

BHARAT HEAVY ELECTRICALS LIMITED
FINANCE & ACCOUNTS DEPARTMENT
FOREIGN PURCHASE SECTION

Ref: PE & Business Connection/Circular

Date: 30/03/15

Sub: Format for declaration of Permanent Establishment and Business connection as per Income Tax Act, 1961 for remittances to foreign vendors

In view of recent changes in Income Tax Act, 1961, for determination of Taxability, as per section 9(1) of the Act read with DTAA, we have to check as to whether the vendor/service provider has any permanent establishment or any business connection in India. For confirmation of the same we have to obtain a certificate of declaration from the foreign vendor/service provider as per the enclosed formats. Vendor may please be asked to submit the declaration in the enclosed formats either in Annexure I or II whichever is applicable as per their transaction entered into with BHEL.

The certificate shall be obtained from the vendor for a particular period preferably for a financial year. A clause in the NIT may please be incorporated in line with above. For all the cases where NIT has already been issued but payment has not been released, the vendor may be asked to submit the certificates separately as explained above immediately. For the cases where LCs has already been opened, vendors may please be asked to submit the certificate(s) before releasing the payment under LC.

In the absence of certificates from the vendor, withholding tax @ 40% plus applicable surcharge and cess will be levied at the time of remittance to the supplier.


(M. N. RAMKUMAR) 30/3/15

AGM/FINANCE

All MM Heads

cc:

GM/Finance -For kind information please

GM/MM & Logistics -For kind information please