

DTAA Rates

(As updated up to the Finance Bill, 2016)

One of the major aspects considered by businesses, while operating on an international scale, is the complexity of taxation systems existing in various jurisdictions. India being a major player in the world market has entered into comprehensive DTAA's with almost 92 countries in order to mitigate the taxation complexities and to facilitate international business transactions. We have compiled the tax rates in respect of Dividend, Interest, Royalty and Fees for Technical Services, based on the DTAA's entered into by India with various countries.

| Sr. No. | Country | Dividend [Note 1] | Interest | Royalty | FTS | Remarks |
|---------|------------------------|-------------------|--------------------|--------------------|-----------------------------------|---|
| | | Tax rate | Tax rate | Tax rate | Tax rate | |
| | Rate as per the IT Act | Nil [Note 1] | 20% [Note 6 and 7] | 10% [Note 3 and 7] | 10% [Note 3 and 7] | Rate as per IT Act (to be further increased by applicable surcharge and education cess) or DTAA rate, whichever is more beneficial shall apply. |
| 1. | Albania | 10% | 10% [Note 4] | 10% | 10% | |
| 2. | Armenia | 10% | 10% [Note 4] | 10% | 10% | |
| 3. | Australia | 15% | 15% | Note 5 | Covered under Article for Royalty | |
| 4. | Austria | 10% | 10% [Note 4] | 10% | 10% | |
| 5. | Bangladesh | 10% / 15% | 10% [Note 4] | 10% | No separate provision | 10% tax on dividends if at least 10% of the capital is owned by company; in any other case 15%. |
| 6. | Belarus | 10% / 15% | 10% [Note 4] | 15% | 15% | 10% tax on dividends if at least 25% of the shares are owned by company; in any other case 15%. |
| 7. | Belgium | 15% | 15% / 10% | 10% | 10% | 1. Interest taxable at 10% if recipient is bank; in any other case 15%. 2. MFN clause with respect to Royalty and FTS. |
| 8. | Botswana | 7.50% / 10% | 10% [Note 4] | 10% | 10% | 7.50% tax on dividends if at least 25% of the capital is owned by company; in any other case 10%. |

| Sr. No. | Country | Dividend [Note 1] | Interest | Royalty | FTS | Remarks |
|---------|----------------|-------------------|--------------------|-------------------------|-----------------------------------|---|
| | | Tax rate | Tax rate | Tax rate | Tax rate | |
| 9. | Brazil | 15% | 15% [Note 4] | 15% (25% for trademark) | Covered under Article for Royalty | 15% tax on dividends if paid to a company; in any other case as per domestic tax laws. |
| 10. | Bulgaria | 15% | 15% [Note 4] | 15% / 20% | 20% | 15% tax on royalties if relating to copyrights of literary, artistic or scientific works, other than cinematograph films or films or tapes used for radio or television broadcasting; in any other case 20%. |
| 11. | Bhutan | 10% | 10% [Note 4] | 10% | 10% | |
| 12. | Canada | 15% / 25% | 15% [Note 4] | Note 5 | Note 5 | 15% tax on dividends if at least 10% of the voting power is owned by company; in any other case 25%. |
| 13. | China | 10% | 10% [Note 4] | 10% | 10% | |
| 14. | Croatia | 5%/15% | 10% [Note 4] | 10% | 10% | 5% tax on dividends if at least 10% of the capital is owned by company (other than partnership); in any other case 15%. |
| 15. | Cyprus | 10% / 15% | 10% [Note 4] | 15% | 15% / 10% | 1. 10% tax on dividends if at least 10% of the shares are owned by company; in any other case 15%. 2. Technical Fees are taxable @10% under Article 13 and Fees for included Services is chargeable @15% under Article 12. |
| 16. | Czech Republic | 10% | 10% [Note 4] | 10% | 10% | |
| 17. | Colombia | 5% | 10% [Note 4] | 10% | 10% | |
| 18. | Denmark | 15% / 25% | 15% / 10% [Note 4] | 20% | 20% | 1. 15% tax on dividends if at least 25% of the shares are owned by company; in any other case 25%. 2. Interest taxable at 10% if recipient is bank; in any other case 15%. |
| 19. | Estonia | 10% | 10% [Note 4] | 10% | 10% | |
| 20. | Ethiopia | 7.50% | 10% [Note 4] | 10% | 10% | |
| 21. | Finland | 10% | 10% [Note 4] | 10% | 10% | MFN clause with respect to Dividend, Interest, Royalty and FTS. |

