

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:3926

ANSWERED ON:13.12.2002

CHANGES IN INCOME TAX ACT

A. VENKATESH NAIK;ASHOK NAMDEORAO MOHOL;RAMSHETH THAKUR

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Union Government have invited public comments on the recommendations made by the Committee constituted to suggest changes in the Income Tax Act, 1961 so as to tax e-commerce companies;
- (b) if so, whether the Union Government have received any comments from public;
- (c) if so, whether the Government have examined the said Committee report alongwith the public comments; and
- (d) if so, the outcome thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN)

(a): Yes, Sir.

(b): Yes, Sir.

(c) & (d): Yes, Sir. The recommendations of the Committee cover various aspects of e-commerce including characterization of incomes for tax purpose. The taxation provisions cover e-commerce transactions taking place at the global level and accordingly, any decision taken by the Government has to be compatible with the international practice on taxation of e-commerce and in tune with the international developments taking place from time to time. The report of the Indian Committee is being discussed by the Tax Advisory Group of the OECD. The representative from India was also invited to the said discussion. OECD is in the process of finalizing guidelines on the taxation of electronic commerce, and these will have a bearing on all the developed and developing countries dealing with e-commerce. There is also some attempt to find out a global consensus, if possible, in this regard.