

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

RAJYA SABHA
UNSTARRED QUESTION NO.1671
ANSWERED ON-10/12/2024

CAPTIAL DRAIN THROUGH BEPS

1671#Shri Neeraj Dangi:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is completing the creation of a global database to check capital drain that provides data on nation-wise income from subsidiaries of a Multi-National Company, if so, the steps taken by the Government in this regard;
- (b) whether Government has any plans to create a global database on companies and their businesses to check the drain of capital, if so, the details thereof; and
- (c) whether Government is aware that inter-company multinational trading is the root cause of capital drain through Base Erosion and Profit Shifting (BEPS) and transfer pricing, if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) and (b) As part of the OECD and G20 BEPS project, India receives and shares information on certain international groups with respect to their economic activity, global allocation of income, profits and taxes among the tax jurisdictions in which they operate. No other global database is under preparation at this stage.

(c) The Government of India is aware that inter-company multinational trade can result in attrition of capital through BEPS. In domestic law, this is addressed through Chapter X of the Income-tax Act, 1961, which contains transfer pricing provisions, used to determine the Arm's Length Price (ALP) of the transactions between Associated Enterprises (like companies belonging to the same multinational group). Further, India also actively engages with the G20 and OECD countries on the BEPS Project which seeks to combat tax avoidance by multinational enterprises and aims to protect tax bases.
