
CA Students' Conference, Bhopal: Chief Guest, Shri A. Manish Borad, Member, ITAT, Indore inaugurates the Conference in the presence of ICAI Past President, CA. Amarjeet Chopra and other dignitaries.

CA Students' Conference, Ranchi: CA. Shyam Lal Agarwal, Central Council Member, ICAI lighting the lamp to inaugurate the Conference.

CA Students' Conference, Coimbatore: ICAI Past President, CA. Amarjeet Chopra addressing the students. ICAI Past President, CA. G. Ramaswamy also seen on Dais among other dignitaries.
Dear Students,

I extend my heartiest best wishes for a blissful, prosperous and productive New Year 2019. I sincerely wish that the New Year instills new vigor, vitality, grit and determination in you to accomplish your dreams and aspirations for an illustrious present and bright future. We at ICAI, your alma mater, have always stood by you, have always taken proactive and exemplary initiatives to facilitate best resources, catering to your learning needs be it publications, online lectures, webcasts and mentoring sessions. We have always strived to address your concerns from time to time.

ICAI being the largest accountancy education body in the world is compliant with the principles enlisted in the International Education Standards issued by the IAESB of International Federation of Accountants and the New Scheme of Education and Training which has been launched last year is also in line with the international education standards.

Today, the world is focusing on specialisation and new age successful professionals are the ones who are delivering qualitative services in one area rather than knowing little in every area. To this effect Electives in the emerging areas of Risk Management, International Taxation, Financial and Capital Markets, Global Financial Reporting Standards, have been introduced to prepare you as an expert, specialising in your chosen area.

Assessment of electives is based on case studies to sharpen your application, analytical and comprehension skills. In Electives, 40% Multiple Choice Questions (MCQs) based questions have been introduced to reduce subjectivity, steering the system towards objective examination and evaluation. Further, Electives are open book exams and from November 2018 exams, you are allowed to bring your own study material for reference during the exam which you all will appreciate is in itself a big reform.

Update the study material is a continuous process. This entails meticulous quality review of the syllabus and contents by subject experts. We, at ICAI, appreciate and acknowledge your concerns over timely availability of the updated study material for preparations & revision. BOS conducts this review exercise periodically and this year syllabus is again reviewed and rationalised. The Board will release the latest editions of rationalised and revised study material in January 2019.

There is a misconception amongst stakeholders, about the results which are declared by the ICAI, that hardly 3-4% of the examinees only clear such exams. I may clarify that it is not so and results are declared in 2 digit category consistently. In this context, it is pertinent to mention that we have a robust examination system with three-tier system of examination for examiners and paper setters. The system has an in-built performance monitoring mechanism preceded by requisite extensive training. Based on regular feedback received from you, several reforms have been implemented by the ICAI to make the process of examination and evaluation more robust, reliable and credible. Some recent ones are listed below:

- **Digital Evaluation** has been introduced to improve the quality of evaluation of the answer books. With the introduction of e-evaluation, continuous monitoring can be done for each examiner who is checking the respective paper, time taken in evaluating each answer and also in complete answer book which will help in assessing the quality checking by each examiner. The system has an in-built mechanism to check at random intervals as to whether the person who has been entrusted with the task of evaluation, is checking the answer sheets. I am pleased to inform that after successful implementation of e-evaluation system on pilot basis in last two examinations, e-evaluation has now been comprehensively extended to First Group, covering 5 subjects at Intermediate level from November 2018 examinations. I would also like to add that this system will substantially reduce the time in providing you the certified copies.

- Further, a Pilot Project of Centralised evaluation of one paper at the Final level of November 2018 exam is also implemented. In central evaluation, examiners will be evaluating the answer books in the presence of Head Examiner/Associate Head Examiners under their supervision and guidance. Based on the outcome, both the digital and centralised evaluation will be rolled out in the remaining subjects as well.

- You are very well aware there are certain clauses restricting freedom of students on the usage of the...
copies of evaluated answer books provided to you in the scheme for supply of certified copies of evaluated answer books. In order to enable you to take guidance from your seniors, parents, and principal it has been decided in September 2018 that such clauses be deleted to enable sharing of certified copies.

♦ There has always been a system of step-wise marking in the answers as per the instructions and guidelines issued to the examiners while evaluating the answer sheets. The system has been further strengthened by bringing in more quality control checks. In this direction, it has been decided that in case step-wise marks are not awarded to an answer then the answer will be treated as not evaluated as per instructions and step marks would be awarded during the course of verification. Let’s take an example of a paper wherein a question carrying 16 marks is attempted by you. As per the instructions to the examiner, the answer to the said question in all has 4 steps with the marking of 4 marks for each step. If the examiner while checking the answer has not awarded marks for each step so instructed, then this type of evaluation will be treated as “not-evaluated”. The steps marks will be awarded for such answers noticed during the course of verification. This is a step towards re-evaluation in substance and the said exercise will take care of such type of anomalies.

♦ We are working on the best practices on re-evaluation of answer books and the same will require amendment in the Chartered Accountants Regulations. In this context, we are in direct interaction with University Grants Commission, Ministry of Human Resource and Development and Ministry of Corporate Affairs to draft re-evaluation process of ICAI for onward approvals of the central government and subsequent amendments in regulations.

Besides these reforms, we at ICAI have persistently been working towards making your dream a reality by facilitating resources for knowledge creation as well as for knowledge delivery. Many initiatives have been taken namely:

A pilot project of Live Virtual Classes (LVC) for May and November 2019 examinations was initiated in August 2018 for Intermediate and Final level courses with the participation of 500 students across the country. Through this initiative, you don’t have to travel long distances within the city or to other city for your coaching needs. You can view sample recorded lectures for CA Intermediate and Final and decide as to whether to join Live Virtual Classes.

The registration forms of CA Intermediate & Final courses will be updated, providing an option to enable you to register for LVC. Considering the encouraging response from your end it has been decided to organise the classes at mass level and also to reduce the fee by 50%.

The new fee structure is as under:

<table>
<thead>
<tr>
<th>Level</th>
<th>At the time of Registration</th>
<th>After Registration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single Group</td>
<td>Both Groups</td>
</tr>
<tr>
<td>Intermediate</td>
<td>2,250</td>
<td>4,000</td>
</tr>
<tr>
<td>Final</td>
<td>2,500</td>
<td>4,750</td>
</tr>
</tbody>
</table>

We have initiated the process of revamping 2 Reading Rooms at Vijay Chowk and Lalita Park in New Delhi where I visited recently and interacted with students. Such exercise will be carried out at other reading rooms all across India as well. Similarly, the process for upgrading the infrastructure to transform ITT labs across the nation into high-tech labs has been initiated. In line with this, 4000+ new computers are being installed in all the IT centres across India.

On the technology front, I am pleased to share with you that “Virtual ICAI” is being created for your benefit in the form of Students’ Life Cycle Portal. Using the portal, you all will be able to fill all the forms digitally for all purposes, and check the respective status online. This platform can also be used to make changes in your email, phone number, address, etc. The portal has been developed and will be launched shortly. Once platform is fully operational, there will be no need for you to visit any DCO, Branch, and regional office for any of your queries.

You all will agree, reform is a continuous process. We are in seize of your problems and are continuously working towards resolving your issues. You will be glad to know that Students registered in the IPCC have been given two more attempts after May 2019 to clear the papers under the old scheme. As a team, we must work in collaboration to improve systems and practices. We are here for you and will take care of everything. Very soon the results of CA examination held in November 2018 will also be declared. I wish you ‘All the Best’ and sincerely hope for your success.

Trust me, the quality of our performance depends on the strength of our practice. I hope that the hard work shall pay. Keep radiating optimism.

I wish you all the success in your endeavors.

CA. NAVEEN N. D. GUPTA
PRESIDENT, ICAI, NEW DELHI
CHAIRMAN’S COMMUNICATION

Dear Students,

Life is a journey with a mixture of happy and sad moments. Nothing in life remains stagnant. At one point of time, we feel we have failed in life but the very next moment we have sparkling happiness in our eyes with a sense of satisfaction. Time is the only thing, which continues its own pace, neither faster nor slower. It is the only predictable aspect in life. So again, the New Year will arrive at its own perfect time. This edition will reach you in the New Year 2019, with renewed hopes, new aspirations, new commitments, new advancements and new beginning. You need to cherish good moments in the year gone by and make a promise to do even better in this one. With the New Year, the month of results will also come and I wish you all the best for your upcoming results. But remember, nothing is stagnant, if you succeed there is no assurance you will not fail again and if you fail, it’s just a stepping stone to your unfulfilled dreams which will be achieved if not now, but in your near future. I hope your hard work and labour is well paid off and you all achieve your dreams, with beautiful smiles on your faces and a feeling of accomplishment in your eyes. As Swami Vivekananda said “No great work can be achieved by humbug. It is through love, a passion for truth, and tremendous energy, that all undertakings are accomplished.”

