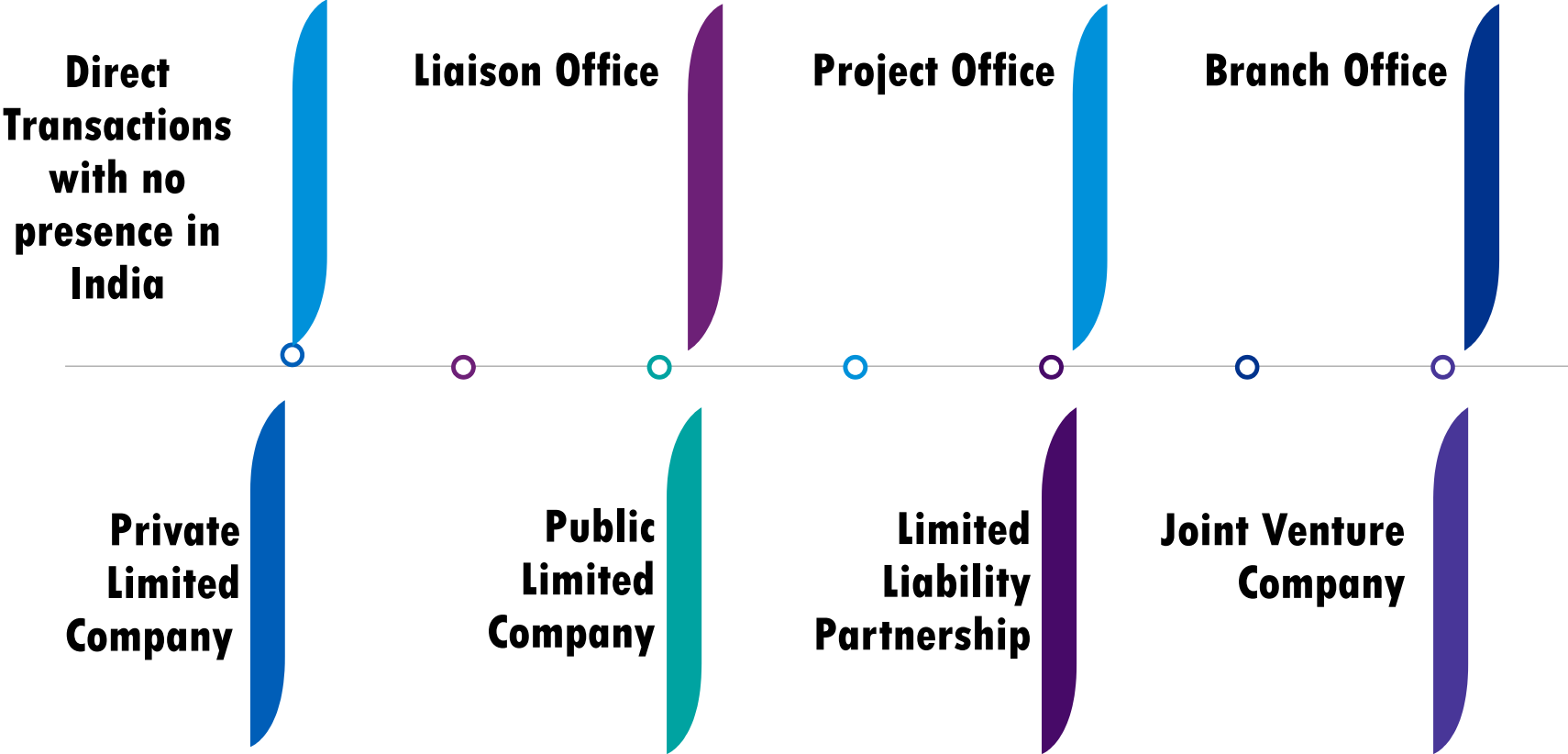


Doing Business in India



Possible Options for doing business in India

Possible Options for doing business in India



Types of entities in India



Direct Transactions

- Possible for very specific cases



Liason Office

- Acts as a communication channel between head office and parties in India
- Representative office of a foreign investor



Project Office

- Permitted for foreign company executing projects in India
- Pertains to a specific project



Branch Office

- Permitted to conduct various commercial activities in India

Types of entities in India



Private Limited Company

- Higher scope of control
- Restricted transferability of shares



Public Limited Company

- Able to raise the funds and capital through sale of share of stock
- Freely transferability of shares



Limited Liability Partnership

- Permitted to carry out all business activities except activities covered under NBFC
- Taxed as partnership

