

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**PROTOCOL AMENDING INDIA-AUSTRALIA DTAA SIGNED;
UPDATED FOR EFFECTIVE EXCHANGE OF INFORMATION ON
TAX MATTERS**

New Delhi, Agrahayana 25, 1933
December 16, 2011

The Protocol amending India-Australia Double Taxation Avoidance Agreement (DTAA) was signed, here today by Shri. S. S. Palanimanickam, Minister of State for Finance and Mr. Bill Shorten, Minister for Employment and Workplace Relations & Minister for Financial Services and Superannuation, Government of Australia. The original India-Australia DTAA was signed way back in 1991.

The Protocol was finalised in February, 2011. This has a number of good features. The Exchange of Information Article is updated to internationally accepted standards for effective exchange of information on tax matters including bank information and also for exchange of information without domestic tax interest. It is further provided that the information received from Australia in respect of a resident of India can be shared with other law enforcement agencies with authorisation of the competent authority of Australia and vice-versa. This facilitates higher degree of mutual co-operation between two countries.

The Protocol provides that India and Australia shall lend assistance to each other in the collection of revenue claims. The assets or moneys kept in one country can be recovered by the other country for the purposes of recovery of taxes by following certain conditions and procedure.

Further, the concept of non-discrimination provision was not in the existing treaty. Hence, now it is provided that nationals of one country shall not be discriminated against the nationals of the other country in the same circumstances in line with international practices.

In the existing treaty with Australia, no threshold limit for determining permanent establishment was provided. This is not in line with other treaties and international practice. Hence, threshold limit to avail the exemption for service, exploration and equipment permanent establishments and taxation thereof have been rationalised to encourage cross border movement of capital and services between the two countries.

DSM/SS/GN