PUNE BRANCH OF WIRC OF ICAI

NEWSLETTER : OCTOBER 2025

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Dear Professional Colleagues,

Greetings to all of you!

October is a month that brings with it a blend of festivity and renewed professional vigor. As we step into the festive season, it is also the time to reflect on the hard work of the past months and to prepare ourselves for the challenges and opportunities that lie ahead in the closing quarter of the year.

The recent extensions granted by the authorities for filing of Income Tax Returns and Tax Audit Reports have come as a welcome relief to our fraternity.

These extensions not only acknowledge the efforts and workload handled by Chartered Accountants across the country but also reaffirm the importance of our role in ensuring compliance and strengthening financial discipline. I urge all members to make use of this extended time effectively, while continuing to uphold the highest standards of quality and integrity in our work.

On the regulatory front, several important developments have taken place in areas of taxation, corporate law, and auditing standards. It is imperative for us, as professionals, to stay abreast of these changes and adapt quickly. The Branch remains committed to equipping members with relevant knowledge through seminars and conferences, which I encourage you all to actively participate in.

While this season often comes with long working hours and tight deadlines, let us also remember to balance our professional commitments with personal well-being. Adequate rest, good health practices, and spending quality time with family will help us sustain our energy and efficiency in this busy period.

As we celebrate the festivals of Diwali in the coming weeks, let us carry forward the spirit of positivity, triumph of good over evil, and light over darkness. May this season bring joy, prosperity, and new opportunities to each one of you.

I take this opportunity to thank all members for your continued support to the initiatives of the Pune Branch. Together, let us keep raising the professional benchmarks and contribute meaningfully to the growth of our Institute and the profession at large.

Wishing you and your family a very happy and safe festive season!

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 the vibrant month of October, this season inspires us with reflection, celebration, and renewed commitment. The festivals of Navratri, Dussehra, and Diwali symbolize the triumph of knowledge over ignorance, discipline over complacency, and truth over illusion — values that resonate deeply with us as Chartered Accountants.

At the Pune Branch, we continue our consistent efforts to enrich members through initiatives in knowledge, networking, and nation-building.

Looking ahead, the months of October and November will bring a series of *capacity-building seminars* and *student fests*, ensuring that the spirit of celebration is matched with the spirit of continuous learning and professional growth.

As the financial and regulatory landscape evolves rapidly, it is imperative for us not only to keep pace but also to assume proactive leadership in guiding businesses and society with integrity, competence, and foresight.

As we approach Diwali — the festival of lights — let us collectively pledge to illuminate our profession with knowledge, uphold our enduring values, and strengthen the trust reposed in us by society.

Wishing you and your family a joyous festive season, good health, and continued professional success.

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

COVER STORY & EXPERT VIEWS

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From Warehouses to Remote Teams: Presence That Establishes U.S. Sales Tax

Global businesses often imagine borders as barriers. But in tax, borders can work more like shadows, especially in the United States. Even when a company does not have a footprint in a U.S. state through storefronts or direct marketing, its presence can still fall there depending on the local tax authority. A box of inventory in a fulfilment center, a server hosting data, or a contractor working from home can all trigger obligations that carry the same weight as office space. For Indian companies, the real challenge isn't compliance after growth, it's acknowledging that presence in the U.S. is defined in ways that are easy to miss but costly to ignore.

In the U.S. sales tax system, this presence is captured by the concept of nexus, which is the legal link that obligates a business to collect and remit sales tax in a particular state. In the past, it meant having a physical storefront or office. Today, a business can trigger nexus by storing products in a third-party warehouse or relying on a fulfilment partner, such as Amazon FBA. This creates an anchor point that regulators recognize as a legitimate presence, carrying ongoing tax obligations that many companies fail to anticipate. Any Indian business overlooking these triggers could face unexpected audits, penalties, and retroactive liabilities. This article unpacks how and when presence can trigger nexus in the U.S., and why mapping these connections has become essential for businesses expanding across borders.

Real-world tax triggers

While Indian businesses often focus on navigating tariffs, logistics, or federal regulations when entering the U.S., the subtler challenge lies at the state level. Each state operates with its own rules for sales tax, and those rules do not just depend on visible expansion like opening a store or a branch. Instead, they also capture the quieter, often invisible ways a company connects with the market including through commerce, logistics, technology, and people.

For example, an Indian consumer electronics exporter ships $120,000 worth of cameras to California and places them in a third-party warehouse (say through Amazon FBA). The business has no branch, no office, and no direct employees in the U.S. Its sales are $120K, which is well below California's $500K threshold, so there is no economic nexus. However, physical nexus applies because the inventory is stored in a California warehouse, and therefore the exporter is considered to have a physical presence in the state. Now, California law requires the business to register, collect, and remit sales tax since warehouse storage alone establishes a nexus.

