ANDERSEN

India-Africa Newsletter

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Foreword

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India and Africa have centuries old shared history, bolstered by strong and cherished economic and cultural ties. What started as trade of gold, tea, coffee and spices thousands of years ago has now bolted on the most sophisticated activities in the fields of telecommunication, pharmaceuticals, energy, information technology and infrastructure projects. Both these regions represent the highest potential for growth on the World map and therefore there is a need to nurture and support the business activities in this sector. With over 45 offices in the India-Africa region, Andersen Global has got significant geographical presence and its member and collaborating firms have the professional service skills coverage to help deliver the ambitious targets of the dynamic businesses in the corridor. This is a chosen market for us and this Andersen Global Newsletter is a step to support trade and investments between the two economies. We look forward to receiving comments and feedback.

Happy reading!

01

Country Insights

Zimbabwe : Ease of Doing Business

by Fungai Chimwamurombe - Partner
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As part of the Government's broader efforts to simplify the process of doing business and creating a pro-business environment in Zimbabwe, a new law called the Zimbabwe Investment Development Agency Act [Chapter 14:37] (hereinafter referred to as ZIDA Act) was enacted in February 2020 and has the sole purpose of dealing with investment law, in particular the promotion, entry, facilitation and protection of investment in Zimbabwe. The Act repeals the Acts of Parliament that contained investment laws, these are the Zimbabwe Investment Authority Act [Chapter 14:30], the Joint Ventures Act [Chapter 22:22] and the Special Economic Zones Act [Chapter 14:34]. Provisions of the repealed entities, which used to deal with investors separately, will be incorporated under one roof in ZIDA Act.

The Act has also established the "one stop investment center, which is also termed as the one stop shop for the sole purpose of expediting the investment process and to do away with the long tiresome procedures that were offered by both ZIA and SEZA. ZIDA Act also provides for the non- discrimination of investors in line with the constitution of Zimbabwe and protection against the expropriation of investment. It is envisaged that the new Agency, because of the favourable conditions it offers, will result in the attraction of more foreign direct investment, thus positively impacting economic growth and development in general.

ZIDA is established in terms of section 3 of the Act, which is a body corporate capable of suing and being sued in its own name and performing all acts that it may be mandated to do in accordance with the Act. The Act sets up the agency which is going to spearhead how the country will deal with both local and foreign investors and allows investors to invest in any and all sectors of the economy. The functions of the Agency include the promotion, planning and implementation of investment strategies for the purpose of encouraging investment by domestic and foreign investors. Other functions of the agency, among other things are to implement and coordinate investment programmes and investment promotion related activities, to facilitate entry and implementation of investment projects, to assist investors in all appropriate investment-related support that may be required and to work with Government and interested stakeholders in using modern communications methods to promote Zimbabwe as an attractive investment destination etc.

The Act introduced the One Stop Investment Centre. The establishment of the centre is one of the great achievements by the country. It serves investors from the undue hardships of having to approach various governmental institutions in the investment process. It saves time, money and makes the whole process predictable. The one stop investment centre has various desks, within the same building for the full and final facilitation of any type of investment. The one step investment centre has representatives of entities that play a role in the licensing, establishment and the operationalization of investments, these include the desk for Public PPPs, desk for SEZs, desk for ZIMRA, desk for Immigration, desk for EMA, among others.

Any investor who wishes to obtain the approval of the Agency for her or his existing or projected investment in any area of investment shall make an application to the Agency for investment licenses. The application shall be accompanied by the prescribed fee and such documents as the Agency may require. An investment licence other than that for investing in a Special Economic Zone shall be valid for a period fixed by the Agency from the date of issue. The period of the licence is at the discretion of the Agency, however all licences for investment in Special Economic Zones are valid for a fixed period of 10 years. The Act also prohibits the transfer, cession, assign of an investment licence to any other person without the approval of the Agency.

