

MEMO# 32113

December 19, 2019

India: ICI Global Submits Letter on India Based Fund Manager Regime

[32113]

December 19, 2019 TO: ICI Members

ICI Global Members

ICI Global Tax Committee

Management Company Tax Subcommittee

Tax Committee SUBJECTS: International/Global

Tax RE: India: ICI Global Submits Letter on India Based Fund Manager Regime

ICI Global submitted the attached letter responding to a draft notification on the India Based Fund Manager (IBFM) regime under section 9A of the Income-tax Act, 1961. The IBFM provides for a special taxation regime for offshore funds that are managed by advisers located in India. Specifically, section 9A provides certain conditions that must be satisfied to avoid treating an offshore fund as having a permanent establishment in India, and thereby subject to tax in India on all its income.

The draft notification includes a number of provisions related to transfer pricing, including a fixed minimum remuneration percentage required to be paid to an IBFM of either 0.1 percent or 0.3 percent of assets under management (AUM). The ICI submission provides that the 0.1 percent threshold should be available to all Category 1 foreign portfolio investors, including regulated funds globally. The letter also notes the importance of administrable rules to global asset managers considering establishing an IBFM.

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Assistant General Counsel

[Attachment No. 1](#)

[Attachment No. 2](#)

abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.