



Shopify Partners – Tax & Regulatory landscape in India from **Start to **Exit****



M2K has been a **trusted advisor** to numerous **Shopify Partners** and **App Developers**, guiding them through the intricate processes of setting up their entities, managing their book-keeping, navigating their tax and regulatory compliances and assisted them on their exits.

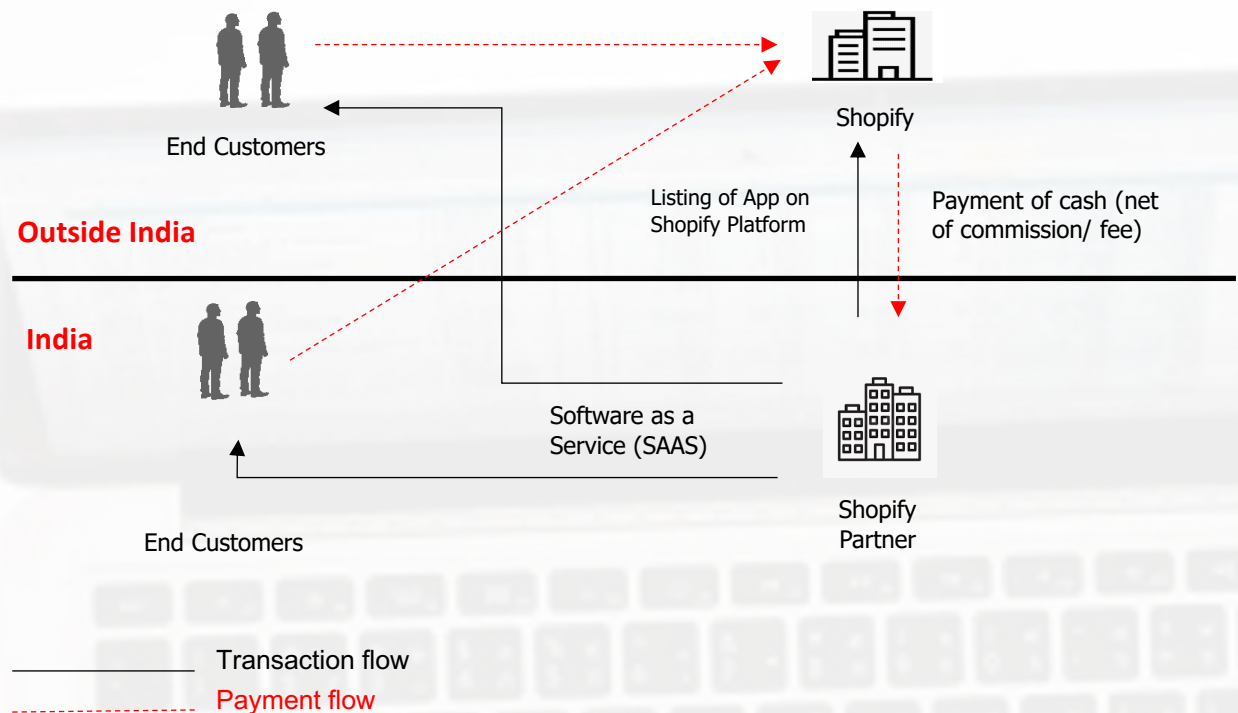
Our **extensive experience** with **Shopify Partners** has allowed us to understand the various tax and regulatory challenges they face and assist them in navigating these issues with ease. This article aims to provide a comprehensive overview of the tax and regulatory nuances/ implications that **Shopify Partners** should be aware of from the inception of their company to its exit.

