India to widen tax breaks for foreign investors

ANDRES SCHIPANI — NEW DELHI

India's government has proposed widening tax exemptions for foreign investors such as Apple, part of efforts to strengthen the country's tech supply chain and position it as a manufacturing rival to China.

The move would extend tax breaks by 10 years to 2041 for foreign companies that supply equipment to contract manufacturers including Taiwan's Foxconn and domestic giant Tata Electronics, which assemble iPhones in India.

Finance minister Nirmala Sitharaman said the proposed tax amendments, which were submitted to parliament on Tuesday, were needed "on an urgent basis" to "provide ease of doing business and tax certainty".

New Delhi this year introduced the tax exemption, valid until 2031, as part of Prime Minister Narendra Modi's "Make in India" drive to turn the country into a manufacturing powerhouse.

Smartphone makers had been asking the government to modify laws to ensure companies are not taxed for owning the machinery they provide to their manufacturers, according to senior industry executives.

"When a foreign company supplies machinery and tooling to an Indian factory that makes electronics on its behalf, its income from doing so was made tax-free," a finance ministry document said.

> The proposals 'aim squarely at strengthening India as a manufacturing base, especially for electronics'

"Based on representations from stakeholders, it was felt that the [original] exemption window is too short to plan large, long-term investments."

Under the bill, expected to be passed in the coming days, the exemption will apply to manufacturers of electronic goods.

The proposals are "aimed squarely at strengthening India as a manufacturing base, especially for electronics, and at deepening the supply chains that support it", the ministry document said.

The move "lessens the burden" on foreign companies and "will provide a boost" to the sector, said Pankaj Mohindroo, chair of the India Cellular & Electronics Association.

Through its manufacturing partners in India, Apple is projected to produce a record 26 per cent of global iPhone shipments in 2026, up from 22 per cent in 2025 and just 6 per cent in 2022, according to Counterpoint Research, as the US tech group seeks to diversify its manufacturing base from China.

Under Modi, India has eased company registration requirements, consolidated labour codes and digitised and streamlined tax processes.