VISION 360

FEB 2024

EDITION 40

A TREASURY OF KEY TAX & REGULATORY DEVELOPMENTS!

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EDITORIAL

Vision 360: Budget & Beyond...

India's fiscal and tax ecosystem in the month of February is mired with discussions and debates around budget announcements and rightly so.

Apart from policy initiatives and praises of the past achievements, the legal and tax front of the Union Budget were expected to be short. However, in lines with the 50th GST Council Meeting, the FM has proposed an amendment under the CGST Act mandating the registration of ISD. This comes pursuant to multiple rounds of litigation and deliberations.

Given the amendment, the taxpayers may have to tweak their internal systems of GST compliances, which may result in additional burden. In terms of customs law, taking cues from government initiatives in the past, it was about time that a dispute resolution/amnesty scheme be announced for customs law a well, however no such announce was made.

In this February edition of the VISION 360, we take a brief look at developments in the previous month. In this edition of our newsletter, we have also curated a diverse range of articles and insights from the industry experts that cover a variety of topics, including recent tax reforms, emerging trends in the industry, and updates from the global tax arena.

On the Direct Tax front, the CBDT has notified non-resident's investments with 'IFSC capital market intermediary' under Section 10(4G)(ii) of the IT Act. Further CBDT releases "Explanatory Notes to Provisions of Finance Act, 2023".

We have also penned down articles on tax implications of corporate guarantees under the GST framework, particularly focusing on recent clarifications and notifications issued by the CBIC. In the second article, we have discussed the introduction of TCS on transactions under India's LRS, raising concerns about its impact on legitimate transactions and the need for a nuanced approach to ensure effectiveness without burdening responsible citizens.

International landscapes in the field of taxation across the globe witnessed numerous modifications and amendments like the Saudi Arabia : Zakat Implications on related party transactions and establishing thresholds for documentation in transfer pricing , Initiation of operations of the fifth team dedicated to Bilateral APA etc.

In all, we the entire team of **TIOL**, in association with **Taxcraft Advisors LLP**, **GLS Corporate Advisors LLP** and **VMGG & Associates**, are glad to publish the **40th edition** of its exclusive monthly magazine '**VISION 360'**. We hope that, as always, you will find it an informative and interesting read. We look forward to receiving your inputs, thoughts and feedback, in order to help us improve and serve you better!

Table of CONTENTS

Vision 360 | FEB 2024 | Edition 40

Table of CONTENTS

Vision 360 | FEB 2024 | Edition 40

ARTICLE

CORPORATE GUARANTEE:ANOTHER PANDORA'S BOX OF GST LITIGATION?

A corporate guarantee, by its very nomenclature involves the guarantee of performance of the obligation (mostly financial) by one corporate entity on behalf of another corporate entity under a contract and the discharge of the liability arising out of said contract in case of failure of such corporate entity to perform its obligations under such a contract.

A corporate guarantee is usually given by the parent or holding company on behalf of its subsidiary company for securing loans obtained by such subsidiary company. Whilst, most often such an act of providing a guarantee by the holding company on behalf of the subsidiary company is without consideration; sometimes it may occur that a nominal consideration is charged by the holding company to the subsidiary company. This issue has become 'the talk of the tax' since the CBIC issued its clarification *vide* **Circular No. 204/16/2023-GST**. Given the amplitude and wode spread impact of the dynamic position around this issue, we have collated all the relevant aspects of the same for our esteemed readers.

POSITION UNDER THE ERSTWHILE TAX REGIME

To classify a transaction as a service under the service tax regime; two essential components, i.e., 'activity' and 'consideration' were necessary.

The Hon'ble Supreme court in the case of **Commissioner of CGST & Central Excise Mumbai East v. Edelweiss Financial Services Ltd., [2023 (4) TMI 170 - SC ORDER]** had upheld the order of the CESTAT Mumbai and held that issuance of a corporate guarantee in favour of a subsidiary company will not attract service tax in the absence of a consideration. However, this principle has not been carried over into the current GST regime.

WHETHER A SUPPLY UNDER THE GST FRAMEWORK?

A bare perusal of Section 7 read with Paragraph 2 of Schedule I of the CGST Act indicates that any service when made between related persons or distinct persons or even related persons in the course or furtherance of business, even without consideration, qualifies as a 'supply'.

However, taxpayers were left scratching their heads, as the act of providing a corporate guarantee, which did not actually involve any exchange of consideration, and was merely a contingent '*promise to perform*' a service in the future; did not indicate that the occurrence of a 'taxable event', per se, and consequentially meant that no GST was to be paid thereon.

However, all confusion was (attempted to be) put to rest on October 27, 2023 when the CBIC *vide* **Circular No. 204/16/2023-GST** clarified that *where a corporate guarantee is provided by a company to the bank/ financial institutions for providing credit facilities to the other company, where both the companies are*

related, the activity is to be treated as a supply of service between related parties as per provisions of Schedule I of CGST Act, even when made without any consideration.

VALUATION OF SUPPLY:

The CBIC *vide* **Notification No. 52/2023 – Central Tax dated October 26, 2023**, inserted Rule 28(2) to the CGST Rules which stated that the value of such supply of services of issuing a corporate guarantee to any banking of financial institution, on behalf of a related person, shall be deemed to either be one per cent of the amount of guarantee or the amount of consideration received for issuing such a corporate guarantee, whichever is higher.

However, it is pertinent to note that Rule 28(2) is applicable prospectively, and if any such supply of service of corporate guarantee to a related party was given prior to October 26, 2023, then the valuation of such a supply shall be made in confirmation with Rule 28(1) of the CGST Rules i.e. as per open market value, value of supply of like kind and quality, value declared on the invoice, etc.

Although the Department has clarified the position of taxability of corporate guarantee, it has done so, not on a foundation of legal reasoning and interpretation of the language of the statute in view of the and more so on a foundation of arbitrary and unilateral 'legal bulldozing'.

CONCLUDING NOTES

Had the department, attempted to interpret the act of giving the "service" of Corporate Guarantee so as to come within the purview of 'supply' under the GST framework, the same would have involved significant intellectual gymnastics. However, the Department has made no attempt whatsoever to entangle itself in such intellectual gymnastics and has resorted to unilaterally and arbitrarily 'bulldoze' corporate guarantee to fall within the purview of supply with the help of a Notification.

The taxpayer, quite predictably, has been left holding the short end of the stick and, to be on the safer side, is now liable to pay tax on the **"**supply**"** of services of corporate guarantees.

INDUSTRY PERSPECTIVE

DATTARTRAYA DESAI

Chief Financial Officer
Cotecna Inspection

01 How do you perceive the 2024 budget's impact on the industry?

I see the 2024 budget as a mixed bag of opportunities and aspirations. It is heartening to witness the Government's continued focus on healthcare and innovation, which are fundamental to the economy's progress. The proposed increase in healthcare infrastructure investment, along with support for research and indigenous manufacturing, is a step in the right direction.

However, there's a feeling among the stakeholders that the budget could do more to directly address our sector's needs. While the overall emphasis on growth and investment is appreciated, we're looking for tailored incentives that specifically benefit pharmaceutical companies. This could include measures to incentivize innovation, simplify regulatory processes, and support skill development within our workforce.

In essence, while the budget offers some indirect benefits for our industry, there's room for more targeted support to truly unlock our sector's potential. We're hopeful that ongoing dialogue between industry stakeholders and policymakers will lead to further refinements that address the unique challenges and opportunities facing the pharmaceutical industry.

02 How do you perceive the recent proposal to mandate ISD registration, and what impact do you foresee it having on the pharmaceutical industry?

The recent proposal to make ISD registration mandatory could have mixed implications for the pharmaceutical industry. On one hand, mandatory ISD registration may streamline compliance processes for some companies by centralizing the distribution of ITC and simplifying documentation requirements. This could be particularly beneficial for pharmaceutical companies with multiple branches or manufacturing units, as it would provide a standardized mechanism for claiming and distributing ITC across various locations.

However, there are potential challenges and burdens associated with mandatory ISD registration as well. Implementing and maintaining an ISD system requires additional administrative efforts, including ensuring accurate allocation of credits, maintaining proper records, and adhering to compliance deadlines. For smaller players in the industry with less complex organizational structures, these requirements could pose

a significant administrative burden and increase compliance costs.

Furthermore, mandatory ISD registration may necessitate investments in technology and infrastructure to effectively manage and track ITC distribution, which could strain resources for some companies, especially those operating on tighter budgets.

Overall, while mandatory ISD registration has the potential to enhance compliance efficiency for certain companies, it may also introduce additional complexities and administrative burdens for others. The impact will largely depend on the specific circumstances and capabilities of each company, as well as their ability to adapt to the new requirements and leverage them to their advantage.

03 What will be the future of Automation in tax compliance? Will it increase the efficiency or simply be an alternative to the manual work?

Absolutely! Automation in tax compliance has the potential to revolutionize how tax-related tasks are handled. By leveraging technologies like artificial intelligence and process automation, tasks such as data entry, reconciliation, and reporting can be automated, leading to time savings and reduced errors. Real-time monitoring and analysis of tax data can also provide valuable insights for strategic tax planning. However, it is crucial to view automation as a complement to the expertise of tax professionals rather than a replacement for manual work. In essence, automation holds promise for increasing efficiency and accuracy in tax compliance processes while empowering professionals to focus on higher-value tasks.

04 What are your views on the Government's objective of faceless scheme of tax? Do you think it is achievable?

As regards the faceless assessments in Direct Tax and GST, a number of taxpayers from all the industries have been facing certain issues such as non-granting of personal hearing, issuance of ex-parte orders before the due date for making submissions, etc. This unnecessarily adds to litigation burden on the taxpayers and the Courts. I believe that the solution to this issues that the officers must be trained adequately to conduct faceless assessments. Also, if the tax authorities are made accountable for the way they conduct their assessments, the same may go a long-way in the avoiding unnecessary litigation.

