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June 2020

WORLD TAX

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Introduction

We are pleased to present the latest edition of Tax Street – our newsletter that covers all the key developments and updates in the realm of taxation in India and across the globe for the month of June 2020.

- The **'Focus Point'** covers a brief synopsis of the Remission of Duties or Taxes on Export Products(RoDTEP) Scheme.
- Under the **'From the Judiciary'** section, we provide in brief, the key rulings on important cases, and our take on the same.
- Our **'Tax Talk'** provides key updates on the important tax-related news from India and across the globe.
- Under **'Compliance Calendar'**, we list down the important due dates with regard to direct tax, transfer pricing and indirect tax in the month.

We hope you find our newsletter useful and we look forward to your feedback. You can write to us at **taxstreet@skpgroup.com**. We would be happy to hear your thoughts on what more can we include in our newsletter and incorporate your feedback in our future editions.

Warm regards,
The Nexdigm (SKP) Team

Focus Point

RoDTEP scheme – A new way to incentivize exports by eliminating the scourge of embedded taxes in the supply chain

Boosting merchandise exports has always been a focus area of the Indian government. Besides being zero-rated under the GST law, schemes under the foreign trade policy (FTP) such as Advance Authorization (AA), Export Promotion Capital Goods Scheme (EPCG), and Merchandise Exports From India Scheme (MEIS) also incentivize exports.

Last year, several of these export promotion schemes came under the radar for violating global trade norms. The United States argued that these schemes render benefits conditional upon export performance and therefore are prohibited under the Agreement on Subsidies and Countervailing Measures (SCM Agreement). The Dispute Resolution Panel (DRP) of the World Trade Organization (WTO) passed a ruling against these schemes (including the MEIS scheme). Even though India has appealed against this order hoping to get it reversed, the sword hanging over these schemes, especially the MEIS scheme, has made the search for its replacement an urgent matter.

Against this backdrop, Finance Minister Nirmala Sitharaman announced the introduction of a new scheme called the Remission of Duties or Taxes on Export Products (RoDTEP) scheme for exporters, which is slated to replace the existing MEIS scheme. On 13 March 2020, the Union Cabinet chaired by Prime Minister Narendra Modi has given its approval for introducing this scheme. It is worthwhile to note that unlike the current schemes which allegedly provide subsidies to exporters, the RoDTEP scheme would reimburse embedded taxes and duties already incurred by exporters.

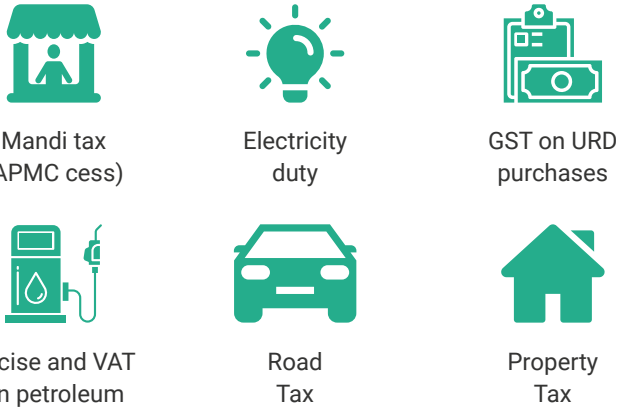
Despite several taxes being subsumed under GST, many still persist, such as taxes on petroleum, electricity duties, mandi cess, etc. burdening the exporters. The fundamental principle of the RoDTEP scheme is that it shall seek to nullify this burden of embedded taxes in the supply chain, thus achieving true 'zero-rating' of exports when combined with measures such as Duty Drawback and IGST refunds. As all countries are allowed to zero-rate exports, the new scheme shall achieve the twin objective of incentivizing exports while being compliant with global trade rules.

In this month's focus point, we are going to discuss the nitty-gritty of this scheme, some practical issues, key action points, and how all exporters should leverage this opportunity to maximize benefits under the RoDTEP scheme.

What are Embedded Taxes?

Various taxes, cesses, and duties persist in the supply chain of exported goods despite the introduction of GST. Some of these taxes are allowed as credit, while others form part of the cost of production. Such taxes are known as 'embedded taxes.' For instance, excise and value-added tax on petroleum, coal cess, mandi tax, electricity duties, GST on URD purchases, and taxes on vehicles.

Some of the embedded taxes are illustrated below –



Currently, such taxes are not being refunded under any other mechanism but are incurred in the process of manufacture and distribution of exported goods. These embedded taxes become a burden on exporters making their exports uncompetitive in the international market.

Key Aspects of the RoDTEP Scheme

The government has introduced the RoDTEP Scheme with the intention to reimburse embedded taxes. The details of the scheme and the government's method to gauge the quantum of embedded taxes incurred by the exporters are given below:

- The contours of the RoDTEP scheme will be similar to the existing MEIS. The benefit will be given as a percentage of the Freight on Board (FOB) value of exports, which may roughly range between 2 to 7%.
- A similar scheme which provides a rebate of embedded taxes is already operational for the textiles sector by the name of 'Rebate of State and Central Taxes and Levies' (RoSCTL), since March 2019.
- In order to determine the burden of embedded taxes and formulate the rates to be given under the RoDTEP scheme, the Ministry of Commerce and Industry has invited product-wise information from manufacturing units/ exporters.
- Export promotion councils, commodity boards, trade, and industry associations, are requested to seek product-wise data from exporters in a prescribed format.

How will the government formulate quantum of benefit for different items of export?

The government has issued a format in which exporters shall submit the information so that data can be compiled, and the percentage benefit under this scheme can be derived. Key points of the circular issued by DGFT for inviting information from exporters are:

- Data provided should be mandatorily based on the exports made during the period from January 2019 to June 2019;
- It should be ensured that only taxes and levies/duties borne on the exported products which are not getting refunded or reimbursed under any other mechanism are counted while calculating the tax incidence on the exported product;
- Data provided should be properly scrutinized and certified by manufacturer/manufacturer exporter and their chartered accountant or cost accountant;
- For each HS code/export product, the EPCs/industry bodies should submit data from at least 5 units/firms, so as to be a representative of the Industry;
- The units should have the representation of small, medium and large manufacturers.

Practical challenges in preparing submissions for substantiating the burden of embedded taxes

One of the key requirements is to provide product wise data in these formats, which means companies dealing with multiple products or HSNs will have to compute the burden of embedded taxes separately for each product. Therefore firstly, companies should be ready to invest time in the preparation of accurate and voluminous information.

Another mandatory requirement is to provide historical data for the period from January 2019 to June 2019. This poses two challenges. First, an exporter will have to dig into the books of accounts of 2 separate financial years (FY 2018-19 and FY 2019-20). Second, for companies dealing with seasonal procurements like agricultural produce or buying raw materials in bulk in one instance, there is a possibility that these may not be captured during the period January to June 2019, causing the data to be skewed. In such circumstances, the embedded taxes on such procurements would be unfavorably excluded from the submissions.

