ANNEXURES

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Annexure – 1

Foreign Tax Credit [Rule 76]

(1) An assessee, being a resident shall be allowed a credit for the amount of any foreign tax paid by him in a country or specified territory outside India, by way of deduction or otherwise, in the tax year in which the income corresponding to such tax has been offered to tax or assessed to tax in India, in the manner and to the extent as specified in this rule.

(2) In a case, where income on which foreign tax has been paid or deducted, is offered to tax in more than one tax year, credit of foreign tax shall be allowed across those tax years in the same proportion in which the income is offered to tax or assessed to tax in India.

(3) The foreign tax referred to in sub-rule (1) shall mean, —

(a) in respect of a country or specified territory outside India with which India has entered into an agreement for the relief or avoidance of double taxation of income in terms of section 159, the tax covered under the said agreement;

(b) in respect of any other country or specified territory outside India, the tax payable under the law in force in that country or specified territory in the nature of income-tax referred to in section 160(3)(a).

(4) The credit under sub-rule (1) shall be available against the amount of tax, surcharge and cess payable under the Act, but not in respect of any sum payable by way of interest, fee or penalty.

(5) No credit under sub-rule (1) shall be available in respect of any amount of foreign tax or part thereof, which is disputed in any manner by the assessee, subject to the provisions of sub-rule (6).

(6) If the assessee, within six months from the end of the month in which the dispute is finally settled, furnishes evidence of settlement of dispute and an evidence to the effect that the liability for payment of such foreign tax has been discharged by him and furnishes an undertaking that no refund in respect of such amount has directly or indirectly been claimed or shall be claimed, the credit of such disputed tax shall be allowed for the year in which such income is offered to tax or assessed to tax in India.

(7) The credit of foreign tax shall be the aggregate of the amounts of credit computed separately for each source of income arising from a particular country

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or specified territory outside India and shall be given effect to in the following manner:—

(a) the credit shall be the lower of the tax payable under the Act on such income and the foreign tax paid on such income, so, however, that where the foreign tax paid exceeds the amount of tax payable in accordance with the provisions of the agreement for relief or avoidance of double taxation, such excess shall be ignored;

(b) the credit 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.

(8) In a case where any tax is payable under the provisions of section 206, the credit of foreign tax shall be allowed against such tax in the same manner as is allowable against any tax payable under the provisions of the Act other than the provisions of the said sections (herein referred to as the normal provisions).

(9) Where the amount of foreign tax credit available against the tax payable under the provisions of section 206 exceeds the amount of tax credit available against the normal provisions, then, while computing the amount of credit under section 206(1)(m) to (p) and section 206(2)(e) to (h), in respect of the taxes paid under section 206(1) and (2), as the case may be, such excess shall be ignored.

(10) Credit of any foreign tax shall be allowed on furnishing the following documents by the assessee:—

(a) a statement of income from the country or specified territory outside India offered for tax for the tax year and of foreign tax deducted or paid on such income in Form No. 44 and verified in the manner specified therein; and

(b) certificate or statement specifying the nature of income and the amount of tax deducted therefrom or paid by the assessee, —

(i) from the tax authority of the country or specified territory outside India; or

(ii) from the person responsible for deduction of such tax; or

(iii) signed by the assessee.

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(11) The certificate or statement furnished by the assessee in sub-rule (10)(b) shall be valid, if it is accompanied by —

(a) an acknowledgement of online payment or bank counter foil or challan for payment of tax where the payment has been made by the assessee; or

(b) proof of deduction, where the tax has been deducted.

(12) The statement in Form No. 44 referred to in sub-rule (10)(a) and the certificate or the statement referred to in sub-rule (10)(b) shall be furnished within twelve months from the end of the relevant tax year in which the income referred to in sub-rule (1) has been offered to tax or assessed to tax in India and the return for such tax year has been furnished within the time specified under section 263(1) or (4), subject to the provisions of sub-rule (13).

