



From the President

Dear Members

As I sit down to pen this message, the air is filled with excitement and anticipation. Diwali, the festival of lights, is just around the corner, and it seems that this year, it's going to be a grand celebration unlike the last couple of years. The streets are bustling with people, and shops are brimming with customers, all preparing for the festivities. What makes this Diwali even more special is that, for most of our members, the tax return deadlines have passed, except for our large corporate friends. This means a sigh of relief and a chance to truly enjoy Diwali with our loved ones – our families and relatives. By the time you read this message, the lamps will have been lit, the sweets shared, and the fireworks burst in the night sky. Diwali, with all its warmth and brightness, will be a cherished memory. As we step into the new year, **I want to extend my sincere wishes to every member of our Chamber family. May the coming year be filled with happiness, prosperity, and success. Thank you for being a part of our wonderful community.**

The International Taxation Committee, in collaboration with the Bombay Chartered Accountants' Society, organized a successful seminar titled "Cultivating Expertise: The Advanced FEMA Summit" at IMC, Churchgate. The event featured notable sessions, including a keynote address by Shri Aditya Gaiha, Chief General Manager-in-Charge and panel discussions led by senior RBI managers. CA Paresh P. Shah and Advocate L. S. Shetty shared valuable insights on FEMA investigations and PMLA powers. The seminar received active participation and positive feedback, highlighting its success in providing valuable knowledge to participants.

Our recent joint free-webinar on "Implications of Fake Invoicing under GST and Income Tax" was a resounding success, thanks to your active participation. This critical discussion explored the challenges posed by fake invoicing, a deceptive practice that affects businesses, tax collection, and our nation's economic fabric. The Chamber had the privilege of hosting a panel of experts, including Advocate Shri K Vaitheeswaran and CA Yogesh Thar, who provided profound insights into GST and Income Tax. CA Rajiv Jaichand Luthia and Mr.

Mahendra Sanghvi expertly guided this crucial conversation. I extend my heartfelt gratitude to all participants for making this webinar a success. I would also like to extend our sincere appreciation to Taxmann, our joint organizer for this event. Their support and partnership were invaluable in bringing together such a successful and informative webinar.

Student committee's virtual program on "Corporate Law - Opportunities, Practice Areas, and Success Strategies" was a resounding success. It attracted a significant turnout, and participants found great value in the insightful sessions. We explored various aspects of corporate law, making complex concepts accessible through real-life case studies. The program also highlighted the evolving role of corporate lawyers in today's world. Thank you to all who participated and contributed to this achievement.

The Law and Representation Committee had submitted another representation to the CBDT regarding issues with Forms 10B and 10BB, requesting an extension of due dates due to extensive information requirements and ongoing software revisions. They also seek relaxation of requirements related to disclosing information about relatives of trustees, settlors, founders, and associated concerns, aiming to address practical obstacles faced by auditors and trusts in complying with the new forms and regulations. Further, the Government has initiated its annual budget preparation process and is actively seeking input and suggestions. Our Chamber's Law & Representation Committee is dedicated to crafting a strong and influential representation document to present to the Government. Chamber would greatly appreciate your participation in this effort. If you have any thoughts, ideas, or suggestions that you believe should be considered for the budget, please don't hesitate to send them to our Chamber's office. Your input is valuable, and it can help shape important decisions

In a recent and significant Supreme Court ruling, it has been clarified that availing benefits under the Most Favoured Nation (MFN) clause in Double Taxation Avoidance Agreements (DTAA) is not automatic. To claim such benefits, a specific notification under Section 90(1) of the Income-tax Act, 1961 is mandatory. Moreover, the MFN clause's application is contingent on the third state, with which India has a DTAA, being a member of the Organisation for Economic Cooperation and Development (OECD) at the time of entering into the agreement. This judgment underscores the vital role of notifications under Section 90(1) in DTAA implementation. The implications of this ruling are profound, especially concerning the application of the MFN clause to various income streams though this decision is with regard to Dividend taxability, such as fees for technical services. In cases where the necessary subsequent notifications are absent, taxpayers may not be able to benefit from the MFN clause. This could potentially lead to significant tax demands and interest for Indian payers who deducted tax at a lower rate or a restricted scope under the MFN clause. The ability of Indian payers to recover such taxes and interest, especially in concluded transactions, will be tested. The aftermath of this ruling will be closely watched,

particularly in terms of how counterparties to DTAA agreements with India respond. It could lead to bilateral negotiations with India for the full implementation of the MFN clause. Additionally, it will be interesting to see India's stance on the MFN clause's implementation, given the Supreme Court's observation that if the Indian Parliament refuses to give effect to a DTAA's MFN clause, the treaty continues to bind the Union, leaving the Union in default. In summary, this Supreme Court ruling has far-reaching implications, potentially impacting many assesses who have relied on the MFN clause for withholding taxes on various payments to non-residents. It could result in tax and interest demands for past years. Stay informed about this development, as it may have significant implications for your tax obligations.