Trust you find this article
information & useful

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Background

- It is no exaggeration to state that Shopify has revolutionized the world of entrepreneurs in e-commerce space offering them comprehensive services and support for all their needs. Looking into the supply side of the Shopify operations, various app developers/ service providers have partnered with Shopify to offer various solutions with the cutting-edge technology to Shopify customers spread across the globe. The service provider is commonly referred to as **Shopify Partner**.
- Considering the significant growth of Software as a Service ('SAAS') providers' in India partnering with Shopify, it is important to understand or be aware of the key tax and regulatory implications (including accounting & compliance) and challenges relevant for the Shopify Partner in India.
- Below is the diagrammatic flow of transaction between Shopify, Shopify Partner and the End Customer:



- Below are the **frequently asked questions (FAQs)** by Shopify Partners in their day-to-day business operations relating to tax & regulatory landscape:
 - What would be the suitable form of the entity (i.e. Company or LLP)? What are the relevant tax and regulatory aspects to be kept in mind in this regard?
 - Who is the customer of the Shopify Partner - Shopify or the end customer? Does the Shopify Partner have a privity of contract with the end customers?
 - Is it necessary for the Shopify Partner to map the receipts from Shopify to the usage of application / service by the end customers?

- If the end customer is in India, whether the subscription revenue would qualify as an “export” of service for the purposes of levy of Goods and Services Tax ('GST')?
- Should the Shopify Partner collect any documentary evidence for realization in foreign currency to avail the benefit of zero rating under GST?
- Whether receipt of net amount (i.e. subscription revenue net of Shopify revenue share / charges etc.) from Shopify is in compliance with Indian Exchange Control Laws?
- Whether the Shopify Partner is liable to discharge GST on reverse charge basis on the revenue share and processing charges levied by Shopify? If so, whether the same can be claimed as input tax credit and be offset against output GST liability or as refund in case there is no output GST liability?
- Whether the Shopify Partner is required to obtain an Importer – Exporter Code (IEC)?
- Whether the Shopify Partners is required to obtain registration from Software Technology Parks of India (STPI) and file Form SOFTEX on a monthly basis?
- What are the key compliances to be ensured in respect of payments made towards employment contracts, software subscription and third-party consultancy etc.?
- How should the withholding tax (TDS) compliance be undertaken when the payments for software purchases are made using credit cards given that vendors generally do not provide any documentation and the payment is auto-debited?
- Is the Shopify Partner required to file Form 15CA & 15CB (CA Certificate) in respect of every payment to non-residents/ foreign companies even if the value of such payment is insignificant?
- What should be ensured while maintaining books of account, documentation for transactions, secretarial records to ensure tax and other compliances?
- What are the key aspects that require a careful consideration from the perspective of exit/ sale of business by the Shopify Partner in India?

The queries highlighted above are discussed in greater detail in the ensuing paragraph along with our views/ suggestions. The same has been categorized based on the nature of transaction for ease of understanding.

1. Type of entity to set-up

- It would be of paramount importance to choose the right form of entity for the Shopify Partners to provide SAAS solution such that it can maximize the benefits and meets the required objectives. The most popular forms of entity are Private Limited Company and Limited Liability Partnership (LLP). The key tax & regulatory aspects in this regard are as follows.

Particulars	Private Company	LLP
Income-tax rate in respect of business income	22% plus surcharge and cess if the company has opted for new tax regime under section 115BAA (start-up exemption and certain deductions cannot be availed).	30% plus surcharge and cess
Income-tax in respect of transfer of long-term capital assets (example: IP held for more than 36 months or unlisted company shares held for more than 24 months)	20% plus surcharge and cess	20% plus surcharge and cess
Income-tax on repatriation of profits (Dividend/ Drawings)	Taxable in the hands of shareholders at applicable slab rates/ tax rate.	Not taxable in the hands of Partners.
Transferability of ownership in the organization	The shares of the Company can be transferred.	The LLP interest can be transferred as well.
Summary	<p>It can be inferred from the above that a company is taxed at the rate of 22% plus surcharge and cess whereas the LLP is taxed at 30% plus surcharge and cess, indicating that LLP is taxed at higher rates compared to LLP.</p> <p>However, there is no further tax on distribution of profits by LLP to partners whereas the shareholders must pay tax at the normal slab rates on the profits distributed by the company by way of dividend.</p> <p>Also refer our comments in Para 9 on the implications at the time of exit which would be relevant in deciding the form of entity.</p>	

The suitable form of entity for Shopify Partner (i.e, Company or LLP) should be decided based on the overall objectives and strategies of the promoters/ founders including the requirement of deploying additional cash into the business, necessity to allot stock options to employees and taxation.

