

Tax Hotline

August 28, 2000

TAX RATES OF FOREIGN TELECASTING COMPANIES TO BE REVISED

Foreign telecasting companies in India are subjected to withholding tax on remittances made to them by Indian residents based on a presumptive profit rate of 10% of the gross remittances. This resulted in effective rate of tax at source of 4.8% for these companies. It was made effective by a circular issued by the Central Board of Direct Taxes (CBDT) No. 742 dated May 2, 1996.

The Circular stated that such a rate of tax would be applicable until March 31, 1998 after which the position with regard to the reasonableness of the rate would have to be reviewed.

Sources in the Income Tax department are now of the view that this presumptive rate of profit results in unrealistically low withholding tax rate. With a dozen foreign channels setting shop in India and beaming news, views, music and entertainment into Indian homes, the department evidently smells additional revenue. It is therefore proposed to withdraw the said circular. The CBDT is looking at all possibilities including normal rate of tax, ie. 48% applicable to foreign companies to a more appropriate rate between the present 4.8% and the full rate of 48%. The foreign telecasting companies which have Indian subsidiaries would however be taxed at 38.5% (Including the 10% surcharge) on their net profit.

Source: The Economic Times, August 28, 2000

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Littler International Guide (India) 2024

November 08, 2024

Unmasking Deepfakes

October 25, 2024

Are we ready for Designer Babies

October 24, 2024

Research Articles

The Bitcoin Effect

November 14, 2024

Acquirers Beware: Indian Merger Control Regime Revamped!

September 15, 2024

Navigating the Boom: Rise of M&A in Healthcare

August 23, 2024

Audio

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part II

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here to view Hotline archives.](#)

Video

"Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FI18 event in Riyadh

October 31, 2024

Analysing SEBI's Consultation Paper on Simplification of registration for FPIs

September 26, 2024

