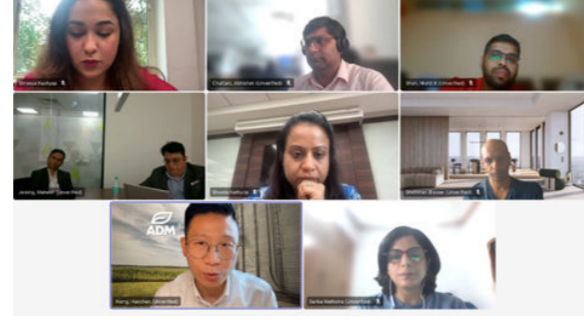


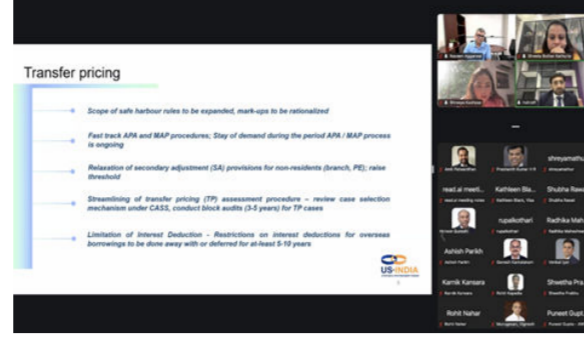


Headlines News



Industry call to align for GST on inverted duty structure on edible oil

24th September, 2024



Industry aligning call to discuss comprehensive review of Income Tax Act

27th September, 2024

Further to forum's advocacy efforts, Central Board of Indirect Taxes & Customs (CBIC) issued clarificatory amendments to Chapter 98 of the Customs Tariff Act, 1975, removing ambiguities pertaining to classification of laboratory chemicals imported for the purpose of research and development.

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

Goods and Services Tax

Comprehensive Review of the Goods and Services Law

- Rate Rationalization**
 - Clarity on implication of 28% GST on online gaming
 - 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 & 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
 - & Other
- Legislative & Procedural Issues**
 - Issues faced by E-commerce Operators (ECOs) under Section 9(5)
 - 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
 - Requisition on date for implementation of Invoice Management System introduced by GSTN
 - & Others

Corporate Tax

Policy Updates:

- CBDT issues instructions regarding SOP for handling receipt audit objections: [Click here to read the full CBDT Instruction.](#)
- CBDT specifies the effective date of Vivad se Vishwas Scheme, 2024 : [Click here to read the full CBDT Instruction.](#)
- 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 / TCS framework
 - Dispensation of request of quarterly certificates
 - Simplify compliance of foreign remittance
 - Withdrawal of TDS on sale of goods u/s 194Q, considering overlap with TCS u/s 205C(1a)
 - Absolve commerce operators from TDS compliance
 - Lower deduction on benefits and perquisites
- Dispute Resolution**
 - Framework for negotiation for large settlement
 - Statutory time limit for disposal of appeals before CIT(A) should be provided
 - Standard Operating Procedures (SOPs) to mitigate challenges under faceted assessments
 - Timelines for disposal of rectification and appeal effect applications
 - DRP orders to be appealable by tax department
 - Tax consolidation scheme – combined group reporting and assessments
- Transfer Pricing**
 - Scope of safe harbour rules to be expanded, mark-ups to be rationalized
 - Fast track APA and MAP procedures; Stay of demand during the period APA / MAP process is ongoing
 - Relaxation of secondary adjustment (SA) provisions for non-residents (branch, PE); raise threshold
 - Streamlining of transfer pricing (TP) assessment procedure – review case selection mechanism under CASS, conduct block audits (3-5 years) for TP cases.
 - Limitation of Interest Deduction – Restrictions on interest deductions for overseas borrowings to be done away with or deferred for at-least 5-10 years
- Policy measures to incentivize specific sectors**
 - Reintroduction of concessional tax regime for manufacturing companies commencing production post 31 March 2024*
 - Incentives / tax benefits for companies setting up Global Capability Centres in India
 - Tax incentive on research & development expenditure
 - Incentives for companies undertaking huge capex investments (setting up data centers, IT Parks, etc.)
 - Parity on tax treatment of Renewable Energy Certificates in line with tax treatment for carbon credits
- Financial Services**
 - Gift Tax related issues (clarification w.r.t. taxability of interest income, clarification on validity of Nil withholding tax certificate issued to IFSC unit claiming tax holiday, etc.)
 - Reduction in tax rate for foreign companies including banks, to bring at par with domestic companies
 - Extend 'tax neutrality' under Section 47 to reorganization by non-corporate investment funds outside India, akin to Indian mutual funds
 - Tax regime for India based fund managers and exemptions to fund managers located in IFSC
 - Relief from deemed dividend provisions for corporate treasury centres in IFSC on receiving loan or advances from their group companies
- Others**
 - Reduction in domestic tax rates for royalty and fees for technical services
 - Notifications for enforcement of Most Favored Nation (MFN) clause under India's tax treaties with France, Belgium, Netherlands etc. in respect of restricted scope
 - Clarity on definition of Significant Economic Presence (SEP) and increase in threshold
 - Formal guidelines for attributing profits in case of SEP
 - Clarity around India's position on BEPS 2.0 implementation

Customs

Tax Forum Customs Engagements

- Comprehensive review of duty structure on:**
 - Electronics and Telecom equipment
 - Certain drugs and vaccines
 - 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.
 - Manufacturing toys
- Remission of Duties and Taxes on Exported Products (RODTEP) scheme**
 - Issues in availing benefits under the scheme
 - Recommendations on applicable rates
- SAROTAR (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
- Special Valuation Branch (SVB)**
 - Request for time bound investigations
 - Automation of SVB refund
- Authorized Economic Operators (AEO) Scheme**
 - Support in availing license
 - Issues in availing benefits
 - Policy recommendations on further strengthening the scheme
- Classification disputes**
 - Electronics Industry
 - Medical/Pharmaceutical Industry
 - Semiconductor Industry
 - Telecom industry
 - Heavy Engineering
 - Fast Moving Consumer Goods Industry
 - Second-hand products for Research & Development
 - Amendments/extension of customs notification
 - Medical/Pharmaceutical Industry
- All India Customs Consultative Group (AICCG)**
 - Bi-annual representations on legislative and procedural issues around customs
- Procedural issues**
 - Digital filing of appeals under customs
 - Amnesty scheme to settle past disputes
 - Prioritization of re-assessment of bill of entries

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, tenacity 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 partnerships, 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 in the meetings 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, WizZO 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 business in the growing Global Capability Centre (GCC) space. 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 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 L, Dow Chemical International Pvt.Ltd

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

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