

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

Rajkot Branch (WIRC) & (WICASA)



**WICASA**  
**E - NEWSLETTER DECEMBER'25**

**GYANSANCHAR**

# STUDENTS JOURNAL

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# MANAGING COMMITTEE OF THE RAJKOT BRANCH OF WICASA 2025-26



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(Chairperson)*



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(Vice Chairman)*



*Mr. Pritesh Karia  
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*Mr. Rajdeep Vyas  
(Managing Committee Member)*



*Mr. Krunal Giri Goswami  
(Managing Committee Member)*



*Mr. Vatsal Chandara  
(Managing Committee Member)*

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# **From The Desk Of WICASA Chairman.**

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**CA Vipul Dattani  
(Chairperson)**

**Dear Students,**

**Warm greetings!**

**The month of December has been an eventful and enriching period for our student fraternity. During the month, various academic, professional, and developmental programmes were successfully organized with the objective of enhancing students' knowledge, skills, and overall growth.**

**The enthusiastic participation and positive response from students across all events have been truly encouraging and reflect your commitment towards professional excellence.**

**As we move ahead, many of you are appearing for the CA January 2026 Examinations, which mark an important milestone in your professional journey. I am confident that your hard work, discipline, and consistent efforts will yield positive results. Remember that perseverance, clarity of concepts, and confidence are the keys to success. Stay focused, maintain a balanced routine, and believe in your preparation.**

**On behalf of the entire team, I extend my best wishes to all students appearing for the examinations. May you perform to the best of your abilities and achieve success in your endeavors.**

**Wishing you all a bright future and continued success.**

# WORDSMITH 'S INK & INSIGHT





**Mr. Ajay Khushalani**

**CA Final**

**“No Proof, No Tax” - ITAT Mumbai on WhatsApp Chats  
and Unexplained Cash Additions  
An Analysis of DCIT vs. Niru Dhiren Shah (ITA No.  
4294/Mum/2025)**

## **Introduction**

With the increasing reliance of tax authorities on digital material, such as WhatsApp chats, emails, and electronic records, a crucial question repeatedly arises in income-tax litigation: Can digital communication, by itself, justify additions of undisclosed income?

A recent decision of the Income Tax Appellate Tribunal, Mumbai Bench in the case of DCIT vs. Niru Dhiren Shah (ITA No. 4294/Mum/2025, A.Y. 2022–23) provides a clear judicial answer. The Tribunal deleted an addition of ₹3.16 crore made under Section 69A of the Income-tax Act, 1961, holding that uncorroborated WhatsApp chats cannot be treated as proof of undisclosed income.

This judgment reaffirms the long-standing principle of Indian tax jurisprudence - “no proof, no tax.”

### Facts of the Case:

- Assessee: Mr. Niru Dhiren Shah
- Appellant (Revenue): Deputy Commissioner of Income Tax (DCIT)
- Forum: ITAT Mumbai
- ITA No.: 4294/Mum/2025
- Assessment Year: 2022–23
- Section Invoked: Section 69A (Unexplained Money)
- Amount in Dispute: ₹3.16 crore

The assessee had entered into a property transaction, which was duly recorded and registered at the stated consideration. During a search action conducted on the premises of a third party (connected with the buyer), the Income-tax Department recovered WhatsApp chats and digital screenshots.

The Assessing Officer interpreted these chats as indicating that the property was sold at a value substantially higher than the declared consideration and alleged that the assessee had received cash of ₹3.16 crore.

Based solely on this digital material:

- An addition of ₹3.16 crore was made under Section 69A
- The amount was treated as unexplained money

### **Key Issue Before the ITAT**

Whether an addition under Section 69A can be sustained solely on the basis of WhatsApp chats, without any corroborative evidence establishing actual receipt of cash by the assessee?

### **Observations and Findings of the ITAT**

#### **1. WhatsApp Chats Were Uncorroborated**

The Tribunal observed that:

- The WhatsApp chats were not supported by any independent evidence
- The chats did not conclusively establish:
  1. Actual receipt of cash
  2. Date or mode of payment
  3. Flow of funds to the assessee

The Tribunal held that digital communication by itself does not prove that a transaction has actually materialised.