Let's take this a little further, consider licensing on IP and software services in Maryland. As of 2025, Maryland began taxing many business services at a flat 3% rate, meaning the simple act of broadcasting can also establish a sales and use tax. These are not distant what-ifs. A single situation can flip the switch for tax obligations, proving that nexus today is less about how much you sell and more about where you operate.

States are not only broadening what counts as nexus, but they are also tightening how it is enforced. In home-rule states such as Colorado, Alabama, Arizona, Louisiana, and Alaska, city or county tax authorities exercise their own collection and filing powers. For a business, this means that clearing state-level obligations may still leave exposure at the city or county level. A single overlooked local filing can open the door to penalties and backdated assessments.

What should businesses do?

For Indian businesses expanding into the U.S., the real challenge is to build a system that can keep pace with nexus triggers and stay compliant. It begins with mapping every point of presence. Warehouses, fulfilment centers, servers, contractors, and remote workers can all create obligations, and even short-term storage may be enough for some states to assert tax. Businesses using third-party logistics (3PL) providers need to be especially careful, since inventory can end up scattered across multiple states without direct oversight. Alongside this, sales activity must be tracked carefully. While several states are eliminating transaction-based thresholds, dollar-based triggers remain, and ignoring them can quietly build up liabilities.

At the same time, documentation is equally important. Keeping precise records of where goods are stored and for how long provides critical support if a tax authority questions nexus. Once presence is established, registration with state and local tax departments should not be delayed—late filings often invite penalties or retroactive enforcement. Given these sets of rules, many companies turn to automated compliance systems to calculate rates, manage filings, and issue alerts when thresholds are nearly met. And rightly so, as these technologies also help track legislative shifts, such as Illinois moving away from transaction tests and Maryland extending sales tax to services. In practice, compliance is not a single step. It is a continuous discipline, one that requires visibility, recordkeeping, and timely action to stay ahead of obligations.

Up next

The reality for Indian exporters is that nexus does not wait for a grand entry. It begins the moment your inventory or people touch U.S. soil. But the risk lies in treating tax as a back-office formality when it is, in fact, a strategic factor that can shape margins, pricing, and competitiveness. Hence, businesses that integrate nexus mapping into their growth plans gain compliance and control over how expansion unfolds, instead of being forced into reactive fixes after the fact. But presence-based triggers are only part of the story. States are also looking beyond physical and economic connections, focusing on how businesses market and reach their customers. That brings us to the next layer of complexity, "marketing nexus." In our upcoming piece, we'll explore how digital ads, affiliates, and referral relationships can quietly create tax obligations, often without a single product being shipped into a state.

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AI and Python for Small CA Firms

The first and basic question is: Why should small CA firms care about AI and Python?

Let's be real. Most of us did not become Chartered Accountants because we love staring at Excel for 12 hours. Yet here we are, clicking through endless rows and columns. Now imagine a junior who never gets tired, never complains about deadlines, and does not ask for a Diwali bonus. That is what Python and AI feel like, an invisible assistant that handles boring work so you can focus on advisory or at least enjoy a hot cup of chai without Excel freezing.

One might say, **"My firm is small, my clients are small, do I really need Python?"**
Short answer: yes.

For many small CA firms, the daily grind is similar: client ledgers, GST and TDS checks, MIS reports, endless queries. Most clients are small businesses without advanced ERP systems. Records are often in Tally, Excel, or scanned PDFs. Time is short, manpower limited, margins tight, and deadlines constant. In this environment, every hour saved matters. Here is where Python with the help of AI can be of use. There are lots of simple, low cost, and powerful for routine work which can be automated with Python. Using Python will not turn your office into a sci-fi lab but will help in speeding the tasks with clean workpapers on time.

Advantages of using AI and Python in the office:

1. Most small clients require similar tasks, for example GST reconciliation, TDS checks, and trial balance reviews. Python scripts can automate these and finish in minutes.

2. With rising costs and high staff turnover, automation means you do not need to retrain juniors for basic checks. Automation can be used for cost reduction. Handle more clients without more staff.

3. Can be used for giving professional insights by use of simple charts of expenses versus income, or a cash flow forecast, helps clients see your value beyond compliance.

Python is free. Many AI tools are free or inexpensive. Start small, earn trust, expand.

A quick story. We once had a huge 26AS file to compare with the client's TDS in the accounting software. We downloaded VS Code, used AI tools to draft code, and ran it. VS Code is a free Microsoft app to open files and run small programs offline. Think of it as a smarter Notepad for running simple Python tasks like cleaning Excel or CSV data. Add extensions for Python and AI help, then click Run without complex setup.

