

Cabinet approves Agreement between India and the Hong Kong Special Administrative Region of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval for entering into an Agreement between India and the Hong Kong Special Administrative Region (HKSAR) of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income.

The Agreement will stimulate flow of investment, technology and personnel from India to HKSAR & vice versa, prevent double taxation and provide for exchange of information between the two Contracting Parties. It will improve transparency in tax matters and will help curb tax evasion and tax avoidance.

Background:

In so far as India is concerned, 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 avoidance of double taxation of income, for exchange of information for the prevention of evasion or avoidance of income-tax chargeable under the Income-tax Act, 1961. This Agreement is on similar lines as entered into by India with other countries.

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