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To,

7th September 2017

Shri Amitabh Kumar
Joint Secretary, CBEC – GST
Ministry of Finance, Government of India,
North Block, New Delhi 110001.

Re: Meeting to discuss GST regime for offshore investors in Alternative Investment Funds (AIFs)

Dear Sir,

Thank you for your time to discuss some of the concerns faced by domestic Fund Managers that raise funds from offshore investors in AIFs. As discussed, the levy of GST @ 18% is a key hurdle that creates a cost arbitrage discouraging offshore Funds from investing in India through AIFs.

During the meeting, we had cited the example of the GST rebate regime followed in Singapore, which has emerged as an important regional hub for Fund Managers. You had a couple of queries around the regime, which we have discussed below:

Overview of Singapore Goods and Services Tax Act

Under the Singapore Goods and Services Tax (GST) Act, any supply of goods or services is liable to GST at the standard rate of 7%, unless the supply qualifies as a zero-rated or exempt supply. Also, similar to the Indian GST regime, GST paid on input services is eligible to be set-off against GST paid on output services.

GST on Funds in Singapore

To encourage Funds to be set-up in Singapore and promote the local Asset Management industry, the Ministry of Finance (MOF), Singapore allows Funds satisfying prescribed conditions to claim a substantial portion (@ 88%) of their input GST on services received by the Fund as a remission/ rebate. Thus, the effective GST rate is 0.84%.

Also, in order to claim remission of GST, the Funds are not required to be registered under the GST law. The Funds merely has to file a quarterly return to claim remission, along with supporting documents. The Inland Revenue Authority of Singapore (IRAS) processes such rebate requests and issues refunds in 4- 6 weeks of applying for the same. The refund process is online and such refunds are routinely issued by the IRAS.

Hope the above addresses your queries.

The Indian VCPE/ Asset Management Industry is competing with Singapore and other regional asset management hubs for domiciling Funds and Fund Managers. India should draw an analogy and provide rebate/remission of GST or apply a low GST rate on fund management fees.

Yours sincerely,

Respectfully,



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