

Govt fixes Dec 31 deadline for retro tax settlement scheme

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The one-time offer to settle tax issues by waiving of interest and penalty, if the companies paid up the principal tax amount, had opened on June 1 this year.

Nearly two months after the offer opened, none of the companies have come forward and now the government wants to have a deadline for the scheme, sources privy to the development said.

After the scheme closes, the Income Tax Department will go ahead with tax demands and pursue legal course including arbitration, they said.

Sources said the government had asked Income Tax Department not to take any coercive action during the time the scheme is open.

Weeks before the scheme was announced by Finance Minister [Arun Jaitley](#) in his budget speech on February 29, the Income Tax Department had issued Vodafone a reminder over its Rs 14,200-crore tax demand and threatened to seize assets in case of non-payment.

UK oil explorer Cairn Energy is facing a tax demand of Rs 10,247 crore on alleged capital gains made in a 2006 business reorganisation it carried out in its India unit before getting it listed. The total tax due after including interest comes to over Rs 29,000 crore.

British telecom giant Vodafone is also facing a total demand of Rs 14,200 crore in tax, interest and penalty with regard to its USD 11 billion acquisition of 67 per cent stake in the mobile-phone business owned by Hutchison Whampoa in 2007.

Both firms raised their concerns over the tax demands and challenged the matter by initiating international arbitration.

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