



India Desk
in Mauritius

Mauritius eligible for Category I Foreign Portfolio Investor ('FPI') registration in India

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Under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 ('FPI Regulations'), offshore investors can apply for registration as Category I or Category II Foreign Portfolio Investors ('FPI') in India. The following offshore investors, amongst others, are eligible for a Category I FPI registration:

- appropriately regulated funds;
- unregulated funds whose investment manager is appropriately regulated and registered as a Category I FPI;
- university related endowments of such universities that have been in existence for more than five years.

(nb: the above investors need to be from Financial Action Task Force ('FATF') member countries)

On 07 April 2020, the Securities and Exchange Board of India ('SEBI') amended the FPI Regulations via SEBI (Foreign Portfolio Investors)(Amendment) Regulations, 2020 to also include offshore investors from any country specified by the Central Government of India by an order or by way of an agreement or treaty with other sovereign Governments to be eligible for registration as Category I FPI in India (as per Regulation 5(a)(iv) of the FPI Regulations).

The Central Government of India, through an order dated 13 April 2020 issued by the Ministry of Finance - Department of Economic Affairs, confirmed Mauritius as an eligible offshore investor for registration as Category I FPI in India.

Impact for Mauritius Funds

- Following the order issued by the Central Government of India, Mauritius Funds will now be able to register as a Category I FPI in India.
- Appropriately regulated Mauritius Funds currently registered as Category II FPI will be eligible to upgrade to Category I FPI.
- As Category I FPIs, the Mauritius Funds will be eligible for the following:
 - Exclusion of their investors from the ambit of overseas transfer provisions (see below) applicable to Category II FPIs;
 - Issue/ invest in Offshore Derivative Instruments (such as Participatory Notes), after compliance with the KYC norms as specified by SEBI;
 - Lesser KYC documentation required by SEBI as compared to Category II FPI;
 - Higher position limits for investing in derivatives.

In line with the above, see link to the relevant documents:



[Communiqué issued by the Mauritius Financial Services Commission](#)



[Order issued by the Indian Ministry of Finance – Department of Economic Affairs](#)



[SEBI \(Foreign Portfolio Investors\) \(Amendment\) Regulations, 2020](#)



[SEBI \(Foreign Portfolio Investors\) Regulations, 2019](#)

How can we help?

At the time of set-up

- Conceptualisation and implementation of structure for the purpose of investing in India; and
- Obtaining the Permanent Account Number (PAN) in India (i.e. tax identification number) and FPI registration.

On-going compliance and advisory services

- Compliance services such as determination of tax liability for repatriation purposes, assistance in preparation of annual income-tax return and assistance in tax audit with the Indian tax authorities;
- Providing customised reports as per the requirements of the Funds; and
- Any other tax or regulatory advice, which may be required by the Funds.

Offshore transfer provisions

The Indian income tax law incorporates provisions to tax overseas transfers, that is, transfers of shares or interest in an offshore entity where the value of such shares or interest are substantially derived from assets located in India (overseas transfer provisions). Overseas transfer provisions are applicable if, on a specified date (which could be the latest balance sheet date or transfer date, depending on the facts of the case), the fair market value (FMV) of Indian assets (without reduction of liabilities):

- exceeds INR 100 million; and
- represents at least 50% of the value of all the assets owned by such foreign company or entity.

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