# FPIs need to file tax returns in ITR-6

The Central Board of Direct Taxes (CBDT) has prescribed forms ITR-3 to ITR-7 for taxpayers such as sole proprietors (businessmen or professionals), limited liability partnerships, partnership firms, Hindu Undivided Families (HUFs) and companies (see table).

It has also notified that foreign portfolio investors (FPIs) have to file their tax returns using ITR-6. These entities are now required to state their Sebi registration number.

In India, long-term capital gains arising on sale of Indian securities via a stock market against which securities transaction tax (STT) has been paid are exempt from capital gains tax. In contrast, shortterm capital gains are taxable in India. However, under a few tax treaties -such as the tax treaty with Mauritius -even short-term capital gains are tax-exempt in India.

The ITR-6 form now calls for detailed disclosure of short-term capital gains by non-resident taxpayers (which would include FPIs) who have availed of treaty benefits. These taxpayers are required to separately report the amount of short-term capital gains not chargeable to tax in India. Details are required to be provided of the country of residence, the ` Article' (relevant provision) under the tax treaty under which the exemption has been claimed, and a disclosure on whether the tax residency certificate has been obtained by the taxpayer.

*(Times of India)*