



Request for Consultation and Delay of the Equalisation Levy Expansion

April 29, 2020

To,
Smt. Nirmala Sitharaman ji,
Honourable Finance Minister,
Government of India.

Dear Smt. Nirmala Sitharaman ji,

Our associations represent a wide range of companies from India's most essential trading and strategic partners. Our members are every size, from multinationals to infant startups, and represent sectors from technology to services to manufacturing and more. For all of us, India is a critical market in which many of our members are deeply invested, and many of our members have been designated as essential during the current crisis.

These are exceptionally challenging times globally for individuals, governments, and businesses. We appreciate that the current priority of the Government of India, and of governments around the world, must be to mount the strongest possible economic and public health response to the outbreak of COVID-19. At a time when governments and firms alike are under immense economic strain, we applaud Prime Minister Modi and other G20 leaders for their commitment to realizing a free, fair, non-discriminatory, transparent, predictable, and stable trade and investment environment, and to keep global markets open.

It is in the spirit of this international commitment that we write to respectfully request a **formal stakeholder consultation on the expansion of the Equalisation Levy and a delay by at least nine months of the implementation of "Section 165A" of the Union Budget 2020**, which significantly expands the scope of India's existing Equalisation Levy to establish a new, two percent levy on the online sale of goods and services into India by non-resident e-commerce operators. In the current circumstances, the timeframe within which this expansive new measure was approved and entered into force allowed for neither the dialogue nor the significant structural changes that would be necessary for impacted firms to effectively implement a levy of this scope and complexity.

A delayed implementation would permit such a dialogue to take place and would play a meaningful role in ensuring that the Government of India can most effectively and equitably achieve its policy objectives. Furthermore, a delay would underscore India's continued support for the ongoing, multilateral negotiations at the Organisation for Economic Cooperation and Development (OECD) on the taxation challenges arising from the digitalisation of the global economy.

We greatly appreciate your consideration of this request and stand ready to work with you and your Government.



Signed,

Allied for Startups

Asia Internet Coalition (AIC)

Asia-Pacific MSME Trade Coalition (AMTC)

Australian Services Roundtable (ASR)

DIGITALEUROPE

Information Technology Industry Council (ITI)

Japan Electronics and Information Technology Industries Association (JEITA)

U.S. Chamber of Commerce

U.S.-India Business Council (USIBC)