LATEST NEWS AND HIGHLIGHTS

CBIC issuesCirculars to give effect to recommendations
of 50th GST Council

CBDT excludes fund relocation to IFSC from ambit of
Sec.56(2)(x) of Income Tax Act

Advocacy Updates:

- Industry representation submitted to Ministry of Finance on
  implications of TCS on payments toward employee stock
  compensation schemes
- Industry recommendations to address difficulties
  emerging from Customs Circular on classification of
  telecommunication products and equipment submitted
  to Department of Telecommunications
- Joint advocacy with CBIC and Ministry of Electronics and
  Information Technology to discuss impact of amendments
  to MOOWR Scheme
International Tax Updates:

- 3rd G20 Finance Ministers and Central Bank Governors Meeting held on July 17-18. A High-Level Tax Symposium on Combatting Tax Evasion, Corruption and Money Laundering was also organised on the sidelines of this meeting. Read More
- OECD Secretary-General releases Tax Report to G20 Finance Ministers and Central Bank Governors. Read More
- 15th Plenary Meeting of the OECD/G20 Inclusive Framework on BEPS was held on 11 July 2023, and approved the release of Outcome Statement on the Two-Pillar Solution. Read More

OTHER ONGOING ENGAGEMENTS

| GST | • Industry feedback on imposition of 28% GST on online gaming |
| CUSTOMS | • Circular requiring additional declarations for import/ export of specified chemical products |
| DIRECT TAXES | • Issues emanating from Circular on verification of EPR Certificates under Battery Waste Management Rules, 2022 |
| EXPORT INCENTIVES SCHEMES | • Advocacy with Systems Team, CBDT to discuss issues in mandatory e-filing of Form 1OF for non-residents |
| | • Advocacy with CBDT on impact of ‘angel tax’ provisions for foreign investors |
| | • Issues in Implementation of RoDTEP Scheme |
| | • Advocacy with Directorate General of Foreign Trade (DGFT) in claiming of refunds under SEIS |

THOUGHT LEADERSHIP

USISPF Whitepaper on Multilateral Framework for International Tax Co–Operation
Consultation with Department of Telecommunications to discuss industry concerns emerging from changes to MOOWR Scheme

Consultation with JS (Customs) on cross-sectoral issues impacting ease of doing business

Briefing session on business imperatives of FTAs

Consultation with Finance Ministry on impact of amendments to MOOWR Scheme under Customs

Consultation with Finance Ministry to discuss issues in Customs Circular on classification of telecom products and equipment

RECENT TAX RULINGS

In association with

On the International Tax Front, Delhi ITAT in Planetcast International's case held that it had no Permanent Establishment (PE) in India as India-Singapore DTAA did not provide for integrating the independent projects to examine the existence of PE. In SPI Global's case, Delhi ITAT held that the sub-contracting charges received for provision of editorial services to its Indian AE are not taxable as Fee for Included Services under Article 12(4) of India-USA DTAA.

In transfer pricing, Mumbai ITAT in Crayon Group's case, rejected Assessing Officer adopting SBI PLR at the rate of 11% as arm’s length price, clarified that interest rate on compulsorily convertible
debentures (CCDs) differed from bank lending rates and financing under channel financing scheme by non-banking financial company could also not be compared with the subscription of CCD. In Morgan Stanley India’s case, Mumbai ITAT adopted Comparable Uncontrolled Price as Most Appropriate Method and also adopted simple average mean (not weighted average) brokerage rate for comparability purpose.

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To contribute to our ongoing discussions on these matters, please write to @Shweta Kathuria and @Anikha Ashraf

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US-India Tax Forum www.usindiataxforum.org

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