

Savitribai Phule Pune University (formerly University of Pune)



Finance & Accounts Department
(An ISO 9001:2008 Unit)

Circular

Sub: Taxability in respect of Teachers and Researchers from Foreign countries visiting India

It has been observed that academic departments invites teachers/researchers from foreign countries under MoUs/MOAs with the foreign Universities. These teachers/researchers are paid honorarium for the lectures delivered by them either for teaching course or as a resource person for Seminar/workshop/lecture series.

The amount paid to these foreign Nationals fall within the ambit of Taxability of the Income Tax Act, 1961. As per the Section 90 and 90A of the Income Tax Act, 1961, Foreign Nationals/NRI's can avoid double taxation (meaning: getting taxed on the same income twice in the country of residence and India) by seeking relief from Double Tax Avoidance Agreement (DTAA) between the two countries.

Brief Information about DTAA is mentioned below.

1. Double Tax Avoidance Agreement or DTAA is an agreement between two countries to help avoid taxation of an income in both the countries. If income of an expatriate is taxable in India as well as another country, the expatriate can take the benefit of DTAA and avoid paying double tax on such income.
2. Taking benefit of a DTAA involves obtaining a Tax Residency Certificate (TRC) that helps identify and certify tax residency status to make sure the correct DTAA has been applied.

General Provisions of DTAA:

PROFESSORS AND TEACHERS

1. Where a professor or teacher who is a resident of one of the Contracting States visits the other Contracting State for a period not exceeding two years for the purpose of teaching or carrying out advanced study or research at a University, college, school or other educational institution, any remuneration that person receives for such teaching, advanced study or research shall be exempt from tax in that other State to the extent to which such remuneration is, or upon the application of this Article will be, subject to tax in the first-mentioned State.
2. This Article shall not apply to remuneration which a professor or teacher receives for conducting research if the research is undertaken primarily for the private benefit of a specific person or persons.

Under DTAA, there are two methods to claim tax relief –

- **Exemption method**
- **Tax credit method.**

By exemption method, Foreign Nationals/NRI's are taxed in only one country and exempted in another. In tax credit method, where the income is taxed in both countries, tax relief can be claimed in the country of residence. **For University it would be convenient to follow Exemption Method.**

Following documents needs to be submitted in advance to comply with the provisions of the Income Tax Act for claiming benefit under DTAA.

1. SELF DECLARATION-CUM INDEMNITY FORM

This form is to be submitted in the format prescribed by the University **(Copy attached)**. Information such as account number, country of residence, period for which TRC is submitted, tax rate applicable under DTAA needs to be mentioned in the form.

2. TAX RESIDENCY CERTIFICATE (TRC)

Foreign National should submit "The Tax Residency Certificate (TRC)". TRC can be obtained from the government of the country in which the Foreign National or NRI resides. Certain information in the TRC is mandatory. They have to be furnished to make a valid submission of TRC to the Indian tax deductor.

Name, status (individual , company, firm etc), address, nationality, country, tax identification number of the person in that country, tax status, period for which the tax certificate is issued should all be mentioned in the TRC. The TRC containing details mentioned above should be duly verified by the government of the country or the specified territory of which the NRI claims to be a resident for the purposes of tax.

No other document in lieu of the TRC shall be considered for availing the benefits under DTAA.

3. OTHER DOCUMENTS

The NRI is required to submit a self-attested copy of PAN card/Income Tax Identification document and a self-attested copy of his passport and visa. If the passport has been renewed during the financial year, a copy of PIO card will also have to be submitted.

Following points should be consider while giving the benefit of DTAA

1. DTAA agreement varies from country to country. It is very important to refer to the DTAA of that particular country before giving this benefit.
2. **In case of Non-Submission of the TRC, Tax will be deducted at the rate 30% (currently) as per the provisions of Income Tax Act.**

Ref.: **FAO/2016-17/944**
Date: **03/08/2016**


CA (Dr.) Vidya Gargote
Finance & Accounts Officer

To,

1. Head of the University Departments
2. Incharge, DFU / CFU

SELF DECLARATION CUM REQUEST LETTER FOR DTAA BENEFITS

To,
Savitribai Phule Pune University
Pune 411 007.

I, _____ son / daughter of _____

Aged _____ years, presently residing at _____

_____ (Complete

Overseas residential address)* do hereby solemnly declare and affirm on oath as follows:

- a. I am a resident/domiciled in _____ as referred to under Article 4 of the Double Taxation Avoidance Agreement entered into between India and _____ (country of tax residence) (hereinafter referred to as the "Treaty").
- b. I am not a resident of India in terms of the Treaty.
- c. The amount receivable is towards the remuneration and falls under the head "Professors, Teachers and Researchers" under Article 20 of the Treaty.
- d. The place of assessment of my world income is _____.
- e. My PAN (Permanent Account Number) is _____. In case I do not give my PAN details, I shall not be given the DTAA benefit.
- f. I undertake to intimate Savitribai Phule Pune University immediately in case of any alteration in the aforesaid facts including change in tax residential status, nature of holding of income, etc.
- h. I shall provide, Savitribai Phule Pune University India all the necessary additional documents as required
- i. I also acknowledge that DTAA benefit would be effective post the date of last remuneration pay-out and will be valid for that Financial Year (ending March 31st) or till last date of validity of the TRC whichever is earlier only after receipt and acceptance of all necessary DTAA documents by Savitribai Phule Pune University.
- j. I acknowledge that following are the documents and cut off dates for the receipt of DTAA documents at Savitribai Phule Pune University, India:
 - Self-attested copy of PAN card
 - Tax Residency Certificate (TRC) for the current financial year (1st April-31st March): Original or certified true copies of the tax residency certificate (TRC) in English for current year issued by any government authorities of the country of residence of the client. TRC should be submitted before the earliest remuneration pay-out in the account.

- k. I understand that in case I am unable to provide these documents on time, Savitribai Phule Pune University shall deduct tax at source as per the prevailing rates in force.
- o. In the event there is any income tax demand (including interest, charges or levies) raised in India in respect of these amounts with the bank. I undertake to pay the demand forthwith and indemnify and hold Savitribai Phule Pune University Bank harmless from any income tax demand (including interest, penalty, charges or levies) raised in India on the Savitribai Phule Pune University on account of any misstatement / misrepresentation/ errors of omission or commission by me or any other person, and provide Savitribai Phule Pune University with all information/documents that may be necessary for any proceedings before Income tax / Appellate Authorities in India.

I confirm that, I have read and understood the applicable terms and conditions of this product/service and the provisions of the Double Taxation Avoidance Agreement between India and _____ (country of residence) including the Articles 1, 2, 4 and ____ (Article on "Professors, Teachers and Researchers") of the Treaty, copy of which can be referred on the website www.incometaxindia.gov.in

I, _____ (name) _____ (nationality), hereby declare that the contents above are correct, complete and truly stated.

Name & signature of Non-resident Indian

Signed this _____ day of _____, 20__

Place: