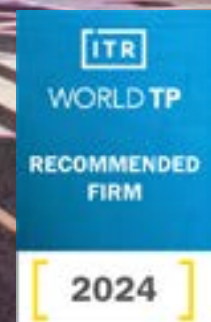


Tax Street

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

November 2024





Introduction



Tax Street

● Focus Point	3
● From the Judiciary	5
● In The News	7
● Tax Talk	9
● Insights	10
● Events and Webinars	13
● Compliance Calendar	14

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 November 2024.

- The **'Focus Point'** covers key aspects of the UAE Transfer Pricing Disclosure Form.
- 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

UAE Transfer Pricing Disclosure Form

Article 55 of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses states that Taxable Persons are required to file together with their Tax Return a disclosure containing information regarding the Taxable Person's transactions with its Related Parties and Connected Persons in the form prescribed by the Authority.

Recently, the Federal Tax Authority (FTA) released a comprehensive guide (the guide) on filing tax returns, which provides general guidance on filing and completing the Corporate Tax Return (CT return). The guide also provides guidance on information required to be furnished in transfer pricing disclosure form, which is part of UAE CT return.

UAE TP Guide released in October 2023 had mentioned that the Transfer Pricing Disclosure Form (TPDF) would be required when the materiality threshold is exceeded. However, there was a suspense, since then, on what could be the materiality threshold.

The guide clears the suspense on what is a materiality threshold for applicability of TPDF. The guide suggests different materiality thresholds for a) transactions with related parties and b) transactions with connected persons.

Materiality threshold for Transaction with related parties

- Primary Threshold: Aggregate value of all transactions with all related parties exceeds AED 40 million.
- Secondary Threshold: Aggregate value of transactions per category with all related parties exceeds AED 4 million. For this purpose, the category of transactions are:
 - a. Goods;
 - b. Services;
 - c. Intellectual property;
 - d. Interest;
 - e. Assets;
 - f. Liabilities, and
 - g. Other.

The guidelines suggest that only when a taxable person crosses both the above thresholds, i.e. primary and secondary threshold, the requirement for preparing the transfer pricing disclosure form would be triggered for transactions with related parties.

Let us understand the disclosure requirement with the help of an example.

Nature of transaction	Transaction category	Scenario 1	Scenario 2
Purchase of raw materials	Goods	4,004,560	10,000,230
Purchase of finished goods	Goods	560,000	4,000,450
Availing of technical services	Services	3,000,045	5,005,100
Availing of management services	Services	5,000,000	3,000,200
Payment of interest on loans	Interest	1,040,010	3,000,000
Purchase of fixed assets	Assets	6,000,540	16,000,000
Total		19,605,155	41,005,980

**All amounts are in AED.*

Scenario 1

As can be seen in the table above, the aggregate value of all transactions with all related parties does not exceed AED 40 million. Since the primary threshold criteria is not met, TPDF would not be required.

Scenario 2

Since the primary threshold criteria i.e. aggregate value of all transactions with all related parties exceeds AED 40 million, TPDF would be required. Now, the secondary threshold needs to be checked and basis analysis, it is observed that the transaction value for 3 transaction categories i.e. goods, services, and assets is exceeding AED 4 million. The details of related party transactions for these categories would be required to be reported in TPDF.

The guide clarifies that the transaction pertaining to Dividend declared between Related parties need not be disclosed and also should not be taken into account in determining the thresholds i.e. AED 40 million or AED 4 million. Further, gross income (Revenue) and expenditure should be reported separately.

Materiality threshold for transactions with connected persons

The transactions with connected persons are required to be reported if the aggregate payment or benefit to each connected person (together with their related parties) exceeds AED 0.5 million.

The above implies that if the aggregate payment or benefit to a connected person does not exceed AED 0.5 million, there is no requirement to disclose such transaction in the transfer pricing disclosure form.

Our Comments

The guide completes a missing link that is important, with respect to preparing transfer pricing disclosure form, by prescribing the materiality threshold. The thresholds appear to be on the higher side especially considering that the regime is newly introduced.

It may not be out of context to mention that Kingdom of Saudi Arabi (KSA) also has a similar requirement as part of transfer pricing compliance. Notably, there is no materiality threshold for preparing the Controlled Transaction Disclosure Form (CTDF) in KSA.

Further, the materiality threshold ensures that small and mid-size companies (below thresholds) are not burdened with the compliance requirement of filing TPDF. However, this should not be confused as relaxation from meeting the arm's length principle for all covered related party transactions and connected party transactions. In other words, all taxable persons (unless specifically exempted) have to ensure that all covered transactions meet the arm's length principle as per UAE transfer pricing regulations.

