

The tax transition India needs

The Budget should consider moving to a residence-based tax regime, exempting foreign investors from long-term capital gains tax



ANANTH NARAYAN

For years, our government has propelled the economy with its focus on infrastructure investments. However, for sustainable public debt and sustained capital formation, the investment baton must pass on to the private sector.

This requires a conducive, competitive, and stable tax regime that treats capital as a partner, not a target.

The quest for expertise

When a global major invests in a semiconductor fab, an artificial intelligence (AI) data centre or electronics assembly under the Production Linked Incentive (PLI) scheme, it brings patented processes, integration into global supply chains, research and development, and other specialised skills that can drive future growth. Fostering investment, therefore, remains a top national priority.

Global investment, particularly in AI, remains resilient. Yet, net foreign investments into India have struggled. While gross foreign direct investment (FDI) inflows are robust, high repatriation has weakened net FDI. Net Foreign Portfolio Investment (FPI) flows have also disappointed. In a competitive global context, we aren't giving capital enough reasons to stay.

Despite manageable current account deficits by historical standards, weak net capital flows have also pressured India's external balance.

The withholding irritant

While several issues impact foreign flows, the elephant in the tax office is the withholding tax on capital gains.

Major jurisdictions adopt the Organisation of Economic Cooperation and Development-recommended residence-based taxation, under which any capital gains tax incidence arises only in the investor's home jurisdiction. However, India follows source-based taxation. Despite treaties between India and other countries, many investors therefore see India as a taxation outlier, with legal uncertainties, upfront withholding, and friction in obtaining tax credits.

Taxes withheld in India are a drag for investors exempt from capital gains taxes in their country.

In other cases, FPIs struggle to get credit for Indian taxes because our withholding categories do not map onto their own tax credit regimes. Finally, computing gains in rupee terms amid rupee depreciation adds significantly to their drag.

To compete for global savings and attract investment, the upcoming Budget should consider moving to a residence-based tax regime, exempting foreign investors from long-term capital gains (LTCG) tax in India.

If such a blanket move were to raise fears of misuse by some, we could at least start with investors identified under the recently introduced SWAGAT-FI (Single Window Automatic and Generalised Access for Trusted Foreign Investors) framework. Comprising objectively identified institutions like sovereign wealth funds and regulated public retail funds, SWAGAT-FI potentially covers over 70 per cent of FPI assets under management. While adding to complexity, such an approach could provide risk-based tax relief to major investors.

The government could then consider a calibrated increase in the Securities Transaction Tax (STT) for some segments for revenue compensation, without penalising patient, long-term investors. The STT was originally designed as an alternative to LTCG tax.

In the wake of the Tiger Global Supreme Court judgment, researchers Ajay Shah and Renuka Sane have also argued for a residence-based tax regime. Durably adopting this, in line with global best practice, should help attract and retain global savings.

Asset-agnostic domestic reform

Alongside, we must address issues faced by domestic investors. The current tax framework interferes with risk-based asset allocation. By taxing equity LTCG lower than fixed income, we are telling retirees: "Take more risk than your appetite allows, or watch inflation eat your principal."

Taxing interest without indexation is not an income tax – it is a wealth tax. For a senior citizen living on fixed income returns, a 6 per cent interest rate amid 5 per cent inflation yields a 1 per cent real return. Taxing that 6 per cent interest at a 30 per cent slab rate leaves the investor with a negative real return, even before expenses. Additionally, even when investing in fixed income, the investor bears market and credit risk, both crucial for capital formation.

The solution is not to raise LTCG tax on equity — that would dampen investment — but to reduce fixed-income and other asset class LTCG

taxes to equity levels. Indexation and risk-taking arguments justify lower, uniform LTCG taxes across asset classes, even if interest expense is deductible at the borrower level.

Furthermore, as in the US, introducing a 0 per cent tier for all LTCG across asset classes up to a reasonable threshold (say, ₹12 lakh, the current effective income tax-free limit), followed by the current 12.5 per cent tax tier, would encourage small savers and pensioners to invest in capital formation.

Addressing the sceptics

This is admittedly an involved and emotive subject. Critics can point to three issues: Fiscal considerations, inequity, and market volatility.

