

Tax rates as per IT Act vis a vis Indo-US DTAA

Country	Dividend (not being covered under Section 115-O)		Interest		Royalty		Fee for Technical Services	
	Tax Treaty	I-T Act (Note 3)	Tax Treaty	I-T Act (Note 4)	Tax Treaty	I-T Act (Note 2)	Tax Treaty	I-T Act (Note 2)
United States	a) 15%, if at least 10% of the voting stock of the company paying the dividend is held by the recipient company;	20%/10%	a) 10% if loan is granted by a bank/similar institute including insurance company;	20%/10%/5%	10%/15% [Note-1]	10%	10%/15% [Note]	10%
	b) 25% in other cases		b) 15% for others					

Notes:

1. Royalties and fees for technical services would be taxable in the country of source at the rates prescribed for different categories of royalties and fees for technical services. These rates shall be subject to various conditions and nature of services/royalty for which payment is made. For detailed conditions refer to relevant Double Taxation Avoidance Agreements.

2. From Assessment Year 2016-17, Royalty and fees for technical service received by a foreign company or a non-resident non-corporate assessee from government or an Indian concern shall be taxed at the rate of 10% if agreement is made at any time after 31 March 1976. From Assessment Year 2017-18, any income of a person resident in India by way of royalty in respect of a patent developed and registered in India shall be taxable at the rate of 10% as per section 115BBF,

3. Dividend:

- a) Rate of tax shall be 10% on income from Global Depository Receipts under Section 115AC(1)(b) of Income-tax Act, 1961 (other than dividends referred to in section 115-O).
- b) Rate of tax shall be 20% under Section 115A on dividend (other than dividends referred to in section 115-O) received by a foreign company or a non-resident non-corporate assessee

- c) Rate of tax shall be 20% under Section 115AD on dividend (other than dividends referred to in section 115-O) received by a Foreign institutional investor.
- d) From Assessment Year 2017-18, dividend in excess of Rs. 10 lakh shall be chargeable to tax in the case of an individual, Hindu undivided family (HUF) or a firm who is resident in India, at the rate of 10% as per section 115BBDA.
- e) From Assessment Year 2018-19, dividend in excess of Rs. 10 lakh shall be chargeable to tax in the case of person who is resident in India other than:
 - i) a domestic company; or
 - ii) a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in section 10(23C)(iv)/(v)/(vi)/(via); or
 - iii) a trust or institution registered under section 12AA.

at the rate of 10% as per section 115BBDA.

4. Interest

- a) Rate of tax shall be 20% under Section 115A on interest received by a foreign company or a non-resident non-corporate assessee from Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency.
- b) Rate of tax shall be 10% under Section 115AC on income from bonds of an Indian company issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, or on bonds of a public sector company sold by the Government, and purchased by non-resident in foreign currency
- c) Rate of tax shall be 5% in following cases:
 - (i) Interest received from an infrastructure debt fund as referred to in section 10(47)
 - (ii) Interest received from an Indian company specified in section 194LC.
 - (iii) Interest of the nature and extent referred to in section 194LD (applicable from the assessment year 2014-15).
 - (iv) Distributed income being interest referred to in section 194LBA (2) (section 194LBA is inserted by the Finance (No. 2) Act, 2014 w.e.f. 01-10-2014

For the rates with reference to other DTAA's of India please [click here](#)