Bhubaneswar Branch of Eastern India Regional Council of

The Institute of Chartered Accountants of India

FEBRUARY 2026
EICASA
E-NEWSLETTEER

Editorial

Dear Students,

It is with great pride and enthusiasm that I address you as the **Chairman of EICASA**, Bhubaneswar, having assumed this responsibility on February 19, 2026. I am truly honoured to serve in this role and look forward to working together to create enriching experiences for our student community.

February 2026 was a remarkable month for us, marked by a series of special events that were a resounding success. The enthusiastic participation of our members and students made each event truly memorable, fostering a spirit of camaraderie and learning. Your energy and commitment played a pivotal role in making these initiatives impactful, and I extend my heartfelt gratitude to each of you for your active involvement.

As we step into **March 2026**, we are excited to present an array of upcoming events and programs designed to enhance your learning and professional development. I encourage you to review the details in this newsletter and plan your participation accordingly. Stay updated by visiting our branch's website at **www.bhubaneswar-icai.org**

Your engagement is the driving force behind the success of our initiatives. It inspires us to continuously innovate and create new opportunities for learning, networking, and professional growth, all aimed at strengthening the CA fraternity. Together, we can build a dynamic and thriving community that fosters excellence and collaboration in the field of chartered accountancy.

Our commitment remains steadfast- we will keep pushing forward until our goals are realized, setting a positive example and making a lasting impact. I sincerely thank all our members for their unwavering support and dedication, which continue to propel us toward new milestones and achievements.

Wishing you all a month filled with success, learning, and fulfilment!

Warm regards,

CA (Dr.) Prithvi Ranjan Parhi

Chairman EICASA, Bhubaneswar

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Audit of Accounting Estimates: Concept

Accounting Estimates Defined: "An approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is uncertainty, as well as for other amounts that require estimation. Where this SA addresses only accounting estimates involving measurement at fair value, the term 'fair value accounting estimates' is used". (As defined under SA 540)

Understanding Accounting Estimates: For entities of all size and nature, some or the other time management has to make accounting estimates. This happen particularly in a situation when monetary amounts in financial statements cannot be directly deduced. All Accounting estimates have some degree of estimation; this is due to uncertainties involved in quantification, this may be due to inherent limitations of management's knowledge or due to nature of available data that give rise to inherent subjectivity and variation in the measurement outcomes. Along with being subjective, accounting estimates may also be complex. Thus accounting estimates have important implications over the financial statement audit, **because the complexity, subjectivity or other inherent risk factors on the measurement of these monetary amounts makes them sensitive for misstatement.** The accounting process often presents certain scenarios where an amount or item in the financial statements cannot be measured with precision. In financial reporting, when the amounts of assets, liabilities, income, or expenses for the period cannot be measured with precision, they are determined using accounting estimates. **Accounting Estimate** *are estimated based on judgment and knowledge derived from experience, training and formal teaching. Estimation is involved in reporting certain elements of the financial statements – value of which cannot be determined using objective data.*

Even though uncertainties and values are determined using historical estimates and approximations, they deserve to be a part of financial reporting. A prudent estimation will surely result into a transparent and reliable financial statement. The value of such element cannot be always fixed based of any specific data. They usually involve a lot of complexities & uncertainties and therefore expertise, skill and knowledge is required to determine the value, which will always be an approximation.

This also establishes the fact that there is some level of subjectivity in the process because the management and accountants require a very good level of skill, expertise and knowledge to make the assumption which can be acquired through *experience, training and formal teaching*. Sometimes there may be a considerable difference in values estimated by different persons. Management may derive value of an element of financial statement using certain assumptions which will completely different from value deduced by auditors.

Typically the notes on accounts contain the details of the basis or assumptions used in estimating elements of financial statements. ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures, deals with the auditor's responsibilities relating to accounting estimates and related disclosures in an audit of financial statements. The **auditor's objective** is to obtain sufficient, appropriate audit evidence about whether accounting estimates and related disclosures in the financial statements are reasonable in the context of the applicable financial reporting framework (AFRF).

