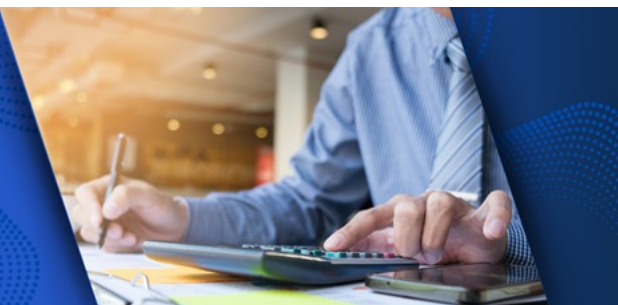


US-India Tax Forum

NEWSLETTER

Tuesday | September 17, 2024

usindiataxforum.org | usispf.org



Goods and Services Tax

Tax Forums Advocacy Wins at the 54th GST Council Meeting

- Place of supply for advertising and data-hosting services by Indian entities to foreign companies regarding export status.
- Voluntary e-invoicing enabled for B2C supplies.
- Addressing denial of tax refunds on exports for advance authorization holders, EOUs, STPIs, etc proposed.
- Exemption for services imported by foreign airline branches from related entities abroad without consideration.
- Clarification on GTA (expand GTA) services
- Amnesty scheme to take effect on 1 Nov 2024, with procedures for waiver of interest/penalties for FY 2017-2020.
- Procedure for rectifying orders on wrong input tax credit claims



Click here to read the [Press release](#) | [Key Updates Summary Document](#)

Corporate Tax

Policy Updates:

The Central Board of Direct Taxes (CBDT) has launched the e-Dispute Resolution Scheme (e-DRS) for taxpayers to resolve matters related to Income Tax assessments. For details access [here](#).

Comprehensive Review of the Income Tax Laws






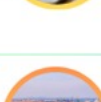

TDS / TCS rationalization

- Harmonization of rates in the TDS framework
- Dispensation of requirement for dissemination of quarterly TDS / TCS certificates
- Simplify compliance burden in respect of foreign remittances

	Transfer Pricing	<ul style="list-style-type: none"> • Scope of safe harbour rules to be expanded, and mark-ups to be rationalized • Streamlining of transfer pricing assessment procedure. • Fast track APA and MAP procedures
	Policy measures to incentivize specific sectors	<ul style="list-style-type: none"> • Viz; concessional tax regime, tax credits, incentives etc.
	Rate Rationalisation	<ul style="list-style-type: none"> • Parity in tax rates for branches of foreign companies, clarifications around TCS on remittances under LRS, etc.
	Clarity around digital taxes	<ul style="list-style-type: none"> • Clarity around 6% interim levy (6% Equalisation levy) • Certain transactions be excluded for SEP constitution • Notifications be for enforcement of Most Favored Nation (MFN) clause under India's tax treaties with France, Belgium, Netherlands etc. with retrospective effect. • Formal guidelines for attributing profits to Permanent Establishments (PE).
	Investment/ funding related matters -	<ul style="list-style-type: none"> • GIFT City related issues (clarification w.r.t. taxability of interest income under section 115A, clarification on validity of Nil withholding tax certificate issued under section 195(3) to an IFSC unit claiming tax holiday, etc.
	Dispute Resolution	<ul style="list-style-type: none"> • Framework for negotiated settlement or mediation for large taxpayers • Standard Operating Procedures (SOPs) to mitigate challenges under faceless assessments

Customs

Comprehensive Review of the Customs Duty Structure

	Rate Rationalisation	<ul style="list-style-type: none"> • Comprehensive review of duty structure • Clarification on Basic Customs Duty on Lab chemicals • Duties on Lubricants and Spare parts of Airline Industry
	CAROTAR (Customs Administration of Rules of Origin under Trade Agreements) Rules	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Electronics Industry • Medical/Pharmaceutical Industry • Semiconductor Industry • Telecom Industry • Heavy Engineering • Fast Moving Consumer Goods Industry • Second-hand products for Research & Development
	Remission of Duties and Taxes on Exported Products (RoDTEP) scheme	<ul style="list-style-type: none"> • Issues in availing benefits under the scheme • Recommendations on applicable rates
	Special Valuation Branch (SVB)	<ul style="list-style-type: none"> • Request for time bound investigations



Authorised Economic Operators (AEO) Scheme

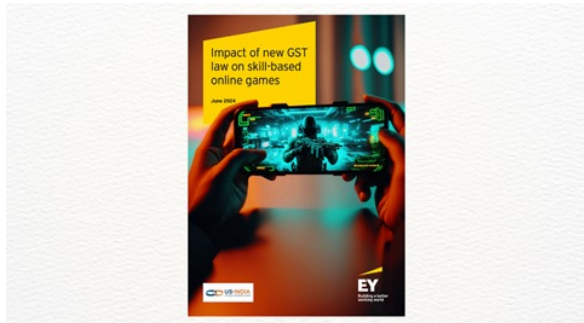
- Support in expediting license
- Issues in availing benefits
- Policy recommendations on further strengthening the scheme



All India Customs Consultative Group (AICCG)

