

# India Business Law Journal

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## The lion and the tiger

Singapore seeks ever-closer business ties

Top LPOs revealed

Cracking India's new tax code

Stepping up the fight against piracy

Private equity players eye power projects



## First port of call in Europe

Dear Madam,

I was delighted to read your article on offshore jurisdictions in relation to India (*Racing for a place in the sun*, IBLJ volume 3, issue 4). As evidenced very recently by the state visit of Pratibha Patil, President of India, to Cyprus, the two countries enjoy a very close relationship drawing from their Commonwealth heritage. The visit was a forum for many Indian businesspeople that have visited Cyprus and have sought to learn about the many opportunities here. I believe that Cyprus is ideally placed for Indian business since it enjoys an unparalleled network of

double taxation avoidance agreements, is an EU member and shares a common legal heritage with India.

Recent changes to the Companies Law and the adoption of the Prospectus Directive of the EU into local law make it very easy and efficient to use Cypriot companies to tap the European capital markets and to have successful initial public offerings. We are currently working with the Cypriot Securities and Exchange Commission to create a mechanism for the fast review of prospectuses so as to expedite the IPO process.

Furthermore, Cyprus is actively pursuing the creation of a financial services industry, attracting many

international players, gradually becoming the regional base for online foreign exchange trading and various hedge funds.

These developments, as well as the government's willingness to maintain the favourable low taxation and the high level of professionalism in Cyprus make the island the first port of call for any Indian businessperson wishing to expand into Europe or Russia, as well as for any person wishing to invest in India.

**Demosthenes Mavrellis**  
Partner  
**Chrysses Demetriades & Co**  
Cyprus

### Corrections

In the article on offshore law firms published in the October issue of *India Business Law Journal*, (*Racing for a place in the sun*), Mumbai-based law firm Majmudar & Co was incorrectly referred to as Majumdar & Co.

In the September issue of *India Business Law Journal* (*Nurturing green shoots*) it was incorrectly reported that Parsoli Corporation, a Mumbai-based Islamic investment adviser, had helped launch Taurus Ethical Fund. Parsoli Corporation played no role in the launch of Taurus Ethical Fund and Taurus is not being advised by Parsoli Corporation.

## BVI wants India's business

Dear Madam,

I was interested to read your feature on offshore jurisdictions and India (*Racing for a place in the sun*, IBLJ volume 3, issue 4).

While Mauritius entities have hitherto been widely used for inward investment into India (accounting for approximately 44% of overseas investment into India between April 2000 and April 2009, according to a recent study by Deloitte), this has undoubtedly been driven by the favourable Double Taxation Treaty (DTT) which exists between the two countries.

While there have been challenges to the Indo-Mauritius DTT in the past which have resulted in some tightening of the regulations, the perceived holes in the Indian tax system that the DTT offers investors are expected to result in renewed challenges to the DTT, if indeed it is to survive at all. As a result, investors in India are increasingly looking to other less traditional jurisdictions as an alternative to Mauritius to structure their investments, in order to achieve a degree of certainty as to their future tax treatment.

Already widely used by expatriate Indians, British Virgin Islands offshore structures and entities present an obvious alternative choice. By far the most popular offshore corporate vehicle for investment in China and elsewhere across Asia, the BVI Business Company, in its various guises, is now increasingly used by Indians based in the Subcontinent. The BVI offers cost-effective, zero tax companies, in a well-regulated but business-friendly environment. It has an excellent professional service base, in a dollar-denominated English common law jurisdiction with its ultimate court of appeal in the Privy Council in London.

The financial and corporate legislation of the BVI is relatively straightforward and flexible, and the BVI government is keen to respond to the needs of the international business community. For example, the BVI government has made substantial recent investments to ensure that the territory could host the newly established Commercial Division of the Eastern Caribbean Supreme Court.

BVI service providers hope and expect to see India becoming an increasingly important market in coming years. We want India's business, and believe we make a convincing case to attract it.

**William Hare**  
Managing Partner  
**Forbes Hare**  
**British Virgin Islands**

## Opinions? Observations? Feedback?

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from you.

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