

## US-India Tax Forum NEWSLETTER

Monday | April 21, 2025

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## Advocacy wins

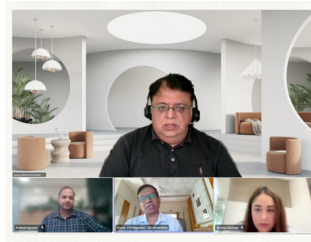


Following Tax Forum Advocacy's efforts towards standardizing registration documents, CBIC has issued new instructions regarding GST registrations.

### These instructions:

- Acknowledge the shared business model of e-commerce operators.
- Specify that requests for documents beyond the prescribed list require prior approval from the AC/DC.
- Direct registration officers to avoid asking presumptive queries unrelated to the submitted documents or information.
- Establish a maximum 30-day timeframe for processing registration applications.

## Headlines News



### BSFI working group discussion on 2nd April, 2025

The BSFI (Banking, Financial Services & Insurance) Working Group addresses GST-related challenges faced by the financial services sector. The group works toward resolving sector-specific issues and advocating for streamlined tax compliance.

*To join the BSFI Working Group or share your feedback, please contact Shreeya Kashyap at [skashyap@usinfoundation.org](mailto:skashyap@usinfoundation.org).*



### Trump's "reciprocal" tariffs took root in the WTO's failings

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### India announced to scrap 6% equalisation levy on digital ads starting April 1, 2025

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### Acquisition of shares at below FMV not taxable as Other Income when held as stock-in-trade.

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### CBDT Notifies Amendments in Income-Tax Rules to Broaden Safe Harbour Scope

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इलेक्ट्रॉनिक्स एवं  
सूचना प्रौद्योगिकी मंत्रालय  
MINISTRY OF  
ELECTRONICS AND  
INFORMATION TECHNOLOGY  
सत्यमेव जयते

Ministry of Electronics and Information Technology (MeitY) introduced the Electronics Components Manufacturing Scheme to bolster electronics manufacturing in India.

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## Thought leadership



Improving Ease of Doing Business for Telecom Sector in India

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Continued focus on publications to be released: Report on understanding taxation landscape for digital services in India.

## Goods and Services Tax

### Continued Advocacy on Goods and Services Tax



Place of supply  
Issues under GST for

- BFSI sector
- Insurance broking companies



Rate  
Rationalisation

- GST exemption on health insurance premiums
- Challenges faced by the Oil & Natural Gas Sector
- Issues faced by Airline Sector
- Seeking sugar content-based tax on aerated drinks
- Concessional tax rates for Maintenance Repairs and Operations (MRO) company (new unit)
- Reduction in state VATs on ATF and inclusion of ATF in GST
- Clarity on implication of 28% GST on online gaming
- and Others



Inverted Duty

- Input tax credit refund advocacy for edible oil industry
- Advocacy to address inverted duty rates for MRO sector
- Inverted duty structure for oil field service providers
- and Others

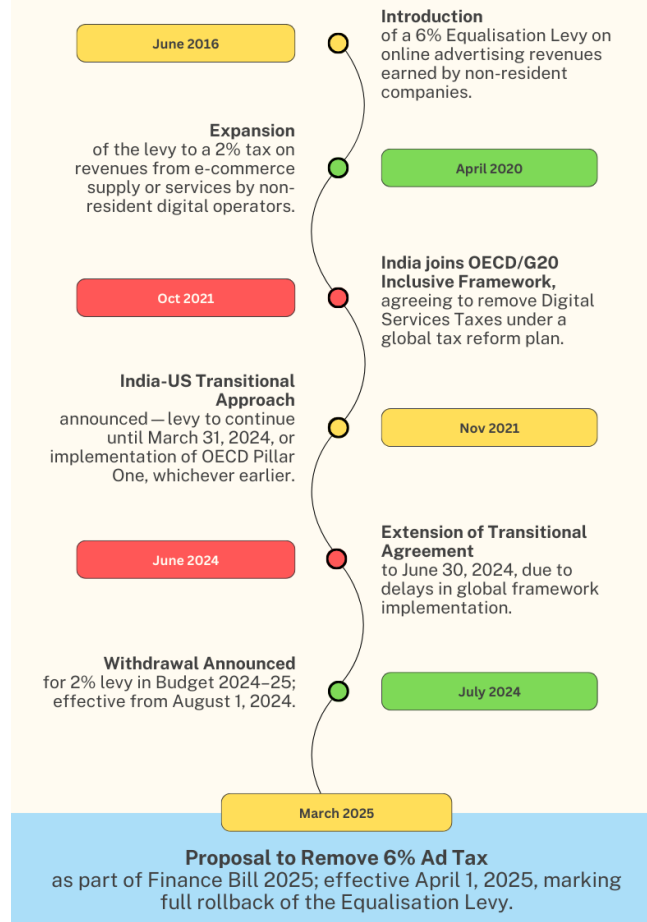


Legislative &  
Procedural Issues

- Banking Sector:
  - Levy of GST on investment services for overseas investors by classifying them as 'intermediary services'
  - Clarification on valuation of cross-charge transactions between Indian branch office and foreign branch office
- Request for extension on date for implementation of Invoice Management System introduced by GSTN
- Challenges pertaining to levy of GST on sourcing and risk assessment services provided by Indian Insurance Brokers to Overseas Clients
- and Others