Companies need to be ready to face more such practical issues and tackle the same promptly to ensure that the RoDTEP rates eventually announced by the government are commensurate with the burden of embedded taxes suffered on a given product. In order to prepare technically correct submissions, it must be ensured that the information submitted is backed up by robust documentation and sound assumptions. In this exercise, industry bodies of respective sectors would play a crucial role in coordinating with exporters, ensuring that a well-represented sample of companies provide data for a given HSN and that data is submitted in a timely and technically correct manner.

What should exporters and industry bodies do to leverage this opportunity?

Due to the COVID-19 pandemic, the validity of FTP 2015-20 has been extended till 31 March 2021. However, the benefits under MEIS would be available only up to 31 December 2020. It has been announced that the sectors and products under the RoDTEP scheme will be notified in a phased manner while the benefits under the MEIS for those sectors and items will be withdrawn.

The extension of the MEIS scheme up to 31 December 2020 should be considered as a bonus period provided to prepare and finalize the RoDTEP submissions in an appropriate manner. Also, it should be appreciated that the government is providing a one-time opportunity to the exporters to manifest the burden of embedded taxes suffered by them in their supply chain. The following steps are recommended:

- Form a task force of key exporter's representative of a given item of export, preferably a mix of small, medium and large exporters;
- Study the format released by the government, prepare product-wise data and maintain appropriate back-up;
- Finalize the data and determine the impact of embedded taxes (in percentage terms) on the export product;
- Obtain CA certification;
- Submit the data to through the industry association and ensure the same is duly submitted to the designated sectoral RoDTEP committee.

It is of utmost importance to complete the exercise in a timely manner as it is likely that in the absence of information, the government may fix the RoDTEP on a presumptive basis. In such a scenario, exporters who do not furnish information in the prescribed formats may lose out if the rates fixed are lower than the burden of taxes actually suffered. Given the extension of the FTP due to the pandemic, one cannot rule out any further changes in the government's strategy in the run-up to the introduction of the RoDTEP scheme. It would be interesting to watch the situation unfolding going ahead.

From the Judiciary

Direct Tax

Whether the remittance of amounts under non-compete agreements to employees performing the services and receiving the payments in the USA are chargeable to tax u/s 5(2) of the Act?

If yes, the head of income under which it is liable for taxation under the Act should be 'Salary' or 'Business profits?'

Director of Income Tax Vs M/s Sasken Communication Technologies Ltd.

[2020] 117 taxmann.com 278 (Karnataka)

Background

The taxpayer is an Indian Company with a subsidiary in the USA. During the year under consideration, the subsidiary was merged with the Indian entity. Two employees who were in employment with the subsidiary company as CEO and COO were retained and offered employment in the Indian entity.

Three agreements, namely, Employer Agreement, Non-Disclosure Agreement, and Employee Non-Compete Agreement (NCA) were signed between the taxpayer and employees. After the aforesaid persons became employees of the taxpayer, payments under the employee NCA were made to each of the two employees. Referring to Article 16 of India USA DTAA, the taxpayer treated the non-compete fees as payment in lieu of salary and did not deduct tax at source.

The Assessing Officer (AO) passed an order considering the transaction as a sham and created for the purposes of avoiding payment of tax in India. The CIT(A) upheld the order of the AO and held that the rights and obligations of the parties under the non compete agreement was to take effect in India and thus the income of the employees would accrue in India and should be taxable under Article 23(3) of DTAA.

On appeal to the Tribunal, it was held that the amount paid to the employees under the NCA would fall under the head 'Salary' or 'profit in lieu of salary' and shall be eligible to claim the benefit of Article 16 of India USA DTAA. In the absence of any business in India, the payments received by the employees cannot be treated as 'Business income.'

Aggrieved by the above decision of the Tribunal, the revenue filed an appeal before the Karnataka High Court (HC).

Held

Providing references to various provisions of the Act, the Hon'ble Karnataka HC upheld the order of the ITAT.

It further provided that, "it is the cardinal principle of law that tribunal is a fact-finding authority and a decision on facts on the tribunal can be gone into by the High Court only if a question has been referred to it, which says the finding of the tribunal is perverse." The HC fortified the said statement with various judicial precedents.

Accordingly, the HC found that the findings of fact recorded by the Tribunal have not been assailed as perverse, and thus, the matter stands concluded by findings of facts of the Tribunal.

Our Comments

As evidenced by various judicial precedents in the past, the treatment of non-compete fees is highly fact-specific. However, the precedent is certainly a welcome decision in the said context.

Where a non-resident company constitutes Dependent Agent Permanent Establishment (DAPE) in India and the agent is remunerated at arm's length, can any further profits be attributed to the DAPE?

OT Africa Line Ltd Vs. DDIT-International Tax

[ITA Nos. 2496/Mum/2009, 8423/Mum/2010]

Facts

The taxpayer is a company incorporated and resident of the United Kingdom. The matter under consideration pertains to AY 2005-06 and AY 2007-08.

During the years under consideration, the AO referred to the agreement between the taxpayer and Freight Connections India Pvt. Ltd and proceeded to hold that taxpayer had a DAPE in India and attributed 10% of the freight income to such DAPE.

The CIT(A) confirmed the action of the AO. Aggrieved by such order, the taxpayer filed an appeal with the Mumbai Tribunal

Held

The Tribunal partially agreed with the AO that the taxpayer constituted DAPE in India. However, it had a different take on the attribution aspect of the order.

The Tribunal grossly followed the view of the Bombay Court in the case of **Set Satellite (Singapore) Pte Ltd v. DDIT [(2008) 307 ITR 205 (Bom.)]** and held that once an agent has been paid arm's length remuneration, and the income embedded in such remuneration has been taxed in India, no further profits can be taxed in the hands of the DAPE. Since, whether the remuneration is at arm's length or not is not the matter in dispute, the actions of authorities are unsustainable in law.

Our Comments

The precedent of **Set Satellite (Singapore) Pte Ltd** is based on the circular no 23 dated 23-07-1969. The circular specifically provided that subject to certain conditions,

"Where a non-resident's sales to Indian customers are secured through the services of an agent in India, the assessment in India of the income arising out of the transaction will be limited to the amount of profit which is attributable to the agent's services."

Since the board had withdrawn the said circular in 2009, the principle set out in these precedents would not apply to assessment years after AY 2008-09

However, the Tribunal has not provided any comments on the fact that the rate of tax of agent and the foreign company is different. Thus, it is unclear whether there should be additional tax payable by the foreign company for a differential tax rate.

Transfer Pricing

Should guarantee commission be charged on gross amount guaranteed or on actual loan availed?