The Agency has the power to ensure compliance with any conditions subject to which any investment licence was issued. It is empowered to inspect any premises having any connection with the investment referred to in

the licence, to examine, make copies of or take extracts from any financial statements, books having any such connection. It is also empowered to suspend, cancel any investment licence where the licensed investor is found to have obtained the licence on the basis of fraud or a misrepresentation of a material nature or where the investor assigns, or otherwise transfers the licence to another person without the prior approval of the Agency.

The ZIDA Act allows investors to expatriate profits in freely convertible currency. However, the government of Zimbabwe may temporarily restrict such transfers in the event of balance of payment or external financial difficulties. Legal protection of investments and access to remedies when rights are violated are fundamental to investors. The ZIDA Act guarantees all investors equal access to law and protection against denial of justice in criminal, civil and administrative proceedings, breaches of due (judicial and administrative) process, and targeted gender, racial or religious discrimination.

02

Kenya : What a time to widen the tax base!

by Gibson Kuria - Tax Consultant
Andersen Tax in Kenya
(A member firm of Andersen Global)

Over the last couple of months, the Government of Kenya (GoK) has had the daunting task of easing the burden of tax on its citizens, while at the same time having to raise enough revenue to sustain government operations and growing the economy.

The Tax Laws (Amendment) Act was applauded for reducing the Income Tax rates for both individuals and corporates, while in the same breath certain tax incentives, such as the lower tax rates that were available to companies who list on the Nairobi Securities Exchange (NSE), were withdrawn.

On the 8th of April, 2020, the Finance Bill was released, offering the opportunity for public debate before it is debated in Parliament and passed into law. Since the Tax Laws (Amendment) Act came with quite a number of amendments, the expectation was that the Finance Bill would be less detailed and deal with more administrative issues on tax.

However, the Finance Bill clearly seeks to expand the tax base by doing away with a number of exemptions, which is indeed fundamental in any progressive tax regime, but the timing of such a move may be inappropriate considering the current economic situation.

Among other proposals, the Cabinet Secretary of the National Treasury proposes to charge VAT at a standard rate on Liquefied Petroleum Gas (LPG). LPG is widely used in many homesteads and thus an increase in price will definitely increase the cost of living for homesteads that are already struggling due to the pandemic.

Further, the Bill seeks to charge VAT on raw materials used to make automotive and solar batteries in Kenya. Such a move will erode and undermine all the efforts which have been put in place to champion the use of clean energy in Kenya.

The Bill also contains a proposal that the energy, aviation, agriculture (tractors) and manufacturing (plastics) sectors, which currently enjoy VAT exemptions, be subjected to VAT at 14%. If these proposals pass, it will not come as a surprise if commodity prices to the final consumers increase, and this may further impact these sectors negatively.

However, the proposal to exempt ambulance services from VAT is a welcome move as it is expected to reduce the costs of accessing ambulances, a critical requirement during the ongoing COVID 19 pandemic.

The Bill proposes to treat legal and other costs incurred by companies in relation to listing on the NSE as non-deductible expenses in computing taxable profits, a move that may discourage companies from listing on the NSE - because the consultancy costs incurred while undergoing a listing process are ordinarily quite hefty. The Bill also proposes to treat expenses incurred while carrying out projects of a social nature as non-deductible expenses. Such projects, which include schools, roads and dispensaries, may not lead to a direct increase in revenue of the company, but definitely have a positive impact in communities and should ideally be encouraged.

Whereas affordable housing is one of the current government's 'Big 4 agenda' items, the Finance Bill 2020 proposes to repeal sections of the Income Tax Act that encourage Home Ownership Savings Plans. Whereas it has been argued that the uptake of Home Ownership Savings Plans has not been as positive as initially expected, one would have expected the Government to continue encouraging existence of these schemes, in order to better its chances of delivering affordable housing to the Kenyan citizens.

Needless to say, GoK is under immense pressure to collect revenue and meet all its budgetary allocations. However, 2020 may not be the ideal year to expand the tax base as the economy is struggling due to the ongoing pandemic. Suffice it to say that some of the proposals in the Finance Bill 2020 were already rejected by Parliament when debating the Tax Laws (Amendment) Bill, 2020. It is important for policy makers at the National Treasury to come up with more innovative and accommodative ways of collecting revenue in light of the present circumstances.

