



Focus session - India

2025 KPMG Asia Pacific Tax Summit

Singapore

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Date

Agenda

- 01** India Story
- 02** India–APAC Business Trends
- 03** Sector focused opportunities - IFSC & GCCs
- 04** Direct tax updates
- 05** Tax Technology Trends
- 06** Indirect tax updates

Today's presenters



Lata Daswani

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Indirect tax Head, Assurance and Consulting Services, KPMG India

India Story

**Economic Growth &
Transformation**

Indian economy at a glance



6.4 per cent
GDP growth in FY25



USD 500 bn
Bilateral trade expansion
with US by 2030



USD 7 tn
economy by 2030



USD 2 tn
exports by 2030



4.8 per cent
Fiscal deficit pegged for
FY25

164.8
Index of industrial
production in Mar 2024

USD 50 bn
FDI equity inflow
(As of March 2025)

1636
PE deals in
FY 2024-25



Sector growth

Agriculture

2nd largest producer of rice, wheat, fruits, vegetables, groundnut, tea, sugarcane and cotton

Automobile



3rd largest automobile market

Technology

2nd highest internet users globally



Financial services

2nd largest insurtech market in Asia-Pacific



Pharmaceutical

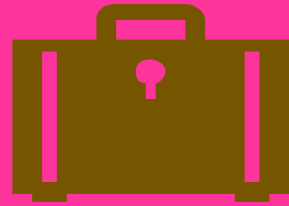
Ranks 3rd in the world by volume

Why India?



**Youngest population of
600 Million + in aging
world**

**63rd position in ease of
doing business in 2020
as against 142nd in 2014**



**Third largest startup
base of world**

**750 Million + active
internet user**



**Stable
Government**

**Various incentives at
Federal and State level**



**One of the world's
fastest growing
economy as per IMF**

Huge domestic market



India Story: Economic Growth in terms of direct tax collections

Income tax returns and collections data – In last 5 years

Returns filed (Numbers in Millions)

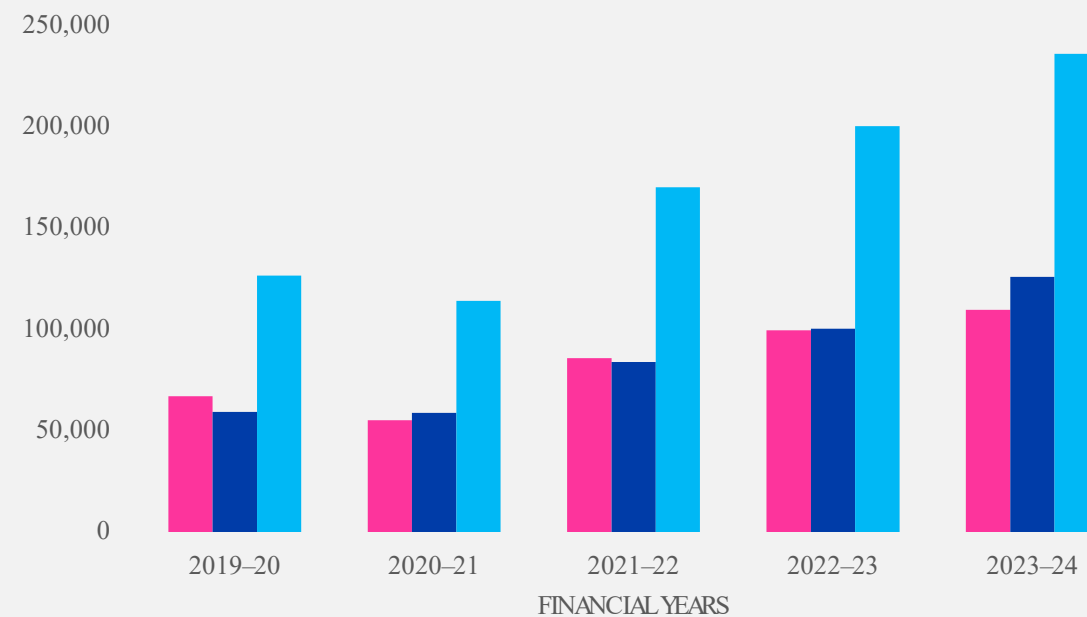


	2019-20	2020-21	2021-22	2022-23	2023-24
■ Total Returns	64.7	70.51	69.71	74.4	82.54
■ Individual Returns	63.9	69.49	68.65	73.31	81.39
■ Company Returns	0.8	1.02	1.06	1.09	1.15

■ Total Returns ■ Individual Returns ■ Company Returns

Source : www.incometaxindia.gov.in; www.prsindia.org

Direct Tax Collections



■ Corporate Tax (USD mn) ■ Personal Income Tax (USD mn) ■ Total Direct Taxes (USD mn)

India-APAC Business Trends

India-APAC Business Trends



India is APAC's top tech spender in 2025 — ₹5 trillion.



