



# Newsletter for the Month of April 2023

-BY TOKYO CONSULTING FIRM MUMBAI BRANCH

**Section 9 of Income Tax Act,1961 –  
Income deemed to accrue or arise in  
India include**

Income accruing or arising  
outside India , directly or  
Indirectly through or from

Any Business  
Connection in India

Any property/asset or  
source of Income in India

Transfer of Capital  
asset outside India



## **Amendment in withholding tax/Tax deducted at source (TDS). (w.e.f FY 2023-24)**

Section 195 – Tax on Royalty and Fees for Technical Service Fee in case of Foreign Company

Where total income of a Non-Resident (not being a company) or Foreign Company include

Any income by way of Royalty and Fees for technical services is received from

- Government
- OR
- An Indian concern

Withholding tax will be deducted under section 115A at 20% w.e.f from 01st April 2023 (instead of 10% upto 31st March 2023) for technical services payable be increased by Surcharge of 2% and Education Cess of 4% OR rates contained in the Double Taxation Avoidance Agreement (DTAA) between India and Foreign Country (whichever is more beneficial)

## Compliances if Non-Resident opts for deducting TDS as per DTAA

The Non-Resident will have to comply with the following -

1. Obtain Tax Residency Certificate from Income tax Authority of Foreign country
2. Declaration of no permanent Establishment in India
3. File Income tax Return in India
4. While making payment of corporate income tax in Foreign country, Non-Resident can take the tax credit of the withholding tax deducted in India subject to local country income tax laws and after obtaining Form 16A from i.e. withholding tax certificate