| Sr. No. | Country | Dividend [Note 1] | Interest | Royalty | FTS | Remarks |
|---------|------------|--|--------------|----------|-----------------------|---|
| | | Tax rate | Tax rate | Tax rate | Tax rate | |
| 22. | France | 10% | 10% [Note 4] | 10% | 10% | MFN clause with respect to Dividend, Interest, Royalty and FTS. |
| 23. | Fiji | 5% | 10% [Note 4] | 10% | 10% | |
| 24. | Georgia | 10% | 10% [Note 4] | 10% | 10% | |
| 25. | Germany | 10% | 10% [Note 4] | 10% | 10% | |
| 26. | Greece | Taxable as per domestic laws in source country | | | No separate provision | |
| 27. | Hungary | 10% | 10% [Note 4] | 10% | 10% | MFN clause with respect to Dividend, Interest, Royalty and FTS. |
| 28. | Indonesia | 10% / 15% | 10% [Note 4] | 15% | No separate provision | 1. 10% tax on dividends if at least 25% of the shares are owned by company; in any other case 15%. 2. The tax rates on dividend income, royalties and FTS (In the earlier DTAA, no separate provision for FTS) have been reduced to 10%, but the same is yet to be notified. |
| 29. | Iceland | 10% | 10% [Note 4] | 10% | 10% | |
| 30. | Ireland | 10% | 10% [Note 4] | 10% | 10% | |
| 31. | Israel | 10% | 10% [Note 4] | 10% | 10% | MFN clause with respect to Dividend, Interest, Royalty and FTS. |
| 32. | Italy | 15% / 25% | 15% [Note 4] | 20% | 20% | 15% tax on dividends if at least 10% of the shares are owned by company; in any other case 25%. |
| 33. | Japan | 10% | 10% [Note 4] | 10% | 10% | |
| 34. | Jordan | 10% | 10% [Note 4] | 20% | 20% | |
| 35. | Kazakhstan | 10% | 10% [Note 4] | 10% | 10% | MFN clause with respect to Dividend, Interest, Royalty and FTS. |
| 36. | Kenya | 15% | 15% [Note 4] | 20% | No separate provision | 17.50% tax in case of Management and Professional fees. |
| 37. | Korea | 15% / 20% | 15% / 10% | 15% | 15% | 1. 15% tax on dividends if at least 20% of the capital is owned by company; in any other case 20%. 2. Interest taxable at 10% if recipient is bank; in any other case 15%. |

| Sr. No. | Country | Dividend [Note 1] | Interest | Royalty | FTS | Remarks |
|---------|-----------------|--|---------------------------------------|----------|-----------------------|---|
| | | Tax rate | Tax rate | Tax rate | Tax rate | |
| 38. | Kuwait | 10% | 10% [Note 4] | 10% | 10% | |
| 39. | Kyrgyz Republic | 10% | 10% [Note 4] | 15% | 15% | |
| 40. | Latvia | 10% | 10% [Note 4] | 10% | 10% | |
| 41. | Libya | Taxable as per domestic laws in source country | | | No separate provision | |
| 42. | Lithuania | 5%/15% | 10% | 10% | 10% | 5% tax on dividends if at least 10% of the shares are beneficially owned by company (other than a partnership); in any other case 15%. |
| 43. | Luxembourg | 10% | 10% [Note 4] | 10% | 10% | |
| 44. | Macedonia | 10% | 10% [Note 4] | 10% | 10% | |
| 45. | Malaysia | 5% | 10% [Note 4] | 10% | 10% | |
| 46. | Malta | 10% | 10% [Note 4] | 10% | 10% | |
| 47. | Mauritius | 5% / 15% | Taxable as per domestic laws [Note 4] | 15% | No separate provision | 5% tax on dividends if at least 10% of the capital is owned by company; in any other case 15%. |
| 48. | Mongolia | 15% | 15% [Note 4] | 15% | 15% | |
| 49. | Montenegro | 5% / 15% | 10% [Note 4] | 10% | 10% | 5% tax on dividends if at least 25% of the capital is owned by company (other than a partnership); in any other case 15%. |
| 50. | Morocco | 10% | 10% [Note 4] | 10% | 10% | |
| 51. | Mozambique | 7.50% | 10% [Note 4] | 10% | No separate provision | |
| 52. | Myanmar | 5% | 10% [Note 4] | 10% | No separate provision | |
| 53. | Namibia | 10% | 10% [Note 4] | 10% | 10% | |
| 54. | Nepal | 5%/10% | 10% [Note 4] | 15% | No separate provision | 1. 5% tax on dividends if at least 10% of the shares are owned by company; in any other case 10%. 2. MFN clause with respect to Royalty, shall be applicable if Nepal enters into treaty with any other country for a lower rate on royalties. |

| Sr. No. | Country | Dividend [Note 1] | Interest | Royalty | FTS | Remarks |
|---------|---------------------|-------------------|---------------|----------|-----------------------|--|
| | | Tax rate | Tax rate | Tax rate | Tax rate | |
| 55. | Netherlands | 10% | 10% [Note 4] | 10% | 10% | MFN clause with respect to Dividend, Interest, Royalty and FTS. |
| 56. | New Zealand | 15% | 10% [Note 4] | 10% | 10% | |
| 57. | Norway | 10 % | 10 % [Note 4] | 10% | 10% | |
| 58. | Oman | 10% / 12.50% | 10% [Note 4] | 15% | 15% | 10% tax on dividends if at least 10% of the shares are owned by company; in any other case 12.50%. |
| 59. | Philippines | 15% / 20% | 15% / 10% | 15% | No separate provision | <p>1. 15% tax on dividends if at least 10% of the shares are owned by company; in any other case 20%.</p> <p>2. Interest taxable @ 10% if recipient is Financial Institution (including an insurance company) and where the interest is payable by a company resident of Philippines to a resident of India in respect of public issues of bonds, debentures or similar obligations. In any other case 15%.</p> <p>3. Royalty taxable @ 15% if it is payable in pursuance of any collaboration agreement approved by the Government of India. No rates prescribed in any other case.</p> |
| 60. | Poland | 10% | 10% [Note 4] | 15% | 15% | |
| 61. | Portuguese Republic | 10% / 15% | 10% [Note 4] | 10% | 10% | 10% tax on dividends if at least 25% of the capital stock is owned by company for an uninterrupted period of 2 years prior to the payment of dividend; in any other case 15%. |
| 62. | Qatar | 5% / 10%. | 10% [Note 4] | 10% | 10% | 5% tax on dividends if at least 10% of the shares are owned by company; in any other case 10%. |
| 63. | Romania | 10% | 10% [Note 4] | 10% | 10% | |
| 64. | Russian Federation | 10% | 10% [Note 4] | 10% | 10% | |