***Accounting Estimates V/s Accounting Principles*:**

These are two different financial concepts which are commonly used during preparation of financial statements. However, it is very much vital to distinguish between the two. Let us differentiate the same, as given below:

Meaning: Accounting Estimate means an approximation of a value of Asset, Liability, Income or Expenditure for which a precise means of measurement is not available on the other hand Accounting Principles can be understood as Specific principles, bases, conventions, rules, and practices used by the management while preparing and presenting financial statements.

How they affect data: change in Accounting estimates changes actual financial information on the other hand Accounting principles changes signify conceptual changes in how financial information is calculated.

How change is given effect: Changes in Accounting Estimates is given effect prospectively however changes in Accounting Principles should be given effect retrospectively.

What is used in background: In accounting estimates, information related to historical data, opinions and knowledge of experts, etc are used for achieving useful results, whereas in case of the Accounting Principles, the guidelines are provided by various laws, Accounting Bodies and policymakers following which decisions are taken.

Subjectivity: Accounting Estimates are subjective in nature due to their dependence on expert knowledge, skill and experience, which also depends on the information available from various sources during a particular time. Accounting Principles are more objective in nature since rules and policies are fixed and in each Accounting Period these should also be disclosed in notes to financial statements.

Both of these are important and relevant in the world of finance and should be used to maintain Quality of financial reporting which is achieved by consistency, transparency and understandability of the financial condition of the business.

Concept of Audit of Accounting Estimates: Before going in detail we shall take a snapshot of audit procedure which should be adhered if any estimated figure is involved in financial statements. The primary objective of auditor is to gather "Sufficient and Appropriate Audit Evidence" in support of various assertions of the financial elements. To prepare financial statements is the primary responsibility of the management like any other figure, accounting estimate is also appear at the initiative of the management and not auditor. The auditor should obtain evidence as to a. That accounting estimate is reasonable as per the circumstances and b. that it has been appropriately disclosed. To disclose an estimate depends on various factors like legal requirement of disclosure, materiality of volume or nature, matching concept etc. Normally auditors apply following procedure while auditing accounting estimates:

(A) Review and test the process through which estimate are developed: including evaluation of date and evaluation of assumptions underlying the estimates; testing the calculations involved in the estimate; comparison of estimate and actual results of prior periods and evaluation of the approval procedure of the management.
(B) Comparison of the estimates developed by the management with estimates developed by auditors.
(C) Subsequent events (Events occurred after generation of estimates and up to submission of Audit Report) related with estimates must be r reviewed.

Knowledge of client business and consistence of other audit evidences gathered with accounting estimates also plays vital role in the final assessment of reasonableness of an accounting estimate. If auditor is of the view that accounting estimates developed by the management are significantly different from the estimates assessed or developed by the auditor, he may request the management to carry out necessary changes. In case management refuses to revise it's estimate it would be considered a misstatement and the auditor would need to consider it's effect on the financial statement.

Article on

Union Budget 2026-27: Key Tax Reforms and Economic Direction

Introduction

The Union Budget 2026-27 marks a significant step in India's economic and tax reform journey. The Government has focused on **fiscal consolidation, simplification of tax laws, improved compliance mechanisms, and growth-oriented expenditure**. One of the most notable developments is the implementation of the **new Income-tax Act, 2025**, which will replace the decades-old Income-tax Act, 1961 from **1 April 2026**.

1. Macroeconomic Overview of Budget 2026–27

The budget aims to balance economic growth with fiscal discipline.

Key economic indicators include:

- **Total Government Expenditure:** ₹53.47 lakh crore
- **Increase in expenditure:** 7.7% over the revised estimates of FY 2025-26
- **Nominal GDP growth assumption:** 10%
- **Fiscal deficit target:** 4.3% of GDP
- **Revenue deficit:** 1.5% of GDP

Capital expenditure has been increased significantly to support infrastructure development and long-term economic growth.

