

Q.

How does the India-Australia trade pact benefit the information technology firms in India? Explain.

Ans. -

After both UAE free trade agreement India signed trade pact with the Quad member country Australia, it will definitely benefit for the countries. Some of the important point regarding this trade pact is as:-

- (i) Both the countries highly interested to enhance the volume of trade between each other country's economy.
- (ii) Recently on April 2, 2022 India and Australia signed a trade pact including their IT firms exports and imports facilities.
- (iii) Once notified by the Australian Parliament, the agreement would greatly benefit Indian IT companies that have been imported by a ruling by the federal court of Australia in 2018.
- (iv) In India, the Income tax Act, 1961, provides that a Taxpayer who is eligible to access to tax treaty will

have the provisions of the Act apply to it only to the domestic tax so more beneficial.

(v) In Australia, tax treaties are imported into the domestic law by incorporating the treaty in the Australian International Tax Agreement Act 1953.

(vi) India - Australia Tax treaty for the avoidance of double taxation and the prevention of fiscal erosion with respect to taxes on Income 1992.

(vii) By this part, offshore services rendered from India would not be regarded as taxable in Australia, under its domestic tax law since the services are performed outside Australia.

In the end we can say this domestic law is a welcome development for India-based IT service providers who power the bulk of India's global service exports.