



INDIAN REGULATIONS EXPATRIATE TAXATION



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- In recent times, the Indian government has increased its attention towards the expatriate population. This has translated into changes in various legislations and resulted in increased responsibilities and additional compliance requirements. Given this scenario, this update was created to provide a better understanding of the tax, immigration, social security and other allied laws which are relevant for expatriate population.





Labour laws applicable:

As India increasingly integrates itself into the global market, foreign companies operating in the country find they need to strike a balance between following their own best practice and adapting to local norms and legal requirements. Here are nine key areas that employers should be aware of when dealing with staff in India:

1. Employment contracts:

Although India does not mandate written employment contracts, it is advisable for employers to ensure that at least basic agreements are in place, laying out individual's terms and conditions of employment.

Indian employment legislation is diverse and forms a complex framework that must be navigated carefully. Employment conditions in the country are also governed by industrial laws, The Companies Act and the Contract Act, 1872.

2. Wages:

Under the Minimum Wages Act, 1948, all employers in the organised sector must provide “the basic cost of living” to all employee categories specified within the Act. Remuneration should reflect this requirement and be written into an individual’s employment contract.

The Equal Remuneration Act, 1976, mandates that the wages paid to both men and women should not be discriminatory, while The Payment of Wages Act, 1936, requires the timely disbursement of wages to staff. Wages that are below minimum levels are considered to amount to forced labour, which is prohibited under the Bonded Labour System (Abolition) Act, 1976.

3. Termination of employment:

Employees in India may only have their employment terminated as per the terms and conditions of their employment contract. All employers must adhere to federal and state labour laws when laying off or terminating workers – conditions drafted into company contracts cannot supersede these legal statutes.

Moreover, termination without notice is prohibited. Termination periods vary based on function and length of employment

4. Maternity and paternity leave:

The Maternity Benefits (Amendment) Act, 2017, applies to all shops and any establishments that employ more than 10 workers. Under the Act, women must be paid 26 weeks of leave for their first two children, and 12 weeks subsequently. Companies employing more than 50 people must also provide crèche services.

The aim is also to discuss a new Paternity Benefits Bill, 2017, in the next parliamentary session. But a significant number of organisations, especially foreign companies such as Microsoft and IKEA, already include a mutually-agreeable paternity leave clause within their company policies. This practice has generally been well-received by the Indian workforce.

5. Preventing sexual harassment in the workplace:

The Indian government has brought the safety of women in the workplace to the forefront of its law-making activities. As a result, employers with more than 10 workers must set up an Internal Complaints Committee in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013.

All complaints should be actively pursued, evidenced and addressed immediately. To guarantee employee safety, appropriate HR policies must be drafted and communicated clearly to all personnel. Workshops or sensitisation programmes are also encouraged to allow discussion and promote the creation of an organisational culture that provides a fair and safe working environment for all.

6. Public holidays and working weeks:

India observes three national holidays: Republic Day (26 January), Independence Day (15 August) and Gandhi Jayanti (2 October). On these days, all organisations, both public and private, must remain closed and government approval is required should they wish to stay open.



Doing so is only permitted for establishments such as factories, or industries where work is considered to be continuous like hospitals or travel agencies, although staff who work on these days must be given additional wages.

Employers must also inform their workers about the annual list of holidays and what weekly time off is available to them during the year. The amount of leave and categories of leave permissible should ideally be laid out in each individual's employment contract.

A number of laws in India such as the Factories Act, 1948, also mandate the maximum number of work hours and the amount of overtime wages that must be paid to each employee.



7. Restrictive clauses in employment contracts:

Employers should note that including restrictive clauses in an employment contract may not be enforceable in the Indian courts. The Contract Act, 1872, indicates the fundamental right of all citizens to carry out their profession, trade, or business.

As a result, non-compete, non-disclosure, non-solicitation and 'gardening leave' clauses are deemed examples of restrictive clauses that the courts will only allow if there are plausible grounds relating to time-periods and the nature of activities involved.

The best way to ensure that a given clause is enforceable would be to restrict its scope as much as possible within acceptable dimensions, but doing so does not guarantee employers legal protection.

8. Gratuities and the Provident Fund:

The Payment of Gratuity Act, 1972 provides guidelines for paying employees the gratuities they are owed. Calculating how much they are entitled to is based on an employee's length of service, but payment is compulsory.

The minimum amount must be given to employees in these circumstances:

- Retirement;
- Resignation;
- Disablement due to accident or illness; or,
- Death of the employee (the gratuity is paid to a nominee).

But if they are dismissed for proven criminal or moral reasons, no gratuity is due.

In a similar vein, the Employees Provident Fund Organisation of India (EPFO) oversees and regulates the Employee's Provident Fund (EPF). Under this scheme, employers and employees contribute an equal amount to the Fund every month, which staff members can access at certain points during their career.

The EPF scheme is mandatory for everyone on a salary of below Rs 15,000 (US\$220), but is voluntary thereafter.



9. Flexible working culture:

Indian employers are increasingly moving away from traditional '9-to-5' working hours and gradually incorporating the idea of positive work-life balance into their corporate culture. As a result, many Indian multinational companies are moving to flexi-time or introducing working-from-home options to boost employee retention and loyalty.



