

**MINISTRY OF FINANCE**  
**(Department of Revenue)**  
(CENTRAL BOARD OF DIRECT TAXES)

**NOTIFICATION**

New Delhi, the 17th August, 2023

**INCOME-TAX**

**G.S.R. 607(E).**—In exercise of the powers conferred by section 295 of the Income-tax Act 1961 (hereinafter referred to as ‘Act’), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:—

1. **Short title and commencement.**— (1) These rules may be called the Income-tax (Seventeenth Amendment) Rules, 2023.

(2) They shall come into force from the date of their publication in the Official Gazette.

2. In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), for rule 26, the following rule shall be substituted, namely:—

**“26. Rate of exchange for the purpose of deduction of tax at source on income payable in foreign currency.—**

For the purpose of deduction of tax at source on any income payable in foreign currency, the rate of exchange for the calculation of the value in rupees of such income payable—

(i) to an assessee outside India;

(ii) to a Unit located in an International Financial Services Centre;

(iii) by a Unit located in an International Financial Services Centre to an assessee in India,

shall be the telegraphic transfer buying rate of such currency as on the date on which the tax is required to be deducted at source under the provisions of Chapter XVIIIB by the person responsible for paying such income.

*Explanation.*— For the purposes of this rule, —

- (i) “International Financial Services Centre” shall have the meaning assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);
- (ii) "telegraphic transfer buying rate", in relation to a foreign currency, means the rate or rates of exchange adopted by the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955), for buying such currency, having regard to the guidelines specified from time to time by the Reserve Bank of India for buying such currency, where such currency is made available to that bank through a telegraphic transfer;
- (iii) “Unit” shall have the meaning assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).”.

[Notification No. 64/2023/F.No. 370142/27/2023-TPL]

JIVITESH ANAND, Under Secy. (Tax Policy and Legislation Division)

**Note :** The principal rules were published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii) vide notification number S.O. 969 (E), dated the 26<sup>th</sup> March, 1962 and was last amended vide notification number G.S.R. 604 (E) dated 16.8.2023.