This feature, comprising a news report and an overview of the tax and regulatory landscape by EY, is the third in a series of reports examining tax in BRIC countries.

India's Ministry of Finance is keen to attract foreign investment, but will the actions of the tax authorities drive them out?

- **The Indian government has taken 'radical' measures for attracting foreign investment in India and reviving the economy, following the slide of the rupee and concern over tax disputes and retrospectively applied legislation.**
- **The Indian GAAR was postponed to 1 April 2015 and the safe harbour rules were introduced, as well as incentives and the promise of legislative reviews.**
- **Much clarification on the tax rules is needed, but may not happen before next year's general election.**

India has been in the business press a lot in recent years, and some of the reports have sent jitters throughout the business world. From the Vodafone case and subsequent retrospective tax legislation amendments to the recent freezing of Nokia's Indian assets, the Indian tax authorities are seemingly clamping down hard – with Cadbury and Royal Dutch Shell also involved in disputes. Chris Viehbacher, CEO of French pharmaceutical giant Sanofi (itself in dispute with the authorities over tax), reportedly declared that 'the Vodafone tax issue has undermined the image of India'. Yet the Indian Ministry of Finance has been actively trying to entice foreign investment, as well as trying to alleviate the concerns of business. The Indian general anti-abuse rule (GAAR), scheduled to come into force on 1 April 2013, has been pushed back to 1 April 2015, and a raft of tax incentives have been brought in. The big question is, however, whether all of this will be enough to lure foreign investors back to the country, or if the recent actions of the Indian Revenue Service have spooked them for good.

Encouraging investment to return

The current state of Indian markets and the rupee's slide against the US dollar have prompted the Indian government to take a series of 'radical' measures for attracting foreign investment in India and reviving the economy, says **Amarjeet Singh**, tax partner at **KPMG** India. 'The Indian government, through a series of key policy reforms, has relaxed foreign investment norms in various key sectors, such as telecoms, financial exchanges and retail,' he explains. 'These include allowing a minority investment of up to 49% in a few select activities, and allowing up to 100% foreign investment in telecoms and courier services.'

Parul Jain, principal at India-based law firm **BMR Legal**, admits there had been a 'crash in investor sentiment following a number of retrospective amendments made in the law', but adds: 'In its bid to bring back investor confidence, the government has set up a tax panel headed by Dr Parthasarathi Shome [a special adviser to the finance minister], in order to review tax policies and tax laws and submit periodic reports which can help strengthen the capacity of the tax system. The panel will also look into and review the existing mechanism of dispute resolution and recommend measures for strengthening the system. As part of his advisory role to the government, Dr Shome is also expected to hear industry views on different tax issues and make recommendations to the government in its bid to strengthen tax policies and ensure better tax compliance.'

Mukesh Rajani, tax partner and leader of **PwC**'s India business group, notes that both India's government and business leaders recognise the importance of foreign direct investment to economic growth and employment. 'One positive for the investor community is Finance Minister Palaniappan Chidambaram pledging to clarify tax laws and take measures to promote investment in the Indian economy and boost economic growth,' he says. 'An expert committee is reviewing tax legislation and has made some significant and welcome recommendations to simplify the system, although little was said about these at the time of the Indian Budget 2013. If implemented, these changes should help to revive investor confidence.'

GAAR and safe harbours

'There is also the GAAR,' Rajani continues. 'Its introduction was postponed until April 2015 to allay the concerns of foreign investors. Many feared the GAAR would bring uncertainty and adversely affect both Indian and international business. It remains important for the longer term that the government remains committed to simplifying the tax regime, creating greater certainty for corporates, and improving the ease of doing business in India.'

In most circumstances, the courts have upheld the 'form over substance' rule; however, the tax authorities 'have not hesitated from alleging tax avoidance in a number of transactions', Parul Jain explains. 'The GAAR is expected to be a game changer in the approach followed by the tax authorities while conducting tax audits, as well as by taxpayers in structuring their investments in India. However, there are still a lot of loose ends which need to be tied up with respect to the transactions on which the GAAR may be applied, as well as their manner of application, before the new law comes into effect.

'There has also been the introduction of the safe harbour rules in the transfer pricing legislation, referring to the circumstances under which the Indian revenue authorities would accept the transfer price being declared by the taxpayer. After considering comments received from interested parties, the Central Board of Direct Taxes issued the final version of the safe harbour rules on 18 September 2013.'

Will it be enough?

But will all this be enough to undo the image of India brought about by the perceived aggression of its tax authorities towards foreign multinationals? **Nikhil Mehta**, barrister at **Gray's Inn Tax Chambers**, says that while recent actions from India's tax authorities have been 'surprisingly hard-nosed', they are not singling out western – or any other foreign – corporates in particular. 'The moves have been partly driven by the Indian tax authorities trying to increase the tax take,' he says. 'Last year, then finance minister Pranab Mukherjee [who is now president of India] supported the actions of the tax authorities; but a new finance minister, Palaniappan Chidambaram, was appointed in August 2012 and he outlined the ministry's commitment to encouraging investment into India – business liked the noises he made. So with the Ministry of Finance trying to attract investors to India, while the tax authorities seem to be going in the opposite direction, it's become a bit of a phoney war, and one which is unlikely to be resolved before next year's general election – hopefully, we will see some clarification on the tax rules next year.'

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Examining the tax and regulatory landscape

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Regulatory issues

The Indian economy is currently characterised by a liberalised foreign investment and trade policy in which the private sector and deregulation play a significant role. With certain limited exceptions, foreign companies may invest directly in India, either on their own or in partnership with an Indian entity.

The Reserve Bank of India (the RBI), which plays the role of central bank of the country, regulates the credit market, the money market and the foreign exchange market in India. The stock exchanges in India are regulated by the Securities and Exchange Board of India (SEBI), which is the regulator for the capital market in India.

Alternative forms of setting up business in India

A foreign entity may choose one of several different forms of business presence in India, depending on its requirements.

A foreign corporation with an objective of facilitating business promotion, and exploring the potential opportunities of establishing a permanent presence in India, may set up a liaison office (LO) in India. An LO acts as a communication channel between the head office of the foreign corporation and the business parties in India. However, the LO is not allowed to take part in any business or income generating activity in India. Setting up of an LO requires specific approval from the RBI and is initially granted for a period of three years; it may be extended for a further three years.

A branch office (BO) may be considered when setting up an extension of a foreign company in India in order to undertake permitted commercial activities. Unlike an LO, a BO can undertake a broader scope of activities, subject to these being permitted by the RBI. A BO is inter alia permitted to undertake certain activities of export/import of goods, and to provide professional, consultancy or information technology services and other permitted activities.