Key considerations to be remembered:

1. Work visas in India
2. FRRO registration
3. Residential permit
4. Tax registration number
5. Tax residency
6. Individual tax rates
7. Tax payment
8. Tax return
9. India compliances
10. Taxation principles
11. Others Double Taxation Avoidance Agreements (DTAA)
12. Grossing up of taxes
13. Employee Stock Option Plan (ESOP)
14. Social security obligations in India
15. Bilateral comprehensive economic agreement (BCEA)
16. Exchange control
17. Direct tax litigation cycle in India
18. Best practices in India

1. Work visas in India:

Expats coming to India for employment should apply for a visa before they arrive. An expatriate needs to secure an employment visa for working in India. As per the clarification by the Ministry of Home Affairs, foreign nationals need to earn a minimum remuneration of USD 25,000 per annum along with certain other conditions to be eligible for the E-Visa. Expatriates visiting India even for a short span may require an E-Visa on account of the nature of their work in India and hence care should be taken to obtain the correct visa for visiting India.

Expats moving to India for professional reasons usually fall within one of the two visa categories below. Both types of visa simultaneously serve as a work permit.

- Employment visas
- Business visas



Differences between Employment visas and Business visas are stated below:

EMPLOYMENT VISAS	BUSINESS VISAS
<p>The employment visa (E-visa) is granted to employees sent to India on an intra-company transfer or to expats with a guaranteed offer of employment from an Indian company.</p>	<p>Business visas are available for expats who want to conduct business in India.</p>
<p>An employment visa is initially valid for one year, which can subsequently be extended at the local FRRO office.</p> <p>Extensions and renewals can be obtained from the Indian Ministry of Home Affairs or an expat’s local Foreign Regional Registration Office, but this is generally granted only after foreigners have worked in the country for several years.</p>	<p>Business visas are generally issued with six month's validity or more, and provide for multiple entries. However, business visa holders aren’t allowed to remain in India for longer than six months at a time.</p>
<p>This expats need to provide additional paperwork. It mostly includes proof of employment (e.g. a signed employment contract), company information of your employer in India, and proof of your ability to do the job (e.g. academic and professional qualifications).</p>	<p>This expats needs either a letter of invitation from the Indian business partner or a written statement from his client or contracting body, concerning the nature of the business and the length of his stay.</p>

All visa applications must consist of the following:

- a completed application form
- valid passport with two blank pages facing each other,
- the correct fee for the type of visa you are applying for,
- 2 passport-sized photographs,
- supporting documents, as may be required depending on the type of visa applied for.

All details about visa fees, registration requirements and additional guidelines are available with the Indian Embassy.

Extension of Visas:

Extensions are granted on different categories of visas as per requirements on case-to-case basis. The foreigner seeking extension must ensure that he/she submits application and the required supporting documents for extension well before date of expiry of visa.

2. FRRO Registration:

Foreign nationals who have a visa that's valid for more than 180 days in India need to obtain registration with the FRRO within 14 days of their arrival in India. This registration needs to be renewed periodically during their service tenure in India.

The FRRO has branches in numerous cities, and where they don't, expats would need to visit the Superintendent of Police (SP) of the district.



The documents expats will need include

- application forms,
- passport-size photos,
- passport,
- visa in original,
- copy of employment contract,
- undertakings by the employer and
- proof of residence in India.

The experience of applying for a residential permit will largely depend on the official handling the registration process. Some officials will ask for every possible document, and expats must have multiple copies of all documents in hand.

A foreigner can apply online from the website <http://indianvisaonline.gov.in/frro/> for availing of visa services in the office of FRRO, Delhi.

- Registration is also required in the case of visa less than 180 days and if there is special endorsement “for registration required”. However foreigners entering on Entry(X) and Business visas valid for more than 180 days are required to register with the FRRO, if they continuously intend to stay for more than 6 months i.e. more than 180 days on each visit. But, exempting visa bearing endorsement as “Stay not to exceed 180days hence no registration required.”
- All Indian Missions shall stamp the employment visas of the foreigners mentioned at above to the effect “REGISTRATION REQUIRED WITHIN 14 DAYS FROM THE DATE OF ARRIVAL” in India. Foreigners (including minors above 16 years of age) have to report in person or through an authorized representative to the appropriate Registration Officer for registration. No registration is required in respect of children below the age of 16 years.

3. Residential Permit:

Residential permit is issued at the time of registration, its validity being the period of stay specified in the visa. Application for extension of the Residential Permit should be made at least TWO months before its expiry to the nearest Registration Officer in the prescribed form. Supporting documents required for the registration:

- i. Original valid passport and Visa along with 4 passport size colour photographs (4 cm x 4cm with white background, ears distinctly visible without spectacles and cap).
- ii. Registration form
- iii. 3 photocopies of the relevant pages of passport (photo page, page indicating validity, page bearing arrival stamp of Indian Immigration).
- iv. Undertaking letter (3 copies signed by Indian Host/ sponsor/ Guarantor along with any one valid identity document like passport, election identity card, official identity card, PAN card, etc.).



v. Proof of Residence (3 copies of either electricity bill/Telephone bill/ Municipal bill/ certificate of municipal authority/Leave & License agreement or any other valid proof of residence)

vi. Registration fee

vii. In case of registration on Employment visa, three copies of the terms and conditions of the contract of assignment, including salary, designation, tenure of employment etc.,

viii. In case of registration on Employment or Business Visa, three copies of PAN card or of application made for grant of PAN card or an undertaking that PAN card would be applied after FRRO registration.

