

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
LOK SABHA  
UNSTARRED QUESTION No. 4359  
TO BE ANSWERED ON FRIDAY, THE 11<sup>TH</sup> AUGUST, 2017  
20, SHRAVANA, 1939 (SAKA)**

**IMPLEMENTATION OF GAAR**

**4359. DR. P. VENUGOPAL:**

Will the Minister of **FINANCE** be pleased to state:

- (a) whether the Government has decided to implement the General Anti Avoidance Rule (GAAR) from April 1, 2017, if so, the details thereof;
- (b) whether the GAAR was initially proposed to target companies and investors that route investments through tax heavens, if so, the details thereof; and
- (c) whether the GAAR is not likely to interplay with the right of the taxpayers to select or choose the method of implementing a transaction, if so, the details thereof?

**ANSWER**

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

- (a) Yes Madam. The substantive provisions relating to the General Anti Avoidance Rule (GAAR) are contained in Chapter X-A (consisting of sections 95 to 102) of the Income-tax Act, 1961 (the Act).
- (b) The GAAR was introduced to counter aggressive tax avoidance schemes being adopted with the use of sophisticated structures and opaque low tax jurisdictions for residence as well as for sourcing capital. The purpose is to protect the country's tax base while simultaneously ensuring that it is invoked only in appropriate cases, by enabling review by a GAAR panel.
- (c) The GAAR will not interplay with the right of the taxpayers to select or choose method of implementing a transaction. This has also been clarified vide Circular No 7 of 2017 dated 27<sup>th</sup> January, 2017.

-----