

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4621
ANSWERED ON:23.04.2010
DOUBLE TAXATION AVOIDANCE AGREEMENT
Deo Shri Kalikesh Narayan Singh

Will the Minister of FINANCE be pleased to state:

- (a) the details and rationale behind the Double Taxation avoidance agreement with the South Korea; and
- (b) the details of instances wherein the provisions of such agreement are invoked?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(S. S. PALANIMANICKAM)

- (a) Indian Government entered into Double Taxation Avoidance Agreement(DTAA) in 1990 with South Korea for
 - (iv) granting relief in respect of income-tax chargeable under Income-tax Act, 1961 and under the corresponding law in force in South Korea to promote mutual economic relations, trade and investment;
 - (v) for the avoidance of double taxation of income under Income-tax Act, 1961 and under the corresponding law in force in South Korea; and
 - (vi) for exchange of information for the prevention of evasion or avoidance of income-tax chargeable under Income-tax Act,1961 or under the corresponding law in force in South Korea.
- (b) DTAA with South Korea provides for 30 Articles relating various aspects viz., with respect to different sources of income i.e., business profits, shipping income, air transport income, dividends, interest, royalties, fees for technical services, capital gains, independent and dependent personal services, income of artists, athletes, students, teachers, etc. These Articles of the DTAA came into force with effect from 1st April, 1991. Various provisions of DTAA are invoked by the residents of both the countries in respect of different sources of income. Details of instances of relief in each category of income by various residents amounts to verification of voluminous returns furnished by a large number of assesseees throughout the country. Instances reveal that mainly shipping, infrastructure and engineering companies availed relief from double taxation.