From the Judiciary

Direct Tax

Can an Indian resident claim Foreign Tax Credit for taxes withheld in foreign countries on income which is allegedly not taxable in the foreign country?

AZB and Partners
[TS-819-ITAT-2024(Mum)]

Facts

AZB and Partners (Assessee) a professional services provider firm based in India, earned income from services and claimed a Foreign Tax Credit (FTC) for taxes that were withheld in Japan, Singapore, Mauritius, and Nepal. The AO raised objections to the FTC claim, arguing that in present case under Article 14 of the tax treaty, independent professional services are not taxable in these foreign jurisdictions. The AO also contended that FTC can only be granted when the income in question is taxable in the foreign jurisdiction, which was allegedly not the case here.

Held

The Tribunal examined the powers of the AO to decide whether the foreign tax withheld was in alignment with the relevant provisions of the Double Tax Avoidance Agreement (DTAA). The Tribunal clarified that the AO has the authority to decline the FTC under Article 23(2)(a) of DTAA, if the foreign

tax is not in accordance with the tax treaty. However, in this case, the only reason for which exclusion from article 12 was canvassed by the AO was that rather specific provision of article 14 must make way for rather general provision of article 12.

Further tribunal had referred the case of Amarchand Mangaldas & Suresh A Shroff & Co. and found that the taxes withheld in Japan, Singapore, and Nepal were neither unreasonable nor incorrect as the issue stemmed from a misinterpretation of Articles 12 and 14 of the DTAA, which led to confusion regarding the taxation of professional services in those countries.

The Tribunal concluded that the income earned by AZB and Partners was indeed taxed in the respective foreign jurisdictions, and as a result, the FTC should be granted. The appeal filed by the Revenue was dismissed, and the Tribunal directed the AO to allow the FTC as claimed by the assessee.

Our Comments

The case highlights that FTC can be granted if the income is taxed in foreign jurisdictions, even if it is misinterpreted, by resident contracting state.

Can a foreign company be deemed to have a Permanent Establishment (PE) in India if its Liaison Office (LO) is closed?

Bently Nevada LLC
[TS-805-ITAT-2024(DEL)]

Facts

Bently Nevada LLC (the Assessee) a US-based company made certain sale of goods and sale of software and related support services to its various customers in India.

The Assessee submitted that its LO in India had been closed during the relevant AY and, as such, no business activity was carried out in India. The closure of the LO was substantiated by the Assessee through a copy of the Annual Statement in Form 49C under Section 285 and copy of Form No. 52 filed with the Registrar of Companies. The AO observed that there was no change in the business activities of the Assessee compared to prior years, implying that the liaison Office was still active. The AO did not consider the documents provided by the Assessee and concluded that the Assessee continued to have a PE in India during the relevant period.

Held

The ITAT observed that the assessee had provided sufficient documentary evidence to substantiate the closure of the LO and the non-engagement of expatriates. **Once the Assessee provided such documentation, the onus shifted to the Revenue to prove otherwise.** The Revenue failed to investigate or challenge the authenticity of these documents.

The Tribunal also relying in the case of co-ordinate bench order in case of Assessee's group concern GE Energy Parts, and Nuovo Pignone International SRL wherein it was held that since nothing is found amiss or adverse in the facts and material brought on record by the Assessee, it is concluded that assessee did not have any PE in India.

Our Comments

This case highlights that once sufficient information regarding the facts of the case is furnished to the department, the onus shifts to the Revenue to prove otherwise.

Transfer Pricing**Holds no separate benchmarking of royalty payment required; follows Assessee's earlier order**

**Toyota Kirloskar Motor P. Ltd
[TS-473-ITAT-2024(Bang)-TP]**

Facts of the case

Assessee is a subsidiary company of Toyota Motor Corporation. The assessee's case was picked up for assessment and a reference u/s. 92CA of the act was made to the TPO. The TPO after evaluating the segmental results, had concluded that both the trading and manufacturing segment are at arms' length. The TPO, thereafter, proceeded to evaluate the arms' length character of technical assistance fee and the royalty separately. Though the international transaction relating to payment of technical assistance fee by the assessee to its AE is at arms' length, the TPO had concluded that the assessee had not demonstrated any economic benefit while making payment towards royalty and therefore he computed the arms' length price at Nil and made transfer pricing adjustment of INR ~98 crores. As against the said order, the assessee filed an appeal before the Ld. CIT(A) and contended that the TP adjustment made by the AO without appreciating the fact that the ITAT, Bangalore had set aside the similar TP adjustment made for the A.Y. 2008-09 and therefore the present order is liable to be set aside.