Growth drivers: Digitalization, AI, and cloud adoption.



APAC to contribute 60% of global growth in 2025



India outpaces the regional average in tech-led growth.



Technology enabled Business Traveller Solution



AI and automation drive business transformation



E-commerce market to exceed \$28.9 trillion by 2026



Healthcare, fintech, and education are high-growth sectors



Hub for tech talent and digital innovation



Increasing cross-border investments and supply chain integration

Your views matter - Share with us

Q1. Which APAC sector do you believe will see the highest growth by 2026??

A.

E-commerce

B.

Fintech

C.

Healthcare

D.

Education

Trending businesses in India- IFSC & GCCs

Sectoral opportunities - IFSC

Capital Markets

- Stock / Bullion Exchanges
- Trading members
- Segregated Nominee Account Providers
- Clearing Corporations, Depositories, other intermediaries

Offshore Banking

- Corporate Banking
- External Commercial Borrowing (ECB) Lending
- Servicing JV/WOS of Indian companies registered abroad
- Factoring/ Forfaiting of export receivables

Offshore Insurance

- General / Life Insurance
- Co-Insurance
- Reinsurance
- Captive Insurance etc.

Offshore Asset Management

- Alternative Investment Funds
- Portfolio Management Services
- Investment Advisors

Ancillary services

- Research & Analytics etc.
- Fund Accounting
- Accounting, Legal

Others

- Global In-House Centres
- Global Treasury Centres
- Finance Company
- Aircraft leasing & financing

IFSC – Products, Success Stories, Trending Offerings

GIFT City IFSC

- Asset size grew from \$14B (2020) to \$78B (2025)
- 29 banks, 47 insurance/reinsurance firms, 250+ AIFs, 30+ aircraft/ship lessors, 150 capital market intermediaries, 32 FinTech entities

Trending Offerings:

- Fund management (AIFs, ESG funds, VC/PE)
- Ship and aircraft leasing
- Global/Regional Corporate Treasury Centres (GRCTCs)
- FinTech, digital banking, bullion trading, insurance, and reinsurance.

Recent Reforms:

- April 2025: Enhanced governance, new frameworks for treasury, ship leasing, and compliance
- Budget 2025: Tax breaks for ship-leasing, insurance, and treasury units; incentives extended to 2030

Success Stories:

- GIFT NIFTY turnover: \$102B/month
- ESG funds: \$15B+ listed
- Global ranking: 46th in Global Financial Centres Index (2025), top emerging centre.

- **Capital Markets Gateway:** GIFT Nifty's liquidity positions India as a credible offshore capital markets hub
- **ESG Alignment:** The ESG fund base supports green finance narratives for IGH and ENR clients
- **Global Recognition:** The GFCI leap enhances investor confidence and regulatory credibility

Additional benefits to units in IFSC

Gujarat Global Capability Center Policy 2025-30 offers lucrative CAPEX and OPEX incentives to a new unit or to existing units carrying out expansion

Incentives	Brief Description
Stamp Duty	100% reimbursement of Stamp Duty
Electricity duty	100% reimbursement of Electricity duty
Reimbursement of Provident Fund contribution by employer	ARS-Reimbursement of employer contribution to PF upto 12% of basic salary + DA and retaining allowance (5 years) <ul style="list-style-type: none"> • 100% of EPF amount paid in case of female employees • 75% of EPF amount paid in case of male employees
Capital Subsidy	Capital subsidy (CAPEX)– 20% of Eligible expenditure on Fixed Assets and 20% of Eligible expenditure on hardware and software (one-time) with project-based limits.
Operating expenses subsidy	15% of Eligible OPEX (available for 5 years) including bandwidth and cloud rental costs, are subsidized up to ₹400 million over five years.
Training award	Up to ₹50,000 awarded for globally recognized certification programs to promote workforce skill development. Reimbursement of quality certification fees upto INR 1m.

Other incentives:

- Employment Generation Incentive - 50% of one month employment cost to company (one-time)
- Interest subsidy of upto 7% on term loan or actual interest paid, max INR 10 million per annum (5 years)

The above incentives are general / broad in nature and we request you to seek professional advice on the above including its applicability, applicable conditions, etc.

Your views matter – Share with us

Q2. Which offering at GIFT City IFSC do you find most promising for future growth?

A.

ESG Funds

B.

Aircraft/Ship Leasing

C.

