



UK → INDIA · TECHNOLOGY AND SERVICES CORRIDOR

Doing Business in India

A decision guide for UK technology and professional services firms

Key points

- 1 India can be a **market** for what you sell, a **base** with your own team working for your company worldwide, or both. Many firms start with one and end up with both.
- 2 The UK–India trade agreement (CETA) and social security agreement took effect on **15 July 2026**. UK staff sent to India can stay on UK National Insurance for up to 60 months.
- 3 Owning an Indian company usually makes sense from about **15 to 25 people**. Below that, a partner, employer of record or Build–Operate–Transfer arrangement is often better.
- 4 An eligible Indian company pays an effective **25.17%** tax. From 2026–27, eligible IT services can use a fixed **15.5% safe-harbour margin** for up to five years.
- 5 About **5 months** from decision to a first working team.

Who this guide is for

Founders, CEOs, CFOs and boards of UK technology, software, data, cyber security and professional services firms that want to sell to Indian customers, build their own team in India, or both, and want to know how to set up, what it costs and what each country requires.

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Fast . Sharp . Precise

Cross-border structuring, tax and compliance for founders, family businesses and CFOs, from the first decision to a running operation.

1. The short answer

India can work for a UK firm in two ways. It can be a **market**, where Indian customers buy what you already sell. It can also be a **base**: your own team in India, working for your company worldwide. Many firms start with one and end up with both.

This guide covers both. For the second, it explains the setup most firms choose: an Indian company you own and direct, often called a Global Capability Centre (GCC). It can run software engineering, data, cyber security, finance, research or client support. It is your own team, not an outside vendor. Here is what a UK founder needs to know:

Why now?	The UK–India trade agreement (CETA) and a new social security agreement both took effect on 15 July 2026. They give UK service firms clearer rules for working in India and make it easier to send UK staff there.
Sell, build, or both?	Either, or both. You can sell into India from the UK or through a partner, and you can build a team of your own. Owning an Indian company usually makes sense from about 15 to 25 people.
Can we own 100%?	Yes. Most technology and consulting businesses allow 100% foreign ownership without prior government approval. Law and some other regulated professions follow separate rules.
How fast?	About 5 months from decision to a first working team (Section 10).
What tax do we pay?	An eligible Indian company can opt for an effective corporate tax rate of 25.17% under the 22% concessional regime.
Can we take money out?	Yes. Profits can be paid to the UK parent as dividends once Indian taxes are paid.
Can we send UK staff?	Yes. Staff sent to India can stay on UK National Insurance for up to 60 months, so you do not pay social security in both countries. They still need the right Indian visa.
What are the main risks?	Pricing disputes with tax officers, data protection rules, rising salaries and staff turnover, and creating a taxable presence in India by accident. All are manageable when planned from the start (Section 11).

2. India at a glance

India is one of the fastest-growing major economies, and its trade with the UK is growing quickly. It is also one of the world's largest and most established locations for company-owned offshore teams.

£48.0bn UK–India trade in goods and services, 2025 <i>OVS</i>	£19.3bn UK exports to India in 2025, up from £16.7bn in 2024 <i>DBT</i>	7.7% India's economic growth in FY2025–26 <i>MoSPI</i>	15 July 2026 Date CETA and the social security agreement took effect <i>UK Government</i>
2,117 Company-owned centres (GCCs) in India, FY2026 <i>Zinnov–Nasscom</i>	2.36 million People employed in those centres <i>Zinnov–Nasscom</i>	US\$98.4bn Yearly revenue of the GCC sector <i>Zinnov–Nasscom</i>	4.5 to 5.5 hours India's time lead over the UK (summer / winter), so working days overlap

What this means for you

Indian customers, skilled teams, banks and a legal framework already exist at scale. Around 500 Forbes Global 2000 companies operate GCCs in India, so the model is well established and no longer limited to the largest companies.

3. How do UK firms use India?

Start with the role India should play in your business, not only the cost. Most firms fit one or more of these:

Role	What it looks like	Often starts when...
A market for what you sell	Indian banks, insurers and companies buy your software, advice or specialist skills. The UK Government points to fintech, cyber security, data and AI, and professional services as areas of demand.	A first major Indian customer appears.
A team you own	Engineers, analysts or support staff in India working for your UK and global customers, employed by you rather than by a vendor.	You already pay a vendor for 20 or more people, or cannot hire enough at home.
A centre for core work	The India team moves beyond support into product development, data, security or research, and helps shape what you build.	India staff begin building your main product.
A partner or an acquisition	You enter with an Indian partner or joint venture, or buy an Indian company that already has people and customers.	You want customers or a team faster than you can build one.

