



**SNR** & COMPANY  
CHARTERED  
ACCOUNTANTS



# SNR – INCOME TAX UPDATE

04<sup>th</sup> October 2021

To nullify the infamous ‘Vodafone’ Judgement by the Hon’ble Apex Court, the Government of India vide Finance Act, 2012 made amendments to section 9 of the Income Tax Act, 1961 so as to levy tax on indirect offshore transfer of Indian assets. Identifying the ill-effects of the amendments made in 2012, the Government vide The Taxation Laws (Amendment) Act, 2021 (2021 Act), *inter-alia*, amended the Income-tax Act, 1961 (Income-tax Act) so as to provide that no tax demand shall be raised in future on the basis of the amendment to section 9 of the Income-tax Act made vide Finance Act, 2012 for any offshore indirect transfer of Indian assets if the transaction was undertaken before 28th May, 2012 (i.e., the date on which the Finance Bill, 2012 received the assent of the President).

The 2021 Act also provides that the demand raised for offshore indirect transfer of Indian assets made before 28th May, 2012 (including the validation of demand provided under Section 119 of the Finance Act 2012) shall be nullified on fulfillment of specified conditions such as withdrawal or furnishing of undertaking for withdrawal of pending litigation and furnishing of an undertaking to the effect that no claim for cost, damages, interest, etc. shall be filed and such other conditions are fulfilled as may be prescribed. The amount paid/collected in these cases shall be refunded, without any interest, on fulfillment of the said conditions.

In order to specify conditions for applicability of 2021 Act and providing the form and manner for furnishing of undertaking for withdrawal of pending litigation, claiming no cost, damages, interest, etc, the Government has now notified Rules 11UE and 11UF under the Income Tax Rules, 1962. Rule 11UE shall strive to provide for the specified conditions in order to be eligible to claim relief under 2021 Act and Rule 11UF shall provide the form and manner of furnishing the undertaking for withdrawal of pending litigation, claiming no cost, damages, etc. The notification issued by the CBDT containing the details of the notified Rules 11UE and 11UF is appended as Annexure.



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