South Africa : COVID-19 Tax Relief

by Jacqueline Peart
Director-Tax, Tabacks
(A collaborating firm of Andersen Global)

In order to assist qualifying taxpayers and employers with alleviating cash flow burdens arising from the COVID-19 pandemic and resultant lockdown restrictions, South African tax relief measures include the following:

- The relief is limited to tax compliant taxpayers only.
- The relief provides for a deferral of 35% of the employees' PAYE (employees' tax) liability for the period 1 April 2020 - 31 July 2020. No interest or penalties will be charged. The PAYE so deferred must be settled in equal installments over a period of 6 months commencing 1 August 2020, with the sixth payment due by 5 February 2020.
- Skills Development Levy contributions have been waived effective 1 May 2020 – 31 August 2020.
- The already existing Employment Tax Incentive to promote the employment of young workers has been expanded upon.
- A deferral of a portion of the payment of the first and second provisional tax payments for corporate income tax to the SARS, with no imposition of administrative penalties and interest for late payment of the deferred amount, is available. The first provisional tax payment due from 1 April 2020 – 30 September 2020 will be based on 15% of the estimated total liability, whilst the second provisional tax payment due from 1 April 2020 – 31 March 2021 will be based on 65% of the estimated total tax liability. Provisional taxpayers with deferred payments will be required to pay the full tax liability when making the third provisional tax payment in order to avoid interest charges and administrative penalties.
- In order to assist businesses, SARS will temporarily permit Category A and B VAT vendors to file their returns on a monthly basis without having to apply to SARS in writing and whilst remaining under Category A or B. This will assist businesses with liquidity as they will be able to file VAT returns more frequently to expedite potential refunds. This filing option will only be effective for a maximum of four tax periods. Upon expiration of this period Category A and B vendors will no longer be able to file their returns on a monthly basis unless they have applied to SARS for a change in category. Alternatively, vendors have the option to continue to file their VAT returns bi-monthly.
- Due to the measures put in place under the Disaster Management Act 57 of 2020, "essential goods" and "critical supplies" as defined in the relevant Regulation were subject to a VAT exemption on importation during Alert Levels 4 and 5 of the COVID-19 pandemic. This exemption has been withdrawn effective 5 June 2020 to allow foreign importers and local producers to operate on level playing fields now that SA has moved to Alert Level 3.

Uganda : “Stimulating the economy to safeguard livelihood, jobs, business and industrial recovery”

by FCCA Steven K Mugisha
Director-Tax, Ligomarc
(A member firm of Andersen Global)

“Stimulating the economy to safeguard livelihood, jobs, business and industrial recovery” is the theme for Uganda’s USD 12.7 Billion Budget for the year 2020/21. The Finance Minister plans to finance about half of this budget through domestic revenue mobilisation. Some USD 6.05 Billion was budgeted as Tax Revenue in line with a target Tax to GDP Ratio of 14% way below the nearly 20% plan of some other East African States. The non-tax revenue is estimated at about USD 442 Million in the 12 months to June 2021.

Uganda’s public debt continues to be eye-catching as it stood in the neighbourhood of USD 15 Billion in absolute terms compared to about USD 10 Billion at the same time 2 years ago. The relative number in the same regard of Debt to GDP ratio has also worsened from 35% at the end of June 2018 to above 40% now. The interest expenditure earmarked for the year in relation to this debt which was 3rd in budgetary allocation ranks (9% of total budget) is about USD 1.1 Billion. To put it in better perspective, this planned expenditure on interest can cover well the annual security budget; or it can finance the agricultural sector allocation to 3 folds or more. There is surely great cause to worry especially for the fact that the GDP is growing way slower than the debt.

