

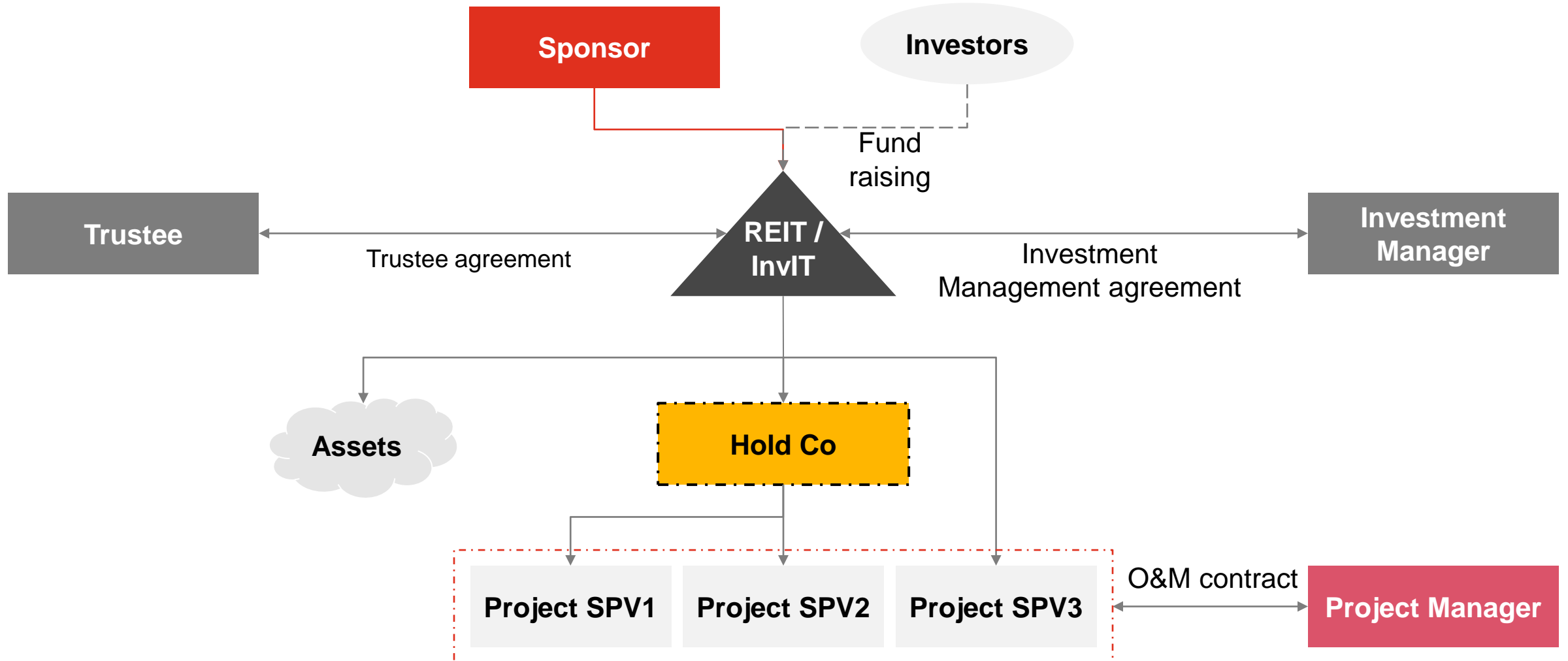


Taxation of REIT / InvIT

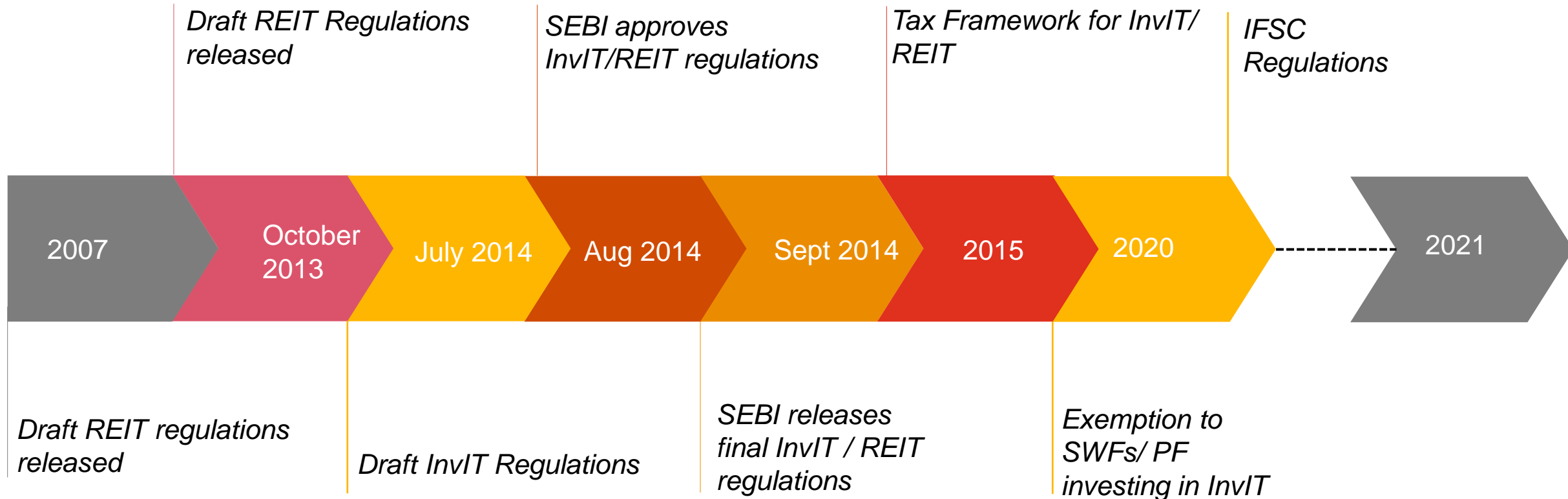
April 2021

Price Waterhouse & Co LLP

Typical Structure



Journey of REIT



Migration to REIT / InvIT

- 01 Carve out of under construction assets
- 02 Overall debt: equity ratio
- 03 Swap of debentures for units of REIT