In a case where the promoters/ founders have already incorporated a Company, but find LLP to be more suitable, the option of conversion of the Company into LLP can be explored. Such conversion is tax neutral, subject to satisfaction of prescribed conditions¹. These conditions are stringent and hence require careful consideration.

¹ Section 47(xiiib) of the Income tax Act 1961

2. Revenue Treatment

- Shopify Partners provide their application / solutions to the customers of Shopify under different revenue models such as period-based model, subscription-based model, user-based model, transaction-based model, hybrid model.
- Shopify invoices with the customers and collects the revenue from them. Shopify in turn makes the payment to Shopify partner upon receipt of collection from the customers after deducting its Revenue Share and Processing charges. If the end customer does not make the payment to Shopify, then the Shopify Partner do not get their share of revenue.
- The above contractual arrangement would be relevant in determining who is the customer of Shopify Partner - Shopify or the end customer ? Further, this would have bearing on the accounting, taxation and exchange control law compliances, which have been discussed in the ensuing paragraphs.

2.1 Accounting

- The accounting position would depend on the terms and conditions of the contracts entered between Shopify and the Shopify Partner; Shopify and end customer.
- In determining the point of recognition of the revenue, manner of determining the criteria of reasonability in ultimate collection various aspects needs to be seen such as relationship between the parties, respective rights and obligations, revenue model, responsibility to collect payments from end customer, responsibility to bear the risk of bad-debts etc.
- Having regard to the standard terms and conditions between Shopify and Shopify Partner and the fact that there is no commercial contract with the end customer, it can be considered that the relationship between them is principal to principal and consequently Shopify should be treated as the customer of Shopify Partner and not the end customer even though the service is utilized by the latter.
- The generally accepted accounting principle in India (IGAAP) is that the revenue should be recognized when the services are rendered, and the obligations of the service provider are met. However, the same is subject to establishing certainty of ultimate collection.
- In Shopify ecosystem, Shopify makes the payment to the Shopify Partner only when they realize the amount from the end customer ie., on a collection basis. Hence, it may not be appropriate to use the same as a basis for revenue recognition. In case the Shopify Partner accounts for revenue on an accrual basis, it should capture the details of the services rendered (ie application downloaded/ used by the end customers, volume of service utilized, etc) and have a visibility on whether the end customers are regular in making payments to Shopify. To strengthen this, the Shopify Partner should ensure the following:
 - To have robust process or mechanism that enables tracking of services availed by the end customers vis-à-vis collections made from Shopify towards the same.
 - To capture and maintain data of services being availed by the end customers/ development of suitable reports through queries etc. in the Shopify Portal to be able to retrieve the data in this regard.

- Compilation of end customer-wise receivables and ageing of the same, that would assist in evaluation of need for any provisioning/ write-off in the books of account.
- Timely identification of any overdue receivables and taking necessary steps for realization of the same.
- Should the revenue be recognized gross of Shopify revenue share or net of the same remains a question for deliberation. This becomes critical especially during M&A transaction as the valuation is generally agreed between the parties based on the revenue multiple. The aforesaid accounting could also have a bearing on the GST and withholding tax implications.

2.2 Goods and Services Tax (GST)

- The aforesaid facts & contractual terms would have a bearing on determining whether the revenue qualifies to be “export of services” under the GST law. Only where the transaction qualifies as export of service, it would be eligible for zero rated supply and refund of corresponding GST input credit.
- Given that the Shopify Partner has a privity of contract with Shopify, the Shopify Partner raises invoice on Shopify and receives the consideration from Shopify, irrespective of where the end customer is located. Consequently, Shopify Partner generally treats the aforesaid transaction as export of service.
- It is imperative to also note that where the Shopify Partner intends to export the services without payment of IGST, a Letter of Undertaking (LUT) would be required to be obtained prior to raising of invoice. In the absence of LUT, the GST Department may require the Shopify Partner to make GST payment and subsequently apply for refund of the said GST payment.
- Further, the other conditions for export of services, including realization in foreign currency, obtaining Foreign Inward Remittance Certificate (FIRC) from the bank evidencing the realization of foreign currency, is required to be satisfied.
- With respect to Shopify revenue share / charges payable to Shopify, the Shopify Partner may have to discharge GST on a reverse charge. However, in a situation where the Shopify Partner accounts for income in the books net of Shopify revenue share, a view is taken that there is no obligation to discharge GST on a reverse charge. This is untested and could be subject to litigation.

