

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**INDIA-US RELATIONS ON STRONG FOOTING: FM  
INDIA REAFFIRMS ITS POSITION REGARDING RETROSPECTIVE  
AMENDMENTS IN CERTAIN TAX PROVISIONS**

**New Delhi: April 20, 2012**

The Union Finance Minister Shri Pranab Mukherjee said that the relations between India and the United States have evolved in recent years into a global strategic partnership, based on shared values and increasing convergence of interests on regional and global issues. He said that relations between two countries has deepened and grown across a broad range of areas. Shri Mukherjee was speaking during the bilateral meeting between India and US when he met the US Treasury Secretary Mr Timothy Geithner in the latter's office in Washington D.C. yesterday. Shri Mukherjee further said that our political and strategic engagement is at an unprecedented level. The Finance Minister Shri Mukherjee said that our cooperation in all areas, including defence, counter-terrorism, trade, investment, science and technology, education, and energy are growing.

During the meeting, both the leaders discussed bilateral economic and financial cooperation as well as the recent developments in the global economy.

The officials at the Indian Mission in Washington DC informed that US Secretary Mr Geithner and the Finance Minister Shri Mukherjee discussed the broad range of global and bilateral macro-economic and financial issues relating to foreign investment and tax matters. While discussing tax issues, Mr Geithner mentioned about certain amendments proposed in tax provisions of India's Income Tax Act with retrospective effect. In this regard, the Finance Minister Shri Mukherjee informed that the tax changes proposed are not substantive but clarificatory in nature as the changes reiterated only the intent of the legislation. During the meeting, it was also pointed out that as per Section 149 of the Income Tax Act, no tax cases can be opened beyond 6 years. It was also informed that tax cases which have already been assessed and finalized up to April 1, 2012 cannot be reopened. Further the Indian tax laws are very clear that the companies making capital gains from the assets located in India will have to pay taxes either in the country of their origin or in India. It is not a case of double taxation but ensuring that companies that are liable to pay

tax must pay some tax. On the issue of categorization of software sales as royalties, it was informed that discussions have been held in the past between the tax authorities in both the countries and they had agreed to disagree on such characterization.

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