- 04 Deemed income on swapping of existing securities

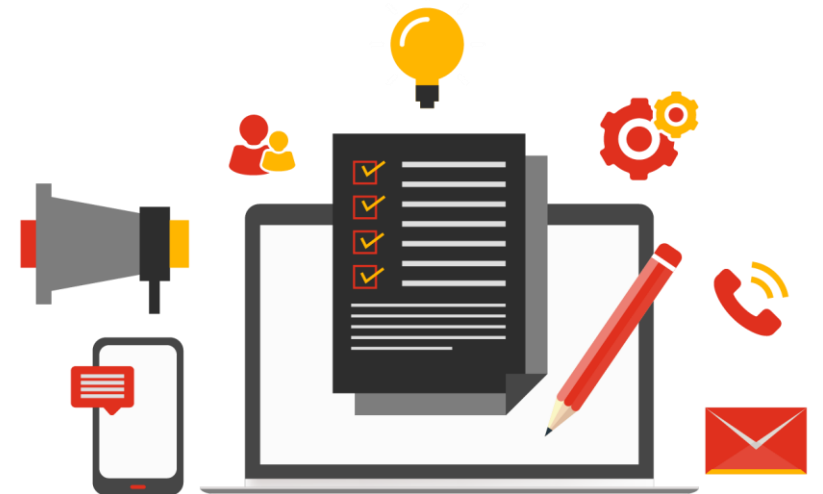


Development in Tax Law

Withholding tax on dividend income to InvIT / REIT



- The requirement to withhold tax on payment of dividend income to the InvIT / REIT by the SPV has been removed in the recent amendment



