

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:167
ANSWERED ON:02.12.2011
EVASION OF CAPITAL GAINS TAX
Singh Rajkumari Ratna;Vasava Shri Mansukhbhai D.

Will the Minister of FINANCE be pleased to state:

- (a) the details of capital gains tax collected by the Government during the last three years;
- (b) whether many foreign companies holding shares in Indian companies, selling the shares of Indian companies to non-residents, have indulged in avoidance/evasion of payment of capital gains tax;
- (c) if so, the details thereof;
- (d) the loss of revenue caused to the exchequer as a result thereof ; and
- (e) the corrective action taken by the Government thereon?

Answer

FINANCE MINISTER OF STATE IN THE (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. 167 regarding "Evasion of Capital Gains Tax", raised by Shrimati Rajkumari Ratna Singh and Shri Mansukh Bhai D. Vasava, for answer on 2nd December, 2011.

Part(a) Capital gains tax is one of the heads of income. Tax is computed on the total income, which comprises of the income under all the heads of income (as applicable) to an assessee. Therefore, data of tax on capital gains is not feasible and accordingly not maintained. However, the Net Collection of Direct Taxes of last three years are as under:-

(Rs. In crore)

F.Y.	Net Collection
2008-09	333818
2009-10	378065
2010-11	446935

Part (b)&(c) Instances have come to the notice where some foreign companies did not pay capital gains tax on transfer of their interest in India. All these cases are under various stages of investigation, assessment or appeal.

Part (d)&(e) Whenever any such case is noticed, immediate action is taken under the Income Tax Act, 1961 to bring to tax capital gains not disclosed by the assessee. Appropriate action under the Income Tax Act, 1961 is also taken in the case of persons responsible for deduction of tax at source, for failure to deduct tax at source, while making payment to the assessee. There is no central data base maintained for figure of loss of revenue caused to exchequer on account of non payment of capital gains tax.