2.3 Withholding tax

- Generally, Shopify Partner is required to withhold tax on payments to non-resident, if the same is chargeable to tax in India.
- Payments in the nature of fees for technical services are chargeable to tax in India if the payer is located in India. The definition for fees for technical services under the domestic tax law is very wide and generally tax authorities seek to cover all types of services performed by non-resident to Indian entities. However, the definition under the tax treaty (especially in the case of USA/ Canada) is narrower and Shopify Partner choose the tax treaty for favorable treatment. To claim the benefit of tax treaty provisions, the Shopify Partner must obtain tax residency certificate (TRC), Form 10F, no Permanent Establishment (PE) declaration, etc.

2.4 Exchange Control Laws

- Further, one should be mindful of the provisions of Foreign Exchange Management Act, 1999 ('FEMA') and rules framed under the same. For instance:
 - Receipt of revenue/ income from Shopify net of commission is treated as Netting off under FEMA and same is allowed only with the approval of the Authorized Dealer (AD) Banker³ subject to certain prescribed conditions. Netting off on a suo moto basis without obtaining prior approval of AD Banker may be treated as violation of FEMA regulations and could attract penalties.

In case the Shopify Partner accounts for the income net of Shopify revenue share, a view is taken there is no requirement to obtain netting off approval from AD Banker as the income due to Shopify Partner is only the net income. It is recommended to obtain confirmation from the AD Banker before taking this view.

- Exporters of Software/ SAAS are required to file a declaration with the STPI Authorities in Form SOFTEX within 30 days from the date of invoice⁴. For the purpose of filing Form SOFTEX, the exporters of software / SAAS (located outside STPI unit) would be required to get Non-STP registration from the STPI authorities.
- To file SOFTEX Form, IEC is mandatory. Hence, it has to be ensured that IEC is obtained well in advance.

3. Employment Arrangements

- One of the significant expenditures in a SAAS business could be Salaries and other benefits paid to employees. The following aspects should be taken care of in employment arrangements.

3.1 Employment agreement

- Generally, startup entities may not have a formal employment agreement capturing all the terms and conditions of the employment. Further, at the time of exit or fundraising, the following aspects are considered critical and hence should be captured appropriately in the employment agreement.
 - **Intellectual Property (IP):** Where the employees are involved in the development of IPs, it is important to ensure that the terms of employment agreement adequately captures that the ownership of the IP would vest with the Shopify Partner. The same would be helpful to ensure that there are no disputes with respect to the ownership of the IP at the later stage, even when the employment arrangement has ceased.
 - **Confidentiality:** Further, often the employees have access to confidential data of the Shopify Partner. It would be imperative to enter into an enforceable employment agreement which contains provisions for confidentiality in respect of proprietary information, terms of use of IP, non-solicitation, non-compete etc.

³ Practically, there are challenges in getting the netting off approval from AD Banker due to reporting of net vs gross revenue in the SOFTEX form / invoice and netting off between software (receipt) and service (payment).

⁴ Regulation 6 of Foreign Exchange Management (Export of Goods and Services) Regulations, 2015

3.2 Labour Law Compliances

- The Shopify Partner should evaluate the applicability of labour laws in respect of Provident Fund, Gratuity, Payment of Bonus etc. to ensure applicable compliances under the same are met. Typically, these compliances become applicable, once the no. of employees in the organization exceeds a prescribed threshold. It is to be borne in mind that contracted employees may also be required to be considered in certain cases.

3.3 TDS Compliance

- The employer is also required to ensure that applicable tax is deducted at source on the salaries paid and benefits provided to the employees and is remitted to the Government, and related quarterly returns are furnished.
- The employer should have process in place to obtain declarations, supporting documents from the employees in respect of their choice of tax regime, eligible deductions, any other income etc. and factor the same in the tax computation, to ensure effective compliance with the above requirements.
- While computing the taxes to be deducted on salaries, it must be ensured all types of employment income / perquisites / benefits should be factored. This shall include assets gifted to employees, foreign trips (personal), stock options/ rewards, etc.

