

## **IT sector seeks clarity on POEM norms from Jaitley**

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Representatives of the information technology and outsourcing sectors met finance ministry officials in New Delhi on Monday where they presented their list of suggestions for the upcoming budget.

The IT sector representatives sought greater clarity on rationalising of place of effective management (POEM) norms and sought extension of special economic zone (SEZ) benefits by three-four years.

With a view to tightening loopholes to deter tax evasion by multinational companies — Indian or foreign — the government last month released guidelines on POEM. The rules will affect Indian companies that take most decisions about their foreign subsidiaries from India and also foreign multinational companies with shell divisions.

Multinational companies (MNC) will be liable to pay tax in India if those who take key decisions conduct most of their meetings in India, even if the decisions are implemented in another tax jurisdiction, according to the draft guidelines of the finance ministry. The proposed rules might force MNCs to locate their regional controller offices outside India, experts have warned.

“We have asked for clarity on rationalisation of POEM norms and have also sought for extension of SEZ benefits,” said Anil Chanana, chief financial officer of HCL Tech.

The view was reiterated by R Chandrashekhar of IT industry body of Nasscom.

The IT officials had met Finance Minister Arun Jaitley and his team of senior budgetmakers of their pre-budget consultations.

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