Page No. of Draft	Clause	Sub-clause	Comments / Suggestions / Suggested Modifications	Rationale
12-18	13C	1(d)	To introduce the VCC structure in the Income-tax Act, 2025, the key consequential amendments as discussed below are required: 1. Permit separate PAN/TAN registration, tax return filing, withholding tax compliance and assessment at the sub-fund level. 2. Expressly extend the existing IFSC pass-through and concessional tax regime available to Cat I and Cat II AIFs and specified funds in IFSC to sub-funds of VCC.	The separate-person treatment contemplated under Clause 13C(1)(d) requires corresponding tax law recognition to ensure effective ring-fencing and avoid disputes regarding the taxable unit. Further, this shall enable sub-funds to obtain an independent Tax Residency Certificate and claim treaty benefits in its own capacity.
11–12	13C	-	To clarify that each sub-fund may be issued a separate registration certificate by the concerned regulatory authority. Further, a single-window approval process can be introduced integrating VCC incorporation, PAN/TAN allotment, GST registration, IFSCA approvals and sub-fund registration.	This will enable ease of doing business and attract global fund managers to IFSC.
11–12	13C	-	In line with the above recommendation, the investment conditions (including concentration limits) shall apply separately at sub-fund level.	Aggregation of investment limits could defeat the spirit of segregation of VCC structure. Hence, this clarification would help to broaden the investment horizon.
15	13M	1	In line with the FME Regulations, to specify the types of sub-funds that the VCC can launch (i.e. retail, non-retail, etc.) and also its categorisation (Cat I/ II/ III). Additionally, it may be clarified that each sub-fund may obtain registration and categorisation which is distinct from other sub-funds depending upon its investment strategy.	This will provide clarity on what kinds of funds can the VCC launch and the type of investments each category of sub-fund can undertake.
15,18	13M, 13O	13M(2) and 13O(4)	Conversion of one kind of sub-fund into another and conversion between classes/sub-classes of participating shares shall not constitute a transfer for tax purposes.	Extending the existing tax exemptions and providing tax neutrality to certain transactions will provide tax certainty and promote adoption of the VCC structure
	New Clause	NA	Introduce a framework for relocation of existing offshore VCCs into IFSC-GIFT City (including tax neutrality for such relocation.	This will encourage global VCC structures to migrate to IFSC-GIFT City.