

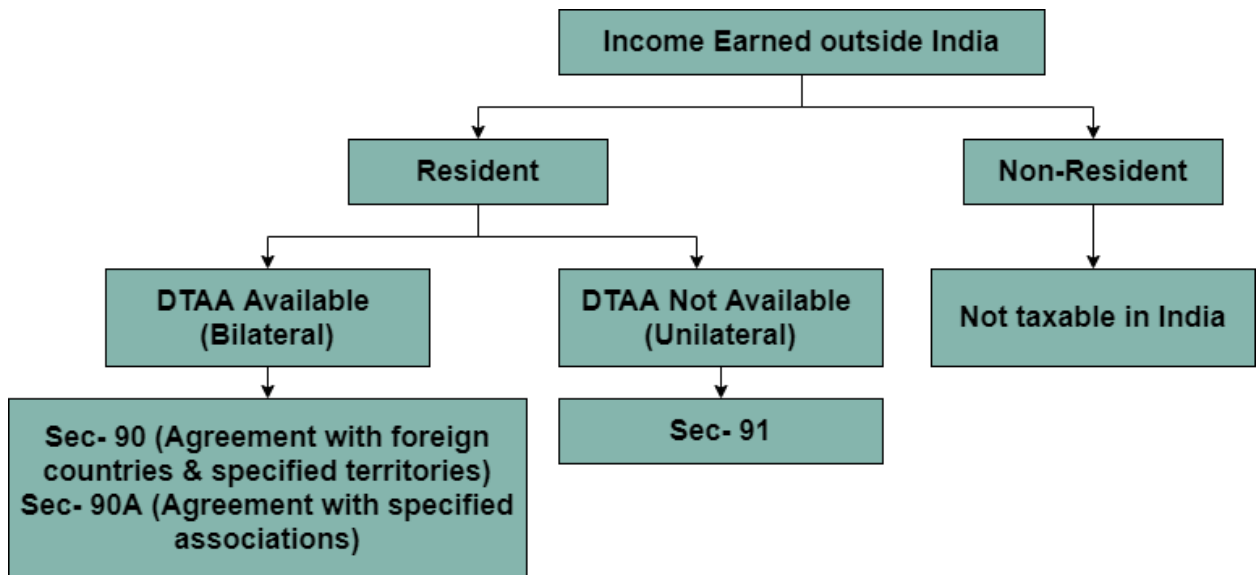
**SATURDAY INTERNATIONAL TAX GYAN !!!**  
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**Form-67: Foreign tax credit- Procedural aspects**

Given the wider scope of opportunities that other countries offer, it's not uncommon for a person to work in multiple countries. In such a situation the person might be in a dilemma that his income earned outside India might be taxed in India again as being resident of India, his global income will be taxable in India (Sec 5). To avoid such instances, countries sign a mutual understanding in the form of DTAA (Double Tax Avoidance Agreement) which allows them to get relief of tax paid in other countries.

**Foreign Tax credit:**

- Under Income Tax Act, Sec 90/90A/91 & Rule 128 governs to claim relief of double taxation.
- Foreign Tax Credit ('FTC') shall be allowed if as per DTAA, foreign income is taxable in India as well as foreign country. If there is no DTAA, then FTC shall be allowed as per section 91.



- **The credit available shall be the lower of the tax payable under the Act on such income and the foreign tax paid on such income.** If foreign income is 10,00,000 on which tax is deducted in foreign country is 4,00,000 and tax on such income in India is 3,00,000, then FTC shall be allowed for 3,00,000 and not 4,00,000.

## Form 67:

- To claim relief of double taxation whether u/s 90/90A/91, CBDT has issued **Form 67**, which needs to be filed by the assessee online, in the year in which the income corresponding to such tax has been assessed to tax in India. The form must be submitted before an individual files their tax returns.

