

MEMO# 31851

July 12, 2019

ICI Global Submission to Indian Authorities on Proposed Tax Surcharge Increase

[31851]

July 12, 2019 TO: ICI Members

ICI Global Members SUBJECTS: International/Global

Tax RE: ICI Global Submission to Indian Authorities on Proposed Tax Surcharge Increase

The 2019 Indian budget proposals, presented to Parliament by the Finance Minister on July 5, include a significant tax increase on the capital gains of all foreign portfolio investors (FPIs) organized as trusts. Specifically, the proposal would increase the capital gains tax surcharge on FPIs organized as trusts from between 3 and 7 percentage points. No increase has been proposed for FPIs organized as corporations.

The attached ICI letters responding to the proposal were submitted on July 12 to the Indian Finance Minister and the Chairman of the Securities and Exchange Board of India (SEBI). The letters raise the substantial concerns presented by the proposal for US funds organized as trusts. Although the letters' organizational-form considerations discussion is limited to US regulated funds, the requested relief (exempting all FPIs from the proposed tax increase) would apply to funds organized as trusts in all jurisdictions.

ICI Global has reached out to other fund industry associations and to other industry associations (such as in banking) that also would be impacted by the proposal. We are taking the lead in drafting a broad coalition letter for their consideration.

Keith Lawson
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[Attachment No. 1](#)

[Attachment No. 2](#)

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