nexdigm

Tax Street

A flagship publication that captures key developments in the areas of Tax and Regulatory environment

June 2025

Introduction

We are pleased to present the latest edition of Tax Street – our newsletter that covers all the key developments and updates in the realm of taxation in India and across the globe for the month of June 2025.

- The 'Focus Point' elaborates upon recent amendment of the India-Oman Double Taxation Treaty.
- Under the 'From the Judiciary' section, we provide in brief, the key rulings on important cases, and our take on the same.
- Our 'Tax Talk' provides key updates on the important tax-related news from India and across the globe.
- Under 'Compliance Calendar', we list down the important due dates with regard to direct tax, transfer pricing and indirect tax in the month.

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

Warm regards,
The Nexdigm Team

Focus Point

India-Oman Double Taxation Treaty Amended: Effective FY 2026–27

A protocol amending the Agreement between the Republic of India and the Sultanate of Oman for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, was signed at Muscat on the 27 January 2025.

The protocol has entered into force on the 28 May 2025, being the date of receipt of the later of the notifications regarding the completion of the procedures required by the respective laws of the Contracting States for entry into force of the said Protocol.

The provision of the amendment shall have effect in India for income derived in any fiscal year beginning on or after the first day of April following the date on which the protocol enters into force. Therefore, the protocol will be applied in India from FY 2026-27.

Following are the key amendments under the protocol:

- **Preamble:** A third para has been inserted in the preamble of the agreement in lines with the preamble of MLI for prevention of tax evasion. The relevant extract of the preamble are as follows:

  "….Intending to eliminate double taxation with respect to the taxes covered by this Agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this agreement for the indirect benefit of residents of third States);…"
- Covered taxes under Oman has replaced "Company Income-tax" and "Profit Tax on Commercial and Industrial Establishments" to "the income tax."
- **Competent Authority and Tax Year (Definition):**
  - In case of Oman, the competent authority is replaced from the Ministry of National Economy and Supervisor of Ministry of Finance or his authorized representative to the Chairman of Tax Authority or their authorized representative.
  - The reference of tax year has been changed from the Company Tax law to Income Tax.
- **Dual residency in case of non-corporates:** Under the old agreement, the tie breaker for dual residency was determination of the Place of Effective Management (POEM). Under the protocol, the tie breaker for dual residency shall be decided under Mutual Agreement Procedure (MAP) by competent authorities. They will consider factors like where it is effectively managed or incorporated and such other relevant factors. If no agreement is reached, the company won't get any tax benefits from the treaty unless both countries specifically agree to give them.
- MAP has been introduced for determining Arm's Length Price (ALP) between two Associated Enterprises (AEs) under India and Oman.
- The rate of royalties and technical fees has been reduced from 15% to 10%.
- Under Para 4 of Article 25 of the old agreement, tax credit was available for the taxes which would have been payable even on the exempted income. This benefit is now removed.
- **Non-Discrimination:** A new Article 25A has been inserted to restrict non-discrimination in the tax treatment of the non-resident persons. Following is the brief scope of the matters covered in the Article are as under:
  - No discrimination in the tax treatment against the nationals of the other state.
  - No discrimination in the tax treatment against the PE of the other state.
  - Conditions for availing deduction on account of

payment of interest, royalty and FTS shall apply as if the payment is made to a resident.

– Enterprises owned or controlled by residents of the other state shall not be treated differently than enterprises owned or controlled by domestic residents.

- **Mutual Agreement Procedure (MAP):** Article 26 of MAP of the old agreement is totally replaced by a new article in the protocol. This article provides a **MAP** mechanism under a Double Taxation Avoidance Agreement (DTAA), allowing a person who believes they are being taxed in a way that violates the treaty to seek relief. They can present their case to the competent authority of the country where they reside or where they are a national if Article 25A applies within three years of being notified of the issue. The competent authorities of the two Contracting States will then attempt to resolve the matter through mutual agreement to avoid taxation contrary to the treaty. These authorities may also work together to clarify ambiguities or resolve disputes regarding the treaty's interpretation or application, even in cases not explicitly covered. Any resulting agreement will apply regardless of time limits in domestic laws, and direct communication between the authorities is permitted to facilitate resolution.
- **Exchange of Information:** Article 27 of Exchange of Information of the old agreement is totally replaced by a new article in the protocol. This article mandates both Contracting States to exchange tax-related information that is foreseeably relevant for enforcing the DTAA or domestic tax laws. The exchanged information must be kept confidential and used only by tax authorities or relevant agencies. A State must gather and share requested data even if it doesn't need it for its own tax purposes. However, it is not required to violate its laws, disclose trade secrets, or obtain information it cannot normally access. Importantly, it cannot refuse to share data solely because it is held by a bank or fiduciary.
- **Assistance in Collection of Tax:** A new article of 27A has been introduced for Assistance in Collection of Taxes. This article allows both Contracting States to assist each other in collecting taxes, treating foreign tax claims like their own for enforcement. Legal disputes over such claims must be handled only in the requesting State. Assistance can be denied if it violates local laws, public policy, or imposes excessive administrative burden.
- **Principal Purpose Test:** A new Article of 27B has been introduced in lines with MLI where benefit under the Tax Treaty shall not be available if it is reasonable to conclude that obtaining the said tax benefit was one of the principal purposes of the arrangement or transaction.

