

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**INDIA SIGNS MULTILATERAL CONVENTION ON MUTUAL
ADMINISTRATIVE ASSISTANCE IN TAX MATTERS**

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India has signed a Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The Convention was signed by Shri Sanjay Kumar Mishra, Joint Secretary, Foreign Tax & Tax Research Division, Department of Revenue, Ministry of Finance, Government of India in the presence of Deputy Secretary-General of OECD, Mr. Rintaro Tamaki. This instrument hitherto available for the members of OECD and Council of Europe was amended in 2010 and open for all countries in June 2011. The Convention was amended to respond to the 2009 G20 Summit call for developing a broader multilateral approach to improve the effectiveness of exchange of information, co-operation between the countries in the assessment and collection of taxes, with a view to combating tax avoidance and evasion.

Present signatories to the amended Convention are: Argentina, Australia, Belgium, Brazil, Canada, Denmark, Finland, France, Georgia, Germany, Iceland, India, Indonesia, Ireland, Italy, Japan, Korea, Mexico, Moldova, Netherlands, Norway, Poland, Portugal, Russia, Slovenia, South Africa, Spain, Sweden, Turkey, Ukraine, the United Kingdom, and the United States.

By signing the Convention, India and the other 31 signatories encourage more countries to join, sending a strong signal that countries are acting together to ensure that individuals and multinational enterprises pay the right amount of tax, at the right time and in the right place. Many more countries are expected to sign the Convention in future. This provides for a wider network of countries co-operating in exchange of information, assistance in tax collection etc. Out of the 31 signatories, 12 of them have ratified the Convention so far.

Salient features of this Multilateral Convention are

- It is based on international standard of transparency and exchange of information.
- This instrument is multilateral and a single legal basis for multi-country co-operation as against the DTAA/TIEAs which are bilateral. It provides for an extensive network and there will be consistent application of provisions leaving limited scope for deviation.
- It provides extensive forms of co-operation among the signatories on all taxes.
- It not only facilitates the exchange of information, but also provides for assistance in the recovery of taxes. This will give a fillip to the efforts of the Government in bringing the Indian money illegally stashed abroad.
- It provides for simultaneous tax examinations and participation in tax examinations in other countries. This provides for examination of tax affairs of the taxpayers simultaneously in their own territory and share the relevant information to each other. This allows tax officials to enter into the territory of the other country to interview individuals and examine records.
- The Convention explicitly provides for automatic exchange of information and spontaneous exchange of information.
- It provides for service of documents in other country.
- The Convention allows exchange of past information in criminal tax matters.
- The information received under the convention can also be used for other purposes besides those related to tax co-operation, for example to counter money laundering with the approval of the supplying state.

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