

I-T dept allows taxpayers more time to claim credit for taxes paid overseas

AGENCIES

New Delhi

The income tax department on Friday said taxpayers can claim credit for taxes paid outside India before the end of the assessment year if the I-T return is filed within the stipulated deadline.

So far, Foreign Tax Credit (FTC) could have been claimed only if Form- 67 along with necessary documents were filed within the due date for filing the original return, thereby restricting the ability to claim credit for taxes paid outside India.

The Central Board of Direct Taxes (CBDT) has amended tax Rules providing relief to taxpayers in claiming Foreign Tax Credit (FTC).

In a tweet, the income tax department said "the Statement in Form No. 67 can now be furnished on or before the



end of the relevant Asstt Year".

The amendment operates retrospectively, so this benefit is available to all FTC claims filed during the current financial year, it added.

Nangia Andersen LLP Partner- Direct Taxation, Sachin Garg said the amendment has provided much-needed relief to taxpayers who can now claim FTC by furnishing Form- 67 along with necessary documents before the end of the assessment year if the return is filed within the original due date or date of filing belated tax return.

Taxpayers get more time to claim foreign tax credit

FE BUREAU
New Delhi, August 19

THE CENTRAL BOARD of Direct Taxes (CBDT) on Friday said taxpayers can claim credit for taxes paid overseas before the end of the assessment year if the income tax return is filed within the stipulated deadline, in a relief to such assesseees.

Hitherto, taxpayers could claim foreign tax credit (FTC) only if Form- 67, along with necessary documents were filed within the due date for filing the original return, thereby restricting the ability

The foreign tax credit can now be claimed even when filing an updated return of income provided Form-67 is furnished before filing such return

to claim credit for taxes paid outside India.

This created many challenges for Indian residents who had earned abroad and incurred foreign taxes on such income as their foreign tax returns were not finalised by then, said Alok Agrawal,

Partner, Deloitte India.

“CBDT amends Rule 128 of the Income Tax Rules, 1962, providing major relief to taxpayers in the matter of claiming foreign tax credit,” the income tax department tweeted.

Further, the FTC can now be claimed even when filing an updated return of income provided Form-67 is furnished before filing such return.

“This will certainly augment ease of doing business in India and prevent taxpayers from losing FTC permanently if Form-67 is not filed within the due date of filing

return of income,” Nangia Andersen Partner — Direct Taxation, Sachin Garg said.

AKM Global Head of Tax Markets Yeeshu Sehgal said this relaxation in filing Form-67 till the end of the assessment year instead of before the due date of filing the return is a relief to the taxpayers as they can claim FTC after filing the return as well.

The amendment is effective April 2022 and taxpayers can now file these documents by March 2023 in relation to their returns for tax year 2021-22.



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PTI ■ NEW DELHI

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The amendment operates retrospectively, so this benefit is available to all FTC claims filed during the current financial year, it added.

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"The FTC can now be claimed even when filing an updated return of income, provided Form 67 is furnished before filing such return. This

will certainly augment ease of doing business in India and prevent taxpayers from losing FTC permanently if Form 67 is not filed within the due date of filing return of income," Garg said.

AKM Global Head of Tax Markets Yeeshu Sehgal said this relaxation in filing Form-67 till the end of the assessment year instead of before the due date of filing the return is a relief to the taxpayers as they can claim FTC after filing the return as well.

"This will also lead to reduction in tax disputes pertaining to FTCs since there have been divergent interpretations on the allowability of FTC in case of belated and non-filing of Form 67 at present as tax rules do not mention any consequences for non-filing of such form," Sehgal added.

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