- **India's response to BEPS Action 2.0 / BEPS Action 1.0 : Expanded scope of equalization levy**

  As part of the measures to address the tax challenges posed by the increased digitalization of the economy, an "equalisation levy" was introduced in India in 2016 and the scope has been expanded in 2020. Under the expanded scope, 2% would be levied on expanded scope of e-commerce supply or services by non-resident e-commerce operators.

  The expanded scope is wide enough to cover B2B and B2C transaction, online transactions involving supply of physical goods, services including intra-group support services rendered through online platform or links or online medium and also transactions between non-residents in certain specified circumstances. The ecommerce operator is defined in a wide manner to cover other businesses as well which are involved in online sale of goods or provision of services. There are some exemptions for this levy. Penalties will be imposed upon non-compliance to this regime.

  Transactions requiring evaluation include but are not limited to: sale of component goods to Indian entities for manufacturing/trading in India; facilitation of sale of goods; rendering professional services online; consulting or advisory services rendered to Indian entities; services provided to Indian Group entities via an online platform; and distributor/reseller model through which overseas entities sell goods to customers/dealers in India. Thus, it becomes imperative to evaluate and monitor the flow of any type of services including support services (software, IT, management, HQ etc.) provided by any foreign entity to Indian entity. KPMG team could further help in evaluating the applicability of equalization levy on foreign entity.

  Attached herewith a flyer with additional information (refer to page 3 for illustrative transactions that might require evaluation in this respect) and a slide deck highlighting the key nuances of the regime.

- **Change in dividend taxation regime**

  With effect from 1 April 2020, the erstwhile dividend distribution tax regime prevalent in India has been abolished. Dividend income has now been made taxable in the hands of shareholders and companies declaring dividend are required to withhold taxes thereon. Please find attached the flyers on the subject matter, covering the key aspects relevant for Non-Resident shareholders.

  In this connection, KPMG team would be happy to assist during the various stages of dividend distribution exercise and provide "end-to-end" service offering, that includes Identification (i.e. mapping of Indian investments, understanding shareholding/investment structure, etc.), Assessment (i.e. eligibility under tax treaty from residency, beneficial ownership, Principle purpose test, substance, etc.), Implementation (i.e. documentation to be maintained, declaration to be shared for availing tax treaty benefit, etc.) and Compliance (i.e. assist in obtaining India tax registration number, filing tax return, etc.).

- **Tax Amnesty Scheme - Vivad se Vishwas Scheme (VSV Scheme)**

  New tax dispute resolution scheme has been introduced in India to settle income-tax disputes pending at various appellate forums. As part of the VSV scheme, the foreign companies can also settle disputes by paying the outstanding demand and get waiver of interest and penalty element if the necessary compliance and payment is made upto 31 December 2020. In this connection, our colleagues would be happy to assist in evaluating the feasibilities of the scheme relevant to your case and in undertaking the necessary compliance.

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