that required. Let's see as it goes.

I don’t think clarification at the moment is all to one side. I hope we will have a

clarification on the matter. There are concerns in the market.

Minister Shrikanth

Investors on the Edge

FPI Rules Out Clarify on FPI Surcharge

Finance Minister

V Mpra

Our Bureau

ASSOCHAM IN THE NEWS

The Economic Times

9 July, 2019
Stoic FM offers no solace to distressed FPIs

But, clarification soon, promises CBDT chief

OUR BUREAU
New Delhi, July 8

Finance Minister Nirmala Sitharaman on Monday ruled out any clarification on the surcharge on the super-rich and foreign portfolio investors (FPIs), at least for now.

Fears of a higher tax outgo for FPIs was among the reasons for the all-round selling in the bourses in the first trading session after the Budget.

"I don't think a clarification is required at the moment. We will take it as it comes," Sitharaman said at the end of a press meet here after the customary post-Budget central board meeting of the RBI.

Interestingly, when asked a similar question on FPI taxation earlier, she had said she would rather give the answer in Parliament.

Earlier in the day, Central Board of Direct Taxes (CBDT) Chairman PC Mody said the concerns have been brought to the department's notice. "We will issue a clarification soon," he said at an ASSOCHAM event.

The Budget has proposed a higher surcharge on persons earning more than ₹2 crore. Since it proposes a higher surcharge covering every individual or Hindu undivided family or association of persons or body of individuals, domestic or foreign, there is fear that capital gain taxes on the sale of equity will rise to 23 per cent from nearly 18 per cent for short-term capital gain, and to over 14 per cent from nearly 12 per cent for long-term capital gain.

RBI Governor Shaktikanta Das expressed his satisfaction over the government's move to slash the fiscal deficit target, saying it will help improve investment by the private sector, as the crowding out impact will be lesser. The Budget revised the deficit estimate to 3.4 per cent of GDP, from the 3.3 per cent announced in the interim budget.

Das also said the provision of ₹70,000 crore of additional recapitalisation is a positive development because "it not only enables banks to maintain the capital they need to comply with regulatory requirements, but will also give enough capital to the banks to step up their lending and credit disbursement."
GOVT TO ISSUE CLARIFICATION ON HIKED SURCHARGE ON FPIs

NEW DELHI: The government will soon issue a clarification on applicability of increased surcharge on foreign portfolio investors (FPIs), a tax official said on Monday. There were concerns that the increased surcharge on super-rich could also affect foreign funds working in India, since a similar surcharge applies for individuals, Hindu Undivided Families and Associations of Persons (AOPs). Experts said some FPIs follow trust structure and hence would be classified as AOPs.

"The matter has been brought to our notice now. We will issue a clarification soon," Central Board of Direct Taxes (CBDT) chairman Prakash J. Misra said at an ASSOCHAM event. Finance Minister Nirmala Sitharaman in her budget proposed to increase surcharge from 10% to 20% on taxable income between Rs 7.5 crore and Rs 15 crore, and from 15% to 30% for income above Rs 15 crore. Following the increase in surcharge, the effective income tax rate for individuals with taxable income of Rs 5-50 crore will go up from 35.40% to 39%, and for those above Rs 50 crore it would go up to 42.7%.
Govt to soon issue clarification on applicability of surcharge on FPIs: CBDT chief

PTI NEW DELHI

Chairman P C Mody on Monday said the Government will soon issue a clarification on the increase in tax rate on foreign portfolio investors to allay their concerns.

On whether the clarification will be issued soon or after discussion on Budget in Parliament, Finance Minister Nirmala Sitharaman said it is not required at the moment.

"I don't think clarification at the moment is all that's required. Let's see as it goes. You think it is required?" she said.

There were concerns that the increased surcharge on super-rich could also affect foreign funds investing in India since a same tax structure applies for individuals, Hindu Undivided Family and Associations of Persons (AopS).

