

ABSTRACT

CRITICAL ANALYSIS ON DOUBLE TAXATION AVOIDANCE AGREEMENT

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Double taxation is the levying of tax by two or more jurisdictions on the same declared income (in the case of income taxes), asset (in the case of capital taxes), or financial transaction (in the case of sales taxes). India has DTAA's with more than eighty countries, of which comprehensive agreements include those with Australia, Canada, Germany, Mauritius, Singapore, UAE, UK and USA.

Double liability is mitigated in a number of ways, for example:

- the main taxing jurisdiction may exempt foreign-source income from tax,
- the main taxing jurisdiction may exempt foreign-source income from tax if tax had been paid on it in another jurisdiction, or above some benchmark to not include tax haven jurisdictions,
- the main taxing jurisdiction may tax the foreign-source income but give a credit for foreign jurisdiction taxes paid.

KEYWORDS-

- DOUBLE TAXATION
- LEVYING TAX