

CBDT Open to Giving Foreign Cos a Breather

May consider lowering withholding tax rate for cos that have income in India

Our Bureau

New Delhi: The Central Board of Direct Taxes is open to lowering the withholding tax rate for foreign companies which have income in India, but said that companies should pay their due taxes.

"I would like to be informed in which areas the TDS (tax deducted at source) is high, so that we can think of reducing that also," CBDT chairman Sushil Chandra said at an international tax conference organised by Assocham on Wednesday.

"We are absolutely open to any suggestions which can make the life of a genuine taxpayer easy."

Chandra urged firms and multinational companies operating in India to pay their due share of taxes and said adequate safeguards had been put in place to ensure that anti-abuse provisions like General Anti Avoidance Rules (GAAR) are not misused.

Rahul Garg, chairman at Assocham's National Council on Direct Taxes, said the tax department issues refunds to the tune of Rs 40,000-60,000 crore every year and, hence, the industry chamber has suggested a relook of the withholding tax scenario.

"Withholding tax deducted by various segments of business vary between 1% and 42%. Since the refund quantum is so big, we have suggested the department to analyse the class on investors

to whom refund is due every year and reduce the TDS rate for them," Garg said.

Chandra said the GAAR will be used in exceptional circumstances and only to ensure that the country gets its due share of taxes.

GAAR will be invoked only if the tax provisions are misused, he said, adding that companies, firms or MNCs should believe in fair taxation. Chandra said the policies of income tax department have been very transparent and are being decided after considering the concerns of stakeholders.

Under GAAR, which has come into effect from April 2017, the tax officials may potentially want to know whether the transaction was done in the normal course of business or conducted simply with the intention to avoid taxes.

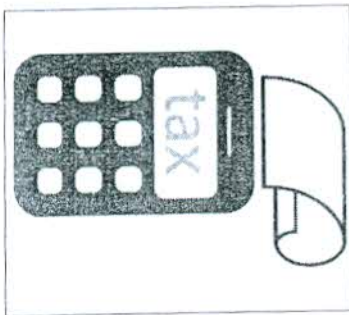
CBDT open to reduce withholding tax for foreign firms

PRESS TRUST OF INDIA
New Delhi, August 23

THE INCOME TAX department is open to lowering the withholding tax rate for foreign companies which have income in India, a senior official said on Wednesday.

Central Board of Direct Taxes (CBDT) chairman Sushil Chandra also urged firms and MNCs operating in India to pay their due share of taxes and said adequate safeguards had been put in place to ensure that anti-abuse provisions like GAAR were not misused.

He also asked industry experts to come forward with suggestions on withholding tax. "I would like to be informed



in which areas the TDS (tax deducted at source) is high so that we can think of reducing that also. We are absolutely open to any suggestions which can make the life of a genuine taxpayer easy," he said speaking at an International Tax Conference or-

Central Board of Direct Taxes chairman Sushil Chandra also urged firms and MNCs operating in India to pay their due share of taxes and said adequate safeguards had been put in place to ensure that anti-abuse provisions like GAAR were not misused

ganised by Assocham here. Foreign entities having income in India as well as domestic companies are required to withhold taxes on any payment to another party and deposit that tax with the government. Companies usually have to with-

hold taxes interest, royalties or fees paid for technical services.

Rahul Garg, Assocham co-chairman, National Council on Direct Taxes, said that the tax department issues refunds to the tune of ₹40,000-60,000 crore every year and hence the industry chamber has suggested a relook of the withholding tax scenario.

"Withholding tax deducted by various segments of business vary somewhere between 1-42%. Since the refund quantum is so large, we have suggested the department to analyse the class on investors to whom refund is due every year and reduce the TDS rate for them," Garg said.

Chandra added that the General Anti Avoidance Rules

(GAAR) will be used in exceptional circumstances and only to ensure that the country gets its due share of taxes.

GAAR will be invoked only if the tax provisions are misused, he said, adding that companies, firms or MNCs should believe in fair taxation.