(13) Where the return has been furnished under section 263(6)(a), the statement in Form No. 44 referred to in sub-rule (10)(a) and the certificate or the statement referred to in sub-rule (10)(b), to the extent it relates to the income included in the updated return, shall be furnished on or before the date on which such return is furnished.

(14) Form No. 44 shall also be furnished in a case, where the carry backward of loss of the current year or revision of return or similar statement, the case may be, of any year or any other reason results in refund of foreign tax for which credit has been claimed in any tax year or tax years.

(15) For the purposes of sub-rule (6), the assessee shall furnish an intimation in Form No. 45 and evidence of settlement of dispute including evidence of payment of tax.

(16) Form No. 44 shall be verified by an accountant defined in section 515(3)(b),

(a) where the assessee is a company; or

(b) in all other cases, where the amount of foreign tax paid outside India for a tax year equals or exceeds ₹ 100000.

(17) Form No. 45 shall be verified by an accountant defined in section 515(3)(b) in a case, where Form No. 44 filed for the relevant tax year was required to be verified by an accountant under sub-rule (16).

(18) For the purposes of this rule, the expression "telegraphic transfer buying rate" shall have the meaning assigned to it in rule 207.

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Annexure – 2

EXTRACTS OF THE FIRST SCHEDULE OF THE FINANCE ACT, 2026

PART II

RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 393(1) [Table: Sl. Nos. 1(*i*) and 5], 393(2) [Table: Sl. Nos. 7, 8, 9 and 17] and 393(3) [Table: Sl. Nos. 1, 2 and 3] of the Income-tax Act, 2025 (30 of 2025) (hereafter in this Part referred to as the said Act), tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

		Rate of income-tax
1.	In the case of a person other than a company—	
	(*a*) where the person is resident in India,—	
	(i) on income by way of interest other than "Interest on securities"	10%;
	(ii) on income by way of winnings from lotteries, puzzles, card games and other games of any sort (other than winnings from online games)	30%;
	(iii) on income by way of winnings from horse races	30%;
	(iv) on income by way of net winnings from online games	30%;
	(v) on income by way of insurance commission	2%;
	(vi) on income by way of interest payable on—	10%;
	(A) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act	
	(B) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder	

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	(C) any security of the Central Government or State Government	
	(vii) on any other income	10%;
(b)	where the person is not resident in India,—	
	(i) in the case of a non-resident Indian,—	
	(A) on any investment income	20%;
	(B) on income by way of long-term capital gains referred to in section 214 or 197(4) of the said Act	12.5%;
	(C) on income by way of long-term capital gains referred to in section 198 of the said Act exceeding ₹ 1,25,000	12.5%;
	(D) on other income by way of long-term capital gains [not being long-term capital gains referred to in Schedule II [Table: Sl. Nos. 14 and 17] [to the extent it relates to section 10(36) of the Income-tax Act, 1961 (43 of 1961)] of the said Act]	12.5%;
	(E) on income by way of short-term capital gains referred to in section 196 of the said Act	20%;
	(F) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 393(2) [Table: Sl. Nos. 2 to 5] of the said Act)	20%;
	(G) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence)	20%;

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		in respect of copyright in any book referred to in section 207(3)(a) of the said Act, to the Indian concern, or in respect of any computer software referred to in section 207(3)(b) of the said Act, to a person resident in India	
	(H)	on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(i)(G)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in accordance with that policy	20%;
	(I)	on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in accordance with that policy	20%;
	(J)	on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games)	30%;
	(K)	on income by way of winnings from horse races	30%;