Disclaimer : The views/opinions expressed in this section are personal views of the Author and do not necessarily reflect the views/opinions of the Organization and/or the publisher.

DIRECT TAX
From the Judiciary

HC invalidates foreign investors' reassessment proceedings involving alleged round-tripping

Angelantoni Test Technologies SRL

2024-TIOL-31-HC-DEL-IT

The Assessee was an Italian company that had subscribed 15,000 shares at face value of INR 10 each by making foreign inward remittance of INR 1.50 Crores in its wholly owned Indian subsidiary namely, Angelantoni Test Technologies India Pvt. Ltd. that had been subjected to reassessment proceedings by the Revenue on the grounds of investment made in Indian subsidiaries and alleged round-tripping. Aggrieved, the Assessee filed a writ petition before the HC challenging the reassessment proceedings contending that the transactions were of capital nature and reassessment notices had been issued merely to verify the transactions without any tangible material in possession of the Revenue to indicate escapement of income, whereas, the Revenue argued that reassessment notices were issued in the present batch of matters in accordance with the Risk Management Strategy formulated by the CBDT.

The HC, placing reliance on a plethora of judgments observed that it was a settled law, that investment in shares in an Indian subsidiary could not be treated as "income" as the same was in the nature of a "capital account transaction" not giving rise to any "income". Moreover, it was undisputed that in the present batch of matters the Assessee was a foreign company that had made remittances/investment in shares of its Indian subsidiary and the Revenue though expressed its doubt on round-tripping of funds, no evidence or proof of the said allegation was stated or annexed with the impugned orders and notices. Further, whether it was an "information to suggest" under amended law or "reason to believe" under erstwhile law the benchmark of "escapement of income chargeable to tax" still remained the primary condition to be satisfied before invoking powers to reopen the assessment proceedings under Section 147 of the IT Act.

Thus, finding no material on record to suggest any escapement of income, the HC set aside the reassessment proceedings against the Assessee and disposed of the writ petition with the condition that if any material became subsequently available with the Revenue, it shall be open to it to take proceedings in accordance with law.

SC dismisses Revenue's SLP against Delhi HC judgment on allowability of notional forex loss

Emmsons International Ltd.

2024-TIOL-12-SC-IT

The Revenue had filed an SLP before the SC against the judgment of the HC wherein notional forex loss was allowed by the HC in consonance with various SC judgments. Before the HC, the Revenue had contended that the SC judgments referred to by the Assessee were in respect of actual transactions whereas the Assessee in the present case had entered into notional transactions i.e. forward contracts, however, the HC rejected the contention of the Revenue by holding that the issue was conclusively dealt with in the SC judgments referred to by the Assessee.

Noting that the ITAT had also given a finding that the conditions contained in the SC judgments referred to by the Assessee were met in the present case, the SC observed that no interference under Article 136 of the Constitution of India against the judgment of the HC was called for and accordingly, dismissed the Revenue's SLP against the judgment of the HC.

HC reiterates liberal approach on 'genuine hardship', permits Assessee to rectify name in return of income

Optra Health Private Limited

Writ Petition No. 15544 of 2023

The Assessee was a company that had filed its return of income for AY 2017-18 under its erstwhile name 'Optra Technologies Private Limited' as against its new name 'Optra Health Private Limited'. On account of mismatch between its PAN reflected in its return of income and the name of the Assessee, the DCIT issued a letter directing the Assessee to rectify the defects within 15 days which the Assessee failed to respond to leading to declaration of its return of income as invalid. Consequently, the Assessee filed an application seeking condonation of delay in rectification of PAN with its name which was again rejected by the PCCIT, aggrieved by the same, the Assessee filed a writ petition before the HC contending that it would also get a refund by rectifying the mismatch and it merely sought to rectify the invalid return and comply with the IT Rules. Moreover, the Assessee had also filed an audit report under Section 44AB of the IT Act along with Form 3CEB which clearly evidenced that it was a prudent Assessee and carried out all the compliances in time except the error that it failed to use the changed name in the return of income.

Noting that there was no presumption that delay in correcting error was due to culpable negligence or any mala-fide and that the delay in responding to notices of invalid return was merely due to delivery of notices to the outgoing Chief Operating Officer, due to which the Assessee was not able to file its reply given the fact that no physical notice was issued to its registered office, the HC observed that if the case of the Assessee was genuine, mere delay would not defeat the claim and the approach of authority should have been justice oriented so as to advance the cause of justice. Moreover, the legislature had conferred the power to condone the delay to enable the authorities to do substantial justice to the parties by disposing the matter on merits and the phrase 'genuine hardship' used in the section for filing an application for condonation of delay should have been construed liberally by the authorities as the Assessee did not stand to benefit by resorting to delay and in fact ran a serious risk, accordingly, directing the Revenue to permit the Assessee to correct its name in its return of income, the HC set aside the PCCIT's order that refused to condone delay in correction of the Assessee's new name to rectify the mismatch with its PAN in the return of income.

DIRECT TAX
From the Legislature

NOTIFICATIONS

Notifications	Key Updates
Notification No. 04/2024 dated January 04, 2024	**CBDT notifies non-resident's investments with 'IFSC capital market intermediary' under Section 10(4G)(ii) of the IT Act** The CBDT under Section 10 (4G)(ii) of the IT Act exempts the activity of investment in a financial product by a non-resident, in accordance with a contract between such non-resident and a capital market intermediary, being an IFSC unit provided that the income from such investment is received in the account of the non-resident maintained with the offshore banking unit of IFSC as referred to in Section 80LA(1A) of the IT Act.
Notification No. 16/2024 dated January 24, 2024	**CBDT notifies ITR-6 for AY 2024-25** The CBDT notifies ITR-6 for AY 2024-25. ITR-6 is meant for companies other than companies claiming exemption under Section 11 of the IT Act and shall come into force from April 1, 2024.

CIRCULARS

Circulars/Guidelines	Key Updates
Circular No. 01/2024 dated January 23, 2024	**CBDT releases "Explanatory Notes to Provisions of Finance Act, 2023"** The CBDT releases "Explanatory Notes to the Provisions of Finance Act, 2023."

TRANSFER PRICING
From the Judiciary

ITAT upholds royalty as operating cost, benchmarking under TNMM, follows earlier order

Toyota Kirloskar Motors Pvt. Ltd.

IT(TP)A Nos. 421 & 422/Bang/2023

The Assessee was a manufacturer and seller of multi-utility vehicles and passenger cars that had benchmarked its royalty payments by applying TNMM as it was a closely linked transaction and part of the operating cost. However, the Revenue applied net manufacturing sales as the denominator for the Assessee and made a TP adjustment in respect of the royalty payments. Aggrieved, the Assessee approached the ITAT which placing reliance on the Assessee's own case for a previous year, upheld the benchmarking approach of the Assessee for royalty as operating cost under TNMM and accordingly, deleted the TP adjustment made by the Revenue.

HC dismisses Revenue's appeal against ITAT's Bright Line Test rejection in RayBan's case

RayBan Sun Optics India Ltd.

ITA 752/2023

The Revenue had filed an appeal before the HC against the ITAT order that held the Bright Line Test methodology to be inappropriate and impermissible. Noting that it was undisputed that the proposed questions of law were covered against Revenue by the coordinate bench of the HC in a plethora of cases and also that an appeal had already been filed before the SC by the Revenue which was pending adjudication, the HC observed that if the Revenue succeeded in the said appeal it would have the liberty to approach the court for the revival of the instant appeal. Accordingly, finding no substantial questions of law to have arisen, the HC dismissed the Revenue's appeal.

ITAT confirms royalty benchmarking under TNMM at entity level, follows earlier orders

Toyota Kirloskar Motor Private Limited

IT(TP) A No. 863/Bang/2023

The Assessee had benchmarked its royalty payments by adopting entity level TNMM as royalty was considered as a closely linked transaction and hence was subsumed into the expenditure. However, the TPO rejected the Assessee's benchmarking for royalty and applied CUP as MAM for benchmarking royalty and made a TP adjustment. Aggrieved, the Assessee approached the ITAT which placing reliance on the Assessee's own case for previous years, observed that once the net profit margin was tested on touchstone of ALP, it pre-supposed that various components of income and expenditure considered in the process of arriving at the net profit were also at arm's length and accordingly, upheld the Assessee's approach, thereby, allowing the Assessee's plea to accept benchmarking of royalty under TNMM at entity level and rendering the issue of ALP computation as academic and deleting the TP-adjustment made by the TPO.

ARTICLE

TCS on LRS: A Boon for Revenue or Burden for Legitimate Transactions?

The LRS is a comprehensive framework introduced by the RBI to govern and streamline the process of outward remittances by Indian residents. Enacted in 2004, the scheme represents a significant departure from the earlier stringent controls on foreign exchange transactions, aiming to simplify and liberalize the movement of capital across borders for a range of permissible activities.

Under the LRS, individuals are granted the autonomy to remit a stipulated amount of money annually for various current and capital account transactions without the necessity of seeking explicit approval from the RBI. This marks a departure from the previous scenario where each international financial transaction required specific authorization, introducing an element of agility and flexibility for individuals engaging in cross-border activities.

The scope of the LRS is expansive, covering a diverse array of transactions that include education-related expenses, medical treatments, travel, and investments in financial assets abroad. However, it's crucial to note that the scheme has its limitations and does not encompass every type of transaction. The primary intent is to strike a balance between providing individuals with the freedom to diversify their assets globally and maintaining regulatory oversight to ensure financial stability.

A pivotal aspect of the LRS is the imposition of an annual cap, currently USD 2,50,000 (combined current and capital account transactions), on the amount that can be remitted by an individual. This limit is periodically reviewed and adjusted by the RBI to align with economic conditions and to manage capital outflows. The cap operates on a per-person basis, preventing excessive capital flight while affording individuals a reasonable degree of latitude in their international financial endeavours.