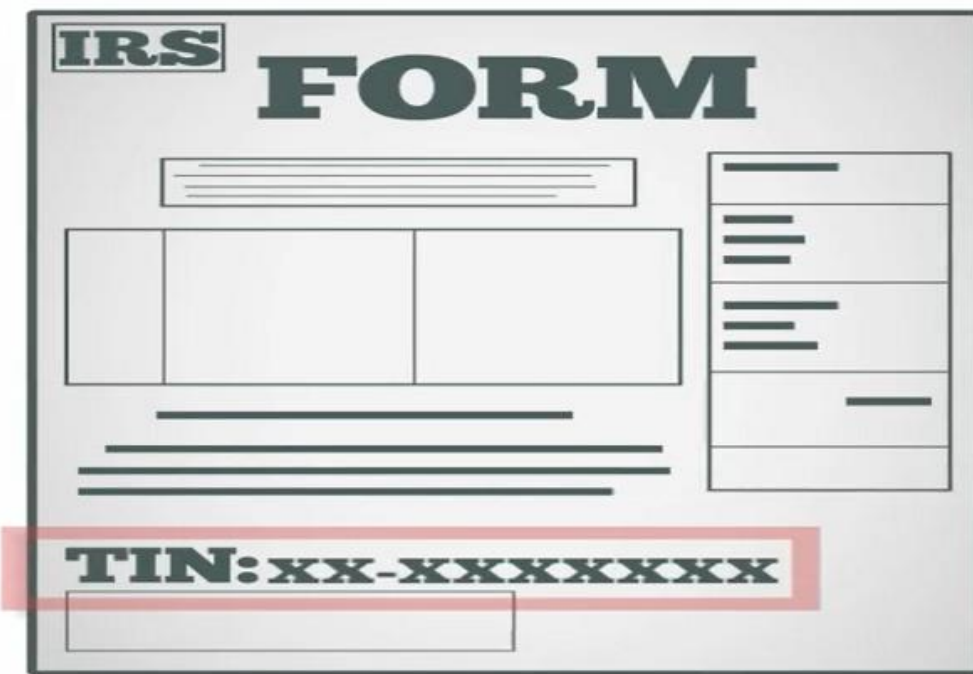
ix. In case of registration on Employment or Business Visa, forwarding letter of concerned company/ Firm /Business undertaking, duly signed by the authorized signatory mentioning name, designation & telephone and mobile number.

Registration requirements for Person of Indian Origin (PIO) and Overseas Citizens of India (OCI) card holders are as follows:

PARTICULARS	PIO CARD	OCI CARD
Visa	Not required	Not required
Registration with FRRO	Required if stay exceeds 180 days	Not required

4. Tax registration number

An assignee who is liable to pay taxes in India must apply for a tax registration number i.e. Permanent Account Number (PAN) with the Indian Income Tax Authorities in Form 49AA / Form 49A as applicable together with the prescribed documents. PAN is generally allotted within 15 days of submitting prescribed documents. The PAN is to be applied for immediately on arrival since it is required for foreigner's registration with the Foreigner's Regional Registration Office (FRRO).



