

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:890
ANSWERED ON:25.02.2011
TAX NOTICE TO SOFTWARE COMPANY
Patil Shri A.T. Nana

Will the Minister of FINANCE be pleased to state:

- (a) whether tax authorities have served a notice to a software company for payment of Rs. 400 crore as tax;
- (b) if so, the details thereof;
- (c) whether onshore services of the company have not been considered as software export by the Income Tax Department;
- (d) if so, whether the Company has given the justification in this regard to the Income Tax Department; and
- (e) if so, the details thereof?

Answer

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

- (a) Yes Sir. Such a notice has been issued to M/s Infosys Technologies Limited.
- (b) For the assessment year 2007-08 a demand of Rs.657.81 crores was created vide order dated 28.12.2010, which was revised to Rs.456.38 crores in a rectification order u/s 154 of the Income Tax Act on 07.01.2011.
- (c) Revenue from the onshore software development activity and technical manpower deputed abroad have not been considered as export income eligible for deduction u/s. 10A/10B/10AA of the Income Tax Act, 1961.
- (d) Yes, Sir.
- (e) The company has claimed that the revenues generated from onshore software development activities and deputation of technical manpower abroad are related to the business activities conducted out of Software Technology Park and Special Economic Zone units in India and eligible for deduction u/s. 10A/10B/10AA of the Income Tax Act.