March, 2026

THE ORACLE

Mangaluru Branch of SIRC of ICAI

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THROUGHTOUT APRIL

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One Day GST Seminar
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CHAIRMAN'S MESSAGE

CA. Daniel Marsh Pereira
Chairman- ICAI Mangaluru Branch

The month of March has been both vibrant and meaningful for the Mangaluru Branch, marked by professional learning, member engagement, institutional participation, and moments of reflection. As we move towards the close of the financial year, the activities undertaken during the month have reaffirmed the strength of our professional fraternity and the enduring values that bind us together.

The month commenced on a joyous and celebratory note with Members' Day – Sambhrama 2026, held on 1st March. The event brought together more than 150 members and their families for an evening that truly embodied the spirit of fellowship and community. The Members' Day Bazaar provided a platform for entrepreneurial initiatives within our fraternity, while the captivating performance by Shor – The Band transformed the occasion into a memorable celebration filled with warmth, laughter, and camaraderie. Such gatherings serve as an important reminder that the strength of any professional institution lies not merely in its technical capabilities but also in the relationships and mutual goodwill shared amongst its members.

On 8th March, the Branch proudly hosted the International Women's Day Celebration under the aegis of the Women Members Excellence Committee of ICAI. The programme was graced by Ms. Najma Farooqui, ACP, whose inspiring address highlighted the power of determination, leadership, and public service. Equally enriching was the session by Mrs. Janhavi Rao on art therapy and mental well-being, which offered valuable perspectives on achieving balance and resilience in today's demanding professional environment. The enthusiastic participation of women members made the event a resounding success and reflected the growing leadership and influence of women within the profession.

The spirit of learning continued with the conduct of the Study Circle Meeting on the Income Tax Act, 2025 – Series 11, held on 11th March. CA Varun Bhat delivered an insightful session on Assessment and Appeals – Part I, which was attended by approximately 45 members. The programme facilitated meaningful deliberations on contemporary assessment procedures and appellate mechanisms, enabling members to deepen their understanding of a critical area of tax practice.

The same day also witnessed a solemn gathering of the profession as the Branch organised a memorial meeting to pay tribute to CA A. Raghavendra Rao, one of the most respected senior members of our fraternity, whose passing is an irreplaceable loss to the profession and the community at large.

CA Raghavendra Rao exemplified the finest traditions of the Chartered Accountancy profession. Throughout his distinguished career, he remained a beacon of professional integrity, intellectual rigour, and ethical conduct. Beyond his professional accomplishments, he was admired for his humility, mentorship, and willingness to guide younger members of the profession. His life stands as a testament to the values that define our Institute, and his legacy will continue to inspire generations of Chartered Accountants. The presence of numerous members, colleagues, friends, and family members at the memorial service reflected the profound respect and affection he commanded throughout his life.

On 18th March, the Branch conducted its flagship One-Day Seminar on Bank Branch Audit, which witnessed participation from more than 150 members. The seminar addressed key areas including LFAR reporting, documentation standards, NPA provisioning norms, technology-driven audit practices, and the expectations of central auditors. The expert deliberations and practical insights shared by the speakers equipped participants with valuable knowledge ahead of the audit season and reinforced the Branch's commitment to professional excellence and capacity building.

The focus on direct taxation continued on 21st March with Income Tax Act, 2025 – Series 13, presented by CA K. Subramanya Kamath, Past Chairman of the Branch. The session on Appeals and Assessments attracted nearly 50 participants and was highly appreciated for its practical orientation and analytical depth. The active participation witnessed across both study circle meetings reflects the commitment of members towards continuous professional development and staying abreast of legislative and procedural developments.

Another significant milestone during the month was the participation of our Managing Committee members in the All India Managing Committee Members Meet (AIMCMM) 2026, held at Hyderabad. The conference provided an invaluable opportunity to engage with branch leaders from across the country and gain deeper insights into the strategic vision and future direction of ICAI. The deliberations on institutional development, member services, governance, technology adoption, and leadership will undoubtedly contribute towards enhancing the initiatives of our Branch and strengthening our service to the membership.

