

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3440

ANSWERED ON:12.12.2014

RETROSPECTIVE TAX

Raju Shri Gokaraju Ganga;Rao Shri Konakalla Narayana

Will the Minister of FINANCE be pleased to state:

- (a) the details of concept of retrospective taxation;
- (b) whether the Government is planning to reverse the retrospective tax, if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government has constituted a four-member Committee on the issue of retro-tax and if so, the details thereof;
- (d) whether the Committee has submitted its report, if so, the details thereof and the action taken/proposed to be taken thereon; and
- (e) if not, the time by which the report is likely to be submitted?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI JAYANT SINHA)

(a) Retrospective taxation means bringing changes in the legislation which impact the tax consequences of certain actions undertaken before the enactment of such legislation.

(b) The policy of the Government in respect of retrospective taxation has been spelt out in the speech of the Finance Minister while presenting the Finance (No.2) Bill, 2014 in the Lok Sabha on 10.07.2014 wherein it was stated that:

The Government will not ordinarily bring about any change retrospectively which creates a fresh liability;

Cases which have come up in various courts and other legal fora consequent upon certain retrospective amendments to the Income-tax Act, 1961 undertaken through the Finance

Act, 2012 are at different stages of pendency and will naturally reach their logical conclusion; and

All fresh cases arising out of the retrospective amendments of 2012 in respect of indirect transfers and coming to the notice of the Assessing Officers will be scrutinized by a High Level Committee to be constituted by the CBDT before any action is initiated in such cases.

(c) Government has constituted a three member committee of officers by order dated 28.08.2014 under section 119 of the Income-tax Act, 1961 for approval of the action to be initiated by the Assessing Officer in fresh cases arising out of retrospective amendments of 2012 in respect of indirect transfer of assets.

(d) No, Sir.

(e) The Committee is required to submit its first report in respect of references decided by it for the period ending 31.12.2014.