

ACHUTAVERSE LLC

NRI MIGRATION TOOLKIT

DTAA Savings Calculator

Find out exactly how much you can save on NRO Fixed Deposit TDS using the India-UAE Double Taxation Avoidance Agreement. Includes pre-calculated scenarios for ₹1 Cr, ₹5 Cr, and ₹10 Cr deposits.

Edition: March 2026 · Part of the NRI Migration Toolkit

What is DTAA?

Double Taxation Avoidance Agreement

DTAA stands for **Double Taxation Avoidance Agreement** — a bilateral treaty between two countries that prevents the same income from being taxed twice.

India and the UAE signed their DTAA in **1993**, and it has been updated periodically since. The agreement covers various types of income — dividends, interest, royalties, capital gains — and specifies which country has the right to tax, and at what rate.

For NRIs relocating to the UAE, the most impactful provision is **Article 11**, which governs the taxation of interest income earned in India.

The NRO Interest Tax Trap

What Happens Without DTAA

When an NRI holds Fixed Deposits in an NRO (Non-Resident Ordinary) account, the interest earned is subject to TDS (Tax Deducted at Source) by the Indian bank.

Default TDS Rate

30% income tax + 4% health & education cess = 31.2% of interest income.

On a ₹1 Crore FD at 7%, that is ₹2,18,400 deducted annually — before you see a rupee.

What Happens With DTAA

Under India-UAE DTAA **Article 11**, interest income can be taxed at a maximum of **12.5%** in the source country (India). This means NRIs who are tax residents of the UAE can reduce their TDS from 31.2% to 12.5% — a direct saving of **18.7 percentage points**.

31.2%

Without DTAA
30% tax + 4% cess

12.5%

With DTAA
Article 11 cap

That is an **18.7% reduction** in TDS on every rupee of NRO interest earned. On large Fixed Deposits, this translates to lakhs saved annually.

How to Claim DTAA Benefits

What You Need

- 1 Obtain a **UAE Tax Residency Certificate (TRC)** from the Federal Tax Authority
- 2 Fill and file **Form 10F** — a self-declaration of your tax residency details for the Indian bank
- 3 Provide your bank with **three documents**: UAE TRC, Form 10F, and a self-declaration letter confirming you are a UAE tax resident
- 4 Submit all documents to your NRO bank **before the FD interest credit date** — not after
- 5 Bank then applies TDS at **12.5%** instead of 31.2% from the next interest credit

Note: Whether 4% health & education cess applies on top of the 12.5% DTAA rate is subject to ongoing legal interpretation. Some banks deduct flat 12.5%, others deduct 13% (12.5% + cess). Consult your CA for the latest position.

Timing Matters

Documents must be on file with the bank before your interest is credited. Late submission means the bank deducts at 31.2% and you must file for a refund — a process that can take 12-18 months.

How to Get a UAE TRC

Apply through the **Federal Tax Authority (FTA)** portal. You will need:

- Valid UAE residence visa
- Emirates ID
- Proof of UAE address (utility bill or tenancy contract)
- Stamped bank statement (minimum 6 months)

DETAIL	INFORMATION
Processing Time	30 – 60 days
Cost	AED 550 total (AED 50 application + AED 500 certificate)
Validity	1 year
Renewal	Annual

DTAA Savings: Pre-Calculated Scenarios

The following tables show exact DTAA savings for three common NRO Fixed Deposit balances at **7% interest rate**, comparing TDS without DTAA (31.2%) versus with DTAA (12.5%).

Scenario 1: ₹1 Crore NRO Fixed Deposit

₹7,00,000

Annual Interest
(7% on ₹1 Cr)

₹2,18,400

TDS Without DTAA
(31.2%)

₹87,500

TDS With DTAA
(12.5%)

YEAR	INTEREST EARNED	TDS WITHOUT DTAA	TDS WITH DTAA	ANNUAL SAVING	CUMULATIVE SAVINGS
1	₹7,00,000	₹2,18,400	₹87,500	₹1,30,900	₹1,30,900
2	₹7,00,000	₹2,18,400	₹87,500	₹1,30,900	₹2,61,800
3	₹7,00,000	₹2,18,400	₹87,500	₹1,30,900	₹3,92,700
5	₹7,00,000	₹2,18,400	₹87,500	₹1,30,900	₹6,54,500
10	₹7,00,000	₹2,18,400	₹87,500	₹1,30,900	₹13,09,000

On a **₹1 Crore** NRO FD, DTAA saves you **₹1,30,900 per year** — that is an additional **1.31% effective return** on your deposit. Over 10 years, total savings exceed **₹13 lakh**.