| Sr. No. | Country | Dividend [Note 1] | Interest | Royalty | FTS | Remarks |
|---------|---------------------|-------------------|--------------|-----------|-----------------------|---|
| | | Tax rate | Tax rate | Tax rate | Tax rate | |
| 65. | Saudi Arabia | 5% | 10% [Note 4] | 10% | No separate provision | |
| 66. | Serbia | 5% / 15% | 10% [Note 4] | 10% | 10% | 5% tax on dividends if at least 25% of the capital is owned by company (other than a partnership); in any other case 15%. |
| 67. | Singapore | 10% / 15% | 10% / 15% | 10% | 10% | 1. 10% tax on dividends if at least 25% of the shares are owned by company; in any other case 15%. 2. Interest taxable at 10% if recipient is bank or similar financial institution including an insurance company; in any other case 15%. |
| 68. | Slovenia | 5% / 15% | 10% [Note 4] | 10% | 10% | 5% tax on dividends if at least 10% of the capital is owned by company; in any other case 15%. |
| 69. | South Africa | 10% | 10% [Note 4] | 10% | 10% | |
| 70. | Spain | 15% | 15% [Note 4] | 10% / 20% | 10% | 1. 10% tax on royalties if paid for the use or right to use any industrial, commercial or scientific equipment; in any other case 20%. 2. MFN clause with respect to Royalty and FTS. |
| 71. | Sri Lanka | 7.5% | 10% [Note 4] | 10% | 10% | |
| 72. | Sudan | 10% | 10% [Note 4] | 10% | 10% | |
| 73. | Sweden | 10% | 10% [Note 4] | 10% | 10% | MFN clause with respect to Dividend, Interest, Royalty and FTS. |
| 74. | Swiss Confederation | 10% | 10% [Note 4] | 10% | 10% | MFN clause with respect to Dividend, Interest, Royalty and FTS. |
| 75. | Syria | 5% / 10% | 10% [Note 4] | 10% | No separate provision | 5% tax on dividends if at least 10% of the shares are owned by company (other than a partnership); in any other case 10%. |
| 76. | Tajikistan | 5% / 10%. | 10% [Note 4] | 10% | No separate provision | 5% tax on dividends if at least 25% of the capital is owned by company (other than a partnership); in any other case 10%. |

| Sr. No. | Country | Dividend [Note 1] | Interest | Royalty | FTS | Remarks |
|---------|---------------------|-------------------|--------------------|----------|-----------------------|---|
| | | Tax rate | Tax rate | Tax rate | Tax rate | |
| 77. | Tanzania | 5%/10% | 10% [Note 4] | 10% | No separate provision | 5% tax on dividends if at least 25% of the shares are beneficially owned by company; in any other case 10%. |
| 78. | Thailand | 15% / 20% | 25% / 10% [Note 4] | 15% | No separate provision | <p>1. 15% tax on dividends if at least 10% of the voting shares are owned by payee company and the payer is an industrial company, 20% if payer company is an industrial company or the payee company owns at least 25% of the voting shares; and in any other case as per the domestic laws of the payer company.</p> <p>2. Interest taxable at 10% if recipient is any financial institution including an insurance company; in any other case 25%.</p> <p>3. A revised DTAA has been signed with Thailand, which is effective from 1 April 2016. As per the Revised DTAA, the rate of withholding tax is 10% in respect of Dividend, Interest and Royalty. There is no specific provision with respect to FTS.</p> |
| 79. | Trinidad and Tobago | 10% | 10% [Note 4] | 10% | 10% | |
| 80. | Turkey | 15% | 10%/15% [Note 4] | 15% | 15% | Interest is taxable at 10% if recipient is bank, insurance company or similar financial institution; in any other case 15%. |
| 81. | Turkmenistan | 10% | 10% [Note 4] | 10% | 10% | |
| 82. | Uganda | 10% | 10% [Note 4] | 10% | 10% | |
| 83. | Ukraine | 10% / 15% | 10% [Note 4] | 10% | 10% | 10% tax on dividends if at least 25% of the capital is owned by company (other than a partnership); in any other case 15%. |