**FinTech &
Digital Banking**

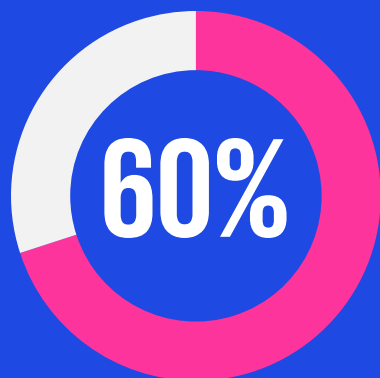
D.

**Global Treasury
Centres**

GCCs in India – A Panoramic business view

US USD
64.6 Billions

GCC Market size FY 2024



Fortune 500 companies have set up their GCCs in India

1700+

Total no. of GCCs in India FY 2024



\$100 b

Projected to scale by 2030



364,000

New Jobs GCCs will create within the year 2025 (Projection).

6.3%

CAGR of total installed GCC talent (FY 19-24)



1.9 Million

Total Headcount FY 2024.

Preferred destination for Global Capability Centres

With its vast talent pool, cost-effectiveness, and strong infrastructure, India is emerging as ideal location for Global Capability Centers (GCC) of leading MNCs.

Emergence of GCC's in India

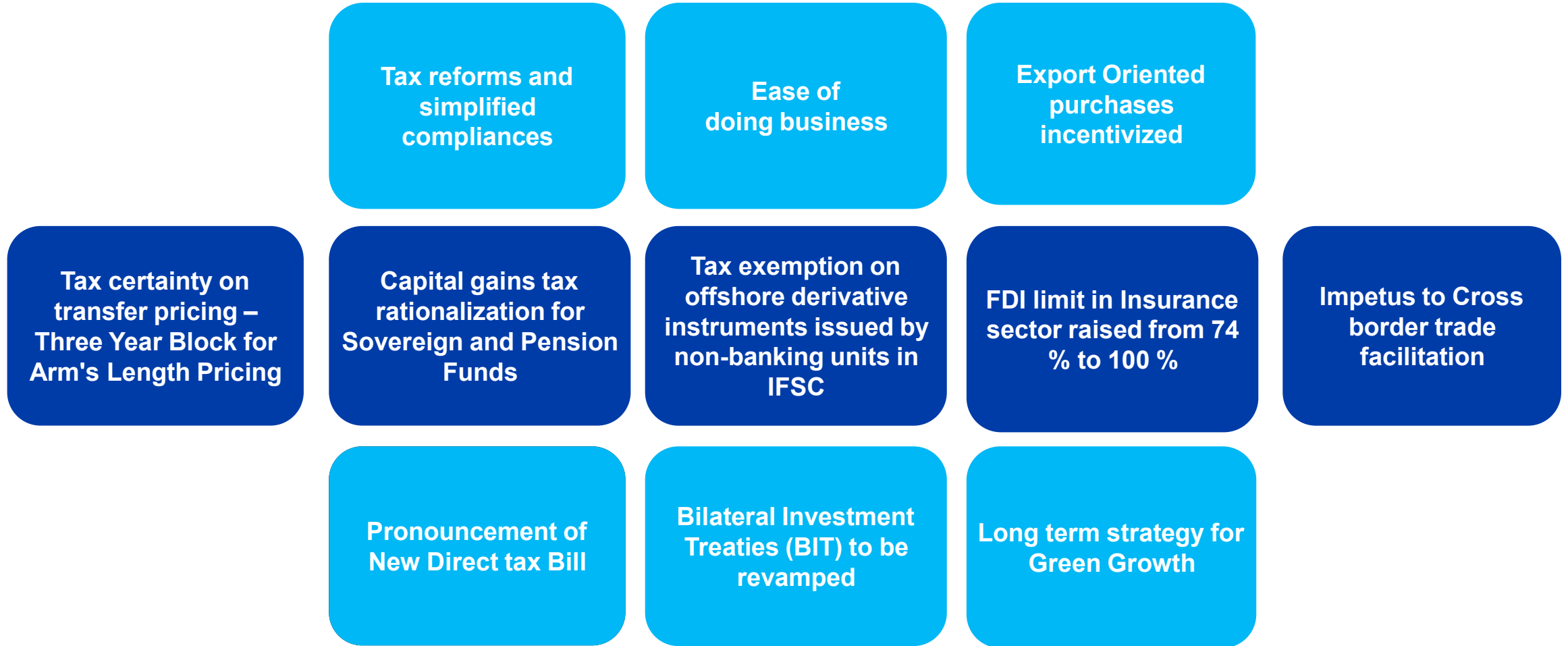
- Around 50% of world's GCCs housed In India
- Highly skilled workforce – diverse expertise in AI, Machine Learning, cloud computing and data analytics
- Fastest growing eco-system
- Up to 50% lower operational costs
- Supportive Government policies – State incentives, PLI, GIFT city, Digital India, Make in India
- Ease of doing business
- Shift from labour arbitrage to capability arbitrage