## Procedure:

- The assessee is required to login into the e-filing portal.
- Then under E-file drop down, assessee needs to select Prepare and submit online Forms (Other than ITR).
- Select Form 67 from the drop down and instruction to fill the form are also enclosed with the form.
- Fill the details required in the form.
- **Digital Signature Certificate (DSC) or Electronic Verification Code (EVC) is mandatory to submit Form 67.**

## The attachment you need to submit the following statement and certificate: **\*Mandatory attachments\***

### 1. A statement of:

- foreign income offered to tax
- foreign tax deducted or paid on such income in Form No. 67

### 2. Certificate or statement specifying the nature of income and the amount of tax deducted therefrom or paid by the taxpayer:

- From the tax authority of the foreign country
- from the person responsible for the deduction of such tax
- signed by the taxpayer

### 3. Proof of payment of taxes outside India.

**If Form 67 is not filled, then credit of the tax paid in foreign country will not be claimed by the assessee.**

**Note: Return filed with form 67, will be processed by AO itself not through CPC.**

## Some important pointers:

- FTC shall be available against the amount of tax, surcharge and cess payable under the Act but not in respect of any sum payable by way of interest, fee or penalty.
- No FTC shall be available in respect of any amount of foreign tax which is disputed by the assessee.
- The credit shall be determined by conversion of the currency of payment of foreign tax at the SBI TTBR on the last day of the month immediately preceding the month in which such tax has been paid or deducted (Rule 26). Therefore, if the tax was deducted in foreign

country say on 10th Feb., 2019, then such tax shall be converted into Indian currency by applying SBI TTBR of foreign currency on 31.1.2019.

- In a case where any tax is payable under MAT/ AMT, the credit of foreign allowed against such MAT/ AMT in the same manner as is allowable against tax payable under the normal provisions of the Act.

**FORM NO. 67**

[See rule 128]

**Statement of income from a country or specified territory outside India and Foreign Tax Credit**

**PAQRT A**

- Name of the assessee
- Permanent Account Number or Aadhaar Number
- Address
- Assessment year
- Details of income from a country or specified territory outside India and Foreign Tax Credit claimed

Sl. No.	Name of the country/ specified territory	Source of income	Income from outside India	Tax paid outside India		Tax payable on such income under normal provisions in India	Tax payable on such income under section 115JB/JC	Credit claimed under section 90/90A			Credit claimed under section 91 Amount	Total foreign tax credit claimed
				Amount	Rate			Article No. of Double Taxation Avoidance Agreements	Rate of tax as per Double Taxation Avoidance Agreements	Amount		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
		Salary										
		House property										
		Business/ professional income										
		Long term capital gain										
		Short term capital gain										
		Interest income										
		Dividend										
		Royalty not being part of business income										
		Fees for technical services not being part of business income										
		Others (specify)										

**PART B**

1.(a) Whether any refund of foreign tax has been claimed in any prior accounting year as a result of carry backward of losses Yes/No

(b) If reply to (a) above is Yes, furnish the following details:—

(i) the accounting year to which such loss pertains .....

(ii) the accounting year(s) in which set off of carry backward of loss has been undertaken .....

(iii) refund claimed for the accounting year(s) .....

(iv) previous year to which refund referred to in (iii) relates .....

2.(a) Whether credit for any foreign tax has been claimed which is under dispute Yes/No

(b) If reply to (a) above is Yes, furnish the following details:—

(i) the nature and amount of income in respect of which tax is disputed .....

(ii) the amount of such disputed tax .....

**Verification**

I, ..... son/daughter of ....., holding [Permanent Account Number or Aadhaar Number] ..... solemnly declare that to the best of my knowledge and belief, the information given in Part A and Part B of the statement above is correct and complete and is truly stated.

I further declare that I am making this statement in my capacity as ..... and I am also competent to make this statement and verify it.

Verified today the ..... day of ..... 20 .....

Place: .....

(Signature)

**Note:** Attach certificate or statement and proof of payment/deduction of foreign tax as referred to in clause (ii) of sub-rule (8) of rule 128.

**Visit our website blog- <https://jainshrimal.com/topic/saturday-international-tax-gyan/> for previous case laws.**

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**Stay Healthy! Stay Safe!**

**Thank you**