3.4 Employee Stock Option Plan (ESOP)

- One of the powerful tools used in structuring the employee compensation is ESOP, where stock options are granted to key employees, based on period of stay with the company, performance criteria, etc. While the same does not entail a cash outflow in the hands of employer, the same acts as a great value creator in the hands of employees.
- It is to be noted that there are certain relaxations available to employees in respect of taxation of ESOP perquisites, if the ESOP is issued by an eligible startup.
- It is to be noted that ESOP can be used only by a company and not by LLP. This could be a crucial factor in determining the form of entity to be chosen.

3.5 Prevention of Sexual Harassment (POSH) at Workplace Compliance

- There is a legal requirement for framing of Policy for POSH at Workplace by any organization. Further, Internal Compliance Committee (ICC) would be required to be constituted, in case of organization with 10 or more employees.

4. Software and consultancy payments

The other key costs in the case of Shopify Partners are software costs and third-party consultants' costs. The following are the key aspects to be noted in this regard.

- The software and consultancy payments made to persons resident of India should be subject to withholding tax @ 10%, subject to certain exceptions. However, in the case of payments to software service providers/ consultants who are non-residents of India or foreign companies, the same should be subject to withholding tax at 0% to 22% (approx.), based on the applicable provisions of the domestic tax law or the Double Taxation Avoidance Agreements ('DTAA') between India and the country of residence of vendor/ consultants, whichever is beneficial.
- It is to be noted that the grant of DTAA benefit in the course of withholding is subject to conditions and documentation like TRC, Form 10F, no PE declaration, Multilateral Instruments (MLI) declaration, etc., needs to be obtained on a yearly basis from the vendor/ consultants.
- Additionally, it is to be noted that Form 15CA should be furnished in the income-tax portal in case of payments to non-residents, irrespective of the value of payment involved. Further, the same should be accompanied by Chartered Accountant's Certificate in Form 15CB, in case prescribed threshold is exceeded.
- Normally, the bankers seek for aforesaid documents before releasing the payment to the vendors outside India. However, the said compliances are often missed out in case of payments made through credit cards as there is no interface with the bank authorities in making the payment. It is important to have adequate controls in place to ensure that these compliances are met even for payments made through credit card. The non-compliance with these can result in disallowance of expenses in computation of taxable income and tax, recovery of taxes which were not withheld, levy of interest and penalty.
- GST on Reverse charge may also apply on the software and consultancy payments.

5. Accounts & Audit

Maintenance of books of account, compilation of financial statements, audit of the same are key aspects of any business. The following are the noteworthy points.

- **Legal requirement:** Books of account, including relevant vouchers, supporting documents are required to be maintained under various laws (like the Income-tax Act, 1961, the Central Goods & Services Tax Act, 2017, Companies Act, 2013, Limited Liability Partnership Act, 2008 etc.).
- **Relevance of documentation:** The robust maintenance of books of account and supporting documents would be helpful to substantiate the claim of business expenditure in computation of taxable income and tax, GST Credit/ refund etc.

- **Employee reimbursements:** Framing and implementation of the process for collection of supporting documents, in case of expenditure originally incurred by the employees and reimbursed by the employer (i.e. Shopify Partner) could be a key to ensure robust documentation in this regard. Further, it may be noted that withholding tax compliances, where applicable, are to be met even though the same is already incurred by the employee and the company only reimburses the said cost to employee.
- **Audit trail:** Attention is invited to a recent regulation that requires Companies maintaining books of account using accounting software to ensure that such accounting software has a feature of recording audit trail, edit log etc., and the same should be enabled. Further, the Statutory Auditor of the Company is also required to comment on the compliance with the same in his report. Considering the same, it is also important to ensure that relevant processes and internal controls to ensure the contemporary accounting of the transactions and review of the same are put in place. Though this is mandatory only in the case of Companies, we recommend that the same may be followed by LLP as well.

6. Secretarial Compliances

Secretarial compliances to be undertaken by the Shopify Partner would depend on the type of the entity (ie company vis a vis LLP). The key compliances required by Company and LLP are summarized in the ensuing paragraph.