2. Major Direct Tax Reforms

(a) Implementation of the Income-tax Act, 2025

One of the most important reforms announced in the budget is the **implementation of the new Income-tax Act, 2025** effective **1 April 2026**.

Key objectives include:

- Simplification of tax provisions
- Reduction of litigation
- Improved clarity in definitions and compliance
- Digitisation and streamlined procedures

This represents a major modernization of India's tax framework.

(b) Simplification of Income Tax Compliance

The government plans to introduce **simplified Income Tax Rules and redesigned forms** to make compliance easier for taxpayers.

This reform aims to:

- Improve ease of filing returns
- Reduce errors and disputes
- Promote voluntary tax compliance.

(c) Revision in ITR Filing Timelines

The time limit for revising Income Tax Returns has been **extended up to 31 March** of the assessment year with payment of a small fee.

General return filing deadlines remain:

- **Individuals:** 31 July
- **Non-audit business cases and trusts:** 31 August

This change provides taxpayers additional time to correct errors in filed returns.

(d) Changes in TCS Provisions

Important changes have been introduced in **Tax Collected at Source (TCS)** provisions:

- TCS on **overseas tour packages** reduced to **2%** (earlier 5% or 20%).
- TCS for **education and medical purposes under LRS** reduced to **2%**.

This step reduces compliance burden and improves ease of international transactions.

(e) Foreign Asset Disclosure Window

The budget introduces a **one-time Foreign Asset Disclosure Scheme** for small taxpayers to declare undisclosed foreign assets or income within a specified period.

The objective is to:

- Encourage voluntary compliance
- Bring undisclosed foreign assets into the tax system.

3. Government Revenue and Tax Projections

Key tax revenue projections for FY 2026-27 include:

- **Gross Tax Revenue:** ₹44.04 lakh crore
- **Income Tax collection growth:** 11.7%
- **Corporate Tax growth:** 11%
- **Indirect tax collection:** ₹16.79 lakh crore
- **CGST expected revenue:** ₹10.19 lakh crore

These estimates reflect expectations of **strong economic growth and improved tax compliance**.

4. Focus on Fiscal Discipline

The government continues its path of **fiscal consolidation**.

Important fiscal indicators:

- Fiscal deficit reduced from **4.4% to 4.3% of GDP**
- Debt-to-GDP ratio estimated at **55.6%**.

The objective is to gradually bring debt levels to **around 50% of GDP by 2030**.

5. Key Policy Priorities of the Budget

The Union Budget 2026-27 focuses on three major policy priorities:

1. Economic Growth

Increasing capital expenditure to strengthen infrastructure and productivity.

2. Inclusive Development

Ensuring that growth benefits all sections of society through welfare schemes and social infrastructure.

3. Tax System Modernisation

Through the new Income-tax Act, simplified procedures, and technology-driven compliance mechanisms.

6. Significance for Chartered Accountants and CA Students

The Budget 2026-27 has several implications for the profession:

- Transition to the **new Income-tax Act, 2025** will require deep technical understanding.
- Simplified tax forms and compliance processes will change return filing practices.
- Changes in TCS provisions and disclosure schemes will affect advisory services.
- Greater focus on **technology-based tax administration** will transform tax practice.

For CA students, understanding these reforms is essential for **professional competence, examinations, and future practice**.

Conclusion

The Union Budget 2026-27 represents a major step towards **tax simplification, fiscal discipline, and economic growth**. The introduction of the **new Income-tax Act, 2025**, along with compliance reforms and fiscal consolidation, indicates the government's commitment to modernizing India's tax system.

For aspiring Chartered Accountants, the budget highlights the evolving nature of taxation and underscores the importance of **continuous learning and adaptability in the profession**.

