



# India Market Entry Services

A Member Firm of **Andersen Global**

India company formation is an ideal way for international entrepreneurs to conduct business in one of the world's most rapidly growing economies in recent years. India is a popular business outsourcing location due to the wide availability of low cost, English-speaking labour. 100% foreign ownership is permitted when completing company formation in India.

An Indian company has access to 70 double taxation treaties.

IMC assists the foreign investors with the below entry options in India.

## 1. Liaison Office

Foreign corporations are permitted to open liaison/representative offices in India to undertake liaison activities on their behalf. A liaison office is not allowed to undertake any business in India and cannot earn any income in India.

A liaison office in India is permitted to undertake the following activities:

- Representing the parent company/group companies in India.
- Promoting export/import from/to India.
- Promoting technical/financial collaborations between parent/group companies and companies in India.
- Acting as a communication channel between the parent company and Indian companies.

## 2. Branch Office

Foreign corporations may open branch offices to conduct business in India and this requires a specific approval from the RBI. A foreign corporation cannot undertake any activity in India that is not specifically permitted by the RBI.

A Branch office is permitted to undertake the following activities:

- Export/import of goods.
- Rendering professional or consulting services.
- Carrying out research work in which the parent company is engaged.
- Promoting technical or financial collaboration between Indian companies and parent or overseas group company.
- Representing the parent company in India and acting as a buying/selling agent in the country.
- Providing IT services and developing software in India.
- Rendering technical support for the products supplied by parent/ group companies.
- Undertaking activities for foreign airline/shipping companies.

### 3. Local Indian Subsidiary Company

Foreign corporations can setup wholly owned subsidiary (WOS) companies in India in the form of private companies, subject to the prescribed FDI guidelines. Further, foreign corporations can setup a joint venture company with an Indian or foreign partner.

The salient features of subsidiary companies are:

- Funding can be via equity, debt (both foreign and local) and internal accruals.
- Indian transfer pricing regulations apply.
- No approval is required for repatriation of dividend.
- The subsidiary company incorporated under the laws of India, is treated as the domestic company for tax purposes.

### 4. Project Office

A foreign corporation that has secured a contract from an Indian company to execute a project in India may set up a project office in the country without obtaining prior permission of the RBI subject to prescribed reporting compliances.

- The project is funded directly by inward remittance from abroad.
- The project is funded by the bilateral or multilateral International Financing Agency.
- The project has been cleared by an appropriate authority.
- A company or entity in India awarding the contract has been granted term loan by a public financial institution or a bank in India for the project.

### 5. Limited Liability Partnership

Limited Liability Partnership (LLP) has emerged as a new corporate form of business that aims to provide the benefits of a limited liability company and at the same time allows its members to flexibly organize their internal management on the basis of mutually arrived at agreement.

LLP is a body corporate and legal entity, which has perpetual succession and is separate from its partners. The liability of the partners is limited to their agreed contribution to the LLP.

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IMC is a professional company offering an extensive range of Accounting, Bookkeeping, Taxation and Financial Outsourcing Services. We help you take care of your accounting woes and day-to-day bookkeeping chores by providing streamlined and accurate Finance and Accounting Service by expert professionals at affordable costs. We help you stay updated with all the changes in the accounting policies, rules and regulations and ensure compliance with regulatory requirements. Our highly qualified team of professionals can improve the efficiency and effectiveness of your business processes thereby letting you focus on maximizing your core business operations.



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