The role of a chartered accountant is evolving continually to assume newer responsibilities in a dynamic environment. There has been a notable shift towards strategic decision making and entrepreneurial roles that add value beyond traditional accounting and auditing. One of the causative factors for the change is globalisation which has led to increase in cross border transactions and consequent business complexities. In order to enable students to explore and specialise in the niche area of International Taxation, the same has been included in the new scheme of education and training as a dedicated part (Part II) for 30 marks in Final Paper 7: Direct Tax Laws & International Taxation. The provisions relating to non-resident taxation, double taxation relief, transfer pricing is dealt therein extensively. Also, the scope of the syllabus includes advance rulings, equalisation levy, overview of model tax conventions, application and interpretation of treaties and Fundamentals of BEPS. The Capsule on International Taxation published herein is intended to assist you in revising the concepts, principles and provisions of International Taxation, discussed in detail in the September 2018 edition of the Study Material. We hope that the Capsule serves as an effective “quick revision tool” for students appearing in May, 2019 and November, 2019 examinations.

I am happy to inform that beginning from May, 2019 attempt, for students appearing in the Intermediate/IPCCE and Final Examinations under the Old and New Scheme of Education and Training, assessment in selected subjects would be partially based on objective type questions. An announcement in this regard has been hosted at the BoS Knowledge Portal on the Institute’s website www.icai.org. In each of the said papers mentioned in the announcement, the weightage for objective type questions would be 30%. The remaining questions i.e., 70% of the paper would be as per the present pattern of assessment. The objective type questions will be in the nature of multiple choice questions. However, there will be no negative marking for wrong answers. I am sure that solving objective type questions would help to further hone your comprehension and analytical skills and enhance your professional competence at the point of qualification.

It has been decided to install Biometric machines at the Regional and Branch offices of ICAI where the member strength is more than 2500 in first phase for the smooth execution of the ITT and Soft skill courses. It has also been decided to update the registration forms of Intermediate & Final courses to provide option to students to concurrently register for Live Virtual Classes. The Institute has decided to retain June 2019 as the last attempt for CPT. However, for IPCC it was decided to give two more attempts to the students. Accordingly, the last attempt for IPCC students would be May 2020.

Several CA student’s conferences took place at various places throughout the country in December 2018. The Board of Studies is organising a two-day International Conference at Ahmedabad on 5th and 6th January 2019. The theme of the conference is “Knowledge & training with ethical quotient-pathway to professional excellence”. An overwhelming response of students from across the country and outside will be very enthusiastic.

As the nation prepares for the 70th Republic Day, I extend my heartiest best wishes to all fellow Indians, on this occasion. I hope that our country will continue to be the fastest growing economy, ahead of China, with an expected growth rate of 7.3 per cent in 2019 to become a Global Economic Powerhouse. I also convey best wishes to the students who have appeared in November 2018 examinations and are awaiting the results.

CA. DHINAL A. SHAH
CHAIRMAN, BOARD OF STUDIES, ICAI
CONTENTS

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Satisfaction lies in the effort, not in the attainment.
MAHATMA GANDHI

INSIDE

02 Glimpses

03 President’s Communication

05 Chairman’s Communication

07 International Taxation

32 Announcements

35 Glimpses

36 Crosswords

SWACHH BHARAT - A STEP TOWARDS CLEANLINESS

ANNUAL SUBSCRIPTION RATES

<table>
<thead>
<tr>
<th>CA Students</th>
<th>Members and Others</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹200</td>
<td>₹500</td>
<td>US $100</td>
</tr>
</tbody>
</table>

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Globalisation, capital mobility and increased trade and services have resulted in the whole world virtually becoming one market and consequently, international taxation has become a key concern area both for business enterprises engaged in cross border transactions as well as for tax administrations of the concerned States. Considering its significance, international taxation has been included as a dedicated part (i.e., Part-II) for 30 marks in Final (New) Paper 7: Direct Tax Laws & International Taxation in the New Scheme of Education and Training.

In this capsule, diagrams, tables and flow charts have been extensively used to help you recap the significant concepts, provisions and principles relating to international taxation, which have been discussed in detail in Module 4 [International Taxation] of September 2018 edition of Study Material of Final (New) Paper 7. The Capsule is divided into eight chapters in line with Module 4 of the Study Material. It may be noted that Chapters 1 to 5 of Module 4 is relevant for Final (Old) Paper 7: Direct Tax Laws also, and to that extent this capsule is relevant for Final (Old) course students also. As indicated in the title, remember that the capsule will only serve as a quick recap for May 2019 and Nov 2019 Examinations. For comprehensive study, read the Study Material and RTP.

### CHAPTER 1: NON RESIDENT TAXATION

The residential status of a person determines the scope of income to be included in his/its total income (TI), which is subject to income-tax in India. The provisions for determining the residential status of a person are contained in section 6 and the scope of TI is defined u/s 5 of IT Act, 1961.

#### RESIDENCE IN INDIA [SECTION 6]

**INDIVIDUAL**

The residential status of an individual is determined on the basis of the **period of his stay** in India.

**Basic conditions:**

(i) He must be present in India for a period of **182 days or more** during the previous year (P.Y.); or

(ii) He must be present in India for a period of **60 days or more** during the P.Y. and **365 days or more during the 4 years immediately preceding the relevant P.Y.**

**Cases where condition (ii) is not applicable:**

(a) Where an Indian citizen leaves India during the P.Y. for the purpose of employment outside India or as a member of the crew of an Indian ship;

(b) Where an Indian citizen or a person of Indian origin who, being outside India, comes on a visit to India during the P.Y.

**Additional conditions:**

(1) He is a **resident in at least 2 out of 10 PYs preceding the relevant P.Y.;**

(2) His **stay in India in the last 7 years preceding the relevant P.Y. is 730 days or more.**

<table>
<thead>
<tr>
<th>Resident and ordinarily resident (ROR)</th>
<th>Resident but not ordinarily resident (RNOR)</th>
<th>Non-resident (NR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Must satisfy at least one of the basic conditions [(i) or (ii)] and both the additional conditions [(1) &amp; (2)].</td>
<td>Must satisfy at least one of the basic conditions [(i) or (ii)] and one or none of the additional conditions [(1) or (2) or neither].</td>
<td>Must not satisfy either of the basic conditions [Neither (i) nor (ii)].</td>
</tr>
</tbody>
</table>

**COMPANY**

A company is said to be engaged in **ABOI**, if it fulfills the cumulative conditions:

- Passive income of a company shall be aggregate of:
  - Income from the transactions where both the purchase and sale of goods is from/to its AEs; and
  - Income by way of royalty, dividend, capital gains, interest (except for banking Cos and public financial institutions) or rental income, whether or not involving AEs.

<table>
<thead>
<tr>
<th>Is the Co. an Indian Co.?</th>
<th>No</th>
<th>Whether POEM of the Co. is in India in the relevant P.Y.?</th>
<th>No</th>
<th>The Co. is a NR for the relevant P.Y.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Co. is a resident in India for the relevant P.Y.</td>
<td>Yes</td>
<td>POEM – Place of Effective Management</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

**Determination of POEM on the basis of ABOI test**

- Less than 50% of the total number of employees are situated in India or are residents in India
- Payroll expenses incurred on such employees are less than 50% of its total payroll expenditure
- POEM – Place of Effective Management
**SCOPE OF TOTAL INCOME [SECTION 5]:** Whether the following incomes are to be included in TI?

<table>
<thead>
<tr>
<th>Particulars</th>
<th>ROR</th>
<th>RNOR</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income received or deemed to be received in India during the relevant P.Y.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income accruing or arising or deeming to accrue or arise in India during the relevant P.Y.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Income accruing or arising outside India during the relevant P.Y.</td>
<td>Yes</td>
<td></td>
<td>No</td>
</tr>
</tbody>
</table>

**Fig 1.2**

**Income deemed to accrue or arise in India [Section 9(1)]**

- Salary earned for services rendered in India
- Income accruing or arising outside India, directly or indirectly, through or from
- Salary payable by the Govt. to an Indian Citizen for services rendered outside India
- Dividend paid by an Indian Co. outside India
- Interest, if payable by
- Royalty, if payable by
- FTS, if payable by

**Exceptions**

- Any Business Connection in India
- Any property/asset or source of income in India
- Transfer of capital asset situated in India
- Any resident in India
- Any technical services or royalty services are utilised for the purpose of business or profit carried on outside India
## Income flows received in the hands of Non-residents [Section 10]