First, with increased spending needs in education, skilling, and defence, every tax rupee counts. However, in the medium-term, a stable, investment-friendly tax regime as proposed should raise collections through increased activity, investment, and value addition.

Second is the risk of inequity. One concern is the optics of appearing to offer foreigners LTCG 'exemptions' while taxing domestic investors. However, besides aligning with residence-based principles, foreigners would remain liable for taxes in their home jurisdictions; the issue would be one of comparing our LTCG regime with that of other nations. Then there is the optical inequity of lower uniform LTCG tax versus higher income tax rates. Without indexation, however, higher LTCG tax effectively becomes a tax on wealth and risk-taking. We must reward investors.

Finally, easing LTCG tax might prompt fears of short-term market volatility. In the medium run, however, rebalancing would ensure asset allocations mirror investor risk appetite rather than tax considerations. This should also channel more savings into fixed income and critical hybrid instruments like InvITs (Infrastructure Investment Trusts) and REITs (Real Estate Investment Trusts).

The 2026 mandate

To become a global economic superpower, we must stop seeing long-term investment primarily as a taxable event and start treating it as a crucial national resource. Shifting to a residence-based tax regime for foreign investors, and an asset-agnostic, risk-appreciative LTCG regime for domestic investors would be pro-investment, in line with global best practices, and would strengthen financial stability. For predictability, these underlying principles should be affirmed for the next decade. This would stop us from hitting the brakes just as we look to press the investment accelerator.

The writer is a former whole-time member, Sebi. The views are personal

Thoughts from Davos 2026

India is being recognised as a trusted partner in value chains



RAJIV MEMANI

True to its theme, 'A Spirit of Dialogue,' the World Economic Forum's (WEF's) annual meeting 2026 concluded on a reassuring note. Amid a temporary easing of tariff-related concerns and a more measured stance on recent geopolitical issues, the development offered some comfort for the broader global economy.

One thing that has stood out for me during my more-than-a-decade of visits to the WEF is the steadily growing crowds at Davos. This growth underscores the forum's significance as a global melting pot of ideas, intellect, and dialogue on the issues that matter most to the world.

As I return from the cold weather and the charged atmosphere of the WEF — along with the scheduling challenges posed by high-profile visits — I would like to share a few key takeaways from the nearly 40–50 meetings I attended or observed from the sidelines.

AI: The dominant agenda

■ Artificial intelligence (AI) consistently dominated the conversations among business leaders, permeating every company pavilion and pit stop along the promenade.

■ The consensus among participants is that the AI 'honeymoon' is maturing into an implementation marathon. To derive real value, businesses must focus on foundational elements: Building a solid data infrastructure, reimagining work in an AI-first era, and strengthening guardrails for privacy and safety. Leaders will need long-term conviction and significant investments in infrastructure and skilling to succeed.

■ At a broader level, an interesting debate emerged as leaders weighed the return on investment of building large, capital-intensive AI models with broad capabilities

against deploying cost-effective solutions that yield high returns, particularly relevant for emerging markets. For the first time, the relevance of parameter counts as a benchmark for measuring economic value or competitive advantage came into question.

■ Pressing issues surrounding AI governance, sovereignty, infrastructure, concentration and national priorities took centre stage. Notably, Satya Nadella's emphatic call for "AI diffusion" underscored the need for AI benefits to reach ordinary citizens across geographies and industries.

Vibrant India@Davos

As an Indian, I felt immense pride witnessing the India story unfold vibrantly this year. It was truly an honour to lead the CII (Confederation of Indian Industry) delegation and experience the confidence and positivity surrounding the country, especially in comparison to previous years.

■ Written in the stars: Bharti Enterprises chairman Sunil Bharti Mittal aptly stated during one of his rare panels at WEF 2026 that India's journey to becoming the world's third-largest economy is indeed "written in the stars" — and I could not agree more! The sentiment was palpable in the confident presence of Indian delegations and leaders at various sessions.

■ States made an impression: One of the striking aspects was witnessing India's competitive federalism in action. With 10 Indian states participating, each state showcased its initiatives to attract investment and towards ease of doing business, welcoming investors with open arms. Now, they must ensure that they walk the talk.