From the Judiciary

Direct Tax

ITAT Mumbai: Taxability on conversion of private company into an Limited Liability Partnership (LLP)

ISC Specialty Chemicals LLP [ITA NO 457/Mum/2025]

Facts

The assessee, *ISC Specialty Chemicals Private Limited*, was converted into an *LLP* pursuant to Section 56 of the Limited Liability Partnership Act, 2008. Upon conversion, all assets and liabilities were transferred to the LLP. In the course of assessment proceedings an addition of INR 145.8 million was made by the officer alleging violation of conditions of Section 47(xiiib), as the book value of assets exceeded INR 50 million. The Assessing Officer (AO) invoked Section 47A(4) to treat the transaction as a taxable transfer under Section 45, attracting capital gains tax. On appeal, the CIT(A) upheld the AO's order. Assessee filed an appeal before ITAT on below grounds:

- The transfer was undertaken as a going concern, with no individual valuation assigned to the assets and liabilities; all items were transferred at book value.
- Accordingly, the book value constituted both the cost of acquisition and the full value of consideration, resulting in Nil capital gains.
- Since no exemption under Section 47(xiiib) was claimed, the invocation of Section 47A(4) (which deals with withdrawal of exemption) was erroneous and inapplicable.

Held

The ITAT, acknowledged that the assessee did not satisfy the cumulative conditions under Section 47(xiiib). Thus, the transaction constituted a transfer under Section 45. However, relying on established judicial precedents- including decisions of the Supreme Court[1] and Bombay High Court[2] - the Tribunal ruled that the 'full value of consideration' under Section 48 should be based on actual consideration received (i.e., book value) and not the market value.

Since the book value of assets equaled their cost of acquisition, no capital gain arose under the computation mechanism of Section 48. The Tribunal held that even if the exemption u/s 47(xiiib) was not available, the conversion at book value did not result in any taxable capital gains.

Our Comments

This ruling underscores that capital gains tax can only arise if there is a positive difference between the full value of consideration and the cost of acquisition, and mere failure to comply with Section 47(xiiib) does not automatically trigger taxable gains if there is no actual gain under Section 48.

ITAT Mumbai: Transfer of Tenancy rights taxable under capital gains, not as other income u/s 56(2)(x)(b)(B)

Vasant Nagorao Barabde [TS-642-ITAT-2025(Mum)]

Facts

The assessee received a residential property having stamp duty value of INR 28.89 million in exchange for the tenancy rights. As per the agreement, the assessee was the primary tenant, followed by the name of his daughter as the secondary tenant.

AO made an addition of INR 28.89 million under Section 56(2)(x)(b)(B) alleging receipt of immovable property without adequate consideration. Assessee filed an appeal before ITAT on below grounds:

1 CIT v. B.C. Srinivasa Setty [1981] and Navin Jindal v. Asstt. CIT [2010]

2 ACIT vs. Clerity Power LLP [2018]

- Tenancy rights were solely held by his daughter even though the agreement mentioned both their names. Therefore, on transfer of such rights, any capital gain arising from such transfer should be assessed in her hands alone.
- Furthermore, even if the AO dismissed the above claim and capital gain was taxed in assessee's hands, he contended that since the entire gains were reinvested in a new property which was allotted by the builder, the said transaction would still attract nil tax after claiming exemption u/s 54F.

Held

- The ITAT ruled that receiving a new flat in a redevelopment project constitutes extinguishment of rights, not receipt of property for inadequate consideration. Therefore, such transactions are not taxable under Section 56(2)(x)(b)(B) as income from other sources. Instead, they may attract capital gains tax, with potential exemptions under Section 54F
- ITAT allowed the assessee's appeal, directing the deletion of the addition made under Section 56(2)(x)(b)(B) and granting the Section 54F exemption, resulting in no taxable capital gain from the transaction.

Our Comments

This decision sets a valuable precedent in clarifying the tax treatment of redevelopment transactions. It ensures that capital gains arising from such transactions are assessed appropriately and not misclassified under the head 'other sources.' It also affirms the importance of judicial discretion in granting exemptions to uphold the substantive rights of taxpayers.

Whether PE loss set off permitted against ECB interest under DTAA?

Abu Dhabi Commercial Bank PJSC Wework India Management Private Limited [TS-762-ITAT-2025(Mum)]

Facts

The assessee, Abu Dhabi Commercial Bank PJSC, is a non-resident banking company headquartered in the UAE and a tax resident of UAE. It operates in India through two branches. During the relevant AY, the assessee earned interest income from External Commercial Borrowing (ECB) loans advanced directly from its UAE head office to Indian clients. This interest income was offered to tax at a concessional rate of 5% under Article 11(2) of the India–UAE DTAA, after setting off some amount of business losses incurred by its Indian Permanent Establishment (PE).

The AO disallowed the set-off of these losses, contending that Article 11(2) mandates taxation of interest income on a gross basis—without allowing any deductions or adjustments for losses.

The Dispute Resolution Panel (DRP) upheld the AO's position, rejecting the assessee's claims both under the DTAA and under Section 115A(1)(a)(iiaa) of the Income Tax Act

Held

The Mumbai ITAT ruled in favour of the assessee, allowing the set-off of losses incurred by its Indian PE against interest income earned from ECBs.

