

# Tax Practice

## Compliance

The motto of JSW Steel Group is to maintain integrity, diligence and transparency while undertaking compliance and reporting under the laws and regulations in all the countries we operate. Our tax team is mindful of various tax compliance and its importance for the stakeholders as well as government. We have robust internal controls and protocols to ensure that all the statutory compliances are appropriately complied within the due dates. We also maintain a tax calendar to ensure timely compliance. The JSW Steel Group follows a zero-tolerance approach towards any delay/ lapse in tax compliance.

The tax positions required to be taken by the respective JSW Steel Group company in its tax returns are analysed by the in-house tax team, along with the external tax advisors. The tax position taken, along with the rationale, pros and cons, are duly documented. The opinion of legal counsels and external tax advisors are taken on the positions taken by the Company. These tax positions are then reviewed/ discussed with the Financial Controller and/or CFO of the Company. After appropriate consultation, the tax positions are adopted by the Company.

In case of compliance for payment of statutory taxes like withholding tax, advance tax, self-assessment tax, goods and service tax, the cash flow budgets are planned and the roles and responsibilities are defined within the team to ensure payment of taxes is within the time limits specified under the law.

The Company has a Legal Compliance Software to monitor and comply to various statutory compliances. There is a robust mechanism to ensure timely compliance with automated controls. The compliance officer with the help of risk management and legal team ensures compliance to applicable Laws.

## Tax Incentives for Development of Notified Areas

Our goals are aligned with the founding principles of our country which ensure an egalitarian development of all the parts of the nation. In this light, we endeavor to contribute towards the development of under developed regions of the nation by setting up and expanding manufacturing facilities in those regions. This results into an increased rate of employment and improvement in the overall standard of living of the people and the society. We have made substantial capital investment in those regions towards this objective.

We are happy to share that these efforts of ours have been recognised by various State Governments and tax incentives have been awarded to the Company for the capital investments made and the employment opportunities generated in notified areas including improvements in standard of living of consumer and

vendors. We have also undertaken rehabilitation initiatives for those who are affected by our mining operations.

The Company is eligible for claiming incentives for investments made under the Industrial Policy of the Government of Maharashtra under PSI Scheme 2007 & PSI 2013 Scheme. The Company completed the Phase I and Phase II expansion of 3.3 MTPA to 5 MTPA and 5 MTPA to 10 MTPA at Dolvi, Maharashtra in May 2016 and during financial year 2021-22 respectively and has also received the eligibility certificate for the same basis which it has started availing incentives under the PSI 2007 since then. Accordingly, the Company has recognised a grant income amounting to ₹ 571 crores for the year ending March 2022.

The business decisions of the Group are driven by the commercial rationale, with taxation aspect and implications being given a fair consideration in the overall decision-making process.

## Country by Country Reporting

We consider that it is important to increase the stakeholder's understanding of tax matters and their trust in larger corporate groups by being transparent about our tax affairs and cooperating with the tax authorities. More people than ever have a vested interest in tax matters and wish to obtain insights and understanding of board tasks and responsibilities, board oversight, effective tax-risk management, and auditable tax reporting. Tax transparency, reporting and the tax gap are in greater focus for governments, supranational groups, and NGOs.

We ensure that we provide adequate transparent disclosure of our tax affairs so that our stakeholders including the government are informed about how tax works in our Group and what are our tax governance practices. By making timely and adequate payment of taxes, we contribute to government revenues which support public infrastructure and services. We are committed to disclose our tax information (Tax contribution, our compliance with laws and regulations, etc.) under global sustainability standards and reporting of the public Country by Country (CbC) report. We are transparent about our tax payments, and we strive for an open dialogue with governments.

## Approach towards Related Party Transactions

The related party transactions between JSW Steel Limited and the related parties adhere to the arm's length principle contained in the Companies Act, 2013, Income-tax Act, 1961, Income-tax Rules, 1962 and the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations ('OECD Guidelines - January 2022') published by the Organisation for Economic Cooperation and Development. To determine the appropriate pricing and other terms of each transaction (including inter-corporate loans, guarantees, sale and purchase of goods, availing of