K C Mehta & Co LLP

Chartered Accountants

kcm Insight

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Dear Reader,

We are happy to present **kcmInsight**, comprising of important updates in the M&A space, legislative changes in direct tax law, corporate & other regulatory laws, as well as recent important decisions on direct taxes.

We hope that we are able to provide you an insight on various updates and that you will find the same informative and useful.

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For detailed understanding or more information, send your queries to kcminsight@kcmehta.com

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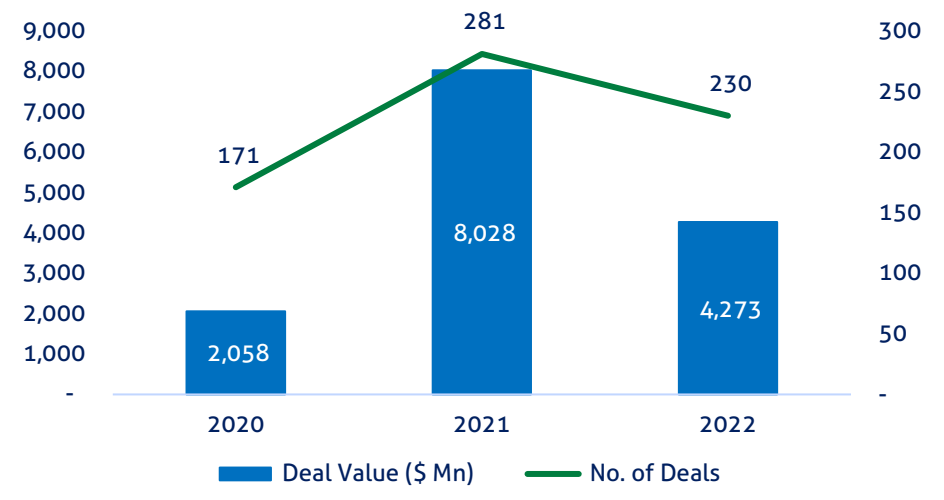
Growth of FinTech in India

Coverage

Background

Indian FinTech market is currently the world's third largest, trailing only the United States and China. India widely embraced digital payment and transaction methods after launch of the Start-up India initiative in the aftermath of demonetization boosted by infrastructural support, security, and flexibility of solutions on offer. India's FinTech industry was valued at $50 billion in 2021 and is expected to reach $150 billion by the year 2025. In 2022, there were more than 6,000 FinTech start-ups offering a wide range of services in the country. The FinTech adoption rate in India is estimated to be 87%, which is significantly higher than the global average of 65%.

Private Equity investment in FinTech space in India



Source: VCCEdge

The FinTech space witnessed a sharp increase in total value of deals amounting to USD 8.03 Bn in calendar year 2021 from USD 2.06 Bn in 2020. Number of deals sharply rose to 281 deals in year 2021 as compared to 171 deals in year 2020. In 2022, there were 230 deals amounting to USD 4.27 Bn. These deals were across FinTech verticals providing Digital Lending, Payments Platform, InsurTech, WealthTech, Neo-banking and Blockchain & Crypto.

The fall in value, average deal size and number of deals in 2022 as compared to 2021 was largely driven by rationalization of valuation metrics coupled with liquidity crunch and geo-political developments across the globe. Despite such a downfall, FinTech remained the second most funded sector in India in 2022, behind only after Enterprise SaaS. FinTech added 4 more unicorns in 2022 as compared to 13 unicorns in 2021.

FinTech space to remain attractive

Post Covid scenario

Covid pandemic has fundamentally altered the FinTech industry. Financial institutions experienced the largest wave of new accounts in mobile banking and payment apps in the year 2021. Governments were promoting contactless payments as an infection prevention measure. The increased use of telemedicine, e-learning & e-commerce has also boosted the demand for online payments.

Growth of FinTech in India

Demonetization

Demonetization caused severe instability in dealing with physical cash and drove people to start using online financial services instead, thereby increasing the potential of further proliferation of the FinTech sector. RBI's efforts to promote and facilitate the expanding use of electronic payments in creating a cashless society were crucial factors in acceptance of FinTech offerings.

AI driven efficiency

The RBI has voiced its concerns over banking sectors ability to meet the growing credit demand while maintaining adequate capital buffers. Technology like Account Aggregators framework, combined with AI-driven assessment techniques will enable FinTech players to efficiently supply credit where most needed and provide wider access to otherwise unbanked population of the economy.

WealthTech for all

Indians have long invested in conventional assets like gold, real estate and fixed term deposits. FinTech players are now focusing on simplifying investments, covering mutual funds, stocks, peer-to-peer investing among other offerings by wealth management services through artificial intelligence enabled personalized advisory services.

Neo Banking

These platforms refer to new age banks without any physical location or branch. They provide digital mobile first solutions for payments, money transfer, lending and more. Neo banks differentiate themselves by personalizing consumer services and tapping the unbanked consumers by providing user friendly tools.

India Stack

India Stack is a collection of APIs that enables enterprises, entrepreneurs, and developers to utilize a special digital infrastructure to address India's challenging issues around the delivery of presence-free, paperless, and cashless services. The acceleration of FinTech's development has also been enhanced by India Stack platform.

Need for technology based financial system

With a large chunk of India's population will remaining unbanked, there is a significant need to securely expand technology based financial services across the nation. The use of financial technologies has helped close the gap left by traditional banking and finance models which are marred by long procedures and red tape. This has further induced the growth of FinTech in India.

Customer experience

Customers feel greatly empowered when FinTech start-ups provide them with convenience, personalization, transparency, accessibility, and ease of use, which has also led to the increase in revenue of FinTech sector providing them high valuation multiples backed by enlarged user base.

Growth of FinTech in India

Way Forward

The shift towards digitization since the pandemic has accelerated the adoption of FinTech solutions significantly. Digital payment and lending which were previously concentrated in major cities, are now mainstream even in Tier 2 and Tier 3 cities of the country. A large unbanked population and rising mobile phone usage are some other factors that will aid the sector's growth in the long run.

Banks have shown keen interest in this sector and have collaborated with many companies to increase the geographical presence, increase customer services and provide seamless tech-enabled user experience. Further, Open Banking will enable FinTech companies to reach individuals that are not a part of the organized banking industry. Such collaborations can also help FinTech companies overcome regulatory hurdles having the potential to rapidly revolutionize the Indian financial system. The next decade will record a 10x growth in the India FinTech market to achieve $1 Tn in AUM and $200 Bn in revenue.

