

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:427
ANSWERED ON:23.11.2012
AMENDMENT IN OECD RULES
Panda Shri Baijayant

Will the Minister of FINANCE be pleased to state:

- (a) whether the Organisation for Economic Cooperation and Development (OECD) has amended its rules that regulate sharing of classified tax information by partner countries;
- (b) if so, the details thereof; and
- (c) the manner in which India is likely to be benefited from such relaxation?

Answer

MINISTER OF STATE (REVENUE) (SHRI S. S. PALANIMANICKAM)

(a) & (b) Yes. Madam. The Organisation for Economic Cooperation and Development (OECD) has updated its Model Tax Convention on Income and on Capital and its Commentary in July, 2010. OECD has further updated Article 26, relating to Exchange of information, of the OECD Model Tax Convention and its Commentary and the same has been approved by the OECD Council on 17th July, 2012. As per this update, information received by a Contracting State may be used for other purposes when such information may be used for such other purposes under the laws of both States and the competent authority of the supplying State authorizes such use. Further, the Commentary on Article 26 has been expanded to develop the interpretation of the standard of 'foreseeable relevance' to include, for instance, information requests on a group of taxpayers. The updated Commentary further provides for an optional default standard of time limits within which the information is required to be provided unless a different agreement has been made by the competent authorities.

(c) If the Double Taxation Avoidance Agreements (DTAAs) entered into by India has provisions relating to Exchange of Information similar to the OECD Model Article 26, the information received under the DTAA may be used for purposes other than tax related purposes, if the competent authority of the supplying State authorizes such use. Further, the changes made in the Commentary will facilitate the Indian tax authorities to request information with regards to a group of taxpayers. Provision of standards of time limit, for exchanging information, in the Commentary, will result in quicker exchange of information amongst competent authorities of treaty partners.