Source: India as the preferred GCC destination, report by Inductus; internet

Direct Tax

2025 Tax reforms : A Gesture Of Tax Certainty For Foreign Investors



Source: <https://www.outlookmoney.com/tax/budget-2025-a-gesture-of-tax-certainty-for-foreign-investors>

New Income Tax Bill:

Replaces the 1961 Act with simplified language, fewer sections (536 vs. 819), and a new concept of "Tax Year".
Major Simplifications:



"Tax Year" replaces "Previous Year" and "Assessment Year"



39 tables and 40 formulas for clarity (e.g., TDS rates, deductions)



Digital asset taxation, e-compliance, and faceless assessments strengthened



Aims to reduce compliance burden and improve transparency.



Higher thresholds for small taxpayers (audit relief, presumptive taxation)



MSME definition aligned with MSME Act



Notional rent on vacant property removed; clearer property tax rules



Relaxation for LLPs and charitable trusts



Impact On Foreign Investors

Topic	1961 Act	2025 Act	Impact for Foreign Investors
Structure	819 sections, dense	536 sections, simpler, tables	Lower interpretation risk, easier compliance
Tax Year	Previous/Assessment Year	Single Tax Year	Alignment with global contracts & reporting
Business Connection	'Reasonably attributable' income taxed	Only 'attributable' income taxed	Clearer scoping, fewer disputes
Indirect Transfer	Vague drafting, disputes	Clarified scope 'from/through' shares	Certainty for cross-border M&A
TDS/TCS	Fragmented, complex	Consolidated tables, simpler rates	Better cash flow, less withholding mismatch

Advance Pricing Agreements by Country (2023–2024)

Country	Total APAs Signed	Unilateral APAs	Bilateral APAs	Notable Highlights
India	641	86 (FY 2023–24)	39 (FY 2023–24)	Highest APA signings in a single year; strong growth in IT, engineering, banking sectors
USA	500+	Majority	Significant	Long-established APA program; key treaty partner for many countries
UK	300+	Majority	Growing	Focus on dispute prevention and tax certainty
Japan	400+	Balanced	Balanced	Early adopter of APA framework; strong bilateral engagement
Germany	200+	Limited	Strong	Emphasis on bilateral APAs with EU and OECD partners
China	100+	Majority	Limited	Increasing APA activity; focus on tech and manufacturing sectors

Source- [Advance Pricing Agreement \(APA\) Programme Annual Report 2023-24](#), & [2023 Advance Pricing Arrangement Statistics](#) | OECD

Tax Technology Trends

Tax Technology Trends

AI & Automation:

- AI-driven tax compliance, e-invoicing, and faceless assessments are mainstream
- Automated tax filings, predictive analytics, and fraud detection

Digital Platforms:

- GSTN, Income Tax portal upgrades for seamless, real-time compliance
- Pre-filled returns using AIS/TIS, cloud-based tax filing, and storage.



Global Trends

- Tax technology market to grow at 12% CAGR (2025–33), led by cloud and AI adoption
- Partnerships between software providers and tax firms; real-time compliance platforms