Compliance with the guidelines set forth by the RBI is paramount for individuals utilizing the LRS. The process necessitates meticulous documentation, including the submission of relevant forms and supporting evidence, to ensure adherence to regulatory norms. The vigilance in compliance is essential not only to facilitate the smooth functioning of the scheme but also to prevent any potential misuse or evasion of the prescribed regulations.

The LRS has evolved over the years to adapt to the dynamic nature of global financial markets. Its continuous refinement reflects a commitment to fostering an environment that encourages legitimate cross-border transactions while safeguarding against potential risks. The scheme, by providing a structured framework for international financial activities, has played a crucial role in promoting global investments by Indian residents and contributing to the broader narrative of a more open and interconnected global economy.

Now section 206C(1G) of the Income Tax Act, 1961, deals with TCS for specific overseas transactions by Indian residents. Introduced in Union Budget 2023 and amended by recently presented Interim Union Budget 2024, it aims to collect taxes at the source for certain outward remittances and purchases. This section laid down the liability to collect tax on Authorised Dealer for any amount remitted out of India. Rate of taxes under this section is 5% on any amount more than INR 7 lakh remitted out of India, if the purpose of such remittance is Education or Medical treatment, and 20% for any other purpose. Further this section also lays down the requirement to collect TCS by seller of an overseas tour program package.

The rate of taxes in such case is 5% for any amount up to INR 7 lakh and 20% on any amount more than INR 7 lakh.

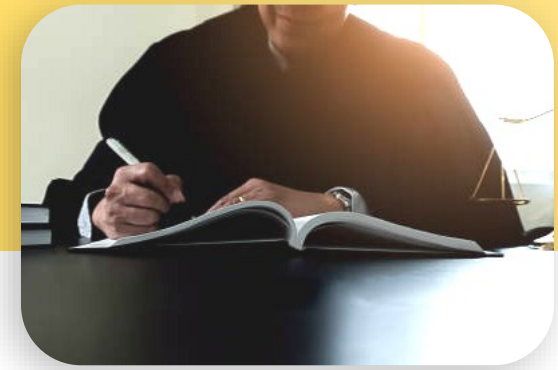
While the Indian government announces the recent introduction of TCS on LRS transactions as a measure to curb tax evasion, its true intent and effectiveness remain shrouded in controversy. The government claims TCS targets high-value, non-essential remittances used for tax avoidance. However, the 5% rate apply even to genuine transactions like medical treatment and education beyond a low threshold of Rs. 7 lakhs whereas the 20% rate is too high that it will block funds without cause. In another case, a taxpayer who has already paid taxes on his earned income is being taxed here again in case he wishes to enjoy a foreign travel. Although such withholding tax can be claimed as advance tax/refund later, it still blocks the funds till the time of furnishing of return of income. This broad-brush approach might unnecessarily burden responsible citizens pursuing legitimate goals. The government hasn't provided concrete data on the estimated tax evasion it aims to address, raising concerns about the policy's actual effectiveness in achieving its stated objective.

Similarly, the government has introduced Section 194Q and Section 194R in previous year budgets. Section 194Q pertains to TDS on goods purchases, while Section 194R focuses on TDS related to benefits or perks provided between individuals. Just as with TCS under section 206C(1G), these sections also aim to expand the tax base meanwhile transferring the responsibility of income tracking and reporting from the government to taxpayers.

While the government's aim to curb tax evasion is understandable, the current implementation of TCS on LRS raises concerns about its effectiveness, transparency, and potential negative consequences. A more nuanced approach, considering specific exemptions for essential remittances, lower TCS rates, and enhanced communication, is crucial to ensure this policy truly serves its intended purpose without unfairly burdening legitimate remitters. Open dialogue and data-driven analysis are essential to assess the actual impact of TCS and make informed decisions about its future.

The TCS on LRS policy requires a critical re-evaluation based on open dialogue, data-driven analysis, and a nuanced understanding of its impact on various stakeholders within the Indian remittance landscape. Only through such an approach can we ensure that this policy truly serves its intended purpose without disproportionately burdening legitimate remitters and hindering essential international transactions.

GOODS & SERVICES TAX
From the Judiciary



Allahabad High Court validates Notification No. 14/2017-CT and clarifies on nature of payments amid investigations

R.C. Infra Digital Solutions

Writ Tax No. 229 of 2023

The petitioner challenged the validity of the Notification No. 14/2017-CT dated 01.07.2017, which appointed the officers of the DGGI as Central Tax Officers. The Petitioner's argued that the Additional Director General of DGGI did not have the jurisdiction to authorize the officer to carry out inspection / search proceedings at the Petitioner's premises u/s 67 of the CGST Act. The Hon'ble Allahabad HC held that the notification was not ultra vires to the powers provided by the Central Government under the CGST Act. The Court also stated that as long as an authority has power traceable to a source, the mere fact that the source of power is not indicated wrongly indicated in an instrument does not render the instrument invalid.

The Hon'ble Allahabad HC while examining whether the payment made by the Petitioner during the investigations was coercive or voluntary, found that the Petitioner had made the payment u/s 74(5) of the CGST Act and had informed the Proper Officer of such payment in the Form DRC-03. Further it was observed that in the particulars under Sr. No.8 with regard to 'Reason' the Petitioner failed to mention the reason for payment as 'under protest' or 'without prejudice'. The HC held that such payment cannot prima facie can be said to be made under duress and was not made voluntarily, the same shall be dealt with or adjusted by the concerned Authority in accordance with the law, particularly as proviso to u/s 74 of the CGST Act.

High Court Ruling Upholds Procedural Fairness in GST Audits: Petitioner's Reply to be Acknowledged

PBL Transport Corporation Private Limited

2024-TIOL-132-HC-AP-GST

The Applicant is a leading engineering company, which operates a canteen within their factory premises. They have contracted with canteen service provider to manage the canteen operations, wherein a nominal amount was recovered from employees monthly, reflecting as deductions in their payslips. The Applicant does not claim the ITC on canteen expenses, and they absorb the GST charged by the canteen service provider as a cost in their account.

The AAR ruled, as the canteen service is viewed as part of the business activities rather than an employment allowance, GST is applicable on the consideration received for this service. Additionally, the service provided by the canteen contractor falls under 'Restaurant Service', making the Applicant ineligible for ITC on GST charged by the canteen service provider. Further, despite being recipients of the canteen services, the employers are restricted from claiming the full ITC under provisions outlined in Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017.

Author's Note:

It has been a settled principle that an adverse order must be passed after taking into consideration reply of the taxpayer and providing a proper opportunity of Hearing. However, it has been observed recently that such basic principles have been violated in few cases, forcing the taxpayer to approach the High Courts for relief. Such blatant misuse of power does result in unnecessary hardships for the taxpayer and such approach must be avoided by the tax authorities.

High Court Upholds Right to Appeal in GST Case, Condoning Delay Due to Health Reasons

Shaik Abdul Azeez vs. State of AP

W.P. No. 33509 of 2023

The Petitioner's GST registration had been cancelled due to a delay in filling an appeal. The Petitioner's appeal was rejected because it was filed 128 days beyond the condonable period specified by law. The Petitioner cited health reasons for the delay, stating that he was undergoing surgery and was unable to manage their business effectively. The Hon'ble HC acknowledged the validity of the reasons and decided to condone the delay in filing of the appeal.

Despite Statutory limitations, the Hon'ble HC emphasised the importance of ensuring justice and upheld the petitioner's right to appeal by imposing a cost of ₹20,000. The Appellate Authority was instructed to consider the appeal on merits.

Madras HC clarifies tax treatment of Gift Vouchers under GST

Kalyan Jewelers India Limited

W.P. No. 5130 of 2022 and W.P. Nos. 5227 & 5228 of 2022

The Assessee challenged the AAAR order of GST levyability of GST on Gift Vouchers. The Assessee contended that Gift Vouchers fall under the category of 'actionable claims' u/s 7(2) of the CGST Act, and therefore, should not be treated as supply of goods and services. Alternatively, the Assessee argued that tax should only be levied at time of redemption.

The Hon'ble Madras HC held that Gift Vouchers issued by the Assessee are considered 'Prepaid Payment Instruments' or 'PPIs' as per the RBI's Master Direction. These Vouchers are deemed as documents and instruments under the relevant legislation. They function as debt instruments that can be redeemed for merchandise at a later date. The Hon'ble HC emphasized that Gift Vouchers constitute as 'Actionable Claims' under CGST Act and are specified under Schedule III, thus not subject to GST. However, if the vouchers are issued for specific goods, tax is payable at the time of issuance. If they are issued for unspecified goods, tax is payable only upon redemption.

Author's Note:

The interpretation of Section 12(4) of the CGST Act leads to the inference that tax liability arises either at the time of its issuance for specific goods or at the time of its redemption for unspecified goods. The ruling corrected the notion that tax is applicable at the time of issuance regardless of the nature of the transaction. The judgement provides clarity on the tax treatment of Gift Vouchers under GST Regime, outlining when tax liability arises based on the nature of the transaction and the goods involved.

GST applicability on canteen services and availability of ITC to employers

Tube Investment of India Limited

2024-TIOL-03-AAR-GST

The Applicant is a leading engineering company, which operates a canteen within their factory premises. They have contracted with canteen service provider to manage the canteen operations, wherein a nominal amount was recovered from employees monthly, reflecting as deductions in their payslips. The Applicant does not claim the ITC on canteen expenses, and they absorb the GST charged by the canteen service provider as a cost in their account.

The AAR ruled, as the canteen service is viewed as part of the business activities rather than an employment allowance, GST is applicable on the consideration received for this service. Additionally, the service provided by the canteen contractor falls under 'Restaurant Service', making the Applicant ineligible for ITC on GST charged by the canteen service provider. Further, despite being recipients of the canteen services, the employers are restricted from claiming the full ITC under provisions outlined in Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017.

Author's Note:

It is to be noted that, in case of factories, the canteen are required to comply with provisions of the Factory Act that mandates factories having 250+ workers to maintain and run such canteens mandatorily. Further, the canteen normally is not an open to all kind of services but only the employees are allowed to food in such cases and therefore there is a school of though which believes that such canteen services are to be covered under employer-employee relationship.