■ Communication of reforms and ease of doing business: India's strong macroeconomic fundamentals are widely acknowledged by business leaders. Now, to accelerate foreign direct investment, the silver bullet is policy consistency and continued focus on ease and predictability of doing business. The government's numerous reforms must also be communicated more effectively to all stakeholders to overcome the lingering 'muscle memory' that plagues perceptions of India. Indian businesses would find it

liberating. This becomes even more critical at a time when many other economies are embracing the spirit of deregulation. Similar attention should be paid to consistently highlight the opportunities in emerging growth sectors such as defence, electronics, space, semiconductors, and global capability centres.

■ Investing in R&D: Another significant takeaway from several sessions was the aggressive investment in research and development (R&D) by companies in competing economies to develop future-ready, cutting-edge products. In this shifting landscape, Indian companies will have no choice but to increase their R&D investments, leveraging core research and AI to remain competitive both domestically and globally.

■ India as a 'living lab' for AI applications: In the realm of AI, India is no longer a 'follower' nation. With daily active users ranging from approximately 65 million to 73 million — the highest globally — we are the world's largest 'living lab' for AI applications. Union minister for electronics and information technology Ashwani Vaishnav highlighted Stanford rankings that place India favourably in AI preparedness and penetration. However, our goal is to achieve Sovereign AI, working across all layers, including infrastructure and domestic foundational models.

■ A trusted partner: Lastly, numerous discussions at WEF 2026 pointed to the melting away of multilateralism and growing significance of bilateral agreements, with nations increasingly seeking partners they can trust or share common values with. India's recent bilateral agreements, including the landmark India-EU free trade agreement, reflect this shift. It bodes well that India is being recognised as a trusted partner in value chains and supply chains, which, however, will require greater collaboration with global companies to co-create and design solutions together.

Even as I return feeling optimistic and energised, I recognise that the WEF consensus rarely mirrors reality. Only time will tell whether this year's forum sets a new precedent.

The writer is chairman and CEO, EY India. The views are personal

IN THE COURT OF THE XVII ADDL. CHIEF JUDICIAL MAGISTRATE AT BANGALORE
C. MISC. NO. 8531/2025
BETWEEN: 1. SMT. GEETHA, W/o Late Surendra, Aged about 39 years, Rst No. 115, 8th Cross, Shrinagar, Goleysara Balaga, Mahaleshwarpuram, Bengaluru North, Bengaluru-560026.
2. SMT. RATNA, S/o Vasanth Kumar, Aged about 62 years, Rst No. 48, 8th Cross, Parimala Nagar, Kartareva Studio Main Road, Nandini Layout, Bengaluru-560026.
3. SMT. GOVIL, S/o W/o Gangadharan S, Aged about 55 years, Rst No. 195, 5th Main, Near Ganesh Temple, Sirima Nagar, Mahaleshwarpuram, Bengaluru North, Bengaluru-560026.
4. SRI SRINIVASA KUMAR, S/o Late Sidda Byrappa, Aged about 53 years, Rst No. 6211, Swasthi Road, Opp. Vijaya Bank, Shanthinagar, Bengaluru South, Bengaluru-560027.
- PETITIONERS
AND : Office of the Commissioner, Registrar of Births and Death BBMP, Bengaluru East, BENGALURU. - RESPONDENT
PAPER PUBLICATION / PUBLIC NOTICE
WHEREAS, the above petitioners had filed the petition for issue of Death Certificate of Deceased, who is the daughter in law of the petitioner No.1 and Father of the petitioner No.2 & 4 PLATE SRI SIDDHA BYRAPPA, S/O LATE SIDDASOWDA, as he has died on 23.09.2017, at No.62, Swasthi Main Road, Shanthinagar, Bengaluru 560027, if any person interested in this matter, may appear before the Hon'ble XVII ADDL. CHIEF JUDICIAL MAGISTRATE at 11.00 a.m. failing which, the above case will be heard and determined ex-parte.
Given under my hand and the seal of the court this the 23/1/2026.
By Order of the Court
Sd/- SENIOR SHERISTADA
XVII ADDL. CHIEF JUDICIAL MAGISTRATE COURT, BENGALURU CITY
ADVOCATE FOR PETITIONERS
SRI. ASHWATHI K.L., Advocate,
No. 23, 3rd Cross, 5th Main, Gayathri Nagar, Bengaluru-560021.