<table>
<thead>
<tr>
<th>Section</th>
<th>Income</th>
<th>Available to</th>
</tr>
</thead>
<tbody>
<tr>
<td>10(4)(ii)</td>
<td>Int on money standing to the credit in a NRE A/c of an individual (indvl) in any bank in India as per the FEMA Act, 1999</td>
<td>Indvl resident outside India (under FEMA Act) or an indvl who has been permitted to maintain said account by RBI</td>
</tr>
</tbody>
</table>
| 10(6)(ii) | Remuneration (Remn) recd by Foreign Diplomats/Consulate and their staff  
**Conditions:**  
1. The remn recd by our corresponding Govt. officials/member of staff resident in such foreign countries should be exempt.  
2. The member of staff should be the subjects of the respective countries and should not be engaged in any other business or profn or employment in India. | Indvl (not being a citizen of India) |
| 10(6)(vi) | Remn recd as an employee of a foreign enterprise (FE) for services rendered by him during his stay in India, if: a) FE is not engaged in any trade or business in India; b) His stay in India does not exceed 90 days in aggregate in such P.Y. and c) Such remn is not liable to be deducted from the income of employer chargeable under IT Act | Indvl - Salaried Employee (not being a citizen of India) of a FE |
| 10(6)(vii) | Salary recd by or due for services rendered in connection with his employment on a foreign ship if his total stay in India does not exceed 90 days in the P.Y. | Indvl - Salaried Employee (NR who is not a citizen of India) of a foreign ship |
| 10(6)(xii) | Royalty income or FTS under an agrmt with the Central Government (CG) for providing services in or outside India in projects connected with security of India | Foreign Co. (notified by the CG) |
| 10(6D) | Royalty income from or FTS rendered in or outside India to, the National Technical Research Organisation (NTRO) | Non-corporate NR and foreign Co. |
| 10(15)(iia) | Int on deposits made by a foreign bank with any scheduled bank with approval of RBI. | Bank incorporated outside India and authorised to perform Central Banking functions in that country. |
| 10(15)(iv)(fa) | Int payable by scheduled bank on deposits in foreign currency (FC) where the acceptance of such deposits is duly approved by RBI. [Scheduled bank does not include co-operative bank] | a) NR or b) Indvl or HUF, being a resident but not ordinarily resident |
| 10(15)(viii) | Int on deposit made on or after 01.04.2005 in an Offshore Banking Unit | |
| 10(48) | Income received in India in Indian currency on a/c of sale of crude oil or any other goods or rendering of services as may be notified by the CG in this behalf. Foreign Co. and agreement (agrmnt) should be notified by the CG in national interest. | Foreign Co. on a/c of sale of crude oil, any other goods or rendering of service. It should not be engaged in any other activity in India. |
| 10(48A) | Income accruing or arising on a/c of storage of crude oil in a facility in India and sale of crude oil therefrom to any person resident in India. Foreign Co. and agrmnt should be notified by the CG in national interest. | Foreign Co. |
| 10(48B) | Income from sale of leftover stock of crude oil from facility in India after the expiry of agrmnt ref u/s 10(48A) or on termination of the said agrmnt | Foreign Co. |
Presumptive Income provisions applicable to NRs

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Section 44B</th>
<th>Section 44BBA</th>
<th>Section 44BB</th>
<th>Section 44BBB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature of business</td>
<td>Shipping business</td>
<td>Operation of aircraft</td>
<td>Business of providing services or facilities in connection with, or supplying P &amp; M on hire used, or to be used, in the prospecting for, or extraction or production of, mineral oils</td>
<td>Business of civil construction or the business of erection of P&amp;M or testing or commissioning thereof, in connection with turnkey power projects approved by the CG.</td>
</tr>
<tr>
<td>Eligible assessee</td>
<td>NR</td>
<td>NR</td>
<td>NR</td>
<td>Only Foreign Co.</td>
</tr>
<tr>
<td>Presumptive income</td>
<td>7.5% of specified sum</td>
<td>5% of specified sum</td>
<td>10% of specified sum</td>
<td>10% of specified sum</td>
</tr>
<tr>
<td>Specified sum</td>
<td>(i) Amt paid or payable on a/c of carriage of passengers, livestock, mail or goods shipped at/ from any port/place in India; and (ii) Amt recd or deemed to be recd in India on a/c of the carriage of passengers, livestock mail or goods shipped at/ from any port/place outside India</td>
<td>(i) Amt paid or payable on a/c of the provn of such services or facilities for the aforesaid purposes in India; and (ii) Amt recd or deemed to be recd in India on a/c of the provn of services or facilities for the aforesaid purpose outside India.</td>
<td>Amt paid or payable on a/c of such civil construction, erection, testing or commissioning</td>
<td></td>
</tr>
<tr>
<td>Option to declare lower profits</td>
<td>Not available</td>
<td></td>
<td>Lower profits may be claimed u/s 44BB and u/s 44BBB provided the assessee maintains BOA u/s 44AA and gets them audited u/s 44AB.</td>
<td></td>
</tr>
</tbody>
</table>

Dedn of HO exp in case of NRs while computing PGBP

Lower of

5% of adjusted TI

Amt. of HO exp incurred by the NR attributable to the business or profn in India

Meaning of Adj. TI

TI, without giving effect to:
(i) HO exp
(ii) Unabsorbed depreciation
(iii) Capital exp. on family planning
(iii) Losses c/t:
  Business loss u/s 72(1)
  Spec. bus. Loss u/s 73(2)
  LTCL/STCL u/s 74(1)
  Loss from owning and maintaining race horses u/s 74A(3)
(iv) Dedns under Chap VI-A from GTI

Meaning of HO exp

Executive and general admin exp incurred by the NR outside India, incl:
(a) Rent, rates, taxes, repairs or ins of any premises outside India used for business or profn
(b) Salary, wages, perqs etc. to any employee or other person managing the affairs of any office outside India
(c) Travelling exp by any employee or other person managing the affairs of any office outside India
(d) Such other executive and general admin exp prescribed
Fig 1.6

**Investment Income** from FEA

<table>
<thead>
<tr>
<th>Rate of tax</th>
<th>Dedn for exp or allowance</th>
<th>Exemption u/s 115F</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>Not allowable</td>
<td>Allowable</td>
</tr>
</tbody>
</table>

**LTCG relating to FEA, being a LTCA**

- Allowable. However, benefit of indexation of COA is **not** available.

**LTCG of an asset, other than a specified asset**

- Allowable. Benefit of indexation of COA is available.

**Other Income**

- Normal rates of tax

- Allowable

---

*Fig 1.6 (Contd.)*

**Meaning of Foreign Exchange Asset (FEA)**

- Shares in an Indian Co.
- Debentures issued by an Indian Co. (other than a Pvt. Co.)
- Deposits with an Indian Co. (other than a Pvt. Co.)
- Any security of the CG
- Other assets notified by the CG

**Acquired/purchased/subscribed to in convertible foreign exchange**

---

Special provisions for computing tax on income by way of interest and dividend (Section 115A)

<table>
<thead>
<tr>
<th>Where the total income of a NR includes any income by way of</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Dividends [other than dividend ref u/s 115-O]</td>
<td>20%</td>
</tr>
<tr>
<td>(2) Interest recd from the Govt. or an Indian concern</td>
<td>20%</td>
</tr>
<tr>
<td>moneys borrowed or debt incurred by the Govt./Indian concern in FC, other than (3), (4), (5) and (6) mentioned below</td>
<td></td>
</tr>
<tr>
<td>(3) Interest received from an infrastructure debt fund ref u/s 10(47)</td>
<td>5%</td>
</tr>
<tr>
<td>(4) Interest ref u/s 194LC [Refer Fig. 1.11]</td>
<td>5%</td>
</tr>
<tr>
<td>(5) Interest ref u/s 194LD [Refer Fig. 1.11]</td>
<td>5%</td>
</tr>
<tr>
<td>(6) Interest ref u/s 194LBA(2) [Refer Fig. 1.11]</td>
<td>5%</td>
</tr>
<tr>
<td>(7) Income received in respect of units purchased in FC of a mutual fund (MF) specified u/s 10(23D) or UTI</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Notes:**
- No dedn in respect of any exp or allowance shall be allowed u/s 28 to 44C and 57.
- Dedn under Chapter VI-A is not available.
- The assessee is not required to furnish a return of his income (ROI) if the following conditions are satisfied:
  1. The TI consists of only the abovementioned incomes and
  2. TDS has been deducted from such income.

---

*Fig 1.7*
Special provisions for computing tax on income of FIIs from securities [Section 115AD]

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Income recd in respect of securities other than • income by way of dividends ref u/s 115-O • income on units ref u/s 115AB i.e., units of MF specified u/s 10(23D) or UTI • Interest ref u/s 194LD</td>
<td>20%</td>
</tr>
<tr>
<td>(b)</td>
<td>Interest referred u/s 194LD [Refer Fig 1.11]</td>
<td>5%</td>
</tr>
<tr>
<td>(c)</td>
<td>Income by way of STCG arising from the transfer of securities (other than STCG u/s 111A)</td>
<td>30%</td>
</tr>
<tr>
<td>(d)</td>
<td>Income by way of STCG u/s 111A</td>
<td>15%</td>
</tr>
<tr>
<td>(e)</td>
<td>Income by way of LTCG arising from the transfer of securities (other than LTCG u/s 112A)</td>
<td>10%</td>
</tr>
<tr>
<td>(f)</td>
<td>Income by way of LTCG u/s 112A exceeding ₹ 1 lakh</td>
<td>10%</td>
</tr>
</tbody>
</table>

Notes:
- No deduction for any expenditure or allowance shall be allowed under the Act from the income referred above.
- Deduction under Chapter VI-A is not allowable in case of income from securities, STCG or LTCG arising from transfer of securities.
- Conversion to foreign currency and indexation benefit would not be available while computing capital gains on transfer of securities.