The assessee had challenged before the ITAT and the case was remitted back to TPO for adjudication. TPO had reduced the adjustment of royalty payment to INR 14 crores which was challenged by the assessee before the Ld. CIT(A), on the ground that once the margin was accepted by the TPO to be at arms' length price, the royalty could not be separately benchmarked. In support of their contention, the assessee relied on their own case of the ITAT, Bangalore in respect of the A.Ys. 2015-16 and 2016-17. The Ld. CIT(A) considered

the decisions of the assessee for the A.Ys. 2012-13 to 2016-17 in which the Tribunal had decided the issue in favour of the assessee by holding that royalty cannot be separately benchmarked, and allowed the appeal filed by the assessee for A.Y. 2008-09 also.

The revenue had appealed to the Income Tax Appellate Tribunal (ITAT) against the order of CIT(A) on the ground that CIT(A) was wrong to hold that royalty cannot be benchmarked separately. The Assessee had filed the compilation of its own cases in respect of AY 2007-08, AY 2012-13 to AY 2018-19, wherein the same issue was covered in favor of the assessee.

ITAT order

The Tribunal held that the issue involved in this appeal is similar to the facts and circumstances found in the earlier orders of the Tribunal in the assessee's own case and therefore the Ld. CIT(A) had rightly allowed the appeal filed by the assessee challenging the order of the TPO in which the royalty was separately benchmarked even after the margin is accepted to be at arms' length price by the TPO and hence the appeal filed by the revenue was dismissed.

Our Comments

The Tribunal had held that no separate adjustment is required for the payment of royalty if the Transactional Net Margin Method (TNMM) approach has been adopted at entity level as decided by the coordinate bench of the Tribunal in the assessee's own case.

Finds no infirmity in order of CIT(A), following binding precedent to delete Sec.271G-penalty

Blue Star Diamonds Pvt Ltd
[TS-467-ITAT-2024(Mum)-TP]

Facts of the case

The Assessee is mainly engaged in the business of trading/manufacturing of rough and polished diamonds. During the proceedings before the TPO, the assessee was unable to submit the segmental results of the assessee for its AE and non-AE segment, as requested by the TPO. The Ld. TPO rejected the contention of the assessee and levied penalty invoking section 271G of the Act for all the three assessment years involved in the appeal.

The aggrieved assessee filed an appeal before the Ld. CIT(A). The Ld. CIT(A), considering the submission of the assessee deleted the penalty and appeal of the assessee was allowed. Aggrieved with the appeal order, the revenue filed an appeal before the ITAT.

Revenue's contention before ITAT

Revenue argued that the CIT(A) erred in deleting penalty under section 271G by holding that the assessee had made substantial compliance, failing to note that under TNMM adopted by the assessee, the profit including segmental account of the international transaction has to be furnished as asked for, whereas the assessee has only furnished the entity level margin.

Held by ITAT

The ITAT dismissed the appeal of the revenue basis the facts and circumstances of levy of penalty u/s 271G for AY 2013-14, AY 2014-15, and AY 2015-16, being identical to that for AY 2012-13. The Assessee had benchmarked the transaction of purchase and sale of rough and polished diamonds by taking TNMM as the most appropriate method.

ITAT observed that, keeping in view of the nature of diamond business in which assessee is engaged, it has substantially complied with the transfer pricing requirements and accepted assessee's contention of inability to submit the segmental accounts in view of the intricacies involved in the diamond industry and due to the practical difficulty to furnish the segmental results.

Our Comments

The ITAT upheld the decision of CIT(A) and highlighted that there is no infirmity in the order of the Ld. CIT(A) in following the binding precedent in the case of the assessee itself, unless reversed or stayed by the Hon'ble High Court.

Quotes and Coverage

GST Audit Report in Maharashtra will be issued offline; know what steps to take to avoid litigation

29 November 2024

Economic Times | Sanjay Chhabria

<https://tinyurl.com/mr2vwnnt>

IEPFA's digital revamp to make claim approval faster and easier

11 November 2024

Mint | Subodh Dandawate

<https://tinyurl.com/yzn7mze7>

New GST form notified to help taxpayers adjust tax demand amount: Here's how to use

8 November 2024

CNBC TV18 | Sanjay Chhabria

<https://tinyurl.com/4r8h8k7f>



Tax Talk

Indian Developments

Direct Tax

Monitory limit of income-tax authorities in respect of reduction or waiver of interest paid or payable under section 220(2)

Circular No. 15/2024 [F. NO. 400/08/204-IT(B)] Dated 4 November 2024

- Interest @ 1% per month is levied under section 220(2) of the Income Tax Act (ITA) in case of delay in making payment against any notice of demand under section 156 of the Act.
- In accordance with the powers vested with the income-tax authorities specified in section 220(2A), CBDT hereby specifies the following monetary limits to waive such interest as under:

