

Tax Update

Dear Clients & Friends

Impact of CECA on the Singapore-India DTA

When the Comprehensive Economic Cooperation Agreement (“**CECA**”) was signed between the Governments of Singapore and India, the Protocol amending the Double Tax Agreement (“**DTA**”) between Singapore and India was also signed between the two countries. The changes introduced by the Protocol took effect from 1 August 2005.

As a result of the changes introduced by the Protocol, Singapore tax resident investors (“**Singapore investors**”) who invest in shares in Indian tax resident companies generally including Indian real estate companies, or other properties in India, are no longer subject to capital gains tax in both countries on the gains from the sale of such shares or properties. However, Singapore investors who wish to take advantage of the new tax benefits must also take note of the new limitation on benefits rules which seek to prevent exploitation of these changes.

Please [click here](#) to view our Tax Memorandum that elaborates on the tax benefits and limitation on benefits rules emanating from the Protocol.

Should you have any further queries as to how this may affect your business, please do not hesitate to contact any member of our Tax Group:

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