

## **FOREIGN TAX CREDIT (FTC)**

Foreign Tax Credit (FTC) to resident taxpayers on income earned in foreign jurisdiction.

The Notification giving reference to Income-tax (18th Amendment) Rules, 2016 comes into effect from 01st day of April, 2017.

Points to be noted by RESIDENTS OF INDIA REPORTING GLOBAL INCOME:

- The FTC shall be granted only when the taxpayer has paid the foreign tax on the income taxable in India.
- The FTC shall be granted in the year in which such income is offered to tax / assessed to tax in India.
- If such income is offered to tax / assessed to tax in India in more than one year, then the FTC shall be granted in proportion to the income in which it is offered to tax / assessed to tax.
- FTC is available only in respect of tax, surcharge and cess payable on such income but not against interest or penalty.
- If the foreign tax or part thereof is a subject matter of dispute in foreign country, then FTC shall not be granted, unless such dispute attains finality and evidences to such extent should be furnished within six months from the end of the month in which dispute attains finality.
- FTC shall be determined by conversion of the currency of payment of foreign tax at the telegraphic transfer buying rate on the last day of the month immediately preceding the month in which such tax has been paid or deducted.

By,

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**For further assistance –  
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