

## **NOTIFICATION OF THE REVISED INDIA-KENYA DTAA**

The Government has notified revised tax treaty between India and Kenya which provides for lower withholding tax rate and mutual assistance in collection of tax revenue claims. The revised Double Taxation Avoidance Agreement (DTAA) was notified on February 19, 2018.

Set out below are the key features of the DTAA:

- In order to promote cross border flow of investments and technology, the revised DTAA provides for reduction in withholding tax rate on dividend and interest to 10 per cent from 15 per cent.
- The withholding tax rate on royalties, and fees for management, professional, technical services has been slashed to 10 per cent from 20 per cent and 17.5 per cent, respectively.
- The revised DTAA provides for a new Article on Limitation of Benefits to allow treaty benefits to bonafide residents of both countries, to combat treaty abuse by third country residents and to allow application of domestic law to prevent tax avoidance or evasion.
- The revised treaty has been updated to the latest international standard to provide for exchange of information, including banking information for tax purposes, to the widest possible extent.
- Also, a new Article on Assistance in Collection of Taxes has been provided which will enable assistance in collection of tax revenue claims between both countries.