FDI routed through Mauritius, Singapore to avoid taxes: Government

The government today said huge foreign direct investments are routed through Mauritius and Singapore into the country to avoid taxes as well as conceal identities of real investors, who could actually be Indian residents.

Official data show that Mauritius accounted for 41.80 per cent of entire FDI -- USD 54,227 million -- received by India from April 2000 to March 2011. During the same period, Singapore accounted for USD 11,895 million or 9.17 per cent of the total inflows.

The White Paper on black money tabled in Parliament said that Mauritius and Singapore were the two topmost FDI sources during April 2000 - March 2011 period.

"Mauritius and Singapore with their small economies cannot be the sources of such huge investments," it noted.

"... it is apparent that the investments are routed through these jurisdictions for avoidance of taxes and/or for concealing the identities from the revenue authorities of the ultimate investors, many of whom could actually be Indian residents, who have invested in their own companies, though a process known as round tripping," the White Paper said.

As part of efforts to tackle the menace of black money, the government is re-negotiating its Double Taxation Avoidance Agreement (DTAA) with Mauritius.

(Economic Times)