6.1 Secretarial Compliances in case of Companies

- The Companies are required to comply with certain provisions like, conducting certain number of board meetings, shareholders meetings at prescribed intervals, recording and maintenance of minutes of such meetings etc. The adherence to these provisions would be crucial.
- Further, the Companies Act, 2013 prescribes specific approval for certain transactions. For example, approval by the Board, approval by the Shareholders by way of ordinary/ special resolution⁵. These must strictly be adhered to.
- Companies are required to maintain various statutory registers⁶ and undertake filing of various forms⁷ as applicable.

⁵ Approval by at least 75% of the shareholders in favour of the proposed transaction is required for special resolution as against 50% in case of ordinary resolution.

⁶ Registers of Share Application and Allotment, Share Transfer, Renewed and Duplicate Share Certificates (Form SH-2), Directors and key managerial personnel, Register of details of securities held by Directors and Key Management Personnel, Register of Charges (Form CHG-7), Contracts with related party and contracts and Bodies etc. in which directors are interested (Form MBP-4), Deposits, Investments not held in its own name by the company (Form MBP-3), Beneficial owners holding significant beneficial interest (Form BEN-3) etc.

⁷ The key forms that would have a frequent applicability are: (i) Financial Statements and other documents – Form AOC 4; (ii) Annual Return – Form MGT-7; (iii) Specified Resolutions & Agreements – Form MGT-14, (iv) Companies that have accepted deposits (including exempt deposits) - Form DPT3

6.2 Secretarial Compliances in case of LLP

- The compliances applicable to the LLP are simpler, as compared to a Company. The following are the key compliance requirements.
 - Annual Return in Form 11 (generally by 30th May, for financial year ended 31st March)
 - Filing of Statement of Account and Solvency in Form-8 (typically by 30th October, for financial year ended 31st March).
 - Filing of Form 3 in case of amendment to LLP agreement
 - Filing of Form 4 in case of admission, retirement/ cessation of partners

7. Key Tax Compliances

The Shopify Partner is required to undertake the following key compliances as applicable:

7.1 Income-tax

- Deduction and remittance of withholding tax on a monthly basis
- Filing of quarterly withholding tax returns within prescribed timelines
- Timely payment of advance tax on quarterly basis
- Filing of applicable forms/ audit reports, wherever applicable
- Filing of income tax return (annual)
- Filing of Specified Financial Transactions (SFT) return

7.2 GST

- Return of outward supplies of goods or services (GSTR-1) – monthly
- Monthly return in Form GSTR – 3B
- Annual return in GSTR – 9 / 9C (if applicable)
- GST refund applications in timely manner

8 Other Compliances/Aspects

- 8.1 Registration of IP:** Registration of IP, such as, trademark, logo, domain name, copyrights etc. would offer legal protection in respect of the same.
- 8.2 Professional Tax Registration:** There may be a requirement for obtaining registration under Professional Tax and ensure compliances prescribed in this regard in respect of the offices of the Shopify Partner, depending on the city / state in which the offices are established.
- 8.3 Shop and Establishment Registration:** There may be a requirement for obtaining registration under Shops & Establishments Act and ensure compliances prescribed in this regard in respect of the offices of the Shopify Partner, depending on the state in which the offices are established.

9. Exit/ Sale

The exit strategy is an important consideration for the promoters/ founders of any start-up. The following are the key consideration to be kept in mind at the time of exit.

9.1 Modes of Exit

- There are various ways in which the transactions can be undertaken, such as.
 - Transfer of shares of the Private company/ interest in LLP, wherein a complete transfer of the company is undertaken.
 - Transfer of business undertaking by way of slump sale by the Shopify Partner entity to the buyer's entity
 - Transfer of only the IP and onboarding some of the seller employees, if needed.
 - Transfer of IP and entering into service agreements between the buyer and the seller.
- The ideal option suitable to the founders/ company would depend on various parameters such as regulatory feasibility of the option, legal protection for the buyer & seller, tax impact in the hands of promoters/ founders, tax implications for the buyer, timeline for completion, compliance procedure post-acquisition, etc.

