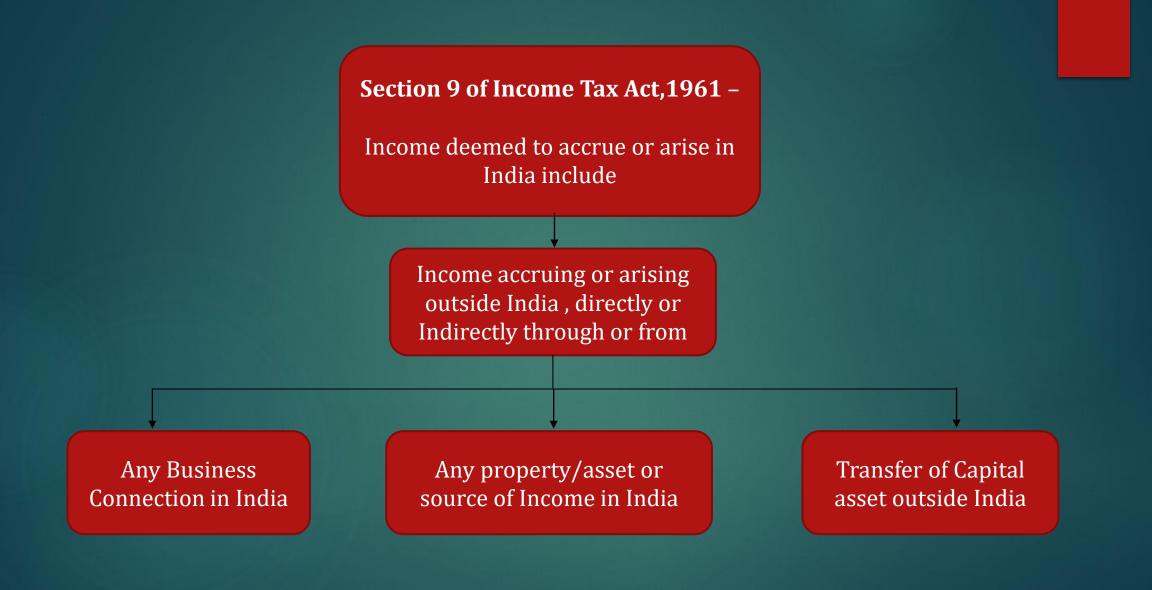


Newsletter for the Month of April 2023

-BY TOKYO CONSULTING FIRM MUMBAI BRANCH



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 con<u>cern</u>

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