

MEMO# 31894

August 9, 2019

India Tax Surcharge Increase: ICI Global Submission and CIV Industry Meeting Request

[31894]

August 9, 2019 TO: ICI Members

ICI Global Members

Accounting/Treasurers Committee

ICI Global Tax Committee

Tax Committee SUBJECTS: Fund Accounting & Financial Reporting

International/Global

Tax RE: India Tax Surcharge Increase: ICI Global Submission and CIV Industry Meeting Request

The Finance (No. 2) Act, 2019, includes a significant tax increase between 3 and 7 percentage points on the capital gains of all foreign portfolio investors (FPIs) organized in non-corporate form (e.g., as trusts) with retroactive effect to April 1, 2019.[\[1\]](#) ICI Global submitted the attached letter to the Indian Finance Minister describing an executive power available to resolve the tax surcharge issue for non-corporate foreign portfolio investors (FPIs).

The letter specifically requests that the Ministry of Finance, acting through the Central Board of Direct Taxes, issue a general or special order to treat collective investment vehicles (CIVs) that are not set-up as companies or firms (e.g. trusts / AOPs) as companies for Indian income-tax purposes.

This letter follows a prior submission by ICI Global regarding the impact of the increased tax surcharge to US funds organized as trusts[\[2\]](#) and a coalition letter from ICI Global and five other collective investment vehicle (CIV) industry associations raising similar concerns for all CIVs.[\[3\]](#) ICI Global, on behalf of the CIV industry, also submitted the attached letter requesting meetings with the Finance Minister and other senior government officials and outlining the issues we wish to discuss.

Katie Sunderland
Assistant General Counsel

[Attachment No. 1](#)

[Attachment No. 2](#)

endnotes

[1] See Institute [Memorandum No. 31886](#), dated August 2, 2019.

[2] See Institute [Memorandum No. 31851](#), dated July 12, 2019.

[3] See Institute [Memorandum No. 31865](#), dated July 19, 2019.

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