Doing Business in India
Possible Options for doing business in India
Possible Options for doing business in India

- Direct Transactions with no presence in India
- Liaison Office
- Project Office
- Branch Office
- Private Limited Company
- Public Limited Company
- Limited Liability Partnership
- Joint Venture Company
Types of entities in India

**Direct Transactions**
- Possible for very specific cases

**Liaison 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
Direct Taxes
Direct taxes (Income tax) regulated by the Income tax Department

Reserve Bank of India
Regulatory of Indian Foreign exchange regulations

Registrar of Companies (ROC)
Authority regulating the companies and LLPs in India

Indirect Taxes
Indirect taxes regulated by the respective indirect tax department

Transfer Pricing
Indian Transfer Pricing regulations regulated by Income tax department

Social Security
Social security compliances in India

Expat Services
Expat entry and exit formalities and compliances
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)

#### Dividend Distribution tax
- Tax on distributable profits
  - Rate: 15% (without grossing up)

#### Minimum Alternate Tax (MAT)/ AMT
- Tax on Book Profits as computed under tax laws
  - Rate: 18.5%

#### 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 services**
  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

Local transactions of goods and services

- **E way bills**

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

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