

Ref: GJEPC/USTR w.r.t 301/2021-22/

Date: 14th April 2021

To,

All the Members of Council,

Dear All

Subject: Invitation for Public Comments by the USTR w.r.t Section 301

Background of Digital Sales Tax (2% Equalisation levy) and USTR Section -301

- India has adopted a Digital Sales Tax (2% equalisation levy) on revenue generated from a broad range of digital services offered in India, including digital platform services, digital content sales, digital sales of a company's own goods, data-related services, software-as-a-service and other categories of digital services. India's DST only applies to "non-resident" companies.
- On June 2, 2020, USTR initiated an investigation of India's Digital Sales Tax (DST) pertaining to discrimination against US Companies; retroactivity, and possibly unreasonable tax policy.

Report about DST India - Summary- Proposed Action in Section 301 Investigation of India's Digital Services Tax

<https://www.gjepc.org/download/FRNIndia.pdf>

- On January 6, 2021, based on the information obtained during the investigation and the advice of the Section-301 committee, USTR determined that India's DST is unreasonable or discriminatory and burdens or restricts US Commerce. Section 301 authorizes the USTR to impose duties on the goods of the foreign country subject to investigation.
- Now as per this, USA has proposed retaliatory tariffs up to 25% on select Indian products including Gem & Jewellery for 2% equalization levy being levied by the Indian Government that would collect duties on goods of India in the range of the amount of DST that India is expected to collect from U.S. companies. Initial estimates indicate that the value of the DST payable by U.S.-based company groups to India will be up to approximately \$55 million per year.
- According to the above, various G&J products may attract duties up to 25% if Section-301 gets executed.
- list of 17 G&J products that may attract tariffs upto 25% by the USA under Section 301 (Annexure)

<https://www.gjepc.org/download/Annexure->

[I List of 17 G&J products included in section 301 USTR.docx](#)

- But before the implementation, USTR has invited comments from interested persons with respect to whether action is appropriate, and if so, the appropriate action to be taken.

You are kindly requested to submit your comments at the USTR website.

More numbers of comments./submission from the Indian side would make our case stronger against the imposition of such taxes by USTR.

Following are the steps to submit the comments at USTR

Step 1: Click link <https://comments.ustr.gov/s/>

Step 2: Click public docket titled as Comments are invited Public docket: **Index of Comments Concerning Proposed Action in Section 301 Investigation of India's Digital Services Tax**

<https://comments.ustr.gov/s/docket?docketNumber=USTR-2021-0003>

Step 3: For submitting comments: Click the button and furnish your information and upload your comments.

<https://comments.ustr.gov/s/submit-new-comment?docketNumber=USTR-2021-0003>

For any query, please feel free to contact – Ms. Rashmi Arora, Assistant Director (Economist), e-mail-id rashmi.arora@gjepcindia.com , Contact No. – 7045331319

Best Regards

Thanking you,

Sd/

SABYASACHI RAY

EXECUTIVE DIRECTOR