FORTHCOMMING EVENTS FOR THE MONTH OF MARCH 2026

Date	Program	Speaker/ Resource Person	Venue	Duration
To be announced	**Joint Seminar with University**	To be announced	To be announced	6 Hours
To be announced	**Industrial Visit**	To be announced	To be announced	4 Hours
To be announced	**Seminar on Union Budget**	To be announced	To be announced	6 Hours

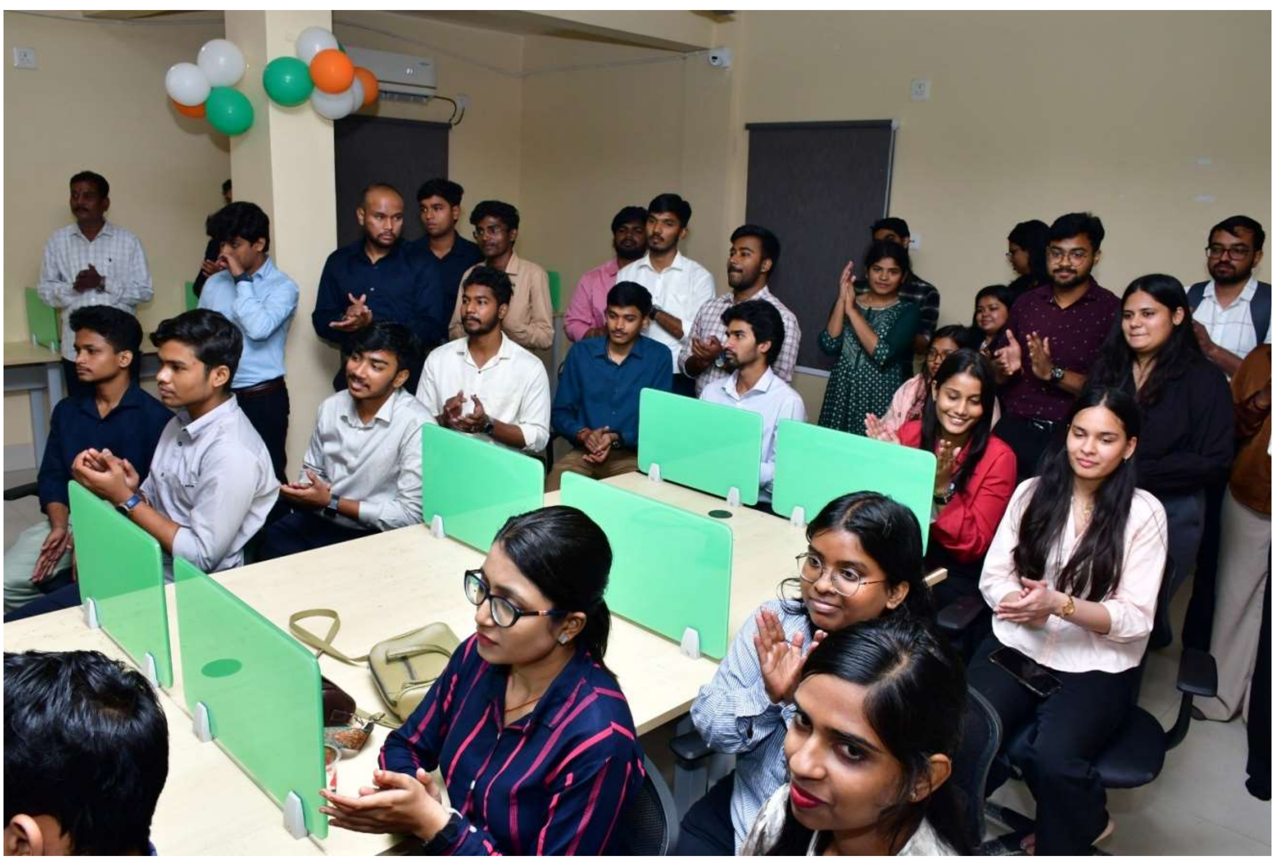
ON THE LIGHTER SIDE OF LIFE

Now, go ahead and have a laugh at our expense!

"Normal people fear ghosts. CA students fear 'Amendments announced just before exams."

Glimpses of Events

"LIBRARY INAGURATION AT JATNI"



WELCOME OUR NEW CHAIRMAN

EICASA BHUBANESWAR

CA (DR.) PRITHVI RANJAN PARHI