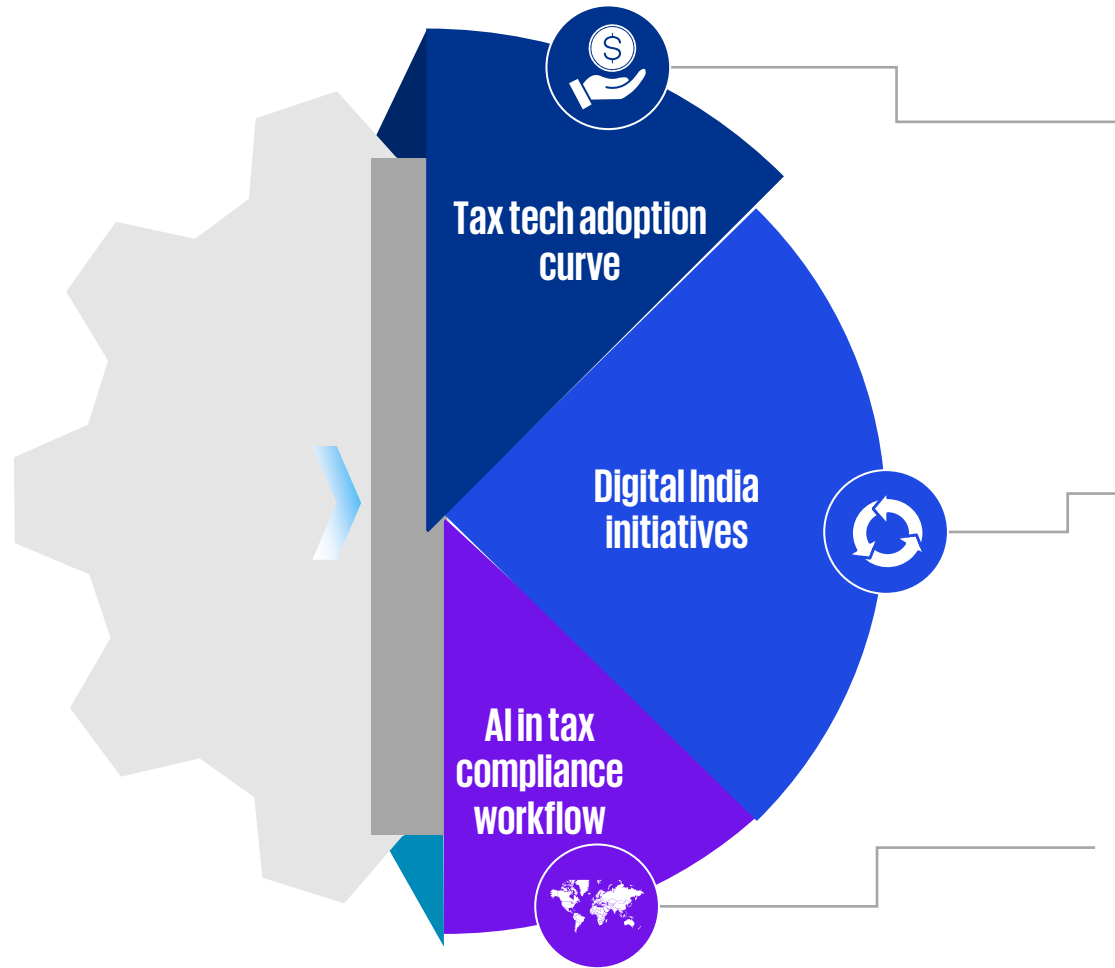


Regulatory Focus

- Data privacy, digital taxation, and BEPS compliance
- Green taxation and sustainability-linked tax incentives emerging.



Tax Technology Trends



- **India is leading APAC** in tech spending, expected to reach ₹5 trillion in 2025, driven by aggressive modernization and digital infrastructure investments.

- Faceless assessments and e-invoicing.
- Cloud-based filing systems and AI-powered virtual assistants

- Automating tax return preparation and filing.
- Monitoring tax compliance and improvement.
- Enhancing the tax audit process and fraud detection.

Source -Digital India and Tax Filing 2025: 7 Game-Changing Trends & <https://taxguru.in/income-tax/faceless-assessment-digital-transformation-tax-administration.html>

Your views matter – share with us

Q3. What will be the biggest driver of tax technology transformation?



AI & Automation



Cloud-based
platforms



Regulatory
reforms

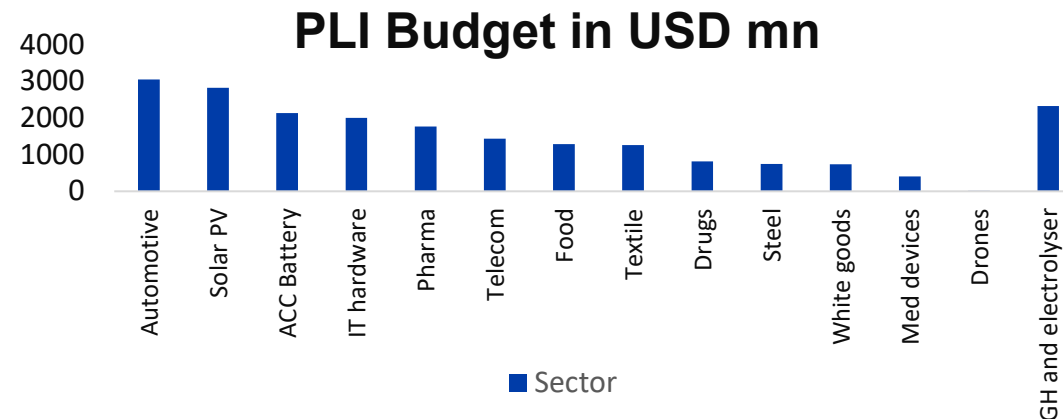


Digital
compliance
tools

Indirect Tax Updates

India Production Linked Incentive Schemes

Budget	Launched in 2020. Government, so far, has allocated a budget of USD 25.53 bn approx. and covered 15+ sectors
Production and exports	Estimated USD 147.06+ bn production value and USD 47.06 bn export value achieved till second quarter of FY 24
Employment and incentives	Estimated 0.95+ mn jobs have been created, and incentives of USD 1.33 bn have been disbursed
Incentives	Incentives can range up to 18% of notified products turnover. Schemes also notify other conditions viz. investment commitment, value addition, technology, etc. depending upon sector requirement
Key Achievement	Global position achieved in electronics and pharmaceuticals sector. FDI in electronics manufacturing increased by 254%