Many firms use India as both a market and a base. A UK cyber security firm may enter because Indian banks want its product, then find the engineers it needs to build it. A team in India can also serve your customers in the UK, the US and the Middle East. Lower cost helps, but the strongest case usually combines talent, scale, market access and long-term capability.

4. What changed in July 2026?

Change	What it means for you
UK–India trade agreement (CETA)	In force since 15 July 2026. It gives UK service firms clearer rules for working in India, and sets out how UK staff can travel and work there: – Business visitors: up to 180 days, including to set up an Indian company or meet partners. – Staff transferred to your Indian company: for the length of their contract or up to one year, with extensions possible. Payroll arrangements depend on how the assignment is structured. – Staff delivering a contract to an Indian customer: up to one year, in listed fields including IT and software, engineering, management consulting and accounting.
Social security agreement	UK staff sent to India on or after 15 July 2026 can stay on UK National Insurance for up to 60 months. The employer applies to HMRC for a certificate (form CA9107). A waiting period generally applies between assignments: six months, or the length of the previous assignment if that was shorter. Staff already working in India before that date are not covered.
What did not change	CETA does not remove visas, professional licences or Indian regulation. It does not guarantee unrestricted data transfers. Indian tax, company and labour law apply in full.

5. Is India right for us?

A strong fit if...

- Indian customers are asking for your product or advice.
- You expect to build a team of roughly 20 or more people in technology, data, engineering or support for years, not months.
- You already pay an Indian vendor for a growing team and want direct control.
- You want to own your intellectual property and know-how.
- Leadership will give the India operation real responsibility.

Think twice if...

- You need a small team of fewer than about 15 people, or a short-term project. A hiring partner or Build–Operate–Transfer arrangement may suit better.
- Your UK customers limit where their data can be processed.
- No one in leadership can give the first year real attention.
- You expect quick results. UK Government guidance says India rewards patience and a longer-term approach.

6. How do you enter? Six routes

Option	How it works	Best when	Watch out for
Sell from the UK	You sell to Indian customers directly and travel as needed. No Indian company.	You are testing demand with first customers.	Indian customers deduct tax before paying you. A local presence can create a tax bill in India.
Indian partner or distributor	A local firm sells or delivers your product to Indian customers.	You want to enter with limited investment.	Agree territory, IP and exit terms in writing.
Own Indian company	You form a company you own 100%. It can sell to Indian customers, build your team, or both.	You plan for the long term, with 20+ people or real Indian revenue.	You carry set-up and compliance duties. This is where we help most.
Build-Operate-Transfer (BOT)	A local partner builds and runs the team, then hands the company to you, usually after 18 to 36 months.	You want a fast start with lower risk.	Agree handover price, staff and IP terms on day one.
Outsourcing or employer of record	A partner employs people on your behalf. You have no company of your own.	You need fewer than 15 people, or a test.	Less control over data and people.
Joint venture or acquisition	You partner with, or buy, an Indian company that already has a team and customers.	You want customers and talent faster than you can build them.	Valuation, due diligence, foreign investment rules and integration.

Many firms move through these in stages: partner first, then their own sales team, then an Indian company, then their own delivery.

Company, not branch. We generally advise against a branch office. A branch creates a more direct taxable presence for the UK company in India and is subject to specific RBI conditions. For technology and professional services firms building a long-term operation, a subsidiary is the cleaner structure.

7. Where should you set up?

Choose the city by where your customers and talent are.

City	Best for	Other factors
Bengaluru	Deep technology, AI, product engineering, senior leaders.	Highly competitive hiring market, particularly for experienced technology talent.
Hyderabad	Fast-growing mid-sized centres, data and AI, financial services technology.	Large talent pool. Many UK firms already operate here (Section 12).
Delhi NCR (Gurugram, Noida)	Banking and financial services, risk, consulting, shared services.	Large and varied talent pool, with strong airport links for visiting executives.
Mumbai	Firms selling to Indian banks, insurers and regulators.	India's financial centre, close to customers.
Pune	Engineering, automotive and manufacturing technology.	Strong engineering talent and an established technology workforce. Good retention.
Chennai	Software products, deep technology, engineering.	Strong engineering and technology talent, well suited to long-term delivery teams.
Smaller cities (Ahmedabad, Coimbatore, Jaipur)	Standard operations and long-term retention.	Lower operating costs in some locations, but a smaller talent pool.

