

India–Singapore cross-border tax: holdcos, DTAA and flips.

For two decades Singapore was the default holding jurisdiction for Indian startups and the default route for capital into India. The 2017 treaty rewrite, POEM and GAAR changed the mathematics — and the reverse-flip wave is the visible result. What still works, what no longer does, and how the corridor taxes people and companies today.

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Why Singapore, and what changed

The original attraction was simple: a stable common-law hub with a deep treaty, **no capital-gains tax**, territorial taxation, and — until 2017 — a DTAA that let a Singapore holder sell Indian shares without Indian tax. The **2017 protocol ended that** for shares acquired on or after 1 April 2017; older acquisitions stay grandfathered subject to limitation-of-benefits conditions. Layer on **POEM** (a Singapore company managed from India is Indian-resident), **GAAR**, and the MLI's principal-purpose test, and the letterbox-holdco era is over. What remains valuable is Singapore as a place where business actually happens.

The treaty as it stands

Withholding ceilings on Indian income for Singapore residents: **dividends 15% (10% for a company holding 25%+), interest 15% (10% for banks), royalties and technical fees 10%** — each claimed with an IRAS Tax Residency Certificate and electronic Form 10F, and each worth checking against the domestic rate on the [DTAA rate checker](#). Capital gains: grandfathered pre-2017 share acquisitions remain Singapore-taxable (i.e., untaxed); everything since is taxed in India at the [domestic rates](#).

For companies: the three live structures

- **Singapore opco with an Indian subsidiary.** Still the standard for genuinely regional businesses. The Indian sub runs on transfer-pricing discipline (intercompany agreement, Form 3CEB, arm's-length pricing) like any [India entry](#); the Singapore parent needs real management substance against POEM.
- **The startup flip — mostly in reverse now.** New Singapore flips are rare and need a hard business case (regional revenue, investor mandates) to survive ODI round-trip rules and GAAR. Traffic runs the other way: Pine Labs, Zepto and others have merged their Singapore parents home — routes and reported costs on

the [reverse-flip tracker](#), mechanics in the [Flip Structuring practice](#).

- **Funds.** Singapore remains a top fund domicile for India strategies on the strength of its ecosystem — while [GIFT City](#), with its 10-year holiday and tax-neutral fund-relocation regime, is the onshore challenger built to take exactly this business.

For individuals: both directions

Indians in Singapore: employment income is Singapore's to tax while you're an Indian non-resident; Indian assets follow the standard NRI stack — NRE/FCNR exempt, NRO taxable with treaty relief, capital gains at Indian rates, and an Indian [return](#) wherever withholding overshoots. **Returning to India:** the RNOR window applies as usual — two to three years in which Singapore-source income stays out of Indian tax while you unwind CPF decisions, employer ESOPs and holdings; run your dates on the [status checker](#). Singapore-company ESOPs held by returning employees deserve early attention: exercise timing against the RNOR window changes the answer meaningfully.

Common questions

Is a Singapore holding company still worth it for an Indian business?

Less often than before. The 2017 treaty amendment ended capital-gains protection for shares acquired after 1 April 2017, and POEM, GAAR and the MLI's principal-purpose test police thin structures. Singapore still earns its place for genuinely regional businesses with real operations there — and GIFT City now competes for the pure holding use-case onshore.

Is my Singapore salary taxable in India?

Not while you are non-resident in India — Singapore taxes it (progressively, up to 24%) and India stays out. The usual failure mode is the year of moving in either direction, where split-year facts and day counts need care.

What is the capital-gains grandfathering under the treaty?

Shares of Indian companies acquired by a Singapore resident before 1 April 2017 keep the old treaty benefit — gains taxable only in Singapore (which levies no capital-gains tax), subject to the limitation-of-benefits conditions. Shares acquired on or after that date are taxable in India at domestic rates.

Can India tax my Singapore company under POEM?

Yes — if its place of effective management is in India, the company is treated as an Indian tax resident on its worldwide income. Founders who relocate to India while running a Singapore entity from Bengaluru are the textbook case. Board substance and documented decision-making in Singapore are the defence.

What does it cost to flip a Singapore structure back to India?

It depends on the route — an inbound cross-border merger can be tax-neutral in India for the companies if conditions are met, while share swaps are taxable transfers for the shareholders. The visible costs in recent flips have ranged widely; see the [reverse-flip tracker](#) for reported numbers.

This guide is general information as of FY 2025-26, not tax or legal advice — treaty positions turn on residence, LOB conditions and substance. Speak with the Cross-Border Tax practice about your structure.

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