

CAIRN 'FULFILS' RETRO TAX REPEAL STEPS, AWAITS RS. 7,900 CR. REFUND

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

U.K.'s Cairn Energy on Tuesday said it has complied with all rules of the retro tax repeal law to now become eligible for about Rs. 7,900 crore refund of taxes that were collected from it to enforce a retrospective tax demand.

As part of the settlement reached with the government in the seven-year-old dispute over the levy of back taxes, the company — which is now known as Capricorn Energy PLC — has withdrawn all cases that were brought to collect the tax refund ordered by an international arbitration tribunal after rescinding retrospective raising of demand, according to an advertisement it issued in Indian newspapers.

The government had initially contested the December 2020 arbitration award but in August 2021 brought a law to scrap all retrospective tax demands and refund money collected, after it faced prospects of assets being seized overseas to recover the refund due.

"The company has concluded all necessary steps under the rules of the India Taxation (Amendment) Act 2021 required for payment by the Government of India of a tax refund of approximately Rs. 7,900 crore," the company said in an operational and trading update. "Payment is expected to be made in early 2022."

The company on November 26, 2021, initiated proceedings to withdraw lawsuits it had filed to enforce an international arbitration award, which had overturned the levy of Rs. 10,247 crore retrospective taxes and ordered India to refund the money collected.

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