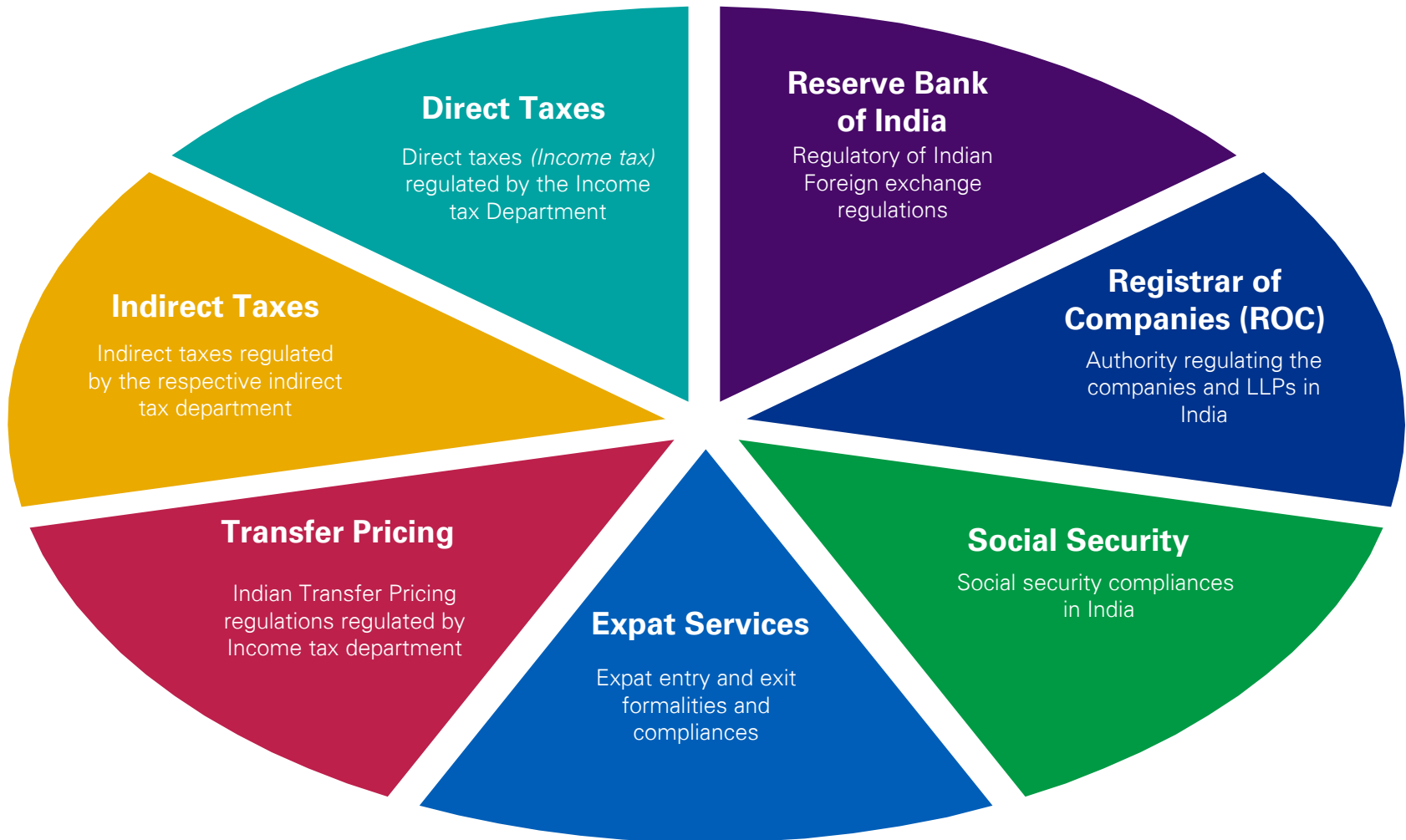


Joint venture

- Agreement between two or more parties to pool their resources for accomplishment of specific task
- New entity may be incorporated in the form of LLP or partnership

Indian Taxation and Regulatory Framework

Tax & Regulatory framework



Tax & Regulatory Update

Rates

Corporate Income Tax

- Tax on taxable income as per Income tax laws
 - Domestic Company – 30%
 - Specified Company – 25%
 - Foreign Company – 40%

Capital Gain Tax

- Tax on transfer of capital asset (Land, Building, Shares, securities etc.)
 - Long term – 20% / 10%
 - Short term – 30%/ 15%

Buy Back Tax

- Tax on Buy Back of shares
- Rate: 20% (without grossing up)