Sources: VCC Edge, Economic Times, Deloitte, Business Today

Contributed by

Mr. Chinmay Naik, Mr. Shankar Bhatt and Ms. Dixita Parmar

For detailed understanding or more information, send your queries to ***kcminsight@kcmehta.com***

Important Rulings

SC ruling in case of New Noble Educational Society applicable prospectively

CIT v. Sikhya 'O' Anusandhan, ITA nos.32, 33 & 34 of 2013, Orissa High Court

The taxpayer is a university located at Bhubaneswar, Odisha. It claimed exemption u/s 11 of the ITA on the basis that it is carrying on charitable activity of imparting education. The AO denied exemption u/s 11 of the ITA to the taxpayer on the ground that it has been charging substantial fees from students with a view to making profit and paying it to the interested persons.

The CIT(A) and ITAT, relying on various judicial decisions, decided the issue in favour of taxpayer, by holding that merely because there is surplus incidental to the activity of imparting education, it does not automatically lead to profit motive.

Revenue, during hearing before High Court, relied on recent decision of SC in case of New Noble Educational Society v. CCIT 290 Taxman 206, wherein, SC had held that charitable institution, society, trust, etc. claiming exemption u/s.10(23C)(vi) should 'solely' engage itself in education or educational activities. SC further held that such institutions, trusts, etc. can take up other activities provided that they are 'incidental' to educational activity, such as sale of textbooks & school bus/hostel facilities.

SC also clarified that since this judgement has departed from previous rulings regarding the meaning of term 'solely', in order to avoid disruption and to give time to institutions to make appropriate changes/adjustments, in larger interests of society, this judgement would operate hereafter.

HC, in this case, noted the above observation and held that Revenue cannot take advantage of changed legal position because of aforesaid decision. Accordingly, the Revenue's appeal was dismissed.

This decision would be useful for defending the matters where Revenue has retrospectively applied the SC decision in case of charitable trusts. However, going forward, it would be necessary to determine the impact of SC decision to the facts of each case and make appropriate revisions as required.

It is also interesting to note that in the case of New Noble Educational Society, before the Apex Court, the issue was with reference to claim of exemption u/s.10(23C)(vi) by educational institution. Such section uses the phrase "institution existing solely for educational purpose and not for the purpose of profit". However, in such decision, the Apex Court has not dealt with the case where institution carrying educational activities has claimed exemption u/s.11 of the Act. In view of the same, it can also be alternatively argued that ratio of the decision of New Noble Educational Society, providing very strict and stringent interpretation for claim of exemption in the context of section 10(23C)(vi) shall not be applicable to trust claiming exemption u/s.11 for carrying educational activities.

Proviso to section 2(15) inapplicable to Trusts set up for providing education, medical relief and relief to poor

M/s M. M.Ct.M. Chidambaram Chettiar Foundation v. DDIT, ITA nos.976 to 979/Chny/2019, Chennai ITAT

Important Rulings

The taxpayer runs a school trust registered u/s. 12AA of the ITA. It has an auditorium in the school campus for conducting conferences, lectures, meetings, etc. The auditorium is also used for letting out to institutions for which the taxpayer receives rental income.

The AO noted that auditorium has been let out to general public for conduct of dance/music programmes, corporate meetings / conferences / get-togethers and family functions. Therefore, according to AO, the auditorium has been allowed for general public utility for their private functions and this letting out has been done with a profit motive. The AO held that such activity would come under activity of advancement of general public utility and therefore hit by proviso to section 2(15) of the ITA. CIT(A) upheld the action of the AO.

Before the ITAT, the taxpayer contended that auditorium is mainly used for conducting conferences, lecture meetings, etc. and only, after school hours and on holidays, it is used for letting out to institutions for promotion of fine arts, educational purposes, etc., which is also part of education. Taxpayer further submitted that it maintains separate books of accounts for auditorium.

The taxpayer also pointed out that CBDT Circular no. 11/2008 also mentioned that proviso to section 2(15) will not apply in respect of first three limbs of section 2(15), i.e. relief of the poor, education or medical relief. Taxpayer relied on decision of SC in case of ACIT v. Ahmedabad Urban Development Authority 449 ITR 1, wherein SC supported the view that 'per-se categories' of charity- education, medical relief and relief to the poor, are not subjected to restrictive condition of eschewing activities of profit.

Revenue, on the other hand, while relying on the said above SC decision contended that charities, as in case of taxpayer, which also carry out objects of general public utility are subject to the proviso to section 2(15) of the ITA.

ITAT supported the argument of taxpayer by holding that the restriction against charities as prescribed under proviso to section 2(15) is not applicable to trusts, which are covered within the first six categories- including 'education'. ITAT noted that the taxpayer, in the instant case, is covered under the category of 'education' in terms of section 2(15). The auditorium is also within school complex for purpose of conducting guest lectures and earning of rental income from conducting conferences, music, dance and letting out to general public for conference meetings, etc. is incidental to education. ITAT also noted that income receipts from renting of auditorium is mere 12.5% of total receipts. Accordingly, the appeal of taxpayer was allowed.

Writ Petition should be decided by HC though Alternate remedy of appeal available

Red Chilli International Sales v ITO, SLP No. 86/2023, Supreme Court

The taxpayer, a partnership firm, received notice u/s 148A(b) of ITA. The taxpayer replied to the said notice and raised objections. The AO rejected the said objections, passed order u/s 148A(d) and issued notice u/s 148 of the ITA. The taxpayer, by way of writ petition, challenged the notice before Punjab and Haryana HC on the ground that response filed against notice issued u/s 148A(b) has not been considered while passing order u/s 148A(d) of the ITA.

Important Rulings

HC framed the issue arising out of writ petition as, whether at stage of notice u/s 148, writ Court should venture into the merits of controversy. HC decided that where the proceedings have not even been concluded by the statutory authority, the writ court should not interfere at such a pre-mature stage. Hence, HC dismissed the writ petition of the taxpayer stating that statutory remedy of appeal is available to the taxpayer.

Aggrieved by such order, the taxpayer has filed appeal before the Hon'ble SC. SC observed that the writ petition by the taxpayer before HC was to examine whether jurisdiction pre-conditions for issue of notice u/s 148 of the ITA have been satisfied. SC noted that the provisions of reopening under the ITA have undergone an amendment by Finance Act, 2021 and consequently matter now requires deeper consideration. Therefore, the SC set aside the observations made by HC and has clarified that the issue in the writ petition should be examined in-depth by the HC as and when it arises for consideration.

The aforesaid decision could be useful in situations where HC straightaway dismiss the writ petition filed by taxpayers against reopening of assessment, in view of availability of alternate remedy for appeal. The order of HC should be a reasoned order while disposing off writ petition.

Interest on delayed deposit of TDS not allowable as deduction u/s 37

M/s Premier Irrigation Adritec (P) Ltd v ACIT, IT Appeal No. 387 (Kol.) of 2021, Kolkata ITAT

The taxpayer had claimed a deduction for interest paid on TDS in his return of income. The AO disallowed the aforesaid expenditure claimed by the taxpayer. CIT(A) also confirmed the addition so made by the AO.

