

KPMG AEOI Updates & Tracking Service FATCA Alert

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India: Issued Amendment to Income Tax Rules

On 07 October 2022, the Central Board of Direct Taxes (CBDT) issued Notification 112-2022 to amend Income-tax Rules, 1962. The amended rules are referred to as Income-tax (Thirty Third Amendment) Rules, 2022, and shall come into force on the date of publication in the Official Gazette.

The amendment includes clarifications for the definition of a “non-reporting financial institution” defined in rule 114F, sub rule (5):

- Clauses (i), (j) and (k) of the definition will be substituted as below:
 - (i) a financial institution with a local client base, in case of any U.S. reportable account;
 - (j) a local bank, in case of any U.S. reportable account;
 - (k) a financial institution with only low value accounts, in case of any U.S. reportable account.
- Clause (D) of the explanation for the definition was updated to amend the definition of “Treaty Qualified Retirement Fund”. The amendment clarifies that this treatment extends to funds established in India that are operated principally to administer or provide pension or retirement benefits, and are entitled to benefits under an agreement between India and the U.S. on income that derived from sources within the U.S., as a resident of India that satisfies any applicable limitation on benefits requirement.

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Reference: [Notification](#) (PDF 418KB)

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