Our active Delhi chapter of the Chamber is taking a proactive approach by conducting a comprehensive discussion on this recent Supreme Court ruling. This vital judgment will be subjected to an in-depth analysis, led by our esteemed chairperson, Hon'ble ITAT JM Shri Sudhanshu Srivastava – Lucknow bench, and our distinguished speakers, CA Saurav Bhattacharya and Adv Ruchesh Sinha. Together, they will delve into the implications and nuances of this ruling, ensuring that our members gain a thorough understanding of its impact

In a press release on 26.10.2023, CBDT shared data indicating improved taxpayer compliance in direct taxes. The recent surge in individual income tax returns in India, a staggering 90% increase between 2013-14 and 2021-22, seems like a success story of widening the taxpayer base. However, when we dig deeper, a more complex picture emerges. While the number of tax returns has grown significantly, this hasn't resulted in a proportionate increase in tax revenue. A substantial portion of these returns, particularly in the lowest income bracket, may not contribute significantly to government funds due to tax exemptions or incomes falling below the taxable limit. Interestingly, a substantial migration of taxpayers to higher income brackets has occurred. Returns in the Rs 5 lakh to Rs 10 lakh and Rs 10 lakh to Rs 25 lakh brackets have surged remarkably. But here's the catch: despite more people moving into these higher brackets, the top 1% earners' proportional contribution to taxes has slightly decreased. This data underscores the need for a comprehensive analysis of tax policies and their actual impact on revenue collection. While expanding the tax base is a positive step, it's equally crucial to ensure that this expansion leads to substantial revenue growth.

Joining the Chamber's Residential Refresher Courses (RRC) is an invaluable experience. These courses, whether in Direct Tax, Indirect Tax, International Tax, or FEMA, offer exceptional advantages. The Chamber ensures top-notch education with analytical studies, covering contemporary topics of professional interest. Regardless of age, participants find a unique platform to share knowledge, build friendships, and foster brotherhood during these three- or four-day programs. This year's venues are exceptional: the 12th RRC on Indirect

Tax in January 2024 will be at the luxurious ANANTA SPA & RESORT in Jaipur, while the 47th RRC on Direct Tax in February-March 2024 will be hosted at the prestigious TAJ HOTEL & CONVENTION CENTRE in Agra. The topics selected for both RRCs are not only contemporary but also highly relevant. Beyond the education provided at RRCs, there's an opportunity to explore the beautiful cities of Jaipur and Agra.. We urge members to enrol for these RRCs at the earliest. For comprehensive details about both RRCs, including program agendas, topics, rates, and esteemed speakers, kindly visit our Chamber's website. Don't miss out on staying updated with the latest developments and networking with fellow Tax Professionals. Enroll today!

Last month, the International Tax Committee announced the 2nd FEMA RRC at Doubletree by HILTON, Ahmedabad, Gujarat, from December 15th to 17th, 2023. Enrolment for the FEMA RRC reached full capacity quickly, even before the early bird deadline. However, local participants can still join this insightful event on an NRRC basis.

Chamber congratulates the Student Committee for organizing the upcoming "Webinar on Bridging Divides – Embracing the Mediation Act, 2023." This enlightening event will shed light on the transformative Mediation Act 2023, which democratizes mediation as a career and mandates it in certain civil disputes. It's a must-attend for legal professionals, mediators, and those interested in conflict resolution across sectors. Join us on November 7th, 2023, and explore the possibilities this act offers.

I am delighted to announce our latest journal edition, which focuses on the crucial topic of the "Prevention of Money Laundering Act (PMLA) and its Interaction with Other Laws." I want to express my sincere appreciation to our Journal Committee for creating this insightful narrative. This issue offers an in-depth understanding of PMLA and its interplay with other laws, which is vital for maintaining financial transparency. I am confident that our members will find this issue to be a helpful and comprehensive guide. My sincere gratitude goes out to all the contributors and our hardworking committee, who continue to make each issue a triumph in addressing key topics.

Wishing you all a very Happy and Prosperous New Year.

With best wishes,

HARESH KENIA

President