Omni Active Health Technologies Ltd – ITA No.7284/Mum/2018 – AY 2014-15

Ruling

The taxpayer is engaged in the field of Natural Active Pharmaceutical Ingredients (APIs) and Novel delivery systems for nutrients and active ingredients.

During FY 2013-14, the taxpayer had provided a corporate guarantee of USD 4 million to a bank in the USA towards an extension of credit facilities to one of its wholly-owned subsidiary companies. Based on the benchmarking analysis performed, the guarantee commission at 1.25% was ascertained. However, the said rate was applied to the actual loan availed by the associated enterprise (AE) as against the gross amount guaranteed.

During the ongoing assessment proceedings before Transfer Pricing Officer (TPO), the taxpayer contended that the guarantee commission shall not tantamount as an international transaction. Placing reliance on various judicial proceedings[1], the guarantee commission was considered as an international transaction, and the rate, i.e., 1.25% adopted by the taxpayer was accepted. Since the rate was calculated and reported to the extent of the actual loan availed by AE, the TPO made an upward adjustment of INR 0.12 million by applying the rate on gross amount guaranteed.

Aggrieved, the taxpayer filed an appeal with the Dispute Resolution Panel (DRP). Based on various judicial precedents, the DRP upheld the adjustment computed by TPO.

Aggrieved by DRP's order, the taxpayer filed an appeal before the Tribunal.

On perusing the order of lower authorities and placing reliance on various judicial proceedings (as well as taxpayer's own case for AY 2012-13 and AY 2013-14), the Tribunal upheld the order passed by DRP and TPO. Thus, the guarantee commission was computed on the gross amount guaranteed.

Our Comments

Ambiguity as to whether guarantee commission constitutes as an international transaction or not is still prevalent, and the issue is not settled yet. However, this ruling not only considers guarantee commission as an international transaction but also provides insights on computing guarantee commission in a case where actual loan availed varies from the amount guaranteed.

Whether TP adjustment should be considered while computing book profits under the Minimum Alternate Tax (MAT) provisions

SSP India (P) Ltd – ITA No. 388/Del/2016 – AY 2010-11

Ruling

The taxpayer, a wholly-owned subsidiary of SSP Ltd., UK (AE), is engaged in providing support services for the development and maintenance of software to its AE.

During FY 2009-10, the taxpayer had filed a return of income under the normal provision of the Income Tax Act, declaring 'NIL' income. The taxpayer had also made computation under MAT provision wherein, the book profits were calculated at INR 27.9 million. During the course of assessment proceedings, the Assessing Officer (AO) referred the matter to TPO to determine the Arm's Length Price (ALP) of the international transactions undertaken with AE. While determining the ALP of the international transaction undertaken by the taxpayer, TPO proposed an adjustment of INR 13.7 million. The AO, while passing the draft assessment order, made an addition to the book profits of the taxpayer to the extent of transfer pricing adjustment.

Aggrieved, the taxpayer filed an appeal before the DRP. However, the objections filed by the taxpayer were overruled, and the final order was passed by DRP.

The matter was heard before the Tribunal. On perusing the material on record and on hearing the contentions of the taxpayer, the Tribunal held that the addition to book profits (computed as per MAT provisions) on account of transfer pricing adjustment was not permissible. This was further substantiated by placing reliance on various judicial precedents . Further being a settled proposition under the Income Tax Act, only adjustments contemplated under MAT provisions (transfer pricing adjustment being excluded from the ambit) can be adjusted against the book profits. Thus, Tribunal directed the deletion of the entire TP adjustment made to the book profits

Our Comments

Transfer pricing adjustment undertaken during the course of tax proceedings aims at aligning the transfer price with the ALP. The said adjustment does not have any interplay with the book profits computed under MAT provisions of the Income Tax Act.

1. *Mumbai High Court ruling in Everest Kanto Cylinders Ltd. and Mumbai ITAT ruling in case of Glenmark Pharmaceuticals (ITA No. 5031/Mum/2012 dated 13/11/2013)*

Determination of ALP for intra-group services availed for cost plus model?

Teradata India Pvt Ltd - ITA No. 2397/Del/2017 – AY 2009-10

Ruling

The taxpayer primarily distributes enterprise data warehousing hardware and associated software in the Indian market. The taxpayer is also engaged in providing data warehousing solutions in the nature of sales support and service of the electronic data warehouse, hardware and software.

During the relevant year under consideration, the taxpayer has also availed intra-group services from its parent entity. TPO has determined the arm's length price of such services as NIL, citing it as duplicative service.

Separately, the taxpayer has entered into an agreement to provide a centralized shared service to its parent entity on a cost plus arrangement basis. Further, the assessee has considered the cost paid towards intra-group services as a part of the cost base for shared service.

Aggrieved, the taxpayer filed an objection before DRP. DRP has deleted the addition on intra-group service.

Aggrieved, tax authority filed an appeal before the Tribunal.

ITAT held as under:

- It was observed that cost paid towards intra-group services was included in the cost base of share services
- The cost of shared services (including the cost of intra-group service) was recovered from the parent entity along with mark-up.
- It was held that addition on account of intra-group service shall lead to double taxation.

Therefore, Tribunal rejected the appeal filed by the tax authorities.

Our Comments

Intra-group service is a contentious issue in India.

This ruling would be useful to those taxpayers who follow cost plus model and recover all costs (including intra-group service cost) with a mark-up to put forth argument of double taxation.

Whether AMP is a separate international transaction in the absence of contractual obligation?

Reckitt Benckiser (I) Pvt Ltd - ITA No.404/Kol/2015 & ITA No.625/Kol/2016 – AY 2010-11 & AY 2011-12

The taxpayer, subsidiary of Reckitt Benckiser Plc, UK, is engaged in the manufacturing and trading of Fast Moving Consumer Goods (FMCG) products.

Advertising, Marketing, Business Promotion (AMP) expenses:

The taxpayer, a manufacturer, and distributor of FMCG products had incurred AMP expenses (amounting to INR 302.43, which includes discounts and rebates as well) to market and distribute its product in the licensed territory. However, the products sold by the taxpayer stated the brand name of AEs.

During the course of ongoing assessment proceedings, the TPO observed that the AMP expenses incurred by the taxpayer were in excess vis-à-vis the expenses incurred by comparable companies. TPO applied Bright Line Test (BLT) and made an adjustment of INR 1.0445 billion.

Aggrieved, the taxpayer filed an objection before DRP, who upheld the action of the TPO.

Aggrieved, the taxpayer filed an appeal before the Tribunal.

