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The Union Cabinet Chaired by Prime Minister Shri Narendra Modi has approved the signing and ratification of Agreement between India and Brunei Darussalam for the Exchange of Information and Assistance in Collection with respect to Taxes.

Details:

- i. The Agreement enables the competent authorities of India and Brunei Darussalam to provide assistance through exchange of information that is foreseeably relevant to the administration and enforcement of the domestic laws of the two countries concerning taxes covered by this Agreement.
- ii. The information received under the Agreement shall be treated as confidential and may be disclosed only to persons or authorities (including courts or administrative bodies) concerned with assessment, collection, enforcement, prosecution or determination of appeals in relation to taxes covered under the Agreement. Information may be disclosed to any other person or entity or authority or jurisdiction with the prior written consent of the information sending country.
- iii. The Agreement also provides for automatic exchange of information between India and Brunei with respect to categories of cases.
- iv. The Agreement also enables assistance in collection of tax revenue claims between both countries.
- v. The Agreement provides for Mutual Agreement Procedure for resolving any difference or for agreeing on procedures under the Agreement.
- vi. The Agreement shall enter into force on the date of notification of completion of the procedures required by the respective laws of the two countries for entry into force of the Agreement.

The Agreement will stimulate the flow of exchange of information between India and Brunei for tax purposes which will help curb tax evasion and tax avoidance. It will also enable assistance in collection of tax revenue claims between both countries.

As such, the Agreement does not have any financial implications. Only in the event of extraordinary costs exceeding USD 500 as per Article 9 of the Agreement, the same will be borne by the Government of India. India has similar provisions in other such tax information exchange agreements.

Background:

The Central Government is authorized under section 90 of the Income Tax Act, 1961 to enter into an Agreement with a foreign country or specified territory for exchange of information for the prevention of evasion or avoidance of income tax chargeable under the Income Tax Act, 1961. Negotiations for entering into an Agreement for the Exchange of Information with respect to Taxes were conducted at Brunei from 10th to 11th January, 2017. Pursuant to the same, the Governments of India and Brunei Darussalam have agreed on the text of the Agreement.

AKT/VBA/SH

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