Special provisions for computing tax in case of NR sportsmen or sports associations [Section 115BBA]

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Assessee</th>
<th>Income</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>A sportsman (including an athlete), who is not a citizen of India and is a NR</td>
<td>Any income recd or receivable by way of— (i) participation in India in any game (other than a game winnings wherefrom are taxable u/s 115BB) or sport; or (ii) advertisement; or (iii) contribution of articles relating to any game or sport in India in newspapers, magazines or journals;</td>
<td>20%</td>
</tr>
<tr>
<td>(b)</td>
<td>A NR sports association or institution</td>
<td>Any amt guaranteed to be paid or payable to such association or institution in relation to any game (other than a game the winnings wherefrom are taxable u/s 115BB) or sport played in India</td>
<td>20%</td>
</tr>
<tr>
<td>(c)</td>
<td>An entertainer who is not a citizen of India and is a NR</td>
<td>Any income recd or receivable from his performance in India</td>
<td>20%</td>
</tr>
</tbody>
</table>

Notes:
1. No deduction of any expenditure or allowance shall be allowed under the Act from the income referred above.
2. The assessee is not required to furnish a return of his income if the following conditions are satisfied:
   (a) The TTI consists of only above mentioned income and
   (b) TDS has been fully deducted from such income.
3. “Match referree” does not fall within the meaning of “sportsmen” to attract the provisions of sec 115BBA. Therefore, although the payments made to NR ‘match referree’ are “income” which has accrued and arisen in India, the same are not taxable under the provisions of sec 115BBA. They are subject to the normal rates of tax [Calcutta High Court in Indcom v. CIT (TDS)(2011) 335 ITR 485]
<table>
<thead>
<tr>
<th>Section</th>
<th>Nature of payment</th>
<th>Rate of TDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>192</td>
<td>Salary</td>
<td>Normal Slab rates</td>
</tr>
<tr>
<td>192A</td>
<td>Premature withdrawals from EPF, aggregating to ₹50,000 or more</td>
<td>10%</td>
</tr>
<tr>
<td>194B</td>
<td>Income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort, where payt to a person &gt; ₹10,000</td>
<td>30%</td>
</tr>
<tr>
<td>194BB</td>
<td>Income by way of winnings from horse races, where payt to a person &gt; ₹10,000</td>
<td>30%</td>
</tr>
<tr>
<td>194E</td>
<td>Specified payts referred u/s 115BBA to NR sportsmen/sports association or an entertainer</td>
<td>20%</td>
</tr>
<tr>
<td>194G</td>
<td>Commission etc. on the sale of lottery tickets, where payt &gt; ₹15,000</td>
<td>5%</td>
</tr>
<tr>
<td>194LB</td>
<td>Payment of interest on infrastructure debt fund</td>
<td>5%</td>
</tr>
<tr>
<td>194LBA(2)</td>
<td>Distribution of any interest income, recd or receivable by a business trust (BT) from a SPV, to its unit holders.</td>
<td>5%</td>
</tr>
<tr>
<td>194LBA(3)</td>
<td>Distribution of any income received from renting or leasing or letting out any real estate asset directly owned by the BT, to its unit holders.</td>
<td>At the rates in force</td>
</tr>
<tr>
<td>194LBB</td>
<td>Investment fund paying income to a unit holder [other than income chargeable under PGBP which is exempted u/s 10(23FBB)].</td>
<td>At the rates in force</td>
</tr>
<tr>
<td>194LBC(2)</td>
<td>Income in respect of investment made in a securitisation trust (specified in Explanation to section 115TCA)</td>
<td>5%</td>
</tr>
<tr>
<td>194LC</td>
<td>Payment of interest by an Indian Co. or BT –</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>- in respect of monies borrowed by an Indian Co. or BT in FC from sources outside India</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Under a loan agrmt between 1.7.2012 and 30.6.2020 or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• by way of issue of long-term infrastructure bonds (LTIB) between 1.7.2012 and 30.9.2014 or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• by way of issue of long-term bonds including LTIB between 1.10.2014 and 30.6.2020 as approved by the CG</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- in respect of monies borrowed from sources outside India by way of rupee denominated bond (RDB) before 1.7.2020</td>
<td></td>
</tr>
<tr>
<td>194LD</td>
<td>Interest payable between 1.6.2013 and 30.6.2020 to a FI or QFI on investment made in –</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>- RDB of an Indian Co.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Govt. security</td>
<td></td>
</tr>
<tr>
<td>195</td>
<td>Payment of any other sum to a Non-corporate non resident or Foreign Co.</td>
<td>At the rates in force</td>
</tr>
<tr>
<td>196B</td>
<td>Income from units of a MF or UTI purchased in FC (including LTCG on transfer of such units) payable to an Offshore Fund</td>
<td>10%</td>
</tr>
<tr>
<td>196C</td>
<td>Income by way of interest on bonds of an Indian Co. or public sector Co. sold by the Govt. and purchased by a NR in FC or dividend on GDRs referred to u/s 115AC (including LTCG on transfer of such bonds or GDRs) payable to a NR</td>
<td>10%</td>
</tr>
<tr>
<td>196D</td>
<td>Income of FI from securities referred u/s 115AD(1) (not being income by way of interest u/s 194LD, dividend u/s 115-O or capital gain arising from such securities)</td>
<td>20%</td>
</tr>
</tbody>
</table>

Notes –
(i) In all the above cases, the rate of tax would be increased by surcharge, wherever applicable, and health and education cess @4%.
(ii) The rates in force are specified in the Finance Act, 2018 or in the DTAA entered into u/s 90 or 90A, as the case may be.
CHAPTER 2: DOUBLE TAXATION RELIEF

Double taxation (DT) means taxing the same income twice in the hands of an assessee.

This arises on a/c of income being taxed in the country of residence as well as in the country of source.

In order to avoid such double taxation, Double Tax Avoidance Agreements (DTAAs) come into play.

Source Rule

Residence Rule

Income taxed in the country in which it originates irrespective of whether the income accrues to a resident or NR

Income taxed in the country in which the taxpayer is resident

DT Relief under the IT Act, 1961

Bilateral Relief [Section 90/90A]

Agrmt with foreign countries or specified territories

OBJECTIVE
The CG may enter into an agrmt with the Govt of any country outside India or specified territory or specified assn outside India,—
• for the granting of relief in respect of doubly taxed income
• for the avoidance of DT of income
• for exchange of information for the prevention of evasion or avoidance of income-tax
• for recovery of income-tax

APPLICABILITY
Assessee, who is a resident in India during the PY

CONDITIONS
• The income accrues or arises to him outside India.
• The income is not deemed to accrue or arise in India during the PY.
• The income in question has been subjected to income-tax in the foreign country in the hands of the assessee.
• The assessee has paid tax on the income in the foreign country.
• There is no agrmt for relief from DT between India and the other country where the income has accrued or arisen.

TAXABILITY
Taxability of income would be detd based on DTAA or the IT Act, 1961, whichever is more beneficial.

CHARGE OF TAX ON FOREIGN CO.
The charge of tax in respect of a foreign Co. at a rate higher than the rate at which a domestic Co. is chargeable, shall not be regarded as less favourable charge or levy of tax in respect of such foreign Co.

TAX RESIDENCY CERTIFICATE (TRC)
• In order to claim DT relief, the NR to whom such DTAA applies, has to obtain a TRC from the Govt of that country or specified territory.
• The NR to also provide such other docs and info, as may be prescribed, for claiming treaty benefits.

Unilateral Relief [Section 91]

Countries with which no agrmt exists

COMPUTATION OF RELIEF
Doubly taxed income × Indian rate of tax or Rate of tax in the said country, whichever is lower
Multinational Companies (MNC) operating in more than one country transfer physical goods and intangible property or provide services to their associated enterprises (AEs) in another country. Two enterprises are “AEs” if one of the enterprises participates directly or indirectly in the management, control or capital of the other or if both enterprises are under common control. While doing so, the MNC concerned has in mind the goal of minimising tax burden and maximising profits but the two tax jurisdictions have also the consideration of maximising their revenue while making laws that govern such transactions (transns.) It is an internationally accepted practice that such ‘transfer pricing’ should be governed by the Arm’s Length Principle (ALP) and the transfer price should be the price applicable in case of a transaction of arm’s length. In other words, the transaction between associates should be priced in the same way as a transaction between independent enterprises to avoid loss of revenue to the concerned tax jurisdictions.

**Fig 3.1**

**Chapter X: Special provisions relating to Avoidance of Tax [Transfer Pricing provisions]**

**Income should arise from**
- International Transaction (InTn)
- Specified domestic transaction (SDT) [See Fig 3.6]

**Income to be computed having regard to ALP**
- ALP is the price applied/ proposed to be applied in a transn b/w persons other than AEs in uncontrolled condns.

