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Walmart told to detail tax liability of ex-shareholders

BY ET BUREAU | SEP 14, 2018, 07.52 AM IST

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BENGALURU: Even as Walmart deposited Rs 7,439.40 crore as withholding tax for \$16 billion investment in Flipkart, the income-tax department has written to the US retail giant asking it to provide details of the amount deducted from payments to each selling shareholder.

Walmart paid \$14 billion to buy shares from existing investors of India's largest online marketplace and put in \$2 billion as fresh investment in the transaction, which was completed last month.

Flipkart's Singapore entity has a complex investment structure and the authorities want more details from Walmart on the amount of tax deducted from the various shareholders who sold their stake.

Experts said the tax amount may vary, depending on where the shareholders are based and whether that country has a Double Taxation Avoidance Agreement with India.

"The tax department is being proactive in checking the breakup of the tax withheld by Walmart," said Amit Maheshwari, partner at chartered accountancy firm Ashok Maheshwari & Associates LLP. **"They want to understand whether taxes have been withheld properly or not and that is why they have asked Walmart for the list of the deductees from where they deducted tax."**

The tax authorities had set September 7 as the due date for depositing the withholding tax on the amount Walmart paid to the Flipkart shareholders. Walmart said it complied with all the obligations.



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"Following our Flipkart investment, we have now completed our tax withholding obligations under the guidance of the Indian tax authorities," a Walmart spokesperson said. "We will continue to work with authorities to respond to their queries."

Before the deal with Walmart was announced, Flipkart bought back shares from various investors and pared the number of investors to less than 50 to change the status of the company to a private one.

Japan's SoftBank, South Africa's Naspers and early backer Accel Partners were among the 44 Flipkart investors that sold their stake to Walmart. Cofounder Sachin Bansal is said to have made close to \$1 billion by selling his 5.5% stake. Investors continuing to hold a stake in Flipkart include Tiger Global Management and China's Tencent.

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