

CIRCULAR NO.07/2011, Dated: September 27, 2011

Amendment to Circular No.7/2007 regarding Procedure for refund of tax deducted at source under section 195 to the person deducting tax-reg.

1. Kindly refer to the above subject.

The Board had issued Circular No.7/2007 and 23.10.2007 laying down the procedure for refund of tax deducted at source under section 195 of the Income Tax Act, 1961 to the person deducting tax at source from the payment to a non-resident.

2. Para 2 of the Circular lists the circumstances under which the provisions of the said circular shall apply this paragraph does not cover a situation where the tax is deducted at a rate prescribed in the relevant DTAA which is higher than the rate prescribed in the Income Tax Act, whichever is lower, there is a possibility that in such cases excess tax is deducted relying on the provisions of the relevant DTAA. Since in these cases as well the resident deductor is put to genuine hardship, the Board has decided that the provisions of Circular No.7/2007 dated 23.10.2007 shall also apply to those cases where deduction of tax at a higher rate under the relevant DTAA has been made while a lower rate is prescribed under the domestic law.

3. Circular No.7/2007 dated 23.10.2007 stands modified to this extent.

4. The contents may be brought to the notice of all officers in your region.

F.No.500/135/2007-FTD-I

**(Mrinalini Kaur Sapra)
Under Secretary FT & TR-1(2)**