Experts said some Foreign Portfolio Investors (FPIs) follow trust structure and, hence, would be classified as AopS.

"The matter has been brought to our notice now. We will issue a clarification soon," Mody said at an event.

Markets continued to tumble for the second straight session on Monday with the Sensex plummeting 793 points.

According to traders, the Union Budget's proposals to raise public shareholding threshold and higher tax incidence for FPIs and high networth individuals continued to spook investors.

In the Budget 2019-20, tabled in Parliament last week, Sitharaman proposed to increase surcharge from 15 per cent to 25 per cent on taxable income between ₹2 crore and ₹5 crore, and from 15 per cent to 37 per cent for income above ₹5 crore.

The effective income tax rate for individuals with a taxable income of ₹2.5 crore will go up from 35.88 per cent to 39 per cent, and for those above ₹5 crore, it would go up to 42.7 per cent.
CBDT chief: Looking into FPI concerns

Gireesh Chandra Prasad

The government is looking into fears expressed by some foreign portfolio investors (FPIs) that they will be hit by a proposed increase in surcharge on individual incomes of more than ₹2 crore a year announced in the budget for certain classes of taxpayers, Central Board of Direct Taxes (CBDT) chairman P.C. Mody said.

The issue was brought before the government on Monday morning, Mody said on the sidelines of an industry conference.

Finance minister Nirmala Sitharaman proposed in her annual budget last Friday that the surcharge on the income tax outgo of certain taxpayers—individuals, Hindu Undivided Families (HUFs) and Association of Persons (AOPs)—with incomes in the ₹2-5 crore range will be increased from 15% to 25%
Looking into concerns of FPIs, says CBDT chairman

and from 15% to 27% in the case of those earning more.

FPIs, which are collective investment schemes, are usually set up as corporate bodies or partnerships. These categories are outside the purview of the surcharge increase, but industry executives fear FPIs set up as trusts could get hit.

CBDT member Akhilesh Ranjan, who was also present at the event, explained that individuals, HUFs and AoPs have the same tax structure.

"We have been told today that some FPIs that have the structure of trusts may be assessable as AoPs. We are trying to see as to what is the actual issue out there and how many may be impacted. We are examining it and will sort it out," he said.

The officials did not say when a clarification could be issued. Going by previous instances, the Finance Bill pending before Parliament may be reworded to exclude FPIs set up as trusts from the ambit of the increase in surcharge.

FPIs set up as trusts from the ambit of the increase in surcharge.

Neeru Ahuja, partner with Deleit India, said the possibility of some FPIs getting affected might be an unintended outcome of the proposal.

The government is also working on providing further tax relief to startups. They have already been granted relief from the rigours of an anti-evasion provision known as "angel tax" that targeted the sale of shares at prices above their fair market value. "We have resolved one part of the issue of startups. The only other issue is the verification of genuineness of investors and whether they have the capacity to invest. That is being addressed using technology," said Ranjan.

He said the government was committed to addressing any unintended consequence of provisions in law aimed at enforcing compliance. Modi said that ideas given by taxpayers would get due attention from policymakers.

The first budget of the Narendra Modi administration's second term in office offered tax breaks to new investments in sunrise industries and to businesses with annual sales of up to Rs 400 crore, and tweaked taxes to encourage electric vehicle use. It also calibrated import tariffs to promote local manufacturing and sought to mobilize extra resources through higher taxes on the affluent. Indirect tax proposals in the budget are already in force and those on direct tax will come into effect after the Finance Bill 2019 is signed into law.
Surcharge on FPIs: Govt to soon issue clarification

BS RAWAT
NEW DELHI, JUL 8 :The government will soon issue a clarification on applicability of increased surcharge on foreign portfolio investors (FPIs), a tax official said on July 8, 2019.

