

Capital gains waiver for investment trusts, ETFs in GIFT City

The government has exempted units of investment trusts and Exchange Traded Funds (ETFs) issued by entities based in Gujarat International Finance Tec-City (GIFT City) or traded in exchanges there from capital gains tax.

The Central Board of Direct Taxes (CBDT) notified the exemption from capital gains tax any unit of investment trust; a unit of a scheme; and a unit of an ETF launched under the International Financial Services Centres Authority

(Fund Management) Regulations, 2022. GIFT-IFSC is being promoted as a tax-neutral enclave for the financial sector.

Nangia Andersen LLP Partner-Financial Services Sunil Gidwani said currently, the law provides for exemption from capital gains tax on various securities either trading on the stock exchanges in GIFT city or securities issued by entities

set up in GIFT city.

The new fund regime provides for funds to be set up as investment trusts, and hence, the law required the inclusion of units issued by such trusts for the purpose of exemption from capital gains.

"Similarly ETF listed and trading on the stock exchanges in GIFT city would now qualify for capital gains tax exemption. These changes

GIFT-IFSC is being promoted as a tax-neutral enclave for the financial sector

would further expand the scope of incentives available for funds and stock market trading in IFSC." Gidwani added AKM Global Tax Partner Amit Maheshwari said the notification is in line with the objective of making the International Financial Services Centre (IFSC) a hub for financial services in the world and incentivising non-resident investors on a recognised stock exchange.

"It is important to note that to take advantage of this

exemption, the consideration for such a transaction should be paid or payable in foreign currency. The securities, which are added through the new notification, include (i) a unit of Investment Trust, (ii) a unit of a Scheme, and (iii) a unit of an exchange-traded fund.

"These relaxations are a welcome move by the government and will make it globally more competitive for the non-resident investors," Maheshwari added. **PTI**

Govt exempts ETFs from capital gains at GIFT

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Gujarat International

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AFP

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GIFT City gets capital gains tax waiver

NEW DELHI: The government has exempted units of investment trusts and ETFs issued by entities based in GIFT City or traded in exchanges there from capital gains tax.

The Central Board of Direct Taxes (CBDT) notified the exemption from capital gains tax any unit of investment trust; a unit of a scheme; and a unit of an Exchange Traded Fund (ETF) launched under the International Financial Services Centres Authority (Fund Management) Regulations, 2022. Gujarat International Finance Tec-City (GIFT)-IFSC is being promoted as a tax-neutral enclave for the

financial sector. Nangia Andersen LLP Partner-Financial Services Sunil Gidwani said currently, the law provides for exemption from capital gains tax on various securities either trading on the stock exchanges in GIFT city or securities issued by entities set up in GIFT city.

“The new fund regime provides for funds to be set up as investment trusts. Hence, the law required the inclusion of units issued by such trusts for the purpose of exemption from capital gains. Similarly ETF listed and trading on the stock exchanges in GIFT city would now qualify for capital gains tax exemption.

Govt grants capital gains tax exemption to investment trusts, ETFs in GIFT City



PTI / New Delhi

The government has exempted units of investment trusts and ETFs issued by entities based in GIFT City or traded in exchanges there from capital gains tax.

The Central Board of Direct Taxes (CBDT) notified the exemption from capital gains tax any unit of investment trust; a unit of a scheme; and a unit of an Exchange Traded Fund (ETF) launched under the International Financial Services Centres Authority (Fund Management) Regulations, 2022.

Gujarat International Finance Tec-City (GIFT)-IFSC is being promoted as a tax-neutral enclave for the financial sector.

Nangia Andersen LLP Partner-Financial Services Sunil Gidwani said currently, the law provides for exemption from capital gains tax on various securities either trading on the stock exchanges in GIFT city or securities issued by entities set up in GIFT city. "The new fund regime provides for funds to be set up as investment trusts, and hence, the law required the inclusion of units issued by such trusts for the purpose of exemption from capital gains.

"Similarly ETF listed and trading on the stock exchanges in GIFT city would now qualify for capital gains tax exemption. These changes would further expand the scope of incentives available for funds and stock market trading in IFSC," Gidwani added. AKM Global Tax Partner Amit Maheshwari said the notification is in line with the objective of making the IFSC a hub for financial services in the world and incentivising non-resident investors on a recognised stock exchange.

ETFs, units of scheme to get tax exemption at IFSC

Ashley Coutinho

Mumbai

The government has expanded the list of securities that will be eligible for tax exemption on a recognised stock exchange in an International Financial Services Centre (IFSC).

Under Section 47(viiab) of the Income-tax Act, any transfer of bonds or GDRs, rupee-denominated bonds of an Indian company and derivatives by a non-resident on IFSC exchanges is not treated as transfer provided the consideration is paid or payable in foreign currency.

Units of a scheme, investment trust and that of an exchange traded fund are now eligible for exemption as well.

“The new fund regime provides for funds to be set up as investment trust. So, the law required inclusion of units issued by such trusts for the purpose of exemption from capital gains. Similarly, ETFs listed and traded on the stock exchanges in GIFT City would now qualify for capital gains tax exemption. These changes would further expand the scope of incentives available for funds and stock market trading in IFSC,” said Sunil Gidwani, Partner - Financial Services, Nangia Andersen.

The notification widens the relaxation for units of ETFs, REITs and InvITs as several such funds are looking to get listed at IFSC, said Sandeep Sehgal, partner, AKM Global.

The move may give a boost to the setup of REITs and InvITs as well as launch of ETFs at IFSC, according to Yashesh Ashar, partner, Illume Advisory.

Tax relief for trusts, ETFs at GIFT City

New Delhi: The government has exempted units of investment trusts and ETFs issued by entities based in GIFT City or traded in exchanges there from capital gains tax.

The Central Board of Direct Taxes (CBDT) notified the exemption from capital gains tax any unit of an investment trust; a unit of a scheme; and a unit of an Exchange Traded Fund (ETF) launched under the International Financial Services Centres Authority (Fund Management) Regulations, 2022. Gujarat International Finance Tec-City (GIFT)-IFSC is being promoted as a tax-neutral enclave.

Nangia Andersen LLP partner — financial services Sunil Gidwani said at present the law provides for exemption from capital gains tax on various securities either trading on the stock exchanges in GIFT City or securities issued by entities set up in GIFT City.

“The new fund regime provides for funds to be set up as investment trusts, and hence, the law required the inclusion of units issued by such trusts for exemption from capital gains. Similarly ETF listed and trading on the stock exchanges in GIFT City would now qualify for capital gains tax exemption,” he added. १११