India: Investment Corridors and GIFT City: practical consequences

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

Structuring an investment in India from Singapore

The Singapore route to India remains open to structures with substance. A Singapore holding company that merely holds shares and is managed from elsewhere is now exposed to the limitation of benefits, the principal purpose test, India's general anti-avoidance rules and the scrutiny of the place of effective management. Grandfathered shares acquired before 1 April 2017 retain the residence-based exemption, but only if the holding company satisfies the expenditure test in both of the two years before the sale and survives an inquiry into its purpose, which the Tiger Global judgment has made more searching. New investments enjoy no capital gains advantage over direct investment from most other states. Their advantages lie in reduced withholding rates on dividends and interest, in the reliability of Singapore governance and dispute resolution, and in access to the Singapore financial services ecosystem.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Investors should also consider GIFT City as an alternative or a complement. A fund investing only in India, with Indian or diaspora investors, may find the tax regime of the centre attractive. A fund with a regional mandate and international institutional investors will usually prefer Singapore. Some managers combine both, with a Singapore master fund and a GIFT City vehicle for Indian investors.

Checklist for practitioners

- Determine whether the Indian shares were acquired before 1 April 2017 and document the acquisition date for each block of shares.
- Keep evidence that the Singapore company has spent at least S$200,000 on operations in Singapore in each of the twelve-month periods within the 24 months before an exit, preferably with a certificate from the auditors and a tax residency certificate from IRAS.
- Hold board meetings and take investment decisions in Singapore, with directors who exercise real judgement, so that the place of effective management is not attributed to India or to a third country.
- Record the commercial reasons for using a Singapore entity, such as a regional mandate, co-investors, financing or governance, in order to meet the principal purpose test.
- Check the beneficial owners of the fund and its investors against India's rules on investment from countries sharing a land border with India.
- Assess whether the exit will be an indirect transfer of Indian assets and plan the withholding and reporting obligations of the buyer.
- Compare the Singapore structure with a GIFT City vehicle, including the relocation regime for offshore funds and the stability of the tax concessions.
- Provide for arbitration seated in Singapore or another neutral seat in shareholders' agreements, and check enforceability in India.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

- Monitor Indian case law after the Tiger Global judgment, CBDT circulars, the provisions of the Income-tax Act 2025 and the review of the CECA, which may change the position of existing structures.

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com