

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:348

ANSWERED ON:26.08.2011

IT OVERSEAS UNITS

Roy Shri Arjun;Singh Shri Rajiv Ranjan (Lalan)

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

- (a) the basis for selection of the countries for setting up of the Income Tax (IT) overseas units;
- (b) whether India has opened Income Tax overseas units as a part of its efforts to unearth black money;
- (c) if so, the details thereof and unitwise` cases of black money detected since establishment, year-wise;
- (d) whether it is also proposed to set up an Exchange of Information (Eol) Cell to facilitate effective exchange of information to curb tax evasion; and
- (e) if so, the details thereof?

**Answer**

MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (e): A statement is laid on the table of the House.

Statement referred to in reply to parts (a) to (e) of the Lok Sabha Starred Question No. f348 regarding `IT Overseas 11 nits`, raised by Shri Kajiv Kanjan Singh alias Lilian SinÂ«h and Shri Arjun Ray, Hon`ble M.P.s, for answer on 26th August, 2011.

Part(a): The selection of countries for setting up of the Income-tax Overseas Units (ITOUs) has been made on the basis of trade, investment and its importance from the point o` view of effective exchange of information for tax purposes and tax treaty related issues.

Part(b): Yes, Madam.

Part (c): India has opened up ITOUs in ten countries, namely, Cyprus, France. Germany, Japan, Mauritius, Netherlands, Singapore, UAE, UK and USA. At present, ITOUs are operational in Mauritius and Singapore. Officers have also been selected by the Finance Ministry for posting in the remaining 8 ITOUs.

The information given by Government of Mauritius and Government of Singapore in response to requests under the India-Mauritius Double Taxation Avoidance Convention (DTAC) and India-Singapore Double Taxation Avoidance Agreement (DTAA) are under examination and any information exchanged are treated as secret and governed by the provisions of Articles on Exchange of Information of the DTAC and DTAA.

Part (d) & (e): A dedicated Exchange of Information (Eol) Cell has been created in the Foreign Tax and Tax Research Division of Department of Revenue. Officers have already been posted to facilitate effective exchange of information to curb tax evasion.