

ICI Statement on Indian Minimum Alternate Tax

Shah Commission and Ministry of Finance Announce No Retroactive Assessments on Foreign Funds

Washington, DC, September 1, 2015— *The Investment Company Institute responded today to the decision by the Indian Ministry of Finance to adopt the recommendations of the Shah Committee Report on India’s Minimum Alternate Tax (MAT). The Ministry stated that it will pursue legislation clarifying that MAT does not apply to investment funds, and will instruct revenue assessors that the government agrees that MAT does not apply.*

“Today’s announcement by the Ministry of Finance brings welcome certainty and relief to regulated funds from around the world and their investors, enhancing the benefits of participating in India’s financial markets,” said Paul Schott Stevens, president and CEO of the Investment Company Institute. “We have advocated vigorously on behalf of our global membership on this issue, and are pleased that it is being resolved to allow global funds to remain fully engaged investors in the country’s growing capital markets.”

Added Keith Lawson, ICI deputy general counsel, tax law: “Today’s actions effectively remove the tax uncertainty facing foreign funds that have a strong interest in the continued growth of the Indian capital markets. Foreign institutional investors needed clarity that MAT does not apply to them in any fashion, retroactively or in the future. The Shah Committee’s report—and the Ministry’s subsequent acceptance of the report—offer this clarity.”