Tribunal held as under:

- It was observed that the facts of the LG Electronics case were different from that of the taxpayer in as much as that taxpayer was not under obligation to incur AMP expense, and the parent entity had no control over the decision of the taxpayer;
- There was no transaction/ undertaking/agreement between the parent entity and the taxpayer;
- AMP expenses incurred by the taxpayer was a unilateral event with no binding obligation on parent and therefore, cannot be construed as a 'Transaction';
- Tribunal held that the AMP expenses were incurred for promoting the products and not publicizing the brand;
- Accordingly, AMP expenses were not considered as an international transaction, and it was directed to delete the adjustment.

Our Comments

Indian Courts in most of the cases have ruled that AMP expenses do not qualify the definition of 'International Transaction' in the absence of contractual arrangement/ understanding.

This ruling re-emphasizes the importance of demonstrating the contractual obligation.

Indirect Tax

Whether Input Tax Credit (ITC) is available in respect of taxi hire services procured through contractors for transportation of employees?

[Background: As per Section 17(5)(a)(i) of the CGST Act, 2017, ITC is not available in respect of motor vehicles for transportation of persons having approved seating capacity of up to 13 persons, except in certain specified cases.]

Ruling

Prasar Bharti Broadcasting Corporation of India - Authority for Advance Rulings (AAR), Himachal Pradesh [2020 (6) TMI 519]

- The applicant avails services of hiring taxis for pick-up/drop shift duty of staff in odd hours etc.
- The availability of ITC as per the provision of the second proviso to section 17(5)(b) is available only on the condition that such goods or services or both are obligatory for an employer to provide to its employees under any law for the time being in force.
- The applicant has not been able to cite any law under which the service of providing the facility of transportation to its employees is obligatory; therefore, ITC will not be available.

Our Comments

It can be argued that the phrase 'in respect of' as used in the impugned section only restricts the ITC pertaining to the purchase of such motor vehicles and not in respect of other expenses such as hiring charges. This view is also substantiated by the fact that Section 17(5)(ab) specifically restricts the ITC pertaining to general insurance, repairs, etc. in respect of such vehicles. Given the above, we can expect further litigation on this aspect before the issue obtains finality.

Whether GST is applicable on sale of a plot of land for which, as per the requirement of the respective authority (i.e., Jilla Panchayat), primary amenities such as drainage line, water line, electricity line, land leveling, etc. are to be provided by the applicant?

[Background: As per Para 5 of Schedule III to the CGST Act, 2017, the sale of land shall neither be treated as supply of goods nor supply of services.]

Ruling

Dipesh Anilkumar Naik - AAR, Gujarat [2020 (6) TMI 448]

- As per Schedule III, it is clear that the transaction shall be out of GST net only if the activity is exclusively dealing with the transfer of title or transfer of ownership of land, which is immovable property or earth.
- The applicant charges the rates on a super built-up basis and not the actual measure of the plot. The super built-up area includes the area used for common amenities, roads, water tanks, and other infrastructure on a proportionate basis.
- The above indicates that the sale of a developed plot is not equivalent to the sale of land but is a different transaction.
- The sale of such plotted development is tantamount to the rendering of service.
- The activity of the sale of developed plots would be a supply of services as covered under Para 5b of Schedule II, i.e., 'construction of a complex intended for sale to a buyer,' and therefore, GST should be applicable on the same.

Our Comments

This ruling is expected to send shock waves in the real estate sector as it is contrary to the prevailing industry view in relation to the sale of plots. Interestingly, the AAR in its ruling has relied on a Supreme Court decision in Narne Construction (P.) Ltd. Vs Union of India under the Consumer Protection Act, 1986 (CPA Act), where under a similar set of facts, such a sale was held as a 'service' for the purpose of the CPA Act.

However, given the difference in objectives and the design of the GST and the CPA Acts, and given the specific entry in Schedule III of the CGST Act, it remains to be seen whether this ruling stands scrutiny at higher appellate fora.

Tax Talk

Indian Developments

Direct Tax

Employee's contribution to PF will be reduced to 10%. Will it increase the tax burden?

[Excerpts from The Economic Times, 28 May 2020]

As an action to stabilize the economy and safeguard the interests of the general public, the Finance Minister had a press conference announcing various measures taken, including an interesting change of reducing the EPF from 12% to 10%. Many questions arose in the minds of the employees, the frequently asked ones being – whether this reduction is mandatory for all employees and will the difference be taxed in the hands of the employee now, which will result in increasing the tax burden. The answers are not pleasing, as the increase in takeaway income will now be taxed at slab rates; also, no deduction under chapter VI will be available for the reduced amount. The reduction in EPF is not a choice with the employee.

India urges for wider information sharing under tax treaties within BRICS

[Excerpts from The Economic Times, 29 May 2020]

BRICS countries, i.e., Brazil, Russia, India, China, and South Africa, have been approached by India for a wider sharing of information. The Finance Secretary stated that India wants to adopt a 'whole of government approach' in dealing with various cross-border financial crimes, not only taxation. This step was taken in light of curbing corruption, money laundering, and terrorist financing.

Tax relief likely on the creation of 'Permanent Establishment'

[Excerpts from The Economic Times, 3 June 2020]

The pandemic and the subsequent enforcement of lockdown has led to a critical issue for many foreign companies as there is a possibility of their income being taxed in India due to the creation of a permanent establishment or 'place of effective management,' as their key management personnel is stuck here. The government has given the due exemption to individuals by excluding their lockdown stay from residency calculations. The CBDT has confirmed that similar relief may be granted in this situation for companies on a case-to-case basis. Any work carried out in the lockdown period by the key management should be ignored while evaluating the creation of permanent establishment exposure of foreign companies.

Undeterred by US probe, government backs' Google Tax'

[Excerpts from The Economic Times, 5 June 2020]

In the recent period, post finance act 2020 of India, the US has launched an investigation into its equalization levy covering or taxing many American tech giants, including Netflix and Amazon. The US has launched similar probes in nearly 10 nations, which have adopted the OECD framework to tax digital companies or are in the process of doing so. These countries include the UK, EU and Brazil. Due to the lack of consensus in the OECD, every nation has resorted to unilateral levy. It is observed that India has been undeterred by the ongoing probe by the US, and officials believe that this is a valid levy and that India should not budge.

Government to consider extension in the deadline for availing 15 % corporate tax rate benefit: Nirmala Sitharaman

[Excerpts from Financial Express, 8 June 2020]

The lower tax rates applicable to new manufacturing units is reduced to 15% as per the latest amendments. But due to the pandemic, many companies seem unable to fulfill conditions mentioned for availing the lower tax rates. An important condition being that such companies must start operations before 31 March 2023. The FM Nirmala Sitharaman clarified that the government is considering an extension in the deadline for availing the tax rate. While addressing members of FICCI, the Minister assured the industry of all possible government support with the intent of supporting Indian business and reviving the economy. She also mentioned that the emergency credit facility covers all companies and not just the MSMEs.

