

9 March 2021

Attn:

Shri K.C. Varshney,
Joint Secretary,
Tax Policy and Legislation (TPL-I),
Central Board of Direct Taxes,
North Block,
New Delhi - 110001

Dear Mr Varshney,

Re: ASIFMA-CMTC Submission: Amendments proposed by Finance Bill, 2021, to the Income-tax Act, 1961 (Act)

On behalf of the members of the Asia Securities Industry & Financial Markets Association (ASIFMA) ¹ and the Capital Markets Tax Committee of Asia (CMTC) ², we are writing to highlight key issues emanating from proposals of the Finance Bill, 2021 that are relevant in the context of the offshore investors community including Foreign Portfolio Investors (FPIs).

We have attached herewith our submission/representation on the following aspects/issues:

- TDS on purchase of goods;
- Withdraw deduction/collection of tax at a higher rate in case of non-filers of Income Tax Returns;
- Exemption from tax on dividend distributed by a unit in IFSC;

¹ ASIFMA is an independent, regional trade association with over 140 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative, competitive and efficient Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the GFMA alliance with SIFMA in the United States and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

² CMTC is a financial services industry body consisting of a number of banks, investment banks, securities firms and other diversified financial services institutions operating in Asia who are represented through their regional tax directors. The main objects of the CMTC, according to its Constitution, are "to provide a forum for discussion by corporate tax managers responsible for the tax affairs of investment banks, securities firms, banks and other diversified financial services institutions of topical taxation issues in Asia affecting their capital and securities markets and similar activities; ... to keep members informed of up to date information on taxation matters affecting capital and securities markets, and to exchange views on the technical analysis thereof; [and] to represent the interests of its members through acting as the respected voice of investment banks, securities firms, banks and other diversified financial services institutions, and to participate in liaison or advocacy activities on tax matters either directly or indirectly through representation with other groups or societies concerned with or by fiscal matters."

- Tax incentive for units located in the IFSC; and
- Equalization levy exemption to banking and financial services.
- Submission on provisions relating to secondary adjustment envisaged under section 92CE of the Act

Additionally, we have also enclosed our submissions filed with respect to amendment proposed by Finance Bill, 2021, to the Act with respect to time limit for initiating re-assessment proceedings on 2 March 2021 as **Annexure**.

ASIFMA and CMTC has been regularly engaged with the Government of India on various tax and policy related matters. Our members look forward to the ongoing consultation on these important issues. For further information, please contact Patrick Pang, ASIFMA Head of Compliance and Tax (ppang@asifma.org) and Patrick Donovan, CMTC Chairperson (patrick-j.donovan@ubs.com).

Yours sincerely,



Patrick Pang
Head of Compliance and Tax
ASIFMA



Patrick Donovan
Chairperson
CMTC