Key Findings:

1. Interpretation of Article 11(2) of India–UAE DTAA:

- The term 'gross interest' does not exclude the set-off of business losses incurred by the PE. Referring to the OECD Model Tax Convention (2017), the Tribunal clarified that 'gross income' means income before deduction of expenses but does not bar inter-head set-off under domestic law.

2. Application of Domestic Law:

- Article 25(1) of the DTAA states that domestic law applies unless expressly overridden by the treaty.
- Since Article 11(2) expressly requires income to be computed under domestic law, the Tribunal held that taxability must be determined under domestic provisions before applying the treaty's concessional rates.
- The assessee, having not claimed any direct expense deductions from interest income, validly set off PE business losses under Section 71 of the Income-tax Act.

3. Alternative Claim under Section 115A(1)(a)(iiaa):

- The Tribunal accepted the assessee's alternate claim for concessional taxation at 5% under Section 115A(1)(a)(iiaa).
- Referring to the CBDT press release dated 21 September 2012, which waived the requirement for case-by-case RBI approval under Section 194LC if ECB guidelines are complied with, the Tribunal found no RBI non-compliance allegations.
- Accordingly, the concessional 5% tax rate was upheld on the ECB interest income.

Our Comments

This judgment highlights the need to interpret DTAA provisions harmoniously with domestic law. The Tribunal clarified that the "gross interest" clause does not bar permissible set-offs under Indian tax rules, preserving the integrity of lawful tax computation.

Is income from providing standardized flight simulator services, used by Indian pilots, taxable in India as fee for technical services?

Ethiopian Airlines Group [TS-731-ITAT-2025(DEL)]

Facts

Ethiopian Airlines (assessee), based in Ethiopia, provides flight simulator and pilot training services to a Dubai-based company called Flight Simulation Technique Services (FSTC). This Dubai company has a related entity in India, Flight Simulation Technique Centre (FSTL), which contracts with Indian airlines like Jet Airways and Indigo to deliver pilot training locally in India. Although the actual training is conducted in India through FSTL, the simulators and training expertise come from Ethiopian Airlines via the Dubai company.

For these services, the payment from FSTL were treated by the AO as fees for technical services (FTS) under Section 9(1)(vii) and held liable to tax in India.

The DRP ruled that the income from simulator services is taxable in India under Section 9(1)(vii), as the payment location reflects the place of service utilization. It rejected the assessee's claim that the income arose outside India, citing the apex court's ruling in GVK Industries, and directed the AO to tax the income accordingly.

On appeal to the Tribunal the assessee contended that the agreement was between two non-residents (the assessee and FSTC), and the services were rendered outside India; hence, income did not accrue or arise in India. It was further submitted that the payments received were in the nature of business income not taxable in India in the absence of a Permanent Establishment (PE), in terms of Article 7 of the India-Ethiopia DTAA. The assessee also argued that the simulator facility constituted a standard facility and did not amount to rendering of technical services.

Held

The tribunal carefully considered the arguments from both the assessee and the tax department regarding whether the income earned from providing simulator and related services to Indian clients should be taxed in India. It found no valid reason to support the tax authorities' position.

The tribunal noted that neither the assessee nor the Dubai-based intermediary had a presence in India or directly provided services in India that would justify taxation here. Although the tax department argued that under the amended Section 9(1)(vii) and Article 12(3)(b) of the India-Ethiopia Tax Treaty, the location of service or residence is irrelevant, the tribunal rejected this. It held that the services provided by the assessee were standard simulator access used by Indian pilots in Ethiopia—not specialized or customized services. Citing recent court rulings, the tribunal concluded that such standard services do not qualify as "fees for technical services" (FTS) and thus are not taxable in India. Therefore, the tax department's assessment was found to be unjustified, and the appeal filed by the assessee was upheld.

Our Comments

This case highlights that technical services under Section 9(1)(vii) imply specialized, exclusive services catering to the special needs of the user; mere provision of facilities or standardized services available to all does not constitute technical services taxable in India.

Alerts

Key Highlights GST Notifications and Clarification Circulars June 2025
8 July 2025
http://bit.ly/4lrOvyX

Navigating International Tax Disputes: UAE's Mutual Agreement Procedure (MAP) Guidance
2 July 2025
http://bit.ly/463JDex

FTA Issues New Decision clarifying compliance requirements for Unincorporated Partnerships, Foreign Partnerships & Family Foundations
12 June 2025
http://bit.ly/3IqAAdK

Indirect Tax

Whether refund of unutilized Input Tax Credit (ITC) is eligible upon discontinuation or closure of business?

SICPA India Pvt. Ltd. vs. Union of India [(2025) 31 Centax 268 (Sikkim)]

Facts

- On discontinuance of business, the petitioner had filed for refund of unutilized ITC lying in the Electronic Credit Ledger, after adjusting the tax liabilities and ITC reversals. However, the GST authorities as well as the First Appellate Authority rejected the same on the ground that the current regulations, viz. Section 54(3) and Section 29 of the CGST Act, did not provide for refund of unutilized ITC in case of discontinuation or closure of business.
- Aggrieved thereby, the petitioner approached the Sikkim High Court (HC) contending that the exception carved out in Section 54(3) for claiming refund of unutilized ITC could not take away the vested right of ITC accrued to them and refund thereof under Section 49(6) of the CGST Act.
- On the other hand, Revenue defended their stand contesting that Section 49(6) does not independently provide for refund but is dependent on the conditions stipulated under Section 54. Moreover, Section 29(5) provides for reversal of ITC upon cancellation of registration but not a refund.