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		(L) on income by way of net winnings from online games	30%;
		(M) on income by way of dividend, referred to in section 207(1) [Table: Sl. No. 2] of the said Act	10%;
		(N) on income by way of dividend other than the income referred to in sub-item (b)(i)(M)	20%;
		(O) on the whole of the other income	30%;
	(ii)	in the case of any other person,—	
		(A) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 393(2) [Table: Sl. Nos. 2 to 5] of the said Act)	20%;
		(B) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book referred to in section 207(3)(a) of the said Act, to the Indian concern, in respect of any computer software referred to in section 207(3)(b) of the said Act, to a person resident in India	20%;
		(C) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(ii)(B)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and	20%;

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		where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in accordance with that policy	
	(D)	on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in accordance with that policy	20%;
	(E)	on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games)	30%;
	(F)	on income by way of winnings from horse races	30%;
	(G)	on income by way of net winnings from online games	30%;
	(H)	on income by way of short-term capital gains referred to in section 196 of the said Act	20%;
	(I)	on income by way of long-term capital gains referred to in section 197(4) of the said Act	12.5%;
	(J)	on income by way of long-term capital gains referred to in section 198 of the said Act exceeding ₹ 1,25,000	12.5%;

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	(K) on other income by way of long-term capital gains [not being long-term capital gains referred to in Schedule II [Table: Sl. Nos. 14 and 17] [to the extent it relates to section 10(36) of the Income-tax Act, 1961 (43 of 1961)] of the said Act	12.5%;
	(L) on income by way of dividend, referred to in section 207(1) [Table: Sl. No. 2] of the said Act	10%;
	(M) on income by way of dividend other than the income referred to in sub-item (b)(ii)(L)	20%;
	(N) on the whole of the other income	30%;
2.	In the case of a company,—	
	(a) where the company is a domestic company—	
	(i) on income by way of interest other than "Interest on securities"	10%;
	(ii) on income by way of winnings from lotteries, puzzles, card games and other games of any sort (other than winnings from online games)	30%;
	(iii) on income by way of winnings from horse races	30%;
	(iv) on income by way of net winnings from online games	30%;
	(v) on any other income	10%;
	(b) where the company is not a domestic company—	
	(i) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games)	30%;
	(ii) on income by way of winnings from horse races	30%;
	(iii) on income by way of net winnings from online games	30%;
	(iv) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or	20%;

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	the Indian concern in foreign currency (not being income by way of interest referred to in section 393(2) [Table: Sl. Nos. 2 to 5] of the said Act)	
(v)	on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book referred to in section 207(3)(a) of the said Act, to the Indian concern, or in respect of any computer software referred to in section 207(3)(b) of the said Act, to a person resident in India	20%;
(vi)	on income by way of royalty [not being royalty of the nature referred to in item (b)(v)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in with that policy—	
	(A) where the agreement is made after the 31st March, 1961 but before the 1st April, 1976	50%;
	(B) where the agreement is made after the 31st March, 1976	20%;
(vii)	on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by	

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		the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in accordance with that policy—	
		(A) where the agreement is made after the 29th February, 1964 but before the 1st April, 1976	50%;
		(B) where the agreement is made after the 31st March, 1976	20%;
	(viii)	on income by way of short-term capital gains referred to in section 196 of the said Act	20%;
	(ix)	on income by way of long-term capital gains referred to in section 197(4) of the said Act	12.5%;
	(x)	on income by way of long-term capital gains referred to in section 198 of the said Act exceeding ₹ 125000	12.5%;
	(xi)	on other income by way of long-term capital gains [not being long-term capital gains referred to in Schedule II] [Table: Sl. Nos. 14 and 17] [to the extent it relates to section 10(36) of the Income-tax Act, 1961 (43 of 1961)] of the said Act	12.5%;
	(xii)	on income by way of dividend, referred to in section 207(1) [Table: Sl. No. 2] of the said Act	10%;
	(xiii)	on income by way of dividend other than the income referred to in item (b)(xii)	20%;
	(xiv)	on any other income	35%;

Note.—For the purposes of item *1*(*b*)(*i*) of this Part, "investment income" and "non-resident Indian" shall have the meanings respectively assigned to them in section 212 of the said Act.

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