The slow pace of the economy due to COVID-19 aggravates the debt problem even further since GDP growth will definitely be on the decline as its projected to be about 3% compared to above 5% in June 2018.If Uganda is to stay on course to achieving the long term development goals, the COVID-19 problem brings some lessons according to the Finance Minister from which the following opportunities could be embraced;

a) Fast Tracking the Implementation of Import Substitution

b) Facilitating the Export Promotion Strategy

c) Digitalization for Improved efficiency

d) Strengthening Contingency Planning for Disasters Preparedness and Protection of the most Vulnerable Persons

e) Transformation of Informal Business to Formal;

f) Transport Reforms to Decongest Urban Areas

There are several tax amendments that took effect on 1st July in regards to VAT, Income Tax, Stamp Duty, Excise Duty and Customs Duties in a bid to raise the targeted tax revenue but also to support the outlined strategies like Import Substitution and Export Promotions.

Our feelers in the wider business community signal a general acceptance of these modest tax amendments. The new commissioner general has also indicated a protracted focus to improve rental tax collection in the new year, curb on revenue leakage and introduce new enforcement measures to achieve desired results.

Thanks for reading our article. Greetings from Kampala!!!

Nigeria : COVID-19: Updates on Economic and Regulatory Outlook in Nigeria

by Olaleye Adebiyi
Managing Partner, Andersen Tax in Nigeria
(A member firm of Andersen Global)

Introduction

Following the record of Nigeria's first COVID-19 incidence on 27th February 2020 and the gradual increase in the number of reported cases, the Nigerian Government has responded with various regulations and economic measures (i.e. fiscal and monetary) to tackle the crisis head-on.

This Article documents some of the economic and regulatory interventions of the Nigerian Government. It also provides some useful insights for businesses and households in managing the challenges of the COVID-19 disruptions in Nigeria.

Fiscal & Monetary Policy Interventions to Combat COVID-19 in Nigeria

The Central Bank of Nigeria (CBN) issued a Press Release on 6th March 2020 to introduce a ₦50 billion Targeted Credit Facility as a stimulus package to support households and micro, small and medium enterprises affected by the COVID-19 Pandemic. The CBN has subsequently issued a detailed guideline for the implementation of the facility. As part of the stimulus package, the CBN is granting a one-year moratorium and an interest rate of 5% per annum which will last until 28th February 2021 and shall revert to 9%, effective 1st March 2021. As part of measures to address the impact of the COVID-19 Pandemic on the Nigerian economy, the CBN also unfolded a plan to support critical sectors of the economy with a ₦1.1 trillion intervention fund. ₦1trillion of the ₦1.1 trillion is to be directed at local manufacturing and boosting import substitution while the balance of ₦100 billion credit support, which will operate till 2030, will be focused at the health sector. The President has also approved the establishment of a ₦500 billion COVID-19 Crisis Intervention Fund and the Nigerian Government is also engaging with International Financial Institutions (IFIs) such as the World Bank, the International Monetary Fund funding critical healthcare expenditure within the country. These engagements have resulted in some grants by the IFIs to assist Nigeria in combating the COVID-19 Pandemic.

In addition, given that the Nigerian economy is largely dependent on oil revenue, the recent dynamics in the global oil market has largely distorted the plans in the 2020 Appropriation Act. Following this, the Federal Ministry of Finance, Budget & National Planning approved a downward review of the oil benchmark parameter for the 2020 Budget from US$57 to US$25. Also, on 10th July 2020, President Muhammadu Buhari signed the Appropriation (Repeal and Amendment) Act, 2020 which provides for aggregate expenditures of ₦10.81 trillion, which is an increase of ₦216 billion over the level of expenditure initially proposed in the 2020 Appropriation Act. These amendments seek to adjust the country's expected revenues, considering the wide-spread disruptions in domestic and international economic activities due to the COVID-19 Pandemic.

Furthermore, the tax authorities in Nigeria have issued series of notices extending the deadlines for payment of taxes and have rolled out a number of incentives and palliatives to cushion the effects of the COVID-19 Pandemic on taxpayers. Some of the tax palliatives include the approval of payment of outstanding liabilities in instalments to ease cash flow challenges that may affect taxpayers, on a case-by-case basis; and waiver of interest and penalty components of outstanding tax debts when the liabilities are settled within specified timeline etc.

