
DISSECTING INDIA'S ANTI-AVOIDANCE REGIME: GAAR, POEM AND THE TREATY BENEFIT ELIGIBILITY OF OFFSHORE SPVS

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ABSTRACT

This paper investigates how the laws and regulations pertaining to the use of offshore Special Purpose Vehicles for investments headed to India are changing, especially when it comes to claiming treaty benefits under Double Taxation Avoidance Agreements. The researcher examines whether India's tax treaties have historically been permissive, examines the growth of treaty shopping and regulatory arbitrage through SPVs, and closely examines the recent treaty amendments, the General Anti-Avoidance Rule, and the Place of Effective Management that have brought about a legal recalibration. It also emphasises the importance of these reforms as fiscal interventions as well as a more general move towards a tax policy that prioritises substance over form and is consistent with India's resolve to protect fiscal sovereignty and prevent the erosion of the tax base. The most significant objections to these reforms can be procedural overlap and ambiguity that result from applying GAAR, POEM and treaty-level anti-abuse provisions all at once. The researcher examines this interaction to determine whether it leads to interpretive ambiguity in real-world applications. In the process, the researcher evaluates how investment structuring strategies have changed in response to these reforms and how international best practices that prioritise economic substance and governance transparency have emerged. The researcher's methodology is centred on doctrinal analysis of international tax instruments, judicial precedents, and statutory provisions that apply to SPV structures. This paper concludes with a call to action and recommendations for lawmakers, investors, and tax authorities. It emphasises how crucial it is to preserve consistency, clarity, and a balance between the enforcement of anti-abuse laws and India's allure as a location for foreign investment.

Keywords: Special Purpose Vehicles, GAAR, POEM, Double Taxation Avoidance Agreements, anti-avoidance.

INTRODUCTION

"The era of tax planning is over; this is the era of tax risk management."

— Mukesh Butani

A large network of Double Taxation Avoidance Agreements (hereinafter referred to as "DTAAs"), which historically benefited non-resident investors by giving them generous capital gains tax holidays, has for long shaped India's cross-border investing patterns. With lax corporate legislation and negligible local taxes, Mauritius, Singapore, and Cyprus became leading destinations for investments following the coverage by the treaties. Special Purpose Vehicles (hereinafter referred to as "SPVs") came to be created en masse, enabling investors to avail themselves of the benefits under the treaties and avoid India's sectoral controls, disclosure requirements, and taxes.

The Indian approach was demonstrated by the Supreme Court in *Azadi Bachao Andolan v. Union of India*¹, which held that a Tax Residency Certificate by the jurisdiction under the Treaty is sufficient evidence to establish eligibility under the Treaty. This restricts Indian tax administrations from applying look-through or substance doctrines in the absence of express legislative sanction. The judgment in *Vodafone International Holdings B.V. v. Union of India*², however, upheld the validity of indirect transfers through offshored intermediaries while exposing major loopholes within India's legislative framework for taxing such structures, opened the doors for an interventionist approach, which came to replace this permissive regime over a period of time.

The Indian legislature reacted by enacting far-reaching reforms. Section 9(1)(i) of the Income Tax, 1961 was amended retroactively through the Finance Act, 2012, awarding tax jurisdiction over indirect transferring of Indian assets through offshore intermediaries. The General Anti-Avoidance Rules (hereinafter referred to as GAAR), enacted under Chapter X-A³, bestowed further powers on the tax bodies to disallow schemes that had a primary objective of availing themselves of a tax advantage or which had no economic substance. Section 6(3)⁴ incorporated

¹ AIR 2004 SUPREME COURT 1107

² SCC OnLine SC 77

³ Income tax Act, 1961, No. 43 of 1961, Sections 95–102

⁴ Income tax Act, 1961, No. 43 of 1961, Section 6 (3)

the Place of Effective Management (hereinafter referred to as POEM) test, which targets "brass plate" companies by overhauling corporate residency based on the place of significant management and business decisions.

