

## Technology & Tax Series

June 08, 2020

### TECHNOLOGY & TAX SERIES – ISSUE I: JUNE 2020

In the digitized world, businesses operate on a global scale without any significant physical presence while placing huge reliance on intellectual property (“IP”) and thrive on basis of user data, user participation and their synergies with IP. A market study on E-commerce in India by the Competition Commission of India revealed that India is the fastest growing market for e-commerce sector. Revenue from the e-commerce sector is expected to increase from USD 39 billion in 2017 to USD 120 billion in 2020, growing at an annual rate of 51 percent, being the highest in the world.

While the Organisation for Economic Co-operation and Development (“OECD”) is trying to reach to a consensus based solution, governments (including Indian government) across the world are not shying away from unilaterally addressing the challenges posed by digital economy. At the same time, the office of United States Trade Representative has begun its own investigation into unilateral Digital Services Tax imposed by various countries including India. Such investigation is not expected to deter the Indian Government’s stand on taxation of the digital economy.

On the flip side, the pandemic also brings into serious consideration a Pillar Three, which seeks to impose tax on super profits of companies benefitting from the pandemic.

Keeping in view the complexities arising on account of movement of taxation of income arising from use of technology in different directions, Nishith Desai Associates, keeping abreast with its research focussed approach, is pleased to start a special monthly ‘Technology & Tax Series’.

In the first issue of this series we examine the business model followed by ‘Platform Aggregators’.

In this issue, we deep dive into the operational business model and legal structure of platform aggregators (based on publicly available information) to determine the potential issues that may arise from a tax perspective. We specifically deal with the operational differences between ride-for-hire aggregators and accommodation aggregators to analyse how different tax outcomes, particularly on attribution under Pillar I principles, may arise due to operational differences. Further, we lay down the structural relationships as part of the case study to reflect several market realities noticed in platform aggregator groups. We then analyse the impact of income-tax provisions *inter-alia* including provisions related to significant economic presence, attribution rules, transfer pricing, equalization levy, GST and provisions under tax treaties in relation to permanent establishment among other issues. We also assess the potential impact of the work of OECD in relation to taxation of digital economy in case of platform aggregators. We end the discussion in this case study by highlighting some upcoming tax issues that may be of relevance for platform aggregators.

With increasing focus on the cross border digital services and supplies, we are certain that this report would be of interest to you.

Please note that this report is only for private circulation and is available only on a request basis. Please send an email on [digitaltaxseries\(at\)nishithdesai.com](mailto:digitaltaxseries(at)nishithdesai.com) to request for a copy of the case study.

### DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

## Research Papers

### The Tour d'Horizon of Data Law Implications of Digital Twins

May 29, 2025

### Global Capability Centers

May 27, 2025

### Fintech

May 05, 2025

## Research Articles

### 2025 Watchlist: Life Sciences Sector India

April 04, 2025

### Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

### INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

## Audio

### CCI's Deal Value Test

February 22, 2025

### Securities Market Regulator's Continued Quest Against “Unfiltered” Financial Advice

December 18, 2024

### Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

## NDA Connect

Connect with us at events, conferences and seminars.

## NDA Hotline

Click here to view Hotline archives.

## Video

### Vyapak Desai speaking on the danger of deepfakes | Legally Speaking with Tarun Nangia | NewsX

April 01, 2025

**SIAC 2025 Rules: Key changes &  
Implications**

February 18, 2025

