

# Tiger Global's tax ruling casts pall on India's buyout sector

By Ranjani Raghavan, Bloomberg Last Updated: Jan 19, 2026, 09:48:00 AM IST

## Synopsis

An Indian Supreme Court ruling requiring Tiger Global to pay capital gains tax on its Flipkart stake sale has wide implications for private equity and trading firms using offshore structures. The court overturned a lower court decision and held that Tiger Global cannot claim tax treaty benefits through Mauritius because key decisions were made in the US, not the island nation.



SC ruled Thursday that New York-based Tiger Global must pay capital gains taxes on its 2018 sale of Flipkart India Pvt Ltd. shares to Walmart Inc.

An India court ruling forcing [Tiger Global Management](#) to pay taxes on an asset sale will have ripple effects on other buyout firms seeking to unload long-held investments, and may set a precedent for tax probes on high-frequency trading firms including Jane Street Group.

The Indian Supreme Court ruled Thursday that New York-based [Tiger Global](#) must pay [capital gains taxes](#) on its 2018 sale of Flipkart India Pvt Ltd. shares to Walmart Inc. The top court overturned a lower court ruling that allowed Tiger Global to claim exemptions on the sale based on a tax treaty with Mauritius.

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The decision has major implications for private equity funds that have set up shell entities in the offshore haven to channel investments into India, according to lawyers. That includes Blackstone Inc., KKR & Co. and Warburg Pincus. Indian firms such as Kedaara Capital [Investment Managers Ltd.](#) and ChrysCapital Management Co. also have investment vehicles there.

“The ruling could impact ongoing cases related to private equity exits and investments,” said Bijal Ajinkya, partner at Khaitan & Co. law firm in Mumbai. “Investors may need to demonstrate more substance and control within the same jurisdiction to claim treaty benefits.”

## ALSO READ: [SC rules against Tiger Global: A timeline of the tax battle](#)

Tiger Global will have to pay tax on gains of more than 145 billion rupees (\$1.6 billion) from the Flipkart sales, a finance ministry official said, requesting not to be named because the person was not authorized to talk to media. The US firm sold the stake in a series of transactions, most recently in 2023.

A representative for Tiger Global, which operates hedge funds and private equity investments, declined to comment.

Global firms have been flocking to India, drawn by its strong economic growth and the gradual opening of the nation's financial markets to foreign investment. Private equity funds injected nearly \$50 billion in India over the first 11 months of 2025, according to an EY report last month.

### **Tax Policy**

Firms will now need to “carefully look at existing structures and assess risks,” according to Vaibhav Gupta, a partner at tax-firm Dhruva Advisors.

The top court's ruling reverses more than two decades of tax policy that allowed firms operating in India to establish entities in Mauritius, a tiny island nation off the coast of Madagascar.

The Supreme Court in 2003 upheld that a tax residency certificate, or TRC, issued by Mauritius is sufficient evidence of residency for claiming treaty benefits in India. This was upheld by a Delhi High Court judgment in the [Tiger Global case](#) in 2024, which said that the TRC is “sacrosanct,” as long as there is no evidence of a tax fraud.

In the meantime, India introduced an anti-avoidance rule in 2017 stipulating that tax officials could overrule residency certificates if they deem that the overseas entity was set up merely to avoid taxes without any commercial or economic substance. In the Tiger Global case, the court ruled that most of the decision making was done in the US, not Mauritius.

The ruling signals the end of the “Mauritius route” as a guaranteed tax shield. It is set to impact private equity investments made before April 2017 that are coming up for exits, said Rahul Charkha, partner at Economic Laws Practice. Until this latest ruling, firms had assumed that investments made before 2017 — when the avoidance rule went into effect — would be grandfathered, lawyers said.

“Many of these old investments made through Mauritius shell entities will mature now,” said Himanshu Sinha, tax partner at law firm Trilegal. “These will find it difficult to claim the protection of beneficial provisions under the treaty.”

The ruling could also have implications for Blackstone, which is involved in a dispute over its use of a similar tax treaty with Singapore to exempt it from capital gains. Tax authorities appealed a court ruling in Blackstone's favor. The case is now in appeal before the Supreme Court. A representative for Blackstone declined to comment.

### **Trading Firms**

Other firms will also be tracking the court ruling. India has been probing trading companies such as Jane Street and Graviton Research Capital LLP over offshore compliance and the authorities' right to tax their income. Like Tiger Global, these firms often conduct business in India through entities based in Mauritius or Singapore, leveraging tax treaties with both countries.

In July, tax officials surveyed the Mumbai office of [Nuvama Wealth Management](#) Ltd., the local trading partner of Jane Street, as part of an ongoing investigation into alleged market manipulation by the US firm. Jane Street has denied wrong doing.

The tax treaties will now come under more scrutiny because authorities can challenge the substance of these entities, lawyers said.

“A tax residency certificate alone will not be sufficient to claim any beneficial treatment,” said Charkha.

A representative for Jane Street declined to comment.

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