Exemption to Sovereign Wealth Fund / Pension Fund investing in InvIT

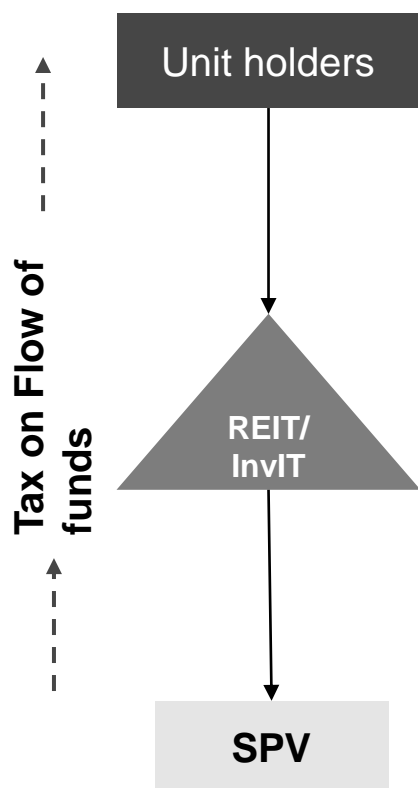


Exemption on long term capital gains, interest, dividend income

- *Investment made between 1 April 2020 to 31 March 2024*
- *Held for 3 years*

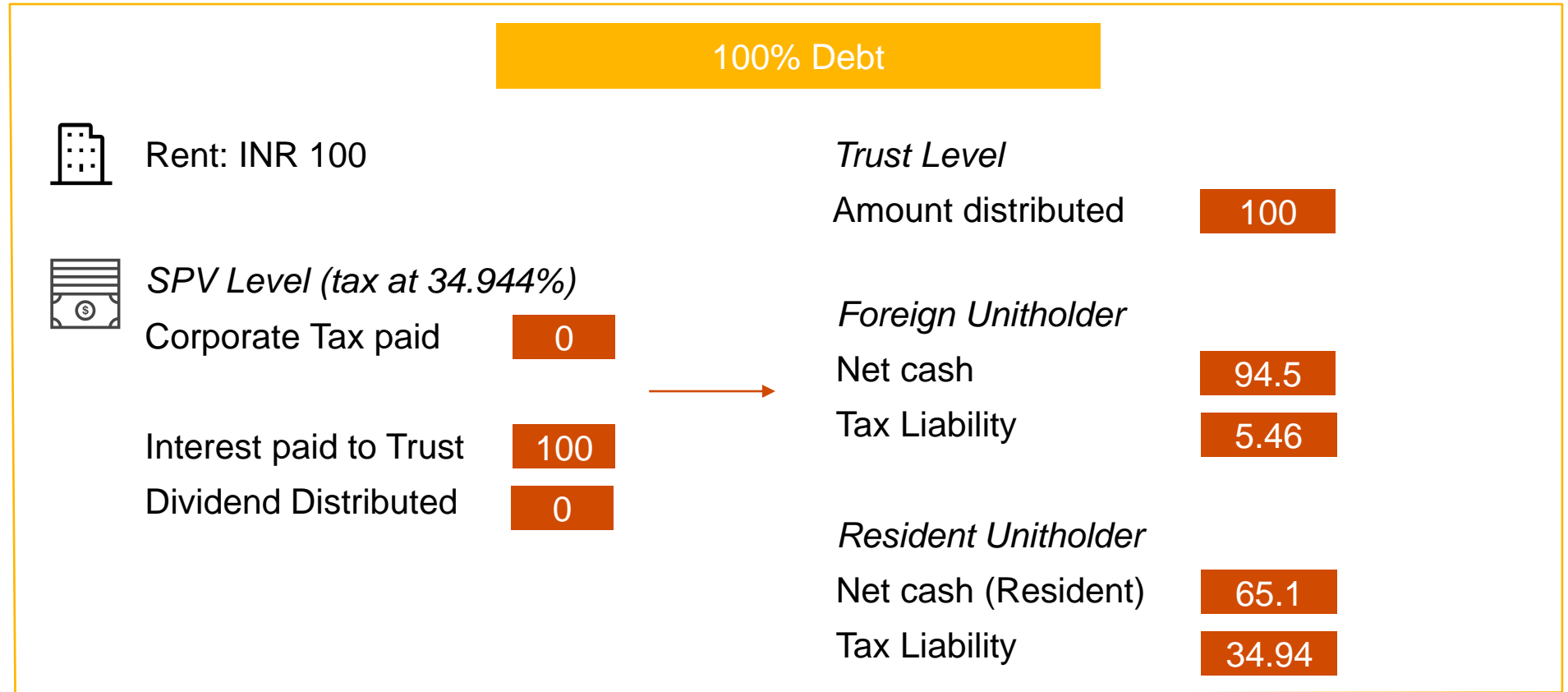


Overview of tax framework



	Dividend		Interest	Capital Gains
	Old tax regime	New tax regime		
Unit holders	Exempt	Taxable <ul style="list-style-type: none"> Resident – applicable tax rate Non-Resident – 20% 	Taxable <ul style="list-style-type: none"> Resident – applicable tax rate Non-Resident - 5.46% 	<ul style="list-style-type: none"> Swap of shares – Exempt On transfer of units <ul style="list-style-type: none"> LTCG – 10% STCG – 15% Distribution attributable to CG – Exempt
REIT/InvIT	Exempt	Exempt TDS on payment to unitholders: <ul style="list-style-type: none"> Resident - 10% NR - 10% 	Exempt TDS on payment to unitholders: <ul style="list-style-type: none"> Resident - 10% NR - 5% 	Sale of assets – Taxable
SPV	No TDS	No TDS	No TDS	Sale of assets – Taxable