Ruling:

- HC noted that Section 49(6) provides that any balance in the Electronic Credit or Cash Ledger after discharge of liabilities may be refunded in accordance with Section 54.
- Section 54 details the procedure and grounds for refund claims. However, sub-section (3) thereof specifically restricts refund of unutilized ITC to two scenarios:
  i. zero-rated supplies without payment of tax, and
  ii. when credit has accumulated due to higher input tax rates compared to output tax rates.
- The Court observed that the statute does not expressly prohibit refund of unutilized ITC on business closure. Although Section 54(3) deals only with two circumstances where refunds can be made, the statute also does not provide for retention of tax without the authority of law.
- In this regard, HC referred to the Karnataka HC ruling in Union of India vs. Slovak India Trading Co. Pvt. Ltd. [(2006) 5 STT 332 (Karnataka)] wherein the Court had concurred with CESTAT that there was no express prohibition in Rule 5 of the CENVAT Credit Rules 2002 with respect to refund of unutilized CENVAT credit on closure of the company.
- Accordingly, HC allowed the writ petition and set aside the order-in-appeal.
- The Court further clarified that the failure to exhaust alternative statutory remedy such as appeal or revision under Section 112, does not preclude the petitioner from seeking relief through a writ petition.

Our Comments

The Court's decision makes it clear that the GST law does not specifically deny refund of unutilized ITC when a business closes/discontinues, thus protecting the rights of taxpayers to claim what they are owed.

The ruling balances the regulations and taxpayers' rights, ensuring that tax credits earned in good faith are not unfairly withheld.

It also stresses that Courts have broad powers under Article 226 of the Constitution to step in, especially when there are no factual disagreements and only legal questions to resolve. This approach helps prevent unnecessary difficulties for taxpayers caused by strict procedural rules.

Quotes & Coverage

Border states see dip in company registrations in May amid geopolitical tensions
26 June 2025
http://bit.ly/3U8qdhc
Mint | Subodh Dandawate

Cess on the fancy car may go, but prices won't budge
25 June 2025
http://bit.ly/4mcT7sT
Mint | Prabhat Ranjan

Is Nil GST return filing mandatory even when there is no income from business? Tax experts explain
24 June 2025
http://bit.ly/3GnVLwD
Upstox News | Aditya Nadkarni

Registrars of Companies turn up the heat on Nidhi companies for company law violations
5 June 2025
http://bit.ly/4lVVlar
Mint | Subodh Dandawate

Transfer Pricing

The Safe Harbor Rules provision cannot be invoked by the Transfer Pricing Officer (TPO) unless it is exercised by the assessee

Volkswagen Group Technology Solutions India Pvt. Ltd. [ITA No. 1950 / PUN / 2024] for Assessment Year (AY) 2020-21

Facts

The assessee is a captive service provider engaged in rendering Information Technology (IT) services exclusively to its AEs. For the purpose of benchmarking the international transaction of IT services, the assessee considered Transactional Net Margin Method (TNMM) as the most appropriate method, using the Profit Level Indicator (PLI) of Operating Profit to Operating Cost (OP/OC).

While computing its own margins as well as those of the comparables for the relevant year under consideration, the assessee included foreign exchange gain/loss as part of operating income/expenses and accordingly determined the PLI.

However, the TPO, during the course of the assessment proceedings, invoking the provisions of the Safe Harbor Rules (SHR), rejected the approach adopted by the assessee and treated foreign exchange loss as non-operating expense in nature. Also, the TPO treated foreign exchange gain as operating income for the purpose of computing PLI. Based on this differential treatment of forex gain/loss, TPO proceeded to make an upward adjustment to the assessee's income for the year under consideration.

Aggrieved by the decision of TPO, the assessee filed its objections before the Dispute Resolution Panel (DRP) wherein DRP upheld the decision of the TPO.

Aggrieved by the decision of DRP the assessee filed an appeal before Income Tax Appellate Tribunal (ITAT).

Assessee's contention before the ITAT:

The assessee contended that the forex loss / gain has been treated operating in nature on account of normal business operations and the same have been offered to tax during the year under consideration.

The assessee further contends that the TPO and DRP has erroneously placed its reliance on SHR provisions i.e., Rule 10TA of the Income Tax Rules, 1962 (the Rules) wherein the assessee has not opted for it and hence shall not be applicable to the assessee. The assessee has placed reliance on various judicial precedents.

Revenue's contention before the ITAT:

The Revenue placed reliance on the mechanism of the SHR for the treatment of forex loss as non-operating in nature (in alignment with the approach adopted by the TPO and DRP).

