



CBDT prescribes procedure for filing statement of income from a country or specified territory outside India and foreign tax credit

Background

The taxpayer, being a resident shall be allowed a credit for the amount of any foreign tax paid by him/her in a country or specified territory outside India, by way of deduction or otherwise, in the year in which the income corresponding to such tax has been offered to tax or assessed to tax in India, in the manner and to the extent as specified in Rule 128 of the Income-tax Rules, 1962 (the Rules).

As per Rule 128(9) of the Rules, the statement in Form 67 and the certificate or the statement specifying the nature of income and the amount of tax deducted shall be required to be furnished for the claim of Foreign Tax Credit (FTC).

Notification No.9/2017

Recently, the Central Board of Direct Taxes (CBDT) has issued a Notification¹, prescribing the procedure for filing a statement of income from a country or specified territory outside India and FTC. The procedure has been prescribed as follows:

Online filing of Form 67

The taxpayers who are required to file return of income electronically under Section 139(1) of the Income-tax Act, 1961 (the Act) read with Rule 12(3) of the Rules are required to prepare and submit Form 67 online along with the return of income if credit for the amount of any foreign tax paid by the taxpayer in a country or specified territory outside India, has been claimed by way of deduction or otherwise, in the year in which the income corresponding to such tax has been offered to tax or assessed to tax in India.

Preparation of Form 67

Form 67 shall be available to all the taxpayers' logins. The taxpayer is required to login into the e-filing portal using their valid credentials. A link for filing the form has been provided under 'e-File – Prepare and submit online forms (Other than ITR)'.

Select Form 67 and assessment year from the drop down. Instruction to fill the form are enclosed along with Form 67. The completed Form 67 can be submitted by clicking 'submit' button. Digital signature certificate or electronic verification code is mandatory to submit Form 67.

Submission of Form 67 shall precede the filing of return of income.

Our comments

Taxpayers have been facing several issues for claiming FTC in India. In 2016, CBDT issued FTC rules for providing mechanism/procedure to claim FTC in India. These rules provide much needed clarity in the area which has been a subject matter for litigation. Now, CBDT has also prescribed a procedure for online filing of Form 67.

Introduction of the procedure for filing statement of income online to claim FTC is a significant step towards the use of electronic communication for paperless statement/forms. This procedure will provide a hassle-free environment to claim credit on tax paid in foreign countries. This may eliminate the need for taxpayers to visit the income-tax office.

¹ CBDT Notification No. 9/2017, dated 19 September 2017

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