

WITHHOLDING TAX FOR FLIPKART DEAL

I-T expects Walmart to approach it for tax certificate soon

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The income tax (I-T) department expects US-based retail giant Walmart to seek a withholding tax certificate for the \$16-billion Flipkart acquisition within a fortnight.

The withholding tax certificate will help determine Walmart's tax liability on buying a 77 per cent stake in Bengaluru-based Flipkart. The deal got a nod from the Competition Commission of India (CCI) on Wednesday. "Now that CCI nod has come, Walmart is expected to close the deal within a week. We expect them to file with the I-T department seeking withholding tax certificate under section 197 in the next 15 days," said an income tax official on the sidelines of Assocham's tax conference.

Under Section 197, any NRI selling shares can give reasons to Indian authorities as to why they should be taxed at a lower rate or nil in India.

"The commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, the same is hereby approved," the CCI said in its order letter.

Withholding tax is tax deducted at source (TDS) on interest or dividends paid to an entity residing outside the country. Walmart last month assured the I-T department it would fulfill all tax obligations.

Flipkart had earlier shared the share purchase agreement with tax authorities to calculating the tax rate that would be applicable for investors in Flipkart, who are selling the shares to Walmart.

"The I-T department is going through the share-purchase agreement, reading in depth which investor has routed money from which jurisdiction and when and whether any treaty benefit applies to them," the official added.

Many investors in Flipkart, who sold their stake in the deal with Walmart, are non-residents. Flipkart's parent entity is registered in Singapore. SoftBank, Tiger Global, Accel Partners and Naspers were the

Just 0.35% tax evasion cases under scrutiny

Central Board of Direct Taxes Chairman Sushil Chandra said the income tax department picked only 0.35 per cent tax evasion cases for scrutiny of the 68.6-million returns filed for the 2018-19 assessment year.

He said the department had faith in the taxpayers, but would not allow evaders to go scot-free.

"We have increased the tax base and have full faith on taxpayers. Last year, we got 68.6 million returns and I have picked only 0.35 per cent cases for scrutiny. This means that 99.65 per cent of the returns filed can be at peace," Chandra said at an Assocham event.

He pointed out of the 0.35 per cent cases picked up for scrutiny, 0.15 per cent are for 'limited scrutiny' and 0.20 per cent are for 'full scrutiny'. **BS REPORTER**

major foreign investors in Flipkart.

The withholding tax rate in the case of long-term capital gains tax is 10-20% depending on the nature of the investment.

"According to the Indian withholding tax provisions, Walmart will be liable to deduct applicable income tax on payments made to seller non-resident entity while purchasing shares in Flipkart Singapore/ Flipkart India," said Rakesh Nangia, managing partner, Nangia Advisors.

In case the parties believe this transaction is not liable to income tax in India due to any tax treaty benefit, either purchaser or seller entity may approach the Indian tax authorities for obtaining Nilor lower withholding tax order, said Nangia. "Non-withholding of appropriate taxes shall entail interest and penal implications on Walmart," he added.

I-T department to scrutinise 0.35% of returns filed for FY18

FE BUREAU
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IN WHAT WOULD make the income tax department less intrusive, it would scrutinise only 0.35% of returns filed for the last fiscal, down from 1% earlier. While the department would repose faith in taxpayers, the enforcement action would be severe on tax evaders, Sushil Chandra, chairman of the Central Board of Direct Taxes (CBDT), said on Thursday.

"We have increased the tax base and have full faith on taxpayers. Last year, we got 6.86 crore returns and I have picked up only 0.35% cases for scrutiny. This means that 99.65% of the returns filed can be at peace," Chandra said at an event organised by ASSOCHAM.

He said of this 0.35% cases picked up for scrutiny, 0.15% are for 'limited scrutiny' and 0.20% are for 'full scrutiny'. "This shows that in only high tax evasion cases, we will go for scrutiny," Chandra said.

A scrutiny procedure in the income tax system pertains to a case where a taxpayer is required to provide a number of documents to the assessing officer after his or her case is picked up for a threadbare examination after study of their tax returns.

In 2017-18, the direct tax department collected Rs 10.03



lakh crore of revenue on account of income tax and corporate tax, a growth of 18% over last year.

Speaking on the status of operation Clean Money, which was launched to investigate suspicious deposits made into the bank accounts during the note ban period, Chandra said a large number of persons who received notice from the department had filed tax returns. However, for those who have failed to do so, the department would frame assessment orders.

Earlier this week, the government informed Parliament that it had received Rs 6,416 crore as self-assessed tax from over 2 lakh persons who were served with notices for depositing cash worth more than Rs 10 lakh after demonetisation, but had failed to file any income tax return. These notices were served to more than 3 lakh persons.

Only 0.35% of I-T returns under scrutiny: CBDT

FC BUREAU

New Delhi

THE income-tax department picked up only 0.35 per cent of 6.86 crore returns filed in FY18 for scrutiny suggesting most taxpayers need not worry of getting a notice.

The central board of direct taxes (CBDT) chairman Sushil Chandra said the department has faith in taxpayers, but added it will not allow tax-evaders to go scot-free.