BEFORE THE HON'BLE ASSISTANT COMMISSIONER AT DODBALLAPURA
PTCL (Dev) No. 10/2024
Petitioner: Smt. Narayanamma V/s
Respondent : Muniyappa
Notice / Summons to the Defendant
S/o. Pillappa, Aged about Major, Residing at Aluruddanahalli Village, Kundana Hobli, Devanahalli Taluk, Bengaluru Rural District
NOTICE TO DEFENDANT UNDER ORDER V RULE 20 C.P.C
Whereas the above named Petitioner has filed the PTCL Case, for Restoration and others consequential relief against you. Take notice that you are hereby directed to appear before this Court in person to defend the proceedings on 4/2/26 at 3 P.M. if you fail to appear on that day, the case will be heard and decided by the ex-parte.
Given under my hand and seal of this Court on the Day of 14/1/26
By Order of the Court
Sd/- Assistant Commissioner, Doddaballapur Sub-Division, Doddaballapur, Bangalore Rural District.
Advocate for Petitioner
Preethi G. Advocate,
No.452, 1st Floor, 10th Cross, Vinayaka Hills Layout, Chikkabettahalli, Vidhyaranyapura Post, Bangalore 560097. Mobile: 9986645842. Mail.preethigattorney@gmail.com

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CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Corporate Office: Chola Crest, Super B, C54 & C55, 4, Thiru Vi Ka Industrial Estate, Guindy, Chennai – 600 032
APPENDIX IV [See rule 8 (1)] POSSESSION NOTICE (For Immovable Property)
WHEREAS the undersigned being the Authorised Officer of M/s.Cholamandalam Investment And Finance Company Limited, under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002), and in exercise of the powers conferred under Section 13(12) read with Rule 9 of the Security Interest (Enforcement) Rules, 2002 issued under the said Act, and in exercise of the powers conferred under Section 13(2) of the said Act calling upon you being the borrowers (names and addresses mentioned below) to repay the amount mentioned in the said notice and interest thereon within 60 days from the date of receipt of the said notice. The borrowers mentioned here in below having failed to repay the amount, notice is hereby given to the borrowers mentioned herein below and to the public in general that the undersigned has taken possession of the property described herein below in exercise of powers conferred on me under sub-section (4) of Section 13 of the Act read with Rule 8 of the Security Interest (Enforcement) Rules, 2002. The borrowers mentioned herein above in particular and the public in general are hereby cautioned not to deal with said property and any dealings with the property will be subject to the charge of M/s.Cholamandalam Investment And Finance Company Limited for an amount as mentioned herein under and interest thereon. The borrower's attention is invited to provisions of sub-section (8) of Section 13 of the Act, in respect of time available, to redeem the secured assets.
SL. NO. NAME AND ADDRESS OF BORROWER & LOAN ACCOUNT NUMBER DATE OF DEMAND NOTICE OUTSTANDING AMOUNT DETAILS OF PROPERTY POSSESSED DATE OF POSSESSION
1. Loan Account No. LAP1DHA000127127 12-11-2025 Rs. 2155187/- as on 12-11-2025 All the piece and parcel of NA Plot No. 40 , E Khatha No. 144/D/24, Measuring (East to West 12.192024 meters and North – South 15.240030 meters) total measuring 185.8068 sq.meters 19th Ward Ramaswami Badavane area, Huvinahadagalli, within the limits of town Municipal council Huvina hadagalli same is bounded on: East by : House No. 144/D/23 PLOT No.39, West by : Property belonging to Alappa , North by : Road, and South by : Plot No.48.
Date : 22-01-2026, Place : Huvinahadagali Authorised Officer, M/s. Cholamandalam Investment And Finance Company Limited

