

UPSC

Answer Questions in NOT MORE THAN the Word Limit specified for each in the Parenthesis.
Content of the Question is more important than length.
(Specimen Answer Booklet - For Practice Purpose Only)

उम्मीदवारों को
इस हाशिए में
वर्ती नियंत्रण
काटिए
Candidates
must not
write on this
margin

Q. Liberalising tax regime for expatriates would bring more benefits to the development of Indian Economy. Examine.

↳ India emerged as an attractive destination for investment with FDI inflows in FY22 high of \$83.5 billion.

↳ Indian Global Financial Hub

↳ it can benefit from emulating the investor friendly business environment of its Asian competitors.

↳ Liberalising tax regime

↳ liberalising income tax regimes for Foreign Nationals.

↳ India subject to taxes on Global Income if they live in India for over 182 days as they are assigned OCI status after this year.

This period can be extended by amending Section 6 of the Income tax Act in line with

applicable provisions in Singapore and China.

↳ Benefits to Development of Indian Economy.

↳ Attract Foreign Direct Investment.

In both Singapore and China, the introduction of a liberal tax policy regime expats associated with a significant increase in FDI inflow across all sectors.

(Please do not write anything except the question number in this space)
कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

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↳ Investors Setting up New Enterprises are able to stay for Extended periods without being subject to taxes on Global income.

↳ IT makes Ease of living and doing Business in host country.

↳ Promotes Economic Growth → Generates New jobs, promotes Competition in domestic markets etc

↳ Facilitate Transfer of Technology skills, domestic firms are integrated into Production Processes etc.

↳ India's FDI to GDP ratio currently stands at 27-1.1% GDP

2) Preventing MISUSE → Provided to foreign domiciled individual who have not been citizens of India for a significant period of time → 3-5 years.

3) Avail of Double taxation Avoidance.

↳ Several Practical challenges, if the tax rate of their home country or country where their income is generated is lower, they end up paying higher taxes when their global income is taxed in India.

India's bid to become a \$5 trillion Economy by 2029 substantial & Foreign in Foreign Investment A Favourable tax policy regime is needed.