It is surprising that even in light of ***Circular No. 172/04/2022 – GST dated 06.07.2022****, which clarified that services by the employee to the employer in the course of or in relation to his employment does not amount as 'supply' u/s. 7 of the CGST Act and similar Advance rulings in* ***RE: Troikaa Pharmaceuticals Limited [2022-VIL-231-AAR]*** *and* ***RE: Tata Motors Limited in [2021-TIOL-197-AAR-GST],*** *such negative rulings result in further chaos and confusion within the industry.*

GOODS & SERVICES TAX

From the Legislature

Sr No	Notification/ Circular	Summary
1	Notification No. 01/2024-IGST Rate dated January 03, 2024 as corrected vide Notification No. G.S.R. 28(E)-IGST Rate dated January 05, 2024	**GST Rate amendments** Liquefied Propane and Butane mixture, Liquefied Propane, Liquefied Butane and LPG for supply to NDEC customers by the Indian Oil Corporation Limited, Hindustan petroleum Corporation Limited or Bharat Petroleum Corporation Limited, chargeable to 5% GST w.e.f. January 04, 2024.
2	Notification No. 01/2024-CGST dated 5th January, 2024	**GSTR-3B due date for the month of November 2023 extended** The due date for filing the GSTR-3B return for November 2023 has been extended to January 10, 2024, for businesses in specific districts of Tamil Nadu.
3	Notification No. 02/2024-CGST dated January 05, 2024	**GSTR-9 and GSTR-9C due date for the period 2022-23 extended for Tamil Nadu** The due date for filing GSTR-9 and GSTR-9C for the F.Y. 2022-2023, for specified districts of Tamil Nadu extended till January 10, 2024.
4	Notification No. 03/2024-CGST dated January 05, 2024	**Special procedure for registered person engaged in manufacturing of Pan Masala and notified Tobacco products rescinded** The Central Government, has rescinded the notification prescribing Special procedure for registered person engaged in manufacturing of Pan Masala and notified Tobacco products rescinded.

Sr No	Notification/ Circular	Summary
5	Notification No. 04/2024-CGST dated January 05, 2024	**Special procedure for registered person engaged in manufacturing of Pan Masala notified** The Government has prescribed special procedure for registered person engaged in manufacturing of Pan Masala and notified tobacco products. The procedure involves the following: • Furnishing the details of the packing machines used for filling and packing of packages in FORM GST SRM-I on the common portal within the prescribed time limits. • The procedure also requires submitting a special monthly statement in FORM GST SRM-II and a certificate of Chartered Engineer in FORM GST SRM-III for the machines declared in FORM GST SRM-I. The notification shall come into effect from April 01, 2024.

CUSTOMS & FTP
From the Judiciary

CESTAT Bangalore rejects appeal for delayed SB Conversion

Sree Rayalaseema Hi-Strength Hypo Limited

2024-TIOL-58-CESTAT-BANG

The Appellant sought to convert the SB from free to advance license. The request for conversion was made after more than 5 years had passed. The Appellant's contention was that there is no time limit prescribed for such amendments under Section 149 of the Customs Act. However, the Department expressed difficulty in considering such a request for amendment after a long period of 5 years.

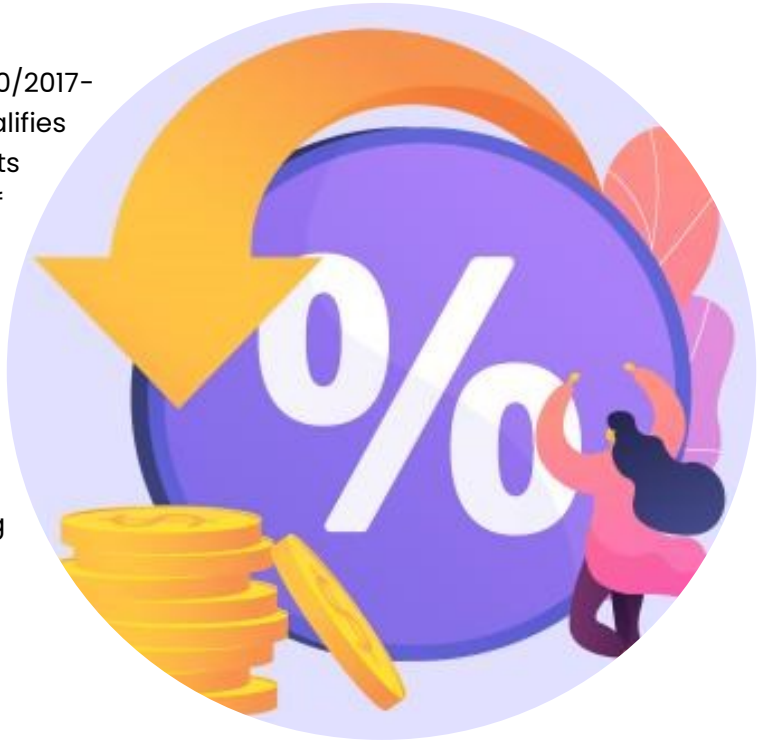
Hon'ble CESTAT Bangaluru in its order rejected the appeal and emphasized that while there is no prescribed time limit for seeking amendment / conversion of a SB u/s 149 of the Customs Act, it simply does not imply that a request could be made after an indefinite length of time.

Importation of Dump Trucks in CKD Form Eligible for Concessional Duty Rate

Tata Hitachi Construction Company Private Limited

Ruling No. CAAR/Mum/ARC/48-51/2022

The Applicant, a manufacturer of mining and construction equipment, proposed to import dump trucks in CKD Kits for assembly in India. The CKD Kits include the engine, alternator, control cabinet and wheel motor in pre-assembled form, but not mounted on chassis.



The AAR determined that under Notification No. 50/2017-Customs, importation of Dump Trucks in CKD Kits qualifies for a concessional rate of BCD if essential components and sub-assemblies are included and at least one of the key components i.e. engine, gearbox, or transmission system is pre-assembled but not mounted on the chassis. The AAR affirmed that the proposed import of the Dump Trucks with certain components in pre-assembled form meets the criteria as outlined under CBEC Circular F. No. 528/128/97-Cus-Tru dated 05.12.1997, which states that the components mentioned in this kit will bring into effect a motor vehicle.

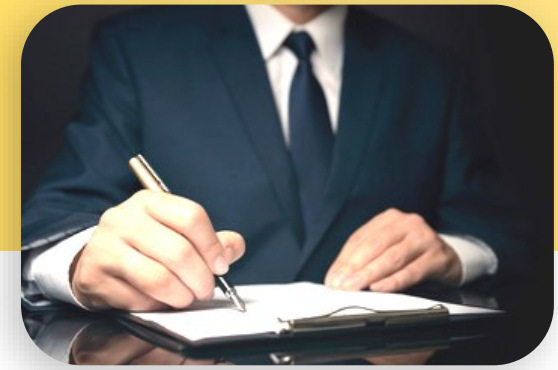
CUSTOMS & FTP
From the Legislature

Sr. No.	Reference	Summary
1	Notification No. 01/2024-Customs dated January 15, 2024	**50% Export Duty imposed on Molasses** CBIC has imposed a 50% export duty on molasses derived from sugar extraction or refining, amending the Second Schedule of the Customs Tariff Act. This notification is effective from January 18, 2024.
2	Notification No. 02/2024-Customs dated January 15, 2024	**Extension of Concessional Import Duties on specified edible oils until March 31, 2025** This Notification extends the current concessional import duties on certain edible oils until March 31, 2025 by amending the Notification Nos. 48/2021 and 49/2021-Customs, both dated October 13, 2021.
3	Notification No. 03/2024-Customs dated January 22, 2024	**CBIC amends tariff entry for Spent Catalysts with Precious Metals** This Notification adjusts the entry for Spent catalysts and ash with precious metals (S. No. 364A), replacing the existing "10%" in column (4).
4	Notification No. 04/2024-Customs dated January 22, 2024	**Exemptions from Social Welfare Surcharge and addition of new Entries** CBIC has exempted certain entries from the Social Welfare Surcharge (SWS). A new entry labeled '54A' is added under the heading of Spent Catalysts and Ash Containing Precious Metals, specifying items falling under heading 7112. This entry corresponds to S. No. 364 A of the Table from notification 50/2017-Customs, dated June 30, 2017. Additionally, adjustments are made to S. Nos. in column (2) against Sl. No. 55, replacing "S. Nos. 356, 357, and 364C" with "S. Nos. 356 and 357". Another new entry, 56A, is appended under the heading of Coins of Precious Metals, pertaining to items under heading 7118.
5	Notification No. 05/2024-Customs dated January 22, 2024	**AIDC imposed on Precious Metal Entries** CBIC has imposed Additional Customs Duty (AIDC) on entries falling under headings 7112, 7113, and 7118, specifically on Spent Catalyst or Ash Containing Precious Metals, Gold or Silver Findings, and Coins of Precious Metals, respectively. The AIDC rates are set at 4.35% for spent catalysts or ash containing precious metals (Sl. No. 15E), 5% for gold or silver findings (Sl. No. 15F), and 5% for coins of precious metals (Sl. No. 15G).