Collectively, these programmes reflect the multidimensional role of the Mangaluru Branch—not merely as a centre for technical learning, but as a platform for professional growth, leadership development, community engagement, and institutional excellence. The encouraging participation witnessed across all events is a testament to the vibrancy of our membership and the shared commitment towards strengthening our profession.

As we conclude another productive month, I express my sincere gratitude to our members, faculty, volunteers, sponsors, and Managing Committee colleagues whose unwavering support continues to make these initiatives possible. Together, we shall continue to uphold the values of the Institute, foster professional excellence, and contribute meaningfully to the advancement of our profession and society.

Let us carry forward this momentum with renewed purpose and a collective resolve to build a stronger, more vibrant, and future-ready professional community.

FROM THE EDITOR'S DESK

Dear Members,

March marks the most critical phase of the financial year, and the profession is at its peak in terms of workload and responsibility. Members have been fully engaged in finalisation of accounts, tax audits, GST reconciliations, and ensuring timely compliance with various statutory requirements. The focus during this month remains on accuracy, completeness, and adherence to deadlines.

As we move into April, attention will shift towards filing of returns, post-year-end compliances, and addressing audit observations. Proper documentation and review carried out during March will play a crucial role in ensuring a smooth transition into the new financial year.

A significant development at the Branch level during the month was the change in the Managing Committee, effective 28th February.

From an economic perspective, while the domestic environment has remained stable, global developments have introduced an element of uncertainty. The escalation of the conflict involving Iran and Israel towards the end of February has had an impact on global crude oil prices. This is an important development, as sustained increase in energy prices could influence inflation levels, business costs, and overall economic outlook. Members may need to keep a close watch on these factors while advising clients.

On the sports front, March brings heightened excitement with the commencement of major cricketing events such as the Indian Premier League, which garners widespread attention across the country. Such events provide a welcome respite amidst the demanding professional schedule.

As we conclude the financial year, I urge all members to remain diligent, maintain professional excellence, and uphold the integrity that defines our profession.

Warm regards,

CA. B. Krishnananda Pai

Editor, Newsletter

Mangaluru Branch of SIRC of ICAI

Using Vibe Coding in the Chartered Accountancy Profession: Transforming Audit, Taxation, Drafting and Professional Judgment in the Digital Era

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INTRODUCTION

The Prevention of Money Laundering Act, 2002 (PMLA) is one of the most significant economic legislations enacted by the Indian Parliament with the objective of preventing money laundering, confiscating proceeds of crime, and ensuring the integrity of the financial system. The Act was introduced to fulfill India's international obligations under the Financial Action Task Force (FATF) and to strengthen domestic legal mechanisms against organized crime, corruption, drug trafficking, and economic offences.

Over the years, the PMLA has undergone multiple amendments, making it a stringent and wide-ranging law. While the objective of curbing black money and financial crime is laudable, the Act has given rise to numerous legal, operational, procedural, and constitutional challenges. The expanding scope of enforcement powers, reverse burden of proof, attachment of property, and obligations imposed on bankers and professionals have created serious interpretational and compliance concerns.

This article provides a comprehensive and professional analysis of the intricacies, complexities, and challenges under the PMLA, supported by judicial pronouncements, real-life illustrations, numerical examples, and professional experience.

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1. CONCEPT AND STAGES OF MONEY LAUNDERING

Money laundering refers to the process by which illegally obtained money is transformed into apparently legitimate funds. The objective is to conceal the illicit origin of money and integrate it into the formal financial system without raising suspicion.

Under Section 3 of PMLA, money laundering includes:

- Concealment of proceeds of crime
- Possession or acquisition of proceeds of crime
- Use or projection of such proceeds as untainted property

The laundering process generally occurs in three distinct stages:

(a) Placement

This is the first stage where illicit funds are introduced into the financial system. Cash generated from illegal activities such as smuggling, corruption, tax evasion, or drug trafficking is deposited in banks or invested in businesses.

Example:

An individual earns ₹10 crore through illegal mining. The amount is deposited in multiple bank accounts in small tranches to avoid reporting thresholds.

(b) Layering

This stage involves creating complex layers of financial transactions to obscure the origin of money. Funds are transferred through shell companies, foreign remittances, share transactions, or benami accounts.

