



Salient Developments	Impact analysis/Course of action	Affected sectors
Changes impacting effective tax rates – phasing out tax holidays	<p>Sun set for significant Tax Holidays</p> <p>From 1 April 2017, the 100% profit linked incentive is not available to an undertaking engaged in the business of power generation and distribution; or power transmission or distribution</p> <p>Similarly, 100% profit linked incentive is not available for undertakings which begins commercial production of mineral oils or natural gas after 31 March 2017</p> <p>Possible Impact</p> <p>It has a significant bearing on Effective Tax Rate for the affected business and consequently on Internal Rate of Return</p> <p>Way forward</p> <p>Revisiting existing structure and explore new avenues for tax optimizations</p>	<ul style="list-style-type: none"> • Power Generating and Distributing Companies • Exploration and Production Companies of Oil and Gas Sector
Supply chain management	<p>Potential increase in cost for the Renewable Energy Sector (Solar Power Sector) due to introduction of GST</p> <p>Withdrawal of exemptions meant for renewable sector threatens to increase the cost of procurement and operations for the sector</p> <p>Way forward</p> <p>Explore possibility of reducing the incidence of GST by exploring changes in Supply chain pattern could prove to be a game changer</p>	<ul style="list-style-type: none"> • Renewable Energy Sector; • Solar Power Sector
New Accounting Standard for book keeping and computation of Income - Ind AS and ICDS	<p>INDAS and ICDS</p> <p>The compulsory requirement to follow INDAS accounting for specified Companies in phased manner has put forth challenges and opportunities from Accounting and Tax Perspective.</p> <p>Way forward</p> <p>In certain cases, Ind AS offers choice of accounting options to the company. It is critical to assess the tax impact due to Ind AS and make tax efficient choice.</p>	<ul style="list-style-type: none"> • Oil and Gas, • Power Sector, • Port; • Shipping • Renewable Energy • Road developers
Anti-avoidance regulations	<p>General Anti Avoidance Rule (GAAR) is applicable from 1 April 2017</p> <p>Due to application of GAAR an arrangement shall be presumed to have been entered into for obtaining tax benefit, if the main purpose of the transaction or part of the transaction is to obtain such tax benefit, unless proved to the contrary.</p> <p>Due to the above the transaction can be disregarded and looked through for tax purposes.</p> <p>Possible Impact – constraints on</p> <ul style="list-style-type: none"> • choice of funding instrument • choice of entity • EPC contracts <p>Due to the above, there would be challenge in flexibility of funding/contact structuring.</p> <p>Way forward</p> <p>Diagnostic check for GAAR for all the agreements/ structures to ensure that they are aligned with the principle of business driving tax and has commercial substance</p>	<ul style="list-style-type: none"> • All sectors

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Thin capitalization rule	<p>The recent thin capitalization norms has a potential for disallowance of excess interest paid to a non-resident Associated Enterprise on related party loan</p> <p>Possible Impact</p> <ul style="list-style-type: none"> • Funding constraints, Limitation on existing structure, • Increase in effective tax cost due to timing difference of tax deduction <p>Way forward</p> <ul style="list-style-type: none"> • Impact assessment, as the language of the law is not very clear • Club two projects under same entity subject to commercial feasibility • Revisiting the funding arrangement for future project 	<ul style="list-style-type: none"> • Power developers • Road developers • Port developers
Mobility of resources	<ul style="list-style-type: none"> • Tax optimization structuring for expats movement • Optimization of tax cost for accommodation provide to Expats working offshore on Oil Rigs etc. <p>Way forward</p> <p>Relook at personnel cost from tax & regulatory efficiency perspective.</p>	<ul style="list-style-type: none"> • Upstream - Oil and Gas

Contacts

Ahmedabad

19th Floor, Shapath –V
S. G. Highway,
Ahmedabad – 380015.
Tel: + 91 (079) 66827300
Fax: + 91 (079) 66827400

Hyderabad

1-8-384 and 385, 3rd Floor,
Gowra Grand S.P.Road,
Begumpet,
Secunderabad – 500 003.
Tel: +91 (040) 6603 2600
Fax: +91 (040) 6603 2714

Bangalore

Deloitte Centre, Anchorage II,
100/2, Richmond Road,
Bangalore 560 025.
Tel: +91 (080) 6627 6000
Fax: +91 (080) 6627 6010

Kolkata

Bengal Intelligent Park Building Alpha,
1st floor, Block EP and GP Sector V,
Salt Lake Electronics Complex,
Kolkata - 700 091.
Tel: + 91 (033) 6612 1000
Fax: + 91 (033) 6612 1001

Chennai

No.52, Venkatanarayana Road,
7th Floor, ASV N Ramana Tower,
T-Nagar,
Chennai 600 017.
Tel: +91 (044) 6688 5000
Fax: +91 (044) 6688 5050

Mumbai

Indiabulls Finance Centre,
Tower 3, 28th Floor,
Elphinstone Mill Compound,
Senapati Bapat Marg, Elphinstone
(W), Mumbai – 400013
Tel: + 91 (022) 6185 4000
Fax: + 91 (022) 6185 4101

Delhi/Gurgaon

Building 10, Tower B, 7th Floor,
DLF Cyber City,
Gurgaon 122 002
Tel: +91 (0124) 679 2000
Fax: + 91 (0124) 679 2012

Pune

706, B-Wing, 7th Floor,
ICC Trade Tower,
Senapati Bapat Road,
Pune – 411 016.
Tel: + 91 (020) 6624 4600
Fax: +91 (020) 6624 4605

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