

## Tax Hotline

July 10, 2024

### TAX ISSUES FOR FOREIGN LAW FIRMS ENTERING INDIA

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The Indian legal services industry is witnessing a paradigm shift as the government has recently lifted its restrictions on foreign law firms from operating in India. While this change is currently limited to permitting advice on foreign law aspects, it opens the floodgates for various legal and tax issues with regards to the presence of foreign law firms in India (particularly in light of the general position adopted by the Indian revenue authorities assessing the income of such foreign law firms to tax in India).

A recent ruling by the Delhi Bench of the Income Tax Appellate Tribunal provides limited certainty in how the courts would view the business activities of law firms operating in India. Specifically, the ruling debunks the revenue's attempt at constituting a virtual permanent establishment of the Taxpayer in India.

In the backdrop of this decision, our International Tax team members Jain write for Bloomberg Law and analyze the potential tax issues that may arise with respect to foreign law firms entering India.

Please click [here](#) for our detailed article.

#### Authors:

- Anirudh Srinivasan, Arijit Ghosh and Parul Jain

#### Tax Team:

Nishith Desai, Head, International Tax

Parul Jain, Co-Head, International Tax

Afaan Arshad, Leader, International Tax

Ipsita Agarwalla, Leader, International Tax

You can direct your queries or comments to the relevant member.

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