

## Shah panel sets the ball rolling on MAT debate

The AP Shah committee, formed two weeks ago by the government to look into the minimum alternate tax (MAT) issue that has roiled overseas investors, has got cracking on its task. The panel has invited recommendations and is setting up meetings with different stakeholders as it looks to meet expectations that a report can be issued as quickly as possible to resolve the matter.

With an office in Ashoka Hotel in New Delhi, the committee will start meeting revenue officials, foreign portfolio investors (FPIs) and analysts from Monday, people aware of the plan said. Revenue officials will be the first to meet the committee with a few FPIs set to do so this week.

"The Shah committee has recently sent a letter to various stakeholders, including FPIs and industry associations, asking them to make representations regarding the MAT issue before June 22," said Rajesh HGandhi, partner — tax, Deloitte Haskins & Sells.

"Also, the committee would personally meet the stakeholders for discussions between June 29 and July 6, based on which the committee would issue its report." Deloitte will make a representation to the committee on behalf of some stakeholders and request a personal hearing, he said. The committee is expected to take a holistic, independent view of the MAT issue.

Some are sceptical about the process and question the legal standing of the committee — whether a finding in their favour will have any real implication. That's because a case is currently underway in the Supreme Court on whether MAT is applicable to foreign investors. This relates to a dispute between an FPI, Castleton and the revenue authorities.

Despite that ambiguity, "as the MAT issue remains pending, FPIs are still worried and want to represent their case at all forums possible," Gandhi said. The court may not take into account the committee's findings. "Currently, the Shah committee is meeting and taking a point of view from all the people who have a stake in the MAT issue," said Sunil Gidwani, partner — tax and regulatory services, PwC.

"The Supreme Court will decide the issue based on the law as it exists and may not be influenced by the committee recommendations even if they are available before it. The committee may recommend to the government to either change law or have CBDT ( Central Board of Direct Taxes) issue clarifications." The Shah panel will also meet CBDT officials, including income-tax officers who have raised MAT demands.

All 68 FPIs that have received draft assessment orders from the revenue department have sought meetings with the committee. The panel may only meet a representative few, experts said. The controversy broke out after the I-T department issued notices to FPIs about six months back, followed by assessment orders on how much MAT they needed to pay.

FPIs contend that MAT cannot be levied on them. Six FPIs have filed writ petitions in the Bombay High Court against MAT. Others have approached the dispute resolution panel of the income-tax department. The FPIs made a representation to Sebi last week on the matter.

*(Economic Times)*