

**MEMO# 25780**

January 6, 2012

## **Draft Letter for Your Review Regarding Indian Tax Issue**

[25780]

January 6, 2012

TO: TAX COMMITTEE No. 3-12

INTERNATIONAL COMMITTEE No. 1-12 RE: DRAFT LETTER FOR YOUR REVIEW REGARDING INDIAN TAX ISSUE

Attached for your review is a draft letter from ICI and ICI Global to the Bombay Stock Exchange ("BSE") requesting that the BSE modify the process by which it provides transaction data to the Indian tax authorities. Specifically, the letter requests that the BSE provide transaction data based upon settlement date rather than trade date. This change to the BSE's process should reduce substantially the difficulties that the tax authorities are having reconciling the information provided by the BSE with the income reported on funds' tax returns.

As the ICI Tax Committee discussed recently, the Indian tax authorities have been assessing tax against funds for unreported income arising from trades on the BSE. The letter explains why the BSE's trade date information is incomplete and/or inaccurate and why using settlement date information would allow the tax authorities to reconcile the BSE's trade data with the income reported on the funds' tax returns. As we note in the letter, the difficulties funds have with BSE trades do not arise for transactions occurring on the National Stock Exchange of India ("NSE") because the NSE provides transaction data based upon settlement date information.

Please provide any comments on the draft letter to Pinank Desai ([pinank.desai@ici.org](mailto:pinank.desai@ici.org) or 202-326-5876) or me ([lawson@ici.org](mailto:lawson@ici.org) or 202-326-5832) by Tuesday, January 17.

Keith Lawson  
Senior Counsel - Tax Law

[Attachment](#)

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.