

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:336  
ANSWERED ON:06.12.2013  
CAPITAL GAINS TAX  
Khaire Shri Chandrakant Bhaurao

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

- (a) whether instances of various Foreign Companies not paying Capital Gains Tax on the property and the shares held by them in India have come to the notice of the Government in the recent past;
- (b) if so, the details thereof along with the loss of revenue suffered by the Government on this account during the last three years and the current year; and
- (c) the corrective steps taken/being taken by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI J.D. SEELAM)

(a) Yes Madam.

(b) and (c) No central database of such instances of foreign companies not paying Capital Gains Tax on the property and the shares held by them in India is maintained. However, in all cases where any credible information regarding tax evasion comes to notice, appropriate action including enquiry/investigation in accordance with the Income-tax Act, 1961 is taken to bring the unaccounted income to tax. Further, to facilitate taxing of such income, Government is now in the process of amending its Double Taxation Avoidance Agreements (DTAAs) including the updating of Article on Exchange of Information. For the same purpose, India has also signed Tax Information Exchange Agreements (TIEAs) with 15 countries/jurisdictions, of which 13 have already entered into force. Negotiations for amendment of DTAAs or signing of TIEA are being held with several other countries/jurisdictions. In addition, vide the Finance Act, 2012, certain clarificatory amendments to the relevant provisions of the Income-tax Act, 1961, including sections 2(47) and 9, have been made to ensure tax compliance by foreign companies.