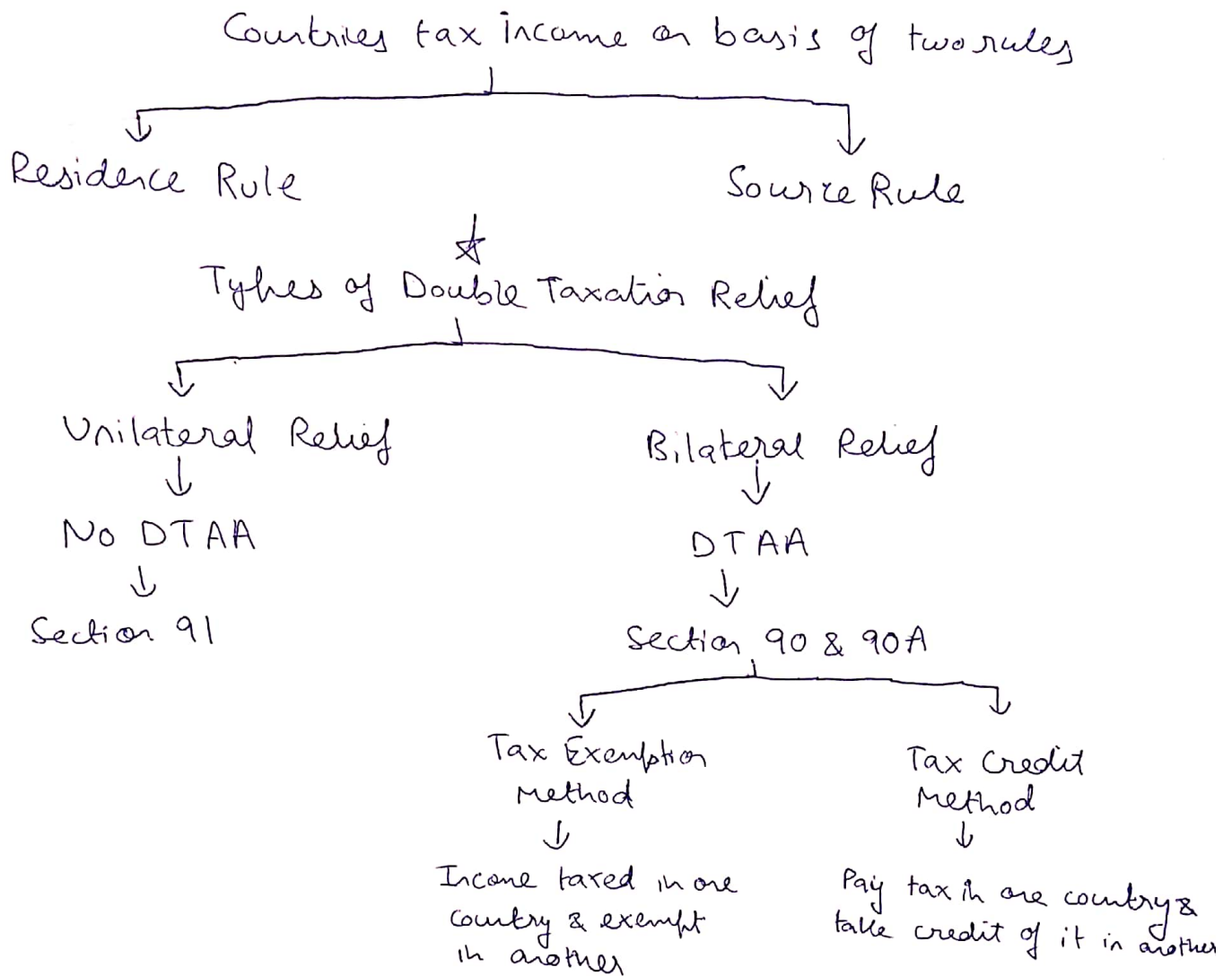


Double Tax Avoidance Agreement (DTAA)

→ a.k.a Tax Treaty & Tax Convention



* Section 90 → Signing DTAA ~~with~~ with Foreign Countries or territories

For: (a) Granting of relief for Double taxed income

(b) Exchange of Information

* Provision of $\begin{cases} \text{DTAA} \\ \text{or} \\ \text{IT Act} \end{cases}$ } w.e is more beneficial to the assessee shall apply