Example:

₹10 crore is routed through five shell companies and converted into unsecured loans or share capital.

(c) Integration

At this stage, the laundered money re-enters the economy as legitimate income through real estate purchases, business investments, or luxury assets.

Example:

The laundered funds are used to purchase commercial property worth ₹9.5 crore, appearing as lawful investment.

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2. EVOLUTION OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002

The PMLA was enacted in 2002 and came into force in 2005. Initially, the Act had limited applicability and covered only a few predicate offences. However, subsequent amendments in 2009, 2012, 2015, 2018, 2019, and 2022 significantly expanded its scope.

Key developments include:

- Expansion of the Schedule of Offences
- Inclusion of tax-related offences
- Strengthening powers of the Enforcement Directorate
- Introduction of provisional attachment provisions
- Alignment with FATF recommendations

The 2019 and 2022 amendments widened the definition of proceeds of crime and empowered ED with arrest and attachment powers without prior conviction.

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3. INTRICACIES IN INTERPRETATION OF "PROCEEDS OF CRIME"

Section 2(1)(u) defines proceeds of crime as property derived or obtained, directly or indirectly, as a result of criminal activity relating to a scheduled offence.

The interpretation of this term has generated serious legal debate.

Key complexities include:

- Whether proceeds must exist in physical form
- Whether indirect benefits are covered
- Whether substituted or equivalent assets can be attached

In Vijay Madanlal Choudhary v. Union of India (2022), the Supreme Court held that:

- Proceeds of crime include property derived directly or indirectly
- Even if original property is not traceable, equivalent value can be attached
- Money laundering is a continuing offence

This judgment significantly widened the scope of enforcement.

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4. COMPLEXITIES OF SCHEDULED OFFENCES

PMLA proceedings are dependent upon the existence of a scheduled offence. The Schedule includes offences under IPC, NDPS Act, Companies Act, Customs Act, Prevention of Corruption Act, etc.

Complexities include:

- PMLA proceedings initiated before conviction in predicate offence
- Parallel proceedings under different laws
- Conflicting outcomes between criminal courts and ED

Illustration:

A fraud under IPC Section 420 becomes a scheduled offence. Even before conviction, ED can attach assets under PMLA.

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5. BURDEN OF PROOF AND REVERSE ONUS

Section 24 of PMLA places the burden of proof on the accused to prove that the property is not proceeds of crime. This reverses the traditional criminal law principle of presumption of innocence.

In Nikesh Tarachand Shah v. Union of India, the Supreme Court struck down stringent bail provisions as unconstitutional. However, later amendments restored them with modifications.

This reverse burden creates severe hardship for accused persons, especially professionals and businessmen.

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6. ATTACHMENT, ADJUDICATION AND CONFISCATION

The process involves:

- Provisional attachment by ED
- Confirmation by Adjudicating Authority
- Confiscation upon conviction
- Appeals before Appellate Tribunal and High Court

Challenges include:

- Attachment without trial
- Long litigation period
- Impact on legitimate business operations

In B. Rama Raju v. Union of India, the court upheld attachment powers but emphasized procedural safeguards.

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7. ROLE OF ENFORCEMENT DIRECTORATE, FIU AND POLICE

The Enforcement Directorate is the principal investigating agency under PMLA. Its powers include search, seizure, arrest, and attachment.

FIU-IND functions as the central intelligence agency receiving:

- Suspicious Transaction Reports (STRs)
- Cash Transaction Reports (CTRs)
- Cross-border wire transfer data

The Police investigate predicate offences and assist ED.

8. ROLE OF BANKERS AND REPORTING ENTITIES

Banks are the first line of defense in AML compliance.

Their responsibilities include:

- Customer Due Diligence (CDD)
- Know Your Customer (KYC)
- Monitoring suspicious transactions
- Reporting STRs and CTRs
- Maintaining records

Failure may result in heavy penalties, regulatory action, and reputational damage.

