

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:5

ANSWERED ON:08.08.2012

IMPLEMENTATION OF GAAR

Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan

Will the Minister of FINANCE be pleased to state:

- (a) the present status of implementation of General Anti Avoidance Rules (GAAR) in the country;
- (b) whether the Government has received requests from any quarters against GAAR in view of its adverse impact on investment in the country or for other reasons;
- (c) if so, the details thereof and the reaction of the Government thereto; and
- (d) the impact of delay in the implementation of GAAR on the efficacy of measures being taken against proliferation of black money and for checking of tax evasion in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

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

Statement referred to in the reply to the Lok Sabha Question 5 raised by Shri Gajanan D. Babar and Shri Anandrao Adsul, Members of Parliament for 08.08.2012 regarding 'Implementation of GAAR'.

(a) The Finance Act, 2012 has introduced General Anti Avoidance Rule (GAAR) in the Income Tax Act, 1961 by way of introduction of new Chapter X-A, with effect from 1st April, 2014. The provisions will be applicable for Assessment Year 2014-15 and subsequent years. The implementation of these provisions shall be to be in accordance with guidelines that are to be prescribed through subordinate legislation. The first draft of the guidelines has been prepared and placed in public domain on 29.06.2012, to facilitate comments from various stakeholders. An Expert Committee has been constituted on 17.07.2012 to receive feedback on these guidelines and prepare a second draft of the guidelines. The Committee would also undertake wider consultations on the guidelines and thereafter submit, by 30.09.2012, the revised guidelines and a roadmap for the implementation of GAAR to the Government.

(b) Yes Sir.

(c) Subsequent to placement of the first draft of the GAAR guidelines in the public domain, 14 representations have been received from Institutions/Individuals. The list is enclosed as Annexure 'A'. The Expert Committee [as indicated in reply to part (a) above] is examining the suggestions/ representations received from various stakeholders.

(d) The implementation of GAAR was postponed by one year in order to provide opportunity of wider consultation before such a legislation is implemented. The provisions of GAAR are directed towards preventing tax avoidance by way of aggressive tax planning. The generation- of black money and tax evasion are primarily dealt with by various anti evasionary measures like surveys, search and seizure operations and collation of information tracked and received from various sources.

In view of above, the delay in implementation of GAAR would not have a significant impact on the efficacy of measures being taken against proliferation of black money and checking tax evasion.