

US-India Tax Forum NEWSLETTER

Tuesday | December 03, 2024

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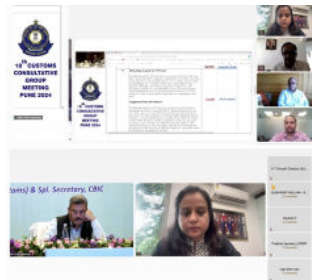


Headlines News



US-India Tax Forum presented the pre-budget recommendation on Tax proposals to the Ministry of Finance.

November 13, 2024.



US-India Tax Forum presented the customs related legislative and procedural issues during the 18th All India Customs Consultative Group (AICCG) meeting.

November 5, 2024



US-India Tax forum participated in the Global AEO Conference, convened by Central Board of Indirect Taxes and Customs (CBIC).

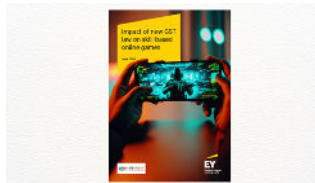
November 28-29, 2024

Thought leadership



TMT- USISPF report 'Path Ahead for Online Skill Gaming in India: Unpacking Global Standards for Regulating and Taxing Online Skill Gaming.

[Click here to read](#)



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 publications to be released:

- Report on Ease of Doing Business in the Telecom sector.
- Report on understanding taxation landscape for digital services in India.

Goods and Services Tax



Forum conducts two rounds of interactive discussions on GST Issues for Banking, Financial Services and Insurance members.

14th November and 27th November 2024

Recommendations for 55th GST Council Meeting scheduled for 21st December 2024



Rate Rationalization

- 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
- & 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,
- & 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
- Issues faced by E-commerce Operators (ECOs) under Section 9(5)
- Addressing challenges pertaining to levy of GST on sourcing and risk assessment services provided by Indian Insurance Brokers to overseas clients
- & Others

Corporate Tax



As part of Forum's outreach on the Comprehensive Review of Income Tax Laws the forum conducted an aligning call for a Specialized Working Group on Transfer Pricing including Safe Harbour Rules.

November 26, 2024

Policy Updates

- CBDT notified, RBI as exempt from requirement of tax collection at source u/s 206C(1F). [Learn more](#)
- OECD Publishes Model Competent Authority Agreement for Amount B of Pillar 1. [Learn more](#)

Forum's recommendation for Budget 2025-26



Dispute Resolution

- Framework for negotiated settlement or mediation for large taxpayers
- Standard Operating Procedures (SOPs) to mitigate challenges under faceless assessments



International Tax

Digital tax:

- 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).



Transfer Pricing (TP)

- 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



Driving Investments in India

- Extend 'tax neutrality' to reorganisation by non-corporate investment funds outside India
- Relaxations to International Financial Services Centre (IFSC) on deemed dividend provisions
- Exclude 'Finance Companies' including treasury centres in IFSC from Section 94B, at 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



Ease of compliance

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

Customs

Tax Forum Customs Engagements



Comprehensive review of duty structure on:

- Simplification of multiple and complex tariff slabs
- Rate rationalisation on:
 - Electronics equipment
 - Telecom equipment such as part, sub-part and inputs used for manufacturing mobile phones, camera modules, connectors, coil modules etc.
 - Certain drugs and vaccines
 - Raw materials for manufacturing certain Fast moving Consumer Goods
 - Lubricants and spare parts used by Airlines Industry
 - Import of Cocoa beans, corns, Dried Distillers' Grains, sorghum, animal feed supplements etc.
 - Manufacturing toys



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

- 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



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

- Digital filing of appeals under customs
- Amnesty scheme to settle past disputes
- Prioritization of re-assessment of bill of entries

Quality Control Orders (QCOs)

Submitted representation to Department for Promotion of Industry and Internal Trade (DPIIT) 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

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