Interplay of debt: equity and returns



Net cash	94.5	65.06	87.2
Tax Liability	5.46	0	4.1

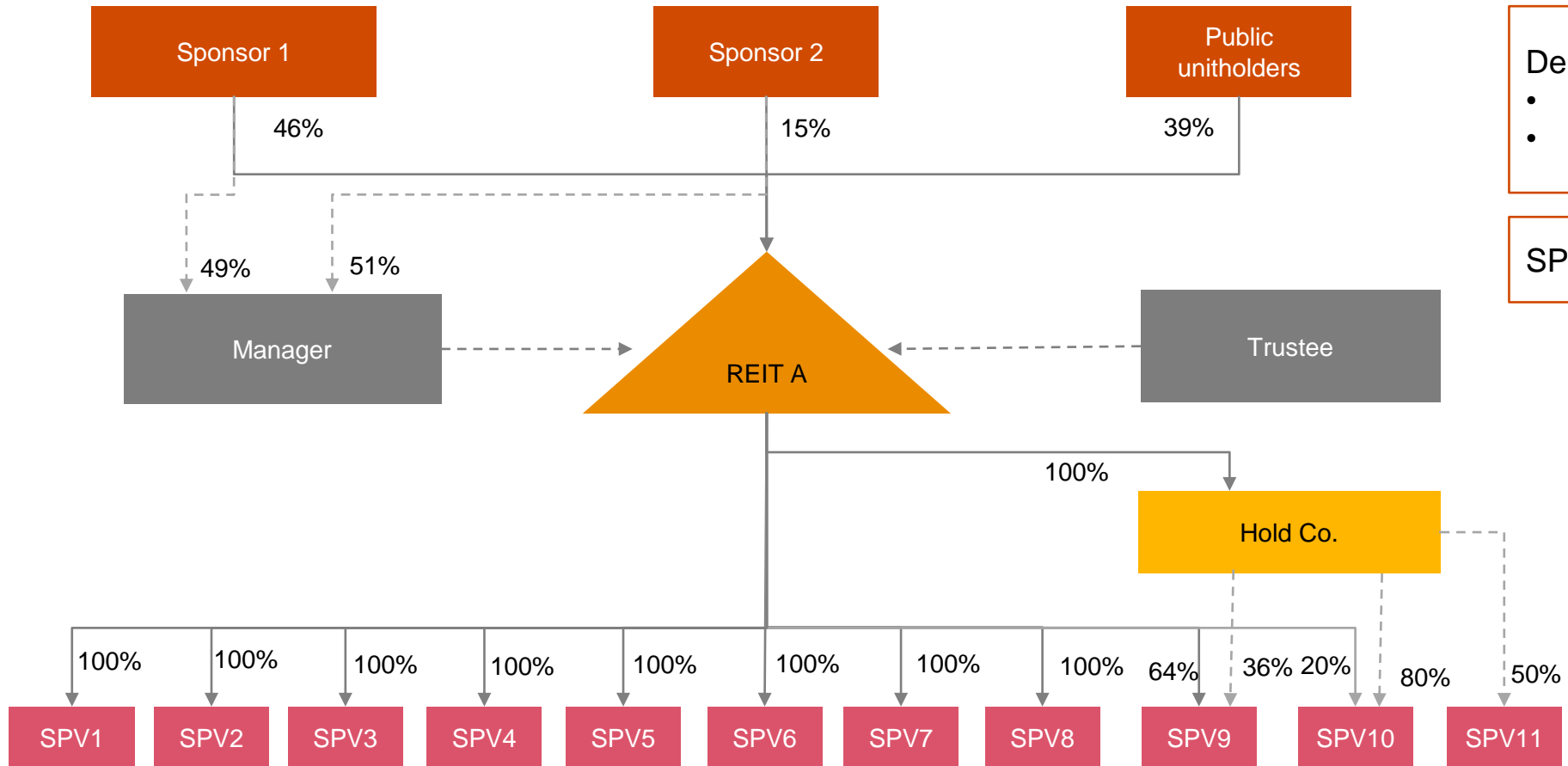
Effective Tax Rates

Investor	Tax regime opted by the SPV	Scenario 1: Equity 100%	Scenario 2: Debt: Equity (75:25)	Scenario 3: Debt: Equity (50:50)	Scenario 4: Debt 100%
Domestic	DDT regime	40.34%	36.29%	37.64%	34.94%
	Normal Tax Regime	34.94%	34.94%	34.94%	34.94%