8. What incentives can you get?

Indian states compete for GCC investment through their own incentive programmes. Maharashtra, Karnataka, Gujarat, Haryana, Uttar Pradesh and Madhya Pradesh have dedicated GCC policies or incentives. Eligibility and benefits depend on location, investment, employment and other conditions. We assess what applies to your plan as part of the feasibility report, before you choose a city.

9. Tax, money and law

Topic	What you need to know
Company tax	Eligible Indian companies can opt for a 22% concessional corporate tax rate, giving an effective rate of 25.17% after surcharge and cess, subject to the conditions.
How the India team is paid	The India company charges the UK company for its services at a price that reflects the work it performs and the risks it takes. The price must meet India's transfer-pricing rules. For illustration, if its costs are 100 and the margin is 15.5%, it charges 115.5 and pays tax on the profit of 15.5.
Fixed margin (safe harbour)	From tax year 2026–27, eligible IT services can use a 15.5% safe-harbour margin on costs, subject to the prescribed conditions and a ₹2,000 crore threshold, for up to 5 years. Other services, such as consulting or engineering, are priced using a comparison study. Larger teams often agree pricing in advance with the tax department.
GST	Qualifying services provided to the UK parent can be zero-rated exports, so they carry 0% GST. The Indian company can generally supply under a Letter of Undertaking without paying IGST, subject to the export conditions.
Selling to Indian customers	Indian customers may need to withhold tax when paying a UK company, depending on the service, and may owe GST on services bought from the UK. The UK–India tax treaty decides where the income is taxed and prevents the same income being taxed twice.
Money in	100% foreign ownership is permitted under the automatic route for most technology and consulting activities, subject to sector rules. Funds arrive by bank transfer, shares are issued within 60 days, and the RBI is notified within 30 days of share issue (Form FC-GPR).
Money out	Dividends can be paid once Indian taxes are paid and the bank paperwork is done. The tax treaty can reduce withholding tax. An annual return to the RBI is due every 15 July.
UK staff in India	CETA travel categories are set out in Section 4; staff still need the right Indian visa. UK social security can continue for up to 60 months. Long stays in India can make an individual taxable there, so plan each posting.
Employee share plans	You can grant UK parent shares to India staff, subject to the reporting requirements. Employees are generally taxed when they exercise their options and again when they sell the shares.
Employment law	India's four labour codes took effect on 21 November 2025. Allowances above 50% of total pay are counted as wages for statutory calculations. Heavier duties start at 300 employees: formal workplace rules, and government permission for layoffs or closure.
Data protection	UK data-protection rules may still apply when your India team handles UK customer data. India is not covered by a UK adequacy decision, so appropriate safeguards are needed for certain transfers. India's Digital Personal Data Protection Act applies within its scope, with the main duties starting from 13 May 2027.
Intellectual property	If Indian engineers help create your IP, the India company must be paid fairly for that work. Who builds, funds and controls the IP should match how profits are split.
Yearly rhythm	Monthly or quarterly: payroll, GST and tax filings. Quarterly: advance tax. Yearly: statutory audit, tax return, pricing documentation, company filings and the RBI return.

10. Illustrative setup timeline: around 5 months

Weeks 1 to 4	Plan: confirm which work moves to India, agree the structure and pricing model, and request office proposals.
Weeks 5 to 8	Form the Indian company, get tax numbers, open the bank account, send the investment and file with the RBI.
Weeks 9 to 14	Sign the office lease. Complete GST and payroll registrations. Agree the services contract and data transfer terms with the UK company.
Weeks 15 to 20	Go-live: the site head and first hires start. IT security is in place and the services contract takes effect.
Months 6 to 12	Grow the team in stages. Complete the first tax filings, pricing documentation and RBI return.

11. Main risks and how we manage them

Risk	What it means	How we manage it
Pricing disputes with tax officers	India has a history of challenging the margin that centres charge their parent companies.	Documented pricing from day one. The fixed margin where it applies, and an advance agreement as the team grows.
UK company taxed in India	If the Indian team or UK staff act like part of the UK company, India may tax the UK company too.	Set the structure and a written services contract before hiring. Plan each UK posting.
IP and profit	If the India team builds your core product, the way work, risks and IP are allocated affects how profits are taxed between the companies.	Decide early who owns, funds and controls the IP, and match the pricing to it.
Data protection	UK data-protection rules may apply when the India team handles UK customer data. India's law is being introduced in phases, with main duties from 13 May 2027.	Put data safeguards in place before the India team handles customer data. Build security and record-keeping in from the start.
Rising pay and turnover	Competition for skilled staff pushes up pay and turnover, especially in Bengaluru.	Choose the right city, plan retention and budget for pay rises.
Missed deadlines	Late filings bring fees and delay money transfers.	We run the compliance calendar and file on time.
Growth thresholds	Extra labour rules apply at 300 employees.	Plan headcount and HR policies ahead of that point.