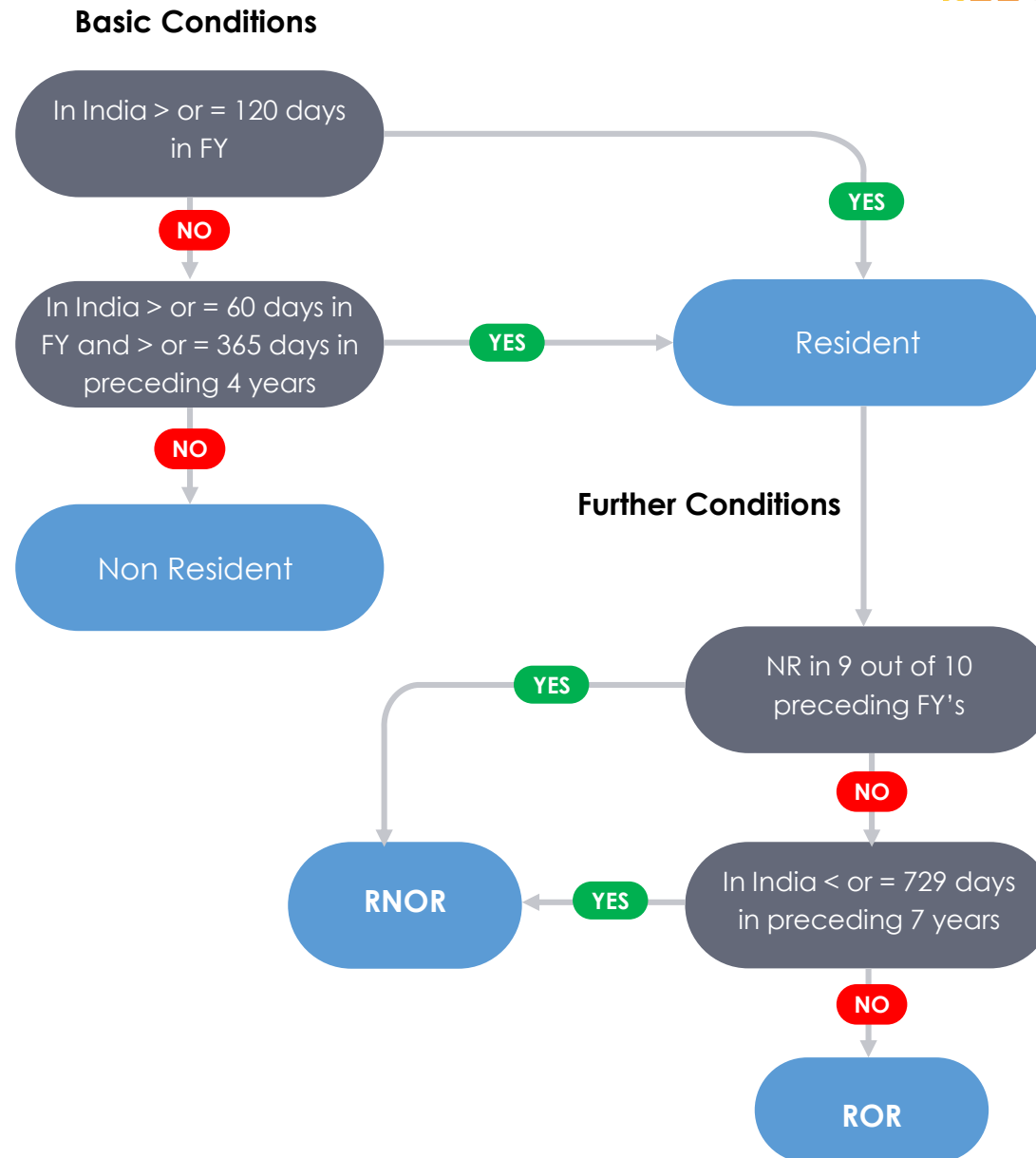
IRS FORM

TIN: XX-XXXXXXXX

5. Tax Residency

The Indian financial year runs from 1 April to 31 March. An assignee is liable to pay taxes in India based on his/her tax residency during a fiscal year. Tax residency is dependent on the stay of the assignee in India, irrespective of the purpose of such stay. An assignee can be a Resident and Ordinarily Resident (ROR), Resident but not Ordinarily Resident (RNOR) or Non-Resident (NR) in a year.

If you arrive in India for the first time, you will be NR/RNOR for the first two fiscal years. Generally, a person who spends more than 120 days in India during a fiscal year and more than 729 days in India in the previous 7 years will be an ROR for that fiscal year. The tax residency of an individual will determine the scope of income liable to be taxed.



SCOPE OF INCOME



SOURCE OF INCOME

ROR

RNOR/NR

Received in India

Taxable

Taxable

Sourced in India

Taxable

Taxable

Sourced and received
outside India

Taxable

Taxable



6. Individual tax rates:

India follows progressive rates of taxation for individuals. The applicable tax rates from financial year 2019-20 (1 April 2019 to 31 March 2020) are as below:

Income Slab (Rs.)	Existing tax rates	New tax rates
Upto 2,50,000	Nil	Nil
2,50,001 – 5,00,000	5	5
5,00,000 – 7,50,000	20	10
7,50,000 – 10,00,000	20	15
10,00,000 – 12,50,000	30	20
12,50,000 – 15,00,000	30	25
15,00,000 or above	30	30



- Exemption limit for senior citizens of age 60 years or more is 3,00,000 and super senior citizens of age 80 years or more is 5,00,000. It is available under only old tax regime.
- Around 70 of the existing exemptions and deductions (more than 100) to be removed in the new simplified regime.
- New tax regime to be optional - an individual may continue to pay tax as per the old regime and avail deductions and exemptions.
- Rebate of up to 10,000 available if the total income does not exceed 5,00,000.

Additional taxes:

- Surcharge at the rate of 10% is payable on tax if income exceeds 50 Lakhs to 1 crore, above 1 crore – 15%.
- Educational cess at the rate of 3% is payable on tax plus surcharge

7. Tax Payment

Taxes on income earned will be payable through the following mechanisms.



WITHHOLDING TAX (TDS):

- Estimation of total income.
- Monthly deduction and remittance of taxes.



ADVANCE TAX:

- Trigger only if tax exceeds 10,000.
- Determination of tax on estimated personal income.
- Payment of tax in installments due by 15th of September/ December and March of every financial year.



SELF-ASSESSMENT TAX:

- Determination of tax on actual income.
- Payment of tax on or before filing return of income.

8. Tax Return

The due date for filing the India tax return is 31 July following the end of every financial year.

The return can be filed either manually or electronically. However, electronic filing is mandatory in cases where the taxable income exceeds 5,00,000. There is no system of joint filing of tax return with spouse. The return may be subjected to scrutiny by revenue authorities.

An assignee who qualifies as ROR in a financial year has to report moveable and immovable assets held overseas along with any financial interest or signing authority abroad and trusteeship in offshore trusts in the India tax return. This requirement is independent of the assignee having taxable income for the financial year.