There were concerns that the increased surcharge on super-rich could also affect foreign funds investing in India since a same tax structures apply for individuals, HUFs and Associations of Persons (AOPs). Experts said some FPIs follow trust structure and hence would be classified as AOPs. "The matter has been brought to our notice now. We will issue a clarification soon," Central Board of Direct Taxes (CBDT) Chairman P C Mody said at an Assocham event.

Finance Minister Nirmala Sitharaman in 2019-20 Budget tabled in Parliament last week proposed to increase surcharge from 15 per cent to 25 per cent on taxable income between Rs 2-5 crore, and from 15 per cent to 37 per cent for income above Rs 5 crore.

Following the increase in surcharge, the effective income tax rate for individuals with taxable income of Rs 2-5 crore will go up from 35.88 per cent to 39 per cent, and for those above Rs 5 crore it would go up to 42.7 per cent.
FPI आधिकारिक रूप से स्पष्टीकरण नहीं किया। सार्थक विदेशी पोर्टफोलियो निवेशक (एफपीआई) पर बड़े अधिकार को लेकर जन्म स्पष्टीकरण जारी करें। पहले कर अधिकारी ने सेमार को यह जानकारी दी। इस बात को लेकर रिटर्न जयादा ज्यादा तरह की है कि अखबार अपने (सुरेंद्र रिच) पर अधिकार बढ़ाने से विदेशी कोलों का भारत में नियंत्रण प्रभावित हो सकता है, क्योंकि इसी तरह का वर्तमान वातावरण कदमों, पूर्व एवं बीते परिस्थितियों (एफपीआई) पर भी लगातार है। विदेशी का कहना है कि कुछ एफपीआई टूट जाने देने देने, ऐसे उन्हें एफपीआई के रूप में कार्यरत किया जाएगा। केंद्रीय प्रशिक्षण कर बोर्ड (सीबीबीटी) के वेतनमान में सी ढंग से अधिकार देने का तय नहीं किया।

अधिकार का 15 से बढ़कर 25 प्रतिशत करने और पता कराने रूप से आईयोग के आधे पार 15 से बढ़कर 37 प्रतिशत करने का प्रतिशत किया।

अधिकार बढ़ाने के बाद ही से पता कराने रूप से कर योजना आया आया आया आया कर दी प्रभावी प्रति 35.88 प्रतिशत से बढ़कर 39 प्रतिशत तथा पता कराने रूप से आईयोग कराने की तरह पता कराने पर बढ़कर 42.7 प्रतिशत हो आया।
एफसीआई पर अधिभाषा
को लेकर स्पष्टीकरण
जारी करेगी सरकार

नई दिल्ली, 8 जुलाई (शाया).

सरकार विदेशी विनियोजनकों (एफसीआई) पर बढ़े अधिभाषा को लेकर जल्द स्पष्टीकरण जारी करेगी। एक कर अफसर ने सोमवार को यह जानकारी दी। इस बात को लेकर वित्त ज्ञात जा रही है कि अमीरों पर अधिभाषा बढ़ने से विदेशी विनियोजकों का भारत में निवेश प्रभावित हो सकता है क्योंकि इसी तरह का कर डांच व्यक्तिगत सरकारों,
एचएफएसएफ और एसएसएस आफ पर्यावरण पर भी लागू होता है।

केंद्रीय प्रबंध कर बोर्ड
(सीसीआईटी) के पंजीकृत प्रभारी
मंत्री ने यह उद्धरण मुंहध्य एसएसएस के आर्थिक में कहा कि यह मामला हमारे संबंध में लागू नहीं
है। इस बाद इस पर स्पष्टीकरण
जारी करेंगे। वित्त मंत्री नरेशा
सीसीआईटी में विचार करते 2019-
20 का कर भार देखने हुए जो से
फिसा करोड़ गए, जो कर वैधक
आय पर कर अधिभाषा की 15 से
बढ़कर 25 प्रतिशत करने और
पच्च करोड़ गए से अधिक की
आय पर 15 से बढ़कर 37 प्रतिशत
cर्कने का प्रस्ताव है।