9.2 Regulatory Aspects

- Generally, the deals carries some of the following features:
 - **Deferred consideration:** The consideration is settled in parts at various point of time
 - **Contingent consideration:** Part of the consideration is payable only upon satisfaction of certain conditions, for example, achievement of certain revenue/ EBITDA target
 - **Swap of shares:** Consideration settled in different forms (i.e. by issuance of equity in the buyer entity).
- Feasibility of such offers/ terms should be carefully evaluated under various regulatory laws like Companies Act, 2013, Exchange Control Laws before agreeing the structure.

9.3 Tax Aspects

- The tax cost is quite significant one amongst the other costs in the hands of the promoters/ founders at the time of exit/ sale.
- Buyer may also have tax considerations. For instance, the buyer may get tax cost base in case of certain option which is eligible for tax deduction / depreciation and in case of certain option the buyer would be merely able to capitalize the cost without any tax break.

The tax/ accounting implications under various options are tabulated below:

Option	Seller	Buyer
Sale of shares / LLP interest	<p>Tax: Incidence of tax in the hands of the promoters/ founders, around 24% on net capital gains in case of long-term capital asset.</p> <p>Further, there could be relief from capital gains tax in case of re-investment in residential house property subject to satisfaction of certain conditions.</p>	The consideration discharged by the buyer should be considered as cost of the investments, which will be deductible only at the time of sale of such investments in the future.
Business Sale	<p>Company: Incidence of tax in the hands of Company shall be 24% to 34% (depending on the period of holding and opting of specific tax regime) and in the hands of the shareholders at applicable slab rates (max of ~39% to ~42%) at the time of distribution of dividend.</p> <p>LLP: Incidence of tax in the hands of LLP shall be 24% to 35% (depending on the period of holding). There would not be any additional tax on distribution of profits to partners.</p>	The consideration discharged by the buyer would be allocated to the assets on a scientific basis (based on valuation of assets). The cost to the extent attributable to the depreciable assets should be eligible for depreciation both for books and tax purpose (based on the applicable accounting standards/ tax laws of the country of the buyer).
IP Sale	<p>Company: Incidence of tax in the hands of Company shall be 24% to 34% (depending on the period of holding and tax regime opted) and in the hands of the shareholder at applicable slab rates (max of ~39% to ~42%) at the time of distribution of dividend.</p> <p>LLP: Incidence of tax in the hands of LLP shall be 24% to 35% (depending on the period of holding). There would not be any additional tax on distribution of profits to partners.</p>	The consideration discharged by the buyer would be the cost of the IP (intangible asset). The same should be eligible for amortization both in the books and for tax purpose (based on the applicable accounting standards/ tax laws of the country of the buyer).

- Thus, the following are the key take aways, from the viewpoint of the promoters/ founders.
 - Where the Shopify Partner is a company, in case of sale of business/ IP/ asset, the tax Incidence shall be at two levels (i.e. tax on gains on business sale/ IP sale on the company and on the shareholders upon distribution of the proceeds). In case of sale of shares, the tax incidence is directly on the shareholders and hence is significant lower compared to the former option.
 - In case the Shopify Partner is a LLP, the tax cost to the promoters/ founders is moderate, even in case of business sale/ IP sale as there is no two incidence of tax. The profit shared with the partners after such sale is exempt in the hands of partners.
- However, Buyer generally insists on business purchase/ IP purchase on account of the following:
 - Tax deductible depreciation/ amortization on the assets/ IP, without a hit to the EBITDA.
 - Acquisition of shares/ partnership interest of Shopify Partner entity would result in costs associated with running a separate legal entity
 - Where the buyer is an entity outside India (i.e. without any presence in India), the following factors gain prominence.
 - Preference for IP to be located in the home country, than in India, from the perspective of stronger IP Protection laws
 - Challenges in owning and running a business in India (costs involved, compliance burden etc.)
 - Regulatory challenges in respect of outbound merger of the Shopify Partner entity with the buyer entity in its home country.
 - The mode of exit/ purchase gets decided based on various factors mentioned above and considering the interest of both the parties. Having a clear understanding of the above and setting things right (including the entity structure, corporate governance, robust documentation, etc) before the exit becomes prime importance for faster & smoother exits.

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