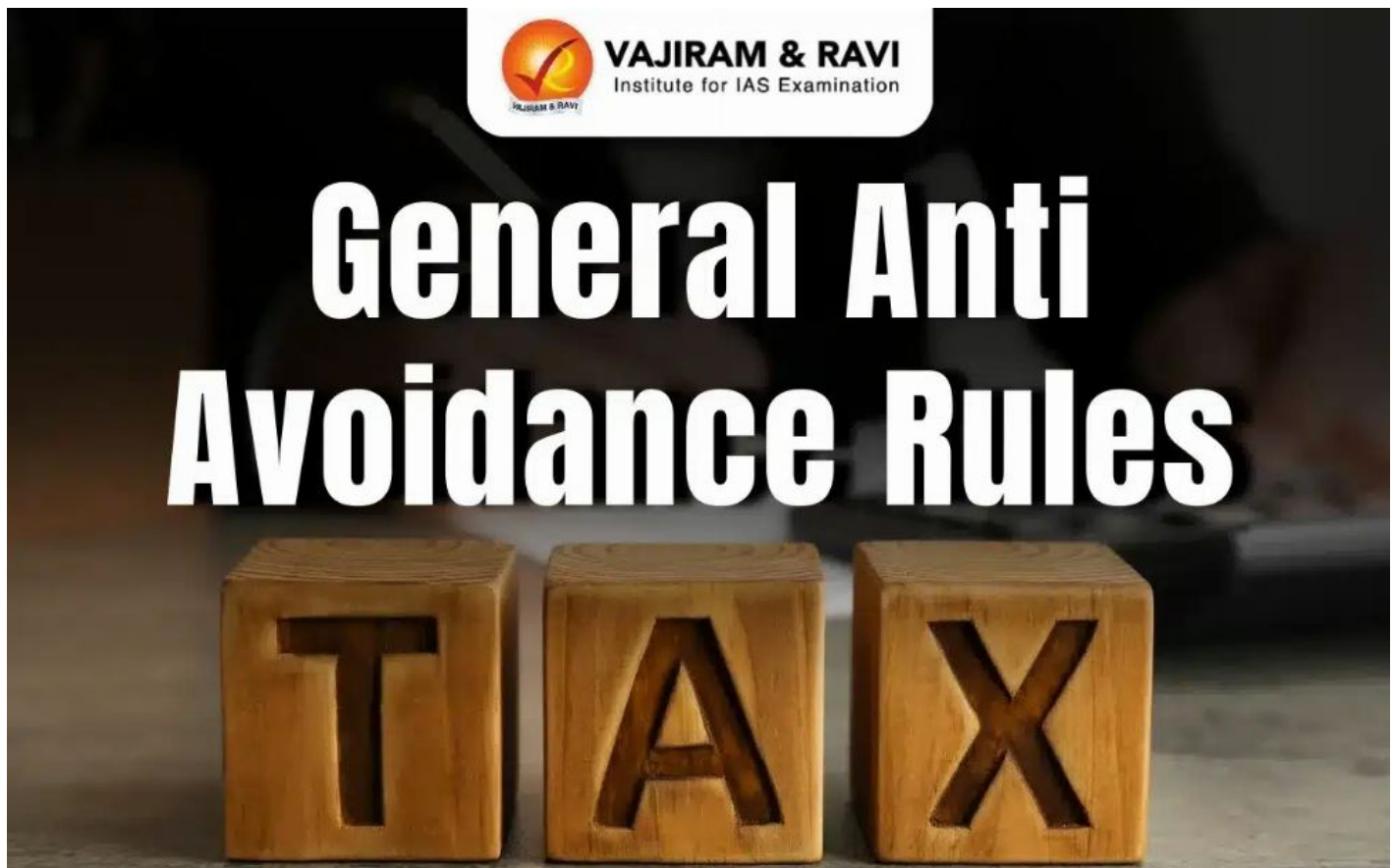


General Anti Avoidance Rules

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General Anti Avoidance Rules Latest News

India has amended income tax rules and has clarified that gains arising from assets acquired before April 1, 2017, will remain outside the ambit of general anti-avoidance rules (GAAR).

About General Anti Avoidance Rules

- It is an **anti-tax avoidance law** in India to **curb tax evasion and avoid tax leaks**.
- It came **into effect on 1st April 2017**. The GAAR provisions come **under the Income Tax Act, 1961**.
- It was recommended by the Parthasarathi **Shome Committee**.
- GAAR is a tool for **checking aggressive tax planning**, especially those transactions or business arrangements that are entered into with the objective of avoiding tax.
- **Aim:** It is specifically aimed at **cutting revenue losses that happen to the government** due to aggressive tax avoidance measures practiced by companies.
- It is meant to apply to **transactions that are prima facie legal**, but result in tax reduction.
- GAAR applies only if the **tax benefit exceeds ₹3 crore in a financial year**.

- GAAR provisions give wide powers to tax authorities to treat any arrangement or a transaction as an '**impermissible avoidance arrangement**' (IAA) and re-compute income and consequent tax implications.

Source: ET

Source: <https://vajiramandravi.com/current-affairs/general-anti-avoidance-rule-gaar/>

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