

Supreme Court strikes down Tiger Global's Tax exemption on Flipkart Sale

The Supreme Court today delivered a significant judgment and overturned the Delhi High Court's decision that had exempted Tiger Global from paying capital gains tax on its 2018 sale of Flipkart shares to Walmart.

WWW.MANUPATRA.AI



TIGER GLOBAL

Background

- In 2018, Tiger Global, one of the prominent global investors in Flipkart, sold its equity stake held in Flipkart Singapore (which held stakes in Flipkart India) to another foreign investor linked to Walmart.
- The shares sold in the transaction were those of Flipkart Singapore, which were held by Tiger Global entities based in Mauritius. Both Mauritius and Singapore have tax treaties with India.
- Tiger Global did not pay capital gains tax on the deal and claimed exemption from Indian capital gains tax under the India–Mauritius Double Taxation Avoidance Agreement (DTAA).
- Tiger Global argued that this qualified as an “indirect transfer.” In other words, there was no direct sale of shares in Flipkart India; instead, Tiger Global’s Mauritius entities sold shares in Flipkart Singapore, the holding company that owned and controlled the Indian operations

Timeline

Date	Event
2018	Tiger Global sells its Flipkart stake to Walmart, generating substantial capital gains.
2019	Tiger Global approaches the Income Tax Department (ITD) seeking exemption from capital gains tax.
March 2020	Authority for Advance Rulings (AAR) rejects Tiger Global’s plea; ruling the transaction was structured for tax avoidance.
August 2024	Delhi High Court rules in favor of Tiger Global, exempting it from paying capital gains tax under the India–Mauritius DTAA in <i>Tiger Global International III Holdings vs. The Authority for Advance Rulings (Income-Tax) and Ors. MANU/DE/5730/2024</i>
January 2025	Supreme Court stayed the Delhi High Court’s ruling, putting a halt to the tax exemption.

Supreme Court Verdict

The Supreme Court overturned the High Court's decision, ruling that Tiger Global cannot claim exemption under the treaty and must pay capital gains tax on the profits from the transaction. This effectively reverses the earlier tax benefit and represents a major setback for Tiger Global's offshore tax planning. The outcome will significantly impact how India approaches tax principles in cross-border transactions.



TIGER GLOBAL

WWW.MANUPATRA.AI