On appeal to the ITAT, the taxpayer contended that section 40(a)(ii) provides that sum paid on account of any rate or tax levied on profits or gains of business is not deductible but interest on delayed payment of TDS is not covered within the said provision. The taxpayer relied on decision of SC in case of Harshad Shantilal Mehta vs. Custodian 99 taxman 216, wherein SC had held that penalty or interest cannot be considered as tax. Further various Courts including Bombay HC, Gujarat HC and Delhi HC, following said decision, have also held that interest/penalty component does not form part of tax.

Revenue, on the other hand, submitted that TDS liability is statutory liability fastened upon the taxpayer to be discharged by him and therefore, interest on late payment of TDS is nothing but derivative of tax and is not allowable expenditure even under provisions of section 36 and 37 of the ITA.

ITAT referred to provisions of section 4(2) of the ITA, as per which, income tax shall be deducted at source or paid in advance, where it is so required under ITA. ITAT noted that statute has casted a duty upon payer to deduct tax on behalf of Government on payment made to payee and deposit said tax to Government, failing which, such person is declared as defaulter of taxes by way of deeming fiction u/s 201 of the ITA. Therefore, as per ITAT, tax deductor cannot defend its position saying that TDS is liability of the other person.

ITAT further noted that carrying on of business is not dependent upon payment of tax. Such tax liability though may arise in course of business

but nonetheless, is not expenditure for the purpose of business. Therefore, it does not qualify as expenditure wholly and exclusively incurred for purpose of business u/s 37 of the ITA. Further, as per section 36(1)(iii) of the ITA, interest paid in respect of capital borrowed for the purpose of business is an allowable expenditure. Interest paid on delayed deposit of TDS, cannot, in any circumstances, be termed as capital borrowed from Income tax department for the purpose of business.

ITAT, accordingly, held that if an amount does not qualify as deductible expenditure under the provisions of sections 30 to 37, then, even though, the same has not been specifically excluded under section 40(ii), even then non-exclusion does not put it into the category of allowable expenditure.

ITAT distinguished the decision of SC in case of Harshad Shantilal Mehta, relied on by the taxpayer, by holding that issue for determination before SC in that case, was entirely a different issue, relevant to interpretation of provisions of section 11 of Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and ITA is rather a complete code in itself. ITAT relied on decision of Madras HC in case of Chennai Properties and Investment Ltd 239 ITR 435, wherein it is held that interest paid for the period of delay takes colour from nature of principal amount required to be paid but not paid within time.

ITAT also rejected the argument that income-tax required to be remitted was not income-tax payable by the taxpayer but is ultimately for the benefit of and to the credit of the recipient of the income on whose behalf that tax is payable. ITAT held that such payment, does not, in any manner, alter the character of the payment, namely, its character as income tax.

In view of the above, ITAT held that interest payment on delayed deposit of income tax, whether TDS or otherwise, is not an allowable expenditure.

Though the ITAT has observed that interest on TDS takes colour from nature of principal amount, i.e. income tax, it should be noted that ITAT has mainly concluded that interest on TDS is not allowable u/s 37 of the ITA and accordingly, question of deductibility u/s 40(a)(ii) does not arise.

Important Notifications

CBDT extends time limit for compliance to be made for claiming exemption u/s 54 to 54GB of the ITA during Covid pandemic

Circular no. 1/2023 dated January 06, 2023

CBDT vide Circular no. 12/2021 dated June 25, 2021, provided relaxation in respect of certain compliances to be made by taxpayers for claiming exemption u/s 54 to 54GB of the ITA. CBDT had clarified that said compliances, for which last date for compliance fell between April 1, 2021, to September 29, 2021 can be completed on or before September 30, 2021.

In view of representations received and on consideration of the then prevailing Covid pandemic and resultant restrictions, causing genuine hardship to taxpayers, CBDT has now clarified that the time limit for compliances to be made such as investment, deposit, payment, acquisition, purchase, construction, or any other activity for claiming exemption u/s 54 to 54GB, for which last date of compliance falls within April 01, 2021 to February 28, 2022 (both dates inclusive), may be completed on or before March 31, 2023.

CBDT clarifies whether dealership / distributorship contract in case of co-operative societies constitutes an event/occasion u/s 269ST (c) of the ITA

Circular no. 25/2022 dated December 30, 2022

As per section 269ST (c) of the ITA, no person shall receive an amount of Rs. 2,00,000/- or more in respect of transactions relating to one event or occasion from a person, otherwise than by an account payee cheque or ECS or any other electronic mode.

CBDT has clarified that in respect of co-operative societies, a dealership/ distributorship contract by itself may not constitute an event or occasion for the purposes of section 269ST (c) of the ITA. It is further clarified that any cash receipts relating to a dealership/ distributorship contract by the co-operative society not exceeding Rs. 2,00,000 on a single day which is a bank holiday shall be excluded from the application of section 269ST(c). Accordingly, transactions taking place on such multiple non-working days will not be considered as an event or occasion and thus cash receipts earned during such days shall not be aggregated for the purposes of section 269ST (c) of the ITA.

CBDT abolishes threshold limit for interest income to be reported in SFT

Notification 1 of 2023 dated January 05, 2023

CBDT has abolished the existing threshold limit of Rs. 5,000 for interest income to be reported in Statement of Financial Transaction, which is earned in a previous year by the taxpayer. Hence, any interest income (irrespective of amount) earned in accounts (other than Jan Dhan Accounts) is required to be reported in SFT.

Contributed by

Mr. Akshay Dave and Ms. Jolly Bajaj

For detailed understanding or more information, send your queries to ***kcminsight@kcmehta.com***

Important Rulings

India Rulings

Liaison Office merely facilitating communication and co-ordination held not to constitute PE

S.R. Technics Switzerland Limited. [ITA No. 6616/Mum/2018]

Taxpayer, a company incorporated in Switzerland, was engaged in business of maintenance, repair and overhaul for aircrafts, engines and providing components and spare engines on lease. Lease charges earned by taxpayer from leasing of components and engines were offered to tax in India as royalties and tax was paid thereon at 10% on gross basis as per Article 12(2) of the India-Switzerland DTAA. However, incomes from repairs and maintenance services and integrated component services were not offered to tax in India as per provisions of Article 7 of the DTAA considering that the same were not in the nature of fees for technical services and that the taxpayer did not have permanent establishment in India as per Article 5 of India-Switzerland DTAA.

The taxpayer had a subsidiary in Switzerland, which had a liaison office (LO) in India. Tax authorities sought to consider the LO as dependent agent PE and service PE of the taxpayer in India and sought to attribute profits from repairs and maintenance services and integrated component services to the LO and charge the same to tax.

