

## **India-Macedonia ink new DTAA**

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On 17th December, 2013, Republic of India and Republic of Macedonia had signed the new DTAA at New Delhi, India. Once the DTAA enters into force, it will provide relief to taxpayers from double taxation and thereby stimulate the flow of capital, technology and personnel between both the countries and will further strengthen the economic relationship between the two countries.

The salient features of this agreement are as under:

The agreement provides relief from double taxation to residents of India earning income in Macedonia and residents of Macedonia earning income in India.

The agreement provides that taxation of dividend, interest and royalty in the source country will not exceed 10 per cent.

The agreement provides for taxation of business income in the source country if the taxpayer has a permanent establishment there

The agreement provides for taxation of capital gains from securities in the source country.

The agreement has a 'limitation' of benefit article which provides that the benefit of this agreement will not be available to entity which has formed mainly to obtain benefits under this agreement.

The agreement is based on international standard of transparency and exchange of information and provides for exchange of information (including banking information) concerning taxes.

The agreement has a specific provision that the requested Party shall use its information-gathering measures to obtain the requested information even though that Party may not need such information for its own tax purposes.

The agreement provides for the representatives of the competent authority of the requesting Party to enter the territory of the requested Party to interview individuals

and examine records.

The agreement provides for mutual assistance in collection of taxes due in other country.

This agreement is expected to boost economic relationship between India and Macedonia.