Cost inflation index for FY 2020-21 used for LTCG calculation notified by the Finance Ministry

[Excerpts from The Economic Times, 13 June 2020]

On June 12, 2020, the Finance Ministry has notified the CII rate for FY 2020-21 as 301. The cost inflation index is used to arrive at the inflation-adjusted purchase price of assets and determine capital gains. For the previous FY, the CII was 289. According to the Finance Ministry notification, the CII for FY 2020-21 shall come into force with effect from the 1st day of April 2021, and shall accordingly apply to the Assessment Year 2021-22, i.e., FY 2020-21 and subsequent years.

Transfer Pricing

Relaxations for the taxpayers w.r.t. Transfer Pricing matters

With the intention of providing relief to companies, the government has issued a notification on 24 June 2020, announcing certain relaxation for transfer pricing related matters, that are aligned with other tax-related relaxations. However, the due date for annual transfer pricing compliances for the FY 2019-20 has remained unchanged. The summary is provided hereunder:

Particulars	Revised due dates
Proceedings before TPO – AY 2017-18	29 January 2021
Indian HQ: Filing of Country by Country Report (CbCR) for the accounting year ended on 31 March 2019. Applicable to an Indian company, which is the ultimate parent entity of the group.	31 March 2021
Indian Subsidiary - CbCR Intimation in Form 3CEAC for the group accounting year ended on 31 December 2019 (Where the group will file CbCR before December 2020)	31 March 2021
Annual compliances for FY 2019-20	
Filing on Accountant's Report in Form 3CEB	31 October 2020
Master File in Form 3CEAA	30 November 2020
Intimation of Master File in Form 3CEAB	31 October 2020
Indian Subsidiary - CbCR Intimation in Form 3CEAC for the group accounting year ended on 31 March 2020 (Where the group will file CbCR before March 2021)	31 January 2021

Our Comments

The due date for annual transfer pricing compliances for the FY 2019-20 has remained unchanged and will be 31 October 2020.

Indirect Tax

Relaxation in compliances approved in the 40th GST Council meeting

The 40th GST Council meeting was held on 12 June 2020 and announced following key compliance-related relaxations in view of the COVID-19 pandemic:

Reduction in interest liability (February 2020 to April 2020)

- Earlier, the extended due dates in a staggered manner (up to 6 July 2020) were notified for filing of GSTR-3B for the months of February 2020 to April 2020 by small taxpayers with an aggregate turnover in the previous financial year of up to INR 50 million. There was no liability to pay interest if the GSTR-3B was filed by such extended due dates.
- As a further relief measure, the Council announced in case of further delay in filing GSTR-3B, interest would be charged at a concessional rate of 9% p.a. (instead of 18% p.a.) for the period starting from the extended due date (say, 6 July 2020) till 30 September 2020.

Extension of due dates for subsequent tax periods (May 2020 to July 2020)

The Council has also decided to extend the due dates in a staggered manner for the filing GSTR-3B by such small taxpayers for the months of May 2020 to July 2020 up to September 2020.

Steps towards 'Faceless, Contactless, Paperless Customs'

In its endeavor towards easing the Customs procedures, the Central Board of Indirect Taxes and Customs (CBIC) has announced two important decisions:

Roll out of 1st phase of Faceless Assessment

- The 1st phase of Faceless Assessment has begun at Bengaluru and Chennai from 8 June 2020.
- It is applicable for items of import covered under Chapter 84 and 85 of the Customs Tariff Act.
- Faceless Assessment will allow the Assessing Officer who is physically located in a particular jurisdiction to assess a Bill of Entry pertaining to imports made at a different Customs station, whenever such a Bill of Entry has been assigned to him in the Customs Automated system.
- It has been envisaged that the Faceless Assessment would be the norm across the country by 31 December 2020.

Electronic communication of Shipping bills

- With effect from 22 June 2020, only the digital copy of the Shipping Bill bearing the Final Let-Export Order (LEO) would be electronically transmitted to the exporter. The present practice of printing copies of the said document for the exporters and also for maintaining a docket in the Customs House would stand discontinued.
- The Directorate General of Systems has enabled the functionality of communicating by email, the PDF version of the Final LEO copy of the Shipping Bill to the Customs Broker and exporter, if registered

Tax Talk

Global Developments

Direct Tax

United States launches investigation of digital services taxes

On 2 June 2020, the US Trade Representative's office announced the initiation of investigations against countries, including India, for imposing or considering a digital tax that may affect American companies. Some countries at the forefront are Austria, Brazil, Czech Republic, European Union, India, Indonesia, Italy, Spain, Turkey, and the United Kingdom.

Investigations were launched under section 301 of the 1974 Trade Act. The section allows the US President to unilaterally impose tariffs or other trade restrictions on foreign countries.

Earlier in December 2019, France's unilateral measure of digital services tax was considered a discriminatory burden on US commerce following which additional duties of up to 100% were levied on certain products imported from France.

Philippines moots digital tax

The Philippine House of Representatives has introduced a House Bill to plug loopholes related to digital service taxes. These tax administration measures were introduced in order to better capture the value created by the digital economy and have the likes of Netflix, Google, Facebook, and Lazada 'pay their fair share.'

The Bill proposes to make 'network orchestrators' such as Grab and Angkas withholding agents for income taxes, while network orchestrators for lease services and electronic commerce platforms would be made withholding agents for VAT. The Bill requires that those who render digital services must do so through a resident agent or a representative office in the Philippines.

The Bill clarifies that services rendered electronically in the course of trade or business are liable to the value-added tax (VAT). Services such as digital advertising by internet giants such as Google, Facebook, and subscription-based services such as those of Netflix and Spotify, are subject to VAT, the explanatory memorandum notes.

Czech Republic deposited MLI with OECD

The Czech Republic deposited the MLI with the OECD and will enter into force on 1 September 2020. A list of 52 tax treaties is designated as Covered Tax Agreements to be amended through the MLI. Except for Germany, all neighboring countries bordering the Czech Republic have already ratified the MLI.

Representatives covering a total of 94 jurisdictions now have signed the MLI, and instruments of ratification, acceptance, or approval covering 47 jurisdictions have been deposited with the OECD.

However, the governmental proposal indicates that the Czech Republic will only adopt the minimum standard of Principal purpose test for the prevention of treaty abuse and the rule allowing for effective resolution of disputes by mutual agreement

Estonian tax – Poland's proposal of new corporate tax regime

On June 17, Poland proposed a new tax regime referred to as the 'Estonian solution.' Estonia has Europe's most transparent tax system with the adaptation of the pass-through status for companies and taxation of profits only on distribution. The aim is to boost private sector investment and jobs by passing the tax from the company to the owners.