## Corporate Tax





## Phased Rollback of India's Equalization Levy: 2016–2025






## Transfer Pricing

## CBDT Amends IT Rules to Expand the Scope of Safe Harbour

### Amendments Introduced

01	02	03	04
			
<b>Extended Safe Harbor Period:</b>	<b>Transparency on Assessment Year Validity:</b>	<b>Rectified Safe Harbor Margins:</b>	<b>Lithium-Ion Batteries for EVs:</b>
Under Rule 10TD(3B), assessment years covered have been extended up to 2026-27, ensuring continued benefits for eligible taxpayers.	Now, the provision in Rule 10TE(2) cites that specific safe harbour benefits apply to one assessment year only, removing peculiarity.	Safe harbour margins for multiple international transactions have been revised, augmenting the prescribed profit margins from 2% to 3% in several cases under Rule 10TD.	An influential inclusion in Rule 10A now acknowledges lithium-ion batteries used in electric and hybrid vehicles under safe harbour provisions. With India's enhancement of sustainable mobility, the same move has been aligned.

### Importance for Taxpayers & Companies

-  **Expanded certainty for MNCs-** Revised margins furnish clarity in transfer pricing disputes.
-  **Improve for the EV industry-** Lithium-ion battery inclusion motivates the investment in clean energy.
-  **Longer Tax Planning Horizon-** Extension of safe harbor rules benefits IT, ITeS, and R&D service providers.

The **Transfer Pricing Working Group** aims to improve transfer pricing regulations in India by advocating for greater certainty, reduced litigation, and lower compliance costs. The group supports the expansion of safe harbor rules to provide predefined acceptable profit margins, helping companies navigate transfer pricing with more predictability and ease.

To join the **TP Working Group** or share your feedback, please contact **Shreeya Kashyap** at [skashyap@usinfofoundation.org](mailto:skashyap@usinfofoundation.org).

Customs

## Tax Forum Customs Engagements



### Comprehensive review of duty structure on:

- Raw materials for manufacturing certain Fast Moving Consumable Goods
- Lubricants and Spare parts used by Airline industry
- Import of cocoa beans, corns, Dried Distillers' Grains, sorghum, animal feed supplements etc.



### CAROTAR (Customs Administration of Rules of Origin under Trade Agreements) Rules

- Procedural and interpretation issues leading to delays in shipments clearance
- Expediting furnishing of verification reports by country of origin
- Release of Bank Guarantees
- Issues in availing other Free Trade Agreement Benefits



### Classification disputes

- Medical/Pharmaceutical Industry
- Semiconductor Industry
- Heavy Engineering
- Fast Moving Consumer Goods Industry
- Second-hand products for Research & Development
- Amendments/extension of customs notification
- Medical/Pharmaceutical Industry



### Remission of Duties and Taxes on Exported Products (RoDTEP) scheme

- Issues in availing benefits under the scheme
- Recommendations on applicable rates



### Special Valuation Branch (SVB)

- Request for time bound investigations
- Automation of SVB refund



### Authorised Economic Operators (AEO) Scheme

- Support in expediting license
- Issues in availing benefits
- Policy recommendations on further strengthening the scheme



### All India Customs Consultative Group (AICCG)

- Bi-annual representations on legislative and procedural issues around customs



### Procedural issues

- Prioritization of re-assessment of bill of entries

## Quality Control Orders (QCOs)



### Representation to address industry wide issues in implementing QCOs around

- Toys (Quality Control) Order, 2020
- Electronics and IT Goods (Requirement for Compulsory Registration) Order, 2021
- Air Conditioner and its related Parts, Hermetic Compressor and Temperature Sensing Controls (Quality Control) Order, 2019
- Footwear Made from Leather and Other Materials (Quality Control) Order, 2024
- Bolts, Nuts and Fasteners (Quality Control) Order, 2023



**Quality Control Order- Working Group (QCO WG):** Recognizing that QCOs serve as a significant non-tariff barrier and are likely to be a focal point in upcoming negotiations, USISPF has established a Working Group (QCO WG) to promote dialogue and collaboration on this crucial matter.

*To join the QCO WG or to provide your feedback, please write to Prabhat Agrawal @Prabhat Agrawal*

## Special Economic Zone (SEZ)



### Focused advocacy for simplification and amendments to Special Economic Zone (SEZ) Rules, 2006 around

- Issues in the smooth implementation of ICEGATE portal in SEZ
- Challenges in disposal of IT and non-IT assets, scrap removal, and asset transfers
- Uncertainties around duty exemptions for solar/wind power plants and leasing transactions
- Complex export procedures for Software Technology Parks of India units
- Delays in SEZ invoice endorsement impacting cash flow
- Re-evaluation of Domestic Tariff Area (DTA) pocket policy
- Exemption of duty and benefits to solar/wind power plants set up in SEZ
- Digitalization of platforms and standardization of processes and reporting
- Ongoing issues with Global Capability Centres (GCCs) operating in SEZs

For more information, please write to Shreeya Kashyap at [skashyap@usinfoundation.org](mailto:skashyap@usinfoundation.org) and Prabhat Agrawal at [pagrawal@usinfoundation.org](mailto:pagrawal@usinfoundation.org)

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