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9. ROLE OF CHARTERED ACCOUNTANTS AND AUDITORS

Chartered Accountants act as gatekeepers of financial integrity. Their responsibilities include:

- Verification of financial transactions
- Reporting suspicious activities
- Ensuring compliance with laws

Professional negligence or connivance may result in:

- Penal liability under PMLA
- ICAI disciplinary action
- Criminal prosecution

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10. CASE LAW ANALYSIS

Vijay Madanlal Choudhary (2022):

Upheld constitutional validity of PMLA.

Nikesh Tarachand Shah (2017):

Struck down twin bail conditions.

P. Chidambaram v. ED:

Recognized seriousness of economic offences.

These judgments shape the current AML framework.

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11. NUMERICAL ILLUSTRATION OF LAYERING

Illegal income: ₹5 crore

Stage 1: Deposited in 10 accounts – ₹50 lakh each

Stage 2: Transferred to shell companies

Stage 3: Invested in real estate

Final outcome: Asset valued at ₹4.8 crore treated as proceeds of crime.

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12. PRACTICAL COMPLIANCE CHALLENGES

- Complex reporting norms
- Fear of penalties
- Cost of compliance
- Technological limitations
- Ambiguous interpretation

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13. GLOBAL FATF COMPARISON

India complies with FATF recommendations but has stricter enforcement powers compared to US and UK laws.

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14. ETHICAL DILEMMAS AND PROFESSIONAL RISK

Professionals face conflict between:

- Client confidentiality
- Legal obligation
- Professional ethics

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15. SUGGESTIONS FOR REFORM

- Clearer statutory definitions
- Time-bound investigations
- Protection for bona fide professionals
- Rationalisation of attachment powers

CONCLUSION

The Prevention of Money Laundering Act, 2002 is a powerful tool in combating financial crime. However, its wide scope, reverse burden of proof, and strict enforcement mechanisms pose significant challenges. A balanced approach ensuring transparency, fairness, and proportionality is essential to preserve both economic integrity and constitutional values.

THE MONTH GONE BY - MARCH 2026

Study Circle on Income Tax Act, 2025 Covering Set off and Carry Forward, Deductions, Rebate & Relief and New Tax Regime

By CA. Sunil Anni on 04.03.2026

THE MONTH GONE BY - MARCH 2026

Women's Day Seminar

With Janhavi M Rao and Najma Farooqi (KSPS, ACP)

on 10.03.2026

THE MONTH GONE BY - MARCH 2026

Condolence Meet of Late Dr. CA. A Raghavendra Rao on 11.03.2026

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Study Circle on Income Tax Act, 2025 Covering Assessment and Appeal

By CA. Varun Bhat on 11.03.2026

Study Circle on Income Tax Act, 2025 Covering Penalties & Prosecutions by CA. Praveen Kumar Shetty On 14.03.2026