CBDT has vide Notification No. 32/2019-Income Tax Dated 01/04/2019 released Form Sahaj (ITR-1), Form ITR-2, Form ITR-3, Form Sugam (ITR-4), Form ITR-5, Form ITR-6, Form ITR-7 and Form ITR-V.

Following ITR forms for AY 2019-20 (AY 2020-21 yet to be notified) were notified:

ITR Form Number	Applicable to
ITR-1 SAHAJ	For individuals being a resident (other than not ordinarily resident) having total income upto Rs.50 lakh, having Income from Salaries, one house property, other sources (Interest etc.), and agricultural income upto Rs.5 thousand]
ITR-2	For Individuals and HUFs not having income from profits and gains of business or profession
ITR-3	For individuals and HUFs having income from profits and gains of business or Profession
ITR-4 SUGAM	For Individuals, HUFs and Firms (other than LLP) being a resident having total income upto Rs.50 lakh and having income from business and profession which is computed under sections 44AD, 44ADA or 44AE]
ITR-5	For persons other than,- (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7]
ITR-6	For Companies other than companies claiming exemption under section 11
ITR-7	For persons including companies required to furnish return under sections 139(4A) or 139(4B) or 139(4C) or 139(4D)

9. India Compliances:



An employer is under obligation to withhold taxes and deposit the same with the government treasury. The taxes need to be computed at an average rate and deposited on a monthly basis by the 7th of the succeeding month. An employer also needs to report employee-wise monthly salary and taxes on a quarterly basis in the tax withholding return. A tax deduction certificate needs to be issued annually to the assignee.

10. Taxation Principles:

Salary Income

Remuneration earned by an individual for services rendered in India during the assignment period is taxable in India (irrespective of where the payment has been received). This will include salary for any holiday period during the assignment. In addition, any sum that is relatable to the India service period and received preceding/ succeeding the assignment period will also form part of salary income.



Tax treatment of employee compensation:

All expatriates are taxed on any compensation received for services rendered in India. Compensation would include salary, fees, commissions, profits in lieu of or in addition to salary, advance salary, allowances and benefits in kind.

Broadly, the taxability of the typical components of an expatriate compensation package is summarized below:

Description	Taxable on full amount	Taxed on a concessional value	Exempt from tax
Base salary	✓		
All allowances other than those specifically considered below eg living allowance, hardship allowance	✓		
Bonus or commission/incentive	✓		
Housing allowances		✓	
Rent free accommodation		✓	
Furniture provided by employer		✓	
Temporary Accommodation on transfer		✓	
Utilities (electricity & water, servants)	✓		
Children's education		✓	
Employer provided car with driver			✓
Reimbursement of specified relocation expenses			✓
Medical benefits		✓	
Home leave travel			✓

11.Others Double Taxation Avoidance Agreements (DTAA):

India has entered into 94 double taxation avoidance agreements and 10 Tax information exchange agreements. An individual who is resident of a country with which India has entered into DTAA could avail the treaty benefits to either eliminate taxation in one of the countries or avail credit of taxes paid in the country of residence. Commencing from India fiscal year 2012-13, assignees would require a tax residency certificate (TRC) from the tax authorities of the resident country to avail treaty benefits in the India tax return. In addition, prescribed details are to be submitted in Form 10F if not already mentioned in the TRC. Individuals rendering services in India for a shorter span may be eligible to claim short stay exemption under the Indian Income tax Act, 1961 or the relevant DTAA provided certain conditions are satisfied.



12. Grossing-up of taxes:

Expatriates coming into India and working in various companies are generally tax equalized i.e., the tax payable in India on their salary and perquisites is borne by the employer. This is to ensure that they remain tax neutral in respect of their Indian assignment. In other words, the expatriate employees are assured net-of-tax salary income. Consequently, their income is grossed up for determining the tax payable in India. In other words, tax payable by them is added to their salary being remitted and determined on gross figure. This is explained by an example below:

Further, if an expat is getting salary in India as well as his home country, then his global salary is taxable in India for the purpose of grossing-up.

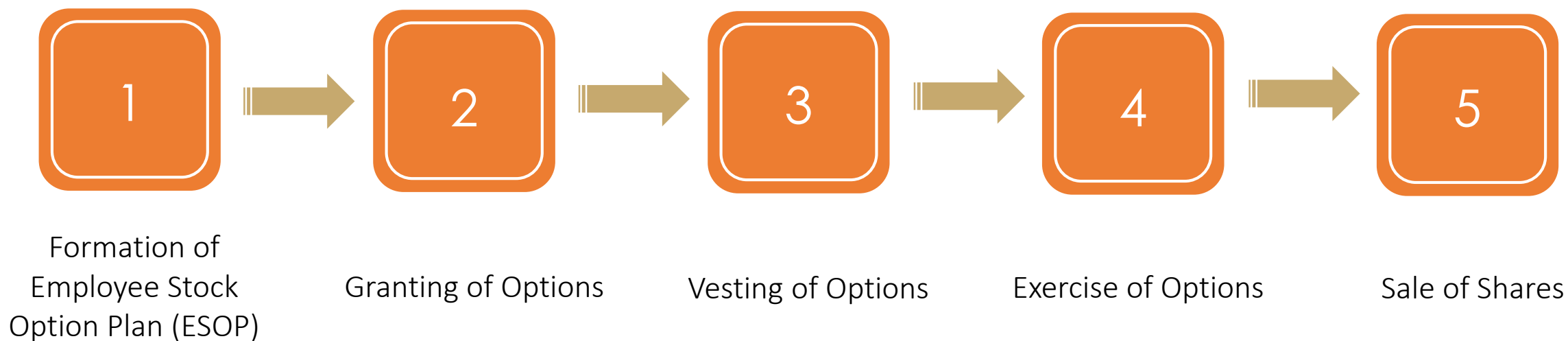
Particulars	Amount
Amount payable to expat (net-of-tax)	INR 100
Tax rate applicable	20% (assumed)
Gross-up income: $INR 100 * 100 / (100 - 20)$	INR 125
Tax payable ($INR 125 * 20%$)	INR 25
Net amount paid to expat	(INR 125 - INR 25) INR 100