12. UK firms that have done it

Examples taken from company announcements and press reports.

Company	City	What they built
GI Outsourcing (London, accounting and compliance services)	Hyderabad	Centre launched in February 2026 with 50 people, growing to 100 within 12 months, set up with a local partner.
DSP (UK, enterprise database services)	Bengaluru	First overseas centre, launched in June 2026, supporting its global consulting, managed services and technology work.
Blupace Tech (UK, digital transformation)	Hyderabad	Centre for global delivery, engineering and enterprise technology services, alongside its operations in more than 10 countries.
Lloyds Banking Group (UK banking)	Hyderabad	Technology centre opened in 2023, starting with about 600 specialists in engineering, data and cyber security.

13. Frequently asked questions

How do I set up a company in India from the UK?

Decide what the Indian company will do, then incorporate a private limited company with the Registrar of Companies. Indian law needs two shareholders and an India-resident director. Legalise the UK documents, open a bank account, bring in the investment and report it to the RBI, then register for GST and payroll.

Can a UK company own 100% of an Indian company?

Yes, for most technology and consulting activities, under the automatic route without prior approval. A second shareholder is still required, usually a nominee. Law and some other regulated professions follow separate rules.

How long does it take to set up in India?

About five months from decision to a first working team. Forming the company, tax numbers, the bank account and RBI filings take roughly two months. Office, GST and payroll follow, with hiring running in parallel.

How is an Indian subsidiary of a UK company taxed?

It pays an effective 25.17% under the 22% regime, usually on a cost-plus margin for the services it provides to the UK parent. From 2026–27, eligible IT services can lock in a 15.5% margin for up to five years. Services billed to the UK parent carry 0% GST.

Do UK staff working in India pay Indian social security?

Not if they are sent by their UK employer on or after 15 July 2026 and the employer obtains an HMRC certificate (CA9107). They can stay on UK National Insurance for up to 60 months. They still need an Indian visa, and long stays can make them taxable in India.

Is it better to outsource or set up our own team in India?

Outsourcing suits short projects and teams under about 15 people. Your own company suits work you will need for years: you own the IP, direct the team and keep the know-how. It costs more to start, but usually less per person over time.

14. How Greenwolf helps you build in India

Registering an Indian company is the easy part. Setting it up so that your UK and Indian companies work as one business, with the Indian tax department, the RBI and your own board all comfortable, is where the real work begins.

Most UK firms entering India end up managing separate lawyers, tax advisers, company secretaries, payroll providers and property brokers, none of whom see the whole picture. Greenwolf is one lead adviser on the India side, with tax, foreign exchange and transfer pricing built into the design from day one. We work alongside your UK accountants and lawyers, and stay on to run the Indian compliance after launch.

- 1 First, we tell you whether you need an Indian company at all.**

We look at your Indian customers, team plans and what you already spend with Indian vendors. Selling from the UK, a partner, an employer of record or a Build-Operate-Transfer arrangement is often the right first step, and we will say so. If your own company makes sense, we tell you what it should do: sell, build, or both.
- 2 We identify the right route, city and structure.**