THE MONTH GONE BY - MARCH 2026

Bank Audit Seminar

By CA. Sharath Shetty and CA. Saran Kumar

on 18.03.2026

THE MONTH GONE BY - MARCH 2026

Study Circle on Income Tax Act, 2025 Covering Reassessments & Rectifications

By CA. K Subramanya Kamath

on 21.03.2026

BRANCH IN MEDIA

ಐಸಿಎಐ ಮಂಗಳೂರು ಶಾಖೆಯ 2026-27ರ ವ್ಯವಸ್ಥಾಪನಾ ಸಮಿತಿಗೆ ಚುನಾವಣೆ ಪಡೀಲ್‌ನ ಐಸಿಎಐ ಭವನದಲ್ಲಿ ನಡೆಯಿತು. ಸಿಎ ಡ್ಯಾನಿಯೆಲ್ ಮಾರ್ಷ್ ಪಿರೇರ ಅಧ್ಯಕ್ಷರಾಗಿ, ಸಿಎ ಮಮತಾ ರಾವ್ ಉಪಾಧ್ಯಕ್ಷರಾಗಿ, ಸಿಎ ಬಾಲಸುಬ್ರಹ್ಮಣ್ಯ ಎನ್. ಕಾರ್ಯದರ್ಶಿಯಾಗಿ, ಸಿಎ ನಿತಿನ್ ಬಾಳಿಗ ಖಜಾಂಚಿಯಾಗಿ, ಸಿಎ ಗೌರವ್ ಹೆಗ್ಡೆ ವಿದ್ಯಾರ್ಥಿ ವಿಭಾಗದ(ಸಿಕಾಸಾ) ಅಧ್ಯಕ್ಷರಾಗಿ ಆಯ್ಕೆಯಾಗಿದ್ದಾರೆ. ಸಿಎ ಕೃಷ್ಣಾನಂದ ಪೈ ಮತ್ತು ನಿರ್ಗಮಿತ ಅಧ್ಯಕ್ಷ ಸಿಎ ಪ್ರಶಾಂತ್ ಪೈ ಸದಸ್ಯರಾಗಿ ಮುಂದುವರಿಯಲಿದ್ದಾರೆ. ಐಸಿಎಐ ದಕ್ಷಿಣ ಭಾರತ ಪ್ರಾದೇಶಿಕ ಮಂಡಳಿ ಕಾರ್ಯದರ್ಶಿ ಸಿಎ ಪ್ರಮೋದ್ ಹೆಗ್ಡೆ ಮತ್ತು ಮಂಗಳೂರು ಶಾಖೆಯ ಹಿಂದಿನ ಅಧ್ಯಕ್ಷರು ಉಪಸ್ಥಿತರಿದ್ದರು.

ವಿವಿಧೆಡೆ ಮಹಿಳಾ ದಿನಾಚರಣೆ

ಎಸ್‌ಐಆರ್‌ಸಿ ಮಂಗಳೂರು ಶಾಖೆ

ಮಹಾನಗರ, ಮಾ. 17: ಭಾರತದ ಚಾರ್ಟರ್ಡ್ ಅಕೌಂಟೆಂಟ್ಸ್ ಸಂಸ್ಥೆಯ (ಎಸ್‌ಐಆರ್‌ಸಿ) ಮಂಗಳೂರು ಶಾಖೆಯು ಮಹಿಳಾ ಸದಸ್ಯರ ಶ್ರೇಷ್ಠತೆ ಸಮಿತಿಯ ಆಶ್ರಯದಲ್ಲಿ ಅಂತಾರಾಷ್ಟ್ರೀಯ ಮಹಿಳಾ ದಿನಾಚರಣೆಯ ಅಂಗವಾಗಿ ಮಂಗಳೂರಿನ ಐಸಿಎಐ ಭವನದಲ್ಲಿ ವಿಶೇಷ ಕಾರ್ಯಕ್ರಮ ನಡೆಯಿತು.

ಎಸಿಪಿ ನಜ್ಮಾ ಫಾರೂಕಿ ಅವರು ಕಾರ್ಯಕ್ರಮಕ್ಕೆ ತಮ್ಮ ಪೊಲೀಸ್ ಸೇವೆಯ ಪ್ರೇರಣಾದಾಯಕ ಅನುಭವಗಳನ್ನು ಹಂಚಿಕೊಂಡರು. ಕರ್ತವ್ಯ ನಿರ್ವಹಣೆಯ ವೇಳೆ ಎದುರಾದ ಸವಾಲುಗಳನ್ನು ವಿವರಿಸುವುದರೊಂದಿಗೆ ಸೈಬರ್ ಅಪರಾಧಗಳ ಬಗ್ಗೆ ಜಾಗೃತಿ ಮೂಡಿಸಿ ಸಾರ್ವಜನಿಕರು ಎಚ್ಚರಿಕೆಯಿಂದಿರಬೇಕೆಂಬ ಅಗತ್ಯವನ್ನು ತಿಳಿಸಿದರು.