S. No.	Income-tax Authority	Monetary Limits for reduction or waiver of interest
1.	Principal Commissioner (Pr. CIT) or Commissioner (CIT)	Upto Rs. 50 lacs
2.	Chief Commissioner (CCIT) or Directorate General of Income Tax (DGIT)	Above Rs. 50 lacs to Rs. 1.5 crore
3.	Principal Chief Commissioner (Pr. CCIT)	Above Rs. 1.5 crore

Condonation of delay under section 119(2)(b) in filing of form no. 9a/10/10b/10bb for assessment year 2018-19 and subsequent assessment years

Circular No. 16/2024 [F. NO. 197/693/2024-ITA-I] Dated 18 November 2024

- In the given circular, the Central Board of Direct Taxes (CBDT) specifies authorities and time limit as below for dealing and admitting application of condonation of delay in filing Form 9A/10/10B/10BB (applicable to charitable or religious trust/ institution) for Assessment Year 2018-19 and subsequent assessment years:

Sr. No.	Income-tax Authority	Time limit
1.	Pr. Commissioners of Income Tax ('Pr. CsIT')/ Commissioners of Income Tax ('CsIT')	Delay is upto 365 days
2.	Pr. Chief Commissioners of Income Tax ('Pr. CCsIT')/ Chief Commissioner of Income Tax ('CCsIT')/ Director Generals of Income Tax ('DGsIT')	Delay is more than 365 days

Indirect Tax

- ii. However, in case of application filed on or after the date of issue of this Circular, no application for condonation of delay in filing of Form No. 9A/10/10B/10BB shall be entertained beyond 3 years from the end of the assessment year for which such application is made.
- iii. The concerned authority while dealing with the applications should be satisfied that the applicant was prevented by reasonable cause from filing such Forms within time lines and that the case is of genuine hardship on merits. Further, they should also be satisfied that the amount accumulated or set apart has been invested or deposited in any one or more of the forms or modes specified in section 11(5) of the Act.
- iv. A condonation application should be disposed of, as far as possible, within six months from the end of the month in which such application is received by the Competent Authority.

Non-applicability of section 194n of income tax act, 1961

Notification No. 123/2024/F. No. 275/39/2021-IT(B)
Dated 28 November 2024

- i. CBDT hereby specifies that the provisions of section 194N of the ITA shall not apply to Foreign Representations duly approved by the Ministry of External Affairs of the Government of India including Diplomatic Missions, agencies of the United Nations, International Organizations, Consulates and Offices of Honorary Consuls which are exempt from paying taxes in India as per the Diplomatic Relations (Vienna Convention) Act 1972 (43 of 1972) and the United Nations (Privileges and Immunities) Act 1947 (46 of 1947).

Customs

CBIC clarifies on simultaneous availment of benefits under IGCR and MOOWR

Circular No. 26/2024-Customs dated 21 November 2024

The Central Board of Indirect Taxes and Customs (CBIC) has issued clarification on simultaneous availment of concessional customs duty benefit subject to compliance with the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2022 (IGCR) by units operating and availing duty deferment benefit under the Manufacturing and Other Operations in Warehouse Regulations (MOOWR) scheme. It has been reiterated that MOOWR unit may avail IGCR exemption along with duty deferment under MOOWR scheme simultaneously, provided that the importer undertakes to adhere to the compliances and conditions prescribed under IGCR including with respect to time-limit etc. in addition to MOOWR compliances and procedures.

The Board has further clarified that the IGCR benefit is available to MOOWR units who import certain goods, undertake value addition and supply the value-added intermediate goods for further manufacturing of mobile phones. Perusing the expression "for use in manufacture of cellular mobile phones" in entries at Sr. No. 5C to 5E in Notification No. 57/2017-Cus, the Board has explained that the requirement is the ultimate use of the component in the manufacture of mobile phones and does not mean that it needs to be imported by mobile phone manufacturers.

CBIC permits manual filing of monthly returns under IGCR Rules 2022 until 31 January 2025

Circular No. 25/2024-Customs dated 21 November 2024

Considering the difficulties being faced by the importers in electronic filing of their IGCR-3 monthly statement, the CBIC has permitted manual filing before the jurisdictional officers till 31 January 2025. Electronic filing will become mandatory from February 2025.

Further, an excel utility will be made available by DG Systems in December 2024 for filing IGCR-3 monthly statement. The importers have been encouraged to use the same to file their IGCR-3 / IGCR-3A statements electronically for present and past periods, by 31 January 2025.

CBIC clarifies classification of 'Clear Float Glass'

In consultation with CSIR-Central Glass & Ceramic Research Institute, Kolkata, the CBIC has clarified that the Clear Float Glass which is not wired, not colored, not reflective, and not tinted, but has only a tin layer on one side by default and there is no other metal oxide layer on it, will be said to have no absorbent layer. Therefore, it will be correctly classified under tariff item 7005 29 90 instead of 7005 10 90.

