PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA
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**DOUBLE TAXATION AVOIDANCE AGREEMENT BETWEEN INDIA AND MOZAMBIQUE NOTIFIED**

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The Government of India notified the Double Taxation Avoidance Agreement (DTAA) with the Government of Mozambique for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income on 31st May, 2011.

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. Examples of permanent establishment include a branch, factory, office, place of management, etc. Profits of a construction, assembly or installation projects will be taxed in the state of source if the project continues in that state for more than 12 months.

Profits derived by an enterprise from the operation of ships or aircraft in international traffic shall be taxable in the country of residence of the enterprise. Dividends, interest and royalties income 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 7.5% in the case of dividends and 10% in the case of interest and royalties. Capital gains from the sale of shares will be taxable in the country of source.

The DTAA further incorporates provisions for effective exchange of information and assistance in collection of taxes between tax authorities of the two countries in line with internationally accepted standards including exchange of banking information and incorporates anti-abuse provisions to ensure that the benefits of the Agreement are availed of by the genuine residents of the two countries.

The DTAA will provide tax stability to the residents of India and Mozambique and facilitate mutual economic cooperation as well as stimulate the flow of investment, technology and services between India and Mozambique.

**DSM/SS/GN**