**Computation of income as per ALP**
- Should have the effect of ing taxable income or ing loss computed

**Factors for selecting MAM**
- Nature & class of InTn
- Classes) of AEs, functions performed, assets employed & risks assumed
- Availability, coverage & reliability of data reqd for appln of the method
- Degree of comparability bet. the InTn & uncontrolled transn(CUT)
- Extent to which reliable & accurate adjts can be made to a/c for diff. b/w InTn & CUT
- Nature, extent & reliability of assumpns reqd to be made in appln of a method
Fig 3.2

Associated Enterprises (AEs) [Section 92A(1)]

<table>
<thead>
<tr>
<th>Condition</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) An enterprise (entr) which participates, directly (DP) or indirectly (IDP), or through one or more intermediaries, in: Management (mgt) of the other entr (OE), or control of OE, or capital of OE</td>
<td>Where A Ltd. DP in mgt of B Ltd. and B Ltd. DP in mgt of C Ltd. In such situation, A Ltd. has DP in mgt of B Ltd. but has an IDP in mgt of C Ltd. In such scenario, both B Ltd. and C Ltd. would be AEs of A Ltd.</td>
</tr>
<tr>
<td>(2) If one or more persons participates, directly or indirectly, or through one or more intermediaries in: mgt of the two different entrs control of two different entrs capital of two different entrs Then, those two entrs are AEs.</td>
<td>Mr. A directly has control in A Ltd. and B Ltd. In such a scenario, both A Ltd. &amp; B Ltd. are AEs since they have a common person i.e. Mr. A, who controls both entities A Ltd. &amp; B Ltd.</td>
</tr>
</tbody>
</table>

Deemed Associated Enterprises [Section 92A(2)]

<table>
<thead>
<tr>
<th>Condition</th>
<th>Situation</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substantial Voting Power (VP)</td>
<td>One entr holds 26% or more of the VP, directly or indirectly, in the other entr (OE).</td>
<td>A Ltd. holds 33% of VP in B Ltd. and B Ltd. holds 40% VP in C Ltd. In above situation, A Ltd. holds 33% of VP in B Ltd. directly and 40% of VP in C Ltd. indirectly (i.e. through B Ltd.). Therefore, both B Ltd. &amp; C Ltd. are deemed AEs of A Ltd.</td>
</tr>
<tr>
<td>Substantial VP in two entities by common person</td>
<td>Any person or entr holds 26% or more of the VP power, directly or indirectly, in each of two different entrs.</td>
<td>Mr. A holds 40% of shareholding in both X Ltd. and Y Ltd. where neither X Ltd. has any holding in Y Ltd. nor Y Ltd. has any holding in X Ltd. In this situation, since Mr. A directly holds 40% of shareholding in both X Ltd. and Y Ltd., X Ltd. &amp; Y Ltd. will be deemed AEs.</td>
</tr>
</tbody>
</table>
### Deemed Associated Enterprises [Section 92A(2)]

<table>
<thead>
<tr>
<th>Condition</th>
<th>Situation</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advancing of substantial sum of money</td>
<td>One entr advances loan to the OE of an amount of <strong>51% or more</strong> of the book value (BV) of the total assets of OE</td>
<td><strong>BV of total assets of Y Ltd. is ₹ 100 crores. X Ltd. advances loan of ₹ 60 crores to Y Ltd.</strong> Since, in this case, X Ltd. advances loan which is 60% of the BV of total assets of Y Ltd., X Ltd. &amp; Y Ltd. are deemed AEs.</td>
</tr>
<tr>
<td>Guaranteeing borrowings</td>
<td>One entr guarantees <strong>10% or more</strong> of the total borrowings of the OE.</td>
<td><strong>P Inc. has total loan of 1 million dollars from XYZ Bank of America. Out of that, A Ltd., an Indian company, guarantees 20% of total borrowings. In such case, P Inc. and A Ltd. would be deemed AEs.</strong></td>
</tr>
<tr>
<td>Appointment of majority directors of OE</td>
<td>One Entr appoints <strong>more than half of the BoD</strong> or members of the governing board (GB), or one or more executive directors (EDs) or executive members (EMs) of the GB of OE.</td>
<td><strong>X Ltd. has 15 directors on its Board. Out of that, Y Ltd. has appointed 8 directors. In such case, X Ltd. and Y Ltd. would be deemed AEs.</strong></td>
</tr>
<tr>
<td>Appointment of majority directors of two different entr(s) by same person(s)</td>
<td><strong>More than half of the directors or members of the GB, or one or more of the EDs or members of the GB of each of the two entrs are appointed by the same person(s).</strong></td>
<td><strong>Mr. A appointed 9 directors out of 15 directors of X Ltd. and appointed 2 EDs on the board of Y Ltd. In such case, since a common person i.e. Mr. A appointed more than half of the directors in X Ltd. and appointed 2 EDs in Y Ltd., both X Ltd. and Y Ltd. are deemed AEs.</strong></td>
</tr>
<tr>
<td>Dependence on intangibles w.r.t which OE has exclusive rights</td>
<td>The manufacture (mfr) or processing of goods or articles or business carried out by one entr is <strong>wholly dependent</strong> (i.e. 100%) on the know-how, patents, copyrights etc., or any data, documentation, drawing or specification relating to any patent, invention, model etc., of which the OE is the owner or in respect of which the OE has exclusive rights.</td>
<td></td>
</tr>
<tr>
<td>Dependence on RM supplied by OE</td>
<td>90% or more of RMs and consumables required for the mfr or processing of goods or articles or business carried out by one entr, are supplied by the OE, or by persons specified by the OE, where the prices and other conditions relating to the supply are influenced by such OE.</td>
<td></td>
</tr>
<tr>
<td>Dependence on sale</td>
<td>The goods or articles mfrd or processed by one entr, are sold to the OE or to persons specified by the OE, and the prices and other conditions relating thereto are influenced by such OE.</td>
<td></td>
</tr>
<tr>
<td>Control by common individual (indvl)</td>
<td>Where one entr is controlled by an indivl, the OE is also controlled by such indivl or his relative or jointly by such indivl and his relatives.</td>
<td><strong>Mr. A and Mr. B are relatives. Mr. A has control over X Ltd. and Mr. B has control over Y Ltd. In such a case, both X Ltd. and Y Ltd. would be deemed AEs.</strong></td>
</tr>
<tr>
<td>Control by HUF or member thereof</td>
<td>Where one entr is controlled by an HUF and the OE is controlled by a member of such HUF or by relative of a member of such HUF or jointly by such member and his relative.</td>
<td></td>
</tr>
<tr>
<td>Interest in a firm, AOPs or BOIs</td>
<td>Where one entr is a firm, AOPs or BOIs, the OE holds <strong>10% or more interest</strong> in firm/HUF/BOI.</td>
<td></td>
</tr>
<tr>
<td>Mutual interest relationship</td>
<td>There exists b/w the two entrs, any relationship of mutual interest, as may be prescribed.</td>
<td></td>
</tr>
</tbody>
</table>
### Methods for computing ALP [Section 92C]

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CUP Method</strong></td>
<td>This method is applied where there are similar transactions with unconnected parties.</td>
</tr>
<tr>
<td></td>
<td><strong>Identify price in a comparable uncontrolled transaction (CUCT)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Adjust the price for material differences in terms of contract, credit, transport etc.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Adjusted price is ALP</strong></td>
</tr>
<tr>
<td><strong>Resale Price Method (RPM)</strong></td>
<td>This method is applied where item obtained from AE is resold to unrelated party.</td>
</tr>
<tr>
<td></td>
<td><strong>Identify the RP at which the item is resold to unrelated party</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Adjust the price for functional &amp; other differences affecting GP margin in open market (OM)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Adjusted price is ALP</strong></td>
</tr>
<tr>
<td><strong>Cost Plus Method (CPM)</strong></td>
<td>This method is generally applied where semi-finished goods are sold to AEs.</td>
</tr>
<tr>
<td></td>
<td><strong>Identify direct &amp; indirect COP incurred for property traded or services provided to AE</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Determine normal GP mark-up to such costs by an unrelated entr in CUCTs</strong></td>
</tr>
<tr>
<td></td>
<td><strong>ALP to be detd on the basis of profit apportioned.</strong></td>
</tr>
<tr>
<td><strong>Profit Split Method (PSM)</strong></td>
<td>This method is applied where there is transfer of unique intangibles or in multiple Intns.</td>
</tr>
<tr>
<td></td>
<td><strong>Determine combined NP of the AES arising out of InTn</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Evaluate the relative contribution of each entr to the earning of combined NP on the basis of FAR</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Adjusted NP margin realised from CUCT to a/c for differences affecting NP margin in the OM</strong></td>
</tr>
<tr>
<td><strong>Transactional Net Margin Method (TNMM)</strong></td>
<td>Compute NP margin of the entr from InTn with AE having regard to cost incurred/sales effected/assets employed</td>
</tr>
</tbody>
</table>

### Advance Pricing Agreements [Section 92CC]

An Advance Pricing Agreement (APA) is an agreement between a taxpayer and a taxing authority on an appropriate TP methodology for a set of transactions over a fixed period of time in future for not exceeding 5 consecutive PYs.

APA may also provide for determination of ALP or for specifying the manner in which ALP is to be determined in relation to an InTn entered into by a person during the rollback year. Rollback year is the PY falling within the period not exceeding four PYs preceding the first of the PYs for which the APA applies in respect of the InTn to be undertaken.

#### Purpose of APA
- Determination (dtrmn) of ALP or specifying the manner for determination of ALP for an InTn to be entered into.
- The manner for determination of ALP ref. above may include methods ref. to u/s 92C(1) or any other method with necessary adjustments or variations.

#### Manner of dtrmn of ALP in APA
- Where an APA has been entered for an InTn, then, computation of ALP as per the methods specified u/s 92C and reference to TPO would not apply for such InTn.

#### Non-applicability of sec 92C & sec 92CA
- For the period specified in the agrmt which shall not exceed five consecutive PYs. In case of rollback, the total period shall not exceed 9 PYs [4 PY + maximum 5 consecutive PY]

#### Validity of APA
- APA will be binding on:
  - the person and in respect of the transactions in relation to which, the APA has been entered into; and
  - the PC or C and the ITAs subordinate to him, in respect of the said person and the said transactions.
- The APA, however, would not be binding, if there is any change in law or facts having bearing on such APA.