Conclusion

The introduction of the above measures by the Nigerian Government and its agencies is commendable and demonstrates the Government's commitment to mitigating the economic impact of COVID-19 on Nigerians, businesses and taxpayers. Businesses and taxpayers can take advantage of the available stimulus packages to cushion the immediate effect of the Pandemic on their businesses. As the Government continues to roll out fiscal and economic policies, we encourage the general public to adhere to all safety precautions and health advice from medical experts, as we hope to safely pull through these challenging times.

Nigeria and India : Transfer Pricing Implications of COVID-19

by Dr. Joshua Bamfo, Partner and Head, Transfer Pricing Services, Andersen Tax in Nigeria (A member firm of Andersen Global)

Nitin Narang, Partner, Nangia Andersen India Private Limited (A member firm of Andersen Global)

The novel Coronavirus (COVID-19) pandemic has rattled the entire socio-economic landscape and is creating "new normal" everyday as the world is trying to weather through this storm. Undoubtedly, the world has been significantly impacted by the sudden outbreak of COVID- 19. Surely in years to come, the world will be divided into Pre-COVID-19 and Post-COVID-19 eras.

As economists are trying to predict the recovery mode with various alphabet shaped curves like V, U, L or even a W, corporations are facing the wrath of the crisis which is affecting liquidity, operations, people, supply and demand changes amidst a dense fog of uncertainty. From an economic perspective, the COVID-19 global economic crisis has been viewed by many as the worst since World War II.

This article reviews the Transfer Pricing (TP) issues brought about by the COVID-19 pandemic and the options available to taxpayers to help manage these issues.

Key TP Challenges of COVID-19

- Supply Chain Disruptions: In the supply chain, all focal points need to be operational simultaneously, i.e. the factories have to start, the logistics companies need to carry the supplies, the dealers need to be active again, the retailers have to be back in the shops and the consumers should have the appetite to buy. Absence of any focal point would break the supply chain. The lockdown of countries to control the spread of COVID-19 has limited both cross-border and local movement of goods and services. Entities reliant on goods imported from related parties for resale or manufacturing purposes have therefore been heavily affected. This is especially true for businesses in the Manufacturing and Trade industries.

- Erosion of Revenue/ Profit Margins: The COVID-19 pandemic has led to a significant slow-down of economic activities. Companies are faced with reduced customer demand for non-essential goods and services and cost escalations leading to an erosion of both revenues and profit margins. With this is also the issue of cash flow. With cash flow being irregular, companies need to constantly assess their short-term working capital requirements and keep afloat with available resources, until full business resumes.

- Increase in Intercompany Debt Financing: Liquidity issues arising from a reduction of revenue may push companies to seek out intercompany financing to manage working capital needs thereby increasing the borrower's debt profile. Multinational Enterprises (MNEs) will have to review their existing intra group loans and guarantees, conduct contemporaneous analyses to determine the adjusted credit ratings for companies impacted by the pandemic and the adjusted interest rates, which reflect current market realities.

- Inadequate TP Policies: Considering the impact of COVID-19 on the economy, Group entities may find that their TP policies are inadequate, as the existing arm's length benchmark range of prices/returns were determined during normal economic conditions, not pandemic affected conditions. Based on the TP compliance requirements of various jurisdictions, the Group TP Policies as captured in the Master File (MF) of an MNE may have been filed with the Tax Authorities. Also, the TP Policies as captured in intercompany agreements may be found to be inconsistent with the arm's length outcomes determined when preparing the contemporaneous TP documentation for the 2020 Financial Year (FY). Thus, before these documents are evaluated by Tax Officers or before the preparation of the contemporaneous TP documentation, there might be a need to revise or analyse these agreements and reports in line with the newer business realities.

