

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**TEXT OF THE STATEMENT MADE BY THE FINANCE MINISTER IN RAJYA SABHA
YESTERDAY RELATING TO MAT ON FIIS**

New Delhi May 8, 2015
Vaisakha 18, 1937

A matter which has attracted considerable debate in the public space in recent weeks is the levy of Minimum Alternate Tax (MAT) on Foreign Institutional Investors (FIIs). The difficulties experienced by FIIs in this regard were brought to the notice of the Government when we were preparing the Budget for 2015-16. Considering their difficulty, the Finance Bill 2015-16 has provided exemption from MAT to the FIIs. Naturally, when an exemption is given, it takes prospective effect. In view of a ruling given by the Authority for Advance Rulings in 2012, it was not possible to provide retrospective exemption for the prior period. Perhaps, this matter should have been addressed in 2012 itself and resolved in one way or the other. The affected party had subsequently gone to the Supreme Court and the matter is pending in the Apex Court. Thus, it may be seen that as soon as the problem was brought to our notice, we have resolved the issue with immediate effect.

Recently, the affected party moved the Supreme Court for early hearing. On behalf of the Government, it was conveyed to the Supreme Court that Government has no objection to early hearing as we are also keen on a final settlement of this issue for the prior period by the Supreme Court. It is expected that the Supreme Court would fix an early date for hearing this case.

In the meantime, I have received a number of representations on this whole issue. We have, therefore, decided to refer this matter as well as a few other tax issues which are essentially legacy issues to a Committee to be headed by Justice A.P. Shah, Chairman of the Law Commission. The Committee will be requested to give its recommendation on the specific issue of MAT on FIIs expeditiously. The Government will consider the recommendations of the Committee and take an appropriate decision as early as possible.

Let me reiterate once again that in matters of taxation, the Government is fully committed to the principles of certainty of taxation, avoidance of retrospectivity and providing an enabling environment to business and investment, both domestic and foreign. We will ensure that these principles are adhered to in letter and spirit.