The Tribunal took into consideration sample agreements and invoices, wherein it was evident that the repairs and maintenance activities and other services were provided by the Taxpayer from its workshops outside India. The Tribunal also took note of the facts that the LO did not have any infrastructure, facilities and relevant stocks of spare parts to carry out repairs and maintenance, piece part repairs, integrated component service and replacement of parts and that the staff at India were not of that level in the hierarchy who can negotiate with the customers, sign and finalize the contracts and carry-on taxpayer's business in India. Taking the same into consideration, the Tribunal accepted the Taxpayer's claim and held that the LO was merely a communication channel or coordinator between the Taxpayer in Switzerland and the airline companies in India.

The Tribunal also held that the LO was acting merely as a communication channel and was carrying on activity of preparatory and auxiliary nature was to be inferred from the fact that the RBI had accepted functioning of the LO for quite some time based on adherence of conditions imposed by RBI, one of which was that the LO could not carry on any business or trading activity in India.

In light of the above, Tribunal held that the LO did not constitute PE of the Taxpayer in India and the incomes arising from repairing, maintenance and other services were not liable to tax in India in light of the provisions of Article 5 read with Article 7 of the India-Switzerland DTAA. The decision reiterates the principle that determination of whether LO constitutes PE or not is a factual exercise and that as long as a liaison office operates as a liaison office and adheres to the conditions and restrictions imposed by RBI, it is likely that the same would not constitute a PE of a foreign entity in India.

Tribunal breaks tie in favor of Singapore and holds taxpayer not liable to tax on Singapore salary

Sameer Malhotra vs. ACIT [ITA No. 4040/Del/2019]

Taxpayer filed its original return of income offering income earned in India from 01 April 2014 to 25 November 2014 and income earned in Singapore from 15 December 2015 to 31 March 2015. Subsequently, the return was revised to offer only income earned in India on the contention that he was employed in India till November 2014 and relocated to Singapore with his family members for employment in Singapore from 15 December 2014. It was contended that he

was resident of both India and Singapore under the domestic law provision for the period under consideration and thus his residency should be determined as per Article 4(2) of India-Singapore DTAA, wherein as per the tie-breaker test, the tie breaks in favour of Singapore. The Assessing Officer and CIT(A) rejected the contentions of the taxpayer stating that the tie breaks in India.

Hon'ble ITAT after hearing both the parties carried out the tie-breaker test and observed as under:

1. Taxpayer had the permanent home in Singapore even though it was on rent as for testing permanency it is not necessary that house should be owned or rented. Further, the house owned in India was not available to the taxpayer as the same was given on rent. A reference was made to UN Model commentary wherein 'permanent home' includes rented home.
2. In relation to centre of vital interest, it was held that it was in Singapore as the taxpayer shifted there with his family and started employment therefrom.
3. For the test of 'habitual abode', the Tribunal held that habitual abode does not refer to the place of permanent residence but means a place where one normally resides. Thus, rejected the contention of the revenue that on completion of the assignment the taxpayer will be returning to India for permanent stay.

Accordingly, it was held that the taxpayer qualified as resident of Singapore from 15 December 2014 and Singapore based income shall not be subject to tax in India.

Cases of Split residency have been a subject matter of litigation as there are no specific guidelines under the law giving clarity on Split Residency. In the given case, the ITAT has uphold the concept of 'Split Residency' wherein the taxpayer may be considered as Indian resident for the part of the year and subsequently considered as a resident of other country for the other part of the year. This decision is a welcome decision and in line with the ITAT Bangalore decision in the case of DCIT Vs. Sri Kumar Sanjeev Ranjan [ITA No. 1655 of 2017]. The decision may favour the Indian residents engaged in cross-border employment.

DTAA provisions override section 206AA

Wipro Ltd. [2023] 146 taxmann.com 129 (Karnataka)

Taxpayer paid fee for technical services ("FTS") to various non-resident entities during A.Y. 2011-12. As the entities to whom payments have been made were tax residents of Germany, the Taxpayer took a stand that as per India-Germany DTAA, rate of tax for FTS shall not exceed 10% on a gross basis. However, PAN of the payee was not furnished by the Taxpayer.

Due to non-furnishing of PAN, revenue authorities invoked Sec 206AA(1)(iii) of the Act and held that tax at source in case of non-furnishing of the PAN is required to be deducted @20%. It was also contended that if DTAA provisions were to be applied even in absence of PAN, Section 206AA would be rendered redundant.

The Taxpayer placed reliance on the order of Hon'ble Delhi HC in case of Danisco India Pvt Ltd [2018] 404 ITR 539(Delhi) and submitted that provisions of DTAA has overriding effect and any subsequent amendment to nullify the effect of provision prior to the amendment has been read down by the Delhi HC.

Hon'ble Karnataka HC after perusing rival contentions and material on record, held that Section 206AA can't be understood to override the charging sections 4 & 5 of the Act. It was further held that the provision of Section 206AA had to be read down to mean that where the deductee conducts its operation from a territory whose

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Govt. has entered into a DTAA with India, the rate of taxation would be as dictated by the provisions of the applicable DTAA.

Hence, Hon'ble Karnataka HC agreed with the view taken by the Delhi HC in case of Danisco India Pvt Ltd and held that deduction shall not exceed 10% and any other interpretation to raise a demand beyond 10% shall be incongruous. It is also important to note that CBDT has already notified Rule 37BC specifying conditions to be fulfilled by the non-resident Taxpayer to avail relaxations from higher withholding under section 206AA of the Act. However, the said rule was made applicable from 01 June 2016 and the period under consideration was related to AY 2011-12 (i.e., before insertion of Rule). Hence, this is a welcome ruling which reiterate the principle that TDS provisions are merely a machinery provision and the same cannot override the charging provisions of the Act. At the same time, one may also seek to contend that Government has inserted separate rule to provide relaxation in certain cases and therefore, intention of Government was clear since beginning that provisions of section 206AA of the Act was applicable to payments made to non-resident, even before insertion of the rule.

Beneficial ownership and DTAA benefit cannot be questioned in absence of a back-to-back arrangement with a 3rd country resident

Fujitsu America INC [ITA No 530/DEL/2022]

Taxpayer was a company incorporated in the USA and engaged in providing branding and management services to Indian entity. For AY 2015-16, Taxpayer had offered the amount received from rendering these services to Indian entity to tax at the rate of 15%, on a gross basis, as per the beneficial provisions of India USA DTAA.

However, revenue authorities sought to tax the amount received from rendering of branding and management services at the rate of 25% (applicable rate under section 115A for the year under consideration) and denied the benefit of India USA DTAA. The said benefit was denied on the ground that Taxpayer had entered into back-to-back arrangement to pass on the amount received from Indian entity to its holding company situated in Japan. Hence, as per revenue authorities, Taxpayer was merely a recipient of fees and not a beneficial owner which is the pre-requisite condition for invoking beneficial provisions of DTAA.