- Place of business: Permanent Establishment (PE) and Place of Effective Management (POEM) exposures have been under discussion for some time now. With the new business models, taxation of digital economy and innovative revenue streams, PE and POEM were set to play active roles. However, with virtual working and teleworking on account of the restricted movement of people due to internal and external lockdown of country borders, this requires a deeper analysis of PE and POEM risks.

Managing TP Risks Associated with COVID-19

- Revision of TP Polices: Taxpayers should review existing TP policies to align transfer prices to current economic realities. This will involve reviewing and possibly revising arm's length benchmark range of profit margins/ mark-ups/ prices to reflect the impact of the COVID-19 pandemic on these market variables. Amendments in Global TP policies should be based on careful evaluation of the characterization of the group entities which will be dependent on actual functions performed and risk controlled in COVID-19 impacted economic environment and way forward functional and risk profiling.

- Revision of Intercompany Agreements: Inter-company agreements form the backbone of the transactions and acts as window to how the MNEs operate. They contain the basis of accounting treatment and books of accounts of any entity. Thus, appropriate revision/ termination (possibly in some cases) of existing inter-company agreements will be a key action item for MNE groups. It is important to review and update the terms of intercompany agreements to align the economic substance of the transactions to their form as well as reflect the new TP policies.

- Business Restructurings: As stated earlier, the pandemic has led to various disruptions to business operations. Businesses may therefore choose to adopt different structures to ensure operational efficiencies within the Group. Some MNEs may be required to redesign their Global TP policy from a short to medium term perspective (to consider the immediate and foreseeable future impacts considering system profits/ losses of MNE group) and some may have to completely redesign their TP policies in due course from a long term sustainable perspective, considering the changes in supply chain and DEMPE[1] related functions.

- Preparation of Robust TP Documentation: The importance of the TP documentation cannot be overemphasized in the COVID-19 era. Companies face the challenge of earning seemingly non-arm's length prices due to the adverse impact of the pandemic on the economy. As such, a robust TP documentation is important to demonstrate that any returns lower than the arm's length returns during normal times were as a result of adverse economic conditions rather than transfer mispricing. This distinction will be important during any Post-COVID-19 TP audits.

- Arm's length profitability indicators and economic adjustments: The impact on the top and bottom line of the business would necessitate the preparation of a robust audit defense package. This will address for example any "extra-ordinary" expenses incurred amidst the crisis undertaking relevant economic adjustment model (such as effect of lockdown on capacity utilization, market volatility exposures, manpower productivity, market and price risk analysis, distress comparable analysis, etc.) to first arrive at suitable comparables and then at appropriate arm's length price/ transfer price. This complex situation will not have an ordinary solution.

Conclusion

The adverse impact of the COVID-19 pandemic on economies and therefore businesses cannot be overemphasized. Most independent businesses as well as businesses with related parties have had to adopt business survival strategies to keep afloat. The challenging times have clearly had impact on related party transactions; as such, taxpayers need to proactively perform COVID-19 impact analyses on their related party transactions and the compliance requirements.

Accordingly, the MNEs should adopt proactive, holistic and adroit TP approaches and prepare robust "COVID Dossier" having regards to commercial/ business rationale for business re-alignment and re-calibration.

[1] DEMPE stands for Development, Enhancement, Maintenance, Protection and Exploitation

07

India : Indian Budget 2020 and post COVID Income tax amendments

by Vishwas Panjiar, Partner
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The Indian Budget 2020 was first laid before the Parliament on 1st February 2020 with most stakeholders in anticipation of the announcements. Interestingly, India's first Covid case was reported on the very preceding day. The Hon'ble Finance Minister presented this year's Budget 2020 which was premised on the theme of Aspirational India, Economic Development & Caring Society. The Budget subsumed more than 100 proposed changes in the Income tax Statue out of which the key proposals impacting foreign investors and multinational enterprises doing business in India were as under:

New Dividend tax regime sans Dividend Distribution Tax (DDT)

To make India an attractive destination for investment, the proposal abolished the existing DDT regime for dividends which implies that dividends would not suffer DDT at the investee company level and will be now be taxed in the hands of recipient shareholders at the applicable tax rates. Foreign investors should now be eligible to claim credit for the taxes paid on dividends in India subject to their domestic tax laws and the respective treaty provisions which may also enable lowering of the tax in India. The same would also encourage foreign companies to invest in India without having to resort to innovative structures for fund/profit extraction from India.