CBIC amends the Customs Inland Container Depots (ICD) and Seaport lists

Notification Nos. 76/2024-Customs (NT), 78/2024-Customs (NT), 81/2024-Customs (NT) and 83/2024-Customs (NT)

CBIC has de-notified Pimpri, Maharashtra as an ICD, while adding Jajpur, Odisha, and Dhanakya, Rajasthan to the list, for the purpose of unloading of imported goods and the loading of export goods or any class

of such goods. Accordingly, Notification No. 12/97-Customs (NT) stands amended to this effect.

Further, the Board has notified Chhara port as Customs Seaport, thereby amending Notification No. 62/94-Customs (NT).

Foreign Trade Policy

The Directorate General of Foreign Trade (DGFT) eases import policy for 'Electronic Integrated Circuits' and 'parts' under ITC(HS) 8542

Notification No. 41/2024-25 dated 29 November 2024

The requirement of compulsory registration under Chip Imports Monitoring System (CHIMS) in terms of Policy Condition No. 8 of Chapter 85 of ITC(HS) 2022, Schedule-I (Import Policy) has been discontinued with immediate effect.

Accordingly, Electronic Integrated Circuits falling under ITC(HS) Code 85423100, 85423200, 85423300, 85423900 and Parts falling under ITC(HS) Code 85429000 can be imported freely without any condition.

Quality Control Orders issued by Ministry of Heavy Industries inapplicable to inputs imported by Advance Authorisation holders, Export Oriented Units (EOUs), and Special Economic Zones (SEZs)

Public Notice No. 31/2024-25 dated 5 November 2024

With immediate effect, the DGFT has amended Appendix 2Y [list of Ministries / Departments whose notifications on mandatory Quality Control Orders (QCOs) are exempted by the DGFT for goods to be utilized/consumed in manufacture of export products] to include the Ministry of Heavy Industries.

Accordingly, inputs imported by Advance Authorisation holders, EOUs, and SEZs would not be subject to QCOs notified by the Ministry of Heavy Industries, in addition to QCOs of Ministry of Steel, Ministry of Textiles etc.

Alerts

Key Highlights of GST Notifications and Clarification Circulars

4 December 2024

<https://bit.ly/4iJJrVy>

Extension of Applicability of Safe Harbor Rules to AY 2024-25 and extension of timeline for filing Return of Income, Master File, and Safe Harbor

2 December 2024

<https://bit.ly/3ZFhoOy>

New Decision on Unincorporated Partnership, Foreign Partnership, and Family Foundation issued overhauling the old decision

21 November 2024

<https://bit.ly/49FN62J>

UAE Transfer Pricing Disclosure Form

18 November 2024

<https://bit.ly/3DIh5AV>



Tax Talk

Global Developments

Direct Tax

Average tax revenues in the Organization for Economic Co-operation and Development OECD remain steady as spending pressures grow | 21 November 2024

The average level of tax revenues among OECD countries was largely unchanged in 2023 as governments sought to ease cost-of-living pressures amid growing spending challenges related to climate change and ageing populations, according to a new report released today.

[OECD's Revenue Statistics 2024 report](#) shows that the average tax-to-GDP ratio for OECD countries was 33.9% in 2023, 0.1 percentage points (p.p.) below its level in 2021 and 2022, but above its pre-pandemic level of 33.4% in 2019.

In 2023, the tax-to-GDP ratio increased in 18 of the 36 OECD countries for which preliminary data are available, declined in 17, and remained unchanged in one. The largest increases (of at least 2.5 p.p.) occurred in Luxembourg, Colombia and Türkiye, while the largest declines (of at least 3.0 p.p.) were observed in Israel, Korea, and Chile.

Across the OECD, tax-to-GDP ratios ranged from 17.7% in Mexico to 43.8% in France in 2023. The difference between the highest and the lowest

tax-to-GDP ratio across OECD countries was 26.1 p.p. in 2023, the smallest difference since at least 2000. Since 2019, this difference has narrowed by 5.2 p.p.

The Revenue Statistics 2024 report includes a special chapter on health taxes, which are increasingly common in OECD countries due to their capacity to generate revenues and to improve health outcomes by reducing consumption of harmful products. On average across OECD countries, revenues from excise taxes on alcohol, tobacco and sugar-sweetened beverages amounted to 0.7% of GDP and generated 2.2% of total tax revenues in 2022. However, these revenues declined as a proportion of GDP between 2000 and 2022 in almost all OECD countries, with the largest drop seen in revenues from excise taxes on alcohol.

