

**Government of India
Ministry of Finance
Department of Revenue**

LOK SABHA
UNSTARRED QUESTION NO. †5532

TO BE ANSWERED ON FRIDAY, THE 7TH APRIL 2017

17 CHAITRA, 1939 (SAKA)

DTAA

†5532. PROF. CHINTAMANI MALVIYA:

SHRI SHER SINGH GHUBAYA:

DR. RAVINDRA KUMAR RAY:

Will the Minister of FINANCE (वित्त मंत्री) be pleased to state:

- (a) Whether India and Korea have signed any Double Taxation Avoidance Agreement; and
- (b) If so, the details thereof along with the purpose for signing the said agreement?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI SANTOSH KUMAR GANGWAR)

(a) Yes, Madam.

(b) Purpose of signing revised DTAA is to update it as per India's treaty policy and to encourage cross border flow of investments & technology. Details of the revised DTAA are as under:

- (1) In line with India's policy of taxation of capital gains on shares, the revised DTAA provides for source based taxation of capital gains arising from alienation of shares comprising more than 5% of share capital.
- (2) Withholding tax rates are reduced from 15% to 10% on royalties or fees for technical services and from 15% to 10% on interest income.

Contd...2/-

- (3) Shipping income from international traffic is to be exclusively residence based now.
- (4) Taxpayers of both countries can now apply for Mutual Agreement Procedure (MAP) in transfer pricing disputes due to insertion of Article 9(2).
- (5) The Article on Exchange of Information is updated to the latest international standard and new Articles for Assistance in Collection of Taxes and Limitation of Benefits to check treaty abuse have been inserted.