POONAWALLA FINCORP LIMITED
Corporate Office: Unit No. 2401, 24th Floor, Altimus, Dr. G M Bhosale Marg, Worli, Mumbai – 400 018 (Maharashtra)
Registered Office: 201 and 202, 2nd Floor, AP81, Koregaon Park Annex, Mundhwa, Pune – 411 036 (Maharashtra)
DEMAND NOTICE UNDER SECTION 13(2) OF THE SARFAESI ACT, 2002
You the below mentioned Borrowers/Co-borrowers have availed Home loans/Loans against Property facility (ies) by mortgaging your Immovable property/ies from Magma Fincorp Ltd "MFL" now renamed as Poonawalla Fincorp Ltd "PFL" You defaulted in repayment and therefore, your loan/s was classified as Non-Performing Assets. A Demand Notice under Section 13(2) of Securitisation and Reconstruction of Financial Asset and Enforcement of Security Interest Act 2002 for the recovery of the outstanding dues sent on last known addresses however the same have returned un-served. Hence the contents of which are being published herewith as per Section 13(2) of the Act read with Rule 3(1) of The Security Interest (Enforcement) Rules, 2002 as and by way of Alternate Service upon you.
Details of the Borrowers, Co-borrowers, Guarantors, Securities, Outstanding Dues, Demand Notice sent under Section 13(2) and Amount claimed there under are given as under:
SL. No. Name of the Borrowers, Co-Borrowers and Loan Amount Details of the Secured Asset Demand Notice Date Amount Due in Rs.
01. Borrowers, Co-Borrowers: SCHEDULE OF PROPERTY: SITE NO. 54: ALL THAT PIECE AND PARCEL OF THE FOR SITE NO. 54, ASSESSMENT KHATHA NO. 5437/5247/54 MEASURING EAST TO WEST 30FT AND NORTH TO SOUTH (37+36.6)/2FT IN ALL 1103 SQ FT, SITUATED AT ATTIBELE VILLAGE AND HOBLI, ANEKAL TALUK BANGALORE, DISTRICT BANGALORE BOUNDED AS FOLLOWS: EAST BY: SITE NO. 55, WEST BY: SITE NO. 53, NORTH BY: 25 FEET ROAD, SOUTH BY: PROPERTY BELONGS TO AL. SRINIVAS. SITE NO. 55: ALL THAT PIECE AND PARCEL OF THE FOR SITE NO. 55 ASSESSMENT NO. 5438/5248/55 MEASURING EAST TO WEST (37+37.6)/2FT AND NORTH TO SOUTH 30FT IN ALL 1119 SQ FT, SITUATED AT ATTIBELE VILLAGE AND HOBLI, ANEKAL TALUK BANGALORE DISTRICT BANGALORE, BOUNDED AS FOLLOWS: EAST BY: SITE NO. 56, WEST BY: SITE NO. 54, NORTH BY: 25 FEET ROAD, SOUTH BY: PROPERTY BELONGS TO A.L. SRINIVAS. Rs. 1,38,30,402/- (Rupees One Crores Thirty Eight Lacs Thirty Thousand Four Hundred Two only) and interest till 31.12.2025 is due and payable by you along with future interest @ 10.25% per annum.
You the Borrower/s and Co-Borrower/s are therefore called upon to make payment of the above mentioned demanded amount with further interest as mentioned hereinabove in full within 60 Days of this Notice failing which the undersigned shall be constrained to take action under the act to enforce the above-mentioned securities. Please Note that as per Section 13(13) of The Said Act, You are in the meanwhile, restrained from transferring the above-referred securities by way of sale, lease or otherwise without our consent.
Place: Bangalore Date: 28.01.2026
Authorised Officer
For Poonawalla Fincorp Limited