**Surcharge @ 12% shall be added to tax rate if total income exceeds INR 10 million. Education cess @ 3% should be added to tax rate plus surcharge in all cases.*

13. Employee Stock Option Plan (ESOP):

Under section 17(2)(vi) of the Act, shares/securities received by an employee under an Employee Stock Option Plan (ESOP) or the like, are taxable on allotment of the specified security.

ESOP Flow



However, in the case of an expatriate employee, who renders services in two or more countries during the period between grant and exercise of options, a questions arise as to which country and to what extent such a benefit is taxable, if on the date of allotment, the expatriate employee was rendering services in India.

- An Employee Stock Option (ESOP) is a common component of remuneration especially in multinational companies that provide the workforce with an ownership interest in the company. The taxability of ESOP has seen a lot of changes under the Act. Currently, ESOP is specifically included within the definition of perquisite.
- Under section 17 of the Act, “perquisite” includes:– ...[(vi) the value of any specified security or sweat equity share allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the assessee.”
- As such, ESOP’ s are taxable in the year/at the time of allotment of shares by employer. The following are the basic stages under a typical ESOP: Grant Date Vesting Date Exercise Date Allotment Date Selling Date
- The vesting period in an ESOP could generally be 2-3 (or more) years. Since the taxability of salary depends upon the residential status as well as the place of rendering of services, the taxability of ESOP can be a complex affair.



14.Social Security Obligations In India:

Foreign nationals i.e. International Workers (IWs) working in establishments in India to which Employees' Provident Fund (PF) regulations apply are required to contribute to the PF except those who have been specifically exempted under the regulations.



Social Security Agreements (SSA):

An SSA (also known as Totalisation Agreement) is a bilateral instrument to protect the social security interests of workers posted in another country. Indian employees, who are posted to other countries by their Indian employers, without terminating the contract of employment, continue to make social security contribution in India as per Indian law. On account of the assignment undertaken in the other country, they may also be required to make social security contribution under the host country's laws. Ordinarily, such employees do not derive any benefit from such contributions made outside India on account of restrictions on withdrawal and stipulations pertaining to duration of stay. Being a reciprocal arrangement, an SSA is intended to provide for avoidance of double coverage i.e., coverage under the social security laws of both the home and host countries.

Ordinarily, an SSA addresses 3 issues, i.e.:

(i) Detachment:

An exemption, allowed to employees sent on an assignment to another country, from social security contribution in the host country, provided they are complying with the social security system of the home country.

(ii) Exportability of Pension:

A provision allowing employees sent on assignment to another country, and who are making social security contributions under such host country's regime, to export the benefits to their home countries or to beneficiaries in a third country, on completion of their assignment or on retirement.

(iii) Totalisation of Benefits:

The period of service rendered by an employee in a foreign country is counted for determining the eligibility for benefits, but the quantum of payment is restricted to the length of service, on pro-rata basis.





Certificate of coverage (coc)

A certificate of coverage or a detachment certificate is a document that must be obtained by an IW so as to avail the benefits under the applicable SSA. A COC is issued in the employee's home country by the social security authority in accordance with the provisions of the relevant SSA. The COC acts as a proof of detachment, pursuant to which, exemptions from the applicable social security compliances at the host country are allowed.

For example:

- A company is sending employee A for duration of 1 year to Belgium. India has an SSA with Belgium and Employee A shall therefore qualify as an 'international worker'.
- Employee B, a Belgian national, is sent to India by his company on an assignment for a period of a year. In the absence of the India-Belgium SSA, Employee B and his Indian employer would have had to comply with the EPF Act and contribute 12% each, of the total salary. Since India has in effect an SSA with Belgium, it would be possible for Employee B to qualify as an 'excluded employee' by obtaining a certificate of coverage from the social security authorities at Belgium and thereby avoid incurring social security expenses in India.



Mandatory contribution:

As per the provisions of the PF scheme, both employer as well as employee will contribute 12% of monthly pay (as defined). Out of the employer's contribution 8.33% of monthly pay will be towards the pension fund and balance 3.67% will be towards Provident Fund. Salary will include the total salary whether received in India or abroad. An employer needs to deposit the PF by the 15th of the next month. The details of the assignees also need to be provided on a monthly basis in a prescribed form.



