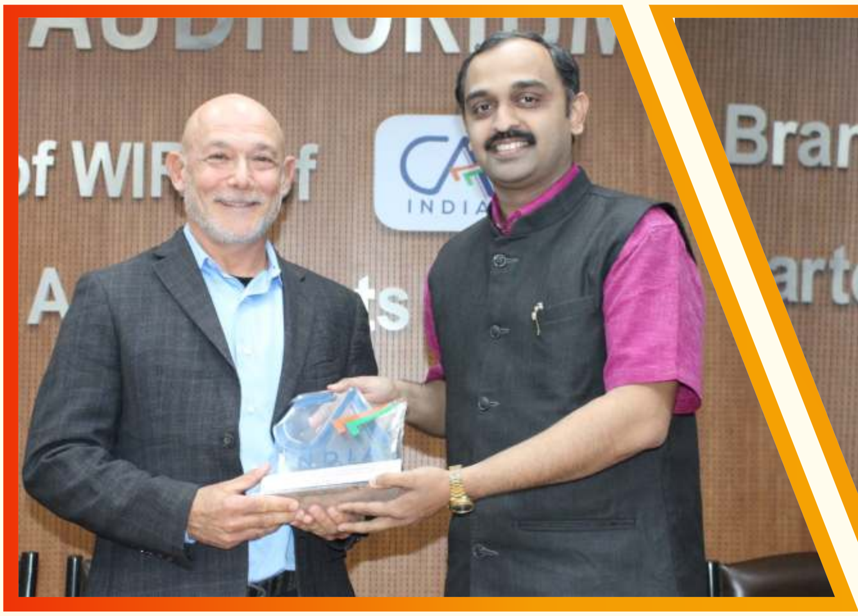
ICAI reaffirmed its commitment to supporting local livelihoods, encouraging commerce and everyday joys to return to Pahalgam. As the national anthem resonated through the valley, the message was clear; ICAI believes in the power of community, especially in difficult times and celebrates the lifeblood of Jammu & Kashmir, the ordinary citizens, determined to move forward.

About ICAI

The Institute of Chartered Accountants of India (ICAI) is a statutory body set up by an Act of Parliament under the Chartered Accountants Act, 1949 for the regulation and development of the profession of Chartered Accountancy in India. The Institute functions under the administrative supervision of the Ministry of Corporate Affairs, Government of India. With over 15 Lakh Members and Students, today ICAI is the largest professional accountancy body in the world. ICAI has a wide network of 5 Regional Councils and 182 Branches within India and a global presence with 54 Overseas Chapters and 31 Representative Offices spanning 85 cities across 47 Countries worldwide.

Seminar on Current Developments in US Tax-New Tax Law, Cross Border Issues and Estate Tax

Date : 07th August 2025



62nd Campus Orientation Programme

Date : 10th August 2025

62nd Campus Orientation Programme

Date : 10th August 2025

Seminar on Practical issues in Changes in ITR Forms

Date : 11th August 2025

Seminar on Practical issues in Changes in ITR Forms

Date : 15th August 2025

Certificate Course on AI for Chartered Accountants (Level 1) Batch 490

Date : 22nd & 24th August 2025






Certificate Course on AI for Chartered Accountants (Level 1) Batch 491

Date : 29th & 31st August 2025


THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)
ICAI CALL SAHAYATA
99975 99975
One Stop Support For
Students
Members &
Stakeholders
Monday to Saturday - 9 A.M. to 9 P.M.

INVITATION TO WRITE ARTICLES

Dear Member,

Your contribution for Pune Branch E-newsletters is welcome in following ways:
Contribute your own articles in areas of Professional Interest; the article may cover any topics relevant to auditing, finance, laws, strategy, taxation, technology and so on.

While submitting articles.
- Please keep following aspects in mind:
- The length of articles should be about 750-1000 words
- Articles should be original in nature

Please send articles with:
- A Photograph, your full name, membership number etc.
- Editable soft copy of file
- Declaration of originality of articles

Please send in your articles to : editor@puneicai.org; cpe@puneicai.org
latest by 25th of every month.
All contributions are subject to approval by the editorial board.

Pune Branch of WIRC of ICAI

Plot No. 08, Parshwanath Nagar, CST No. 333, Sr. No. 573, Munjeri, Opp. Kale Hospital,
Near Mahavir Electronics, Bibwewadi, Pune 411037 Tel : (020) 24212251 / 52
Email : admin@puneicai.org Website : www.puneicai.org

Pune ICAI Newsletter Committee 2025 - 2026