

Sebi, CBDT MoU aimed at enhancing market transaction scrutiny: Lawyers

Reena Zachariah : 2-3 minutes

Mumbai: The Securities and Exchange Board of India has signed a memorandum of understanding (MoU) with Central Board of Direct Taxes (CBDT) on Wednesday for data sharing on automatic and regular basis. Lawyers said the move is aimed at enhancing the tax department's scrutiny of stock market transactions that are aimed at evading taxes.

"The MoU will ensure that both CBDT and SEBI have seamless linkage for data exchange. In addition to regular exchange of data, CBDT and SEBI will also exchange with each other, on request and suo moto basis, any information available in their respective databases, for the purpose of carrying out scrutiny, inspection, investigation and prosecution," Sebi said in a statement.

The regulator said a data exchange steering group has been formed for the initiative, which will meet periodically to review the data exchange status and take steps to further improve the effectiveness of the data sharing mechanism.

"Sebi and IT Dept has been cooperating with each other for a long time for information sharing through various platforms such as Regional Economic Intelligence Committee (REIC). However, this MOU is important as it makes information sharing regular and automatic systematically. Most developed securities regulator have such understandings and IOSCO framework also encourages it," said Sumit Agrawal, Founder, Regstreet Law & former Sebi official.

The MoU comes into effect from Wednesday itself.

In the past, Sebi has cracked on several entities who had manipulated the stock prices of listed companies. The regulator had observed in the penny stock scam that promoters and market operators were using the stock exchange platform to evade taxes and launder black money.

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