

Tax Dept Seizes ₹440-Cr Cairn Energy Dividend Income

Second seizure by the income tax authorities in bid to recover part of the ₹10,247-crore demand under retrospective tax law

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New Delhi: The Income Tax Department has seized a further ₹440 crore of dividend income due to Cairn Energy Plc to recover a part of the ₹10,247 crore tax demand it had raised on the British firm using a retrospective tax legislation.

The tax department had previously seized ₹666 crore of dividends due to Cairn from its 4.95% residual holding in Vedanta Ltd. It has also refused to pay tax refund of ₹1,594 crore due to Cairn as a result of overpayment of capital gains tax to recover the dues.

Sources said Anil Agarwal-owned Vedanta

had last month declared for shareholders a ₹21.2 per share dividend and a 7.5% payment on preference shares. For Cairn, total receivables came to about ₹440 crore. Vedanta transferred this to a separate account after an Income Tax Department order and it was



taken over by the authorities.

A spokesperson of the Central Board of Direct Taxes (CBDT) confirmed taking over the dividend, saying its assessment order dated March 9, 2015 raised a tax demand of ₹1,0247 crore. "This order was confirmed by the Dispute Resolution Panel on December 31, 2015. However, no demand was paid by the taxpayer at that stage," the spokesperson said.