	Lower Tax Regime	51.32%	39.04%	43.13%	34.94%
Foreign	DDT Regime	34.94%	12.83%	20.20%	5.46%
	Normal Tax Regime	34.94%	12.83%	20.20%	5.46%
	Lower Tax Regime	41.51%	14.47%	23.49%	5.46%

Key assumptions:

- 1) Investment Amount = INR 1,000
- 2) Cap rate and interest rate = 10%
- 3) Profit before interest and tax at SPV = INR 100

Case Study 1

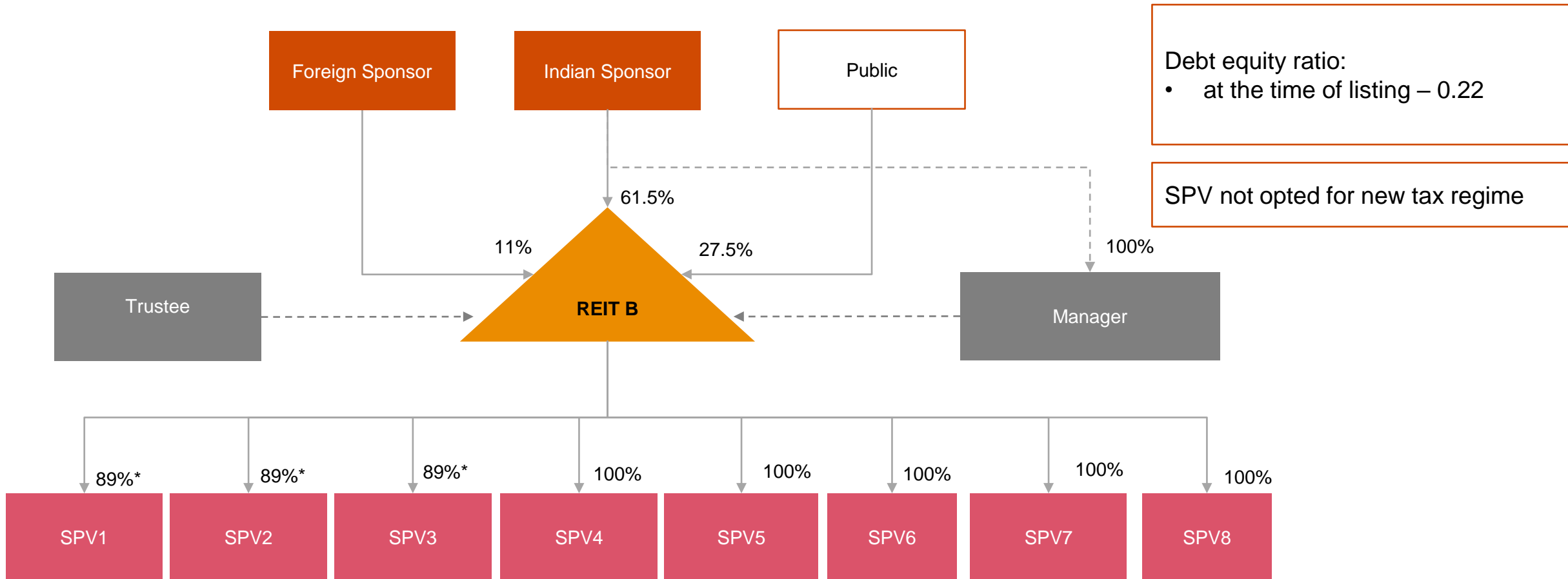


Debt equity ratio:

