

**NEWS AND UPDATES – 05 February 2010**

**UPDATES**

**Finmin may not tinker with corp tax rate**

The finance ministry is likely to keep the corporate tax rate unchanged at 30%, as it faces stiff resistance from companies to the draft direct tax code's proposal to cut the rate to 25% and remove all exemptions.

**Brown writes to PM on Vodafone tax case**

Over a year after the Supreme Court dismissed telecom major Vodafone's petition challenging Indian tax authorities' jurisdiction over its \$11.2-billion acquisition of Hutchison Essar in 2007, UK Prime Minister Gordon Brown has written to Prime Minister Manmohan Singh warning that such tax treatment will affect India's investment climate. Brown's missive follows a showcause notice by the income tax department to Vodafone in October 2009 — that was a step towards raising a tax demand on the firm for \$1.7 billion on capital gains, and possibly even penalties with 18% annual interest since the transaction.

**CBDT to monitor advance tax payments of top companies**

Big corporations will now find it difficult to defer their advance tax payments. In a bid to meet its revenue collection targets, the Central Board of Direct Taxes (CBDT) has decided to monitor advance tax payments by top companies and persuade them not to defer such payment as self-assessment tax for the next financial year. CBDT convened a meeting of chief commissioners of income-tax today to discuss strategies for achieving the revenue collection target budgeted at Rs 3.7 lakh crore for the current financial year (2009-10) and internally reset at Rs 4 lakh crore.

**CASE LAW**

**Foreign law firms**

*Lawyers Collective v. Bar Council of India [2010] (186 Taxman 494 (Bom.))*

Decision:

Foreign law firms, by opening liaison offices in India, can carry on practice in non-litigious matters only on being enrolled as advocates under the Advocates Act, 1961.

**RGD & Co.**



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