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Senthil Kumar S

OUR LEADERSHIP SPEAKS

Ratan Naval Tata: A Leader of Compassion and Innovation

The passing of Ratan Tata marks the loss of a visionary who transformed the landscape of Indian industry. As the former chairman of Tata Sons, he steered the Tata Group to new heights, expanding into key sectors such as steel, automobiles, and technology. However, his true legacy lies not only in the global success of the conglomerate but in his commitment to leading with integrity and purpose. Ratan Tata redefined business by proving that profits and ethical responsibility could—and should—go hand in hand.

Ratan Tata was as much a humanitarian as he was a business icon. His deep-rooted belief in giving back to society was evident in his tireless efforts through Tata Trusts, which supported initiatives in healthcare, education, and rural development across India. He championed the idea that businesses have a moral obligation to uplift the communities they operate in, leaving behind a model of compassionate leadership that continues to inspire industries worldwide. His contributions touched millions, improving the quality of life for countless individuals.

Beyond his professional accomplishments, Mr. Tata was known for his humility and kindness. Those fortunate enough to know him often spoke of his approachable nature and wisdom, which resonated deeply with all. He embodied the values of respect, integrity, and perseverance, serving as a role model for future generations. As we reflect on his life and legacy, we are reminded of the profound impact he had on both the business world and society at large. Ratan Tata will always be remembered not only as a pioneer in industry but also as a beacon of hope and inspiration. Our thoughts and prayers are with his family and loved ones during this time of immense loss.

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Never miss a date

October 7th

Due date for deposit of Tax deducted/collected for the month of September, 2024.

October 7th

Due date for deposit of TDS for the period July 2024 to September 2024 when A.O. has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H.

October 7th

Due date for filing of audit report under section 44AB for the assessment year 2024-25 in the case of a corporate-assessee or non-corporate assessee (who is required to submit his/its return of income on October 31, 2024).

October 7th

Furnishing of Audit report in Form no. 10B/10BB by a fund, trust or institution or any university or other educational institution or any hospital or other medical institution.

October 15th

Due date for issue of TDS Certificate for tax deducted under Sections 194-IA, 194-IB, 194M and 194S in the month of August, 2024.

Quarterly statement of TCS deposited for the quarter ending September 30, 2024.

October 30th

Due date for furnishing of challan-cum-statement in respect of tax deducted under Sections 194-IA, 194-IB, 194M, and 194S in the month of September, 2024.

Quarterly TCS certificate for the quarter ending September 30, 2024.

October 31th

Quarterly statement of TDS deposited for the quarter ending September, 2024.

Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending September, 2024.

October 31th

Copies of declaration received in Form No. 60 during April 1, 2024, to September 30, 2024, to the concerned Director/Joint Director

October 31th

Due date for filing of return of income for the assessment year 2024-25 if the assessee (not having any international or specified domestic transaction) is (a) corporate-assessee or (b) non-corporate assessee

(whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of section 5A apply.

October 31th

Audit report under section 44AB for the assessment year 2024-25 in the case of an assessee who is also required to submit a report pertaining to international or specified domestic transactions under.

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ALL YOU NEED TO KNOW ABOUT — THE SHIFTING ROLE OF MAURITIUS IN INTERNATIONAL TAX PLANNING

Renegotiation of the Mauritius-India DTAA

In response to growing concerns about treaty abuse, India and Mauritius renegotiated the terms of the DTAA in **2016**. The new treaty, effective from April 1, 2017, introduced significant changes. One of the most notable was the introduction of capital gains tax on the sale of shares in India by Mauritian companies. However, the treaty provided for a transition period (April 2017 to March 2019), during which a **50% tax relief** was granted, provided that certain conditions were met, such as demonstrating **substantial business activity** in Mauritius.

After the transition period, from **April 2019 onward**, capital gains on the sale of shares would be fully taxed in India, effectively ending the tax exemption that Mauritian companies had enjoyed for decades.

The renegotiation of the treaty was a watershed moment in India's tax policy, as it marked a shift toward **greater tax enforcement and transparency**. It is also aligned with global initiatives like the **Base Erosion and Profit Shifting (BEPS) Project**, spearheaded by the **Organisation for Economic Co-operation and Development (OECD)**, which seeks to address tax avoidance strategies that exploit gaps and mismatches in tax rules.

The Look-Through Approach and Its Implications

As global tax regulations continue to evolve, tax authorities have become more vigilant about the **substance of entities** claiming tax treaty benefits. One of the approaches that has gained prominence in recent years is the **look-through approach**, wherein tax authorities examine the **ultimate ownership and control** of an entity to determine whether it is genuinely eligible for tax relief under a treaty.