ಜಾಹ್ನವಿ ಎಂ. ರಾವ್ ಅವರು ಗೌರವ ಅತಿಥಿಯಾಗಿದ್ದರು. ಆಕರ್ಷಕವಾದ ಆರ್ಟ್ ಥೆರಪಿ ಕಾರ್ಯಕ್ರಮವನ್ನು ನಡೆಸಿದರು. ದಿನನಿತ್ಯ ಬಳಕೆಗೆ ಕೈಯಿಂದ ಚಿತ್ರ ಬಿಡಿಸಿದ ಟೋಟ್ ಬ್ಯಾಗ್‌ಗಳನ್ನು ತಯಾರಿಸಿದರು. ಮಂಗಳೂರು ಶಾಖೆಯ ಅಧ್ಯಕ್ಷರಾದ ಸಿಎ ಡೇನಿಯಲ್ ಮಾರ್ಷ್ ಪರೆರಾ, ಉಪಾಧ್ಯಕ್ಷೆ ಸಿಎ ಮಮತಾ ರಾವ್, ಖಜಾಂಚಿ ಸಿಎ ನಿತಿನ್ ಬಾಳಿಗ ಮತ್ತು ವಿದ್ಯಾರ್ಥಿ ಅಧ್ಯಕ್ಷ ಸಿಎ ಗೌರವ್ ಹೆಗ್ಡೆ ಉಪಸ್ಥಿತರಿದ್ದರು.

ಡ್ಯಾನಿನೆಲ್ ಮಾರ್ಷ್ ಪಿರೇರಾ ಐಸಿಎಐ ಅಧ್ಯಕ್ಷರಾಗಿ ಆಯ್ಕೆ

ಐಸಿಎಐ ಮಂಗಳೂರು ಶಾಖೆಗೆ ಆಯ್ಕೆಯಾದ ನೂತನ ಪದಾಧಿಕಾರಿಗಳು.

ಮಂಗಳೂರು: ಐಸಿಎಐ (ಭಾರತೀಯ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ಸಂಸ್ಥೆ) ಮಂಗಳೂರು ಶಾಖೆಯ ವ್ಯವಸ್ಥಾಪನಾ ಸಮಿತಿ ಅಧ್ಯಕ್ಷರಾಗಿ ಸಿಎ ಡ್ಯಾನಿನೆಲ್ ಮಾರ್ಷ್ ಪಿರೇರಾ ಆಯ್ಕೆಯಾಗಿದ್ದಾರೆ. ಸಿಎ ಮಮತಾ ರಾವ್ ಉಪಾಧ್ಯಕ್ಷೆಯಾಗಿ, ಸಿಎ ಬಾಲ ಸುಬ್ರಹ್ಮಣ್ಯ ಎನ್. ಕಾರ್ಯದರ್ಶಿಯಾಗಿ, ಸಿಎ ನಿತಿನ್ ಬಾಳಿಗ ಖಜಾಂಚಿಯಾಗಿ, ಸಿಎ ಗೌರವ್ ಹೆಗ್ಡೆ ವಿದ್ಯಾರ್ಥಿ ವಿಭಾಗದ(ಸಿಕಾಸಾ) ಅಧ್ಯಕ್ಷರಾಗಿ ಆಯ್ಕೆಯಾಗಿದ್ದಾರೆ. ಸಿಎ ಕೃಷ್ಣಾನಂದ ಪೈ ಮತ್ತು ನಿರ್ಗಮಿತ ಅಧ್ಯಕ್ಷ ಸಿಎ ಪ್ರಶಾಂತ್ ಪೈ ಕೆ.ಸಮಿತಿ ಸದಸ್ಯರಾಗಿ ಮುಂದುವರಿಯಲಿದ್ದಾರೆ. ಐಸಿಎಐನ ದಕ್ಷಿಣ ಭಾರತ ಪ್ರಾದೇಶಿಕ ಮಂಡಳಿ ಕಾರ್ಯದರ್ಶಿ ಸಿಎ ಪ್ರಮೋದ್ ಹೆಗ್ಡೆ ಮತ್ತು ಮಂಗಳೂರು ಶಾಖೆಯ ಮಾಜಿ ಅಧ್ಯಕ್ಷರು ನೂತನ ಪದಾಧಿಕಾರಿಗಳ ಆಯ್ಕೆ ಸಂದರ್ಭ ಇದ್ದರು.

EDITORIAL BOARD

The Managing Committee of Mangalore Branch of SIRC of ICAI invites articles, write-ups and other similar materials in the areas of Accounting, Taxation or any other subject of professional interest for publishing in its E-Bulletin. The articles submitted for consideration of publication should be of 2000-4000 words typed. Soft copy of the article, along with the author's photograph may be sent to mangaluru@icai.org .

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