To counter treaty shopping, India renegotiated DTAAs with countries such as Mauritius, Singapore, and others, revoking the existing capital gains exemption and adding Limitation of Benefits clauses. India's anti-abuse regime was further strengthened in 2017 by ratification of the OECD's Multilateral Instrument and legislative implementation of the Principal Purpose Test, the former enabling denial of benefits under the agreement when one purpose for which the transaction is being undertaken is the avoidance or reduction of taxes⁵. Lastly, such reforms have been followed through on through regulatory tightening by the Reserve Bank of India (hereinafter referred to as RBI) and the Securities and Exchange Board of India (hereinafter referred to as SEBI). The RBI tightened cross-border investment conditions under the Foreign Exchange Management Act, 1999, through the FEMA (Non-Debt Instruments) Rules, 2019. Simultaneously, the SEBI (Foreign Portfolio Investors) Regulations, 2019 imposed limits on opaque, multi-level structures for investments, tightened requirements for disclosures, and beneficial ownership transparency. Together, these changes signal India's clear move toward an anti-avoidance, substance-over-form policy consistent with national budgetary purposes and international best practices and international treaty obligations.

FRAMEWORK OF TREATY BENEFITS AND OFFSHORE STRUCTURING

DTAAs, which are bilateral agreements to prevent or reduce double taxation of income and promote the free cross-border flow of capital, have been the backbone for the cross-border investment architecture into India. These agreements have often provided residents of the contracting state relief, often at reduced or zero rates, from capital gains, dividends, and interest income received in the source country, subject to certain conditions being fulfilled under the treaty and the host country's domestic law. While formally rooted in requirements like residency, the entitlement to such treaty benefits has increasingly been scrutinized for anti-abuse under international taxation, particularly after the OECD's Base Erosion and Profit

⁵ Organisation for Economic Co-operation and Development (OECD), Implementing the Anti-Avoidance Rule in India, (may 10, 2025, 4:00 PM), <https://www.oecd.org/tax/beps/implementing-anti-avoidance-rule-india.pdf>
<https://www.oecd.org/tax/beps/implementing-anti-avoidance-rule-india.pdf>

Shifting project⁶.

On this front, offshore SPVs have long been the preferred instruments for use by multinationals, institutional investors, and private equity funds to organize investments bound for India. Through the use of the capital gains withholding exemption for applicable DTAs, the SPVs, based typically in treaty-preferred jurisdictions such as Mauritius, Singapore, or Cyprus, provided investors with a tax-effective holding vehicle. A fundamental piece of offshore India-focused investment planning, SPVs filled crucial roles for purposes ranging from exits, insulating from disputes, arbitrage against regulations, and jurisdictional maneuvering, alongside tax optimization.

An issue regarding treaty shopping and round-tripping of Indian capital under the guise of foreign investment was created by the widespread use of such SPVs, which often had little or no operational substance, in India's pre-reform investment environment, particularly during the 1990s and early 2000s. The 1982 India-Mauritius DTAA, which bestowed taxing exclusivity over capital gains (in which those gains at times were taxed at nothing at all) was the primary driver for the rise of Mauritius's status during this period, accounting for more than 30% of total FDI inflows into India⁷. Comparable benefits followed after the 2005 protocol between India and Singapore, which likewise facilitated the use for these purposes of shell companies with little or no commercial substance for these jurisdictions. These treaty-based SPVs came to characterize what scholars have described as the "round-tripping" era, whereby capital of Indian provenance was channeled through these jurisdictions for purposes, typically, of obtaining tax benefits and regulatory arbitrage, often without realizable economic substance within the middle jurisdiction. India's regulatory and legislative reform, however, which has since moved to curb treaty abuse, impose requirements for substance and rebalance offshore investment structures to better fit international anti-avoidance criteria, was enabled by this period of liberal permissiveness.

GAAR AND ITS IMPACT ON TREATY SHOPPING VIA SPVS

Implemented through the Finance Act 2012 and enshrined under Chapter X-A of the Income

⁶ OECD, Preventing the Granting of Treaty Benefits in Inappropriate Circumstances, Action 6 – 2015 Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, 2015

⁷ Nishith Desai Associates, India's Tax Treaties with Mauritius and Singapore, nishithdesai.com (May 12, 2025) https://www.nishithdesai.com/fileadmin/user_upload/pdfs/Research%20Papers/India_s_Tax_Treaties_with_Mauritius_and_Singapore.pdf.