Held by the ITAT:

The ITAT observed the following:

- The TPO invoking Rule 10TA of the Rules covered under SHR provisions treated forex loss as non-operating in nature, even though the assessee has not voluntarily applied for the same.
- The TPO has considered foreign exchange loss incurred by the assessee on derivative transactions as operating in nature.
- The TPO has not provided any clarification for treating forex gain as non-operating in nature wherein such forex gain is directly linked to revenue receipt and hence the same will have an impact on PLI. Such non-alignment of forex gain/loss adopted by TPO resulted into inconsistency in the approach.

ITAT placing reliance on judicial precedent, stated that the SHR provision shall only be applied when the assessee has opted for the same. On the other hand, forex loss/gain is directed by the normal business as well as commercial principles. Typically, the forex gain/loss arising from business transaction is considered as operating in nature.

Considering the aforementioned observations, ITAT upheld that the PLI calculated by the assessee holds good and hence no adjustments was warranted post considering the same. Basis this decision ITAT dismissed the case declaring other grounds of appeal as unadjudicated.

Our Comments

The SHR provisions aim to simplify compliance and reduce litigation by allowing eligible taxpayers to adopt predefined margins or prices for specified international transactions. The SHR laws provides indicative approaches that the assessee may adopt to align their business operations with Transfer Pricing provision. However, SHR is only applicable when the assessee opts for the same. Also, it is pertinent to note that the assessee shall maintain consistency while determining the nature of the income / expense for calculating PLI for tested party and also for margin computation of the comparable companies.

Tax Talk

Indian Developments

Direct Tax

No tax deduction shall be made in respect of specified payments made to a person being a unit of international financial services center.

Notification S.O. 2768(E) [NO. 67 /2025/ F. NO. 275/38/2025-IT(B)], dated 20 June 2025

The Central Government hereby notifies that no tax shall be deducted by any 'payer' on the payments specified in this notification if such payments are made to the notified units in an International Financial Services Centre ('payee').

Relaxation in the processing time for delayed Income Tax Returns (ITRs)

Circular NO. 7/2025 [F. NO.225/30/2025/IT A-II] and Order F. NO. 225/205/2024/ITA-II, dated 25 June 2025 and 9 June 2025

Second proviso to sub-section (1) of Section 143 of the Act, prescribes that intimation u/s 143(1) should be sent to assessee within nine months from the end of financial year in which the return was filed.

CBDT has decided to relax the time frame for sending the intimation u/s 143(1) in following cases where the returns could not be processed within the prescribed time i.e., due to technical reasons:

Type of electronically filled Return of Income	Extended time limit to send intimation u/s 143(1)	Non-applicability of relaxation
Return filled on or before 31 March 2024, in pursuant to order u/s 119(2)(b)	31 March 2026	Assessment/ reassessment completed subsequent to filing of return u/s 119(2)(b).
Returns of income filed u/s 139 of the Act for Assessment Year 2023-24	30 November 2025	Return selected for scrutiny or unprocessed due to reason attributable to assessee.

In cases where PAN-Aadhaar is not linked, refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made.

Protocol amending agreement between the governments of India and Oman on avoidance of double taxation and prevention of fiscal evasion regarding income taxes.

Notification S.O. 2858(E) [NO. 69/2025/F. NO. 501/6/1991-FTD-II], dated 25 June 2025

The Indian Ministry of Finance has officially announced a protocol amending the DTAA between the Republic of India and the Sultanate of Oman.

The protocol became effective on 28 May 2025, however the amended provisions will apply to income derived in any fiscal year beginning on or after 1 April following the protocol's entry into force in India i.e. 1 April 2026.

Some of the key changes are:

- Reduction in withholding tax rates on royalties and technical fees from 15% to 10%
- Introduction of new articles on non-discrimination, enhanced exchange of information, and assistance in the collection of taxes.
- Updated definition for 'competent authority' and 'tax year.'
- Revised rules for determining residency for non-individuals.

Indirect Tax

Customs

Govt. implements Integrated Customs Electronic Tablets (ICETABs) for streamlined export examination and clearance

Circular No.17/2025- Customs dated 19 June 2025

Effective 19 June 2025, the digital platform allows officers to access shipping bill details, RMS instructions, examination orders, and supporting documents, thereby eliminating the need for physical paperwork. Officers shall upload examination reports along with cargo images, which will be securely stored in the e-Sanchit system for audit and reference. The Directorate General (DG) of Systems will issue a comprehensive advisory outlining operational procedures.

In case ICETAB is non-functional, examination reports may be submitted through alternate means with prior approval of the Assistant Commissioner. The jurisdictional Commissioner of Customs will conduct periodic reviews to monitor implementation and coordinate with DG Systems to resolve any issues.

Govt. imposes definitive anti-dumping duty on import of specified aluminum foils, plastic processing machinery, and herbicides from China PR

Notification No 15/2025-Customs (ADD), Notification No 17/2025-Customs (ADD) dated 19 June 2025, Notification No 21/2025-Customs (ADD) dated 26 June 2025

The Govt. of India has imposed definitive anti-dumping duty at varied rates on imports of following items from PR China, for a period of 5 years.

