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## Regulatory Alert Tracking change

## Consolidated FDI Policy- 2015

**Issue no: RA/5/2015**

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# Background

The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India (GOI) recently issued its Consolidated FDI Policy Circular of 2015 (Circular) updating the Foreign Direct Investment Policy (FDI Policy) of GOI.

The Circular is effective from 12 May 2015. There are no material changes in the FDI Policy. The changes in FDI Policy are essentially clarification or simplification of procedures aimed at ease of doing business in India.

## Highlights of the Circular

### **Transfer of shares and convertible debentures between non-resident investors**

- It has been clarified that:
  - Government approval is not required for transfer of shares in the investee company from one non-resident (other than NRI) to another non-resident (including NRI) in sectors which are under automatic route.
  - Approval of Government will be required for transfer of stake from one non-resident to another non-resident in sectors which are under Government approval route like defence, insurance, banking, pharma (brownfield), telecommunications, multi-brand product retailing etc.

### **Transfer of shares and convertible debentures on stock exchange under the FDI Scheme**

- In case a non-resident investor (including NRI) acquires shares of an Indian Company on the stock exchange, then the investee company would have to file form FC-TRS with the AD bank.

### **Mergers and acquisitions in sectors under automatic route**

- It has been clarified that FIPB approval would not be required for acquisition of shares in case of mergers and acquisitions taking place in sectors under automatic route.

### **Simplification of FIPB approval process**

- The Minister of Finance, GOI who is in-charge of FIPB would consider recommendations of FIPB on proposals with total foreign equity inflow of upto ₹ 20 billion.
- Cabinet Committee on Economic Affairs (CCEA) will approve proposals with total foreign equity inflow exceeding ₹ 20 billion (earlier ₹ 12 billion).

### **Additional foreign investment in same entity**

- It has been clarified that any additional foreign investment into the same entity within an approved foreign equity percentage / or into a wholly owned subsidiary does not require prior approval of the Government.

## **Conclusion**

The amendments/ clarifications issued under FDI Policy are aimed at making the existing FDI framework more efficient, transparent and investor friendly and would promote the objective of the Government to attract and promote foreign direct investment for accelerated economic growth.

**Source:** Consolidated FDI Policy dated 12 May 2015 issued by the Government of India

# Upcoming Dbriefs - Register

## Income Computation and Disclosure Standards (ICDS): What Will be the Impact on Your Tax Outgo?

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**Wednesday, 3 June, 11:30 AM – 12:30 PM IST**

Recently, the Central Board of Direct Taxes (CBDT) has issued Income Computation and Disclosure Standards (ICDS) which will come into effect from 1 April 2015, and apply accordingly for assessment year 2016-2017 onwards. These have far-reaching impact on the tax computation, deferred tax, and Minimum Alternative Tax (MAT) credits. What is the key impact on tax positions that arises out of ICDS? Register for the upcoming webcast and Stay up to date on the latest developments in ICDS and discover what they could mean for your organization. For more information, visit the [Dbriefs](#) page.



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