#### Binding nature of APA
- Where APA obtained by way of fraud or misrepresentation of facts, the Board with the approval of CG can declare APA void ab initio.
- All the prov of the Act shall apply to such person, as if such APA had never been entered into.
- The period beginning with the date of such APA and ending on the date of order declaring the APA as void ab initio, shall be excluded for the purpose of computing any period of limitation (POL) under this Act.
- In case the POL after exclusion of the above period is less than 60 days, such remaining POL shall be extended to 60 days.

#### Consqs. where APA is obtained by fraud:
- The Board has prescribed rules 10F to 10T specifying an APA scheme. [For details, refer Study Material]
Secondary Adjustment (Section 92CE)

Primary Adjustment (PA) to TP

Determination of TP in acc. with ALP resulting in ↑ in TI or ↓ in loss of the assessee

Is PA > ₹ 1 crore in a PY?

No

No Secondary Adj is reqd

Yes

Does it relate to A.Y.2017-18 or later A.Y.?

No

Yes

If answer to both questions is yes, Secondary Adjustment to TP is required, where PA to TP is made in a case falling within (i) to (iv) in box 1 or (v) in box 2 below.

Adj. in BOA of the assessee and its AE to reflect actual allocation of pfts b/w assessee and its AE in line with TP detd in PA

Excess Money (i.e., diff. b/w ALP detd. in PA and actual TP) to be repatriated within 90 days

From due date of filing of ROI u/s 139(1)

From date of order

Box 1: In cases (i) to (iv) below

- Where PA to TP has been made by the assessee suo moto in his ROI
- Where APA is entered into by the assessee
- Where safe harbor option is exercised by assessee
- Where agmt under the MAP under a DTAA has been entered into u/s 90 or 90A

Box 2: In case (v) below

If PA to TP as determined in the order of the AO or the Appellate Authority has been accepted by the assessee

Consequences of non-repatriation within 90 days

Excess Money would be deemed as advance made by the assessee to AE

Interest to be computed

Where the InTn is denominated in Indian Rupee

At one year marginal cost of fund lending rate of SBI as on 1st April of the relevant PY + 3.25%

Where the InTn is denominated in FC

At six month LIBOR as on 30th Sep of the relevant PY + 3%
Chapter 4: Advance Rulings

For the purpose of saving the high cost and significant time involved in extensive litigations relating to determination of tax liability of a non-resident or tax liability of a resident arising out of high value transactions, an independent quasi-judicial authority, namely, the Authority for Advance Rulings (AAR) has been given the power to pronounce advance ruling in respect thereof relating to a specific question of law or fact. This will help ensure certainty and at the same time will be expeditious and cost effective.
The Chartered Accountant Student

January 2019

21

INTERNATIONAL TAXATION

Applicant for Advance Ruling

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Applicant u/s 245N(b)</th>
<th>Advance Ruling u/s 245N(a) means determination by the AAR in relation to</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>NR</td>
<td>a transn which has been undertaken (u/t) or is proposed to be u/t by him.</td>
</tr>
<tr>
<td>(ii)</td>
<td>Resident</td>
<td>the tax liability of a NR arising out of a transn which has been u/t or is proposed to be u/t by him with such NR and such determination (detmn) shall incl the detmn of any question of law or of fact specified in the application.</td>
</tr>
<tr>
<td>(iii)</td>
<td>Resident of class or category of persons notified by CG</td>
<td>the tax liability of a resident applicant, arising out of a transn which has been u/t or is proposed to be u/t by such applicant and such detmn shall incl the detmn of any question of law or of fact specified in the application.</td>
</tr>
<tr>
<td>(iv)</td>
<td>Resident of class or category of persons notified by CG</td>
<td>an issue relating to computation of TI which is pending before any IT Authority or the ITAT and such detmn or decision shall incl the detmn or decision of any question of law or fact w.r.t. such computation of TI specified in the application.</td>
</tr>
<tr>
<td>(v)</td>
<td>Resident or NR</td>
<td>whether an arrangement, which is proposed to be u/t by such applicant, is an impermissible avoidance arrangement as referred to in Chapter X-A or not.</td>
</tr>
</tbody>
</table>

Note: CG has notified a resident, in relation to his tax liability arising out of one or more transns. valuing ≥ ₹ 100 crore in total.

Note: A Public sector undertaking has been notified by the CG.

Fig 4.1

Overview of Advance Ruling Procedure

Cannot make an application for advance ruling

Is the applicant an eligible applicant falling u/s 245N(b)?

- Yes

- No

Entitled to make an application for advance ruling

Is the application withdrawn by the applicant within 30 days?

- No

- Yes

AAR shall not allow the application

- Yes

- No

- Opportunity of being heard to be given to the applicant

- Reasons for rejection to be given in the order.

Whether application accepted?

- Yes

- No

Copy of application f/w to PC or Commissioner requiring him to furnish records, if required

AAR to pronounce with ruling within 6 months of recpt of appln

Advance Ruling pronounced is binding only on:

- The applicant who has sought it

- in respect of the specific transaction for which the ruling has been sought

- On PC/Commnr and the IT Auth subordinate to him, in resp. of the applicant and the transn

Advance Ruling is void ab initio

Is the advance ruling obtained by fraud/misrepresentation?

- Yes

- No

Advance Ruling is valid
**CHAPTER 5: EQUALISATION LEVY**

In the digital domain, business may be conducted without regard to national boundaries and may dissolve the link between an income-producing activity and a specific location. The typical taxation issues relating to e-commerce are:

(i) the difficulty in characterising the nature of payment and establishing a nexus or link between taxable transaction, activity and a taxing jurisdiction,

(ii) the difficulty of locating the transaction, activity and identifying the taxpayer for income tax purposes.

Taking into consideration the potential of new digital economy and the rapidly evolving nature of business operations, it becomes necessary to address the challenges in terms of taxation of such digital transactions.

Chapter VIII of the Finance Act, 2016 addresses these challenges by introducing "Equalisation Levy" on such transactions.

---

**Fig 5.1**

- **Equalisation Levy (EL)**
  - **6% of amt. of consideration (consdn) recd or receivable**
  - **For Specified Services**
    - By a NR not having PE in India or providing services not effectively connected with his PE in India
    - From a resident in India carrying on business or profn
    - From a NR having PE in India

- **Meaning of Specified Services:**
  1. Online advt
  2. Prov. for digital advtg space or any other facility or service for online advt.
  3. Any other service notified by the Govt.

- **Does the aggregate amt of such consdn recd or receivable for specified services by a NR exceed ₹ 1 lakh in any PY?**
  - **Yes**: EL is attracted
  - **No**: EL is not attracted

- **Deduction of Eq. Levy**
  - EL@6% is deductible from consdn paid or payable for specified services by a –
    - resident carrying on business or profn; or
    - NR having PE in India if the agg. consdn exceeds ₹ 1 lakh

- **Remittance of EL**
  - EL deducted during any month to be paid to the credit of the CG by the 7th of the next month

- **Consequences of failure to deduct EL**
  - The person liable to deduct EL has to, in any case, pay the EL to the credit of the CG by the 7th of the next month.
  - Simple interest@1% p.m. or part of a month is attracted for the period of delay in remittance.
  - Penalty = the amt of EL deductible. For delayed remittance, penalty@ ₹ 1,000 per day of failure attracted, not exceeding the amt of EL not paid.
In order to enable various countries to enter into treaties, which are standardised to some extent, the Organisation for Economic Cooperation and Development (OECD) and the United Nations (UN) have developed certain Model Tax Conventions. These Conventions can be used by various countries as a starting point in their negotiations with other countries. While these Models are not legally binding, they have been extensively used by various countries as a reference point while entering into Tax Treaties.

**Fig 6.1**
Overview of Significant Articles of OECD and UN Model Conventions, 2017

<table>
<thead>
<tr>
<th>Article</th>
<th>OECD MC vis-à-vis UN MC Common paras &amp; Significant differences</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chapter I : Scope of the Convention</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Persons covered</td>
</tr>
<tr>
<td>2</td>
<td>Taxes covered</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Chapter II : Definitions</strong></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Resident</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

This term, however, does not include any person who is liable to tax in that State in respect of only income from sources in that State or capital situated therein.  

**Note** - OECD MC does not contain reference to place of incorporation.

**Tie-breaker Rule**

**In case of individuals**
Where an individual is a resident of both CSs as per domestic tax laws of that CS, then, his residential status shall be determined by applying the tie-breaker rule in the foll sequence:

**In case of companies**

- Dual residence arises where one CS attaches importance to POI and the other CS to the POEM.  
- The tie-breaker test involves a case by case approach considering the no. of tax avoidance cases involving dual resident Cos.  
- Request has to be made by the tax payer through Article 25 (MAP).  
- Competent Authorities will rely on range of factors to resolve the question of dual residency.
5 Permanent establishment (PE)

Meaning of PE [Article 5(1)]

- There should be an "enterprise" (Entr).
- Such Entr should be carrying on a "business";
- There should be a "place of business (POB)";
- Such place of business (POB) should be at the disposal of the Entr (may be owned / rented but must be one which the Entr has the effective power to use);
- The POB should be "fixed", i.e., it must be established at a distinct place with a certain degree of permanence
- The business of the enterprise is carried on wholly or partially through this fixed POB.

A PE does not exist unless all the aforesaid conditions are satisfied.

