

FII's' books for past 6 years can be scrutinized by I-T Dept

The income-tax department can reopen books of past six years of foreign investors who are liable to pay minimum alternate tax (MAT), sources said.

Although the tax department has assured FIIs from countries with which India has taxation treaties that they will be exempted from the 20 per cent levy, sources said those from nations with which India doesn't have a Double Taxation Avoidance Agreement (DTAA), the demand notice can be sent for the past six years.

Cayman Island, Hong Kong and British Virgin Island do not have DTAA with India.

Sources said the total tax dues from foreign portfolio investors for the last six years could be over Rs 3,000 crore. Last week, Minister of State for Finance Jayant Sinha had said 68 foreign investors have been served MAT notices of Rs 602.8 crore. Sources said the amount is for last financial year and could go up once the books of the previous years are opened up for assessment.

This issue between foreign investors and the government cropped up last year when the tax department started sending notices to FIIs to cough up MAT.

These notices were based on a decision by Authority for Advance Rulings, which directed Castleton to pay MAT in India on their book profits.

(Business Standard)