High Court took a note of various email communications between the Taxpayer and Indian entity which was submitted by the Taxpayer in the proceedings before CIT(A). From perusal of the said email communications, it was clear that Indian entity used to contact Taxpayer for availing various types of services and Taxpayer was performing pivotal role in provision of the said services. High Court also took a note that the Taxpayer retained the money received by it from the Indian entity for its own benefit and not as agent, trustee or nominee of some other person and Taxpayer had right to deal with such money the way it wanted. High Court also stated that the Taxpayer cannot be precluded from claiming a benefit of DTAA on the ground that it had provided a service to the Indian entity by availing the same from its holding company by making a payment.

High Court further held that once it is established that there is no back-to-back arrangement for transfer of fee received from Indian entity and if the Taxpayer is a beneficial owner of the amount received and is not merely a conduit company or an interposed company, benefit under India USA DTAA cannot be denied. This is a welcome ruling specifically in the context of MNEs which used to share benefits of common services amongst the group companies after procuring the same from a

third party / other group company. It is also important to note that even in case there is back-to-back arrangement, Court had not discussed whether benefit of India Japan DTAA can be accessed or not. We have observed that in the recent international judicial precedents, foreign courts have allowed to access the treaty between payer country and a country of beneficial owner, in a case where immediate recipient is not a beneficial owner. How those international rulings can apply in the Indian context would be a wait and watch approach!

Reimbursement of salary costs of seconded employee not FTS under ITA and DTAA

TOYODA Gosei Company [ITA No. 800/Bang./2022]

Taxpayer was a company incorporated under the laws of Japan. The Taxpayer had entered into a secondment arrangement with two of its Indian group companies. During the year under consideration, total 18 employees were seconded by the taxpayer and such employees were functioning as administrative heads at various levels from the rank of president to downwards.

Revenue authorities took a view that seconded employees have provided services to Indian entity on behalf of the Taxpayer and therefore amount received by the taxpayer from the Indian entity falls within the definition of fees for technical services and therefore liable to be taxed in India under the Act as well as DTAA. Revenue authorities have also placed reliance on the decision of Delhi High Court in case of Centrica India. Revenue authorities have also held that chargeability of salary in the hands of seconded employees would not exclude reimbursement of said salary cost from the ambit of FTS as both the transactions are different.

Against the allegation of revenue authorities, Taxpayer has drawn the attention of Court on settled principle based on various judicial precedents and commentary of OECD Model Convention related to secondment arrangement. Based on it if employer employee relationship exists between seconded employee and Indian Company if the said employee works for an Indian Company and under the direct supervision, control and direction of an Indian Company and therefore, reimbursement of salary paid by foreign company merely for the administrative convenience cannot held to be in the nature of FTS, rather the same is plain vanilla reimbursement.

Relying upon above and based on decision of Hon'ble Karnataka High Court in case of Abbey Business Services and Flipkart Internet Services, ITAT held in the favour of Taxpayer by contending that reimbursement of salary cost of seconded employee cannot be brought to tax in the hands of Taxpayer.

It is worthwhile to note that recently, Hon'ble Supreme Court, in case of Northern Operating System, has held that secondment arrangement between Indian company and foreign company is treated as manpower supply services and accordingly chargeable to service tax on import of services. Despite of the said negative ruling from service tax / GST perspective, position under income tax is largely settled based on various judicial precedents and Commentaries of OECD. However, each and every case requires a detailed analysis having regard to the facts of the same and considering that secondment is a vexed issue and aggressive interpretations being adopted by the tax authorities. This is a welcome ruling in the context of MNEs which undertakes cross border employee movement.

Important Rulings

Foreign Rulings

Danish Supreme Court rules on 'Beneficial Owner'; harps on period of holding passive income and identity of ultimate beneficial owners

NetApp Denmark ApS [C-117/16, Y Denmark] and TDC A/S [116/16, T Denmark]

The first case of **NetApp Denmark ApS** was concerned with dividend distributions determined by NetApp Denmark on 28 September 2005 and paid to NetApp Cyprus on 27 October 2005, which in turn distributed the amounts to NetApp Bermuda in the form of principal and interest on 28 October 2005. Thereafter, funds were retained by NetApp Bermuda for a period of almost 5 months and distributed in the form of dividend to the Parent company i.e., NetApp USA on 3 April 2006.

The Danish High Court held that the sole purpose of interposing the NetApp Cyprus was to avoid payment of withholding tax, considering that NetApp Cyprus had no power of disposition over the dividend. The Supreme Court agreed with the High Court that NetApp Cyprus did not qualify as beneficial owner of the dividend. However, Supreme Court disagreed with the High Court and held that the US parent company could not be treated as beneficial owner of the dividend as dividend remained with the NetApp Bermuda for a period of approximately five months before decision to pay to the US parent entity was made Accordingly, the dividend triggered Danish withholding tax.

Further, the Supreme Court observed that even if dividend would have been exempt from payment of tax liabilities (by virtue of Denmark-USA tax treaty) had it been directly distributed to the parent company in US, it did not ipso facto rule out the existence of legal abuse given the facts of the instant case. As regards the second distribution of dividend by NetApp Denmark, the Supreme Court agreed with the taxpayer's contentions and observed that said dividend (DKK 92 mn) was in fact included in the first dividend (DKK 550 mn) which NetApp Bermuda transferred to NetApp USA (being a beneficial owner for second dividend). Accordingly, Danish withholding tax did not trigger based on the provisions of the Danish – US tax treaty.

In the second case of TDC A/S, a Luxembourg parent company owned 59.1% of the Danish subsidiary (taxpayer). The Luxembourg parent company was owned (>99%) by another Luxembourg company organized as a public limited company (SA), which was owned by private equity funds. Danish subsidiary claimed the refund of withholding tax paid upon payment of dividend to Luxembourg parent company under EU Directive, which was disputed by the tax authorities. The taxpayer contended that the Luxembourg company had its own separate management and a decision to pay a dividend could only be made by the management for which reason the company was the beneficial owner of the dividend from the Danish subsidiary.

On appeal, the Supreme Court observed that the taxpayer had not disclosed the identity of each of the ultimate investors and had not asserted that the private equity funds would be able to invoke Danish tax treaties if the dividends had been paid directly to the funds. Accordingly, the Court concluded that neither the EU Parent Subsidiary Directive nor Danish tax treaties were applicable, and that the dividend thus triggered withholding tax.

