

GAAR tax laws deferred to April 2016: Finance minister P Chidambaram

In a major relief to the markets and investors, Finance minister P Chidambaram on Monday said GAAR, the controversial law against tax avoidance through foreign investments, has been deferred to April 2016.

GAAR (General Anti-Avoidance Rules), which was proposed in 2012-13 budget with a view to preventing tax evasion, evoked sharp reactions from foreign as well as domestic investors who feared that unbridled powers to taxmen would result in harassment of investors.

The government later appointed a committee headed by tax expert Parthasarathi Shome to look into their concerns.

"GAAR postponement will be a big positive," said Dinesh Kanabar, Deputy CEO, KPMG.

Chidambaram, during an interview to PTI in November last year, said amendments to GAAR have been finalised.

"I have finalised the amendments to the Chapter 10A of the Income Tax Act. Now it will go to the PMO and then we should be ready with the amendments and then the GAAR rules will reflect the amended Chapter 10A.

"That is under preparation and I think the work is almost complete. The drafting work is complete. So, GAAR is under control. I have taken the decisions, subject to Prime Minister's approval and then Cabinet," he said.

Chapter 10A of the Income Tax Act deals with taxation of investments.

(Economic Times)