

Engaging with Tax Authorities and Regulators

Tax Representations

We proactively share our views and suggestions on the overall tax framework of the Country keeping in mind the changing practicalities of the commercial landscape. We aim to ensure an inclusive growth of the business and economy as a whole.

As part of our tax advocacy initiative, we engage with governments as a member of trade association, to represent our views on proposed amendment to the existing or proposed law which has an industry-wide impact and possible challenges in its implementation.

On certain occasions, we also directly represent the government highlighting any concerns faced by the Company.

At all times, we maintain a respectful and professional demeanor towards the Government authorities. Our representations and discussion with the government is unbiased and keeping in mind the overall economic development of the Country as a whole. We have a stringent policy against any unethical and illegal gratifications. JSW Steel has developed and implemented a robust policy on Ethical Business Conduct which is uploaded on the website of the Company (<https://www.jsw.in/groups/sustainability-policies>).

Tax Assessments and Litigations

In case any adverse view is taken against the Company by any tax or appellate authorities, the tax team of the Company analyses the detailed fact pattern, extant law and jurisprudence on the subject matter before taking a decision to litigate further. The Company also consults its external tax advisors and legal counsels at the time of taking such decision.

Our tax team maintains a list of ongoing tax assessments and open tax matters initiated by or against the Company, which is updated on a real time basis. Our endeavor is to file timely responses to the information sought from various tax authorities and act promptly to co-operate with the tax authorities on any ongoing tax scrutiny matters. Our responses provide a detailed explanation on the technical as well as the factual aspects based on which tax positions are adopted by the Company, supported by legal precedents or technical interpretations of the law. The Company represents the tax matters and also assistance is taken from the external tax advisors and legal counsels for representation as well as submitting required explanation. We actively take assistance from external tax advisors and senior legal counsels for drafting our responses while making representations.

A detailed tax exposure analysis is carried out by the Company which is reviewed and vetted by the external tax advisors and the same is presented before the Audit Committee on an annual basis.

The key issues constituting the contingent liabilities of the Company as on 31 March 31, 2022 2022 are reported under Note 45 (Page 274) of the Annual report. An indicative list of such key issues are as follows:

- The Company has challenged a levy of Forest Development Tax/ Forest Development Fee by the Government of Karnataka under Karnataka Forest (Amendment) Act 2016. The matter has been decided in favor of the Company by the High Court of Karnataka. Presently, an appeal filed by Karnataka Government against this order is admitted by Hon'ble Supreme Court. The total contingent liability recognised in this regard is ₹ 3,710 crores
- The State of Goa has levied Green Cess on coal and coke amongst other materials under The Goa Cess on Products and Substances Causing Pollution (Green Cess) Act, 2013. This levy has been challenged before the Goa Bench of Bombay High Court and the court has passed an interim order directing the State of Goa to not to take coercive steps till the matter is decided. The total contingent liability recognised in this regard is ₹ 293 crores
- The Company is in receipt of a show cause notice for payment of rural cess under The Goa Rural Improvement Welfare Cess Act, 2000. The Company has responded to the notice and also filed a writ petition before Bombay High Court wherein the court has suspended the demand and sought a reply from the State Transport Department. The total contingent liability recognised in this regard is ₹ 969 crores
- GST – Enforcement unit had issued a show cause notice on cross charge of invoices raised from JSW Odisha registration to JSW Mumbai (ISD registration). Consequently, in a writ petition filed by the Company before Odisha High Court, the GST authorities were directed to hold fresh adjudication and pass a revised order. Accordingly, a revised order has been passed and the GST authorities have raised a demand of ₹ 2,678 crores. Out of the same, the Company has recognised ₹ 200 crores as contingent liability and the balance demand as remote liability.

The legal department of the Company peruse open litigations in the respective codes based on the scheduled hearings for their earliest resolution. The Company is keeping updated on the judicial developments on the issue under litigation and also takes the opinion of the legal counsel from time to time.

Any matter that arises in a tax proceeding is escalated to the CFO of the Company which is addressed by a discussion with him as mentioned in para 4 above.