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

Thought leadership



USISPF –EY joint report on the Impact of new GST law on skill-based online games. [Click here to read](#)



Tax Forum released USISPF – Deloitte joint report on Authorised Economic Operator (AEO) Scheme. [Click here to read](#)

Continued Focus on:

- **Report on Ease of Doing Business in the Telecom sector**
- **Report on understanding taxation landscape for digital services in India**
- **Report on Global Benchmarking on Regulation and Taxation of Online Gaming Sector**

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

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

Testimonials



The US-India Tax Forum is doing an excellent job of facilitating business for US companies in India. It serves as an effective conduit for aggregating industry tax disputes, fostering robust discussions, and filtering key issues to present to the government. The forum's credibility ensures a constructive environment for rational discussions and resolution of issues.

Harish Krishnan

Managing director and Chief Policy Officer, Cisco Systems India and SAARC



The US India Tax Forum continues to play a critical role in advancing expanded Indo-US economic and commercial growth in the region. The Tax Forum provides a platform for taking forward win-win tax policy recommendations which are of shared interest for the aerospace industry.

Vikram Rai

CEO GE Aerospace, South Asia



Over the last year, the US-India Tax Forum has proven to be an invaluable platform for businesses navigating India's complex GST landscape. Through their sustained efforts and earning trust with senior tax policy stakeholders at the Finance Ministry, the forum has facilitated helpful clarifications to improve the ease of doing business in the country.

Darpan Mehta

Director, APAC Tax at Amazon India



The Tax Forum by USISPF is a one-of-a-kind platform that has helped ExxonMobil's various affiliates leverage the forum's deep knowledge and network to better understand India's indirect tax environment. Over the years, the forum has been instrumental in highlighting concerns around operational constraints and finding resolutions on several occasions. Tax administration and reforms are central to attracting more investments in manufacturing and services sectors, particularly in the growing Global Capability Centre (GCC) space. I'm confident that the forum can continue bridging policymakers and industry to facilitate regular dialogue and exchange ideas to make the Indian tax system an essential enabler of India's aspiration to become a \$ 5 trillion economy.

Rakesh Mehta

Director, ExxonMobil Company India Pvt. Ltd.



I would like to congratulate USISPF's Tax Forum for their tax advocacy wins in the current Budget 2024.

Their focused and relentless advocacy on several business-friendly tax recommendations, have been incorporated in the Budget, 2024. For example:

- Corporate tax rate for foreign companies reduced from 40% to 35%.
- To bolster Indian startup ecosystem: Angel tax abolished
- Withdrawal of Equalization Levy of 2% on e-commerce supply of services, presumably moving towards 'Pillar 2' roadmap for India

This would not have been possible without the unwavering support of the passionate team in USISPF Tax Forum. Their commitment, energy and voices were instrumental in driving these results.

Thank you for being a part of this incredible journey and for continuing to champion the business issues.

Renu Narvekar

Regional Tax Lead – India & South Asia, Standard Chartered Bank



The US-India Tax Forum is unlocking value at the intersection of two of the world's most dynamic startup ecosystems and biggest democracies. With their deep expertise, extensive in-house capabilities, strategic approach and thoughtful partnership, they are driving remarkable value for startups, industries, and national economies in both countries. Their exceptional role in crafting, enhancing, and delivering innovative solutions to complex business and critical policy challenges is truly invaluable. USISPF is a trusted partner, and we believe that startups, investors, and governments will all gain immensely from partnering with them."

Saumya Singh Rathore

Co-founder, WinZO Games



We have been dealing with USISPF for multiple indirect tax issues like customs, GST etc., It is been a few years of association and US-India Tax Forum has been proactive in leading some of the long pending industry issues and ensuring a quick turnaround thereby helping member companies achieve an expedited resolution.

Whether it is budget relating issues, GST council related issues, ease of doing business, you have been instrumental in flagging the industry issues to Government/its agencies, in a professional manner and excellently representing the interest of the industry in the meetings. The biggest advantage with the your team/this forum is the understanding of the criticality of subject and quickly reverting on the issues and taking up with the right person in the Government.

Owing to this strategic support that the USISPF has provided us on critical issues, we have tremendously benefitted and would love to work with USISPF for all future indirect tax/business issues relating to chemical/Pharma industry.

Devarajan Jagannathan

Jubilant Ingrevia Limited, EVP & Head Indirect Taxation



I want to take this opportunity to acknowledge your support to our establishment w.r.t the issues that arise in ease of doing business. Your collaborative spirit and willingness to support make it easy to work with you. You are open and transparent in communication and timely in follow-ups that is critical to the industry we are in.

Your perseverance and networking skill are worth a mention here. We have been able to align with the right stakeholders and get desired results in most cases because of the same. I look forward to working with you in the near future as well.

Prateeksha Sharma

GA & Public Policy- Lead – Dow India , Dow Chemical International Pvt Ltd

For more information, please write to Shweta Kathuria at skathuria@usinfoundation.org, Shreeya Kashyap at skashyap@usinfoundation.org and Prabhat Agrawal at pagrawal@usinfoundation.org

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