Sr No	Notification/ Circular	Summary
6	Notification No. 06/2024-Customs dated January 29, 2024	**CBIC extends exemptions validity until September 30, 2024, covering various goods and specific entries** This Notification extends the validity of exemptions set to expire on March 31, 2024, until September 30, 2024. The exemptions for goods such as spent catalysts, solar tempered glass, magnesium oxide-coated steel coils, and parts for off-shore oil exploration are extended. Additionally, provisions for lithium-ion cells used in battery manufacturing, both for cellular phones and electric vehicles, are also extended until the same date. Furthermore, a second proviso specifies that exemptions for various specific entries have also been extended till the same date.
7	Notification No. 07/2024-Customs dated January 29, 2024	**CBIC extends Exemption Validity until September 30, 2024 for 33 Notifications** This amendment covers 33 notifications extending exemptions validity from March 31, 2024, to September 30, 2024.
8	Notification No. 08/2024-Customs dated January 30, 2024	**CBIC amends Notification No. 50/2017, substituting Metal Components for Cellular Phones** CBIC amends its previous Notification No. 50/2017 dated June 30, 2017. This notification substitutes metal components such as screws and SIM sockets for cellular phones under S. No. 377, removing S. No. 377B and its associated entries.
9	Notification No. 09/2024-Customs dated January 30, 2024	**Amendment in BCD rates for Mobile Phone parts** The amendment changes Basic Customs Duty (BCD) rates for specific mobile phone parts, reducing rates for some inputs to Nil and adjusting rates for items like battery covers, antennas, and mechanical components. The notification provides a detailed table specifying these rate adjustments for various components related to mobile phone manufacturing.
10	Notification No. 05/2024-Customs (N.T.) dated January 19, 2024	**Extension of Exemption from ECL Deposits** CBIC extends the exemption period for deposits into the Electronic Cash Ledger (ECL) until February 29, 2024. This extension covers various categories, including goods at customs stations without automated systems, International Courier Terminals, accompanied baggage, and specific deposits exempted from electronic payments, such as customs duties, taxes, and penalties.

Sr No	Notification/ Circular	Summary
12	Notification No. 07/2024-Customs (N.T.) dated the January 24, 2024	**Exemption of Customs Duty on Wearable Goods for period from February 1, 2022, to April 27, 2023** This notification exempts the levy of customs duty on the import of wearable goods specified in Notification 11/2022-Customs dated February 1, 2022, during the period from February 1, 2022, to April 27, 2023. This exemption is provided in light of the prevailing practice where duty was not levied or collected on such imported goods during this specified period. This directive is issued to ensure that the duty payable or the excess duty, which would have been payable under normal circumstances, is not required to be paid for the import of wearable goods falling under the description specified in Notification 11/2022-Customs.
13	Notification No. 08/2024-Customs (N.T.) dated the January 24, 2024	**CBIC extends Customs Duty Exemption on Imported Hearables from February 1, 2022, to April 27, 2023** Vide this notification, CBIC extends the exemption of customs duty on imported hearables from February 1, 2022, to April 27, 2023. This is an extension of prior Notification No. 12/2022 dated February 1, 2022.
15	Circular No. 01/2024-Customs (N.T.) dated the 31st January, 2024	**Extension of Anti-Dumping Duty on Meta Phenylene Diamine Imports from China** CBIC has extended the Anti-Dumping Duty (ADD) on Meta Phenylene Diamine imports from China for five years, based on DGTR's Sunset Review Final Findings.

REGULATORY
From the Judiciary



NFRA slaps a penalty of INR 50 lakh on CA for shoddy tax certification

In the matter of CA Pawan Jain

NFRA Order No. 001/2024

In August 2022, the Director General of Income Tax (Investigation) shared information about a claim of deduction under Section 80JJAA of the IT Act by one Quess Corp Ltd. basis Form 10 DA issued by a CA for FYs 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21.

Subsequently, NFRA, under Section 132(4) of the Companies Act, initiated a suo-motu action, to look into the professional conduct of the CA and his firm involved in the said certification. NFRA's investigation inter-alia revealed that the CA had failed to exercise due diligence and obtain sufficient information before issuing reports under the IT Act and had also failed to apply the necessary checks such as verification of reorganization of business with various parties, exclusion of employees whose EPS contribution was paid by the Government, correct reporting of additional employees during FY 2020-21, verification that the payments of additional employee cost was made by account payee cheque/draft/electronic means and the verification of salary limit of INR 25000 per month for new employees etc.

Accordingly, basis the investigation and proceedings under Section 132(4) of the Companies Act and after giving the CA an opportunity to present his case, NFRA passed an order finding the CA guilty of professional misconduct and imposed a monetary penalty of INR 50 Lakhs to be paid within 30 days from the issuance of the order.

NCLAT holds creditor receiving claimed amount from insurance company no ground to reject insolvency application

Milan Aggarwal vs. Saudi Basic Industries Corporation (SABIC) & Anr.

Company Appeal (AT) (Insolvency) No. 231 of 2023

The Appellant was the Corporate Debtor's suspended Director that had filed an appeal before the NCLAT challenging the NCLT's order that admitted the insolvency application of the Operational Creditor (Respondent) against the Corporate Debtor. Before the NCLAT, the Appellant submitted that there was a pre-existing dispute between the parties regarding the deficiency in the goods provided by the Respondent and the Respondent had already received the payment from the insurance company with regards to the goods, therefore, the liability of the Corporate Debtor to make payment for the goods stood extinguished and the insolvency application filed by the Respondent deserved to be rejected.

Noting that the goods were received in 2017 and for 2 years there had been several correspondences between the parties and not even an iota of any suggestion was given in any of the reply submitted by the Corporate Debtor that there was any deficiency in the goods, and that when the demand notice was issued by the Respondent, it was thereafter, that a reply email was sent by the Corporate Debtor raising all types of frivolous and moonshine defenses, the NCLAT observed that the Corporate Debtor could not take shelter on the ground that the Respondent had received the claimed amount from the insurance company and therefore the insolvency application filed by the Respondent deserved to be rejected, since the fact that the insurance company had made payment to the Respondent of its claim, could not be a

ground to reject the insolvency application filed by the Respondent and the Corporate Debtor was still liable to pay its debt. Moreover, the Respondent was under an obligation to return the money to the insurance company as per the terms and conditions of the insurance contract, where the insurance company offered to accept the claim with the conditions underlying therein.

Thus, allowing the Appellant 30 days' time to make the entire outstanding payment to the Respondent along with interest and holding that the NCLT, after being satisfied that the entire outstanding payment of dues were made by the Appellant within 30 days, shall not proceed any further with the CIRP and close the insolvency application, however, in the event that the Appellant did not deposit the entire amount payable to the Respondent to liquidate its debt within 30 days, the NCLT shall proceed further with the insolvency application, the NCLAT dismissed the appeal.

SC refers "dissenting financial creditor's entitlement to minimum security-interest" question to CJI for appropriate orders

DBS Bank Ltd. Singapore vs. Ruchi Soya Industries Ltd. & Anr.

Civil Appeal No. 9133 of 2019

The Appellant had filed an appeal against the Respondent before the SC challenging the order of the NCLAT wherein it was held by the NCLAT that Section 30(2)(b)(ii) of the IBC, as amended in 2019, entitled the dissenting financial creditor to be paid the minimum value of its security interest.

The SC noted that the provisions of Section 30(2)(b)(ii) of the IBC provided assurance to the dissenting creditors that they would receive as money the amount they would have received in the liquidation proceedings, ensuring that dissenting creditors received the payment of the value of their security interest and further noted the issues relating to the interpretation of Section 30(2)(b)(ii) of the IBC such as whether the amendments made under Section 30(2) of the IBC, in terms of its explanation 2 would be applicable where the first appeal was heard by the NCLAT as it was only when the resolution plan as approved, had attained finality, that the amendments would not apply to rewrite the settled matter, since an appellate proceeding was a continuation of the original proceeding, and accordingly, explanation 2 of Section 30(2) of the IBC was constitutionally valid and despite having retrospective operation, did not impair vested rights.

Moreover, Section 30(2) of the IBC did not permit the dissenting financial creditor to enforce the security and sell the same as it would be counterproductive and would nullify the resolution plan and a dissenting financial creditor was only entitled to the monetary value of the assets and therefore, could not enforce the security interest and could not object to the resolution plan, but could object to the distribution of the proceeds under the resolution plan, when the proceeds were less than what the dissenting financial creditor would be entitled to in terms of Section 53(1) of the IBC if the Corporate Debtor had gone into liquidation. Furthermore, the SC also noted that although Section 30(2)(b)(ii) of the IBC forfended the dissenting financial creditor from settling for a lower amount payable under the resolution plan, however, a secured creditor could not claim preference over another secured creditor at the stage of distribution on the ground of a dissent or assent, otherwise the distribution would be arbitrary and discriminative, and would therefore be contrary to the legislative intent. Thus, finding it fit and appropriate to refer the issue at hand of the dissenting financial creditors entitlement to minimum security interest, keeping in mind its complexity, to a larger bench, the SC, placed the matter before the CJI for appropriate orders.

HC dismisses petition seeking arbitrator's appointment absent 'privity of contract' between parties

Devike Constructions and Developers Pvt. Ltd. vs. Dilip Vengsarkar Foundation

Arbitration Petition No. 216 of 2022

The Petitioner was a company that was engaged in the business of construction and land development that on finding that there was no privity of contract between the Petitioner and the Trust (Respondent), had approached the HC seeking the appointment of an arbitrator under Section 11 of the Arbitration Act to adjudicate disputes arising out of an MoU.

Noting that the Petitioner was a third party which was not a party to the contract and therefore could not enforce the terms of either the MoU or the arbitration clause contained in the MoU, the HC observed that the arbitration agreement required the satisfaction of the principles of contract law under the Indian Contract Act in addition to the requirements of Section 7 of the Arbitration Act to qualify as a valid agreement and the principles of the Indian Contract Act envisaged the doctrine of privity which meant that a contract could not confer rights or impose liabilities on any person except the parties to the contract, therefore, a third party could not acquire rights and entitlements under a contract to which he was not a party. Moreover, the MoU clearly indicated that the intent was only to record a broad understanding between the parties to MoU as regards development of the property and it was agreed that once the terms of the MoU were complied, appropriate legal documentation would ensue.

However, since the conduct of the parties did not remotely suggest any direct relationship of the Petitioner with the signatory parties, commonality of subject matter and performance of the contract, the HC finding the petition itself to not be maintainable, dismissed the same.

SC rejects petition challenging Rule 8A amendment increasing paid-up capital threshold for CS appointment

Suman Kumar vs. Union of India & Ors.

