

## **India and Kazakhstan sign protocol to amend the Double Taxation Avoidance Convention (DTAC)**

India and Kazakhstan today signed a Protocol to amend the existing Double Taxation Avoidance Convention (DTAC) between the two countries, which was earlier signed on 9<sup>th</sup> December, 1996 for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income.

### **Salient features of the Protocol are as under:**

- The Protocol provides internationally accepted standards for effective exchange of information on tax matters. Further, the information received from Kazakhstan for tax purposes can be shared with other law enforcement agencies with authorization of the competent authority of Kazakhstan and vice versa.
- The Protocol inserts a Limitation of Benefits Article, to provide a main purpose test to prevent misuse of the DTAC and to allow application of domestic law and measures against tax avoidance or evasion.
- The Protocol inserts specific provisions to facilitate relieving of economic double taxation in transfer pricing cases. This is a taxpayer friendly measure and is in line with India's commitment under Base Erosion and Profit Shifting (BEPS) Action Plan to meet the minimum standard of providing Mutual Agreement Procedure (MAP) access in transfer pricing cases.
- The Protocol inserts service PE provisions with a threshold and also provides that the profits to be attributed to PE will be determined on the basis of apportionment of total profits of the enterprise.
- The Protocol replaces existing Article on Assistance in Collection of Taxes with a new Article to align it with international standards.

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Warm regards,

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