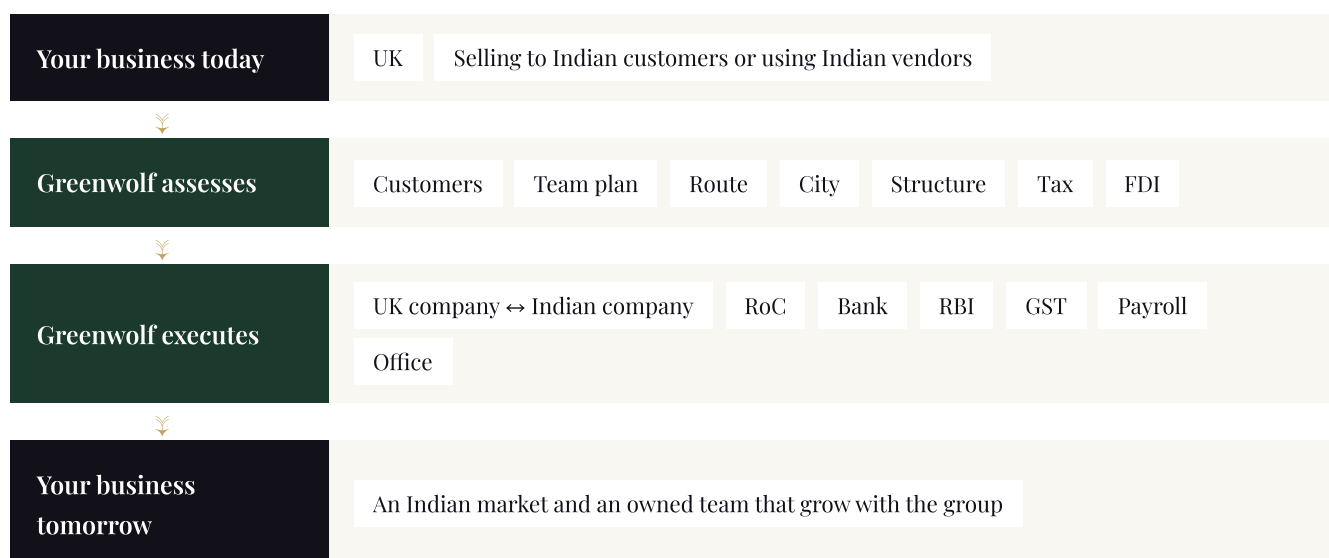
Own company, BOT, partner or acquisition? Bengaluru, Hyderabad, Pune, Delhi NCR, Mumbai, Chennai or a smaller city? We check the foreign investment rules for your sector and the state incentives that could apply, then recommend one route and one city.
- 3 We structure the UK and Indian companies together.**

This is where most of the value sits. How the Indian company is owned and funded; how it charges the UK parent, using the 15.5% safe harbour or a comparison study; who owns the IP the Indian team creates; how to avoid the UK company being taxed in India; how UK staff are posted under the social security agreement; and how profits come back to the UK.
- 4 We handle incorporation and the paperwork Indian law requires.**

Name reservation and founding documents; legalising your UK documents and obtaining director IDs; appointing the India-resident director and the second shareholder (usually a nominee); registration with the Registrar of Companies; the bank account and the bank's checks on UK directors; issuing shares to the UK parent and reporting to the RBI on time; the commencement declaration, first auditor, GST, provident fund and payroll.
- 5 We put contracts, people and premises in place.**

The services agreement between the companies with the pricing file tax officers expect; data-transfer terms and security policies for UK customer data; employment contracts and HR policies under India's labour codes; and recruitment, office space and visas through specialist partners.
- 6 We run the compliance and help the operation grow.**

Monthly accounts, payroll, GST and withholding tax; quarterly advance tax; the annual audit, tax return, transfer-pricing report, RoC filings and RBI return, with regular reports to the UK parent. As India's role grows: partners, joint ventures and acquisitions, passing 300 employees, moving core product work to India, or sending profits to the UK.



What you have at each stage

After the assessment

A clear recommendation: which route, which city, the state incentives, the main risks and a realistic timeline.

After structuring

A structure chart, the pricing method between the companies, the IP position and the Indian tax position.

After set-up

A registered, funded and banked Indian company that can legally hire, invoice and pay salaries.

After launch

Filings on time in India, regular reports to the UK parent, and one team that knows the whole structure.

What we need from you. A decision-maker who can approve each step, documents for your UK company and directors, and a named person to lead the India operation.

Start with an assessment

In one conversation we will tell you whether India fits your business, which route makes sense, what it involves and how long it will take.

Speak with a strategist: www.greenwolfadvisors.com · info@greenwolfadvisors.com

Sources: ONS and UK Department for Business and Trade; MoSPI; Zinnov–Nasscom India GCC Landscape 2026; UK–India Comprehensive Economic and Trade Agreement and Double Contributions Convention (GOV.UK); HMRC; Income-tax Act, 2025 and Income-tax Rules, 2026; RBI and DPIIT FDI policy and FEMA reporting; Companies Act, 2013; Labour Codes; Digital Personal Data Protection Act and Rules, 2025; state GCC policies; company announcements and press reports. General information, not tax or legal advice. Rules change; confirm before acting.



Talk To Our Strategist

One conversation. We tell you which route fits your business, what it involves and how long it will take.

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