Withdrawal/Benefits:

The amount deposited in the scheme can be withdrawn by an assignee under specific circumstances. Further, the amount withdrawn shall be payable to the credit of the assignees bank account or to the employer's bank account in India.



PF withdrawal:

- i. In case an SSA exists – as per the provisions of the SSA.
- ii. In case no notified SSA exists then - On retirement from services after attainment of 58 years. - On retirement on account of permanent and total incapacity for work due to bodily or mental infirmity as certified by a specified medical practitioner.



Pension withdrawal:

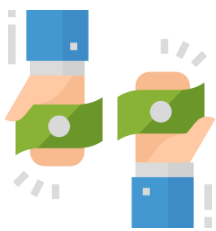
- i. Withdrawal benefit – as per the provisions of the SSA, where SSA exists.
- ii. Annuity – after 58 years of age subject to satisfaction of condition

15. Bilateral comprehensive economic agreement (BCEA):



India has entered into BCEAs with various countries. Assignees from countries with which such agreements have been entered into before 1st October, 2008 and contributing to their home country social security would also be exempt from Indian social security contributions on satisfaction of specified conditions. India has entered into a BCEA with Singapore prior to 1 October 2008. Hence, assignees from Singapore can avail exemption under the BCEA subject to fulfilling the conditions specified therein.

16. Exchange Control



India has liberalized its exchange control provisions to allow expatriates to freely repatriate their remuneration back to the home country after payment of appropriate taxes and social security and submission of appropriate documents. The norms also permit employers to make direct payments to the employees' foreign bank accounts net of appropriate taxes and social security.

17. Direct tax litigation cycle in India

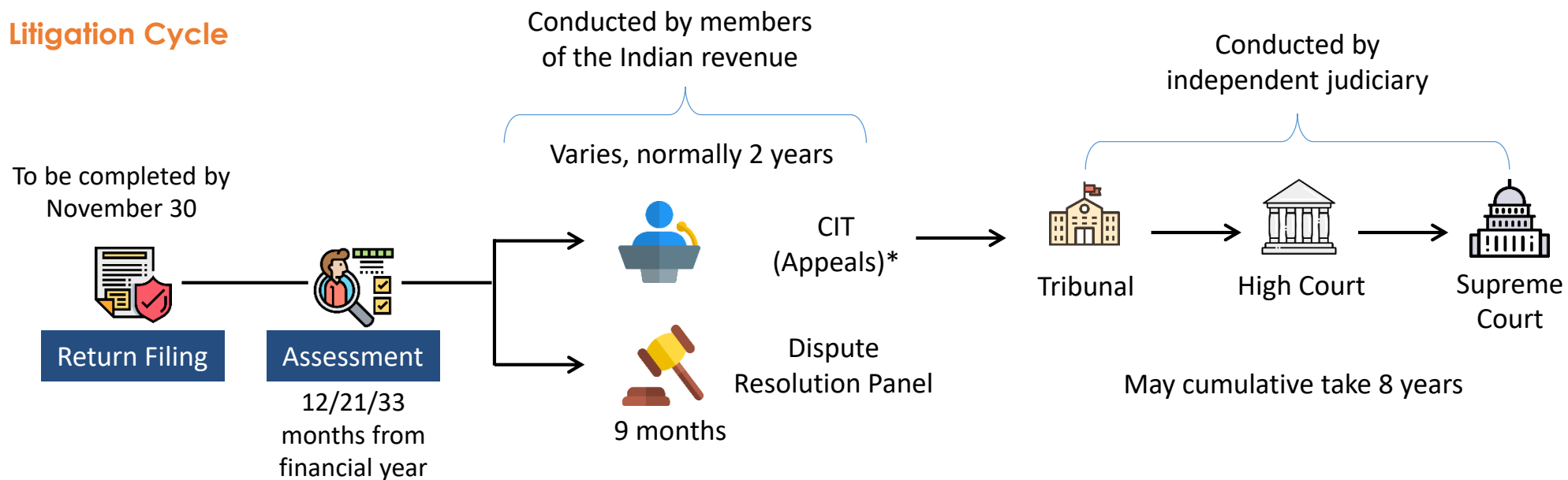
Normal dispute litigation route timelines and hierarchy

A taxpayer, after receiving an assessment order, can take an appeal through four appellate forums – CIT (Appeals), ITAT, High Courts, and the Supreme Court.

The current tax litigation process in India could take 12-14 years (if appeals go up to the Supreme Court) to resolve a tax dispute.

The lag is mainly because no timelines are mandated for conclusion of proceedings at the appellate forums, significant workload, lack of a fast-track dispute resolution mechanism, etc.

Income Tax Litigation Cycle



12-14 years for final resolution if litigation is pursued up to the Supreme Court.

18. Best Practices



Foreign Companies deputing employees to India must ably plan the nature and duration of deputation. They must have clearly documented deputation policies. Deputation letters and inter-company deputation agreements must be carefully drafted to ensure they document the correct underlying factual arrangements. Relevant tax implications must be carefully evaluated. In case of intra-group deputations, transfer pricing analysis should precede the deputation.