"We have increased the tax base and have full faith in taxpayers. Last year, we got 6.86 crore returns and I have picked up only 0.35 per cent cases for scrutiny. This means 99.65 per cent of return filers can be at peace," Chandra said at an Assocham event here.

He said out of this, 0.35 per cent cases picked up for scrutiny, 0.15 per cent

is for 'limited scrutiny' and 0.20 per cent for 'full scrutiny'.

"This shows that in only high tax evasion cases, we will go for scrutiny," Chandra said.

The tax department has devised a system-based method in a centralised manner through CASS (computer-assisted scrutiny selection) for choosing returns for scrutiny. It is based on detailed analysis of risk parameters and 360-degree data profiling of taxpayers. Once a taxpayer is selected for scrutiny, he is required to provide a number of documents to the assessing officer to ascertain tax evasion.

Scrutiny of tax returns has been an issue of grievance for many assesseees. Earlier about 1 per cent of the income tax returns filed were picked up for scrutiny on random

basis. This has now been brought down to 0.35 per cent.

The tax authorities filed 4,700 cases for prosecution last year on the basis of data with the department.

"We are also making our enforcement unit stronger to deal with severely in case of a tax evasion," he said.

"You can send money to any tax haven or country but we have also got system of automatic exchange of information with many countries. Nobody is going to escape, we have information. People (tax evaders) think boundaries are too far, but the economic boundaries of different countries are very close to each other," he stressed.

In 2017-18, CBDT had collected 18 per cent more revenue at Rs 10.03 lakh crore on account of income tax and corporate tax on account of better compliance.

FOR 2017-18 'I-T dept picked 0.35% returns for scrutiny'

99.65% of the returns filed can be at peace: CBDT chief

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 9

EVEN AS it steps up efforts for prosecution against tax evaders, the income-tax department has chosen to opt for a lower level of scrutiny of income tax returns. Central Board of Direct Taxes (CBDT) Chairman Sushil Chandra on Thursday said that the income tax department has picked up only 0.35 per cent of the 6.86 crore returns for scrutiny filed for 2017-18.

Chandra said that the department has faith on the income tax payers, but will not allow evaders to scot free. "We have increased the tax base and have full faith on taxpayers. Last year, we got 6.86 crore returns and I have picked up only 0.35 per cent cases for scrutiny. This means that 99.65 per cent of the returns filed can be at peace," Chandra said at an Assocham event here. He said out of this 0.35 per cent cases picked up for scrutiny, 0.15 per cent are for 'limited scrutiny' and 0.20 per cent are for 'full scrutiny'. "This shows that in only high tax evasion cases, we will go for scrutiny,"

Out of this 0.35% cases picked up for scrutiny, 0.15% are for 'limited scrutiny' and 0.20% are for 'full scrutiny'

Chandra said. Earlier, about 0.8 per cent-1 per cent of the income tax returns filed were picked up for scrutiny by the department.

Chandra said less number of cases being picked up for scrutiny means that the tax department has full faith on people. "We are also making our enforcement unit stronger so that if there is a case of tax evasion, that will be dealt with severely". The tax authorities have filed 4,700 cases for prosecution last year on the basis of data with the department, he added.

Chandra said taxpayers should be honest with the details since information sharing has made it easier to nab evaders. "You can send your money to any tax haven or any country but we have also got system of automatic exchange of information with many countries...nobody is going to escape,

we have information. People (tax evaders) think that boundaries are too far off, but it is very clear that the economic boundaries of different countries are very close to each other," Chandra said.

On the notices sent to tax assesses based on the post-demonetisation deposits data, Chandra said that the department will file assessment orders if they have not filed returns. "We have issued 3.09 lakh notices last year on the basis of demonetisation data and many persons have filed returns into that and many will have to file returns, otherwise we will frame assessment orders," he said. The department will further simplify tax filing norms to help India improve its ranking in the Ease of Doing Business Index, the chairman said. "Compliance will have to be better. Enforcement will have to be stronger. Based on the data with us, we are taking enforcement action to instill some fear in the mind of tax evaders," Chandra added.

In 2017-18, the CBDT has collected Rs 10.03 lakh crore revenue on account of income tax and corporate tax, a growth of 18 per cent over last year.

'No tax scrutiny on 99.65% of returns filed'

New Delhi: The income tax department today said it has picked up only high tax evasion cases for scrutiny, which account for around 0.35% of the 6.86 crore returns filed for Assessment Year 2017-18.

Central Board of Direct Taxes (CBDT) chairman Sushil Chandra said that the department has faith on the income tax payers, but will not allow evaders to scot free.

"We have increased the tax base and have full faith on taxpayers. Last year, we got 6.86 crore returns and I have picked up only 0.35% cases for scrutiny. This means that 99.65% of the returns filed can be at peace," Chandra said at an Assocham event.

He said out of this 0.35% cases picked up for scrutiny, 0.15% are for 'limited scrutiny' and 0.20% are for 'full scrutiny'.

Scrutiny of I-T returns has been an issue of grievance for many assesseees. Earlier about 1% of the income tax returns filed were picked up for scrutiny. —PTI