In the case of Mauritius, Indian tax authorities have increasingly applied the look-through approach to **deny treaty benefits** to Mauritian entities that are ultimately controlled by non-Mauritian residents. This approach focuses on the economic reality of a company's activities rather than its legal form. For instance, if a Mauritian company is effectively controlled by residents of a third country (e.g., the United States), Indian tax authorities may deny the tax benefits provided by the Mauritius-India DTAA.

A recent case in point involved the denial of treaty relief to a Mauritian entity on the **indirect transfer of Indian shares**. The Indian tax authorities determined that the entity did not have sufficient substance in Mauritius and was ultimately controlled from outside the country. This ruling serves as a reminder that simply obtaining a TRC is no longer enough to guarantee treaty benefits; entities must demonstrate real business activity and economic substance in Mauritius to qualify for relief.

ALL YOU NEED TO KNOW ABOUT — THE SHIFTING ROLE OF MAURITIUS IN INTERNATIONAL TAX PLANNING

Economic Substance Regulations: A Growing Trend

The concept of **economic substance** has become increasingly important in international tax policy. As part of global efforts to combat tax avoidance, many jurisdictions, including Mauritius, have introduced **economic substance regulations**. These regulations require companies claiming tax residency in a jurisdiction to prove that they are conducting **substantial business activities** there. This includes having **physical office space, employees, and active business operations** in the jurisdiction, rather than merely maintaining a registered address.

For entities seeking to benefit from a TRC issued by Mauritius, compliance with economic substance requirements is essential. Without tangible business operations in Mauritius, companies may find it difficult to qualify for tax relief under the DTAA, particularly in light of the scrutiny applied by Indian tax authorities.

The Future of Mauritius as a Tax Planning Jurisdiction

Despite the challenges posed by the renegotiation of the Mauritius-India DTAA and the global push for greater tax transparency, Mauritius remains an important player in international tax planning. The country continues to offer a **favourable tax regime**, a network of DTAAs, and a **reliable financial infrastructure**, making it an attractive jurisdiction for businesses and investors.

However, the days of Mauritius being used primarily as a **tax haven** for avoiding capital gains tax on Indian shares may be over. Investors and businesses must now navigate a more complex landscape, where **substance requirements** and **global tax standards** play a crucial role in determining the eligibility for tax benefits.

For companies considering Mauritius as a base for their investments, it is no longer sufficient to rely solely on a TRC. They must ensure that they have real business operations in Mauritius, with **proper governance structures, staff, and decision-making processes** taking place within the country. This shift aligns with the broader global trend toward fairer and more transparent tax practices.

Conclusion

Mauritius' role in international tax planning has evolved significantly in recent years, driven by changes to the Mauritius-India DTAA and the growing emphasis on economic substance. While obtaining a tax residency certificate from Mauritius remains an important tool for businesses seeking tax relief, it is no longer a guarantee of favourable tax treatment.

Companies must be prepared to demonstrate real economic activity in Mauritius and comply with global tax regulations to maintain their eligibility for treaty benefits. As tax authorities worldwide continue to scrutinise cross-border transactions, the importance of substance over form in tax planning cannot be overstated. Mauritius will continue to play a role in global investment strategies, but businesses must adapt to the changing tax landscape to stay compliant and maximize the benefits of their investments.

BE PART OF THE CHANGE— YOUR INPUTS MATTER IN IMPROVING OUR DIRECT TAX CODE

The Central Board of Direct Taxes (CBDT) has launched a significant initiative, inviting public inputs to review and revamp India's Direct Tax Code. This effort, announced in line with Finance Minister Nirmala Sitharaman's 2024 budget speech, aims to simplify the tax code, reduce litigation, and remove outdated provisions. The goal is to make tax laws easier to understand and apply, providing greater certainty for taxpayers while enhancing overall compliance.

In a bid to engage the wider public, CBDT has created a dedicated webpage on the e-filing portal, where taxpayers and professionals can submit their suggestions by entering their mobile number and completing an OTP validation. The inputs are expected to address four key areas:

- Simplifying the language of the tax code
- Reducing legal disputes
- Improving compliance and
- Eliminating obsolete provisions.

This public participation ensures that the reform process is inclusive and considers practical challenges faced by taxpayers. The suggestions gathered will be reviewed by an internal committee of the Income Tax Department, which is overseeing the reform of the Income Tax Act of 1961 and related rules. Contributors are encouraged to specify the relevant section, sub-section, or rule while offering their suggestions.

The review process is slated for completion by January 2025, marking a major step toward making India's tax system more efficient and transparent.



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