## 2. No Supporting Evidence of Cash Receipt

The ITAT specifically noted the absence of:

- Cash seizure from the assessee
- Bank deposits or money trail
- Admission or confession by the assessee
- Confirmation from the alleged payer

In the absence of these factors, the addition cannot be done

## 3. Burden of Proof Lies on the Revenue

The Tribunal reiterated that:

- The initial burden to prove undisclosed income lies on the Revenue
- The assessee is not required to prove that no cash was received

Mere allegations or assumptions cannot discharge this burden.

## 4. Suspicion Cannot Substitute Proof

The ITAT relied on a well-settled legal principle:

**“However strong the suspicion may be, it cannot take the place of proof.”**

The Tribunal emphasised that income-tax assessments must be based on evidence, not on conjectures or market assumptions.

## **Final Decision**

The ITAT held that:

- WhatsApp chats alone are insufficient to establish unexplained money
- Section 69A can be invoked only when the existence and receipt of money are proved
- The addition of ₹3.16 crore was unsustainable in law

Accordingly, the Tribunal deleted the entire addition made by the Assessing Officer.

## **Legal Principles Reinforced by the Judgment**

### **1. Section 69A Requires Proof of Existence**

Section 69A applies only when:

- Money is found to exist, or
- Its receipt by the assessee is conclusively established

Unproven assumptions about hidden or spent cash do not satisfy the statutory requirement.

### **2. Digital Evidence Has Limited Standalone Value**

Digital material such as WhatsApp chats:

- Can trigger inquiry
- Can support investigation

But cannot be the sole basis for taxation unless corroborated by reliable evidence.

### 3. Doctrine of Real Income

The Tribunal reaffirmed that:

- Income tax is levied on real income
- Hypothetical or presumed income is outside the scope of taxation

#### **Practical Takeaways for CA Students and Articles**

- Always examine whether digital evidence is corroborated
- Identify who bears the burden of proof
- Focus on substantive evidence, not assumptions
- Use this case while drafting appeals involving Section 69A

This decision is particularly relevant for articles assisting in search assessments, reassessments, and appellate proceedings.

### **Conclusion**

The decision of the ITAT Mumbai in DCIT vs. Niru Dhiren Shah (ITA No. 4294/Mum/2025) reinforces a core principle of income-tax law: taxability must be founded on proof, not presumption. Even in an era of extensive digital data, the judiciary continues to safeguard the doctrine of real income and evidentiary discipline.

The Tribunal's message is clear and unequivocal:

**“No proof, no tax.”**



**Mr. Vatsal Chandarana**  
**CA Intermediate**

## **Entity, Its Environment & Economy: The Architecture of Sustainable Business**

A business entity does not operate in a vacuum. It exists within a larger environment and contributes positively or negatively to the economy. This relationship is structural, not incidental. In an era marked by climate risk, capital volatility, regulatory tightening, and shifting stakeholder expectations, understanding this interdependence has become a strategic necessity rather than an ethical choice.

Enterprises that recognise this linkage early tend to build durability; those that ignore it often discover the cost in hindsight.

# The Business Entity: A Value-Creation System

At its core, a business entity is a system that converts external inputs into economic outputs. These inputs typically include:

- **Natural capital:** energy, water, land, and raw materials
- **Human capital:** skills, labour, leadership, and institutional knowledge
- **Financial capital:** equity, debt, and retained earnings
- **Social capital:** brand trust, customer confidence, and licence to operate

The outputs products, services, employment, innovation, and profits feed back into the economy. When this exchange remains balanced, value compounds. When it becomes extractive or short-term focused, systemic risk accumulates.

## Environment & Economy: Non-Negotiable Stakeholders

Though absent from traditional balance sheets, the environment and the economy are among the most influential stakeholders

## **Environmental Reality**

According to global risk assessments, climate-related disruptions rank consistently among the top long-term business risks. Supply-chain interruptions, resource scarcity, and extreme weather events now have direct cost implications for enterprises across sectors

## **Economic Reality**

Macroeconomic forces interest rates, inflation, employment levels, and capital liquidity directly affect business viability. Startups and MSMEs, in particular, are more exposed to economic shocks due to thinner margins and limited buffers.

Entities that treat these factors as peripheral concerns often operate reactively. Those that integrate them into strategic planning operate defensively and offensively at the same time.

