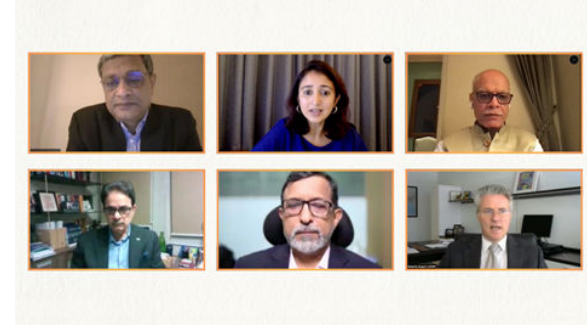


# US-India Tax Forum NEWSLETTER

Wednesday | August 21, 2024

[usindiataxforum.org](http://usindiataxforum.org) | [usispf.org](http://usispf.org)

## Post Budget 2024 Events



[Debrief with analysis, perspective, and insights](#)



[Meeting with Chairman, Central Board of Direct Taxes \(CBDT\)](#)

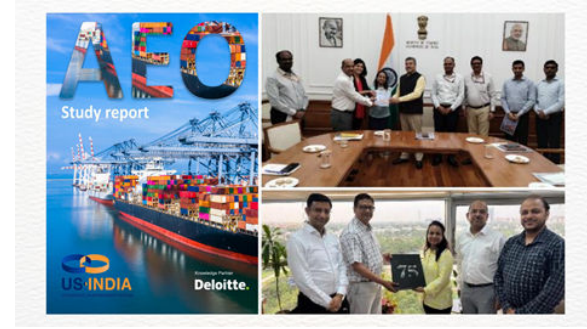


[Meeting with Joint Secretary, Tax Planning & Legislation](#)

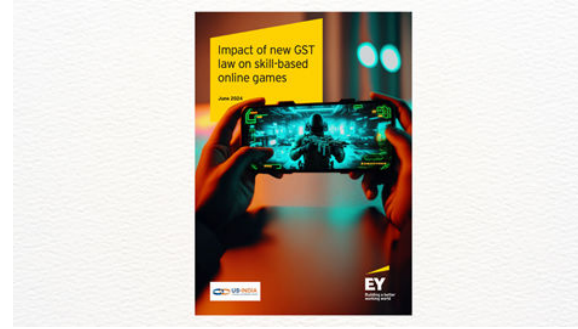


[Discussion with Finance Secretary and Chief Economic Advisor](#)

## Thought leadership



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



Tax Forum released USISPF – EY joint report on the Impact of new GST law on skill-based online games. [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