Scenario 2: ₹5 Crore NRO Fixed Deposit

₹35,00,000

Annual Interest
(7% on ₹5 Cr)

₹10,92,000

TDS Without DTAA
(31.2%)

₹4,37,500

TDS With DTAA
(12.5%)

YEAR	INTEREST EARNED	TDS WITHOUT DTAA	TDS WITH DTAA	ANNUAL SAVING	CUMULATIVE SAVINGS
1	₹35,00,000	₹10,92,000	₹4,37,500	₹6,54,500	₹6,54,500
2	₹35,00,000	₹10,92,000	₹4,37,500	₹6,54,500	₹13,09,000
3	₹35,00,000	₹10,92,000	₹4,37,500	₹6,54,500	₹19,63,500
5	₹35,00,000	₹10,92,000	₹4,37,500	₹6,54,500	₹32,72,500
10	₹35,00,000	₹10,92,000	₹4,37,500	₹6,54,500	₹65,45,000

On a **₹5 Crore** NRO FD, DTAA saves you **₹6,54,500 per year**. Over 5 years, that is **₹32.7 lakh** saved. Over 10 years, savings exceed **₹65 lakh**.

Scenario 3: ₹10 Crore NRO Fixed Deposit

₹70,00,000

Annual Interest
(7% on ₹10 Cr)

₹21,84,000

TDS Without DTAA
(31.2%)

₹8,75,000

TDS With DTAA
(12.5%)

YEAR	INTEREST EARNED	TDS WITHOUT DTAA	TDS WITH DTAA	ANNUAL SAVING	CUMULATIVE SAVINGS
1	₹70,00,000	₹21,84,000	₹8,75,000	₹13,09,000	₹13,09,000
2	₹70,00,000	₹21,84,000	₹8,75,000	₹13,09,000	₹26,18,000
3	₹70,00,000	₹21,84,000	₹8,75,000	₹13,09,000	₹39,27,000
5	₹70,00,000	₹21,84,000	₹8,75,000	₹13,09,000	₹65,45,000
10	₹70,00,000	₹21,84,000	₹8,75,000	₹13,09,000	₹1,30,90,000

On a **₹10 Crore** NRO FD, DTAA saves you **₹13,09,000 per year** — over **₹1 lakh per month**. Over 10 years, total savings exceed **₹1.3 Crore**.

Side-by-Side Comparison

A quick-reference table comparing all three scenarios at a glance, assuming 7% FD interest rate.

NRO FD BALANCE	ANNUAL INTEREST	TDS WITHOUT DTAA (31.2%)	TDS WITH DTAA (12.5%)	ANNUAL SAVING	3-YEAR SAVING	10-YEAR SAVING
₹1 Crore	₹7,00,000	₹2,18,400	₹87,500	₹1,30,900	₹3,92,700	₹13,09,000
₹5 Crore	₹35,00,000	₹10,92,000	₹4,37,500	₹6,54,500	₹19,63,500	₹65,45,000
₹10 Crore	₹70,00,000	₹21,84,000	₹8,75,000	₹13,09,000	₹39,27,000	₹1,30,90,000

Annual Saving = FD Balance x Interest Rate x (31.2% - 12.5%)

Annual Saving = FD Balance x Interest Rate x **18.7%**

1.31% (at 7% FD rate)

Key Insight

DTAA effectively gives you an **additional 1.31% annual return** on your NRO FD. This is not a tax refund or a one-time benefit — it is a permanent reduction in TDS for as long as you maintain UAE tax residency and file the required documents each year.

Next Steps

- 1 Get your UAE TRC from the FTA portal.** Apply at tax.gov.ae with your Emirates ID, residence visa, proof of address, and 6-month stamped bank statement. Budget 30-60 days for processing.
- 2 File Form 10F.** Complete Form 10F with your tax residency details. This can be filed on the Indian Income Tax e-filing portal. See our [Form 10F Filing Guide](#) for a step-by-step walkthrough.
- 3 Submit documents to your NRO bank.** Provide your bank with three documents: UAE TRC, Form 10F, and a self-declaration letter confirming UAE tax residency. Submit before the next FD interest credit date.
- 4 Bank applies 12.5% TDS.** Once documents are on file, the bank deducts TDS at 12.5% from the next interest credit date. No refund filing required — savings are automatic.
- 5 Get a personalized review from Achutaverse.** DTAA is one piece of the puzzle. We integrate RNOR status, DTAA optimization, and Golden Visa structuring into a single Wealth Bridge strategy tailored to your situation.

Beyond NRO Interest

This calculator focuses on NRO FD interest — the most common DTAA use case. But the India-UAE DTAA also covers dividends, royalties, capital gains, and business income. If you have income across multiple categories, a comprehensive DTAA review can unlock additional savings. Contact Achutaverse for a full cross-border tax assessment.

Disclaimer: This document is for informational purposes only and does not constitute legal, tax, or financial advice. All calculations are based on standard TDS rates (31.2% without DTAA, 12.5% with DTAA under Article 11) and a 7% FD interest rate. Actual rates may vary based on bank policies, changes in tax law, and whether cess applies on top of the DTAA rate. Whether 4% health & education cess applies on the 12.5% DTAA rate is subject to ongoing legal interpretation. Always consult a qualified Chartered Accountant or tax professional before making decisions based on this document. Achutaverse LLC is a strategic advisory firm and does not provide licensed tax filing or legal services directly.

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