Under the proposed regime, companies are not required to pay corporate income tax on their earnings if reinvested in the business, i.e., not paid out to shareholders. The event of taxation is shifted to 'the distribution of profits' from 'the earning of profits.'

The tax exemption is envisaged for 4 years but may be extended. Eligible SMEs should:

- Employ at least three persons; and
- Only have a natural person as a shareholders or partner
- Annual turnover should be below PLN 50 million (€11 million)

Netherlands: Withholding tax on dividends paid to low-tax jurisdictions

Effective from 1 January 2024, dividend payments to low-tax jurisdictions and in certain abusive situations shall be subject to conditional withholding tax in the Netherlands following the letter to Lower House of Parliament from the Deputy Minister of Finance. The taxes shall be levied on payments to countries with a corporate tax rate of less than 9% and those on a European Union blacklist even if the Netherlands has an income tax treaty with these countries.

The Netherlands government has taken several measures to curb tax treaty shopping structures and targeting flows to Tax Haven countries. The Senate adopted a similar conditional withholding tax on interest and royalties on December 17, 2019, which shall be effective as of 2021.

However, it is ambiguous as to how this withholding tax measure could override bilateral treaty agreements on dividend withholding tax.

Transfer Pricing

Australia - The Australian Taxation Office (ATO) published high-level guidance on the impact of COVID-19 on transfer pricing, on 19 June 2020

The ATO published this guidance in order to help navigate businesses through the economic impacts of COVID-19 and changing related-party arrangements. The guidance outlines the evidence and analysis that taxpayers should maintain to support their transfer pricing positions, including where they have applied (or are applying) for an Advance Pricing Arrangement.

Assessing the economic impacts of COVID-19 on transfer pricing arrangements

ATO has emphasized on gathering evidence to support any changes to, or impacts on, the business as a result of COVID-19 and advised the taxpayers to document the same. Certain parameters to assess the economic impact of COVID-19 on TP arrangements listed by the ATO are:

- Function, Asset and Risk profile of the Australian entity before and after COVID-19;
- Economic circumstances, where the actual economic impacts of COVID-19 on the Australian operations including a broader analysis of how the relevant industry has been affected;
- Changes in contractual obligations between the Australian entity and its related parties;
- Evidence of the impact (if any) of COVID-19 on the specific product and service offerings of the Australian entity and how this has affected the financial results; and
- Evidence of changes in business strategies as a result of COVID-19.

Supporting the arm's length nature of transfer pricing outcomes

The ATO has acknowledged that using comparable analysis may not reliably support arm's length outcomes of continuing transfer pricing arrangements impacted by COVID-19, more so in the short term. In such scenarios, the ATO has sought to understand the financial outcomes that would have been achieved by the taxpayer, sans the impact of COVID-19, which would include:

- A detailed profit and loss analysis showing changes in revenue and expenses, with an explanation for variances resulting from COVID-19 or analysis of budgeted (pre-COVID-19) versus actual results;
- Details of profitability adjusted to where your outcome would have been if COVID-19 had not occurred – this should consider all factors that have a positive or negative impact on your profits and should be supported by evidence. An example of such evidence would be canceled order requests to demonstrated reduced sales revenue;
- Rationale and evidence for any increased allocation of costs or a reduction of sales (and subsequent changes in operating margins) to the Australian entity, taking into consideration its function, asset, and risk profile;
- Evidence of any government assistance provided or affecting the Australian operations.

The guidance provides clarity to taxpayers with respect to the changes and measures they can undertake on their transfer pricing arrangements to dampen and mitigate the adverse effects on their businesses.

Additionally, w.r.t. ongoing APAs, the ATO is encouraging taxpayers to proactively engage as soon as the taxpayer becomes aware of any breach of the critical assumptions/ terms related to APA or is certain that the breach of terms is likely to occur.

Saudi Arabia: The General Authority of Zakat and Tax (GAZT), Saudi Arabia issues the second edition of the TP Guidelines on 1 June 2020

The second edition of TP Guidelines was published by Saudi Arabia pursuant to the first edition that was issued in March 2019. The TP Guidelines clarify the applicability of the arm's length principle irrespective of the material threshold and encourages taxpayers to refer OECD guidelines in case of ambiguity in the TP guidelines applicable to Saudi Arabia.

Certain salient features of the TP Guidelines are as summarized below –

- TP Guidelines clarify that there is no materiality threshold for the applicability of the arm's length principle. Every transaction entered into by related parties shall be governed by the TP provisions and is expected to be at arm's length.
- The TP Guidelines provide that in order to identify related persons, w.r.t. effective control, the facts, and circumstances should be effectively evaluated to determine if the same results in effective control. Though control via governance, funding, and business creates an impression of 'effective control,' the same needs to be evaluated and demonstrated otherwise. The onus lies on the taxpayer to demonstrate the non-existence of effective control.
- Regular monitoring of a controlled transaction to avoid a scenario wherein the arm's length principle is not satisfied during reporting in commercial accounts should be adopted by taxpayers.
- The TP Guidelines define 'De facto owner of intangibles' to mean the person who is in control of the DEMPE functions, involved in significant decisions, and manages and bears the respective risk. Thus, it can be regarded as the 'economic owner' of the intangibles.
- Provides guidance w.r.t CbC report: If the ultimate parent entity (or surrogate parent entity) is not required to file CbC report as it does not exceed the threshold limits in its jurisdiction, there is an exemption provided to the companies in Saudi Arabia from the filing of CbC report even if the threshold of SAR 3.2 billion is met.
- As per Article 14(B) of the transfer pricing bylaws taxpayer is required to file disclosure form for controlled transactions within 120 days of the end of the taxpayer's Financial Year (i.e., deadline of the filing of tax declarations). It was clarified that even though the deadline for filing the tax declaration is exceeded, there would be no exemption granted for disclosure form pertaining to controlled transactions.
- 'Limited' and 'reasonable' assurance engagements both shall be accepted by GAZT in respect to the Chartered Accountant's Certificate (TP Affidavit) if the same is issued by a licensed auditor in Saudi Arabia

Nigeria: Extension provided to companies for filing their Income Tax and Transfer Pricing Returns

Keeping in cognizance of the current challenges faced due to coronavirus (COVID-19) pandemic, the Federal Inland Revenue Service (FIRS) provided relief to the companies regarding the filing of Income Tax returns. A one-month extension of the due date was provided for companies with respect to transfer pricing returns, and in case of companies with year-end of 31 December, the said companies would be required to file their Income Tax return by 31 July 2020 without any interest or penalty levied.

As per the Income Tax (Transfer Pricing) Regulations, 2018 'connected person' is required to file its statutory transfer pricing returns within six months from the company's accounting year-end (i.e., companies having 31 December as year-end, the transfer pricing return was required to be filed by 30 June 2020). However, as transfer pricing returns are an integral part of annual companies' income tax, the deadline for the same has been extended to 31 July 2020.