- Aluminum foils up to 80 Micron (Chapter 76)
- Herbicides namely Pretilachlor (Chapter 29)
- Plastic Processing Machinery (Chapter 84) manufactured by specified manufacturers based out of China and Taiwan

Foreign Trade Policy

Rollout of 'Source from India' on Trade Connect e-Platform for all Status Holders

Trade Notice No. 05/2025-26 dated 13 June 2025

'Source from India' on the Trade Connect portal is a dedicated platform for international buyers to discover verified Indian exporters. Indian exporters can create micro pages with product and company details, visible publicly upon approval at https://www.trade.gov.in/pages/source-from-india. Initially piloted with Three, Four, and Five-Star Manufacturer Exporters, the service is now extended to all Status Holders (with valid Importer Exporter Code not under Denied Entity List).

Tax Talk

Global Developments

Direct Tax

Global minimum tax and Hong Kong minimum top-up tax for multinational enterprise groups[3]

In July 2021, Hong Kong joined more than 130 jurisdictions in accepting the international tax reform framework of a two-pillar solution announced by the Organization for Economic Co-operation and Development (OECD) to tackle base erosion and profit shifting risks arising from the digitalization of the economy (commonly known as BEPS 2.0). To fulfil Hong Kong's international obligation to tackle cross-border tax evasion and safeguard our taxing rights, the Financial Secretary announced in the 2024-25 Budget that Hong Kong would implement the global minimum tax in accordance with the BEPS 2.0 framework promulgated by the OECD, and a related Hong Kong Minimum Top-up Tax (HKMTT) from 2025 onwards.

The Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 (the Amendment Ordinance) was enacted on 6 June 2025 to give effect to the initiative.

Pillar Two of BEPS 2.0

Under Pillar Two of BEPS 2.0, a global minimum tax of 15% is imposed on Multinational Enterprise (MNE) groups with annual consolidated revenue of EUR 750 million or above in at least two of the four fiscal years immediately preceding the current fiscal year (i.e. in-scope MNE groups) through two interlocking rules, namely:

Income Inclusion Rule (IIR) – the primary rule which imposes top-up tax on the parent entity of an in-scope MNE group in respect of its constituent entities which are taxed at an (ETR) below 15% (i.e. low-taxed constituent entities) outside the jurisdiction where the parent entity is located; and

Undertaxed Profits Rule (UTPR) – a backstop to IIR which ensures that all top-up tax is charged where any of such tax is not brought into charge under IIR.

The two rules are together referred to as the Global Anti-Base Erosion (GloBE) rules. They seek to ensure that in-scope MNE groups pay a minimum tax of 15% in respect of the profits derived from every jurisdiction in which they operate, thereby reducing the incentive for large MNE groups to shift profits to low- or no-tax jurisdictions to reduce tax. They also place a floor under tax competition, where jurisdictions lower their corporate income tax rates to compete for capital and investment.

The GloBE rules allow jurisdictions to introduce their own qualified domestic minimum top-up tax (QDMTT) based on the GloBE mechanics. A jurisdiction in which an in-scope MNE group operates and for which the ETR is below the minimum rate (i.e. a low-tax jurisdiction) has the first priority to collect the top-up tax in respect of the low-taxed constituent entities in its own jurisdiction if it has implemented its own QDMTT; otherwise, the top-up tax will be collected by another jurisdiction through the imposition of IIR or UTPR.

3 https://www.ird.gov.hk/eng/tax/bus_beps.htm#a02

Indirect Tax

Tanzania: VAT proposals in 2025-2026 budget

Excerpts from various sources

Tanzanian Ministry of Finance and Planning announced the following VAT related proposals during the Budget for the forthcoming fiscal year:

VAT exemptions:

- Pesticides falling under HS Codes 3808.61.00, 3808.62.00, and 3808.69.00.
- Edible oil produced using locally grown seeds, for one year.
- Tractor tires used in agricultural activities (HS Code 4011.70.00), dime liners (HS Code 39.20), forks (HS Code 8201.90.00), rakes (HS Code 8201.30.00), and axes (HS Code 8201.40.00). This exemption will be subject to approval from the Minister responsible for Agriculture.
- Re-insurance transactions between insurance and re-insurance companies.
- Cooking Gas Tanks and cylinders under HS Codes 7311.00.10, and carbonization furnaces (HS Code 8417.80.00) used in the production of briquettes.
- Natural gas sold to CNG stations for motor vehicles use.
- Locally published newspapers.

VAT rate changes:

- Reduction in VAT rate from 18% to 0% on textile products specifically fabric and garments made from locally grown cotton, for a period of one year.
- Zero rating of supplies of locally produced fertilizers for a period of three years.
- Reduction in VAT rate from 18% to 16% for payment made online - Business to Customer (B2C).

Widened tax base:

- Repeal of VAT exemption on bitumen under HS Code 2713.20.00 and 2715.00.00
- Repeal of VAT exemption on game supplies.
- Inclusion of online marketplace platforms and network marketing platforms in the scope of 'online intermediation services.'

Mauritius: Highlights of Budget 2025-26

Excerpts from various sources

- **VAT Registration Threshold:** From 1 October 2025, the VAT registration threshold will be reduced from MUR 6 million to MUR 3 million, bringing more businesses under the VAT net.
- **Mandatory VAT for Pleasure Craft Operators:** Operators with a Pleasure Craft Licence (issued by the Tourism Authority) must register for VAT regardless of turnover.
- **E-invoicing for Large Businesses:** Businesses with an annual turnover above MUR 80 million in FY 2025–26 will be required to implement e-invoicing.
- **Input VAT on Parking:** Input VAT on rented parking spaces can only be claimed if the parking is used exclusively for business purposes.

