

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION No. 2107
TO BE ANSWERED ON FRIDAY, THE 29th JULY, 2016
7, SRAVANA, 1938 (SAKA)**

A.P. SHAH COMMITTEE ON MAT

2107. SHRI JANARDAN MISHRA:

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

- (a) whether the Government has accepted the recommendations of A.P. Shah Committee on Minimum Alternate Tax (MAT);
- (b) the objectives of these recommendations thereof;
- (c) the effect of these decisions on foreign investors; and
- (d) the benefits likely to accrue on the economy of the country?

ANSWER

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

- (a) The Government has accepted the recommendation of the Committee
 - (b) Objective of this recommendations was to examine the issue of applicability of Minimum Alternate Tax (MAT) on Foreign Institutional Investors (FII)/Foreign Portfolio Investors (FPIs) for the period prior to 01.04.2015. In line with the recommendation of the committee, Finance Act, 2016 has amended Income-tax Act, 1961 with retrospective effect from 01.04.2001 to clarify that MAT will not be applicable to foreign companies not having a place of business/permanent establishment in India.
 - (c) to (d) This will bring clarity and certainty on the issue of applicability of MAT to foreign companies.
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