Specific inclusions in the meaning of PE [Article 5(2)]

Expansion of scope of Agency PE

- Agency PE targets activities done by a dependent agent (DA) of the Entr in the Source State (SS).
- DAPE now includes instances when an agent habitually concludes contracts, or habitually plays the principal role leading to the conclusion of contracts routinely concluded without material modification by the enterprise.

PE of an Insurance Enterprise

UN MC OECD MC

UN MC has an additional Article 5(6) relating to insurance. An insurance Entr of a CS is deemed to have a PE in the other CS if it collects premiums in the territory of that other CS or insures risks situated therein through a person.

In the absence of similar Article in the OECD MC, a PE of an insurance Entr is to be determined in accord with Article 5(1) or 5(2).

Chapter III: Taxation of Income

7 Business profits

Right of CS to tax business profits (BPs)

<table>
<thead>
<tr>
<th>OECD MC</th>
<th>UN MC</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPs of an Entr can only be taxed by the Residence State (RS). Right of Source State (SS) to tax BPs of an enterprise only exists if a PE exists in its jurisdiction.</td>
<td></td>
</tr>
</tbody>
</table>

Once a PE is proven, the SS can tax only such profits as are attributable to the PE

- The attribution principle is amplified by a limited Force of Attraction rule (FOA).
- The FOA rule implies that when a foreign enterprise sets up a PE in SS, it brings itself within the fiscal jurisdiction of that State to such a degree that profits that the Entr derives therefrom, whether through the PE or not, can be taxed by it (i.e., the SS).
- Accordingly, if the Entr carries on business in the other CS through a PE, the profits of the Entr may be taxed in the other CS but only so much of them as is attributable to:
  - that PE;
  - sales in that other CS of goods or merchandise of the same or similar kind as those sold through that PE; or
  - other business activities carried on in that other State of the same or similar kind as those effected through that PE.
11 Interest

**Right of CSs to tax interest**

<table>
<thead>
<tr>
<th>Para of Article</th>
<th>Right of CS to tax interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Confers the right to RS to tax interest</td>
</tr>
<tr>
<td>2</td>
<td>Confers right to the SS to tax interest. Generally, interest is taxed in the SS at a given rate on gross basis. However, if the beneficial owner of the interest is a resident of the other CS, the tax so charged ≤ specified % of the gross interest. The specified % as per OECD MC is 10%, but the UN MC leaves this % to be established through bilateral negotiations.</td>
</tr>
</tbody>
</table>

**Defn of interest in OECD & UN MCs** - Interest means income from debt claims of every kind,
- whether or not secured by mortgage and
- whether or not carrying a right to participate in the debtor’s profits.

**Specific inclusions in the definition of interest as per OECD & UN MCs**
- income from govt securities
- income from bonds or debentures
- premiums and prizes attaching to such securities, bonds or debentures.

**Note** - *Interest does not include penalty charges for late payment.*

12 Royalties (Roy)

<table>
<thead>
<tr>
<th>OECD MC</th>
<th>UN MC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roy. arising in SS and beneficially owned by resident of the RS is taxable only in RS. Thus, RS has exclusive right to tax royalty income.</td>
<td>Roy may also be taxed in the SS. However, if the beneficial owner is a resident of the RS, the tax charged by SS ≤ the specified %, (to be established thro bilateral negotiations) of gross royalty.</td>
</tr>
</tbody>
</table>

**Defn of Roy**
- Royalty does not incl:
  - rentals for films/tapes used for radio/TV broadcasting;
  - rentals for industrial, commercial or scientific equipment.

**Royalty includes**:
- rentals for films or tapes used for radio/TV broadcasting and
- equipment rentals like rentals for industrial, commercial or scientific equipment.

12A FTS

In its 2017 update, the UN MC has inserted a specific article pertaining to Fees for Technical Services (FTS). There is no specific reference to FTS in OECD MC.

**Right of CS to tax FTS [UN Model]**

<table>
<thead>
<tr>
<th>Para of Article</th>
<th>Right of CS to tax FTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Confers right to the RS to tax FTS. However, does not state that FTS is exclusively taxable in the RS.</td>
</tr>
<tr>
<td>2</td>
<td>Establishes the right of the SS to tax FTS in accordance with its domestic law, subject to limitation on the max. rate of tax, to be established thro bilateral negotiations, if the beneficial owner is a resident of the other CS.</td>
</tr>
</tbody>
</table>

**Meaning of FTS [UN Model]**
- FTS means payts for managerial, technical or consultancy services
- Exclusions from the meaning of FTS:
  - payt to an employee
  - payt for teaching in an or by an educational institution
  - payt by an individual for services for personal use

13 Capital gains

This Article provides for the taxation of income arising from transfer of a capital asset, including transfer of shares.

**Right of CS to tax income from Cap Gains**
- The right to tax cap gains may be exclusively with the RS, or shared between the RS and SS.
- The Article does not specify what is a cap gain and how it is to be computed, this being left to the applicable domestic law.
- The Article contains rules for taxation of gains from alienation of dif. assets such as immovable prop., immovable prop. forming part of a PE, ships & aircrafts, etc.
- In respect of shares, the 2017 OECD and UN MCs are identical. Rights are conferred to the SS if more than 50% of the value of shares during the preceding 365 days is derived from immovable property in such SS.
This Article present only in the UN MC deals with the taxation of income derived by a person for professional or specified services which are offered in the SS through some presence. **Right of CS to tax income from professional services [UN MC]**

<table>
<thead>
<tr>
<th>Right of RS</th>
<th>Income derived by a resident of a CS in respect of prof. services or other activities of an independent character is taxable only in the RS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right of SS</td>
<td>In the foll circumstances, however, IPS may also be taxed in the other CS (i.e., the SS):</td>
</tr>
<tr>
<td><strong>Circumstance</strong></td>
<td><strong>Extent of income taxable in SS</strong></td>
</tr>
<tr>
<td>If he has a fixed base regularly available to him in the SS for the purpose of performing his activities.</td>
<td>Only so much of the income as is attributable to that fixed base may be taxed in the SS.</td>
</tr>
<tr>
<td>If his stay in the SS is for a prd ≥ 183 days in any 12 month prd commencing or ending in the fiscal year concerned.</td>
<td>Only so much of the income as is derived from his activities performed in the SS may be taxed in that State.</td>
</tr>
</tbody>
</table>

**Definition of “Professional Services” [UN MC]**
The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants. **Note** – OECD MC does not contain a separate article on IPS. The same is dealt with as “Business Profits (Article 7)” under the OECD MC.

**Other income (OI)**

This Article deals with taxation of items of income which are not specifically taxable under any other specific Article [i.e., upto Article 20].

<table>
<thead>
<tr>
<th>OECD MC</th>
<th>UN MC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Right to tax OI</strong></td>
<td>Right to tax is ordinarily with the RS. Contains an additional para, Article 21(3), which provides that SS may also tax other income.</td>
</tr>
<tr>
<td><strong>Right to tax income [other than income from immovable property] effectively conn. with PE</strong></td>
<td>Article 21(2) of both OECD and UN MC provides that for income effectively connected with a PE maintained in a CS by a resident of the other CS, taxation is governed by the provns of Art 7 (Business Profits).</td>
</tr>
<tr>
<td></td>
<td>Additionally, UN Model provides that if the aforesaid income is effectively connected with a fixed base situated in a CS by a resident of the other CS, taxation would be governed by the provns of Article 14 (IPS).</td>
</tr>
</tbody>
</table>

**Chapter V : Methods for the Elimination of Double Taxation**

In many cases, the application of tax treaty may result into double taxation (DT) for tax payers. In such a case, Articles 23A and 23B provide for the mechanism through which tax credit/exemption may be available in the RS for taxes deducted in the SS.

**Two approaches for elimination of DT under MCs:**

<table>
<thead>
<tr>
<th>Exemption method (Article 23A)</th>
<th>Credit method (Article 23B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax exemption may be available in the RS for taxes deducted in the SS.</td>
<td>Tax credit may be available in the RS for taxes deducted in the SS.</td>
</tr>
</tbody>
</table>

These methods are not mutually exclusive and there may be cases where a treaty may adopt exemption method for certain types of income and credit method for other incomes. **Juridical DT and Economic DT:**

<table>
<thead>
<tr>
<th>Juridical DT</th>
<th>Economic DT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Meaning</strong></td>
<td>The same income or capital is taxable in the hands of the same person by more than one State</td>
</tr>
<tr>
<td><strong>Example</strong></td>
<td>In respect of dividend distributed by a Co., DDT may be payable by the Co. in SS, whereas the dividend may be taxable in the hands of the shareholder of the other CS, on the basis of his residence.</td>
</tr>
<tr>
<td><strong>Type of DT addressed by Art 23A &amp; 23B</strong></td>
<td>The Articles do not address Economic DT. If two States wish to solve problems of economic DT, they must do so in bilateral negotiations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Type of DT</strong></th>
<th>Juridical DT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of DT addressed by Art 23A &amp; 23B</strong></td>
<td>Articles 23A &amp; 23B address Juridical DT.</td>
</tr>
</tbody>
</table>
## Chapter VI: Special Provisions

### Mutual agreement procedure (MAP)

Where a taxpayer believes that the treatment accorded by either or both CSs is not in accord with the provisions of the tax treaty, this Article provides for dispute resolution through bilateral negotiations between competent authorities (CAS) of both CSs.