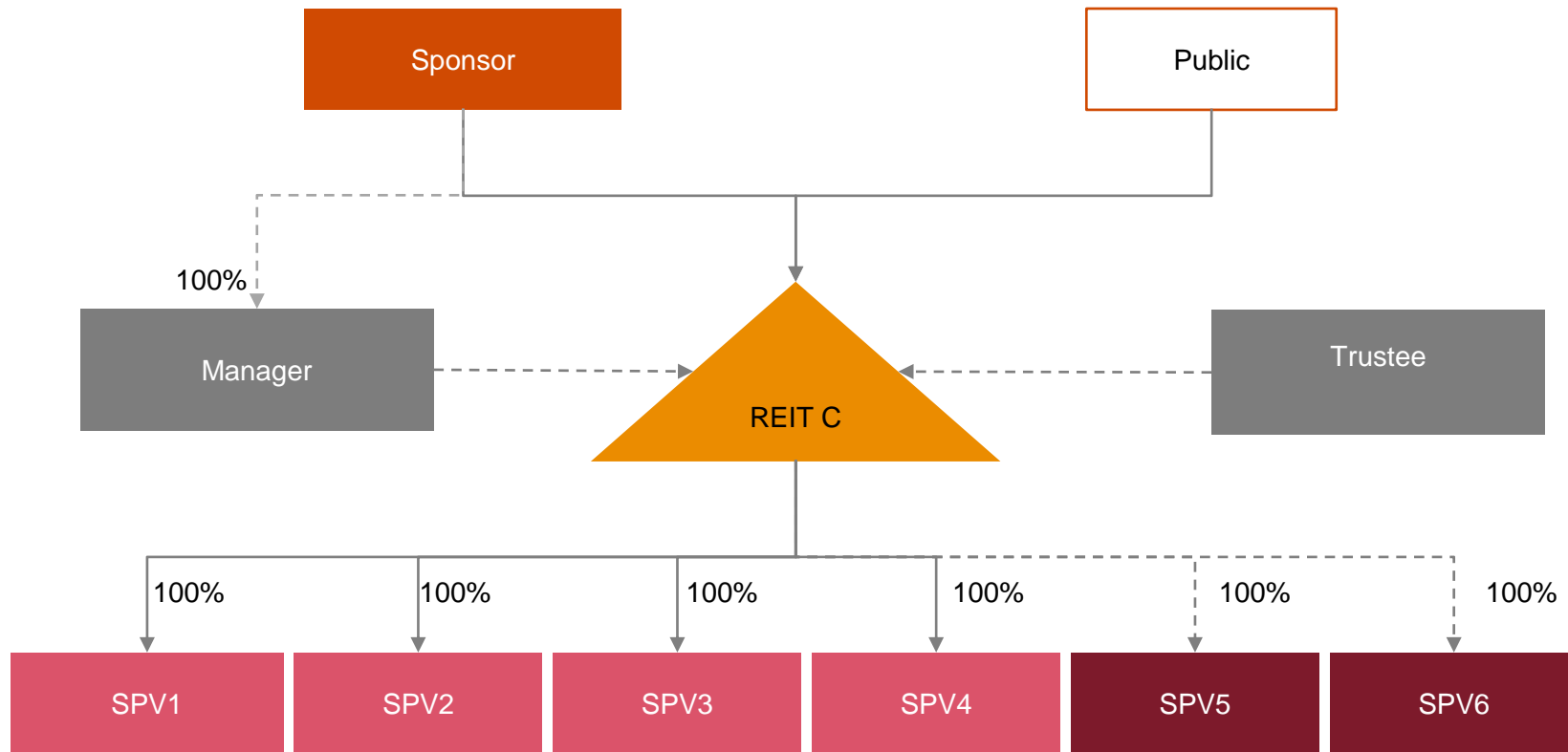
- at the time of listing – 0.20
- as on 31st March 2020 – 0.25

SPV not opted for new tax regime

Case Study 2



Case Study 3



SPV not opted for new tax regime

Thank you

This presentation has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this presentation without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained herein, and, to the extent permitted by law, Price Waterhouse & Co LLP [a Limited Liability Partnership with LLP identity no: LLPIN AAC-2731 and ICAI registration number 016844N/N-500015], its Partners and employees do not accept or assume any liability, responsibility or duty of care for any consequences to you or anyone else acting, or refraining to act, in reliance on the information contained in this presentation or for any decision based on it.

© 2021 Pw & Co LLP. All rights reserved. Price Waterhouse & Co LLP is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.