Singapore revises GST Registration Rules to allow prospective assessment

Excerpts from various sources

With a view to improving GST compliance and aligning with business planning cycles, Singapore has revised its GST registration framework. The key changes are as follows:

- **Prospective GST Registration:** Businesses can register for GST prospectively if taxable turnover is reasonably expected to exceed SGD 1 million in the next 12 months.
- **Revised Effective Date of Registration:** Under the new rules, GST registration will take effect two months after the forecast date, thus replacing the earlier requirement to register within 31 days of becoming liable.
- **Charging of GST:** Businesses will be permitted to charge GST only after the effective registration date (i.e., post the two-month period).
- **Requirement for Supporting Evidence:** Forecasts must be substantiated with concrete documentation, such as signed contracts, purchase orders, or other formal confirmations. Speculative or unsubstantiated projections will not be accepted.

Upcoming Events

GST in Action
18 July 2025
Achromic Point | Sanjay Chhabria, Aditya Nadkarni

Transfer Pricing

Mutual Agreement Procedure – United Arab Emirates (UAE)

With an intention to resolve the international tax disputes to eliminate double taxation and to prevent evasion of taxes, two contracting countries enters into an international agreement which is Double Taxation Agreement (DTA). The legal existence of MAP arises form DTA. It serves as a remedy for resolving international tax disputes which includes issue of interpretation, application of DTA and for issues leading to double taxation.

UAE currently has over 100 DTAs in force with other contracting states across globe. The clauses of MAP are in accordance with Article 25 of the OECD Model Tax Convention (MTC). UAE's Competent Authority (CA) is responsible for administrating the MAP process. MAP proceedings operate independent of the Federal Tax Authority (FTA) and focuses on eliminating double taxation through negotiation and agreement.

Eligibility under MAP: Wherein the actions of one or both of the Contracting States results in taxation not in accordance with the DTA, MAP would assist in resolving the same. The illustrative scenarios are as below:

- **Transfer pricing disputes** leading to economic double taxation.
- **Dual residency** cases for individuals or entities.
- **Attribution of profits** to a permanent establishment across jurisdictions.
- Disputes involving **anti-abuse provisions or multilateral tax issues.**

Procedure for Filing a MAP claim: To initiate MAP, the taxpayers are required to submit detailed and accurate information as prescribed to the UAE CA which includes but are not limited to the following:

- Taxpayer and foreign counterparty details.
- DTA provisions believed to be misapplied.
- Supporting documentation such as transfer pricing reports, tax assessments, residency certificates, and prior correspondences.
- Any domestic remedies pursued or pending etc.

The submission of MAP claim shall be signed by the taxpayer, or a delegated authorized person, confirming that all information and documentation provided in the MAP request is accurate, Any additional information may be asked by UAE CA within 2 months and the taxpayer should submit the same within one month. Failure to submit such additional information, the MAP process may be discontinued by UAE CA. MAP can be applied for multi-year also subject to the facts and circumstances of the issues remains same. At any time, the taxpayer can choose to withdraw its MAP claim after notifying the UAE CA.

Assessment: The UAE CA shall verify the completeness, validity of MAP application, objections raised and shall provide its decision for accepting/ rejecting within 2 months.

Unilateral Relief and Bilateral Negotiations: If the MAP claim is accepted and the objection is justified to the UAE CA, the CA will first assess whether it can provide relief unilaterally. If not, the UAE CA will then commence bilateral protocols and seek to resolve the case by mutual agreement with the corresponding CA.

Outcome of MAP: Upon conclusion, the UAE CA will notify the taxpayer within two months. The taxpayer must intimate its acceptance or rejection within one month. Upon acceptance, the taxpayer shall withdraw all domestic remedies. The UAE CA and taxpayer will share written acceptance with the FTA for further implementation. In case of non-acceptance by taxpayer, the MAP claim is considered closed. The taxpayer in such cases will be free to pursue or resume other available domestic remedies in the UAE or the other jurisdiction, where relevant.

Conclusion

With the introduction of Corporate Tax and Transfer Pricing rules in UAE, the cross-border tax issues would be on the rise. Introduction of MAP would serve as a fundamental mechanism for resolving international tax disputes.

Compliance Calendar

Direct Tax
Indirect Tax

7 July 2025

- Securities Transaction Tax - Due date for deposit of tax collected for the month of June, 2025
- Commodities Transaction Tax - Due date for deposit of tax collected for the month of June, 2025
- Declaration under sub-section (1A) of Section 206C of the Income-tax Act, 1961 to be made by a buyer for obtaining goods without collection of tax for declarations received in the month of June, 2025 in Form 27C
- Due date for deposit of Tax deducted/collected for the month of June, 2025. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income tax Challan
- Due date for deposit of TDS for the period April 2025 to June 2025 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H

