

Our Approach Towards Tax

Broad Approach

JSW Steel Group is sincerely committed to adherence to the laws and regulations of the countries in which we operate. We strictly comply with the applicable laws and regulations of each country in letter and spirit.

We have an in-house team of competent tax professionals who monitor the tax positions adopted by the JSW Steel Group entities. The Company has internal tax framework which mandates independent evaluation on tax matters from technical and legal perspective coupled with analysing risk assessment. This tax framework is consistently followed on all tax matters including matters related to transfer pricing, local income tax, cross-border taxation and indirect tax matters. While adopting tax position on any unique matter involving contentious issues, the Company seeks external guidance and the tax position adopted are backed by the opinions of expert professionals and tax consultants having subject matter expertise. In case of any divergent views on a particular transaction, we consult senior legal counsels before taking a tax position. Open tax matters are reviewed periodically and presented on a quarterly basis to Audit Committee.

While adopting a tax position, a detailed evaluation is done on "more likely than not" chances of success before the appellate forums. In case any new tax position is agreed upon or any existing position is revised, a detailed internal analysis backed with technical propositions is done and presented to the Financial Controller and/ or CFO of the Company. After their agreement, such tax position is implemented by the Company. The key tax positions are also discussed with the Board Committee on Finance. Our tax teams are carefully monitoring the developments around new taxes in key jurisdictions where we have customers and vendors. The tax team keeps providing periodical updates to the Financial Controller and/ or CFO and takes guidance on complex issues.

We follow the OECD framework along with the domestic laws relevant to transfer pricing of goods and services among our group entities. We do not use jurisdictions classified as tax havens or low tax jurisdictions for diverting profits. If as part of any acquisition there are entities in low tax jurisdictions, we are in the process of streamlining the overall historically acquired holding structure from tax perspective.

Through our group tax policy, we commit to abide by the following aspects:

- We endeavor to comply with the letter and spirit of the tax laws and regulations of the countries in which we operate in.
- We have a strict resistance against shifting profits to low tax jurisdictions.
- We refrain from creating cross border tax structures without any commercial substance.
- We undertake related party transactions, both domestic and international, on arm's length basis.
- We do not use jurisdictions classified as tax havens for tax avoidance.

As a part of the Company's tax risk management procedure:

- Our tax team remains abreast of developments in the tax regulations and jurisprudence relevant to the tax matters of the Company.
- In case any change in a material key predetermined tax position is anticipated on account of developments in law or jurisprudence, the tax position is re-visited by the tax team
- Consultations are sought from external tax advisors if any change in tax position is envisaged
- If necessary, the tax positions are revised after deliberation with the Board Committee on Finance.

For instance, the Government of India had, vide Finance Act 2022, introduced new provisions for withholding of tax under section 194R of the Income-tax Act, 1961 with effect from July 01, 2022. As per the said provisions, the Company is liable to withhold tax in case any benefit or perquisite is provided by the Company in the course of its business. This amendment to the law potentially increased the tax compliance and in some cases the tax cost of the Company. As a proactive response, in-line with the Company's tax risk management procedures, the tax team critically analysed the applicability of the provisions to various trade practices of the Company in tandem with the external tax advisors and consulted the business development team of the Company on the steps and checks to be ensured for due compliance with the new provisions.