

## Tax Hotline

July 10, 2024

### TAX ISSUES FOR FOREIGN LAW FIRMS ENTERING INDIA

This article was first published on July 08, 2024 by Bloomberg Tax.



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.

#### 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

### Taxing Offshore Indirect Transfers in India

February 28, 2025

### Unlocking Corporate Philanthropy

February 27, 2025

### Digital Health in India

February 26, 2025

## Research Articles

### 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

### Key changes to Model Concession Agreements in the Road Sector

January 03, 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

### Arbitration Amendment Bill 2024: A Few Suggestions | Legally Speaking With Tarun Nangia | NewsX

February 12, 2025

**What India's Transition to New Data  
Protection Law Means for Global  
Businesses**

January 23, 2025

**India 2025: The Emerging  
Powerhouse for Private Equity and  
M&A Deals**

January 16, 2025

---