Serbia: Implications of coronavirus (COVID-19) pandemic on business operations as well as tax and transfer pricing obligations

The ongoing situation due to coronavirus (COVID-19) pandemic worldwide and its impact on the business operations of the company has given rise to several practical and tactical transfer pricing issues. Though the Serbian Ministry of Finance has not issued any specific guidance, taxpayers need to analyze the potential challenges and evaluate the impact on their respective business operations. Few key points which may be kept in mind by the taxpayers are –

- While most of the companies face challenges due to the COVID-19 crisis, some found new opportunities giving rise to unexpected profits. Thus, future tax analysis must consider the factual circumstances of the situation. The tax period would include the calendar year 2020 and potential tax period after 2020 depending on the speed of recovery of the national and global economy;
- In respect to the 'entrepreneur/ principal model' structure, the central entrepreneur or principal company bears the economic risks, owns the valuable intellectual property, and gets rewarded residual profit of the MNE. In such scenarios, the taxpayers would be required to carry out a thorough analysis to determine the facts and circumstances of each limited risk situation before concluding any transfer pricing adjustment;
- The contractual agreement also plays a vital role in the current situation and contractual obligation such as the force majeure clause, limiting the parties' obligations in a situation beyond their prediction or control should be assessed. Whether COVID-19 can be considered as a force majeure event and can the loss due to COVID-19 be measured appropriately is also a matter of concern for companies;
- Transfer pricing analysis considers and compares the situation of the company with the other third party comparable companies. Thus, the analysis of steps taken by the third party in a comparable situation shall also solve many concerns of the companies.

Amongst several issues faced by the companies during the present situation, special attention to the past transfer pricing documentation and statements with authority should be taken into account before arriving at any conclusion. Especially, the fact that the limited-risk entities should be entitled to losses occurred due to COVID-19 should be assessed thoroughly.

The financial results of comparable companies in order to conduct benchmarking analysis for the year under consideration shall have a huge impact while analyzing the arm's length principle. The taxpayers await guidelines from the Serbian Ministry of Finance to resolve the doubts of the companies by either postponing the deadline for transfer pricing documentation for 2020 until financial year data is available for 2020 or to change the requirement to calculate transfer pricing adjustment on an annual basis.

Finland: Re-characterisation of intra-group financial restructuring not permitted

In 2008, a Finnish company (taxpayer) established a subsidiary in Belgium and transferred an intra-group unsecured loan amounting to EUR 223.5 million with interest in exchange of shares of the newly set up subsidiary due to internal restructuring of the Group. It was agreed that the return on investment would be recovered basis the target limit achieved through the operations of the Belgium entity.

It was observed that the taxpayer performs all significant functions, assumes significant risks, and uses significant funds for the intra-group financing activity, whereas the subsidiary does not undertake any functions pertaining to the group financing. It was indeed a company performing normal financial management, payment, and reporting services that received market-based compensation based on operating costs. Basis the above facts, the tax authorities proposed a TP adjustment considering the re-characterization of the related party transaction.

While deciding the matter following observations were outlined by the Court:

- The subsidiary company had indeed become a creditor of the taxpayer due to restructuring of the group finances;
- The tax authorities had re-characterized the legal transactions between the taxpayer and its subsidiary basis section 31 of the Tax Procedure Act. However, the said section does not entitle the tax authorities to do so;
- Further, tax authorities also did not allege that due to such re-characterization, there was a tax avoidance by the company.

Court briefly explained Section 31 which states *"When making a transfer pricing adjustment in accordance with subsection 1, it is generally not possible to interfere with the cash flows between the parties to an intra-group transaction, but only with the pricing or other terms used in the transaction identified as having occurred between them"*.

Considering the above facts of the case, the Court held that the tax authorities were not entitled to make any TP adjustment basis the re-characterization of the related party transaction. Taking a cue from the co-ordinate bench ruling, it also clarified that reclassification is permitted under exceptional circumstances as per the OECD TP Guidelines; however, it is not possible in accordance with the Finish domestic law.

Poland: Expenses pertaining to intra-group services are 'functionally related' to support service rendered

The taxpayer is engaged in providing support services to its group entities, which are remunerated at cost plus a market mark-up. Cost base allocated to each service receipt includes cost pertaining to purchased services in order to determine the remuneration to the taxpayer. The issue under consideration was whether such cost of purchased service could be included in the cost base, which formed the Company's tax revenue.

Article 15, paragraph 11, point 1 of the Polish Corporate Income Tax Act (limiting costs on intra-group services) explains that there should be a correlation between the cost and the provision of services to have a 'functional relationship.' Considering that such costs build the value of support services provided, they are directly related to the support services rendered.

In light of the above, the Court was of the view that in case of shared service centers, the cost of purchased services are 'functionally related' to support services provided and should constitute the cost base for the purpose of remuneration. Further, the costs incurred by the taxpayer were neither artificially nor economically unjustified, which could give rise to any form of restriction.

Denmark: TP adjustment owning to defective TP documentation and unsubstantiated deficit in profits

The taxpayer is a Danish production company engaged in Packaging and Processing Solutions. Its main activity includes generating production plants that are utilized in the production and packaging of all kinds of ice-cream. The taxpayer was incurring losses at the EBIT level for the period 2005-2009. The tax authorities proposed a TP adjustment as it could not verify the arm's length nature of the related party transactions basis the TP documentation submitted.

Following observations were made during the proceedings of the case:

- TP documentation was defective as it did not include comparability analysis;
- With regard to the profits made by the taxpayer during the year into consideration, there was no factual information which provided reasons to demonstrate that the industry in which the taxpayer operated was more severely affected by the financial crisis in 2008 and 2009 as compared to the comparables;
- There were no extraordinary circumstances observed during the period from 2005 to 2009, which justified the low earnings of the taxpayer.

The Court relying on the ruling by SC (Microsoft judgment) held that TP documentation incapable of providing sufficient basis to determine the ALP of the related party transaction shall be equated with a lack of documentation giving rise to TP adjustment due to considerable deficit in the EBIT. It also held that wherein companies are comparable in terms of functions, assets, and risks, the mere fact that some of these comparables were from countries paying lower wages than Denmark did not exclude them from the database analysis. Further, it upheld the decision of tax authorities and treated the taxpayer as the tested party under TNMM instead of the associated enterprises citing reasons of insufficient reliable information.