15 July 2025

- Quarterly statement to be furnished by a unit of an International Financial Services Centre, as referred to in sub-section (1A) of Section 80LA, in respect of remittances, made for the quarter of April to June of 2025-26 (Financial Year) in Form 15CD
- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of June, 2025
- Due date for issue of TDS Certificate for tax deducted under Section 194-IA in the month of May, 2025 in Form 16B
- Due date for issue of TDS Certificate for tax deducted under Section 194-IB in the month of May, 2025 in Form 16C
- Due date for issue of TDS Certificate for tax deducted under Section 194M in the month of May, 2025 in Form 16D
- Due date for issue of TDS Certificate for tax deducted under Section 194S in the month of May 2025 in Form 16E
- Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending June, 2025
- Quarterly statement of TCS deposited for the quarter ending June 30, 2025 in Form 27EQ
- Upload the declarations received from recipients in Form No. 15G/15H during the quarter ending June, 2025

10 July 2025

- GSTR-7 for the month of June 2025 to be filed by persons liable to Tax Deduction at Source (TDS)
- GSTR-8 for the month of June 2025 to be filed by E-Commerce Operators liable to Tax Collection at Source (TCS)

11 July 2025

- GSTR-1 for the month of June 2025 to be filed by all registered taxpayers not under QRMP scheme

13 July 2025

- GSTR-6 for the month of June 2025 to be filed by Input Service Distributors (ISDs)
- Uploading B2B invoices using Invoice Furnishing Facility (IFF) under QRMP scheme for the month of June 2025 by taxpayers with aggregate turnover of up to INR 50 million
- GSTR-5 for the month of June 2025 to be filed by Non-Resident Foreign Taxpayers

18 July 2025

- CMP - 08 for payment of self-assessed tax for quarter April 2025 to June 2025 by composition dealer

20 July 2025

- GSTR-5A for the month of June 2025 to be filed by Non-Resident Service Providers of Online Database Access and Retrieval (OIDAR) Services
- GSTR-3B for the month of June 2025 to be filed by all registered taxpayers not under QRMP scheme

25 July 2025

- Payment of tax through GST PMT-06 by taxpayers under QRMP scheme for the month of June 2025

Compliance Calendar

Direct Tax
Indirect Tax

- Monthly statement to be furnished by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of June, 2025 in Form 3BB
- Monthly statement to be furnished by a recognized association in respect of transactions in which client codes have been modified after registering in the system for the month of June, 2025 in Form 3BC
- Quarterly statement to be furnished by specified fund or stock broker in respect of a non-resident referred to in rule 114AAB in respect of the quarter ending June 30, 2025 in Form 49BA

31 July 2025

- Quarterly statement of TDS deposited for the quarter ending 30 June 2025 in Form 24Q/26Q/27Q
- Quarterly statement of tax deposited in relation to transfer of virtual digital asset under section 194S to be furnished by an exchange for the quarter ending 30 June 2025 in Form 26QF
- Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending 30 June 2025 in Form 26QAA
- Intimation by Pension Fund of investment under clause (23FE) of Section 10 of the Income-tax Act, 1961 for the quarter ending 30 June 2025 in Form 10BBB
- Intimation by Sovereign Wealth Fund of investment under clause (23FE) of Section 10 of the Income-tax Act, 1961 for the quarter ending 30 June 2025 in Form II SWF
- Statement of eligible investment received in Form 10BBD

11 August 2025

- GSTR-1 for the month of July 2025 by all registered taxpayers not under QRMP scheme

20 August 2025

- GSTR-5A for the month of July 2025 to be filed by Non-Resident Service Providers of Online Database Access and Retrieval (OIDAR) Services
- GSTR-3B for the month of July 2025 to be filed by all registered taxpayers not under QRMP scheme

30 July 2025

- Quarterly TCS certificate in respect of tax collected by any person for the quarter ending June 30, 2025 in Form 27D
- Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IA in the month of June, 2025 in Form 26QB
- Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IB in the month of June, 2025 in Form 26QC
- Due date for furnishing of challan cum statement in respect of tax deducted under Section 194M in the month of June, 2025 in Form 26QD
- Due date for furnishing of challan cum statement in respect of tax deducted under Section 194S in the month of June, 2025 in Form 26QE

7 August 2025

- Securities Transaction Tax - Due date for deposit of tax collected for the month of July, 2025
- Commodities Transaction Tax - Due date for deposit of tax collected for the month of July, 2025
- Declaration under sub-section (1A) of section 206C of the Income-tax Act, 1961 to be made by a buyer for obtaining goods without collection of tax for declarations received in the month of July, 2025 in Form 27C
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10 August 2025

- GSTR-7 for the month of July 2025 to be filed by persons liable to TDS
- GSTR-8 for the month of July 2025 to be filed by E-Commerce Operators liable to TCS

13 August 2025

- GSTR-6 for the month of July 2025 to be filed by ISDs
- Uploading B2B invoices using IFF under QRMP scheme for the month of June 2025 by taxpayers with aggregate turnover of up to INR 50 million
- GSTR-5 for the month of July 2025 to be filed by Non-Resident Foreign Taxpayers

Easy Remittance Tool

by Nexdigm

Form 15CA/CB Automation

- Review of tax position by experts
- Issuance of bulk certificates through Automated tool
- Repository - Access to entire set of documents
- Access to Detailed transaction wise reports
- Representation Support
- Generation 15CA bulk files & utility to generate Form A2

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