



ICEA's Direct Tax Committee

Competitive Tax Environment for Competitive Manufacturing

Prime Minister Modi's vision of \$500 billion in electronics manufacturing by 2030 isn't just a target—it's a blueprint for India's transformation into a global manufacturing powerhouse. As announced at SEMICON India 2024, this ambitious goal positions India to compete with manufacturing giants like China, Vietnam, and South Korea. In today's interconnected world, where Global Value Chains (GVCs) drive 70% of international trade, India's success hinges on creating a world-class tax environment that attracts and retains global manufacturers. The future of products like smartphones – manufactured entirely within GVCs – depends on our ability to offer a competitive and predictable tax landscape.

Direct Tax is an important ingredient of manufacturing conducive tax regime, considering the importance ICEA has set up a committee for deliberating on the industry issues with respect to direct tax and find out resolution of the same. The path forward demands a dual focus:

First, we must align our corporate income tax framework with global best practices, particularly in manufacturing activities and the determination of business connections for Permanent Establishment. This alignment isn't just about competitive rates – it's about creating an ecosystem that global manufacturers understand and trust.

Second, and perhaps more crucial, is our commitment to tax predictability. For GVCs considering India as their manufacturing base, clarity about the tax environment over the next 6-10 years isn't just desirable – it's essential. This long-term visibility enables confident investment decisions and encourages deeper integration into India's manufacturing landscape.

As we stand at this pivotal moment, India's transformation into a global manufacturing hub is possible but it needs to be fostered. Through thoughtful tax reform and unwavering policy consistency, we're not just building factories; **we're laying the foundation for India's future as a manufacturing superpower.**

To become a committee member, reach out to:

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