

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
LOK SABHA  
UNSTARRED QUESTION NO. 53**

**TO BE ANSWERED ON MONDAY, THE 29<sup>th</sup> NOVEMBER, 2021**

**AGRAHAYANA 8, 1943 (SAKA)**

**‘Tax on Multinational Companies’**

53. SHRI RITESH PANDEY:

Will the Minister of Finance be pleased to state:

- (a) whether the Government has presently any plans, policies and rules to levy proper share of taxation on multinational companies which derive large revenues from India via their digital presence, without having a physical one;
- (b) if so, the details thereof; and
- (c) If not, the measures proposed to be taken by the Government to deal with multinationals which generate substantial revenues in India but do not share a proper share of taxes with the Government?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SH. PANKAJ CHOUDHARY)

(a), (b), (c):

Yes Sir. Finance Act, 2016 introduced an Equalisation Levy on specified services provided by a non-resident not having physical presence in India. Finance Act, 2020 expanded the scope of Equalisation Levy to cover consideration received or receivable by an e-commerce operator from e-commerce supplies or services made or provided or facilitated on or after 01.04.2020. Further, Section 9(1)(i) of the Income-tax Act, 1961 was amended vide Finance Act, 2018 and subsequently vide Finance Act, 2020 to provide for the concept of “Significant Economic Presence”, in addition to the existing concept of physical presence, for establishing a business connection in India of a non-resident.

The issue of taxation of income of multinational companies arising from digital presence has been considered by G20 / Organization for Economic Co-operation and Development (OECD) Inclusive Framework of which India is a member. A statement outlining the broad features of the consensus based on a two-pillar solution was issued on 8<sup>th</sup> October 2021 by the Inclusive Framework.

