

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA

UNSTARRED QUESTION NO. 2222

TO BE ANSWERED ON FRIDAY, THE 11th DECEMBER, 2015
20 AGRAHAYANA, 1937 (SAKA)

Resolving the Tax Dispute

2222. SHRI RAMA KISHORE SINGH:

Will the Minister of FINANCE be pleased to state:

- a) whether some top industrial companies taken cue from Vodafone, have approached the Income Tax Department for resolving the tax disputes; and
- b) if so, the details and the number of such industrial companies whose tax disputes are pending/settled by the IT Department?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) and (b) The Income-tax Act, 1961 provides the legal remedies that can be resorted to by taxpayers in case they wish to dispute any tax demand raised in proceedings carried out by Income-tax Authorities in accordance with the provisions of the said Act. These remedies are regularly availed by the taxpayers for resolving tax disputes. The Income-tax Act, 1961 also provides the option of settlement of tax disputes by the Settlement Commission, which can be availed by the taxpayers as per the provisions of the Act. Further, taxpayers can also approach for resolution of tax disputes under the Mutual Agreement Procedure under tax treaties, in which case, the Competent Authorities of the two contracting states endeavour to resolve the dispute by way of negotiations.

In addition to the above, Notices of Dispute under Bilateral Investment Promotion and Protection Agreements (BIPAs) entered into by India have been received from some companies, namely Vodafone International Holdings BV, Vodafone PLC, Nokia Oyj, Cairn Energy PLC and Vedanta Resources PLC, wherein allegations have been made that tax proceedings undertaken by Income-tax Authorities under the provisions of the Income-tax Act, 1961 amounted to violation of obligations of India under the said agreements, and International Arbitration has been sought for resolving the alleged dispute under those agreements. It has been conveyed to these companies that the Government of India neither finds their allegations acceptable, nor agrees with their contention that tax disputes can be resolved under the said agreements. However, in order to ensure that the interests of India in such Arbitration proceedings are protected, Arbitrators have been appointed by the Government in accordance with the BIPAs.