Writ Petition (Civil) No. 719 of 2020

The Petitioner had filed a writ petition before the SC challenging the amended Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, through which the paid-up share capital threshold for appointing a whole-time CS by private companies was increased from INR 5 Crores to INR 10 Crores.

Noting that the figure had been increased to nullify the effect of inflation as the increase was hardly arbitrary or irrational and that the enhancement had to be read with the desire to improve ease of doing business and reduce compliance expenditure, the SC observed that it was not the function of the courts to sit in judgment over matters of economic policy, which were required necessarily to be left to the expert bodies and in matters requiring technical, commercial, administrative, expert knowledge, etc., the courts were required to ordinarily exercise caution and judicial restraint.

Moreover, unless demonstrated by the Petitioner that the element of discretion/deliberation in the increase in the paid-up share capital of companies to INR 10 crores was ex-facie arbitrary, capricious, or whimsical, and bearing no nexus with the object or the purpose sought to be achieved, such aspects could not be held unconstitutional and/or violative of Article 14 of the Indian Constitution. Accordingly, rejecting the writ petition, the SC disposed of the matter.

SC slaps INR 25 Lakhs cost for falsehood in criminal complaint & forum-hunting

Dinesh Gupta vs. The State of Uttar Pradesh & Anr.

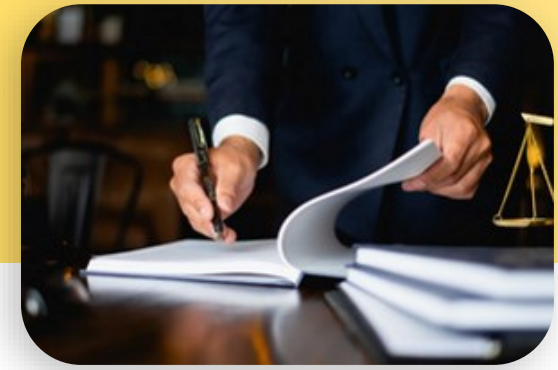
SLP (Criminal) No. 3343 of 2022

The Appellant had approached the SC against the common order of the HC that allowed the criminal complaint of a litigant who claimed to be misled by the Appellant into advancing loans which were later converted into equity.

Before the SC, the litigant contended that his company was induced to extend short- term loans to two companies and later, the said loans were converted into debt equity allegedly promising high returns from real estate business to the litigant, subsequently, some scheme of amalgamation was made by the two companies to amalgamate them with one BDR Builders and Developers Pvt. Ltd., as a result of which, the percentage of shareholding of the company reduced considerably. The amalgamation got approved from the HC, but the share certificates were never physically handed over to the litigant and when the litigant asked the Appellant to return the loan with interest, initially time was sought stating that there was slump in the real estate market and thereafter, the Appellant started ignoring the litigant, that is when the litigant decided to take legal recourse against the Appellant.

Perusing the two resolutions passed by the company through which the decision was taken by the litigant to invest in the equity of the said two companies, the SC observed that the said resolutions passed by the litigant had not been denied, hence, the claim that the Appellant had induced the litigant to advance loan and later on converted the loan into equity, was totally false, and that it was rather a deliberate decision taken by the board founded on the above-mentioned company resolutions. Moreover, the litigant came to know about the merger of the aforesaid two entities with BDR Builders and Developers Pvt. Ltd. in the year 2013 itself, however, even after dismissal of the application filed for recall of the merger order passed by the HC, no steps were taken to recover the amount except getting the FIR registered more than two years later.

Accordingly, finding that all the facts clearly reflected the ill designs of the litigant as the entire factual matrix along with the time lines clearly established that the litigant deliberately and unnecessarily caused substantial delay by waiting for the opportune moment for initiating false and frivolous litigation and that the registration of FIR at Noida despite having the registered offices of the companies in question at Delhi showed a wishful forum shopping by the litigant, casting serious doubts on their bona-fides, the SC holding that unscrupulous litigants should not be allowed to go scot-free and should be put to strict terms and conditions including costs, imposed a cost of INR 25 Lakhs on the litigant for filling a criminal complaint and registering an FIR against the Appellant despite the commercial nature of dispute and directed the litigant to deposit the cost with SC registry which would be transmitted equally to the SCBA & SCAORA for the development and benefit of their members.



SEBI issues Circular on Foreign Investment in AIFs

Circular No. SEBI/HO/AFD/PoD1/CIR/2024/2 dated January 11, 2024

SEBI through a Circular incorporates, in its Master Circular, the recently notified thresholds for the determination of beneficial ownership. Previously, the Ministry of Finance notified amendments to the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, revising the thresholds for determining beneficial ownership. Accordingly, changes were made to Rule 9(3) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 and the threshold was brought down from 25% to 10% of the company's shares, capital, or profits. For partnership firms, it was reduced from 15% to 10% of the capital or profits of the partnership and in the case of trusts, the threshold was lowered from 15% to 10% interest in the trust.

Given this backdrop, SEBI modifies its Master Circular for AIFs to incorporate the amendments to the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, by requiring that at the time of onboarding of investors, the manager of an AIF ensures that the investor, or its beneficial owner as determined in accordance with Rule 9(3) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, is not included in the Sanctions List notified by the United Nations Security Council and is not a resident of a country identified in the public statement of the Financial Action Task Force as:

- a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
- a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.

The circular adds that if investors who have already been onboarded do not fulfil these criteria, the manager of the AIF cannot drawdown further capital contribution from such investors for making any investment till these criteria are met.

SEBI issues a Circular to bring certain changes in reporting to ensure ease of doing business

Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/03 dated January 12, 2024

In order to address the issue of duplication of monitoring mechanisms and difficulties in uploading data to exchanges, SEBI had earlier advised the industry associations to consult with the Broker's Industry Standards Forum and submit a proposal to SEBI and the Industry Standards Forum recommended the discontinuation of some of the reports.

Accordingly, taking cognizance of the recommendations of the Industry Standards Forum while also ensuring that the changes in reports continue to allow the stock exchanges and clearing corporations to retain the supervision over client collateral, so as to bring in efficiencies in reporting and a step towards ease of doing business, the SEBI through a Circular, discontinues certain reports by modifying Clause 15 of SEBI Master Circular on stock brokers dated May 17, 2023, that safeguards against misutilization of clients' funds to inter-alia put in place a mechanism for monitoring of clients' funds lying with the stockbrokers on

the G principle which requires that the total available funds i.e. cash and cash equivalent with the stockbroker and with the clearing corporation/clearing member should always be equal to or greater than clients' funds as per the ledger balance. The provisions of this Circular come into force with immediate effect.

SEBI issues guidelines for AIFs on holding investment in de-mat form, custodian appointments

Circular No. SEBI/HO/AFD/PoD/CIR/2024/5 dated January 12, 2024

SEBI through a Circular mandates that as per Regulation 15(1)(i) of AIF Regulations, all AIFs must hold their investments in a dematerialized form and accordingly, issues the following guidelines and timeline for the same:

- **Mandatory Dematerialization Post-October 2024:** Any investment made by an AIF on or after October 01, 2024, must be in dematerialized form. This applies irrespective of whether the investment is made directly in the investee company or acquired from another entity.
- **Exemptions and Conditions**: Investments made prior to October 01, 2024, are exempted from this requirement, with two key exceptions. Firstly, if the investee company is legally required to facilitate non dematerialization, and secondly, if the AIF, alone or with other SEBI-registered entities, exercises control over the investee company.
- **Compliance Deadline**: AIFs must ensure that investments falling under the exceptions mentioned are held in dematerialized form by January 31, 2025.
- **Exceptions to the Rule**: Certain AIF schemes are not subject to this requirement, notably those whose tenure ends or is in extended tenure as of January 31, 2025.

Further, the Circular also provides that the sponsor or manager of an AIF is required to appoint a custodian registered with the board for the safekeeping of the AIF's securities as follows:

- **Appointment of Custodians**: As per Regulation 20(11) of AIF Regulations, AIFs are required to appoint a custodian registered with SEBI for the safekeeping of their securities. This is a critical move to enhance the security and integrity of AIF investments.
- **Compliance for Existing Schemes**: Existing Category I and II AIFs with a corpus of up to INR 500 crore must appoint a custodian by January 31, 2025. This is particularly significant for ensuring the safeguarding of investor interests.
- **Regulations for Associated Custodians**: AIFs utilizing custodians that are associates of their managers or sponsors must ensure compliance with Regulation 20(11A) by the January 2025 deadline.

The Circular also introduces rigorous reporting standards for investments under custody as follows:

- **Standard Setting for Reporting**: The pilot Standard Setting Forum for AIFs (SFA), in collaboration with SEBI, is tasked with formulating standards for reporting data on AIF investments under custody. This ensures uniformity and clarity in reporting.
- **Adherence to Standards**: Both AIF managers and custodians must adhere to these implementation standards, further enhancing the transparency and accountability of AIF operations.
- **Incorporation in Compliance Reports**: The trustee or sponsor of an AIF must ensure that compliance with these provisions is included in their regular reporting to SEBI.

