

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO: 2901
TO BE ANSWERED ON FRIDAY, THE 2ND DECEMBER, 2016
11, AGRAHAYANA, 1938 (SAKA)**

TAX EXEMPTION TO FOREIGN COMPANIES

2901. SHRI K. PARASURAMAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has exempted foreign companies, Foreign Institution Investors (FIIs) and Foreign Portfolio Investors (FPIs) with no permanent establishment/place of business in India from Minimum Alternative Tax (MAT);
- (b) if so, the details thereof;
- (c) whether this relief is applicable to all foreign companies;
- (d) if so, the details thereof; and
- (e) if not, the conditions under which the said exemption is applicable?

ANSWER

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

(a) to (e) Yes Madam, an amendment in section 115JB of the Income-tax Act, 1961 ('the Act') has been carried out vide Finance Act, 2016 to the effect that the provisions relating to Minimum Alternate Tax (MAT) will not be applicable to a foreign company with effect from 01.04.2001, if

(i) such company 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 Act or the Central Government has adopted any agreement under sub-section (1) of section 90A of the Act and the company does not have a permanent establishment in India in accordance with the provisions of such agreement; or

(ii) the company is a resident of a country with which India does not have an agreement of the nature referred to in (i) above and the company is not required to seek registration under any law for the time being in force relating to companies.