Exemption from income tax return filing widened for Non-residents

The gamut of relaxation from filing of income tax returns in India, which was earlier available to only non-residents earning income in the form of interest and dividend income, has been enlarged to include income in the nature of technical fee and royalty also, as long as the requisite taxes have been deducted.

Scope of APA & Safe Harbour rules widened to include PE Profit attribution

The Advance Pricing Agreement (APA) and Safe Harbor Rules aimed at providing more certainty to reduce the Transfer Pricing litigation, have also been extended to profit attribution of a Permanent Establishment of a foreign company in India where attribution of income itself has been a vexed issue.

VSVS Direct Tax dispute resolution Scheme

With the intent to reduce huge pendency of direct tax litigation, the Budget introduced a new scheme: VSVS "VIVAD SE VISHWAS" = "From Dispute to Trust" enabling taxpayers to settle the pending appeals relating to "tax arrears" (including interest and penalty levied in respect thereof). The Scheme grants complete immunity from prosecution and substantial relief from payment of interest and penalty. Such move would reduce the direct tax disputes and related administrative costs.

Source rule of taxation enlarged

India is a front runner in making the tax amendments in its domestic statute to demonstrate its position and thus India has gradually introduced majority of the BEPs Action Plan measures into the tax statue. With the Finance Act 2020, India also introduced the enlarged scope of Equalization levy (EL 2.0) to be levied at the rate of 2% on non-resident e-commerce operator for online sale of goods/services. The existing Equalization levy (EL 1.0), which was introduced back in 2016, was only applicable on specified services being online advertising services rendered by non-residents. It's interesting to note that the EL 2.0 introduction was not presented in the Finance Bill but was later added to the same before receiving the Presidential assent to become effective from 01.04.2020.

Corporate Speak

Both the Indian and African economies are two of the world's economies with the most potential for growth and the economic activities in this corridor has shown steady growth.
Africa remains to be one of the most important market for Comviva and it's being a very rewarding experience doing business in Africa.
It's heartening to see Andersen Global's maiden India-Africa newsletter focussed on the business in this corridor and I wish them great success!

Suryadeep Verma

Chief Marketing Officer

Comviva Technologies (Part of $21 billion Mahindra Group)

Event Round Up

“A Discourse on Nigeria's Maiden Transfer Pricing Judgement Resulting in a ₦ 1.7bn Liability - Learning Points for Taxpayers”

As part of Andersen Tax’s COVID-19 Webinar Series, a webinar titled “A Discourse on Nigeria's Maiden Transfer Pricing Judgement Resulting in a ₦1.7bn Liability - Learning Points for Taxpayers” was conducted on May 21, 2020.

The Webinar had four Panelists - Joshua Bamfo (Nigeria), Kevin Kiyan (US), Nitin Narang (India) and Dr. Titilayo Fowokan (Client in Nigeria), with Amaka Samuel-Onyeani as the Facilitator.

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The first Nigerian TP Judgment stresses on the fact that a robust TP documentation should be prepared with the expectation of being defensible in court. This is key in mitigating a taxpayer’s TP risk especially the assessment of significant additional tax liabilities. The case also proves that TP is arguably the riskiest area in tax and taxpayers need to have knowledgeable and experienced TP advisors in such matters to defend their case.

The contributions during the session from the panelists with a wealth of TP experience in various jurisdictions and the taxpayer perspective provided by Dr. Fowokan, were very informative and beneficial to the participants. Andersen Tax Nigeria received positive feedback on the webinar.

The link to the recording is - https://bit.ly/33J90Ce

The link to the Q&A for the webinar is - https://bit.ly/33VaadP

The link to the NewsLetter by Andersen Nigeria on the judgement is - https://bit.ly/31OafNJ

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