

Key Points of Protocol Amending Tax Convention with India

1. Reinforcement of Exchange of Information

The Protocol provides for the effective exchange of information in terms of tax matters between the tax authorities of the two countries in accordance with latest international standards. After this revision, the tax authorities will be able to exchange information effectively based on the latest international standards.

2. Introducing Assistance in the Collection of Taxes

The Protocol introduces new provisions which allow the tax authorities of the two countries to lend assistance to each other in the collection of revenue claims. In the case of Japan, the taxes covered by the new provisions are the income tax, the corporation tax, the special income tax for reconstruction, the consumption tax, the inheritance tax and the gift tax.

3. Adding financial institutions exempted from tax on interest

The Nippon Export and Investment Insurance (hereinafter referred to as “NEXI”), General Insurance Corporation of India and New India Assurance Company Limited are added as those which are qualified for exemption from tax on interest at source.

In consequence, interest arising in India and derived by the NEXI or by a resident of Japan with respect to debt-claims insured by the NEXI will be exempted from tax on interest in India on and after 1st April of the calendar year next following that in which the Protocol enters into force.