

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO: 1649**

**TO BE ANSWERED ON FRIDAY, THE 25TH NOVEMBER, 2016
4, AGRAHAYANA, 1938 (SAKA)**

FPI

1649. SHRI GUTHA SUKENDER REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) whether Foreign Portfolio Investors have raised some of the taxation issues and made some suggestions to make Indian securities markets equity and Government debt more attractive for them; and
- (b) if so, the details and the action taken by the Government thereon?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)**

- (a) and (b) Foreign portfolio investors (FPIs) raised certain taxation issues relating to applicability of Minimum Alternate Tax (MAT) on them. The Government set up a committee under Justice A. P. Shah to examine the issue raised by them. On the recommendations of the committee, an amendment in section 115JB of the Income-tax Act, 1961 has been carried out vide Finance Act, 2016 to the effect that MAT will not be applicable to foreign companies with effect from 01.04.2001, if
- (i) the assessee is a resident of a country or a specified territory with which India has an agreement referred to in sub-section (1) of section 90 of the Income-tax Act, 1961 ('the Act') or the Central Government has adopted any agreement under sub-section (1) of section 90A of the Act and the assessee does not have a permanent establishment in India in accordance with the provisions of such agreement; or
 - (ii) the assessee is a resident of a country with which India does not have an agreement of the nature referred to in clause (i) and the assessee is not required to seek registration under any law for the time being in force relating to companies.