The determination of beneficial ownership to claim the treaty entitlement is a vexed issue, with a limited authoritative guidance. So far, the judiciary has taken the views based on peculiar facts involved in each of the cases, such as

Important Rulings

independence of the subsidiary, substance over form, right to use the funds, capacity to bear the risk etc. The above decision of Danish Supreme Court goes a step ahead, as the Court in case of NetApp Denmark, the Court gives importance to the fact of period of holding passive income to be eligible for treaty entitlement whereas in case of TDC A/S, the Court gives weight to the disclosure of the identify and residence of the ultimate beneficiaries for treaty entitlement. This is a silver lining in cross border cases where there could be a possible recourse to treaty between country of payer and that of the beneficial owner notwithstanding the fact that the immediate recipient may not be the beneficial owner. Additionally, the Supreme Court has also laid the important principle that in cases of treaty abuse, taxpayer shall not be entitled to avail the benefits of tax treaty or apply the tax treaty between country of Source and country of residence of ultimate beneficial owner.

Important Updates

Foreign Updates

OECD estimates revenue impact of more than USD 220 billion through 2 Pillar Approach for International Tax Reforms

In a recent webinar the OECD provided an update on its ongoing work to assess the economic impact of the Two-Pillar Solution to Address the Tax Challenges arising from Digitalisation of Economy, including new estimates of the revenue impacts of implementing Pillar One and Pillar Two.

The proposed 15% global minimum tax and GloBE rules under Pillar Two is now expected to result in additional annual global tax revenues of around USD 220 billion or 9% of global corporate income tax revenues. This is a significant increase over the OECD's previous estimate of USD 150 billion.

Pillar One, designed to ensure a fairer distribution of taxing rights among jurisdictions over the largest and most profitable MNEs is now expected to allocate taxing rights on about USD 200 billion in profits to market jurisdictions annually as against previous estimate of USD 125 billion of profits. This is expected to lead to annual global tax revenue gains of between USD 13-36 billion. BEPS 2.0 implementation across jurisdictions is already in momentum and is expected to witness high tax revenue growth as highlighted by OECD.

OECD's Forum on Harmful Tax Practices issues report on Peer Review Results of Preferential Tax Regimes and Economic Substance Requirements

BEPS Action 5 on 'Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance' is one of the four BEPS minimum standards which all Inclusive Framework members have committed to implement. OECD's Forum on Harmful Tax Practices (FHTP) has been conducting peer review of preferential tax regimes in order to determine if the regimes could facilitate base erosion and profit shifting, and therefore have the potential to unfairly impact the tax base of other jurisdictions. Since the start of the BEPS Project the FHTP has reviewed close to 320 regimes.

FHTP, on 5th January 2023, has released new results on peer review of 9 preferential tax regimes from Albania, Armenia, Cabo Verde, Honduras, Hong Kong, Jamaica, North Macedonia and Pakistan, wherein 1 regime from Albania is considered as potentially harmful and all other regimes are either In the process of being amended or abolished or considered as not harmful.

The report also provides FHTP's conclusions on monitoring of substance requirements in 12 'no or

Important Updates

only nominal tax jurisdictions', wherein, recommendations for substantial improvement were made for 4 jurisdictions (Anguilla, the Bahamas, Barbados and the Turks and Caicos Islands) and areas for focused monitoring were identified for another 4 jurisdictions (Bahrain, Bermuda, the British Virgin Islands and the Cayman Islands), while no issues were identified for Guernsey, Jersey, the Isle of Man and the United Arab Emirates, which were considered as 'Not Harmful'. The Report also took note of introduction of Economic substance requirements in UAE effective from 30 April 2019 and amended on 10 August 2020.

Contributed by

Mr. Dhaval Trivedi, Ms. Dhwani C Shah, Ms. Shradha Khemka, Mr. Karan Sukhramani and Mr. Yash Purohit

For detailed understanding or more information, send your queries to ***kcminsight@kcmehta.com***

MCA Notifications

Modifications to The Companies (Incorporation) Rules, 2014

Notification dated January 19, 2023

The changes introduced in the Companies (Incorporation) Rules, 2014 aims to make the e-forms more comprehensive, replace the physical declarations with digital declarations and remove duplicate fields from the e-forms.

The essence of the recent amendments to these incorporation rules are as listed below:

- In case of Section 8 Companies, Declarations like INC 14 [Declaration by Professionals] and INC 15 [Declaration by Person named in the articles as a director, manager, or secretary] are not required to be attached with the e-form. The said declarations now form part of e-Form SPICe Part B;
- In case of conversion of a limited company to a Section 8 Company, Registrar of Companies (RoC) shall require two years financial statements to decide whether to grant the licence under Section 8 or not;
- At the time of filings related to Section 8 Company, e MOA and e AOA have been linked with main application in place of physical MOA and physical AOA;
- Photograph of Registered Office showing external building and inside office with at least one Director or Key Managerial Personnel needs to be attached with Form INC 20 A [Application for commencement of business].

Amendment in The Companies (Appointment and Qualification of Directors) Rules, 2014

Notification dated January 19, 2023

With the series of amendments in Companies Rules, 2014, the Ministry of Corporate Affairs (MCA) also altered the Companies (Appointment and Qualification of Directors) Rules, 2014 [existing Rules]. These altered rules have been named as The Companies (Appointment and Qualification of Directors) Amendment Rules, 2023 which is made effective from January 23, 2023.

Highlights of the important amendments:

- Form DIR 10 [Application for removal of disqualification of directors] now to be filed with Regional Director (RD) instead of Registrar of Companies (RoC);
- Form DIR 8 [Declaration by Director], declaring the disqualification, if any, shall cover the disqualifications listed under section 164 (1) in addition to the disqualifications listed under section 164 (2) till now;
- After Rule 14(1) of the existing Rules, Rule 1A is inserted stating that whenever a Company receives the information in Form DIR-8, Company shall file Form DIR-9 within 30 days of its receipt;
- In Form DIR 11 [Notice of resignation by Director] mandatorily to be certified by Professional.

MCA Notifications

Introduction of Companies (Registration Offices and Fees) Amendments Rules, 2023

Notification dated January 20, 2023

The Ministry of Corporate Affairs (MCA) has notified the Companies (Registration Offices and Fees) Amendments Rules, 2023. The same has been effective from January 23, 2023.

As per the new revised provision, Rule 8A has been inserted under the Rule 8 (Authentication of documents) of Companies (Registration Offices and Fees) Rules, 2014. As per Rule 8A, if the Company is in the process of liquidation or in the process of insolvency, the applicable MCA e-forms need to be digitally signed by Insolvency Resolution Professional or Resolution Professional of Liquidator of the Company, as the case may be.

Registration of DSC under V3 portal

MCA Update dated January 19, 2023

Each and every stakeholder / user / Director / Designated Partner / Key Managerial Personnel / Professional has to create his/ her login id on V3 portal as Business User and has to register his/her DSC through respective login. The form shall not process further without registering the DSC.

In addition to the above changes, there are several other minor changes that have been introduced by the Ministry in the new WEB based forms consequent upon shifting of 56 Company e-forms from V2 portal to V3 portal.