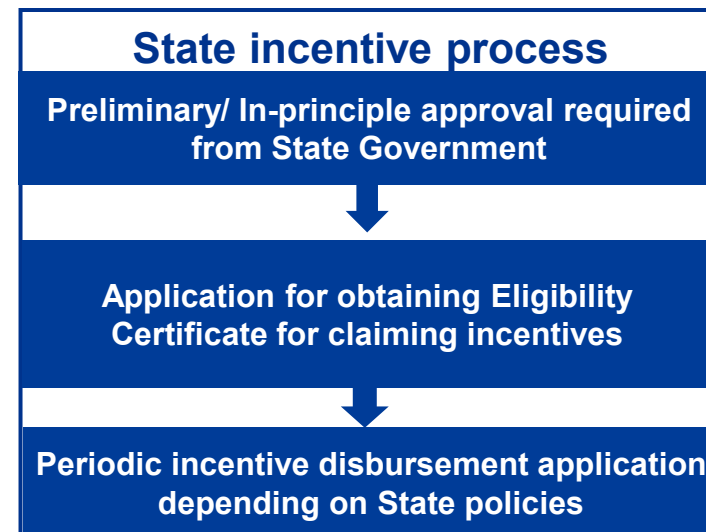
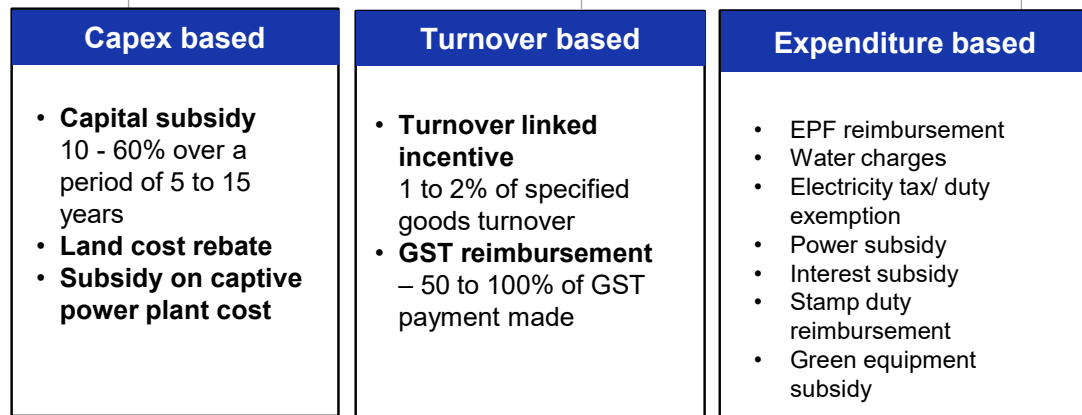
Key players across sectors

Tata Motors, Mahindra and Mahindra	Samsung, Foxcon	Bikaji, Dabur, Nestle
Reliance, Adani, Avada, Renew Power	Dell, HP, Flextronics	Sun Pharma, Cipla, Lupin
Jindal Steels, JSW, SAIL	Aditya Birla, Trident	Voltas, LG, Hindalco

Sectors notified so far				
Automotive and components	Specialty steel	IT hardware	Food products	Advance chemistry cell
Large scale Electronics Manufacturing	Medical Devices	Pharmaceutical Ingredients	Solar PV modules, cells and wafers and polysilicon	Green Hydrogen and electrolyser
Telecom and networking products	Drugs	White goods	Textile products	Drones and components
Expected PLIs in near future				
Electronic components	Railways	Chemicals	Power transmission	Smart Wearables

India State Incentive Policy(ies)