The code produced separate Excel sheets for matched and unmatched entries, saved to the right folder. What would have taken hours was finished quickly, and we only had to review the output.
In a Forensic audit case, we needed to find sales bills missing from the sales register. We wrote a Python script, and it listed all missing bill numbers in seconds. Finding duplicate purchase entries was a simple task using python with the help of AI.

Why AI ?

AI helps you spot patterns and outliers in messy data, summarize documents, and extract fields from scans. But we cannot upload sensitive documents directly to online AI tools. Use AI to help generate code and run it locally on your laptop using tools like VS Code, PyCharm, or Spyder. Helpful AI coding assistants include Codeium for real time suggestions, GitHub Copilot for generating snippets, ChatGPT for debugging and explanations, and Tabnine for autocompletion.

Python is the glue that pulls data from Excel, Tally exports, bank statements, and government portals, cleans it, checks it, and pushes neat outputs into your audit or tax files.

Think of Python as a smarter version of Excel macros. Instead of building formulas across multiple sheets, write one small script that reads all client Excel files, cleans data, finds mismatches or errors, and exports a neat report to a target path. Once written, the same script can be reused across clients. No license fees, no hidden costs, fully customized to your way of scrutinizing records. Everyone has his/her own style of working and get the work automated with Python.

Idea in one line
Standards stay constant. Style is configurable. Python bridges both.

A tiny taste of Python

No drama, just four lines that clean duplicates in purchase data and re-export a tidy file.

```python
import pandas as pd
df = pd.read_excel("purchases.xlsx")
df = df.drop_duplicates(subset=["invoice_no","gstin","amount"])
df.to_excel("clean_purchases.xlsx", index=False)
```

If you have Excel data and want quick visualizations in Python, Matplotlib is the core plotting library and powers pandas. plot for quick charts. Seaborn builds on Matplotlib to create clean statistical visuals with minimal code. Getting simple bar, line, scatter, or box plots is straightforward.

Practical use cases for small firms

1. GST reconciliation: While matching GSTR-2A or 2B with the purchase register can be automated. Flag missing invoices and output mismatches with materiality flags.

2. TDS and payroll mismatch checks: Match CMS debits, payroll registers, challans, and 26AS. Highlight short deductions, late payments, or missing challans.

3. Bank reconciliation accelerator by identifying unmatched transactions between bank statements and books.

4. Generate monthly P&L and cash flow reports or MIS with python.

5. Fraud flags: Spot duplicate vendor invoices, detect round number cash payments above limits, and flag outliers such as unusually high value transactions.

These are tasks we are doing manually. Python makes them faster, more accurate, and repeatable. Many useful automation demos can be found from our CA Institute's Hackathons, which are worth exploring.

The idea is not to replace your judgment, but to make data preparation faster so that one can focus on advisory work more.

Overcoming hesitation

"I am not a tech person."

You do not need to be. Python code for accountants is often copy, paste, and adapt. You can also hire a coder to set up the first scripts.

"Will it be expensive?"

Python and most libraries are free. Even a hired coder for customizing to your needs, can cost less than a new hire.

"Who will maintain it?"

Start small with one reliable script. Over time you or a staff member can learn. We already learned Excel the same way. Python will follow that path.

Why start now

Larger firms already use advanced data tools. If small firms do not adapt, they risk being seen as outdated. Clients are increasingly tech savvy and expect efficiency. By adopting Python and AI early, small firms can differentiate themselves, attract younger clients who value insights, and build a reputation as modern, tech enabled advisors.

Conclusion

For small CA firms, Python and AI are not buzzwords. They are practical tools for survival and growth. Even a few simple scripts can save hours each week, reduce errors, and impress clients. You do not need a big IT budget, only the willingness to try. Start small, start today. Clients may not know Python, but they will recognize the speed, accuracy, and professionalism it brings to your practice.

GLIMPSES OF THE PAST SEMINARS / EVENTS

Directorate General of Taxpayer Services,
MUMBAI ZONAL UNIT (DGTS, MZU) incollaboration with Pune CGST Commissionerate &
Pune Branch of WIRC of ICAI is organizing a Webinar Cum Seminar on
"GST 2.0 | The Next Big Overhaul in India's Indirect Tax System"

11th September 2025

Certificate Course on
AI for Chartered Accountants (Level 1) Batch 532
12th to 14th September 2025

Ek Din, Ek Ghanta, Ek Saath
25th September 2025

Safai Mitra Suraksha Shivir
23rd September 2025

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.

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