MCA Notifications

Other important amendments notified by Ministry of Corporate Affairs (MCA) are enumerated as follows in a concise manner:

Sr. No.	Notification dated	Form No.	Description	Amendments
01	Notification dated January 19, 2023	Form URC 1	Application by a company for registration under Section 366 of Companies Act 2013	➢ The attachment of No Objection Certificate (NOC) from charge holder needs to be additionally attached with NOC of secured creditors; ➢ In addition to this, 3 attachments to this form have been omitted.
02	Notification dated January 19, 2023	Form MR 1	Return of appointment of managerial personnel	Consent to act as Manager / Managing Director / Wholetime Director not mandatory to be attached.
03	Notification dated January 20, 2023	Form PAS 3	Return of Allotment	➢ In case of issue of bonus shares, a copy of the resolution passed by the members in general meeting need not be attached; ➢ In addition to the above, some more particulars have been added to make the form more comprehensive.
04	Notification dated January 20, 2023	Form AOC 5	Notice of Address where books of accounts are kept	**New Attachments / information added:** ➢ latitude and longitude to be mentioned for the place where books are to be kept; ➢ proof of address (ownership proof) along with NOC in case of leased property need to be attached; ➢ latest copy of the utility bill [not older than 2 months] also required to be attached; a photograph of external building and another photograph of internal office with at least one director / key managerial personnel who will affix the DSC also needs to be attached.

MCA Notifications

05	Notification dated January 21, 2023	Form SH 11	Buy Back of Shares	Form SH 15 - Certificate of compliance in respect of buy-back of securities given by the Practicing Company Secretary has been withdrawn.
06	Notification dated January 21, 2023	Form MGT 14	Filing of Resolutions	➢ The form has been revised to capture the details of resolution passed for voluntary liquidation & details of appointment of liquidator; ➢ MOA has been linked with e Form MGT 14 in case of changing registered office from one state to another state.

Above mentioned changes are the highlights of significant changes which may affect the stakeholders in day-to-day transactions.

RBI Notifications

Foreign Investment in India - Rationalization of reporting in Single Master Form (SMF) on FIRMS Portal

Notification No. RBI/2022-23/160 A.P. (DIR Series) Circular No. 22 dated 04 January 2023

RBI had introduced the reporting platform of foreign investment in an Indian entity by way of Single Master Form (SMF) on FIRMS portal in September 2018. Certain amendments in the reporting procedures have been implemented in the SMF, which include:

- All forms submitted with the requisite documents shall be auto-acknowledged on the portal with a time stamp and an auto-generated e-mail shall be sent to the applicant.
- AD Banks shall verify the forms, the system would identify delay and forms with delay of less than 3 years shall be approved with Late Submission Fees (LSF).
- For delay beyond 3 years, AD Banks shall approve the forms subject to Compounding of Contravention /(s).
- Status of the forms and remarks, if any, shall be communicated to the applicant via system generated email and the same can also be viewed on the portal.

Status of forms and remarks had already been implemented in the SMF but the same has been notified now, along with the guidelines for processing of applications by the AD Bank.

RBI extends time for renewal of agreements for existing Safe Deposit Locker/Safe Custody Article Facility Provided by Banks

Safe Deposit Locker/Safe Custody Article Facility provided by banks

Press Release: 2022-2023 / 1594 and Notification No. RBI / 2022-23 / 168 vide Circular No. CO. CEPD. PRS. No. S1233/13- 1-018/2022-2023 dated 23 January 2023

RBI has extended the timeline for renewal of agreements for the existing safe deposit lockers from 1st January 2023 to be completed in a phased manner by 31st December 2023.

Indian Bank's Association (IBA) has also been advised to revise the Model Agreement to incorporate the revised instructions and seek amendments through Supplementary Agreement in cases where the Agreements have already been executed. In such cases, the cost of stamp paper shall be borne by the concerned Bank.

SEBI Notifications

Development of Investor Risk Reduction Access (IRRA) platform

SEBI / HO / MIRSD / MIRSD-PoD-1 / P / CIR / 2022 / 177 dated December 30, 2022

Greater dependence on technology has increased the risk in securities market in case of disruption of trading services by Trading Members (TMs). In times of high volatility, any disruptions in trading may lead to widespread losses for the investors who are in a position to close their open positions.

SEBI in consultation with stock exchanges, clearing corporations (CCs) and TMs have agreed to develop a joint platform to provide Investor Risk Reduction Access (IRRA) service which will provide investors the opportunity to square off/close the open positions and/or cancel pending orders in case of disruption in trading services by a Trading Member/ (s).

Applicability: October 1, 2023

Relaxation in regulation 36(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") relating to dispatching hard copy of the financial statements

SEBI / HO / CFD / PoD-2 / P / CIR / 2023 / 4 dated January 5, 2023

SEBI / HO / DDHS / DDHS-RACPOD1 / P / CIR / 2023 / 001 January 5, 2023

The existing relaxation given to companies for dispatching physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith) to the shareholders, has been extended to Annual General Meetings (AGMs) conducted till September 30, 2023.

The relaxation of up to September 30, 2023, has been extended to listed entities that are required to comply with Regulation 58 (1)(b) of the Listing Regulations, (i.e.) all such entities with listed non-convertible securities have to send financial statements to holders of its non-convertible securities.

The aforesaid relaxation is in line with the MCA General Circular No. 10/2022 dated December 28, 2022, which has provided similar relaxations to companies from dispatching physical copies.

Standard Operating Procedure for handling of Stock Exchange Outage and extension of trading hours

SEBI / HO / MRD-TPD-1 / CIR / P / 2023 / 7 dated January 09, 2023

SEBI has laid down the guidelines to be followed by stock exchanges in case continuous trading on stock exchanges is disrupted due to any reason, technical or otherwise.

Definition: "Stock Exchange Outage" shall mean stoppage of continuous trading, either suo moto by exchange or by virtue of reasons beyond control of stock exchange. Further, stoppage of continuous trading shall not include trading halt on account of index-based market-wide circuit breaker.

SEBI has instructed Stock Exchanges to communicate about such outages immediately on occurrence while for other market participants, the communication has to go within 15 minutes of such occurrence.

SEBI Notifications

An advance intimation of at least 15 minutes to various market participants with regard to resumption of trading or start of pre-opening session has also been mandated.

Provision has been incorporated for extending trading hours for an additional period of one and a half hours, in case the trading does not resume to normalcy within one hour of the scheduled market closure. For (e.g.) if trading on the BSE cash market has been disrupted and re-starts trading at 3:00pm (scheduled closing of 3:30 pm), then the market for that day shall be extended by a one- and one-half hours and shall continue till 5:00pm.

