



Global Business Tax Alert Sharp Insights

Notification¹ of Procedure for Filing Statement of Income from Specified Territory Outside India and Foreign Tax Credit

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¹ Notification No. 9/2017 dated 19 September 2017

Background

- Under the Income-tax Act, 1961 ('Act'), an assessee, being a resident shall be allowed credit of foreign tax paid by him / her in a country or specified territory outside India, by way of a deduction, in the year in which the income corresponding to such tax has been offered to tax or assessed to tax in India. The credit shall be in the manner and to the extent as specified in Rule 128 of the Income tax (18th amendment) Rules, 2016 (the Rules).
- As per Rule 128(9) of the Rules, the statement in Form 67 and the certificate or the statement specifying the nature of income and the amount of tax deducted shall be required to be furnished for the claim of Foreign Tax Credit (FTC).
- Recently, the Central Board of Direct Taxes (CBDT) has issued a Notification (No. 9/2017 dated 19 September 2017) prescribing the procedure for filing a statement of income from a country or specified territory outside India and FTC.
- The major changes introduced are discussed as under:

Key Highlights

Online filing of Form 67

- All assesseees who are required to file return of income electronically under section 139(1) of the Act as per rule 12(3) of the Rules, are required to prepare and submit form 67 online along with the return of income if credit is sought for the amount of any foreign tax paid by the assessee in a country or specified territory outside India, by way of deduction or otherwise, in the year in which the income corresponding to such tax has been offered to tax or assessed to tax in India.

Preparation of Form 67

- Form 67 shall be available to all assesseees. The assessee is required to login into the e-filing portal using valid credentials. A link for filing the Form has been provided under "e-File →Prepare and Submit Online Forms (Other than ITR)".
- Select Form 67 and the relevant assessment year from the drop down. Instructions to fill the form are enclosed along with the form. The completed Form 67 can be submitted by clicking on "Submit" button. Digital Signature Certificate or Electronic Verification Code is mandatory to submit Form 67.
- Submission of Form 67 shall precede the filing of return of income.

Conclusion

- Although, in 2016, CBDT issued FTC rules for providing mechanism / procedure to claim FTC in India, assesseees had been facing several issues for claiming FTC in India. Hence, CBDT has now prescribed a procedure for online filing of Form 67.
- Introduction of the procedure for filing statement of income online to claim FTC, is a welcome step. This is in accordance with government's intention to promote use of electronic communication for tax compliance matters. This procedure will smoothen the process of claiming credit on tax paid in foreign countries and will also eliminate or reduce the need for assesseees to visit the income-tax office to claim the due credit.

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