

# What's New

## News Flash



September 2015

### ***No MAT on Foreign Portfolio Investors***

The Indian Revenue authorities had proceeded to levy Minimum Alternate Tax (MAT) on Foreign Portfolio Investors (FPIs) in the tax audit cycle for the financial year 2011-12. This move of the Revenue officers had created huge concerns amongst the foreign investor community. To allay concerns of the stakeholders, the Finance Minister of India constituted a High Level Committee (the Committee) under the chairmanship of Justice A.P. Shah to examine legacy tax issues, including the issue of levy of MAT on FPIs for the period prior to 01 April 2015.

The Committee after extensive deliberations, discussions and in-depth study submitted its final report to the Government. The Government considered recommendations of the Committee at length and at a press conference held on 01 September 2015, the Finance Minister communicated its acceptance of the Committee report.

The recommendations of the Committee to the Government were:

1. The Government should either amend the MAT provisions clarifying its inapplicability to FPIs; or
2. The Central Board of Direct Taxes (CBDT) should issue a circular clarifying the above.

To give effect to the recommendations of the Committee, the Finance Minister stated that necessary amendments to the income tax law shall be introduced in the next session of the Parliament. The amendment proposes to clarify that MAT provisions will not apply to FPIs that do not have a place of business/ permanent establishment in India. Pending such amendment, CBDT shall issue a circular to the Revenue officers conveying decision of the Government accepting recommendations of the Committee.

Separately, in response to a question regarding levy of MAT on foreign companies (other than FPIs), the Finance Minister clarified that the scope of the Committee's report was restricted to FPIs and the issue of levy of MAT on other foreign companies shall be decided by the Supreme Court.

Full extract of the Committee report and the Press Release issued by the Government can be accessed at:

<http://finmin.nic.in/reports/ReportonApplicabilityofMinimumAlternateTax%20onFIIsFPIs.pdf>

[http://finmin.nic.in/press\\_room/2015/PressonApplicabilityofMinimumAlternateTax\\_onFIIsFPIs.pdf](http://finmin.nic.in/press_room/2015/PressonApplicabilityofMinimumAlternateTax_onFIIsFPIs.pdf)

If your interest lies in a specific area or subject, do advise us so we can send you only the relevant alerts. For any additional information, please reach out to your PwC relationship manager or write in to ***[pwctrs.knowledgemanagement@in.pwc.com](mailto:pwctrs.knowledgemanagement@in.pwc.com)***

With Best Regards  
PwC TRS Team

### **About PwC**

PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in Assurance, Tax and Advisory services. Tell us what matters to you and find out more by visiting us at [www.pwc.com](http://www.pwc.com).

In India, PwC has offices in these cities: Ahmedabad, Bangalore, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai and Pune. For more information about PwC India's service offerings, visit ***[www.pwc.in](http://www.pwc.in)***

PwC refers to the PwC network and / or one or more of its member firms, each of which is a separate legal entity. Please see ***[www.pwc.com/structure](http://www.pwc.com/structure)*** for further details.

Follow us on [Facebook](#), [Linkedin](#), [Twitter](#) and [YouTube](#).

© 2015 PricewaterhouseCoopers Private Limited. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Private Limited (a limited liability company in India having Corporate Identity Number or CIN : U74140WB1983PTC036093), which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity.

---

***Our Tax & Regulatory Services*** **Direct Tax** **Indirect Tax** **Transfer Pricing** **Regulatory** **M & A** **Tax**  
**Controversy and Dispute Resolution** **Financial Services**

---

NOTE : If you wish to unsubscribe receiving communications, please send in a blank email as reply to this mail with subject line "Unsubscribe".

---