In a case where a foreign corporation has secured a contract from an Indian company and is venturing into India merely to execute the project, the option of setting up a Project Office (PO) may be considered. Subject to certain conditions, setting up a PO does not require RBI approval.

In addition to the above models, foreign corporations may also consider setting up a wholly owned subsidiary (WOS) in India, which is subject to the prescribed foreign direct investment (FDI) guidelines. A joint venture with an Indian or foreign partner may also be considered as an option in the Indian scenario.

The most recent form of business model which India has accepted for doing business is the limited liability partnership (LLP). The LLP is a body corporate, which has perpetual succession and a legal identity separate from its partners. The liability of the partners is limited to their agreed contribution to the LLP. Setting up an LLP requires prior government approval.

Funding options

When addressing the needs of setting up branch, liaison and project offices, these generally would be funded by their foreign head office. In comparison, a WOS may provide greater flexibility to conduct business in India, as a company may be funded through a mix of equity and debt.

Equity: Investment in equity/quasi-debt is considered as FDI. This is allowed under the automatic route for some sectors, while prior approval is required for investment in other specified sectors. For those sectors in which prior approval is required, the FDI policy also permits the issue of equity shares against the import of capital goods and pre-incorporation expenses, subject to certain conditions.

Debt: Debt raised by an Indian company from foreign corporations is considered to be external commercial borrowings (ECB). ECB can be accessed via two routes: the automatic route and the approval route. The proceeds are, however, subject to certain end-use restrictions. The end-use restrictions are applicable for on-lending, investment in a capital market, acquiring a company, repayment of an existing rupee loan and investment in real estate.

Besides FDI and ECB, foreign portfolio investment by foreign institutional investors (FIIs), foreign venture capital investment (FVCI) and alternate investment funds (AIFs) may also be considered as funding options by foreign entities investing in India.

FIIs are allowed to invest in the primary and secondary capital markets in India under the portfolio investment scheme. FIIs must register themselves with the SEBI and comply with the exchange control regulations of the RBI.

A SEBI-registered FVCI, with specific approval from the RBI under FEMA regulations, can invest in an Indian venture capital undertaking (IVCU), an Indian venture capital fund (IVCF) or in a scheme floated by such IVCFs, subject to the condition that the venture capital fund is registered with the SEBI.

In recent times, India has also opened up funding options in the forms of American depository receipts (ADR), global depository receipts (GDR), and foreign currency convertible bonds (FCCBs), in addition to methods of funding such as equity shares, preference shares, debentures and bonds. Qualifying Indian companies are allowed to raise equity capital overseas through the issue of ADRs, GDRs or FCCBs, in addition to the above-mentioned funding options.

Repatriation

Foreign capital invested in India is generally allowed to be repatriated along with capital appreciation, if any, after payment of taxes due on them, provided the investment was made on a repatriable basis. The repatriation is, however, subject to lock-in conditions under the FDI control regulations which may be applicable to that particular industry sector.

Profits and dividends earned from an Indian company are repatriable after payment of dividend distribution tax due on them. Permission of the RBI is not required to carry out remittances, subject to compliance with certain specified conditions.

The tax regime in India

India has a well-developed tax structure with clearly demarcated authority between the central and state governments and local bodies. The central government levies direct taxes, comprising income tax, wealth tax and corporate tax; and indirect taxes, comprising customs duty, excise duty, central sales tax and service tax. The state government levies agricultural revenue tax, VAT/sales tax (in states where VAT is not yet in force), stamp duty, professional tax and luxury tax. The local bodies have the authority to levy tax on properties, octroi/entry tax, etc.

Broadly, the taxes in India can be categorised in two types as below:

Direct taxes	Indirect taxes
Income tax (individual and corporate tax)	Sales tax/VAT
Wealth tax	Service tax
	Excise duty
	Customs duty

The tax regime in India has undergone significant reforms during the last decade to rationalise the tax policy and to provide efficient and effective tax administration. The tax system is constantly evolving by simplifying the tax laws for better compliance and enforcement, and widening the tax base.

Administration

The overall administration, supervision and control in the area of direct and indirect taxes lies with the Central Board of Direct Taxes (CBDT) and the Central Board of Excise and Customs (CBEC) respectively.

Recently, the government of India (GOI) has also constituted a Tax Administration Reform Commission to review the existing tax policies and laws and to submit periodic reports that can be implemented to strengthen the tax system.

Income tax

The Income Tax Act of 1961 ('the Act') governs the taxation of income in India. Income tax is charged on the total income for a given tax year. The Indian tax year extends from 1 April of a year to 31 March of the subsequent year.

Residential status: Under the Indian tax laws, the tax incidence on a taxpayer depends on the residential status. The taxpayers are classified as residents and non-residents.

Scope of total income: The scope of total income subject to tax depends on the residential status of the taxpayer. Every taxpayer, irrespective of his residential status, is liable to tax on income accrued (or deemed to accrue), as well as income received (or deemed to be received) in India. If a taxpayer is resident in India, he is also liable to tax on income that accrues or arises to him outside India (i.e. worldwide income). In the case of a non-resident, the income is taxable only if it accrues/arises (or is deemed to accrue/arise) in India or the income is received (or is deemed to be received) in India.

The Act imposes tax on total income which comprises the following five heads (types of income):

- **Income from salaries:** In general, most elements of compensation are taxable in India; however, certain benefits receive preferential tax treatment, subject to satisfaction of certain conditions.
- **Income from house property:** Income earned from the letting out of house property is taxable in the hands of the owner under the head 'Income from house property'. The owner is entitled to a deduction of municipal taxes paid in respect of the property and to a standard deduction of 30% of the prescribed value. Further, interest on capital borrowed is also allowed as a deduction.
- **Income from business/profession:** Any income earned from a business/profession, subject to certain allowances and disallowances, are taxable under this head. All business related expenses are allowed as a deduction, while personal expenses and capital expenditure are disallowed.
- **Income from capital gains:** Proceeds in excess of cost derived from 'transfer' of 'capital assets' are subject to tax as capital gains and are deemed to be income in the year of transfer. The Act prescribes special rates for the taxation of capital gains.
- **Income from other sources:** Income that does not specifically fall under any of the other heads of income is subject to tax under this head. Further, expenditure incurred for earning such income is allowed as a deduction. Income from investments, gifts received and winnings from lotteries are some of the incomes that are taxed under this head.

