

TAX FLASH NEWS

22 August 2022

Income-tax Rules amended to allow claim of foreign tax credit even with delayed filing of Form 67

As per Income-tax Rules, 1962 (the Rules)¹, a resident individual shall be allowed a credit for the amount of foreign tax paid by him in a country outside India, in the year in which the income corresponding to such tax has also been offered to tax in India.

An individual claiming such foreign tax credit (FTC) in his/her Income tax return (ITR) will be allowed such credit only on furnishing of information in Form 67 and other relevant documents along with the return of income². Further, such Form 67 was required to be furnished on or before the due date of filing the return³.

In this regard, the Central Board of Direct Taxes (CBDT), vide Notification⁴, has amended the Rules⁵ to include the following:

- Form No. 67 for original return and belated return⁶ can now be furnished on or before the end of the assessment year relevant to the tax year in which such income was offered to tax.
- With respect to updated returns⁷, as introduced in Budget 2022, such Form 67 should be filed on or before such return is to be filed.
- It is also stated that the amendment applies to all the claims of FTC furnished during the financial year 2022-23.

Our comments

So far, Form 67 was required to be furnished on or before the filing of ITR, but within the due date for filing the original return. The clarifications issued by CBDT vide this notification allows for claim of FTC in respect of Form 67 filed after the due date as well, but before the end of the relevant assessment year. This will provide much needed relief to the taxpayer claiming FTC. Also, this gives flexibility to file form 67 anytime during the relevant assessment year and facilitates individuals to claim credit vide original return/ belated return/ updated return, as applicable.

Further, the notification allows for claim of FTC for Form 67 furnished during the financial year 2022-23. It would be pertinent that CBDT clarifies whether such amendment pertains to Form 67 filed pertaining to financial year 2021-22 as well (filed during the financial year 2022-23).

¹ Rule 128 of the Rules

² Notification No. 9 dated 19 September 2017

³ Section 139(1) of the Act

⁴ Notification No. 100/2022/F. No. 370142/35/2022-TPL dated 18 August 2022

⁵ Sub-rule (9) of the Rule 128 of the Rules

⁶ Section 139(4) of the Act

⁷ Section 139(8A) of the Act

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