

MEMO# 34818

January 19, 2023

FOR REVIEW: Draft Letter on India Tax Issues

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TO: Global Tax Committee
Management Company Tax Subcommittee
Tax Committee RE: FOR REVIEW: Draft Letter on India Tax Issues

Attached for your review is a draft letter with recommendations to address the global regulated fund industry's outstanding tax issues, in priority order for consideration in India's 2023 Union Budget. Many of these issues have been raised in prior ICI Global submissions.[\[1\]](#) The current draft does not include the prior request for guidance on "Availability of Cost Step-up Benefits for Shares Acquired in Corporate Actions" as we understand this is no longer a priority issue for members. Please let us know, however, if this remains a concern for your funds.

Our Indian tax advisors recommended that we add additional requests and issues regarding the tax rate for interest income on certain bonds and government securities, holding periods for REITs and InvITs, Buyback Distribution Tax (BDT), processing errors and rectification orders, hierarchy of capital loss offsets, requirement to collect taxes at source (TCS) on off-market transfers, electronically signed documents, and significant economic presence provisions.

We are still reviewing this draft but sending it the Tax Committee now for review in the interest of time. We are particularly interested in feedback on whether the TCS issue is material for your funds as well as any comments on the priority order of the items. Please send your comments to me at katie.sunderland@ici.org as soon as possible and no later than close of business on Monday, January 23, 2023.

Katie Sunderland
Assistant General Counsel

Notes

[1] See [Institute Memorandum 33929](#), dated December 1, 2021.

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