Corporate income tax

Corporations resident in India are taxed on their worldwide

Description	Tax rate	Surcharge	Education cess	Effective rate
Where the total income is up to INR 10m:				
Domestic corporation	30%	NIL	3%	30.90%
Foreign corporation	40%	NIL	3%	41.20%
Where the total income is more than INR 10m and up to INR 100m:				
Domestic corporation	30%	5%	3%	32.45%
Foreign corporation	40%	2%	3%	42.02%
Where the total income is more than INR 100m:				
Domestic corporation	30%	10%	3%	33.99%
Foreign corporation	40%	5%	3%	43.26%

income. Non-resident corporations are taxed on the income sourced from India and received in India. Further, depending on the circumstances, certain income may be deemed to be India-sourced income.

A corporation is regarded as a resident in India if it is incorporated in India or if its control and management is wholly situated in India.

Rates of corporate tax

Domestic and foreign corporations are subject to tax at a specified basic tax rate and, depending upon the total income, this rate is increased by a surcharge. The tax payable is further enhanced by an education cess at the rate of 3%. (N.B. The 'education cess' is a tax levied on income, and is used to finance education at all levels under the Indian educational system.)

The effective tax rates for domestic and foreign corporations for the tax year 2013/14 are summarised in the table on the previous page.

Special rates for non-resident corporations

Royalties and fees for technical services (FTS): Royalties and FTS received by a non-resident from the GOI or an Indian concern under an agreement are subject to gross tax at the rate of 25% (plus the applicable surcharge and the education cess). Where royalties and FTS are effectively connected with a permanent establishment (PE) of the non-resident corporation, or where they are not received from the GOI or Indian organisations, they are taxed on a net income basis at the normal rates applicable, i.e. 40% as increased by the applicable surcharge and the education cess. The above rates are subject to a more beneficial provision of the tax treaty between India and the country in which the taxpayer is resident.

Dividend income: Dividend income distributed by domestic corporations is exempt from tax in the hands of the recipients (if dividend distribution tax has been paid by the corporation distributing the dividend).

Interest on foreign currency loans: Foreign corporations earning interest on foreign currency loans given to an Indian concern or to the government are taxed at the rate of 20% on the gross interest. Any payment by way of interest made by an Indian company to a non-resident or a foreign company in respect of monies borrowed in foreign currency between 1 July 2012 and 1 July 2015, under a loan agreement or by way of issue of long-term infrastructure bonds, as approved by the GOI, are taxed at the rate of 5% on gross interest (subject to fulfillment of conditions).

The above rates are subject to a more beneficial provision of the tax treaty between India and the country in which the taxpayer is resident.

Tax incentives

For the purpose of accelerated growth of the Indian economy, the GOI has extended incentives in the form of tax holidays, deductions, rebates, etc. Primarily, such incentives relate to export promotion, new industrial undertakings, infrastructure facilities, software industry, research, development of backward areas, etc. The incentives are provided subject to the fulfilment of certain conditions. The incentives are:

Profit-linked incentives: New undertakings engaged in specified activities are eligible to claim a 100% deduction of their business profits for a prescribed period upon satisfying the conditions. New undertakings are those that are formed by means other than the division or reconstruction of a business already in existence or the transfer of machinery or plant, previously used in India, to a new business. Specific incentives are available to undertakings in power, infrastructure and oil and gas sectors. Incentives are also granted in respect of certain activities in specified geographical locations.

Investment-linked investments: With a view to encouraging investment in certain sectors, incentives in the form of deduction for capital expenditure incurred prior to commencement of operations are allowed for specified businesses.

Incentives for research & development (R&D): In order to provide an impetus to R&D growth in India, incentives in the form of a weighted deduction are allowed in respect of expenditure incurred for in-house R&D and payments made to certain specified entities engaged in R&D activities.

Accelerated depreciation: Any new machinery or plant acquired and installed by an undertaking engaged in the business of the manufacture or production of any article or thing, or in the business of the generation of (or the generation and distribution of) power, is entitled to additional depreciation of a sum equal to 20% of the actual cost of the asset.

Incentive for the acquisition and installation of new assets: Any new asset being plant and machinery acquired and installed during the period 1 April 2013 to 31 March 2015, the aggregate value of which exceeds INR 1000m, by a company engaged in the business of manufacture or production of an article or thing, is entitled to a deduction of 15% of the cost of the asset.
The additional investment allowance is in addition to normal depreciation allowable on the assets.

Incentives for special economic zones (SEZ): SEZs are defined as a specifically delineated duty-free enclave, deemed to be foreign territory for the limited purposes of trade operations and duties and tariffs. With the SEZ scheme, the GOI aims to promote export-led growth of the economy, supported by integrated infrastructure for export production and a package of incentives to attract foreign and domestic investment.

Incentives to SEZ units: Undertakings located in SEZs are eligible to claim a prescribed deduction in respect of export profits for a period of 15 years.

SEZ developers: SEZ developers are eligible to claim a 100% deduction of their business profits for ten years (out of 15 years), beginning from the year in which the SEZ is notified by the GOI.

Other direct taxes on corporates

Minimum alternate tax (MAT): MAT is imposed on corporations and is to be paid on the basis of profits disclosed in their financial statements. Book profits are computed by making specified adjustments to the net profits disclosed by the corporations in their financial statements. In cases where the tax payable according to regular tax provisions is lesser than 18.5% of the book profits, corporates must pay taxes at 18.5% (as enhanced by an applicable surcharge and the education cess).

Domestic corporations would be eligible to carry forward the MAT credit (i.e. the difference between tax paid under normal and MAT provisions respectively) for a period of ten succeeding years and set off the same in the year when the tax payable under the normal provisions exceeds the MAT payable.

Dividend distribution tax (DDT): Domestic corporations must pay DDT at the rate of 16.995% on dividends declared, distributed or paid by them to the shareholders. These dividends are exempt from tax in the hands of the recipients. DDT is a non-deductible expense.

Where the recipient domestic corporation declares dividends, credit for the dividend received is available for the computation of the dividend on which DDT is to be paid. This credit is available when the dividend is received from:

- A domestic subsidiary – if DDT has been paid on such dividends; and
- a foreign subsidiary – if the domestic corporation has paid income tax on such dividends.

Tax on buy-back: A recently introduced provision in the Indian tax law seeks to impose a tax, akin to DDT, on 'distributed income' on buy-back of shares by an unlisted Indian company. The distributed income is subject to a tax rate of 22.66%. 'Distributed income' is equal to consideration paid by the unlisted Indian company for buy-back of the shares minus the amount which was received by the unlisted Indian company for issue of such shares. The shareholder shall be exempted from paying tax on the proceeds received and no deduction shall be allowed to the corporation in respect of the tax payment.

