High Court Upholds Tax Relief to US Company

The Delhi high court recently dismissed a writ petition filed by the tax department relating to transfer of shares of an Indian listed company between two non-resident entities. In this case, US-based GoodyearBSE 0.12 % Tire and Rubber Company transferred its holding of 74% shares in Goodyear India BSE 0.12 % to its Singapore subsidiary without any consideration. The Authority for Advance Rulings (AAR) had ruled in 2011 that this particular transaction would not be subject to tax in India. The tax department filed a writ petition in the high court challenging the ruling. Long-term capital gain on the sale of listed shares in the country is exempt from tax in India. Only securities transaction tax is paid on such deals. Capital gain is considered to be long-term if the shares listed in India are sold after a holding period of 12 months. Given the facts of the case, the AAR had held that even if the 74% shareholding was transferred for a consideration and capital gains had arisen, it would be exempt from tax in India. Goodyear India was listed in India and the shares were a long-term capital asset in the hands of the US company, which was the transferor. The high court accepted AAR's view. While dismissing the writ petition, the high court emphasised that it was not exercising any appellate jurisdiction. The tax authorities by filing a writ had only invoked the extra-ordinary jurisdiction granted under the Constitution to the high courts.

(***Source:*** *www.businessline.com)*

I-T Department to Crack Whip on Big TDS Defaulters

The Income Tax department has decided to crack the whip on big companies and organisations that do not remit TDS money even after deducting it from their workers' salaries. The Central Board of Direct Taxes (CBDT), the controlling and administrative authority of the department, has asked all I-T ranges to identify such cases where revenue implication is large and initiate prosecution in competent courts. The action will be taken under Section 276B of the Income-tax Act which deals with "failure to pay tax to the credit of central government (I-T department)" and punishment under the said provision carries a rigorous imprisonment varying from three months to seven years of jail along with a fine. "The department has detected some big cases of non-compliance in depositing tax stipulated under the TDS (Tax Deducted at Source) category. The department has taken this violation seriously and I-T authorities have been asked to initiate prosecution in cases of high revenue and blatant violation of TDS remittance laws," a senior department official said.

(***Source:*** *http://www.business-standard.com/india/)*

Pay Income Tax Dues to Get Penalty Waiver: Finance minister

Finance minister P Chidambaram has said the income tax department may waive penalty if non-payers volunteer to clear their dues. "The tax authorities can take a benign view and waive the penalty," Chidambaram said recently. "They have done so in numerous cases in the past. This is your opportunity to file your returns, pay your tax and interest, if any, and apply for waiver of penalty." Chidambaram said the 35% jump in filing of income-tax returns was evidence that efforts to increase tax compliance had begun to pay off. A seventh of the 70,000 assessees who were sent reminders have so far disclosed their income and filed taxes. "These letters have had salutary effect. Over 10,000 recipients, of the first two lots of letters, have filed their returns and paid their tax dues," Chidambaram said. For the current fiscal, the revenue department has targeted a collection of ₹5.65 lakh crore under the direct taxes category.

(***Source:*** *http://www.economictimes.com)*

Tax Officials Dig Out Old Cases to Meet Target; Speed Up Probe

Tax evaders beware! Old cases are being dug up and pending investigations expedited by issuing demand notices to defaulters. As the current fiscal year draws to a close, tax evasion is being tackled head on to meet the indirect tax collection target for 2012-13. According to latest data, a shortfall of about ₹88,000 crore still exists to meet the ₹5.05 lakh crore target set by Finance Ministry for indirect tax collection, comprising service tax, excise and customs duties, in the current fiscal year. Officials in intelligence units under the Revenue department—Central Economic Intelligence Bureau (CEIB), Directorate General of Central Excise Intelligence (DGCEI) and Directorate General of Revenue Intelligence (DRI), among others—are on fast track to sniff out service tax, customs and excise duty evaders, sources said. About ₹4.17 lakh crore as indirect tax has been collected between April 2012 and February this year, it said.

(***Source:*** *http://www.expressindia.com)*