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INDIA AND THE REPUBLIC OF FIJI SIGN DOUBLE TAXATION AVOIDANCE AGREEMENT (DTAA) FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

New Delhi, January 30, 2014
Magha 10, 1935

The Government of the Republic of India signed a Double Taxation Avoidance Agreement (DTAA) with the Government of Republic of Fiji for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income. The Agreement was signed here today by Shri P. Chidambaram, Union Minister of Finance on behalf of the Government of India and by Mr. Aiyaz Sayed-Khaiyum, Attorney General and Minister of Justice, Anti-Corruption, Public Enterprises, Communications, Civil Aviation, Tourism, Industry and Trade, on behalf of the Government of Republic of Fiji.

Speaking on the occasion, the Finance Minister Shri P. Chidambaram said that the need for the DTAA between the two countries was felt and negotiations were completed in 2011. He said that the Agreement will provide tax stability to the residents of India and Fiji and facilitate mutual economic cooperation as well as stimulate the flow of investment, technology and services between India and Fiji. The Finance Minister further said that the Agreement incorporates provisions for an effective exchange of information and assistance in collection of taxes between tax authorities of the two countries including exchange of banking information.

The DTAA provides that business profits will be taxable in the source State if the activities of an enterprise constitute a permanent establishment in the source state. Profits derived by an enterprise from the operation of aircraft in international traffic shall be taxable in the country of place of effective management of the enterprise. Dividends, interest, royalty income and fees for technical or professional services will be taxed both in the country of residence and in the country of source. However, the maximum rate of tax to be charged in the country of source will not exceed the prescribed limit for such dividends, interest, royalties and fees for technical services. Capital gains from the sale of shares will be taxable in the country of source. The Agreement also incorporates anti-abuse provisions to ensure that the benefits of the Agreement are availed of only by the residents of the two countries and to prevent any abuse of treaty.

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