Wealth tax: Wealth tax, levied under the Wealth Tax Act 1957, is payable at the rate of 1% if the taxable value of a corporation's net wealth exceeds INR 3 million. Assets subject to tax include residential houses, cars, yachts, boats, aircraft, urban land, jewellery, bullion, precious metals, any amount of cash not recorded in books of account, and commercial property not used as business, office or factory premises. Productive assets such as shares, debentures and bank deposits, etc are not subject to wealth tax. A deduction is allowed for debts owed that have been incurred in relation to taxable assets. Tax is levied on net wealth, as of 31 March of the tax year.

Tax filings: The Indian tax year extends from 1 April to 31 March. A corporation tax year also ends on the same date. All corporations that are required to submit transfer pricing certificates are required to file their returns on or before 30 November, while all other companies are required to file their returns by 30 September. Non-resident corporations are also required to file a return in India if they earn income in India, or have a physical presence/economic nexus with India.

Any tax due is to be paid on or before the filing of the return and such tax can be paid in advance in specified portions on 15 June, 15 September, 15 December and 15 March.

Individual income tax

Liability for income tax is governed by the residential status of individuals during the tax year. For this purpose, the concepts relevant to determine the residential status of an individual are shown in the box below.

For Indian income tax purposes, an individual's income comprises the following heads (types) of income:

- income from salary;
- income from house property;
- income from business;
- capital gains on disposition of capital assets; and
- income from other sources.

The general principles of taxation which apply to the heads of income in respect of a corporation apply also to individuals. The principles applicable to salary income are discussed below.

Income from salary

All salary income related to services rendered in India is deemed to accrue or arise in India, regardless of where it is received or the residential status of the recipient. Employees of foreign entities are not subject to tax in India if:

- the foreign entity is not engaged in business in India;
- the employee does not stay in India for more than 90 days in a tax year; and
- compensation paid to the employee is not allowed as a deduction from the foreign entity's income in India.

Similar short stay exemptions are available under the tax treaties if an individual's stay is less than 183 days, but conditions vary.

Income from other sources

As discussed earlier, the general principles of taxation under this head also apply to individuals. Certain transactions are applicable *only* to individuals, as discussed below:

- Non-residents can exercise an option of being taxed at a rate of 20% on their gross investment income, and at a rate of 10% on long-term capital gains on certain specified assets arising from their foreign currency assets, acquired in India through remittances in convertible foreign exchange.

Period of stay	Residential status	
Basic conditions		
> 60* days in the tax year and > 365 days in four preceding tax years	'Resident' if satisfies any one condition. 'Non-resident' if he does not satisfy any of the conditions.	
> 182 days in India in the tax year		
Secondary conditions		
Non-resident in at least nine out of ten preceding tax years < 729 days in seven years preceding the tax year	Resident and not ordinarily resident if satisfies either condition	Resident and ordinarily resident provided both conditions are not satisfied

**The period of 60 days is replaced with 182 days in case of an Indian citizen, who leaves India for the purpose of employment outside India.*

Categories of income liable to be taxes, according to residential status, have been depicted in the table below:

Residential status	Taxability
Resident and ordinarily resident	Worldwide income
Resident and not ordinarily resident	(i) Income received or deemed to be received in India (ii) Income accruing or arising or deemed to accrue or arise in India (iii) Income accruing or arising outside India, either from a business controlled from India or a profession set up in India
Non-resident	Only incomes referred to in (i) and (ii) above

- Interest payable by scheduled banks on approved foreign currency deposits to non-residents and not ordinary residents is exempt from tax.

Rates of individual income tax for the tax year 2013/14

Income slabs (INR)	Income tax
0–200,000*	Nil
200,001–500,000	10% of income in excess of INR 200,000
500,001–1m	INR 30,000 plus 20% of income in excess of INR 500,000
More than 1m	INR 130,000 plus 30% of income in excess of INR 1m

* Resident individuals with incomes of up to INR 200,000 do not need to pay income tax and education cess. The exemption limit is INR 250,000 for resident individuals above 60 years and below 80 years of age. In case of very senior citizens (individuals above 80 years of age), the exemption limit is INR 500,000.

Other direct taxes on individuals

Wealth tax: Individuals are also subject to wealth tax, which they are liable to pay at a rate of 1% if the taxable value of their net wealth exceeds INR 3 million.

Tax filings

The due date for filing tax returns by individuals who earn business income and whose books of account are subject to tax audit is 30 September, while all other individuals are required to file their return of income (ROI) by 31 July.

An exemption from filing the ROI is granted to non-residents who only have investment income or long-term capital gains (on foreign exchange assets) if the required tax is discharged vide withholding.

Social security regulations

Every employer covered under the provident fund and pension scheme in India is required to contribute 24% (12% as employer's share and 12% as employee's share) of the employee's monthly pay towards social security. The employer has the option of recovering the employee's share from the employee. Such contribution is mandatory in respect of employees earning a monthly salary of up to INR 6,500 and optional for all others.

The Ministry of Labour and Employment has issued a notification extending the applicability of social security provisions to a new class of employees called 'international workers', which includes foreign nationals who work for an establishment in India. The employers must make a contribution towards the provident fund and pension scheme for their employees who are international workers. Scheme members can withdraw from the provident fund in the following circumstances:

- on retirement at any time after 58 years of age; or
- on retirement on account of permanent and total incapacity to work.

For international workers who come from countries with which India has a social security agreement, withdrawal can be made at the time the assignment in India is completed.

Certificate of coverage: Some social security agreements have the concept of certificate of coverage, by virtue of which foreign employees assigned to India are exempted from Indian social security regulations, subject to their compliance with the social security regulations in their own country.

Corporate reorganisation

Amalgamations and demergers of businesses by existing corporations are tax-neutral, subject to the satisfaction of prescribed conditions. If those conditions are not met, then any brought forward and unabsorbed depreciation are treated as income for the year in which it failed to fulfil any of the prescribed conditions in case of amalgamation, and the accumulated losses and depreciation attributable to the resulting corporation can be carried forward and set off in case of a demerger. Profits derived from a slump sale are taxed as long-term capital gains if the transferred undertaking has been held for more than 36 months.

Cross-border transactions

As a general principle, the law of state has effect only within its boundaries. This, however, has a very important exception: if a sufficient territorial nexus can be established between the person a country seeks to tax, and the country seeking to tax that person, Indian tax law can extend to that person in respect of his foreign income too.

