India: Investment Corridors and GIFT City: summary

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Singapore's ties with India date from the arrival of Indian soldiers, traders and convicts after 1819, the government of the Straits Settlements from Calcutta until 1867 and the credit networks of the Chettiars and the Indian banks. The double taxation agreement of 1994 became the legal foundation of the corridor when the protocol of 2005 granted residence-based taxation of capital gains, tied to the Mauritius treaty and protected by a limitation of benefits clause with an expenditure threshold of S$200,000. The protocols of 2011 and 2016 and the principal purpose test of the multilateral instrument introduced the international standard of information exchange, returned the taxation of gains on shares acquired from 1 April 2017 to India and made substance and commercial purpose the conditions of treaty access. Singapore has nevertheless become the largest recorded source of Indian equity FDI since 2000, because funds, holding companies and state investors value its regulation, its courts and its professional community as much as any tax advantage. GIFT City, regulated by the IFSCA since 2020, has taken over the Nifty futures and is building a fund industry that competes with Singapore for business

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Indian in origin and destination, while cooperation through MAS, the IFSCA, the UPI–PayNow link and the ministerial roundtable keeps the two centres partners as well as rivals.

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