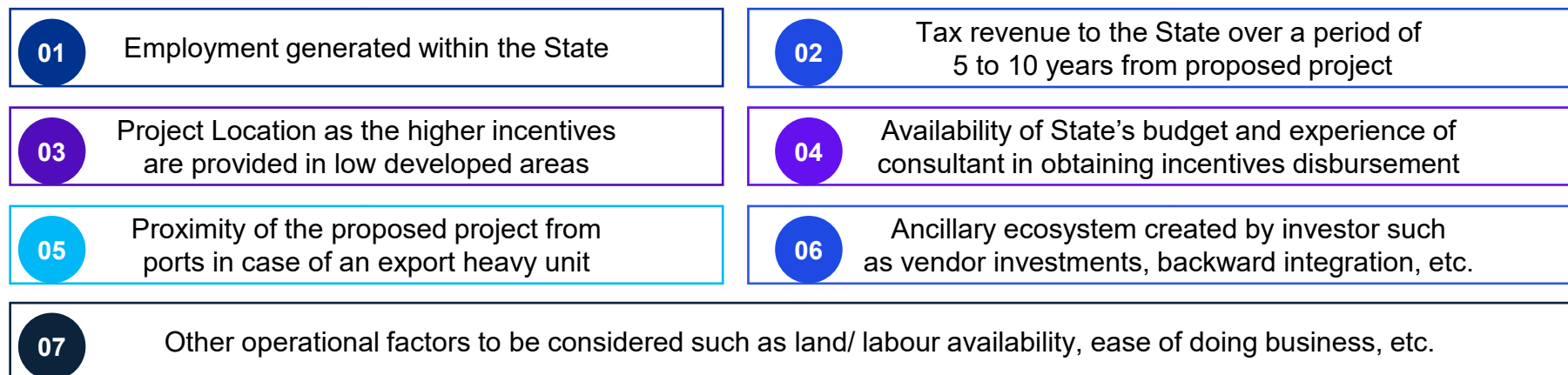
Type of State incentives



State hierarchy

- **State Industries department** – Principal Secretary, Joint Secretaries and Directors
- **Project Management Agency/ Nodal Agency** – Executive Directors, Deputy Directors General Managers, etc.

*Customized package/ tailor made incentives are also offered by various State Governments



Key States offering incentives (illustrative)

Maharashtra	Karnataka
Tamil Nadu	Gujarat
Uttar Pradesh	Andhra Pradesh
Madhya Pradesh	Telangana
Odisha	Rajasthan

Free Trade Agreements

- India currently has Free Trade Agreements (FTAs) with 20+ countries
- The country is in advanced stages of FTA negotiations with several countries and regions. These include the EU, Norway, Oman, Peru, Russia, Sri Lanka, Switzerland, UK and USA
- Once new FTAs are signed and implemented, India's FTA network is expected to expand to 71 countries covering exports worth USD 337 billion

FTA with EU – Key Developments

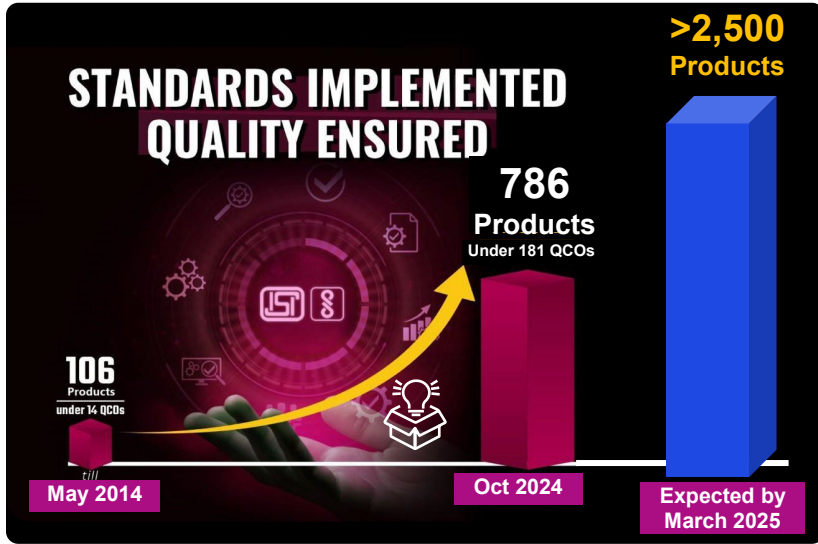
Active discussions ongoing to conclude FTA between India and European Union- Latest visit by European Commission President in February 2025

EC president and Indian PM agree to conclude FTA deal by end of year

Blueprint for collaboration in areas of trade, technology, investment, innovation, green growth, security, skilling and mobility

Increased significance in light of Geopolitical developments, especially higher tariffs sought to be imposed by US

Government action – BIS overview and statistics



21,793 
Indian Standards

48,540 
Active domestic licenses

1,776 
Active FMCS licenses

6-12 months 
time for grant of license

Compulsory Registration Order – CRO : in effect

- Desk review of application
- Electronic products like cell phones, laptops, LEDs, Speakers, etc.