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Reg.Off.: Srinivasa Tower, 1st Floor, Door No.5, Old No.11, 2nd Lane, Cenatop Housing, Alwarpet, Teynampet, Chennai-600018
APPENDIX-IV-A [SEE PROVISION TO RULE 8(6)] SALE NOTICE FOR SALE OF IMMOVABLE PROPERTIES
E-Auction Sale Notice for Sale of Immovable Assets under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 read with provision to Rule 8(6) of the Security Interest (Enforcement) Rules, 2002.
Notice is hereby given to the public in general and in particular to the Borrower/s and Guarantor/s that the below described immovable properties mortgaged/ charged to Truhome Finance Limited (formerly M/s Shriram Housing Finance Limited), the Physical Possession of which have been taken by the Authorized Officer of Truhome Finance Limited, will be sold on "As is where is", "As is what is" and "Whatever there is" basis in an e-auction on 13.02.2026 between 11:00 a.m. to 1:00 p.m. for recovery of the balance due to Truhome Finance Limited from the Borrowers And Guarantors, as mentioned in the table.
Details of Borrowers and Guarantors, amount due, Short Description of the immovable property, reserve price and earnest money deposit and date of Inspection are also given as:
Name of Borrowers/ Co-Borrowers/ Guarantors/Mortgagers Amount of Recovery and date of Demand Notice Reserve Price (Rs.) & Bid Increment Date & Time of Auction Contact Person Details – (AO and Disposal team)
1. MS. POOJA DWIVEDI D/O BINOD KUMAR DUBEY, 2. MRS. RITA DUBEY W/O BINOD KUMAR DUBEY, 3. MR. BINOD KUMAR DUBEY S/O ACHUTA NAND DUBEY, All are R/at: No. 597, G G Block, Hunsur Main Road, Near Force Motors, Hootagalli, Mysore – 570 018 Also At: MRS. RITA DUBEY Proprietor, Neth Plastic Industries, No. 83/4, Hunsur Road, Near Force Motors, Hootagalli, Mysore – 570 018 Rs. 18,73,246/- (Rupees Eighteen Lakhs Seventy Three Thousand Two Hundred and Forty Six Only) in respect of Loan Account No. SLPHMSOR0000757 and Rs. 10,89,103/- (Rupees Ten Lakhs Eighty Nine Thousand One Hundred and Three Only) in respect of Loan Account No. SLPHMSOR0001379 as on 8.06.2023 Rs. 74,64,600/- (Rupees Seventy Four Lakhs Six Hundred Only) Bid Increment: Rs.10,000/- (Rupees Ten Thousand Only) and in such multiples. Earnest Money Deposit (EMD) (Rs.) Rs. 7,46,460/- (Rupees Seven Lakh Forty Six Thousand Four Hundred and Sixty Only) Last date for submission of EMD : 10th Feb, 2026 Time 10.00 a.m. to 05.00 p.m. Auction Time: 11.00 A.M. to 01.00 p.m. Contact Person Details: Ashfaq Patka +9819415477 John Pavithran +917829204322 Raja Durga Prasad +91950869343 Inspection Date: 05.02.2026 Inspection Time: 11.00 a.m. to 04.00 p.m.
Description of Property
ALL THE PIECE AND PARCEL OF THE PARCEL OF PROPERTY BEARING KOORGALLI GRAMPANCHAYATHI KHATHA NO. 847 AND AS PER FORM NO. 11 B UNIQUE NO. 152200404166001100, SITUATED AT HOOTGALLI VILLAGE, MYSURU TALUK, WITHIN THE JURISDICTION OF KOORGALLI GRAMPANCHAYATHI, MEASURING EAST TO WEST 22.25 METERS AND NORTH TO SOUTH 6.70 METERS AND BOUNDED ON: EAST: PROPERTY OF PAVAN CHEMICALS, WEST: ROAD, NORTH: PROPERTY OF MADAPPAGOWDA, SOUTH: PROPERTY OF GOVINDEGOWDA.
1) For detailed terms and conditions of the sale, please refer the website of Truhome Finance Limited (Formerly Shriram Housing Finance Limited) website.
2) The intending bidders have to submit their EMD amount to be deposited by way of RTGS/NEFT to the account details mentioned herein below: BANK NAME: AXIS BANK LIMITED BRANCH: BANDRA KURLA COMPLEX, MUMBAI BANK ACCOUNT NO. Current Account No. 911020045677633 IFSC CODE: UTIB0000230.
Place : Mysuru Date : 28-01-2026 Sd/- Authorised Officer- Truhome Finance Limited (Formerly Shriram Housing Finance Limited)