Minimum Alternate Tax (MAT)/ AMT

- Tax on Book Profits as computed under tax laws
- Rate: 18.5%

Dividend Distribution tax

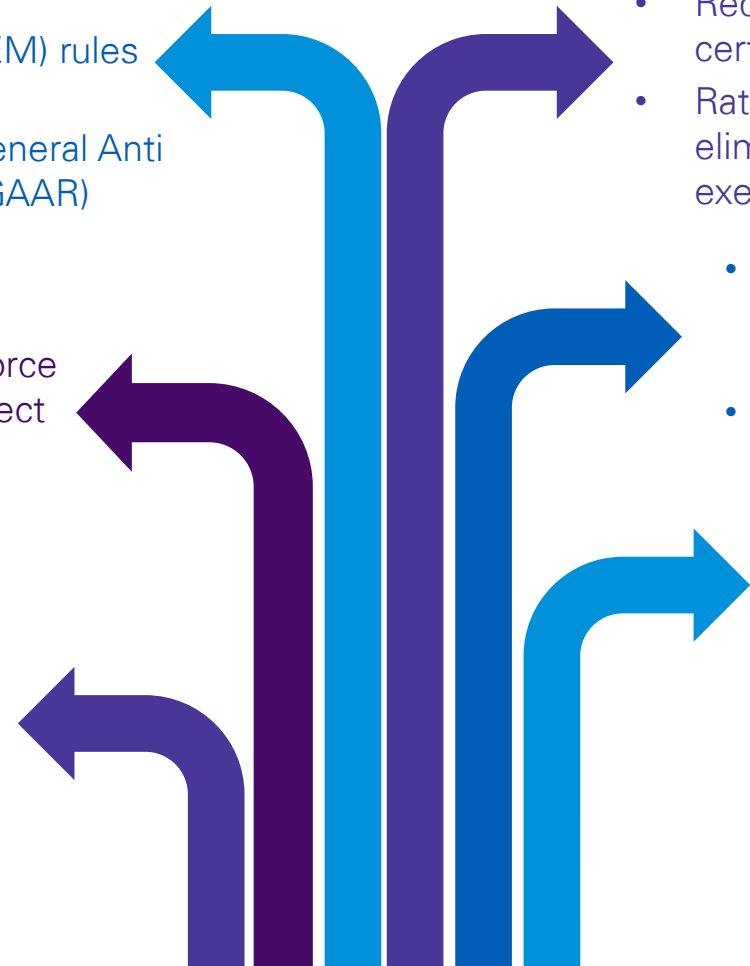
- Tax on distributable profits
- Rate: 15% (without grossing up)

Stamp Duty

- Tax on transfer of capital asset (land, Building, Shares, Securities etc.)
- Rate: 0.25 – 10%

**Applicable Surcharge - 7 % to 12 % and Education Cess - 4% on the above*

India Tax & Regulatory Update

- 
- Indirect Transfer valuation and reporting rules notified ;
 - Place of Effective Management (POEM) rules notified ;
 - Clarifications on General Anti Avoidance Rules (GAAR) issued
 - Constitution of Task Force for Drafting a New Direct Tax Legislation
 - Tax treaties with Mauritius, Singapore and Cyprus renegotiated
 - Cyprus removed from notified jurisdictional area
 - MLI / BEPS
 - Phased reduction of corporate tax rate from 30% to 25%;
 - Reducing litigation and providing certainty / clarity in taxation
 - Rationalization and gradual elimination of various kinds of tax exemptions and incentives.
 - APAs, MAPs and Safe Harbor Rules – Key enablers of tax certainty
 - Master file and C-by-C regulations to add to the compliance burden
 - Relaxation of FDI Regulation
 - Overseas mergers allowed
 - Insolvency & Bankruptcy Code – NPA Resolutions

Indirect Tax - GST implemented from 01 July 2017

- ❑ *Import of goods*
Basic customs duty, IGST and cess

- ❑ *Import of services*
IGST

- ❑ *Exports of goods and service*
Zero rated

Cross border transactions i.e. Imports and exports

- ❑ *Basic customs duty: 10%*
- ❑ *GST rates in 6 categories*

- 1) 0.25%
- 2) 3.00%
- 3) 5.00%
- 4) 12.00%
- 5) 18.00%
- 6) 28.00%

plus cess on luxury / demerit goods

Indirect tax rates on various goods and services

- ❑ *Intra-State supplies*
Central GST + State GST

- ❑ *Inter-State supplies*
IGST

- ❑ *Intra-State stock transfer*
No GST

- ❑ *Inter-State stock transfer*
IGST

- ❑ *E way bills*

Local transactions of goods and services

Products outside GST

Excise duty, VAT and CST to apply on products outside GST viz.

- 1) *Natural Gas*
- 2) *Motor Spirit*
- 3) *HSD*
- 4) *ATF*
- 5) *Petroleum Crude*
- 6) *Alcoholic Liquor*

IGST is a combination of CGST + SGST

Thank You

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.