Applicability: Implementation within two (2) months from the date of this Circular

Comprehensive Framework on Offer for Sale (OFS) of Shares through Stock Exchange Mechanism

SEBI / HO / MRD / MRD-PoD-3 / P / CIR / 2023 / 10 January 10, 2023

Permission for multiple contracts on the same commodity in commodity derivatives segment

SEBI/HO/MRD/MRD-POD-1/P/CIR/2023/12 dated January 11, 2023

With the view to encourage broader participation of investors in commodity derivatives market, the Commodity Derivatives Advisory Committee of SEBI has allowed stock exchanges to launch multiple contracts in same commodity. Multiple contracts will help cater to participants with different risk profiles.

Contributed by

Mr. Nitin Dingankar, Ms. Kajol Babani, Ms. Naziya Shaikh, Ms. Hemangini Suthar and Mr. Dharmang Dave.

For detailed understanding or more information, send your queries to ***kcminsight@kcmehta.com***

Back

Locations

Ahmedabad
Arpit Jain
Level 11, Tower B,
Ratnaakar Nine Square,
Vastrapur,
Ahmedabad - 380 015

Phone: + 91 79 4910 2200
arpit.jain@kcmehta.com

Bengaluru
Dhaval Trivedi
19/4, Between 7th & 8th
Cross, Malleswaram,
Bengaluru - 560 003

Phone: +91 99983 24622
dhaval.trivedi@kcmehta.com

Mumbai
Bhadresh Vyas
315, The Summit Business Bay,
Nr. WEH Metro Station,
Gundavali, Andheri East,
Mumbai - 400069

Phone: +91 22 2612 5834
bhadresh.vyas@kcmehta.com

Vadodara
Milin Mehta
Meghdhanush,
Race Course,
Vadodara - 390 007

Phone: +91 265 2440400
milin.mehta@kcmehta.com

Independent Member
kcm NETWORK

Abbreviations

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Abbreviation	Meaning
AAR	Authority of Advance Ruling
AAAR	Appellate Authority of Advance Ruling
AAC	Annual Activity Certificate
AD Bank	Authorized Dealer Bank
AE	Associated Enterprise
AGM	Annual General Meeting
AIR	Annual Information Return
ALP	Arm's length price
AMT	Alternate Minimum Tax
AO	Assessing Officer
AOP	Association of Person
APA	Advance Pricing Arrangements
AS	Accounting Standards
ASBA	Applications Supported by Blocked Amount
AY	Assessment Year
BOI	Body of Individuals
BRC/FIRC	Bank Realisation Certificate / Foreign Inward Remittance Certificate
CBDT	Central Board of Direct Tax
CBIC	Central Board of Indirect Taxes and Customs
CCA	Cost Contribution Arrangements
CCR	Cenvat Credit Rules, 2004

Abbreviation	Meaning
CESTAT	Central Excise and Service Tax Appellate Tribunal
CGST Act	Central Goods and Service tax Act, 2017
CIT(A)	Commissioner of Income Tax (Appeal)
COO	Certificate of Origin
Companies Act	The Companies Act, 2013
CPSE	Central Public Sector Enterprise
CSR	Corporate Social Responsibility
CTA	Covered Tax Agreement
CUP	Comparable Uncontrolled Price Method
Customs Act	The Customs Act, 1962
DFIA	Duty Free Import Authorization
DFTP	Duty Free Tariff Preference
DGFT	Directorate General of Foreign Trade
DPIIT	Department of Promotion of Investment and Internal Trade
DRI	Directorate of Revenue Intelligence
DTAA	Double Tax Avoidance Agreement
ECB	External Commercial Borrowing
ECL	Electronic Credit Ledger
EGM	Extra-ordinary General Meeting

Abbreviation	Meaning
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investor
FIFP	Foreign Investment Facilitation Portal
FIRMS	Foreign Investment Reporting and Management System
FLAIR	Foreign Liabilities and Assets Information Reporting
FPI	Foreign Portfolio Investor
FOCC	Foreign Owned and Controlled Company
FTC	Foreign Tax Credit
FTP	Foreign Trade Policy 2015-20
FTS	Fees for Technical Service
FY	Financial Year
GAAR	General Anti-Avoidance Rules
GDR	Global Depository Receipts
GOI	Government of India
GST	Goods and Service Tax
GSTN	Goods and Services Tax Network
GVAT Act	Gujarat VAT Act, 2006
HC	High Court
HSN	Harmonized System of Nomenclature
IBC	Insolvency and Bankruptcy Code, 2016

Abbreviations

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Abbreviation	Meaning
ICDS	Income Computation and Disclosure Standards
ICDR	Issue of Capital and Disclosure Requirements
IEC	Import Export Code
IGST	Integrated Goods and Services Tax
IRDA	Insurance Regulatory and Development Authority
ISD	Input Service Distributor
ITA	Income Tax Act, 1961
ITC	Input Tax Credit
ITR	Income Tax Return
IT Rules	Income Tax Rules, 1962
ITAT	Income Tax Appellate Tribunal
ITR	Income Tax Return
ITSC	Income Tax Settlement Commission
JV	Joint Venture
LEO	Let Export Order
LIBOR	London Inter Bank Offered Rate
LLP	Limited Liability Partnership
LO	Liaison Office
LODR	Listing Obligations and Disclosure Requirements
LTA	Leave Travel Allowance
LTC	Lower TDS Certificate
LTCG	Long term capital gain
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs
MeitY	Ministry of Electronics and Information Technology
MSF	Marginal Standing Facility
MSME	Micro, Small and Medium Enterprises
NCB	No claim Bonus
OECD	The Organization for Economic Co-operation and Development
OM	Other Methods prescribed by CBDT
PAN	Permanent Account Number
PE	Permanent establishment
PPT	Principle Purpose Test
PSM	Profit Split Method
PY	Previous Year
RBI	Reserve Bank of India
RCM	Reverse Charge Mechanism
RMS	Risk Management System
ROR	Resident Ordinary Resident
ROSCTL	Rebate of State & Central Taxes and Levies
RoDTEP	Remission of Duties and Taxes on Exported Products
RPM	Resale Price Method
SC	Supreme Court of India
SCN	Show Cause Notice
SDS	Step Down Subsidiary
SE	Secondary adjustments
SEBI	Securities Exchange Board of India
SEP	Significant economic presence
SEZ	Special Economic Zone
SFT	Specified Financial statement
SION	Standard Input Output Norms
SST	Security Transaction Tax
ST	Securitization Trust
STCG	Short term capital gain
SVLDRS	Sabka Vishwas (Legacy Dispute Resolution Scheme) 2019
TCS	Tax collected at source
TDS	Tax Deducted at Source
TNMM	Transaction Net Margin Method
TP	Transfer pricing
TPO	Transfer Pricing Officer
TPR	Transfer Pricing Report
TRO	Tax Recovery Officer
WHT	Withholding Tax
WOS	Wholly Owned Subsidiary