Chandra said the policies of income tax department have been very transparent and are being decided after considering the concerns of stakeholders.

Under GAAR, which has come into effect from April 2017, the taxmen may potentially want to know whether the transaction was done in the normal course of business or conducted simply with the intention to avoid taxes.

Open to suggestions on easing TDS rates: CBDT chief

OUR BUREAU

New Delhi, August 23

The Central Board of Direct Taxes (CBDT) is open to suggestions on easing of tax deduction at source (TDS) rates, its Chairman Sushil Chandra has said.

He was addressing the 14th international tax conference, organised by industry body Assocham on Wednesday, where Rahul Garg, Chairman, National Council on Direct Taxes, Assocham, outlined the need for the government to review the current TDS system, both on the rates and coverage front.

Chandra said tax transparency and tax certainty were two key things that guide the principles of taxation for India. In tax transparency, India now has wide range of exchange of information from different countries through Double Taxation Avoidance Agreement, Tax Information Exchange Agreements and Mutual Acceptance Procedure.

"We have agreements with 130 countries and get information from these countries and it is easy to find out what activities are taking place. It is a global hub now from which we get information," Chandra said.

Exchange of information

He also said that the Common Reporting Standards platform had further strengthened the hands of the Indian taxman.

"September onwards, we are going to have more information from different countries on automated platform. We are also getting information from the US under FATCA. Therefore, to say that something will not come to the notice of the country is a thing of the past," Chandra said.

Nothing can be hidden and taxpayers should not be under the misconception that transactions can be done through certain hidden jurisdictions, he said.

'RBI to harmonise NBFC regulations'

Central bank looking at ombudsman for customers, says Deputy Governor

PRESS TRUST OF INDIA

New Delhi, August 23

There is scope for harmonising the regulations covering non-banking finance companies (NBFCs) and the Reserve Bank of India is moving in that direction, Deputy Governor NS Vishwanathan said here on Wednesday.

Currently, there are different regulations for various categories of NBFCs, creating scope for arbitrage.

"There is scope for harmonisation of regulations across NBFCs, and we are moving in the direction. We will get clar-

ity on this sooner than later," he said at an event organised by Assocham here.

"We are also required to create some new types of NBFCs because business demands it, the situation demands it. It is difficult at this moment to look at it within the larger NBFCs.

"So one, we have to create 'account aggregator' as an NBFC category. Secondly, we have put out a discussion paper on peer-to-peer (P2P) lending platforms. Hopefully, we will finalise the regulations soon."

The RBI had floated a con-

sultation paper in April 2016 on P2P lending platforms.

Although nascent in India and not significant in value yet, the potential benefits it promises to various stakeholders (borrowers, lenders and agencies) and its associated risks to the financial system are too important to be ignored, the consultation paper said.

The central bank is considering an 'ombudsman' scheme for redressal of customer grievances at non-banking finance companies in line with banks, Vishwanathan said.

He also said the RBI is not in favour of NBFCs accepting deposits from the public with a view to protect the interest of depositors.

'RBI not for NBFCs taking deposits'

'Licences given not to be revoked'

SPECIAL CORRESPONDENT
NEW DELHI

The Reserve Bank of India (RBI) is not in favour of allowing non-banking finance companies (NBFCs) to accept deposits, Deputy Governor N.S. Vishwanathan said.

"Taking deposits will bring with it the treasury function, which would make business tougher for NBFCs," Mr. Vishwanathan said addressing an Assocham event on NBFCs. "The RBI is not in favour of allowing NBFCs to take public deposits," he said.

Mr. Vishwanathan said the licences already given would, however, not be revoked.

The Deputy Governor said that NBFCs were one of the bright spots of the Indian economy, with ad-



N.S. Vishwanathan

vances growing by 14-15%, which was higher than at banks, Mr. Vishwanathan noted.

The RBI regulates NBFCs for three reasons, he said. The reasons include depositor protection, the fact that many NBFCs rely on banks to finance their liabilities and also to regulate the interface between customers and NBFCs.