Consumption Tax Trends 2024, also released today, highlights governments' ongoing efforts to improve the performance of their VAT systems and combat fraud and non-compliance. The report shows that VAT revenues continue to rise across the OECD, reaching 20.8% of total tax revenue on average in 2022, up 0.1 p.p. from 2021.

According to the new report, which presents cross-country detailed comparative data on consumption tax rates, tax bases and design trends, most

OECD countries have implemented reforms to ensure that VAT is effectively collected on online sales, in line with OECD standards, ensuring a level playing field between bricks-and-mortar businesses and online merchants.

27 OECD countries have introduced solutions developed by the OECD to collect VAT on e-commerce sales of goods imported from abroad. These complement measures to collect VAT on online services – such as apps and streaming services – that have now been adopted by almost all OECD countries that have a VAT.

Consumption Tax Trends 2024 explains that almost all OECD countries with a VAT have now implemented digital reporting requirements, often requiring the electronic transmission of detailed transactional information in real time or periodically, to enhance VAT compliance. However, the scope and requirements of these regimes vary across OECD countries.

Indirect Tax

Egypt zero-rates service exports, dispenses with 'receipt of benefit' criterion

Excerpts from various sources

Egypt's tax authorities have issued Instruction No. 78 w.e.f. 17 November 2024, thereby repealing earlier Circulars (5) and (6) of 2019 which clarified that services would be considered as exported and subject to 0% VAT only if the benefit of services was received outside of Egypt.

Accordingly, to qualify for 0% VAT, the following documents should be furnished:

- a. A signed service agreement between the Egyptian service provider and the foreign recipient
- b. An electronic tax invoice containing all required information such as the Egyptian service provider's details (tax ID number, address, etc.), type of service provided, value of the service, and the name of the recipient abroad, etc.
- c. A bank transfer from abroad to the bank supervised by the Central Bank of Egypt indicating payment for the exported service.

Saudi Arabia announces 17th and 18th waves for 2nd phase e-invoicing integration

Excerpts from various sources

Saudi Arabia's Zakat, Tax and Customs Authority (ZATCA) has announced the criteria for taxpayers to be included in the 18th wave of Phase 2 e-invoicing integration. Resident taxpayers with taxable turnover exceeding SAR 2 million during CY 2022 or 2023 should comply with the Phase 2 e-invoicing requirements between 1 June 2025 to 31 August 2025, inclusive of both dates.

Earlier in the month, ZATCA confirmed the 17th wave consisting of taxpayers with turnover more than SAR 2.5 million during CY 2022 or 2023 with a timeline of 1 May 2025 to 31 July 2025.

Transfer Pricing

Global Updates

Mutual Agreement Procedure (MAP) and Advance Pricing Agreement (APA) statistics for 2023

OECD has released statistics for MAP for 2023 and APA statistics

In addition to these statistics, the OECD issued MAP and APA awards to tax administrations for notable achievements in promoting tax certainty.

After years of rising number of pending MAPs, the 2023 statistics show that for the first time, global MAP inventories are decreasing i.e. MAPs are getting closed, with a marked uptick in the number of cases resolved. However, the number of new cases or applications during the year has fell as compared to FY 2022, but the same is in line with the earlier years. The average time to resolve a MAP case has lengthened, likely due to efforts aimed at reducing the backlog of older cases.

Furthermore, the MAP Statistics Reporting Framework distinguishes between cases received before or on 1 January 2016, which marks the date when reporting jurisdictions committed to implementing the Action 14 minimum standard. For jurisdictions that joined the Inclusive Framework after 31 December 2016, the distinction is made between cases received before or on 1 January of the year they became members of the Inclusive Framework on BEPS (IF membership).

In 2023, the U.S. Competent Authority concluded 245 MAP cases, 159 of which related to transfer pricing issues. Among the U.S. transfer pricing cases that were substantively resolved through MAP, 73% were fully resolved, while an additional 10% were partially resolved.

The 2023 MAP statistics are available by reporting jurisdiction, covering all cases, transfer pricing cases, and other

cases. The term "transfer pricing cases" refers to "attribution/allocation cases" as defined in the agreed reporting framework. These are MAP cases in which the taxpayer's request pertains to either:

1. the attribution of profits to a permanent establishment (e.g. under Article 7 of the OECD Model Tax Convention) or
2. the allocation of profits between associated enterprises (e.g. under Article 9 of the OECD Model Tax Convention). Any MAP case that does not fall under transfer pricing is classified as "other" MAP case.