Quality Control Order – QCO: in effect

- On-site audit by Indian government
- Steel, Copper, Chemicals, Footwear, Screws, Fasteners, Household Electronic Appliances, Furniture



Author: Himanshu Tewari
Published: July 2023
Available on Amazon

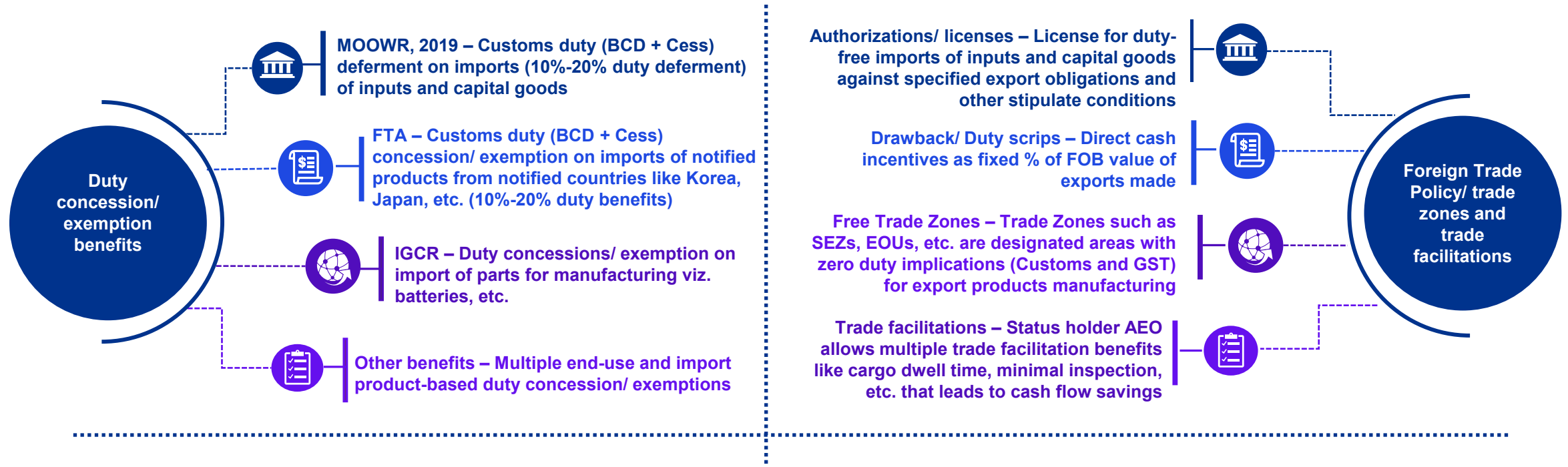
Impacted Products

- Electrical Equipment & Home Appliances
- Heavy Machinery Consumer goods
- Chemicals Furniture
- Hardware
- Industrial, Architectural, Furniture, Automation

Machinery & Electrical Equipment Safety (Omnibus Technical Regulation) Order, 2024

- Effective from 30th August 2025
- Desk review or On-site audit
- Cover machines and electrical equipment of Chapter 84 and 85
- Includes assemblies, sub-assemblies and components

Tariff/ duties saving opportunities



Possible tax plannings

- Supply chain and tax structure analysis from a tax savings perspective may positively impact Project ROI
- Tax planning for civil construction contracts structuring to avoid lapse of any eligible GST/ VAT credit
- Developing optimum tax structure to further negotiate with State Governments for GST/ VAT reimbursements on CAPEX
- Tax planning for liquidation of GST credit accumulation, if any, that may lead to cash flow blockage

GST 2.0 - About the change

Key announcements made by the GST council concluding 56th meeting

Rate structure

- Two tier rate structure - 5 per cent (merit Rate), 18 per cent (Standard Rate)
- 40 per cent rate only for select demerit goods
- Compensation cess done away with (except for products like pan masala, gutkha, cigarettes for few more months)

Proposed structural changes

- Place of supply to change for intermediary
- Relaxation for claiming GST adjustment on account of post sale discounts.

Dispute resolution

- GSTAT to be operational before end of September
- Quicker refunds on account of exports and for cases of inverted duty structure



Classification simplification

Resolving classification disputes to streamline rate structures and simplify compliance



Inverted duty refunds

Most of the goods / sectors in the 5% GST rate with have inverted duty structure



New business opportunities

Evaluate new M&A opportunities for monetizing credit accumulation



Impact on State Incentives

Reassessing impact on state incentives for any new expansions and current projects

Impacted Sectors

	Food & Beverages, Restaurants		Pharmaceuticals, Hospitals
	Fertilizers		White Goods
	FMCG		Infrastructure & Real estate
	Apparel & Footwear		Transportation
	Automobile		Travel & Hospitality
	Renewable Energy		Insurance



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