

## US-India Tax Forum

NEWSLETTER

Wednesday | March 20, 2025

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## Headlines News



**CBDT (Central Board of Direct Taxes), invites relevant stakeholders to share their inputs and suggestions on the income tax rules, and related forms on provisions of proposed Income Tax Bill, 2025**

18th March 2025

As part of a wider consultative process, the committee formed to review the Rules and Forms invites inputs and suggestions from stakeholders in the following four categories:



**Simplification of language:**

Making tax laws simpler to understand.



**Lessening litigation:**

Addressing peculiarities that lead to regulatory disputes.



**Decreasing compliance load:**

Easing the process to rectify the taxpayer's experience.



**Eliminating redundant provisions:**

Removing the expired rules and forms to improve efficiency.

**CBDT noted that streamlining the 'Rules and Forms' aims to**

- Simplify tax compliance
- Improve taxpayer comprehension
- Ease of filing
- Lower administrative burdens, errors
- Enhance transparency and efficiency.

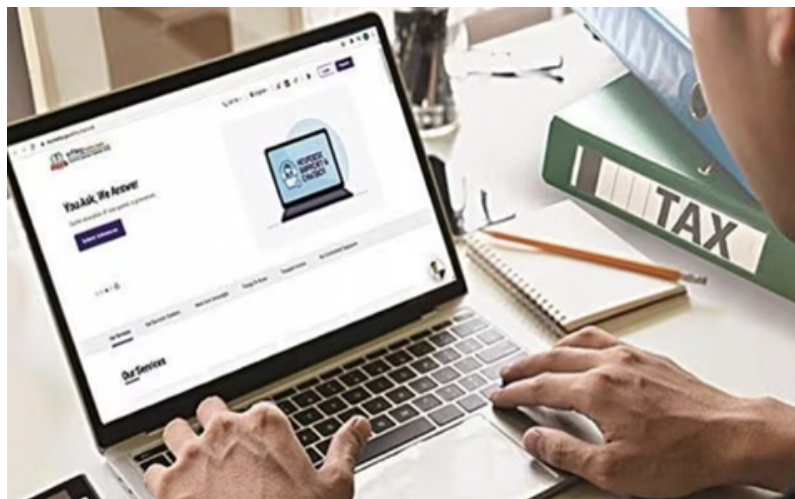
To provide your feedback please write to [Shreya Kashyap at skashyap@usinfoundation.org](mailto:Shreya Kashyap@skashyap@usinfoundation.org)

## New Income Tax Bill 2025

The new Income Tax Bill 2025 aims to simplify tax laws, modernize definitions, and clarify taxation policies for individuals, businesses, and nonprofits. With provisions for digital assets and startups, this bill seeks to create a fairer and more transparent tax structure in India.

## Summary of key changes in the Income Tax Bill, 2025

	Provision	IT Act, 1961 (Old Rules)	IT Act, 1961 IT Bill, 2025 (New Rules)	Key Changes
	Assessment Year-Tax Year	"Previous Year" used	"Tax Year" replaces it	"Assessment Year" concept removed
	Royalty Taxation	Taxable if used in India	Also includes income "outside" India	Possible miswording in ITB, 2025
	Tax Deductibility	Tax on income (surcharge/cess) non-deductible	Explicit clarification on non-deductibility	Reinforces existing law
	Presumptive Taxation	New regime for electronics services	25% of total receipts taxed	Risk of double counting
	Audit & Books	No provision for non-residents in presumptive tax	Audit & books now mandatory	Increased compliance burden
	Cruise Taxation	20% presumptive tax	Option to declare lower income if audited	New flexibility introduced
	Loss Set-off Rules	No set-off for foreign cos. in construction	No set-off for all businesses under presumptive tax	Stricter rules under ITB, 2025
	Capital Gains Bonds	Exemption for long-term capital gains	Wording may exclude some depreciable assets	Possible impact on eligibility
	Capital Losses	LTCL can be set off only against LTCG	ITB, 2025 allows it against STCG too	More flexibility for taxpayers
	Definition of Terms	Undefined terms follow Govt. notifications	Defined under any tax law or Central Govt. law	Broader scope under ITB, 2025
	Loss Carry-forward	51% ownership must be maintained	Losses lost if shareholding changes beyond 49%	Stricter carry-forward rules
	LTCG for Non-Residents	No forex fluctuation benefit	Forex fluctuation benefit allowed	More favorable taxation
	Tax Return for Refunds	No requirement for refunds	Refunds only if return filed before due date	Stricter rule for claiming refunds
	Corporate Tax Deductions	Inter-corporate dividend deduction under 22% tax	No deduction at 22%, only at 15%	Restriction on deductions
	DRP Process	Must consider taxpayer evidence	No requirement to consider taxpayer input	Reduced transparency
	TDS Deduction Certificates	Nil rate included	No explicit nil rate, AO can cancel it	More control for tax authorities



**CBDT launches utility on E- filing portal to seek inputs on simplification of the Income Tax Rules and Forms. March 18, 2025.**

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## Thought leadership



**Improving Ease of Doing Business for Telecom Sector in India**

[Click here to read](#)



**USISPF – Deloitte joint report on Authorised Economic Operator (AEO) Scheme.**

[Click here to read](#)



**TMT- USISPF report 'Path Ahead for Online Skill Gaming in India: Unpacking Global Standards for Regulating and Taxing Online Skill Gaming.**

[Click here to read](#)



**USISPF –EY joint report on the Impact of new GST law on skill-based online games.**

[Click here to read](#)

**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



**DTAA | The Delhi High Court has held that a subsidiary or an entity which is substantially controlled by another entity in a contracting State does not by itself become a Permanent Establishment (PE) of that other entity. March 6, 2025.**

[Read more](#)



## The Central Board of Direct Taxes (CBDT)

**CBDT Circular on application of PPT vis-à-vis grandfathering provisions in treaty does not affect other anti-abuse provisions. March 15, 2025.**

[Read more](#)

## 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](mailto:Prabhat.Agrawal@usispf.org)

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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