

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4553  
ANSWERED ON:20.08.2010  
INVESTMENT THROUGH MAURITIUS  
Deora Shri Milind Murl

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government is soon likely to press for a review of the Capital Gains Tax Provisions in its tax treaty with Mauritius;
- (b) if so reasons therefor along with the details thereof; and
- (c) the extent by which the Government is losing revenue due to routing of investments by domestic firms through Mauritius?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a) & (b): Government has proposed to review the India-Mauritius Double Taxation Avoidance Convention (DTAC) to incorporate appropriate changes in the DTAC` for prevention of treaty shopping and to strengthen the mechanism for exchange of information on tax matters between India and Mauritius. A Joint Working Group (JWG) comprising members from the Government of India and the Government of Mauritius was constituted in 2006 to inter-aiia, put in place adequate safeguards to prevent misuse of the India-Mauritius DTAC. Six rounds of discussions have taken place so far.

(c): It is not possible to quantify the revenue foss because of the routing of investments by domestic firms through Mauritius, as the relevant data is not available.