Sustainability: From Ethical Narrative to Economic Logic

Sustainability is frequently misunderstood as a moral or environmental agenda. In practice, it is a long-term economic framework.

Sustainable businesses aim to:

- \* Preserve critical resources
- \* Reduce structural risk
- \* Maintain operational continuity
- \* Protect future cash flows

This approach aligns closely with long-term shareholder value rather than conflicting with it. Empirical studies consistently show that firms with strong sustainability practices experience lower volatility, better risk-adjusted returns, and greater resilience during economic downturns.

## **ESG: Translating Sustainability into Measurable Action**

While sustainability defines intent, ESG (Environmental, Social, and Governance) converts intent into measurable performance.

### **Environmental (E)**

- \* Energy efficiency and emissions management
- \* Waste reduction and circular resource use
- \* Responsible procurement and logistics

### **Social (S)**

- \* Workforce health, safety, and diversity
- \* Ethical customer engagement and data protection
- \* Community and societal impact

## **Governance (G)**

Board independence and oversight

- \* Transparent disclosures
- \* Ethical decision-making and internal controls

From an investor perspective, ESG is increasingly used as a proxy for management quality and downside risk.

## **ESG and the Startup Ecosystem: A Strategic Mismatch?**

In today's startup environment, ESG often competes with more immediate priorities:

- \* Speed to market
- \* Revenue traction
- \* Valuation benchmarks
- \* Fundraising cycles

As a result, many founders perceive ESG as a post-scale obligation rather than an early-stage advantage. This perception, while common, is economically flawed.

## **Conclusion: Enduring Entities Think Systemically**

An entity's performance cannot be separated from the condition of its environment or the stability of the economy it operates within. Sustainability and ESG are no longer reputational tools; they are strategic infrastructure.

As startups and established enterprises move beyond valuation-centric definitions of success, those that acknowledge their systemic role will build organisations that are not only profitable, but durable.

In the long run, entities that respect the ecosystem they depend on are the ones that outlast economic cycles and help define them.

# Life Lessons





**Mr. Harpal Golaniya**

**CA Final**

Stand out of my sunlight



## What Is it easier to become, Alexander or Diogenes?

This is the story of the time when Alexander the Great met the ascetic Diogenes...

**(Diogenes was a great Greek philosopher. Because of his anti-authority views, he was expelled from his state. After that, Diogenes mostly lived inside a wine barrel)**

Once, Diogenes was sitting on the seashore, enjoying the sunlight, when Alexander the Great came to meet him.

**Alexander:** Consider yourself fortunate, Diogenes, that Alexander the Great himself has come to meet you.

**Diogenes:** A person who calls himself great is a great fool.

**Alexander:** What you say is true, Diogenes! Whatever I had heard about you is true. I am deeply impressed by you. Ask me for anything you wish.

**Diogenes:** Just do me one favor—stand a little aside. Your body is blocking the sun's rays from reaching me. Stand out of my sunlight and from now on, don't stand in a way that blocks someone's sunlight!

**(Alexander burst into laughter, stepped aside, and said...)**

**Alexander:** I pray to God that in my next life, even if He does not make me Alexander the Great, at least make me Diogenes.

**Diogenes:** I too pray to God that in my next life, even if He does not make me Diogenes, at least make me Diogenes again.

Oh Alexander, who knows whether God will even grant you another birth or not! Then why don't you become Diogenes in this very life?

Conquering the world by becoming Alexander is difficult, whereas becoming Diogenes is very easy.

You still have time—order your army to turn back and remain here like me. This seashore is vast enough.

**Alexander:** It is not possible for me to do this now; I have gone too far ahead. But I promise you that after conquering the world, I will return to this very seashore and live as Diogenes in this lifetime itself.

**(But unfortunately, Alexander the Great died before conquering the world. And by coincidence, on the very day Alexander the Great died, Diogenes too departed from this world.)**

# Pixel On Paper





**Ms. Pooja Thakurbhai Kaku**

**CA Finalist**





**Ms. Chaudhari Divya Dilipbhai**

**CA Finalist**



*Divya*

Beyond captured in





Ms. Yesha Jignesh Thacker

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**Mr. Pritesh Karia**  
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