

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2547
ANSWERED ON:25.07.2014
TAKING OVER OF COMPANIES
Patil Shri Shivaji Adhalrao

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has information about flouting buyout norms and tax evasion by foreign entities while taking over companies;
- (b) if so, the details of such cases for the last three years and the current year; and
- (c) the action taken by the Government in each such case?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

- (a) Certain cases have come to the notice of the Income-tax authorities indicating tax evasion by foreign entities while taking over companies.
- (b) In these cases, interests in Indian companies or assets in India have been acquired by foreign entities indirectly through acquisition of interest in other entities that owned such interests or assets. The gains arising from such transactions have not been offered to tax by the transferors, and the transferees have also failed to withhold tax under the provisions of the Income-tax Act, 1961 on the payments made by them.
- (c) Appropriate action under the relevant provisions of the Income-tax Act, 1961 for bringing to tax the gains arising from such transfers and for collecting due taxes has been taken in each such case.