

US-India Tax Forum NEWSLETTER

Friday | May 23, 2025

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Headlines News



US India Tax Forum appeared before the Select Committee of the Lok Sabha to examine the Income Tax Bill 2025 at the Parliament House Annexe on 24th April 2025 and presented their recommendations on the Income Tax Bill 2025.



UK-India Free Trade Agreement: A New Era of Economic Collaboration

On May 6, 2025, India and the UK finalized a historic Free Trade Agreement (FTA), set to boost economic collaboration. With tariff reductions across key sectors, the FTA promises enhanced market access, job creation, and consumer benefits.

[To read more, click here](#)



The Banking and Financial Services Industry (BSFI) Working Group held a meeting with the GST Policy Wing, Ministry of Finance to address key Goods and Services Tax (GST) challenges encountered by foreign banks operating in India.

25 April, 2025



Invoice Management System (IMS)
Webinar: Framework & Practical Implementation

2 May, 2025



Tax Forum met with the Directorate General of Foreign Trade (DGFT) to deliberate on a range of concerns related to India's import policy, including regulatory challenges, procedural issues, and its impact on trade stakeholders.

20 May, 2025



The Safety of Household, Commercial and Similar Electrical Appliances (Quality Control) Order, 2025, notified by DPIIT on May 19, 2025, mandates BIS certification for electrical appliances rated up to 250V (single-phase) and 480V (DC and others) used in household and commercial applications.

The order will be effective from March 19, 2026, for general manufacturers, June 19, 2026, for small enterprises, and September 19, 2026, for micro enterprises.

Exemptions apply to R&D imports (up to 200 units/year), pre-implementation stock (with declaration), and appliances already covered under other QCOs.

[To read more, click here](#)

Thought leadership



Improving Ease of Doing Business for Telecom Sector in India

[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



Karnataka Central authorities issue public notice on GST registration applications in line with the CBICs instruction on registrations.

9 May, 2025

[To read more click here](#)



Govt notifies GSTAT Tribunal Procedure Rules, 2025

24 April, 2025

[To read more click here](#)

US-India Tax forum: Working groups

BSFI working group

The BSFI (Banking, Financial Services & Insurance) Working Group addresses GST-related challenges faced by the financial services sector.

The group works toward resolving sector-specific issues and advocating for streamlined tax compliance.



To join the BSFI Working Group or share your feedback, please contact Shreeya Kashyap at skashyap@usinfofoundation.org.

Working Group on Invoice Management System

Implementation, Framework, and Challenges

The Working Group aims to explore and address key issues related to the implementation of a robust Invoice Management System, including operational frameworks and prevailing challenges.

Stakeholders are invited to contribute insights and best practices to shape effective solutions.



To join the IMS Working Group or share your feedback, please contact Shreeya Kashyap at skashyap@usinfofoundation.org.

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
- Challenges pertaining to levy of GST on sourcing and risk assessment services provided by Indian Insurance Brokers to Overseas Clients and Others

Corporate Tax



Capital gains exemption under the India-Cyprus treaty granted in the absence of substantive evidence to rebut it.

16 May, 2025

[To read more click here](#)



CBDT notified the list of laws for disallowance of settlement payments.

28 April, 2025

[To read more, click here](#)

Transfer Pricing Working Group

The Transfer Pricing Working Group aims to improve transfer pricing regulations in India by advocating for greater certainty, reduced litigation, and lower compliance costs.

The group supports the expansion of safe harbor rules to provide predefined acceptable profit margins, helping companies navigate transfer pricing with more predictability and ease.



To join the Transfer Pricing Working Group or share your feedback, please contact Shreya Kashyap at skashyap@usinfoundation.org.

Customs

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
- Extension of Export Obligation Period under Advance Authorization Scheme for Maize Imports

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
- Safety of Household, Commercial and Similar Electrical Appliances (Quality Control) Order, 2025

Quality Control Order Working Group (QCO WG)

Recognizing that QCOs serve as a significant non-tariff barrier and are likely to be a focal point in upcoming negotiations, USISPF has established a Working Group (QCO WG) to promote dialogue and collaboration on this crucial matter



To join the QCO WG or to provide your feedback, please write to Prabhat Agrawal at pagrawal@usinfoundation.org

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

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

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