

MEMO# 32071

November 29, 2019

For Review: DRAFT Letter to Indian Tax Official on Industry Tax Issues

[32071]

November 29, 2019 TO: ICI Global Tax Committee
Management Company Tax Subcommittee

Tax Committee RE: For Review: DRAFT Letter to Indian Tax Official on Industry Tax Issues

The attached draft submission thanks the Ministry of Finance for the meetings in India this summer and summarizes the outstanding income tax issues that are of concern to industry, including the enhanced surcharge tax on capital gains.

The specific issues discussed include: (1) application of the enhanced surcharge tax; (2) the tax status of US regulated investment funds; (3) off-market transfers of listed securities; (4) fund reorganizations involving business trusts, as well as debt funds / multi-asset funds; (5) eligibility for cost step-up benefits for long term capital gains in the case of corporate actions; (6) taxation of offshore funds managed by India-based investment advisers, and (7) certain tax audit issues and dispute resolution.

Member feedback is specifically requested on whether the few countries that impose capital gains taxes on foreign investors, such as, South Korea, Romania, Bangladesh, Pakistan, and certain countries in Latin America, treat a non-taxable reorganization as a recognition event that triggers capital gain taxes. Our understanding is that India is the only country that imposes capital gain taxes in the context of a reorganization.

Please provide comments to Katie Sunderland (at katie.sunderland@ici.org or 202-326-5826) no later than Thursday, December 5th.

Katie Sunderland
Assistant General Counsel

[Attachment No. 1](#)

[Attachment No. 2](#)

[Attachment No. 3](#)

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.