Tax Act 1961, India's GAAR is a notable piece of legislation that aims to counter aggressive forms of tax avoidance, particularly those involving leveraging of treaty benefits through an intermediary jurisdiction. Following international best practices under the OECD's Base Erosion and Profit Shifting Project⁸, GAAR is a conscious move away from the traditional focus on form and toward a system emphasizing the doctrine of substance over form.

An agreement can be a "impermissible avoidance arrangement" under Section 96 of the Income Tax Act if its primary purpose is to provide a tax advantage and it either (i) causes the abuse or misuse of the provisions of the Act, (ii) has less than a reasonable commercial purpose, (iii) is not generally used for ordinary purposes, or (iv) gives rise to rights and obligations not generally arising between persons dealing at arm's length. Round-tripping, use of accommodating parties and the presence of persons having little or no economic presence or undertaking fictitious activities are the other requirements contained in Section 97 for establishing the absence of commercial substance.

Before using GAAR, the Principal Commissioner or Commissioner of Income Tax must initially go through a multi-level approval procedure, as per clarificatory guidelines issued by the CBDT⁹. The interface between GAAR and specific anti-avoidance rules (hereinafter referred to as SAAR) is discussed further in these guidelines, which state that while GAAR is a broad regime, it is not invoked when SAAR provisions adequately capture the transaction under scrutiny. Even in cases where SAAR exists, GAAR continues to have precedence when arrangements are clearly lacking commercial substance owing to Section 95's overriding provision¹⁰.

Judicial decisions have largely determined the application of GAAR under Indian tax law. Applying the "look at" doctrine to confirm the form of the transaction, the *Vodafone International Holdings B.V. v. Union of India*¹¹ decision by the Supreme Court established the underlying principle that the tax authorities could not exclude offshore holding structures solely on the ground of mere tax avoidance under the absence of codified anti-avoidance provisions. However, since the decision uncovered legislative imperfections, Explanation 5 was made a

⁸ OECD, Preventing the Granting of Treaty Benefits in Inappropriate Circumstances, Action 6 – 2015 Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, 2015

⁹ Central Board of Direct Taxes, Circular No. 7 of 2017, [incometaxindia.gov.in](https://incometaxindia.gov.in/communications/circular/circular7_2017.pdf) (may 12, 2017 11:00 AM), https://incometaxindia.gov.in/communications/circular/circular7_2017.pdf

¹⁰ Income tax Act, 1961, No. 43 of 1961, Section 95

¹¹ Supra 2

retroactive addition to Section 9(1)(i) of the Income Tax Act, 1961, by way of the Finance Act, 2012, which initiated the enactment of GAAR.

The Income Tax Appellate Tribunal in *NDTV Ltd. v. Deputy Commissioner of Income Tax*¹² showed judicial concurrence with the guidelines under GAAR by taking a substance-over-form approach and dismissing benefits under the treaty availed by a Mauritius company that was held to be a mere conduit having neither economic presence nor real commercial rationale.

Telangana High Court affirmed the initiation of GAAR proceedings against an advanced bonus stripping scheme that was solely for the purpose of creating artificial capital losses in *Ayodhya Rami Reddy v. Principal Commissioner of Income Tax*¹³, a later and influential affirmation of GAAR's overriding impact. The petitioner tried to rule out the application of GAAR on the contention that Section 94(8)¹⁴ was applicable as a SAAR. However, the Court strongly held that GAAR overrides SAAR owing to the non obstante clause under Section 95(1)¹⁵, especially if the arrangement is dictated by taxes and does not have any reasonable commercial objective.

With concerted effect, these judgments bring into focus an emerging jurisprudence which gives precedence to substance over form and documents legislative intent under GAAR. Hence, Indian courts have progressively fortified the powers of the tax officials to disregard structures, for the purpose of tax arbitrage, irrespective of technical compliance under statute and international agreements. By mandating that treaty shopping through SPVs must now have a plausible commercial rationale, economic presence, and substance of operations beyond the pursuit of tax efficiencies, the addition of GAAR to India's law has effectively recalibrated the risks for taxpayers.

