

## Decisions taken by the Union Cabinet

- **Cabinet approves protocol amending the Agreement between India and Sri Lanka for avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income**

The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi, has approved the Signing and Ratification of the Protocol amending the Agreement between India and Sri Lanka for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

### **Impact:**

Updation of preamble text and inclusion of Principal Purpose Test, a general anti abuse provision in the Double Taxation Avoidance Agreement (DTAA) will result in curbing of tax planning strategies which exploit gaps and mismatches in tax rules.

### **Details:**

- The existing DTAA between India and Sri Lanka was signed on 22nd January, 2013 and entered into force on 22nd October, 2013.
- India and Sri Lanka are members of the Inclusive Framework and as such are required to implement the minimum standards under G-20 OECD BEPS Action Reports in respect of

their DTAA with Inclusive Framework countries. Minimum standards under BEPS Action 6 can be met through the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) or through agreement bilaterally.

- India is a signatory to the MLI. However, Sri Lanka is not a signatory to the MLI as of now. Therefore, amendment of the India-Sri Lanka DTAA bilaterally is required to update the Preamble and also to insert Principal Purpose Test (PPT) provisions to meet the minimum standards on treaty abuse under Action 6 of G-20 OECD Base Erosion & Profit Shifting (BEPS) Project.
- **Cabinet approves MoU between India and Iceland in the field of Sustainable Fisheries Development**

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, was apprised of a Memorandum of Understanding (MoU) signed between India and Iceland in the field of Fisheries. The MoU was signed on 10th September, 2019. The MoU will strengthen the existing friendly relations between India and Iceland and will enhance consultation and cooperation on Fisheries including consultation on bilateral issues.

The salient features of the MoU are:

- Creation of facilities for exchange of scientists and technical experts and their proper placement, especially in areas of estimating Total Allowable Catches in off shore and deep sea areas.
- Provision of training to fisheries professionals from key fisheries institutions in the various management aspects on areas of modern fisheries management and fish processing.
- Exchange of scientific literature research findings and other information.
- Exchange of experts / expertise to study the prospects of fishing. Processing and marketing of products from high seas fisheries for entrepreneurship development.

- **Cabinet approves proposal for capital infusion for OICL, NICL and UIICL**

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has given its in principle approval for capital infusion for three Public Sector General Insurance Companies, namely, Oriental Insurance Company Limited (OICL), National Insurance Company Limited (NICL) and United India Insurance Company Limited (UIICL).

In view of the above, Cabinet has allowed immediate release of Rs. 2500 Crore in the light of the critical financial position and breach of regulatory solvency requirements of 3 PSGICs viz. OICL, NICL and UIICL.

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