

All MAT tax claims under DTAA to be settled in a month

Move seeks to resolve controversial tax issue facing foreign portfolio investors, follows notices for payment of Rs 603 cr towards MAT

Central Board of Direct Taxes will settle all minimum alternate tax (MAT) matters of FIIs coming under the ambit of Double Taxation Avoidance Agreements within a month of filing of claims.

"Since the issue involved in such cases is limited, such claims should be settled expeditiously. It has therefore been decided that in all cases of foreign institutional investors (FIIs) seeking treaty benefits under the provisions of respective Double Taxation Avoidance Agreements (DTAAs), decision may be taken on such claims within a month from the date such claim is filed," an official release said today.

The move is aimed at quickly resolving the controversial tax issue facing foreign portfolio investors.

The Income Tax Department has sent notices in 68 cases to FIIs for payment of dues totalling Rs 602.83 crore towards Minimum Alternate Tax (MAT).

Following a decision by the Authority of Advance Rulings (AARs), the Tax Department had slapped notices, saying they have to pay 20 per cent MAT on untaxed capital gains made by them over the past three years.

As the issue has generated a lot of controversy, Finance Minister Arun Jaitley is expected to come out with some clarification at the time of his reply to the debate on the Finance Bill in the House.

Central Board of Direct Taxes said several FIIs, which have received income from transactions in securities, claim such income as exempt from tax under the DTAAs signed between India and their countries of residence.

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