Further, it is worthwhile to note that following jurisdictions were not involved in any MAP cases in 2023:

Angola, Anguilla, Antigua and Barbuda, Armenia, Aruba, Bahamas, Bahrain, Belize, Bermuda, Bosnia and Herzegovina, British Virgin Islands, Brunei Darussalam, Burkina Faso, Cabo Verde, Cayman Islands, Cook Islands, Cote d'Ivoire, Democratic Republic of the Congo, Djibouti, Dominica, Eswatini, Gabon, Georgia, Gibraltar, Grenada, Haiti, Honduras, Macau, China, Maldives, Mauritania, Monaco, Mongolia, Montenegro, Montserrat, Namibia, Paraguay, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Seychelles, Togo, Turks and Caicos Islands, and Uzbekistan.

The APA statistics released by the OECD are less detailed than both the MAP statistics and the APA data published directly by the IRS. However, they offer a valuable insight into the global size of APA inventories and the time required to complete APAs, including in jurisdictions that do not regularly publish APA statistics. While MAP inventories declined in 2023, global APA inventories rose to 4,080 pending APAs by year-end, highlighting the continued importance of tax certainty for taxpayers.

APA statistics were released by IRS which can be accessible via link - <https://www.irs.gov/pub/irs-drop/a-24-16.pdf>

Singapore: Bills to implement global minimum tax; list of jurisdictions for exchange of CbC reports; applying for certificates of residence

Recent tax developments in Singapore include the passage of bills by Parliament to implement a global minimum tax, updates by the Inland Revenue Authority of Singapore (IRAS) to the list of jurisdictions for country-by-country (CbC) reporting, and the introduction of new guidance on applying for certificates of residence.

In October 2024, Parliament passed two bills to implement the multinational enterprise top-up tax (MTT) and the domestic top-up tax (DTT), ensuring a minimum effective tax rate of 15%. These amendments will take effect for multinational enterprise (MNE) groups in Singapore starting 1 January 2025, in alignment with the OECD/G20's global anti-base erosion model rules (Pillar Two).

Further, the IRAS has updated the list of jurisdictions for the exchange of CbC reports under the Multilateral Competent Authority Agreement on Automatic Exchange of Country-by-Country Reports (2016), effective 1 January 2024. The update includes the addition of Albania and Georgia to the list of jurisdictions.

Furthermore, the IRAS has published updated guidance on applying for certificates of residence and tax reclaim forms. The update introduces new requirements, effective from 2025, for foreign-owned investment holding companies.

Events and Webinar

Recent trends and issues surrounding domestic TDS & TCS

17 December 2024

Sneha Pai

Advanced Training Course on GST

27 November 2024

Sanjay Chhabria

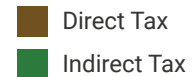
Taxsutra Conclave

21 November 2024

Maulik Doshi



Compliance Calendar



7 December 2024

- Securities Transaction Tax - Due date for deposit of tax collected for the month of November 2024
- Commodities Transaction Tax - Due date for deposit of tax collected for the month of November 2024
- Declaration under sub-section (1A) of section 206C of the ITA to be made by a buyer for obtaining goods without collection of tax for declarations received in the month of November 2024 in Form 27C
- Collection and recovery of equalisation levy on specified services in the month of November 2024
- Due date for deposit of Tax deducted/collected for the month of November 2024. 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.

15 December 2024

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of November 2024
- Third instalment of advance tax for the assessment year 2025-26
- Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of October 2024 in Form 16B
- Due date for issue of TDS Certificate for tax deducted under section 194-IB in the month of October 2024 in Form 16C
- Due date for issue of TDS Certificate for tax deducted under section 194M in the month of October 2024 in Form 16D.
- Due date for issue of TDS Certificate for tax deducted under section 194S in the month of October 2024 in Form 16E
- Due date for furnishing statement in Form No. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of November 2024
- Due date for furnishing statement in Form No. 3BC by a recognised association in respect of transactions in which client codes have been modified after registering in the system for the month of November 2024
- Return of income for the Assessment Year 2024 -25 in the case of an assessee that is required to submit a report under section 92E pertaining to international or specified domestic transaction(s)

10 December 2024

- GSTR-7 for the month of November 2024 to be filed by authorities liable to Tax Deduction at Source (TDS)
- GSTR-8 for the month of November 2024 to be filed by E-Commerce Operators liable to Tax Collection at Source (TCS).

11 December 2024

- GSTR-1 for the month of November 2024 to be filed by all registered taxpayers not under QRMP scheme.

13 December 2024

- GSTR-6 for the month of November 2024 to be filed by Input Service Distributors (ISDs)
- Uploading B2B invoices using Invoice Furnishing Facility (IFF) under QRMP scheme for the month of November 2024 by taxpayers with aggregate turnover of up to INR 50 million
- GSTR-5 for the month of November 2024 to be filed by Non-Resident Foreign Taxpayers.