Under the provisions of Indian tax law, the following incomes are deemed to accrue or arise in India, and are therefore subject to tax in India:

- income through a business connection, property in India or through any asset situated in India;
- income through the transfer of a capital asset situated in India;
- salaries received for services rendered in India;
- dividends paid by an Indian company outside India;
- royalties payable by the GOI or which, when paid by any other person, is payable for the purpose of income in India; and
- FTS payable by the GOI or which, when paid by any other person, is payable for the purpose of earning income in India.

Double taxation avoidance agreements (DTAA)

In order to provide relief to taxpayers from paying tax on the same income in two different jurisdictions, the GOI has entered into DTAAs with the governments of other countries. DTAAs override the Indian tax law provisions to the extent that they are more beneficial to the taxpayer. Relief is granted in respect of income chargeable to tax, both under the Income Tax Act of India and the domestic tax laws in that other country, in order to promote mutual economic relations, trade and investment.

The beneficial provisions of the DTAAs can be utilised by non-residents transacting in India only upon providing evidence of their residential status in the foreign country. The tax residency certificate (TRC) was introduced to enable taxpayers to substantiate their eligibility to claim the benefit of the DTAA.

Excise duty

Excise duty is applicable on the manufacture of goods within India and is payable by the manufacturer, who passes on the duty to the customers. Goods manufactured in India can be exported without the payment of excise duty, subject to specified conditions. Similarly, inputs used in the manufacture of goods to be exported, can be procured without the payment of excise duty, subject to certain conditions.

Most products attract a uniform rate of 12% plus education cess at 3% of the excise duty, making the effective excise duty at 12.36%.

The 2004 CENVAT credit rules allow manufacturers to take credit for specified duties paid on varied inputs and capital goods imported, as well as service tax paid on input services used in the manufacture of excisable goods. The manufacturer can utilise such credit to pay the excise duty applicable on the final goods

manufactured. Further, credit of duty paid on capital goods will be available to the extent of 50% during the first tax year of its receipt and the balance in the subsequent period.

A lower excise duty of 2% has been provided on 131 specified goods (for which CENVAT credit would not be available), which were hitherto fully exempt or chargeable to zero excise duty.

Customs duty

Customs duty is levied on the import and export of goods. The rate of customs duty depends on the classification of the goods determined under the customs tariff which is aligned with the harmonised system of nomenclature (HSN) (the generic rate being 28.85%).

Customs duty generally comprises the following components:

- basic customs duty (BCD);
- additional customs duty (CVD) – in lieu of excise duty;
- education cess/secondary and higher education cess; and
- special additional customs duty (SAD).

The CVD paid on the import of goods is allowed as credit against the output excise/service tax liability, subject to conditions. Whereas, the SAD paid on the import of goods is only allowed as credit to a manufacturer against the output excise duty, and not to an output service provider, subject to conditions.

In the case of imports from related parties, the matter is typically referred to the Special Valuation Branch authorities by the customs authorities *prima facie* to determine if the assessable/transaction value is at arm's length. Accordingly, the relevant customs-related procedures would need to be fulfilled.

Service tax

Service tax is applicable on the provision of services in India; it is also applicable on import of services in India, where the service recipient is required to discharge service tax liability. The present rate is 12.36%. The point of taxation is the date of issue of the invoice or the date of receipt of payment for service, whichever is earlier. Credit rules allow the service provider to take credit of duties, including excise duty, CVD paid on inputs and capital goods and service tax paid on input services used to provide taxable output services, subject to conditions.

VAT/central sales tax (CST)

VAT is an intra-state multi-stage system of taxation, whereby tax is levied on the sale of goods at each stage of sale. Currently, all the states in India have replaced their erstwhile sales tax regime with VAT.

The basic rate slabs under VAT are as follows:

- 0% for natural and unprocessed products and other essential goods;
- 1% to 2% for special goods such as gold, bullion, silver, etc;
- 4% to 5% for agricultural and industrial input, IT products, capital goods and intangible goods, i.e. patents and others, as well as items of basic necessity; and
- 12.5% to 15% for all other goods that do not fall under any of the categories mentioned above.

Interstate sales continue to be liable to CST, which is imposed by the GOI and administered by state governments. The rate of CST is 2%, subject to the provision of a prescribed declaration form by the purchaser. In the absence of a prescribed declaration form, the VAT rate as applicable in the selling state will apply (i.e. ranging from 4%/5% to 12.5%/15%). Declaration forms are only issued when the goods are procured for: (i) resale; (ii) use in manufacture or processing of goods for sale; (iii) a telecommunications network; (iv) use in mining; or (v) use in the generation or distribution of electricity or any other form of power.

It is proposed that the CST will be phased out on introduction of goods and service tax (GST).

Further, a sale involving the import of goods from outside India is not liable to VAT/CST, subject to the prescribed conditions. Moreover, a sale of goods involving the export of goods from India is also not liable to VAT/CST.

Input tax credit is available with respect to VAT paid on locally procured goods, including capital goods (other than the 'negative list' of goods provided under respective state VAT laws). The credit can be set off against output VAT liability, including output CST. However, no input credit is available in respect of CST paid on procurements and, hence, it is a cost to the purchaser.

Octroi/entry tax

This is levied by local/state authorities on the entry of goods within their jurisdiction for use, consumption or sale, on the purchase value of the goods. For this purpose, each state is divided into different local areas. The value of the entry tax levied on different products can vary from state to state.

Research and development cess

This is levied by the GOI at 5% on the import of technology by an industrial concern into India in terms of a foreign collaboration or other specified cases. This cess is required to be paid by the importer of technology on payments made for such imports.

The service tax legislation exempts the taxable service involving import of technology, from so much of the service tax leviable thereon, as is equivalent to the amount of cess paid on the said import of technology.

Stamp duty

Stamp duty is imposed on instruments as per the Indian Stamp Act 1899 and other Stamp Acts. It is levied on a number of instruments such as the articles of association and the memorandum of association of a company, conveyance, bill of exchange, bill of lading and partition. Payment of the appropriate stamp duty is essential and bestows legality on the instruments. An inadequately stamped instrument is not admissible as evidence. All instruments, chargeable with stamp duty, have to be stamped before or at the time of the execution. The rate of stamp duty varies from state to state.

Profession tax

Persons who are engaged in any profession, trade, calling or employment are liable to pay professional tax. In the case of employees, the employer must deduct this amount from the employee's salary and deposit the same with the government. Not all the state governments currently levy profession tax.

Securities transaction tax (STT)

Transactions in equity shares, derivatives and units of equity-oriented funds entered in a recognised stock exchange attract STT. Treatment of such tax depends upon whether the income earned from these transactions is in the nature of capital gains or business income. While the former case does not provide for any deduction, the latter case allows payment of STT as a deduction from income. STT rate has been reduced with effect from 1 June 2013 and varies from 0.001% to 0.01% of the transaction value.

Luxury tax

Enterprises engaged in the hospitality industry are liable to luxury tax on the turnover of receipts for the provision of accommodation and certain other facilities. It is generally inapplicable on the turnover for supply of food and drink on which VAT is paid.

Property tax

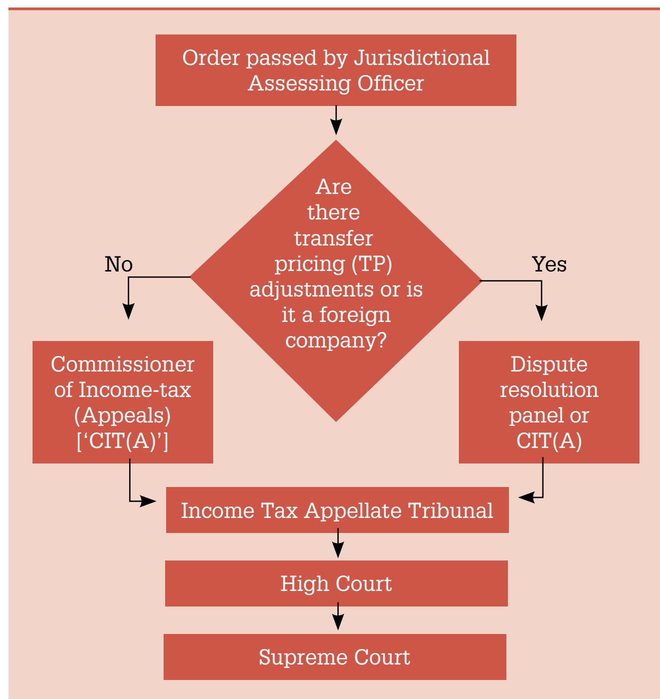
Property tax is a municipal tax that is ordinarily imposed on the owner of the property. It acts as an important source of revenue for the maintenance of basic civic services in a city.

Entertainment tax

State and local governments levy entertainment tax on various entertainment and amusement activities. Traditionally, films, cable/DTH subscriptions, video games, amusement parks and events have been subject to entertainment tax.

Appeal mechanism

To resolve grievances faced by taxpayers, India has in place a systematic appeal mechanism, as shown below.



Anti-avoidance

Tax avoidance has arisen as an area of deep concern across various jurisdictions in the face of aggressive tax planning. This concern is particularly relevant in developing economies like India, given the rapid growth of investment and the inadequacies in the legal framework in dealing with the intricacies of such issues. All tax avoidance techniques take undue advantage of the ambiguity and inconsistencies in the tax provisions in order to reduce the tax inflow to the GOI.

The concept of 'tax planning' against the concept of 'tax avoidance' gained prominence with the advent of the anti-avoidance provisions. While tax planning is a situation where the taxpayer takes advantage of a fiscal incentive granted by the tax legislation, tax avoidance is when the taxpayer undertakes a bunch of actions all of which are not forbidden by the law but still result in decreasing his tax outflow.

To combat such avoidance and protect the interests and revenue of the government, India has put in place various anti-avoidance provisions which are discussed below.

The general anti-avoidance rule (GAAR)

The GAAR is an attempt to address tax planning and codify the doctrine of 'substance over form' and will be effective in India from 1 April 2015.

The GAAR is proposed to be invoked in any 'arrangement' entered into by a taxpayer that may be declared to be an 'impermissible avoidance arrangement' and the onus to prove otherwise is placed on the taxpayer.

The GAAR rules seek to clamp down on tax avoidance by denying tax benefits to any agreement entered into with the objective of avoiding taxes. Some of the consequences of such impermissible avoidance agreements are the following:

- denial of tax benefit or benefit under DTAA;
- disregarding, combining or recharacterising the arrangement in part or whole;
- treating the arrangement as if it had not been carried out; and
- considering or looking through any arrangement by disregarding any corporate structure.

In a recent notification, the CBDT has notified the rules for application of GAAR. The GAAR would not apply to:

- an arrangement where the aggregate tax benefit of all the parties to the arrangement in the relevant tax year does not exceed INR 30 million;
- a foreign institutional investor (FII) who has not taken the benefit under a DTAA and has invested in securities in accordance with prescribed regulations;
- a non-resident investor who has invested in an FII directly or indirectly by way of an offshore derivative instrument or otherwise; and
- any income derived from the transfer of an investment made before 30 August 2010 (the date of introduction of the Direct Tax Code Bill 2010).

Specific anti-avoidance rules (SAARs)

The SAAR is a set of specific provisions introduced in the legislation which are directed at phasing out ambiguities in the law being misused in order to avoid tax. They are:

Indirect transfer of assets: The Indian tax law was retrospectively amended in 2012, to provide the taxation of indirect transfer. This provision grants a right to the Indian revenue authorities to tax gains arising from the transfer of capital assets, which are shares of a foreign company if these shares derive their value (directly or indirectly) substantially from assets located in India.

Subsequently, an expert committee (the Shome Committee, led by special adviser Dr Parthasarathi Shome) was set up to review the legislation. The committee recommended the provision be amended to greater foster investor confidence:

- to align with global practices, the importance of making the amendment prospective, instead of the intended retrospective application, was stressed.
- in case the suggestion to make an amendment prospective is not accepted, the taxpayers should not be subject to interest and penal consequences in respect of concluded transactions; and
- the EC recommended that clarity be brought into the terms 'substantially' and 'directly or indirectly'.

To date, none of these recommendations have been actioned.

Transfer pricing regulations

The TP regulations in India were introduced in 2001 under the anti-abuse provisions of the Income Tax Act 1961. Initially, the TP law was applicable only to cross-border transactions between group companies and was aimed to ensure that such transactions adhere to the globally accepted arm's length standard. Chapter X deals with Transfer Pricing Regulations (TPR) with s 92 to 92F of ITA. The Indian TPR aims at examination of international transactions between associated enterprises (AE) as to the adherence with arm's length principle (ALP).

More than a decade has passed since the introduction of the TP regime in India and the country has seen significant tax disputes and litigation surrounding TP issues, reflecting the growing aggressiveness on the part of the tax authorities to plug the purported erosion of India's tax base. Interestingly, in many global tax surveys, India is often recognised as a country having a very challenging TP regime.

Recent developments in transfer pricing are set out below.

Safe harbour rules: Safe harbour rules were announced with a view to reducing the number of TP audits and prolonged litigation on TP disputes in India. The CBDT has notified the safe harbour rules based on expert committee recommendations. The safe harbour rules are applicable for five years starting from FY 2012/13.