POEM: RECHARACTERIZING CONTROL AND RESIDENCY OF OFFSHORE SPVS

The POEM doctrine was codified in the Finance Act, 2015, under Section 6(3) of the Income Tax Act, 1961, which significantly changed India's legislative approach to corporate tax residency. With this development, the previous control and management test, which was primarily formalistic and based on the location of board meetings, was consciously replaced

¹² AIR 2020 SUPREME COURT 217

¹³ (2024) 466 ITR 497

¹⁴ Income tax Act, 1961, No. 43 of 1961, Section 94(8)

¹⁵ Income tax Act, 1961, No. 43 of 1961, Section 95

by a substance-over-form standard that assesses the real location of important financial, commercial, and strategic decision-making. India's increasing focus on reducing treaty shopping and making sure taxes are based on actual economic presence was reflected in this alignment with the OECD's BEPS Action 6 and Action 7 initiatives¹⁶.

By establishing an objective, two-step framework that focuses first on identifying key decision-making functions and then on evaluating where these functions are actually carried out, the CBDT operationalised POEM¹⁷. The guidelines emphasise the need for a comprehensive and substantive investigation, warning that in complex corporate structures involving offshore SPVs, token board meetings held outside of India or merely following formalities won't be enough when the facts show that actual control and management are located in India¹⁸.

This interpretation has been supported by court rulings. The Telangana High Court affirmed the application of both POEM and GAAR in *Ayodhya Rami Reddy v. Principal Commissioner of Income Tax*¹⁹, concluding that foreign incorporation cannot protect entities where effective control, including important financial structuring and strategic decisions, is exercised from India. In a similar vein, the ITAT dismissed the taxpayer's reliance on offshore documentation in *Radha Rani Holdings Pvt. Ltd. v. Deputy Commissioner of Income Tax*²⁰, highlighting that POEM would apply and disqualify foreign SPVs from treaty benefits unless they could prove genuine operational independence and governance.

Given these advancements, POEM has become a crucial component of India's changing anti-avoidance strategy. It further solidifies the idea of substance over form in Indian tax jurisprudence by functioning not only as a residency determination tool but also as a substantive test to dismantle artificially constructed SPV structures lacking true economic autonomy.

¹⁶ OECD, Preventing the Granting of Treaty Benefits in Inappropriate Circumstances, Action 6 & 7 – 2015 Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, 2015

¹⁷ Central Board of Direct Taxes, Circular No. 6 of 2017, [incometaxindia.gov.in](https://incometaxindia.gov.in/communications/circular/circular06_2017.pdf) (may 12, 2025, 11:00 am), https://incometaxindia.gov.in/communications/circular/circular06_2017.pdf.

¹⁸ PricewaterhouseCoopers, News Alert: Place of Effective Management – Recent Developments, [pwc.in](https://www.pwc.in/assets/pdfs/news-alerts/2022/pwc_news_alert_27_april_2022_poem.pdf) (may 16, 2025, 10:00 AM), https://www.pwc.in/assets/pdfs/news-alerts/2022/pwc_news_alert_27_april_2022_poem.pdf.

¹⁹ Supra 9

²⁰ (2007)110TTJ(DELHI)920

IMPACT OF DTAA AMENDMENTS WITH MAURITIUS, SINGAPORE, AND OTHERS

In response to ongoing concerns about aggressive tax arbitrage through offshore SPVs, round-tripping, and treaty shopping, India has strategically reevaluated its treaty policy landscape by renegotiating important Double Taxation Avoidance Agreements with Mauritius, Singapore and other countries. Due in large part to the general capital gains tax exemptions granted by their respective treaties, which permitted investors to structure investments through intermediary entities lacking significant economic activity in the source or resident state, these jurisdictions have historically served as the main conduits for inbound investments into India.

The 2016 amendments to the treaties between India and Singapore²¹ and India and Mauritius²² marked a significant break from this lenient framework. The long-standing exemption model was dismantled when both treaties were amended to implement source-based taxation for capital gains resulting from the transfer of shares purchased on or after April 1, 2017. Strong LOB provisions were also incorporated into the amended treaties to guarantee that only organisations with a track record of operational independence, economic substance, and legitimate business operations in Singapore and Mauritius, respectively, would be able to continue to benefit from the treaty. Concurrently, the Principal Purpose Test was added to India's treaty network when the country ratified the OECD's Multilateral Instrument in 2017²³, giving tax authorities the authority to refuse treaty relief in cases where it is reasonable to assume that receiving such benefits was one of the arrangement's primary goals, barring a legitimate business justification.