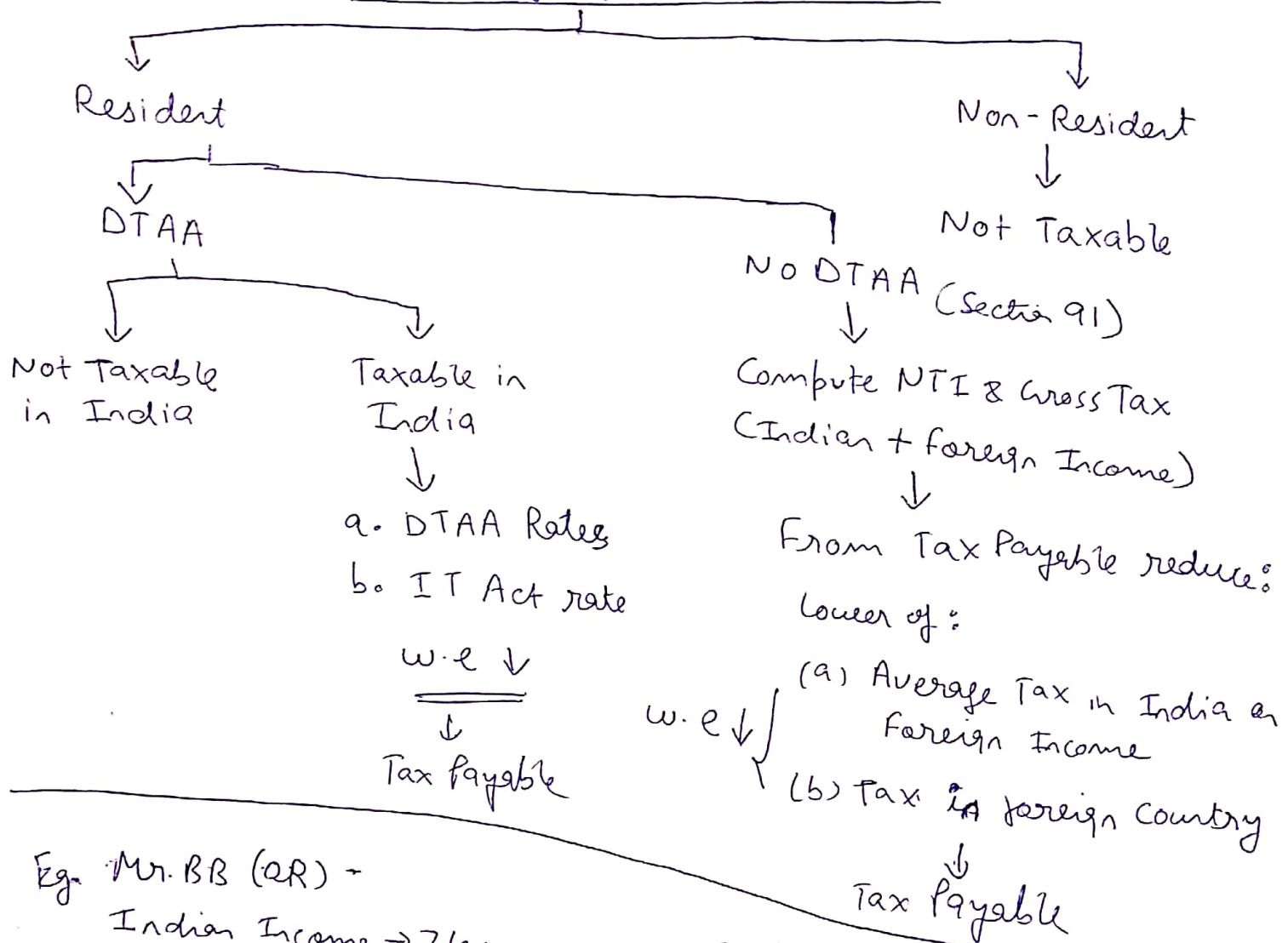
Provisions of GAAR always apply beneficial or not.

* Higher tax rate for Foreign company compared to Domestic company
↓
shall not be regarded as less favourable for Foreign company.

Meaning of Term in DTAA →

DTAA	IT Act	Take meaning given in
✓	✓	DTAA
X	✓	IT Act
X	X	Cg by Notification

Taxability of Foreign Income



Eg. Mr. BB (QR) -

Indian Income → 7 Lacs

Foreign Income → 5 Lacs

(25% TDS)

Total → 12 Lacs

Rebate u/s 91

(i) Tax Rate in foreign country = 25%.

(ii) Average Tax rate in India = $\frac{179500}{1200000} \times 100 = 14.95\%$

w.e ↓ 25% or 14.95% → 14.95%

Computation of Tax Liability

CSlab) IT on ₹12 Lacs → 172500
+ HEC @ 4% → 6900
Gross Tax → 179400
(-) Rebate u/s 91
(5 Lacs × 14.95%) → 74750
104650

Only on Foreign Income