20 December 2024

- GSTR-5A for the month of November 2024 to be filed by Non-Resident Service Providers of Online Database Access and Retrieval (OIDAR) Services
- GSTR-3B for the month of November 2024 to be filed by all registered taxpayers not under QRMP scheme

25 November 2024

- Payment of tax through GST PMT-06 by taxpayers under QRMP scheme for the month of November 2024.

30 December 2024

- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA in the month of November 2024 in Form 26QB
- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB in the month of November 2024 in Form 26QC
- Due date for furnishing of challan cum statement in respect of tax deducted under section 194M in the month of November 2024 in Form 26QD
- Due date for furnishing of challan cum statement in respect of tax deducted under section 194S in the month of November 2024 in Form 26QE
- Annual Compliance Report on Advance Pricing Agreement (if due date of submission of return of income is November 30, 2024) in Form 3CEF.

Compliance Calendar

- Direct Tax
- Indirect Tax

31 December 2024

- Report by a parent entity or an alternate reporting entity or any other constituent entity, resident in India, for the purposes of sub-section (2) or sub-section (4) of section 286 of the ITA, 1961 (assuming reporting accounting year is January 1, 2023, to December 31, 2023) in Form 3CEAD
- Furnishing of belated or revised return of income for Assessment Year 2024-25

31 December 2024

- GSTR-9 (Annual Return) and GSTR-9C (Reconciliation) as applicable to all taxpayers for FY 2023-24.

7 January 2025

- Securities Transaction Tax - Due date for deposit of tax collected for the month of December 2024
- Commodities Transaction Tax - Due date for deposit of tax collected for the month of December 2024
- Declaration under sub-section (1A) of section 206C of the ITA, 1961 to be made by a buyer for obtaining goods without collection of tax for declarations received in the month of December 2024 in Form 27C
- Collection and recovery of equalisation levy on specified services in the month of December 2024
- Collection and recovery of equalisation levy on e-commerce supply or services for the quarter ending 31 December 2024
- Due date for deposit of Tax deducted/collected for the month of December 2024. However, all the 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 October 2024 to December 2024 when Assessing Officer has permitted quarterly deposit of TDS under section 192, section 194A, 194D or 194H.

10 January 2024

- GSTR-7 for the month of December 2024 to be filed by authorities liable to TDS
- GSTR-8 for the month of October 2024 to be filed by E-Commerce Operators liable to TCS.

11 January 2024

- GSTR-1 for the month of December 2024 by all registered taxpayers not under QRMP scheme.

13 January 2024

- GSTR-6 for the month of December 2024 to be filed by ISDs
- Uploading B2B invoices using IFF under QRMP scheme for the month of December 2024 by taxpayers with aggregate turnover of up to INR 50 million
- GSTR-5 for the month of December 2024 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

About Nexdigm

Nexdigm is an employee-owned, privately held, independent global organization that helps companies across geographies meet the needs of a dynamic business environment. Our focus on problem-solving, supported by our multifunctional expertise enables us to provide customized solutions for our clients.

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

Our multidisciplinary teams serve a wide range of industries, with a specific focus on healthcare, food processing, and banking and financial services. Over the last decade, we have built and leveraged capabilities across key global markets to provide transnational support to numerous clients.

From inception, our founders have propagated a culture that values professional standards and personalized service. An emphasis on collaboration and ethical conduct drives us to serve our clients with integrity while delivering high quality, innovative results. We act as partners to our clients, and take a proactive stance in understanding their needs and constraints, to provide integrated solutions. Quality at Nexdigm is of utmost importance, and we are ISO/IEC 27001 certified for information security and ISO 9001 certified for quality management.

We have been recognized over the years by global organizations, like the International Accounting Bulletin and Euro Money Publications, World Commerce and Contracting, Everest Group Peak Matrix® Assessment 2022, for Procurement Outsourcing (PO) and Finance and Accounting Outsourcing (FAO), ISG Provider Lens™ Quadrant 2023 for Procurement BPO and Transformation Services and Global Sourcing Association (GSA) UK.

Nexdigm resonates with our plunge into a new paradigm of business; it is our commitment to *Think Next*.

USA Canada Poland UAE India Hong Kong Japan

www.nexdigm.com

Reach out to us at ThinkNext@nexdigm.com

Follow us on



Listen to our podcasts on all major platforms

This document contains proprietary information of Nexdigm and cannot be reproduced or further disclosed to others without prior written permission from Nexdigm unless reproduced or disclosed in its entirety without modification.

Whilst every effort has been made to ensure the accuracy of the information contained in this document, the same cannot be guaranteed. We accept no liability or responsibility to any person for any loss or damage incurred by relying on the information contained in this document.