INTEGRATED ANALYSIS: GAAR, POEM, AND DTAA AMENDMENTS AS CONVERGING FORCES

Based on the researcher's analysis, the convergence of these treaty amendments with domestic anti-avoidance measures like GAAR and POEM reflects India's clear shift towards a substance-

²¹ Government of India & Government of the Republic of Singapore, Third Protocol Amending the Agreement Between the Government of the Republic of India and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, MEA.GOV.IN (May 16, 2016, 11:30 AM), <https://www.mea.gov.in/Portal/LegalTreatiesDoc/SG16B3149.pdf>.

²² Government of India & Government of the Republic of Mauritius, Protocol Amending the Convention Between the Government of the Republic of India and the Government of the Republic of Mauritius for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, MEA.GOV.IN (May 16, 2016, 2:00 PM), <https://www.mea.gov.in/Portal/LegalTreatiesDoc/MU16B2953.pdf>.

²³ Supra 4

over-form tax regime and a wider alignment with global tax reform trends that support source-based taxation. In order to be eligible for treaty benefits, especially capital gains relief, the SPV in its jurisdiction of incorporation must now rigorously demonstrate commercial substance, functional autonomy, and governance independence. The bar for SPVs looking to take advantage of Indian tax treaties is significantly higher because treaty claims cannot be upheld by passive holding structures without real operational presence or decision-making authority, or by simply adhering to incorporation requirements.

In order to combat treaty abuse and aggressive tax structuring, the researcher notes that India's anti-avoidance framework has developed into a multifaceted system, with GAAR, POEM, and the updated DTAAs acting as coordinating forces. These mechanisms- GAAR offering a general anti-abuse override, POEM serving as a residency recharacterization tool, and DTAA amendments embedding treaty-level anti-abuse clauses have different legislative origins and operational goals, but taken together, they raise the substance threshold needed to claim treaty benefits through offshore SPVs.

One significant interpretive issue arising from this convergence is the possibility of overlapping applications, especially in cases where tax authorities may concurrently invoke the Principal Purpose Test under the MLI or treaty LOB clauses in addition to GAAR and POEM. Due to the non-obstante clause under Section 95 of the Income Tax Act, 1961, courts have upheld the precedence of GAAR, as confirmed in *Ayodhya Rami Reddy v. Principal Commissioner of Income Tax*²⁴, even though the CBDT has clarified that GAAR would not apply where Specific Anti-Avoidance Rules or treaty provisions adequately address the abuse. In a similar vein, POEM has been acknowledged by courts as possessing both independent and complementary functions, enabling it to redefine the residency of an SPV even in the presence of treaty LOB clauses.

Administratively speaking, the combination of these instruments has given Indian tax authorities the confidence to take a comprehensive and multi-layered approach, implementing several anti-avoidance laws simultaneously to eliminate fictitious holding arrangements. But this has also led to disagreements over procedural fairness, the burden of proof, and the order of these measures, as well as interpretive ambiguities. Emerging jurisprudence, according to the researcher, shows that judges are willing to support this multi-tiered approach, but with a

²⁴ Supra 9

focus on thorough factual investigation, observance of procedural safeguards, and the taxpayer's chance to exhibit true commercial substance and autonomy.

As a result, India's anti-avoidance framework is gradually shifting towards a coordinated and substance-centric enforcement model, in which treaty-based anti-abuse measures, GAAR, and POEM are applied in tandem to guarantee that taxes are rooted in real economic activity and decision-making.

REASSESSING OFFSHORE SPV USE IN LIGHT OF REGULATORY RECALIBRATION

The evolution of India's tax and regulatory framework has significantly recalibrated the legal and commercial viability of offshore SPVs as conduits for India-bound investments. Historically, investors commonly established Mauritius-incorporated SPVs to directly hold shares in Indian companies, relying primarily on the capital gains exemption available under the India-Mauritius DTAA of 1982. The structure often involved minimal operational presence in Mauritius, with reliance solely on the issuance of a Tax Residency Certificate to secure treaty benefits. In this permissive era, such SPVs were treated as sufficient to shield investors from Indian capital gains taxation, with compliance obligations limited to routine filings and procedural formalities

The legal and business viability of offshore SPVs as channels for investments headed for India has been considerably recalculated by the development of the country's tax and regulatory framework. In the past, investors frequently created Mauritius-incorporated SPVs to directly own stock in Indian companies, mainly taking advantage of the capital gains exemption granted by the 1982 India-Mauritius DTAA²⁵. The structure frequently required only a Tax Residency Certificate to be issued in order to obtain treaty benefits, with little operational presence in Mauritius. Such SPVs were deemed adequate to protect investors from Indian capital gains taxation during this permissive era, with compliance requirements restricted to standard filings and formalities.