| Sr. No. | Country | Dividend [Note 1] | Interest | Royalty | FTS | Remarks |
|---------|------------------------------|---------------------|---------------------|--|-----------------------|---|
| | | Tax rate | Tax rate | Tax rate | Tax rate | |
| 84. | United Arab Emirates | 10% | 5% / 12.5% [Note 4] | 10% | No separate provision | Interest taxable at 5% if recipient is bank or similar financial institution; in any other case 12.50%. |
| 85. | United Arab Republic (Egypt) | As per domestic law | As per domestic law | Taxable in source country as per domestic tax rate | No separate provision | |
| 86. | United Kingdom | 15% / 10% | 15% / 10% [Note 4] | Note 5 | Note 5 | 1. Interest taxable at 10% if recipient is bank; in any other case 15%. 2. Dividend taxable at 15% where dividend is paid out of income derived directly or indirectly from immovable property. In other case-10%. |
| 87. | United Mexican States | 10% | 10% [Note 4] | 10% | 10% | |
| 88. | United States of America | 15% / 25% | 10% / 15% [Note 4] | Note 5 | Note 5 | 1. 15% tax on dividends if at least 10% of the voting stock is owned by company; in any other case 25%. 2. Interest taxable at 10% if recipient is bonafide bank or financial institution including an insurance company; in any other case 15%. |
| 89. | Uruguay | 5% | 10% [Note 4] | 10% | 10% | |
| 90. | Uzbekistan | 10% | 10% [Note 4] | 10% | 10% | |
| 91. | Vietnam | 10% | 10% [Note 4] | 10% | 10% | |
| 92. | Zambia | 5% / 15% | 10% [Note 4] | 10% | 10% | 1. 5% tax on dividends if at least 25% of the shares are owned by company during a period of 6 months immediately preceding the date of payment of dividend; in any other case 15%. |

Notes:

1. As per section 115-O of the IT Act, subject to certain exceptions, any amount declared, distributed or paid by a domestic company by way of dividend shall be chargeable to DDT effectively @ 20.3576%. In such cases, dividend distributed (which is subject to DDT) is not subject to any withholding tax and is tax exempt in the hands of the recipient shareholders. The rates mentioned in the above table are applicable to dividend other than the dividend declared, distributed or paid by Indian companies on which DDT is applicable. [Such as deemed dividend under Section 2(22)(e) of the IT Act.]
2. Unless otherwise provided in the DTAA, both the countries have right to tax.
3. With effect from FY 2015-16, the rate of tax under the IT Act on Royalty and/or FTS receivable by a non-resident has been reduced to 10% (plus applicable Surcharge and Education Cess) by the Finance Act, 2015. As per section 90(2) of the IT Act, tax rate as per the provisions of DTAA or the IT Act, whichever is beneficial to the assessee, shall apply. For availing the benefit of DTAA, furnishing of TRC and self-declaration in Form 10F by the payee shall be mandatory.
4. Interest derived and beneficially owned by the Government, a political subdivision or a local authority or certain institutions like the RBI or Central Bank of other State or any other institution as may be agreed upon is exempt from taxation in the country of source.
5. Tax rate is 10% in case of Royalties for equipment rental and fees for services ancillary or subsidiary thereto. For other cases, the tax rate is 15%. However, for first 5 years of the agreement, the rate is 20% in case of payer other than Government or specified institution and 15% for the subsequent years.
6. Lower withholding tax of 5% is applicable in case of interest on borrowing in foreign currency, interest on long term bond including long term infrastructure bond, interest from infrastructure debt fund and interest on rupee denominated bond and government securities.
7. In case, the payee is not able to furnish his PAN to the payer, tax shall be deducted at the higher of the following rates (i) rate specified in the relevant provisions of the IT Act (ii) at the rate or rates in force (iii) at the rate of 20%. It is proposed to amend section 206AA of the IT Act so as to provide that tax shall not be deducted at a higher rate in case of non-residents not having PAN, subject to prescribed conditions which are yet to be prescribed.