

US-India Tax Forum NEWSLETTER

Monday | February 17, 2025

usindiataxforum.org | usispf.org



Headlines News

New Income Tax Bill: A Game-Changer

The proposed Income Tax Bill marks a paradigm shift in India's tax landscape, promising clarity, ease of compliance, and alignment with international best practices. Key features include:

- A simplified tax structure with fewer exemptions and a restructured slab system.
- Deployment of AI-driven compliance monitoring for accuracy and efficiency.
- Implementation of faceless assessment and appeal mechanisms to reduce litigation and enhance transparency.

[Click here to learn more](#)



USISPF Tax Forum advocacy wins- Budget 2025

Direct Tax Wins

- New Income Tax Bill
- Rationalization of TDS/TCS for Ease of Doing Business
- Scope of safe harbor regime under transfer pricing expanded
- Block assessment for transfer pricing cases
- New scheme to determine Arm's length Price
- Scheme of presumptive taxation extended for non-resident providing services for electronics manufacturing facility
- Harmonization of Significant Economic Presence applicability with Business Connection
- Clarity around taxation of category I and II AIFs
- Tax and Regulatory Incentives for IFSC
- Extension of the benefits provided under Section 80-IAC of the Income Tax Act to startups for another period of five years.

Customs Wins

- Removal of seven tariff rates, now only eight remaining tariff rates including 'zero' rate
- Inputs/ parts and sub-parts of PCBA, camera module, connectors and inputs or raw materials exempted from customs duty
- Expanded Exemptions on customs duty on Life-Saving Drugs
- Customs duty on Ethernet Switches Carrier-Grade slashed from 20% to 10%
- BCD on Parts of electronic toys reduced from 70% to 20%
- BCD on Laboratory chemicals reduced to 70% from 150%
- Digitalization of all processes made operational
- Fixed time-limit of two years, extendable by a year, under provisional assessment under Customs Act, 1962

Budget 2025



Key highlights of Budget 2025

[Main documents can be accessed here](#)

Budget 2025 : Sectoral Growth Initiatives: Strengthening India's Economic Foundations



Investment & Employment- Generating Measures

- Electronics Manufacturing
- Inland Waterways
- IFSC Expansion
- Investments



Plugging Tax Loopholes & Ensuring Certainty

- Carry-Forward of Losses Restriction
- Significant Economic Presence (SEP) Clarification
- AIF Investment Taxation Stability

[Click here to read more](#)

India Budget 2025: A Transformational Approach to Taxation and Economic Growth

Direct Taxation: Reshaping Compliance & Investment



The New Income Tax Bill: A Game-Changer



Personal Income Tax Reforms: Relief for Individuals



Corporate & Business Taxation: Boosting Global Competitiveness

Indirect Taxation: Streamlining Customs & Trade Facilitation



Customs Duty Overhauls: Promoting Domestic Manufacturing



Customs Efficiency & Compliance Enhancements

[Click here to read more](#)



Discussion with Dr. V. Anantha Nageswaran, Chief Economic Advisor

Tuesday, 4 February 2025 | New Delhi

[Read more](#)



Debrief with analysis, perspective, and insights on Union Budget 2025

February 3, 2025 | Virtual

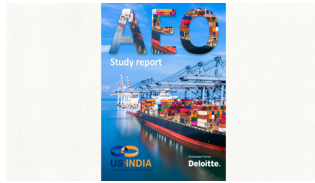
[Read more](#)

Thought leadership



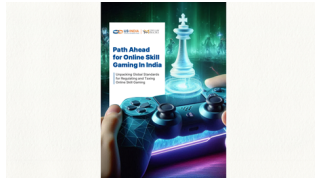
Improving Ease of Doing Business for Telecom Sector in India

[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



Debrief session for BSFI members

Friday, 14 February 2025

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
- Issues faced by E-commerce Operators (ECOs) under Section 9(5)
- Challenges pertaining to levy of GST on sourcing and risk assessment services provided by Indian Insurance Brokers to Overseas Clients
- and Others

Corporate Tax

- Scope of Direct Tax Vivad Se Vishwas Scheme, 2024 expanded. Please access notification [here](#).
- CBDT issued guidelines for application of Principal Purpose Test (PPT). Please access guidelines [here](#).

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)

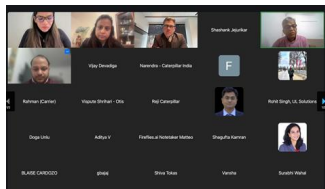
- Bi-annual representations on legislative and procedural issues around customs



Procedural issues

- Prioritization of re-assessment of bill of entries

Quality Control Orders (QCOs)



QCO working group meeting to address industry concerns around India's Quality Control Orders (QCOs).

February 13, 2025

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

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

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