Argentina: Further extension of due dates for transfer pricing filings

As per the recently published regulations, the due date to file transfer pricing report is the 6th month after the fiscal year-end, whereas the Master File should be filed by the 12th month after the fiscal year-end. However, due to ongoing pandemic, the deadlines for filing of transfer pricing studies (filed with an affidavit on Form 2668) and Master File reports are being extended for the period as outlined below -

Period	Extended Deadline
December 2018 to May 2019	July 2020
June 2019 to November 2019	August 2020
December 2019 to April 2020	October 2020

The regulations include rules pertaining to the determination of transactions to be reported and requisite information pertaining to each of them. Some of the details required to be reported by the taxpayers are –

- Cross border transactions between Argentine residents and foreign-related parties
- Transactions between Argentine residents and independent parties located in 'non-cooperating' jurisdictions or 'low or no tax' jurisdictions
- Import and export transactions conducted with independent parties for values exceeding ARS 10 million (approximately USD 143,000) per tax year

Indirect Tax

HMRC plans to make marketplaces liable to collect VAT on imports

As per various media reports, the UK's tax authority, Her Majesty's Revenue and Customs (HMRC) is discussing a proposal to make online marketplaces responsible for collecting VAT on sales by overseas sellers into the UK, with effect from 1 January 2021. The move comes in view of the long-standing demand by local UK businesses who are at a pricing disadvantage against overseas sellers who are not usually registered under UK VAT laws.

Compliance Calendar

Direct Tax

7 July 2020

- Payment of Tax Deducted at Source (TDS) and Tax Collected at Source (TCS) in June 2020

15 July 2020

- Filing of TCS statement for the period from April to June 2020
- Quarterly TCS Return deposited for the quarter ending 30 June 2020

30 July 2020

- Quarterly TCS Certificate in respect of tax collected by any person for the quarter ending 30 June 2020
- The due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA and 194-IB for the month of June 2020

31 July 2020

- Filing of TDS statement for the period from April to June 2020
- Filing of return of income for a non-corporate taxpayer who is not required to be audited for the financial year 2019-20
- The due date for claiming a foreign tax credit, upload a statement of foreign income offered for tax for the previous year 2019-20, and of foreign tax deducted or paid on such income in Form no. 67 (If a taxpayer is required to submit return of income on or before 31 July 2020)

Notes

However, it must be noted that the CBDT vide the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 dated 31 March 2020 read with the notification dated 24 June 2020 has extended all respective due dates, falling during the period from 20 March 2020 to 31 December 2020, except the ones mentioned below till 31 March 2021.

- The due date for filing quarterly TDS/TCS statement for the quarter ending 31 March 2020 is extended to 31 July 2020
- The due date for filing of return of income for a non-corporate taxpayer who is not required to be audited for the financial year 2019-20, is extended to 30 November 2020

The benefit of the extended due date shall not be available in respect of payment of tax. However, any delay in payment of tax, which is due for payment from 20 March 2020 to 31 December 2020, shall attract interest at the lower rate of 0.75% for every month or part thereof if the same is paid after the due date but on or before 31 December 2020.

Indirect Tax

3 July 2020

- Extended due date for filing GSTR-3B for the month of March 2020 without any interest or penalty, for registered taxpayers in Category 1 states with aggregate turnover of up to INR 50 million in the previous financial year

5 July 2020

- Extended due date for filing GSTR-3B for the month of March 2020 without any interest or penalty, for registered taxpayers in Category 2 states with aggregate turnover of up to INR 50 million in the previous financial year

6 July 2020

- Extended due date for filing GSTR-3B for the month of April 2020 without any interest or penalty, for registered taxpayers in Category 1 states with aggregate turnover of up to INR 50 million in the previous financial year

9 July 2020

- Extended due date for filing GSTR-3B for the month of April 2020 without any interest or penalty, for registered taxpayers in Category 2 states with aggregate turnover of up to INR 50 million in the previous financial year

10 July 2020

- Extended due date for filing of GSTR-1 to be filed by registered taxpayers with an annual aggregate turnover of more than INR 15 million for the month of March 2020 without any late fee

17 July 2020

- Extended due date for filing of GSTR-1 to be filed by registered taxpayers with an annual aggregate turnover of up to INR 15 million for the quarter of January 2020 to March 2020 without any late fee

20 June 2020

- GSTR-3B for the month of June 2020 to be filed by all registered taxpayers having turnover of more than INR 50 million in the previous financial year

24 July 2020

- Extended due date for filing of GSTR-1 to be filed by registered taxpayers with an annual aggregate turnover of more than INR 15 million for the month of April 2020 without any late fee

28 July 2020

- Extended due date for filing of GSTR-1 to be filed by registered taxpayers with an annual aggregate turnover of more than INR 15 million for the month of May 2020 without any late fee

Notes

The government vide Notification No. 35/2020 dated 3 April 2020 (as amended by Notification No. 55/2020 dated 27 June 2020) has announced the extension of various compliance due dates (other than GSTR-1 and GSTR-3B) falling between the period from 20 March 2020 to 30 August 2020, to 31 August 2020.

***Category 1 states** - Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep.*

***Category 2 states** - Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi.*

Alerts

Instant e-PAN and Facelift of Form 26AS

2 June 2020

Read Here https://bit.ly/3gFXs5T

Decisions of the 40th GST Council meeting and other recent updates

12 June 2020

Read Here https://bit.ly/3edRmYR

COVID-19 Outbreak- Direct Tax and Transfer Pricing Relaxations 2.0

30 June 2020

Read Here https://bit.ly/31WFY0V

Article

An Economic boost to trigger a Self-reliant Nation

Read Here https://bit.ly/3iKrfMI

Re-evaluating Tax and Compliance function to strengthen business conservation in challenging times

Read Here https://bit.ly/38D1Gsc

MSMEs - Future of the Nation

Read Here https://bit.ly/31Zph5g

GST council decisions on Standby – Taxpayers face hardships till implementation

Read Here https://bit.ly/2ZU021z

Webinar - Impact of COVID-19 ON Transfer Pricing Analysis - A 360 degree view

Organizer - Nexdigm (SKP)

4 June 2020

Watch it here https://bit.ly/2ZPEQtp

Webinar - Economic Substance Regulation in UAE

Organizer - French Business Council

8 June 2020

Webinar - COVID-19 Impact on Transfer Pricing and Impact of MLI on India's Tax Treaties

Organizer - Bombay Chamber of Commerce

9 June 2020

Watch it here https://bit.ly/38E0AfF

Webinar - COVID-19 impact on Transfer Pricing – A 360 degree view

Organizer - Nexia International

10 June 2020

Webinar - Foreign Remittance and Multilateral Instrument (MLI) Impact

Organizer - Consulate of Netherlands

15 June 2020

Watch it here https://bit.ly/2ZaS0lC

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We provide an array of solutions encompassing Consulting, Business Services, and Professional Services. Our solutions help businesses navigate challenges across all stages of their life-cycle. Through our direct operations in USA, India, and UAE, we serve a diverse range of clients, spanning multinationals, listed companies, privately owned companies, and family-owned businesses from over 50 countries.

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