



YOUR MONEY

Eyeing SpaceX stock? Tap into global platforms

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Three high-value initial public offerings (IPOs) expected in the United States (US) market — SpaceX, Anthropic and OpenAI — have sparked interest among equity investors worldwide. Several platforms now allow Indian investors to buy foreign stocks through the Liberalised Remittance Scheme (LRS) route. Investors should do thorough due diligence when selecting a platform.

IPO access could be difficult

SpaceX has a 30 per cent quota for retail and is accepting investments from several countries, including India. But getting access may not be easy.

“Primary-market allocations are routed through underwriting syndicates that largely serve US institutions and a few domestic retail channels controlled by banks. Indian investors using the LRS route access US markets through a partner broker that does not sit in the IPO allocation chain,” says Viram Shah, founder and chief executive officer (CEO), Vested Finance. Indian investors may,

however, take exposure to these stocks once they are listed.

Some ETFs in the US offer exposure to securities of private companies. “The KraneShares AGIX ETF, available on our platform, has an allocation to Anthropic and SpaceX shares,” says Subho Moulik, founder and CEO, Appreciate.

Why use platforms

Indian mutual funds investing abroad share an industry-wide cap of US\$7 billion and a separate \$1 billion cap for overseas ETFs. “With the ceiling being breached, most fund houses are no longer accepting fresh subscriptions this year,” says Moulik.

Many international ETFs offered by Indian fund houses are trading at a premium of 20-25 per cent to their net asset value. “The premium may evaporate when the Reserve Bank of India lifts restrictions,” says Moulik.

These platforms offer investors access to sectors and stocks unavailable or under-represented in India. “Indian investors can get exposure to semiconductor, artificial intelligence and electric vehicle

Factor in total cost

- Check account-opening charges and minimum balance requirements
- Factor in forex markup
- Account for SWIFT (Society for Worldwide Interbank Financial Telecommunication) charges
- Take into consideration withdrawal charges, brokerage, and demat fees

stocks,” says Arnav Pandya, founder, Moneyeduschool.

A portfolio invested only in India exposes investors to macroeconomic and other risks specific to the country. “Global investing can reduce single-country risk and provide a currency hedge,” says Vishal Dhawan, founder and CEO, Plan Ahead Wealth Advisors.

Understand the downsides

International investing is operationally complex. “Banks require specific forms to be filled for transferring money under LRS. Income-tax return (ITR) filing also becomes complicated,” says Dhawan. In some geographies, estate or inheritance tax has to be paid.

Assess suitability

This route suits investors who want to manage their global allocation actively. “Sophisticated investors with a large portfolio and the ability to take considerable risk may benefit from this route,” says Pandya.

Investors should have a horizon of more than 24 months. “Gains beyond 24 months

attract a flat tax rate of 12.5 per cent. If the holding period is less, the income-tax slab rate applies,” says Moulik.

Investors making small investments may not find this route ideal. “Below ₹5 lakh, transaction and forex costs may erode returns,” says Moulik.

Choose platform carefully

A wide range of instruments should be available. Check the platform’s tax-reporting module. “It should offer reports that make it easier for investors to file their ITR correctly,” says Dhawan.

Check whether the platform helps with A2 remittance handling, tax collected at source (TCS), and year-end foreign-asset disclosure. “Find out whether the platform works with a regulated US broker-dealer, whether securities are protected by the Securities Investor Protection Corporation (SIPC), and are held in your name,” says Shah.

Follow tax norms

TCS of 20 per cent is payable once cumulative remittances cross ₹10 lakh. File ITR accurately. “Resident individuals holding foreign stocks must report them in the ITR under Schedule FA. Dividend income or capital gains from foreign stocks should be reported in Schedule FSI,” says Rupali Singhania, founder, Areete Consultants.

Resident investors can claim credit for taxes paid in another country. “Investors claiming foreign tax credit should furnish Form 67 on the income-tax e-filing portal,” says Singhania.

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