

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4425
ANSWERED ON:19.12.2014
CAPITAL GAINS TAX
Kumar Shri P.

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 some foreign companies holding shares in Indian companies are avoiding tax and evade payment of capital gains tax;
- (c) if so, the details thereof; and
- (d) the steps taken by the Government thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI. JAYANT SINHA)

(a) Income-tax is charged on the total income of a person at the rates in force during the relevant financial year. Income under the head capital gains, if any, is part of its total income of that financial year. Data with respect to tax specifically attributable to capital gains is not maintained separately.

(b) to (d) Double Taxation Avoidance Agreements (DTAAs) with some countries provide the right for taxation of capital gains arising from alienation of shares, to the country of residence of the transferor. Some foreign companies hold shares in Indian companies through entities incorporated in such countries, and as a result no tax on capital gains is payable in India.

Government has taken up renegotiation of such treaties to provide taxation rights to the country where the company whose shares are transferred is resident,