Operating profit margin in relation to operating expense (popularly known as transactional net margin method) has been chosen as the method of remuneration. The safe harbours prescribed for the assessees engaged in rendering the prescribed services are set out in the table below.

Service	Turnover limit/ loan limit/ guarantee amount	Safe harbour
Software development and IT enabled services	< INR 5bn >INR 5bn	20% 22%
Knowledge process outsourcing services and contract R&D services wholly or partly relating to software development	N/A	25%
Intra-group loans (The safe harbour is what can be added to the base rate of State Bank of India)	<INR 500m >INR 500m	Interest rate: 150 basis points 300 basis points
Corporate guarantee (Percentage of commission is calculated on amount guaranteed)	<INR 1000m >INR 1000m	Commission: 2% p.a. 1.75% p.a.
Contract R&D services wholly or partly relating to software development	N/A	30%
Contract R&D services wholly or partly relating to generic pharmaceutical drugs	N/A	29%
Manufacture and export of core auto components	N/A	12%
Manufacture and export of non-core auto components	NA	8.5%

Definitions for eligible assessees with insignificant risk, eligible international transactions, operating expenses and operating costs have been prescribed under the rules.

As per the rules, if the assessing officer is of the opinion that the assessee is ineligible for the safe harbour option, then he would refer the matter to the TPO. The assessee has the option to appeal before the commissioner against the said action of the assessing officer. Where a taxpayer's transfer price is accepted by the tax authority under the safe harbour rules, the taxpayer is not entitled to invoke the mutual agreement procedure (MAP) under an applicable tax treaty.

Advance pricing agreement (APA): Finance Act 2012 introduced provisions to enable APAs in the Indian Income Tax Act with effect from 1 July 2012 through a notification introducing the rules for implementing APAs. The rules enable a taxpayer to file an application for a unilateral, bilateral or multilateral APA. There are procedures for APA applications, information, data and forms that need to be filed, circumstances under which the Board may discontinue an APA, and compliance procedures for monitoring a concluded APA.

As a first step for initiating the APA process, a taxpayer is required to undertake a pre-filing consultation, which may also be requested on an anonymous basis, before a formal APA application is submitted.

The taxpayers' AE is expected to initiate an APA process with the competent authority (CA) in the other country, in case a bilateral or multilateral APA is envisaged.

The rules provide for an application fee which could be INR 2m depending upon the value of the international transactions entered into, or proposed to be entered into, during the proposed period of the APA.

The APA mechanism is broadly as follows:

- The taxpayer can approach the Board for the determination of the ALP, in relation to an international transaction that may be entered into by the taxpayer.
- The ALP in an APA is determined using any method including the prescribed methods, with necessary adjustments or variations.
- The ALP determined under the APA shall be deemed to be the ALP for the international transaction with respect to which the APA has been entered into.
- The APA is binding on both the taxpayer and the tax authorities, as long as there are no changes in law or facts that served as the basis for the APA.
- The APA is valid for the period specified in the APA, subject to a maximum period of five consecutive finance years.

Arm's length concept for related party transactions (RPT): With the new Companies Act seeking to introduce the arm's length concept for dealing with RPTs, companies need to assess whether their RPTs comply with the arm's length principle, and thereafter evaluate their compliance and reporting obligations under company law. The scope of RPTs under the Companies Act could potentially be more than the scope of TP provisions under the ITA.

Companies would need to analyse whether their RPTs satisfy the arm's length standard. While the Companies Act does not provide any guidance for determining arm's length price, companies may find it useful to refer to the manner in which the principle is applied under the ITA, to test whether the transactions are in accordance with the ALP.

Specified domestic TP: The Finance Act 2012 has extended the scope of TP provisions to specified domestic transactions, based on the suggestion made by the Supreme Court. The intent is to curb possible tax arbitrage in cases where companies tend to shift profits from one tax paying entity to another tax exempt or loss making entity within India.

As per the provisions, the following domestic transactions would be under the purview of the Indian TPR:

- payments to related parties;
- inter-unit/inter-company transactions that impact tax holiday profits; and
- other transactions, as may be specified.

UN TP Practice Manual: The UN TP Manual includes a chapter (chapter 10) on the practices and positions of emerging countries like India, China, South Africa and Brazil.

The Indian tax administration, in the chapter on India, has provided its comments on a number of emerging TP issues from an Indian perspective, including issues pertaining to location savings, intra-group services, and transactions involving the transfer/use of intangibles, comparability analysis, allocation of risk, use of multiple year data, etc. These comments are mostly similar to the approach adopted by tax authorities in the recent TP audits.

Recent TP audits: The tax authorities have recently concluded the eighth round of TP audits, continuing with their rigorous enforcement on issues such as the allocation of location savings, and payments for intra-group services and the use of intangible property.

One of them is the TP adjustment on the pricing of allotment of shares. The tax administration has also issued circulars on TP aspects relating to development centres. Some of the recent enforcement efforts and administrative developments may require taxpayers to review the impact of these on their existing TP policies and documentation, and consider appropriate action to manage risk.

Share valuation: This issue came into the limelight after the tax authorities issued a notice to an oil major in India alleging the underpricing of its sale of shares to its parent company. The tax authorities claimed that the Indian entity had issued shares at a price that was below the market price and, therefore, treated the undervalued amount as a 'loan' and taxed the notional interest applicable on such a loan. This was challenged by arguing that the Indian entity received capital and did not earn any income, and since only income can be taxed, no TP adjustment was warranted.

Intra-group services: This is another significant item in recent TP audits, with the tax authorities taking a close look at the expenses incurred on intra-group services, such as IT services, HR support and marketing, etc. The tax authorities, in many cases, have disallowed these expenses in entirety, since the taxpayer was unable to provide evidence justifying the 'benefit' received. The tax authorities have been rejecting general emails between Indian entities and AEs as not being adequate evidence to prove the benefit. On the other hand, taxpayers argued that it was practically impossible to provide evidence for every item, which led to significant adjustments in relation to intra-group services.

Marketing intangibles: This has been a key TP issue over the last few years. The Special Bench ruling has left a number of issues open or ambiguous, but its decision has largely been in favour of the Revenue. This has led to tax authorities aggressively making high-pitched assessments.