For the expatriates, they must understand the tax implications of the entire compensation package, including non-cash components, even before proceeding for deputation. They should also make themselves aware of key triggers, such as change in residential status, that change their tax or regulatory obligations. Knowledge of applicable tax and social security treaties would also help expatriates plan for applicable taxes and resulting cash flows better, and avoid unpleasant surprises.

Requirements to be made

Requirements	To be completed by	Periodicity
FRRO Registration	Within 14 days of arrival	To be renewed periodically
PAN application	Prior to FRRO registration	One time
Tax payments Advance tax (personal income) Withholding tax (on salary income)	15 September, 15 December and 15 March 7th of next month (to be deducted and paid by employer)	Monthly
Tax return	31 July	Annual
Social security	On a monthly basis by the employer	Monthly



Why SBC ???

Our Team comprises of distinguished Chartered Accountants, Merchant Bankers, Registered Valuer's , Certified Public Accountants rendering comprehensive professional services and a dedicated team for Business Valuations (Equity/ Intangibles), whose core competencies are:

- Visa compliances and FRRO registration,
- Employment contracts,
- Avoidance of PE,
- Tax computation, returns preparation along with filings (compliances),
- ESOP planning
- Assistance in any Tax Litigations & Representation before tribunals
- Social Security contributions and claiming DTAA, social security benefits,
- Approval from FEMA etc.,

Our Services

Assurance

- » Statutory Audit
- » Internal Audit
- » Tax Audit
- » Cost Accounting
Record Maintenance
- » Stock Audit
- » Management Audits
- » Due Diligence
- » Investigation
- » Forensic Accounting & Fraud
Detection
- » Internal Control Review & SOP
Formulation & Implementation

Taxation & Regulatory Compliances

- » Direct Taxation
- » Indirect Taxation
- » International Taxation
- » Transfer Pricing – Planning and
Structuring
- » Representation Services
- » Company Law Advisory
- » RBI, FEMA, FCRA, Import
Export Policy, Foreign Trade
Policy

Management Consultancy

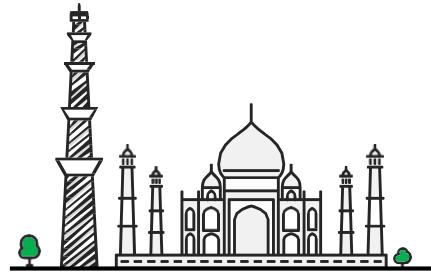
- » Certification Services
- » Accounting Support Services
- » Management Accounting and
MIS Reporting
- » Fixed Assets Verification, Tagging
- » Payroll Accounting
- » Project Financing & Appraisal
- » Financial Modelling and Analysis
- » Corporate Secretarial Services
- » Corporate Restructuring Services
- » Transaction Structuring Services

Contact us



HYDERABAD

Suite 5, Level 3, Reliance Cyber
Ville,, Madhapur, Hitech City,
Hyderabad – 500081



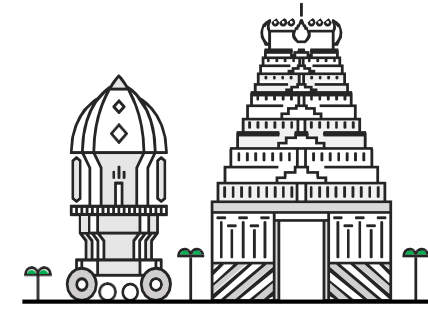
DELHI

C- 699A, 1st Floor, Sector-7, Palam
Extn., Dwarka, New Delhi, Delhi
110075



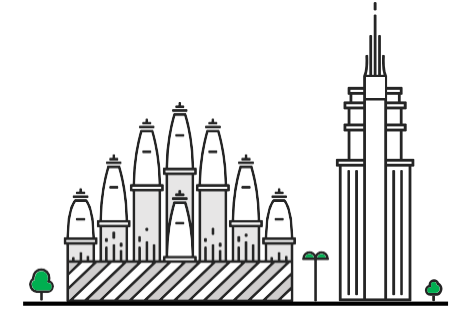
MUMBAI

Flat no.3, Plot no.226/227, Sion
East, Mumbai - 400022



CHENNAI

Old no 19, New no 13B, New
Bangaru colony first Street, KK
Nagar West, Chennai 600078



BANGALORE

90/1, 3rd Floor, Pasha South
Square, Rathavilas Road,
Basavangudi, Bangalore -
560004

Vizag: Level 3, Kupilli Arcade, Akkayyapalem, Visakhapatnam 530016,
Andhra Pradesh

Vijayawada: # 56-11-3, Sri Devi Complex, Y.V.R Street, MG Road, Patamata, Vijayawada, Andhra
Pradesh

Tirupati: H. No: 6-154/1, Syamala Nilayam, Near Water Tank, Akkarampalli, Tirupathi, Andhra Pradesh

Kurnool: #21, Top Floor, Skandanshi Vyapaar, New Bus Stand Road, Kurnool 518 003, Andhra
Pradesh

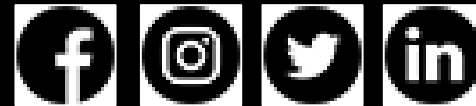


UAE Address: 2103, Bayswater Tower, Business Bay, Dubai,
UAE



USA Address: SBC LLC, 8 The Green, Suite A in the City
of Dover, Delaware - 19901

Thank You



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