

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:727  
ANSWERED ON:25.02.2011  
CONCERNS ABOUT CAPITAL GAINS TAX  
Singh Shri Sukhdev

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

(a) whether Government has received representations from the United States Embassy and UK High Commission at New Delhi and European Union Secretariat expressing concerns about capital gains taxation being applied retrospectively and on an unprecedented basis to foreign investors in India; and

(b) if so, the broad outlines thereof and the action taken by Government in the matter?

**Answer**

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

(a) & (b): Yes, Madam. The Government had received a joint representation from the United States Embassy and U.K. High Commission at New Delhi and European Union Secretariat expressing concern that Indian Revenue authorities have asserted the unprecedented view that India is entitled to capital gains on transactions taking place wholly outside India and that they have imposed retroactive taxing jurisdiction in transactions involving the transfer of shares in a company not resident in India, in which both the buyer and seller are also non residents of India.

In response to their letter the Government has in its reply explained its position and basis of taxation.