In a recent ruling, the Delhi Tribunal held that the remuneration for non-routine functions (sales promotion & AMP) was already embedded into the price of goods it imports from its AEs. In this case, the company was adequately compensated for undertaking non-routine functions, as was evident from the fact that the gross margin, as well as the net margin earned by the taxpayer was significantly more than what was earned by the companies used as comparable by the tax authorities. In the present case, the facts being considered pertained to a distributor whose remuneration model was significantly different from that of a licence manufacturer (Special Bench ruling). Hence, it was held that AMP function forms part of its roles and responsibilities as a distributor and no TP adjustment was required.

Location savings: It means that net cost savings are realised as a result of relocating business operations from a high cost to a low cost jurisdiction. Savings by Indian entities due to location benefit warrant higher compensation/ profits in India.

Profit from location specific advantages ('location rent') such as skilled manpower, access to market, large customer base, superior information and distribution network should also be allocated between AEs. Price determined on the basis of local comparables does not adequately allocate location savings. It is possible to use profit split method to determine arm's length allocation of location savings and location rents where comparable uncontrolled transactions are not available.

Revision in tolerance band: The tolerance band for determination of arm's length prices in connection with the Indian TPR was amended with a ceiling of 1% for wholesale traders and 3% in all other cases, from the earlier range of 5%.

Tax information exchange agreement (TIEA)

TIEAs are based on an international standard of transparency under which Indian tax authorities can seek information about a taxpayer. Information is regularly exchanged and forwarded to the field authorities for taking appropriate action. At present, India has TIEAs with nine jurisdictions, while five more have been signed which will enter into force after the completion of necessary formalities. Proposals to sign TIEAs with another 34 jurisdictions is in progress.

Additionally, India has also, in the recent past, signed protocols with various countries to insert/amend the article relating to exchange of information in their respective DTAAs, to enable the exchange of banking information and use of information for non-tax purposes as well. While most of India's DTAAs have an Article on the exchange of information, there is less incentive for certain jurisdictions with a negligible tax rate, popularly known as 'tax havens', to have a comprehensive DTAA with India.

Thus, to counteract this impact, the Indian tax law has incorporated a provision to discourage transactions by taxpayers with foreign jurisdictions which do not effectively exchange information with India. This provision empowers the GOI to notify such foreign jurisdictions as notified jurisdictional areas (NJAs).

Indian taxpayers dealing with entities in these notified jurisdictions would find themselves facing a higher tax burden and would be denied deductions in respect of expenditure, allowance or payments made to a financial institution in that country. Further, the sum received from such parties may be treated as income and tax would be deducted at the highest rate on the amount paid to such parties.

The CBDT has now prescribed rules and forms for the furnishing of authorisation and the maintenance of documents by a taxpayer who has entered into a transaction with persons located in NJAs in respect of which the taxpayer is to claim expenditure or allowance (including depreciation). The CBDT recently notified Cyprus as an NJA.

Limitation of benefits (LoB) clause

In a landmark decision by the Supreme Court (*Azadi Bachao Andolan* [2003] 263 ITR 706 (SC)), treaty shopping was held to

be valid whereby a third party tried to avail the benefit of the treaty by incorporating a shell/conduit company in one of the countries, in the absence of an LoB clause in the relevant DTAA. Hence, the GOI has been in negotiation with the governments of other countries to provide for an LoB clause in their respective DTAAs in order to avoid undesirable treaty shopping. This type of LoB clause has been inserted in many recently concluded Indian DTAAs, such as those with Georgia, Uzbekistan, Nepal, Iceland, Finland, etc.

Tax withholding extended to cover non-resident payers

The Indian tax law casts an obligation on 'any person responsible for making a payment to non-resident' to withhold taxes. It is now clarified that even non-residents fall within the ambit of 'any person'. Henceforth, even a non-resident payer is obligated to withhold tax at source before making payments to another non-resident, if such payment is income of the payee non-resident, chargeable to tax in India. Additionally, to increase the risk of non-application of permanent account number (PAN) by recipients governed by the withholding requirements, the Indian tax law provides for a higher withholding rate in cases where the recipient does not have a PAN.

Proposed changes

Direct tax code (DTC)

The DTC, proposed to be introduced to replace the current Indian tax law, incorporates many aspects of international best practices. The DTC is being considered in a bid to consolidate the laws and regulations relating to all direct taxes and establish a tax system which may discourage taxpayers from resorting to tax avoidance schemes, and thus help increase the revenue of the nation. The DTC is structured in order to facilitate frequent amendments without much ado in order to accommodate the ever increasing needs of India's dynamic economy.

The major changes proposed in the DTC as opposed to the Indian tax law are the lowering of tax rates, substituting income-linked incentives with investment-linked incentives, treating business assets gains as part of business income, levy of branch profit tax on branch office of foreign companies in India, unlimited carry forward of losses, and the introduction of Controlled Foreign Companies regulations.

Goods and services tax (GST)

GST is touted as one of the biggest taxation reforms in India, which aims to integrate the state economies by putting in place a centralised tax system to replace all indirect taxes levied on goods and services. GST would be implemented concurrently by the central and state governments and could help to eliminate tax barriers between the states by applying a uniform tax rate.

GST has been envisaged as a more efficient tax system that will widen the tax base, eliminate multiplicity of taxes and their cascading effects, minimise competitive distortions and encourage better compliance. Currently, a manufacturer needs to pay tax when a finished product moves out from a factory, and it is again taxed at the retail outlet when sold. In the GST system, both central and state taxes will be collected at the point of sale and will be charged on the manufacturing cost. The tax burden is aimed to be distributed equally between manufacturing and services.

The option of implementating GST was granted to the respective states, which led to a lot of deliberation and discussion. A Parliamentary Standing Committee was set up to examine the various issues that came up for consideration. The latest report by the Committee has given significant recommendations on a host of issues related to the GST design, including the rate structure, fiscal autonomy of the states, compensation mechanism and exemptions from GST.

Recent announcements suggest that an overwhelming majority of states are in favour of GST. However, the expected date of implementation of GST is still uncertain and a clear roadmap in this regard is still awaited, so it remains to be seen if the GOI will accept all the recommendations of the Committee.

India/UK DTAA

In November 2012, India and the UK agreed to amend the existing DTAA to provide tax stability to the residents of both the countries and to facilitate mutual economic cooperation. The most significant aspects of the protocol are the insertions of the LoB clause, as well as special provisions to grant DTAA benefits to income earned by partnerships, estates or trusts where income is subject to tax in the country of residence, either in the hands of the entity or in the hands of its partners/ beneficiaries. There are certain other provisions covering dividend taxation, as well as exchange of information and assistance in tax collection.

The protocol would be effective after the completion of the procedures in both the countries for bringing it into force. The protocol is yet to be notified in India.

All views expressed are personal and do not necessarily represent EY.

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