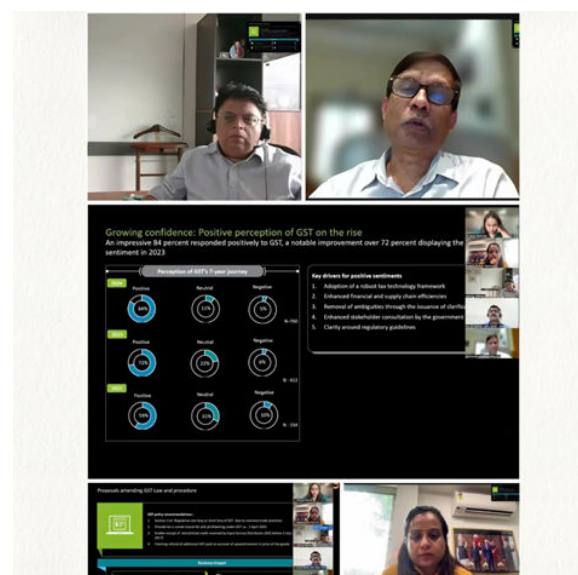
## Goods and Services Tax

**US-India Tax Forum Advocacy wins**

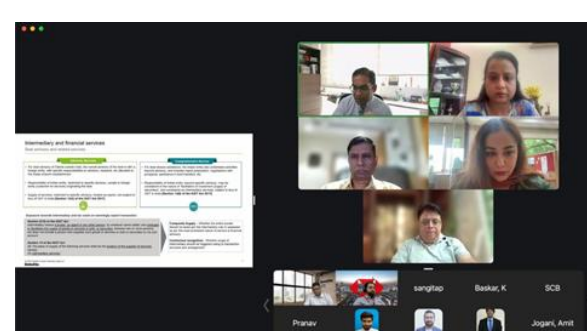
**TAX**

- Reduction of TCS rate on supplies through ECOs from 1% to 0.5%.
- Clarification on import of services by domestic entities from foreign affiliates, eligible for full ITC.
- Clarification on various issues regarding valuation of services of providing corporate guarantees between related parties.
- Clarification on taxability of securities re-inbursement on ESOPI/ESPI/ESU provided to employees.
- Clarification on place of supply for goods delivered to a different address than billed.
- Exemption from Compensation cess on aerated beverages and energy drinks supplied to Ministry of Defence Unit Canteens.
- Uniform 5% IGST rate on imports of aircraft parts, components, testing equipment, tools, and toolkits to boost MRO activities.
- Proposed GST law amendment to reduce pre-deposit amount for filing appeals.
- Clarification that place of supply for custodian services by Indian banks to foreign Portfolio Investors (FPI) is the FPI's location.

[53rd GST Council Meeting | GST Circulars](#)



[Debriefing session for members on the key recommendations of the 53rd GST council meeting on 26th June, 2024](#)



[Interactive Discussion on GST issues for banking and financial services and insurance \(BFSI\) Members](#)

**Forum to submit representation for 54th GST Council meeting on the following key themes:**

- GST challenges for data hosting service providers in India
- Proposing the input tax credit refund advocacy for edible oil
- Levy of GST on investment services provided to overseas investors by classifying the same as 'intermediary services'
- Clarification on valuation of cross-charge transactions between Indian branch office and foreign branch office, especially in case of foreign banks
- Taxability issues faced by E-commerce Operators (ECOs) under Section 9(5) of the Central Goods & Services Tax Act (CGST Act).
- Clarity on implication of 28% GST on online gaming platforms
- Advocacy to address inverted duty rates for MRO sector
- Rationalization of GST rates across goods and services

## Corporate Tax

**A Comprehensive Review of the Income Tax Act:**

- Tax certainty
- Faster dispute resolution
- Use of technology
- Simplification of provisions
- Ease of compliance

**International Tax:**

**Transfer Pricing (TP):**

- Suggestions around revision of safe harbour rules
- Streamlining of TP assessment procedure.
- Fast track Advance Pricing Agreement (APA) and Mutual Agreement Procedures (MAPs) procedures

**Digital tax:**

- Continued advocacy towards clarity around 6% equalisation levy
- Certain transactions be excluded for Significant Economic Presence (SEP) constitution and need for specific rules be issued for attribution of profits when SEP is triggered
- Notifications be for enforcement of Most Favoured Nation (MFN) clause under India's tax treaties with France, Belgium, Netherlands, Mauritius etc. with retrospective effect.
- Formal guidelines be issued for attributing profits to Permanent Establishments (PE).

**Ease of compliance:**

- Address issues under return filing
- Faster refunds
- Less complex audit /assessment procedures

**Dispute Resolution:**

- New framework be introduced for negotiated settlement or mediation for large taxpayers
- Issue Standard Operating Procedures (SOPs) and guidelines to mitigate challenges under faceless assessments

**Driving investments in India:**

- Extend 'tax neutrality' to reorganisation by non-corporate investment funds outside India, akin to Indian mutual funds
- Provide relief from deemed dividend provisions for corporate treasury centres in International Financial Services Centre (IFSC) on receiving loan or advances from their group companies
- Exclude 'Finance Companies' including treasury centres in IFSC from Section 94B, in par with NBFC

**Rationalization of TDS/TCS provisions:**

- 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

## Customs

o Comprehensive review of custom rate structure.

o Focused advocacies around:

- Basic Customs Duty on all goods (excluding undenatured ethyl alcohol) for laboratory and Research & Development
- Use of different Harmonized System of Nomenclature (HSNs) for different medical devices categories
- Rationalisation of duties and Taxes on Fuel, Lubricants, and temporary import of Spare parts used by foreign airlines
- CAROTAR implementation issues across sectors

- Issues arising from interpretation of Circular No. 08/2023 regarding classification of telecom products
- Exemption for specific sectors such as solar modules, pharmaceuticals, certain medical devices from Manufacturing & Other Operations in Warehouse (MOOWR) scheme under section 65A
- Issues in availing benefits under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme
- Special Valuation Branch (SVB) for the time bound investigations

## Quality Control Orders (QCOs)



[Participation in the stakeholder consultation meeting organised by Ministry of Commerce & Industry on QCO issues in Leather and Footwear Industry](#)

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)



[Meeting with Joint Secretary \(SEZ\) to discuss issues pertaining to SEZs](#)

Focused advocacy for simplification and amendments to 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

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