²⁵ Government of India & Government of the Mauritius, Convention Between the Government of the Republic of India and the Government of Mauritius for the Avoidance of Double Taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains, [incometaxindia.GOV.IN](https://incometaxindia.gov.in/dtaa/10869000000000054.htm) (may 17, 2025, 11:00 AM), <https://incometaxindia.gov.in/dtaa/10869000000000054.htm>.

But this structuring calculus has changed significantly in the post-reform environment. Following the implementation of the POEM test under Section 6(3) and the GAAR under Chapter X-A of the Income Tax Act, 1961, Indian tax authorities now have broad authority to disrupt such arrangements in cases where they lack observable commercial substance. In addition, the capital gains exemptions in India's DTAA's with Mauritius, Singapore, and Cyprus were eliminated during the renegotiation process, and Limitation of Benefits clauses were added. Additionally, India's ratification of the OECD's Multilateral Instrument gave authorities the ability to reject treaty benefits if obtaining them was one of the transaction's primary goals.

Investors will be significantly impacted by these treaty-driven and regulatory changes in terms of compliance and cost. The establishment of strong economic substance, including local offices, staff, and active management structures, is now necessary for the maintenance of SPVs in treaty-favorable jurisdictions, which greatly raises operating overheads. The certainty provided by the pre-reform DTAA's has been eliminated as India has switched to a source-based taxation model for capital gains, which has increased the tax cost of exits. Given that investors may be denied treaty benefits, subject to tax reassessments, and subject to protracted litigation if the arrangements are found to lack true commercial rationale or fall short of the PPT or GAAR thresholds, the risk profile associated with such structures has also increased significantly.

Emerging best practices for structuring investments headed to India now prioritise substance-driven jurisdictions like Singapore and the Netherlands in response to these changing risks, as long as investment vehicles create a significant commercial presence and governance independence in the host country. Investors are being counselled more and more to use integrated structuring techniques that balance defensibility and tax efficiency, guaranteeing that operational realities underpin legal form. This involves documenting board decisions accurately, explaining transactions and keeping the structures for investments legitimate and consistent with business purposes other than optimising taxes. It is necessary to make certain that offshore structures for investments into India are legally sustainable and commercially robust against an aggressive and substance-oriented regulatory climate, and hence, the orientation has moved from reactive tax planning to preparedness for audits, underlining the importance of robust compliance, transparency, and governance practices.

CONCLUSION

The role and utility of offshore SPVs for India-bound investments have been greatly altered by the evolving tax and regulatory climate within the country. Tax optimisation and regulatory arbitrage, hitherto effective strategies, now face stringent scrutiny under Indian anti-avoidance legislation such as GAAR and POEM, underpinned by safeguarding provisions under treaty, for example, the Principal Purpose Test under the OECD's Multilateral Instrument. This shift highlights the fact that structures which are devoid of independent governance, substantial economic presence, and a rationale beyond tax optimisation are increasingly likely to be denied the benefits under a treaty and subject to recharacterization

As a result, investors are shifting their focus on India to jurisdictions that strike a balance between treaty access and significant commercial infrastructure, while also taking into account direct onshore platforms that are subject to Indian law. In order to ensure alignment between form, function, and commercial purpose, the emerging best practices favour structures that incorporate tax governance, transparency, and defensible documentation from the beginning.

Maintaining this anti-abuse rigour without lowering India's appeal as an investment destination is a challenge for policymakers. Enforcement and certainty can be balanced through the provision of safe harbours for legitimate investments, simplified compliance procedures, and clearer guidance on the application of GAAR. As the new pillars of cross-border investment structuring into India, substance, transparency, and commercial alignment must be embraced by regulators and investors alike.