SEBI allows promoters to offer shares to employees in OFS through Stock Exchange Mechanism

Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/6 dated January 23, 2024

SEBI through a Circular issues the Framework for OFS of shares to employees through Stock Exchange Mechanism. The promoters of eligible companies shall be permitted to sell shares within a period of 2 (two) weeks from the OFS transaction to the employees of such companies. The offer to employee shall be considered as a part of the said OFS transaction. The promoters may at their discretion offer these shares to employees at the price discovered in the said OFS transaction or at a discount to the price discovered in the said OFS transaction. The procedure for offering shares to the employees in OFS through stock exchanges is as given below:

- OFS to employees shall be on T+1 day along with the retail category under a new category called as "Employee".
- While bidding, the employee shall select "Employee" category for employee bids. However, the employees can also bid for other categories, as per the applicable limits.
- For employee OFS, certain number of shares shall be reserved for the employees. The same shall be mentioned in the OFS notice to the stock exchanges by the promoter(s).
- Bidding shall be allowed during trading hours on T+1 day only.
- Floor price of the retail category shall be disclosed to the participants under the "Employee" category.
- Employees shall place bids only at cut-off price of T+1 day. The allotment price shall be based on the Cut-off of the retail category, subject to discount, if any.
- The maximum bid amount shall be INR 5 Lakhs.
- Each employee is eligible for allotment of equity shares up to INR 2 Lakhs provided that in the event of under-subscription in the employee portion, the unsubscribed portion may be allotted to such employees whose bid amount is more than INR 2 Lakhs on a proportionate basis, for a value in excess of INR 2 Lakhs, subject to the total allotment to an employee not exceeding INR 5 Lakhs.
- The employees shall pay upfront the margin to the extent of 100% of the order value in cash or cash equivalents.
- Bids for "Employee" category shall not be displayed on the stock exchange website.
- The bid book of "Employee" Category shall be segregated from retail category book for allotment.
- Allotment under the "Employee" category shall be based on the PAN details of employees shared by the company on T-1 day. The PAN mis-matched bids shall be rejected.
- The promoters shall transfer the total shares of OFS on T-1 day including shares reserved for "Employee" category, to the designated clearing corporation.

The provisions of this circular shall come into effect from 30th day of its issuance.

SEBI extends deadline for mandatory confirmation or denial of market rumours

Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/7 dated January 25, 2024

SEBI extends the deadline for the implementation of rules related to mandatory confirmation or denial of market rumors by the top 100 listed companies. The new deadline for the top 100 listed companies by market capitalization is June 1, 2024, instead of the previous deadline of February 1, 2024. For the top 250 listed entities, the rule will come into effect on December 1, 2024, instead of the earlier requirement of August 1, 2024. The decision to extend the timeline for implementing the LODR Rules was taken due to ongoing industry-standard finalization and required amendments to market norms with an aim to strengthen the corporate governance of listed entities. The extension of the deadline for implementing the LODR Rules provides listed companies with more time to comply with the requirements and ensure effective corporate governance practices.

MCA seeks comments on rules under companies, limited liability partnership laws

MCA Notice dated January 15, 2024

The MCA has sought comments from stakeholders on the rules under the companies and limited liability partnership laws. The move is part of the MCA's decision to initiate a comprehensive review of all the rules prescribed under various legislations being administered by it.

In the first phase, the MCA has invited comments on rules under the Companies Act, 2013 and Limited Liability Partnership Act, 2008 with effect from January 25, 2024. The MCA is also the nodal ministry for implementing the Competition Act, 2002, Insolvency and Bankruptcy Code, Chartered Accountants Act, 1949, Cost and Works Accountants Act, 1959, and Company Secretaries Act, 1980. It has already released a policy for pre-legislative consultation and comprehensive review of existing rules and regulations prescribed under various legislations administered by it. As per the policy, the need for public consultation in rule/regulation making exercise has been felt for bringing in greater transparency and greater involvement of the stakeholders.

MCA notifies the Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024

Notification No. G.S.R. 61(E) dated January 24, 2023

The MCA notifies the Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024, the permissible jurisdiction means International Financial Services Centre and the corresponding stock exchange can be India International Exchange or NSE International Exchange. Some of the key features of which are as follows:

Application and Scope: The rules apply to unlisted public companies and listed public companies that comply with regulations set by SEBI or the Authority. These companies must issue securities for listing on approved stock exchanges in permissible jurisdictions.

Listing Procedures: Unlisted public companies, not falling under specific criteria, may issue equity shares for listing on stock exchanges in permissible jurisdictions. This includes the OFS of equity shares by existing shareholders. Compliance with the Scheme is mandatory, and companies intending to list on recognized stock exchanges in India must adhere to additional conditions specified by SEBI.

Prospectus Filing: Unlisted public companies must file a prospectus in e-Form LEAP-1 within seven days of finalization and submission in the permitted exchange. This ensures transparency and provides potential investors with comprehensive information about the company.

Financial Standards Compliance: Post-listing, companies must adhere to Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015. This aligns with global financial reporting norms, ensuring consistency and transparency in financial statements.

Eligibility Criteria: Certain companies are ineligible for listing under these rules, including those registered under section 8 or declared as Nidhi, companies limited by guarantee with share capital, and those with outstanding public deposits. The rules also disallow companies with negative net worth or a history of defaulting on payments to creditors. However, if a company rectifies defaults and two years pass since rectification, it becomes eligible.

INTERNATIONAL DESK

Saudi Arabia : Zakat Implications on related party transactions and establishing thresholds for documentation in transfer pricing

On November 26, 2023, ZATCA issued guidelines for the Zakat treatment of transactions with related parties, establishing thresholds for transfer pricing documentation. The transactions were categorized into direct financial transactions, indirect financing, and commercial transactions, with specific treatment details provided:

- **Direct Financial Transactions**: This covers funding for working capital, long-term shareholder support, financing with cash assets from related parties or shareholders, and in-kind financing. Generally, loans from related parties are treated as debts for zakat purposes, but they may be reclassified as equity based on their characteristics and terms.
- **Indirect Finances**: No modification is necessary for the Zakat base concerning payments made on behalf of related parties. Nevertheless, any remaining balances at the end of the year will be considered as debts in accordance with Zakat regulations.
- **Commercial Transactions**: Transactions not conducted at an arm's length price will be handled in accordance with Paragraph No. 6 of Article No. 9 of the Zakat Regulations. Any expenses surpassing the market price will be excluded when computing Zakat-adjusted profits.

The guidelines clarify the treatment of credit balances in Zakat calculations, categorizing them as liabilities or equity based on specific criteria. Zakat payers must disclose related-party transactions without a threshold starting from January 1, 2024. Further, they are also required to maintain transfer pricing documentation in two phases, with Phase 1 covering Financial Years from January 1, 2024, to January 1, 2026, and Phase 2 applicable from January 1, 2027, onward.

Initiation of operations of the fifth team dedicated to Bilateral APA

The Finance Ministry has initiated the establishment of a fifth Advance Pricing Agreement (APA) team in Gurugram, dedicated to expediting bilateral agreements aimed at minimizing transfer pricing disputes. This team is specifically formed to accelerate the resolution of pending bilateral APAs, recognizing that negotiations in this process often take more time.

Simultaneously, the CBDT is in negotiations with counterparts in the US, the UK, South Korea, Japan, and Finland for these agreements. The other four APA teams in Delhi, Mumbai, and Bengaluru handle both bilateral and unilateral APA applications. APAs are agreements between taxpayers and tax administrations, determining the transfer pricing methodology for future cross-border related party transactions to prevent disputes.

Under this program, APAs can be bilateral, involving both the CBDT and the tax authorities of another country, or unilateral, involving only the CBDT. In a unilateral APA, the CBDT signs an agreement with a domestic firm without engaging its foreign counterpart. Conversely, a bilateral APA requires negotiations between tax authorities of both countries before signing with their respective domestic taxpayers. The bilateral APA process takes longer due to the involvement of authorities from two countries compared to the unilateral APA.

Hong Kong: Government initiates a public consultation on the implementation of global minimum tax and domestic minimum tax

The government has released a consultation paper , regarding the introduction of the global minimum tax and a domestic minimum top-up tax in Hong Kong beginning in 2025. The consultation period is set to conclude on March 20, 2024.

The global minimum tax, part of the two-pillar solution for addressing BEPS 2.0, is designed to tackle risks arising from digitalization in the economy. It applies to multinational enterprise groups with annual consolidated revenue of EUR 750 million or more, ensuring a minimum tax of 15% on profits across all jurisdictions they operate in. The rules, known as the IIR and the UTPR, collectively form the GloBE rules. Additionally, jurisdictions can impose a Domestic Minimum Top-up Tax to maintain their taxing rights and prevent excessive competition in corporate income tax.

The GloBE rules, having already achieved international consensus, are finalized with no room for deviation. The Paper elucidates the policy considerations and design features of the GloBE rules pertaining to Hong Kong, seeking input on aspects left for consideration by implementing jurisdictions. These include the administrative framework of the GloBE rules and the design and administration of the domestic minimum top-up tax in Hong Kong.

UAE: Establishing a tax group in the UAE for enhanced compliance cost optimization

The FTA issued Corporate Tax Guide concentrating on tax groups. The guide provides in-depth explanations on various aspects of tax groups. To establish a tax group, the parent company and resident juridical subsidiaries can seek approval from the FTA. The parent company needs to own a minimum of 95% of the share capital, voting rights, and entitlement to profits and net assets of the subsidiaries. Exemptions are granted to sole establishments, freelancers, and unincorporated partnerships. When determining the 95% shareholding in a subsidiary's share capital, only the nominal value of the paid-up or issued share capital matters, regardless of the number of shares or authorized share capital. If a company lacks a nominal value for its share capital, alternative measures like a shareholder's allocated capital account are employed to assess shareholders' rights. The residency condition for joining a tax group requires assessing an individual's residency status under the double tax treaty. If deemed a resident of another country by the treaty, they cannot join. However, a person with dual residency may be included if acknowledged solely as a tax resident of the UAE. Foreign companies without resident status are also ineligible for tax group participation.

Entities eligible for exemptions, including government entities, natural resource businesses, qualifying public benefit entities, qualifying investment funds, and public social security and pension funds, cannot participate in a tax group. However, taxable subsidiaries of government entities can independently join or establish a tax group if they meet specific criteria. Qualified free zone persons and branches of non-resident entities registered in free zones are ineligible for tax group participation due to not meeting the requirement of being separate legal entities.

To establish a tax group, the parent company and subsidiary should align their financial years. If their financial years differ, they can request a modification from the FTA. However, any adjustment is limited to an extension of up to 18 months or a reduction to no less than 6 months.

