

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**LOK SABHA**  
**UNSTARRED QUESTION NO. 4722**  
To be answered on **Monday, the 23<sup>rd</sup> March, 2020**

**CHAITRA 3, 1942(SAKA)**

**REVENUE AGENCIES**

4722: SHRI CHANDRA SEKHAR SAHU:

DR. PRITAM GOPINATHRAO MUNDE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is considering for closer collaboration between international revenue agencies to investigate tax affairs of offenders who cross borders for escaping tax investigation;
- (b) if so, the details thereof;
- (c) whether India has participated in the meeting held under Saudi Arabia's G20 presidency;
- (d) if so, the consensus arrived at in the aforesaid meeting; and
- (e) the steps taken or proposed to be taken by the Government to design a new international tax system to handle the challenges of digitalization with a cost efficient dispute prevention mechanism?

**ANSWER**

MINISTER OF STATE IN MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) & (b): The Government of India takes actions as per the provisions of the direct tax laws in respect of persons found to be indulging in violation of direct tax laws, including persons who cross borders to escape tax investigations. The Government of India has actively participated in the efforts to forge a multi-lateral regime for automatic sharing of financial account information to assist the global efforts of combating tax evasion. This Automatic Exchange of Information (AEOI) based on Common Reporting Standard (CRS) has commenced from 2017 enabling India to receive financial account information of Indian residents in partner jurisdictions. India has also entered into an Inter-Governmental Agreement

(IGA) in 2015 for exchange of financial account information on automatic basis with USA based on the Foreign Accounts Tax Compliance Act (FATCA) of USA.

Indian Government has been proactively engaging with foreign governments under the relevant provisions of Double Taxation Avoidance Agreements/ Tax Information Exchange Agreements / Multilateral Convention on Mutual Administrative Assistance in Tax Matters/SAARC Multilateral Agreement to obtain information including banking information on request in specific cases.

These mechanisms allow exchange of information between India and the other jurisdictions for tax purposes including information in respect of persons who cross borders for escaping tax investigations.

(c): Yes Sir. India has participated in all the meetings held under Saudi Arabia's G20 presidency including the recent meeting of the G20 Finance Ministers and Central Bank Governors held from February 22<sup>nd</sup>-23<sup>rd</sup>, 2020 at Riyadh.

(d): In the area of taxation, the G20 has welcomed the progress made on implementing the internationally agreed tax transparency standards. The G20 has agreed for considering defensive measures against those jurisdictions who do not comply with such standards. The G20 has also endorsed the Outline of the Architecture of a Unified Approach on Pillar One as the basis for negotiations and has welcomed the Progress Note on Pillar Two, both of which were agreed by the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS). The G20 has stressed the importance of the G20/OECD Inclusive Framework on BEPS agreeing on the key policy features of a global and consensus based solution for addressing the tax challenges arising from digitalization by July 2020. There was also a consensus on supporting tax capacity building in developing countries.

(e) India is participating in the ongoing work being undertaken in the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) for addressing the tax challenges arising from digitalization. It is supporting the work to tax digital economy being undertaken and putting forth its position emphasizing on dispute prevention through clear and simple rules to prevent disputes.