After Vodafone, taxmen to go snapping at many past deals involving Indian assets

The income-tax authorities will pursue all targeted cases that concern overseas transactions involving Indian assets, said a senior finance ministry official, making it clear the intent of retrospective tax was not merely to penalise Vodafone, and the exemptions announced by the finance minister earlier this week will not benefit most of the deals being investigated.

The controversy over the retrospective amendment to law that will allow the government to tax past overseas transactions involving Indian assets has so far centred around the multi-billion dollar demand on the Vodafone-Hutchison transaction.

But the stage is now set for a showdown between tax authorities and other affected companies, which are exploring legal options to challenge the constitutional validity of the amendment.

Finance ministry officials said the deals under the scanner include SABMiller's acquisition of Foster's India, Vedanta Group's purchase of a majority stake in Sesa Goa through the acquisition of Finsider International, and General Atlantic and Oak Hill Partners' buyout of GE's 60% stake in Genpact. In all these transactions, tax notices had been served, they said.

Sanofi Aventis' acquisition of Shantha Biotech will not be subject to the retrospective amendment, but will be covered by the Double Taxation Avoidance Treaty (DTAA) India has with France, said an official.

The income-tax department has prepared a list of all cases where it believes the retrospective amendment could have an impact.

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