GLOSSARY

Abbreviation	Meaning
AA	Adjudicating Authority
AAAR	Appellate Authority for Advance Ruling
AAR	Authority for Advance Ruling
ACU	Asian Clearing Union
ADD	Anti-Dumping Duty
ADG	Additional Director General
AE	Associated Enterprises
AFA	Additional Factor of Authentication
AGM	Annual General Meeting
AICD	Agriculture Infrastructure and Development Cess
AIF	Alternative investment Fund
AIFs	Alternative Investment Funds
ALP	Arm's length price
AMCs	Assets Management Companies
AMT	Alternate Minimum Tax
AO	Assessing Officer
AOP	Association of Persons
APA	Advanced Pricing Agreement
ARE	Alternate Reporting Entity
ASBA	Application Supported by Blocked Amount
AU	Assessment Unit
AY	Assessment Year
B2B	Business to Business
B2C	Business to Customer
BBT	Buy-Back Tax
BCD	Basic Customs Duty
BED	Basic Excise Duty
BEPS	Base Erosion and Profit Shift
BOI	Body of Individuals
BPSL	Bhushan Power Steel Limited
CA	Chartered Accountant
CAG	Comptroller and Auditor General of India
CASS	Computer Assisted Scrutiny Selection
CAT	Common Aptitude Test
CAVR 2023	Customs (Assistance in Value Declaration of Identified
CBCR	Country By Country Reporting
CBDT	Central Board of Direct Taxes
CBI	Central Board of Indirect Tax
CBIC	The Central Board of Indirect Taxes and Customs
CBLR	Custom Broker Licensing Regulations
CCI	Chief Commissioner of Income-tax
CCIT	Chief Commissioner of Income tax
CG	Central Government
CGST Act	Central Goods and Services Act, 2017
CIMS	Centralized Information Management System
CIT	Commissioners of Income Tax
CJI	Chief Justice of India
CLB	Company Law Board
CPC	Centralized Processing Centre
CS	Company Secretary

Abbreviation	Meaning
Cus	Customs Act, 1962
CVD	Countervailing Duty
DCIT	Deputy Commissioner of Income Tax
DDT	Dividend Distribution Tax
DGIT	Director General of Income Tax
DRC	Dispute Resolution Committee
DRI	Directorate of Revenue Intelligence
DRP	Dispute Resolution Panel
DTAA	Double Taxation Avoidance Agreement
ED	Enforcement Directorate
EOI	Expression of Interest
EP	Engagement Partner
EPS	Employees' Pension Scheme
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FHTP	Forum on Harmful Tax Practices
Finance Bill	Finance Bill, 2024
FIR	First Information Report
FIRMS	Foreign Investment Reporting and Management System
FM	Finance Minister
FMV	Fair Market Value
FY	Financial Year
G2B	Government to Business
GST	Goods and Services Tax
H&EC	Health and Education Cess
HC	High Court
HFC	Housing Finance Company
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code
ICDR	Issue of Capital and Disclosure Requirements Regulations,
ICFR	Internal Controls Over Financial Reporting
IFSC	International Financial Services Centres
IFSC	International Financial System Code
IFSCA	International Financial Services Centres Authority Act, 2019
IGST	Integrated Goods and Services Tax

GLOSSARY

Abbreviation	Meaning
IIM	Indian Institute of Management
IMC	Indian Medical Council Act, 1956
Ind AS	Indian Accounting Standards
InvITs	Infrastructure Investment Trusts
InvITs	Infrastructure Investment Trusts
IRP	Interim Resolution Professional
IT Act/ Act	The Income-tax Act, 1961
ITR	Income Tax Return
JAO	Jurisdictional Assessing Officer
KYC	Know Your Customers
LIC	Life Insurance Corporation
LLP	Limited Liability Partnership
LODR Regulations	Listing Obligations and Disclosure Requirements Regulations, 2015
LRS	Liberalized Remittance Scheme
LTC	Long-Term Capital Gains
MAT	Minimum Alternate Tax
MII	Market Infrastructure Institution
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MSEFC	Micro, and Small Enterprises Facilitation Council
MSME	Micro Small and Medium Enterprises
MSMED Act	Micro, Small and Medium Enterprises Development Act, 2006
NaFAC	National Faceless Assessment Centre
NBFC	Non-Banking Finance Company
NCCD	National Calamity Contingent Duty
NCD	Non-Convertible Debentures
NCLT	National Company Law Tribunal
NCS	Non-Convertible Securities
NCS Regulations	SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021
NDFC	Net Distributable Cash Flows
NELP	New Exploration Licensing Policy
NFRA	National Financial Reporting Authority
NFT	Non-Fungible Tokens
NHB	National Housing Bank
NPA	Non-Performing Assets
NPS	National Pension System
NSWS	National Single Window System
OBU	Offshore Banking Unit
ODC	Online Dispute Resolution
OEC	Organization for Economic Co-operation and Development
OFS	Offer for Sale
OPC	One Person Company
PAN	Permanent Account Number
PAN	Permanent Account Number
PBPT	Prohibition of Benami Property Act, 1988
PCCI	Principal Chief Commissioner of Income-tax

Abbreviation	Meaning
PCCIT	Principal Chief Commissioner of Income-tax
PCIT	Principal Commissioners of Income Tax
PFUTP	Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market Regulations, 2003
PIV	Pooled Investment Vehicle
PLR	Prime Lending Rate
REITs	Real Estate Investment Trusts
RoC	Registrar of Companies
ROMM	Risk of Material Misstatements
RP	Resolution Professional
RPT	Related Party Transactions
RTGS	Real Time Gross Settlement
RU	Review Unit
SAD	Special Additional Duty
SAED	Special Additional Excise Duty
SC	Supreme Court
SCAORA	Supreme Court Advocates-on-Record Association
SCBA	Supreme Court Bar Association
SCN	Show Cause Notice
SCRA	Securities Contracts (Regulation) Act, 1956
SEBI	Securities and Exchange Board of India
SFIO	Serious Fraud Investigation Office
SFIO	Serious Fraud Investigation Office
SFT	Statement of Financial Transaction
SGST	State Goods and Services Tax
SIAC	Singapore International Arbitration Centre
SLP	Special Leave Petition
SLP	Special Leave Petition
SMF	Single Master Form
SPF	Specific Pathogen Free
SPV	Special Purpose Vehicle
STT	Security Transaction Tax
SWS	Social Welfare Surcharge
TAN	Tax Deduction Account Number
TDS	Tax Deducted at Source
TNMM	Transactional Net Margin Method
TOL Act	Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020
TPO	Transfer Pricing Officer
TPS	Tax performing system
UAPA	Unlawful Activities (Prevention) Act, 1967
UCB	Urban Co-operative Bank
UK	United Kingdom
UPI	Unified Payments Interface
UPSI	Unpublished Price Sensitive Information
USA	United States of America
UTGST	Union Territory Goods and Services Tax
VDA	Virtual Digital Assets
VsV	Vivad se Vishwas
VU	Verification Unit
WMD Act	Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005
WTO	World trade Organization
XBRL	eXtensible Business Reporting Langauge

FIRM INTRODUCTION

Taxcraft Advisors LLP ('TCA') is a multidisciplinary advisory, tax and litigation firm having multi-jurisdictional presence. TCA team comprises of professionals with diverse expertise, including chartered accountants, lawyers and company secretaries. TCA offers wide-ranging services across the entire spectrum of transaction and business advisory, litigation, compliance and regulatory requirements in the domain of taxation, corporate & allied laws and financial reporting.

TCA's tax practice offers comprehensive services across both direct taxes (including transfer pricing and international tax) and indirect taxes (including GST, Customs, Trade Laws, Foreign Trade Policy and Central/States Incentive Schemes) covering the whole gamut of transactional, advisory and litigation work. TCA actively works in trade space entailing matters ranging from SCOMET advisory, BIS certifications, FSSAI regulations and the like. TCA (through its Partners) has also successfully represented umpteen industry associations/trade bodies before the Ministry of Finance, Ministry of Commerce and other Governmental bodies on numerous tax and trade policy matters affecting business operations, across sectors.

TCA & **VMGG & Associates ('VMGG')** are group firms providing consulting and audit services. While TCA is a multidisciplinary advisory, tax and litigation firm, VMGG is a firm registered with the Institute of Chartered Accountants of India. VMGG is therefore primarily into audit and attestation services (including risk advisory and financial reporting).

With a team of experienced and seasoned professionals and multiple offices across India, TCA & VMGG as a combination offer a committed, trusted and long cherished professional relationship through cutting-edge ideas and solutions to its clients, across sectors.

Website: **www.taxcraftadvisors.com**

GLS Corporate Advisors LLP ('GLS') is a consortium of professionals offering services with seamless cross practice areas and top of the line expertise to its clients/business partners. Instituted in 2011 by eminent professionals from diverse elds, GLS has constantly evolved and adapted itself to the changing dynamics of business and clients requirements to offer comprehensive services across the entire spectrum of advisory, litigation, compliance and government advocacy (representation) requirements in the field of Goods and Service Tax, Customs Act, Foreign Trade, Income Tax, Transfer Pricing and Assurance Services.

Of-late, GLS has expanded its reach with offerings in respect of Product Centric Regulatory Requirements (such as BIS, EPR, WPC), Environmental and Pollution Control laws, Banking and Financial Regulatory laws etc. to be a single point solution provider for any trade and business entity in India.

GLS has worked with a range of companies and have provided services in the field of business advisory such as corporate structuring, contract negotiation and setting up of special purpose vehicles to achieve business objectives. GLS is uniquely positioned to provide end to end solutions to start-ups companies where we offer a blend of services which includes compliances, planning as well as leadership support.

With a team of dedicated professionals and multiple offices across India, it aspires to develop and nurture long term professional relationships with its clients/business partners by providing the most optimal solutions in practical, qualitative and cost-efficient manner. With an extensive client base of national and multinational corporates in diverse sectors, GLS has fortified its place as unique tax and regulatory advisory firm with in-depth domain expertise, immediate availability, transparent approach and geographical reach across India.

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FEBRUARY 2024 | Edition 40