<table>
<thead>
<tr>
<th>Request for MAP</th>
<th>OECD MC</th>
<th>UN MC</th>
</tr>
</thead>
<tbody>
<tr>
<td>The taxpayer may make a request to either CS</td>
<td>Alt A - Taxpayer has to approach RS or the country of his nationality</td>
<td>Alt B - Reference to an arbitration process as part of MAP. The decision arrived at through the process is binding unless a person directly affected does not accept it.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time limit</th>
<th>OECD MC</th>
<th>UN MC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stipulates a time limit of 2 years from the date when all the info reqd by the CAS in order to address the case need to be provided to both CAS.</td>
<td>An arbitration may be initiated if the competent authorities (CAS) are unable to reach an agrmt on a case within 3 years from presentation of that case [Alt B]</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Who can request for Arbitration?</th>
<th>OECD MC</th>
<th>UN MC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arbitration must be requested in writing by the person who initiated the case</td>
<td>Arbitration must be requested by the CAS of one of the CS. Once such a request is made, the taxpayer will be notified [Alt B]</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Departure from Arbitration by CAS</th>
<th>OECD MC</th>
<th>UN MC</th>
</tr>
</thead>
<tbody>
<tr>
<td>No specific provision for departure from arbitration.</td>
<td>The CAS may depart from the arbitration decision if they agree to do so within 6 months after the decision has been communicated to them [Alt B]</td>
<td></td>
</tr>
</tbody>
</table>

### Exchange of information (EOI)

#### Purpose of Article 26

In order to complete tax cases, a country may require certain info which may be available with the treaty partner. Article 26 provides for:

- the info which may be exchanged
- the manner in which such a request has to be made.

#### Importance of Article 26:

- facilitates effective exchange of information between CSs.
- curtails cross-border tax evasion and avoidance.
- curtails the capital flight that is often accomplished through tax evasion & avoidance. This is particularly relevant in the perspective of developing countries.

#### Similar provisions contained in OECD and UN MCs

- A CS cannot be expected to provide confidential financial info to another CS unless it has confidence that the info will not be disclosed to unauthorised persons.
- A CS can avoid the EOI obligations by showing that the info pertains to communication between an attorney and his client which is protected from disclosure under domestic law.
- Lack of interest or use in such info cannot, however, form the basis for a CS to not cooperate with the EOI obligations.

### CHAPTER 7: APPLICATION AND INTERPRETATION OF TAX TREATIES

#### Fig 7.1

### Basic Principles of Interpretation of a Treaty

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Any term or word to be interpreted contextually on the basis of its objective or ordinary or literal meaning.</td>
<td>Treaty to be interpreted to facilitate attainment of its aims and objectives.</td>
<td>Treaty's terms to be interpreted on the basis of their meaning at the time the treaty was concluded.</td>
<td>No prov to be interpreted in isolation; rather the entire treaty should be read as a whole to appreciate its object &amp; purpose.</td>
<td>It is a general principle of construction w.r.t treaties that they be liberally construed to carry out the apparent intent of parties thereto.</td>
<td>Interpretation in which the reasonable meaning of words &amp; phrases is preferred, and in which a consistent meaning is given to different portions of the instrument.</td>
<td>Terms of treaty to be interpreted acc. to the common intent of contracting parties (to be ascertained from the words used in treaty &amp; the context thereof) at the time treaty was concluded.</td>
<td>A treaty should be intrp in a manner to have effect rather than make it void.</td>
</tr>
</tbody>
</table>
### Principles enunciated in the Vienna Convention on Law of Treaties

<table>
<thead>
<tr>
<th>Article No.</th>
<th>Article Heading</th>
<th>Principle enunciated</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>Pacta Sunt Servanda (in good faith)</td>
<td>Every treaty in force is <strong>binding</strong> upon the parties and must be followed by them in <strong>good faith</strong>.</td>
</tr>
<tr>
<td>28</td>
<td>Non-retroactivity of treaties</td>
<td>Unless otherwise provided, treaties cannot have retroactive application.</td>
</tr>
<tr>
<td>29</td>
<td>Territorial Scope of Treaties</td>
<td>Unless a different intention appears from the treaty, a treaty is <strong>binding upon each party in respect of its entire territory</strong>.</td>
</tr>
</tbody>
</table>
| 31          | General Rule of Interpretation (intrptn) | • A treaty shall be intprtd in good faith in accordance with the **ordinary meaning** to be given to the terms in the **light of its object and purpose**.  
• A special meaning shall be given to a term if the parties so intended. |
| 32          | Supplementary means of intrp      | Recourse may be had to **supplementary means of intrptn** incl. the **preparatory work** of the treaty and the circum. of its conclusion, in order to confirm the meaning resulting from the application of Article 31, or to determine the meaning when the intrp according to Article 31:  
(a) leaves the meaning **ambiguous or obscure**; or  
(b) leads to a result which is **manifestly absurd or unreasonable**. |
| 33          | Intrp of Treaties Authenticated in two or more languages | When a treaty has been authn. in two or more languages, the text is **equally authoritative** in each language, unless the treaty provides or the parties agree that, in case of divergence, a particular text shall prevail. |
| 34          | General Rule reg. third states    | A treaty does not create either obligations or rights for a third State without its consent. |
| 60          | Termination or Suspension of operatn of treaty as conseq. of breach | A **material breach** of a bilateral treaty by one of the parties entitles the other to invoke the breach as a ground for terminating the treaty or suspending its operation in whole or in part. |
| 61          | Supervening impossibility of performance | **Impossibility of performance**                                                    |
|             |                                  | **May be invoked**                                                                  |
|             |                                  | **May not be invoked**                                                              |
|             |                                  | as a ground terminating, withdrawing from or suspending the operation of a treaty    |
|             |                                  | if impossibility results from **permanent disappearance or destruction of an object indispensable for execution of the treaty**. If impossibility is temporary, it may be invoked only as a ground for suspending its operation. |
|             |                                  | if impossibility is the result of a breach by that party either of an obligation under the treaty or of any other **international obligation** owed to any other party thereto |
| 62          | Fundamental change (Fund. chg) of circumstances (circum.) | A fund.chg of circum. which has occurred with regard to those existing at the time of the concl. of a treaty, and which was not foreseen by the parties |
|             |                                  | **May be invoked**                                                                  |
|             |                                  | **May not be invoked**                                                              |
|             |                                  | as a ground terminating, withdrawing of a treaty                                    |
|             |                                  | • If existence of those circum constituted an **essential basis of the consent** of the parties to be bound by the treaty; and  
• the effect of the change is radically to transform the extent of obligations still to be performed under the treaty |
|             |                                  | • if the treaty establishes a **boundary**; or  
• if fund. chg is the result of a breach by the party invoking it either of an obligation under the treaty or of any other **international obligation** owed to any other party to the treaty |
| 64          | Emergence of new peremptory norm of general international law | If a new peremptory norm of general international law emerges, any existing treaty which is in conflict with that norm becomes **void and stands terminated** |
CHAPTER 8: FUNDAMENTALS OF BEPS

Base Erosion and Profit Shifting (BEPS) refers to tax planning strategies that exploit gaps and mismatches in tax rules to make profits ‘disappear’ for tax purposes or to shift profits to locations where there is little or no real activity but the taxes are low, resulting in little or no overall corporate tax being paid. This has become a critical issue since governments have to cope with less revenue and a higher cost to ensure compliance. In February 2013, the OECD published a report on “Addressing BEPS” iterating the need for analysing the issue of tax base erosion and profit shifting by global corporation, followed by a draft BEPS Action Plan in July 2013 which came to final fruition in October 2015. The BEPS action plan identifies fifteen actions to address BEPS in a comprehensive manner. Provisions have been incorporated in Indian Tax Laws in line with many of the action plans of BEPS.

**Fig 8.1**

<table>
<thead>
<tr>
<th>BEPS Action Plan 1: Addressing the challenges of the digital economy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OECD Recommendation</strong></td>
</tr>
<tr>
<td>i</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>ii</td>
</tr>
<tr>
<td>iii</td>
</tr>
<tr>
<td>iv</td>
</tr>
</tbody>
</table>

**Equalisation Levy [Ref. Fig. 5.1]**

Chapter VIII of the Finance Act, 2016 provides for Equalisation levy@6% of the amt of consdn for specified services recd or receivable by a NR not having PE in India or providing services not effectively connected with PE in India, from:
- a resident in India who carries on business or profn or
- from a NR having PE in India.
The Resident or NR having PE in India has to deduct EL@6% from consdn for specified services paid to NR and remit the same to the Central Govt. within the prescribed time.

**Fig 8.2**

<table>
<thead>
<tr>
<th>BEPS Action Plan 3: Strengthen CFC rules</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OECD Recommendation</strong></td>
</tr>
<tr>
<td>CFCs are foreign subsidiaries in tax havens in which the taxpayer has controlling interest. Since tax is generally levied on distributed dividend, tax in parent country could be avoided until the tax haven country actually paid dividend to the shareholders. The OECD regards CFC Rules as important in tackling BEPS and has made a series of best practice recommendations in relation to the building blocks of an effective CFC regime.</td>
</tr>
<tr>
<td>There are no CFC Rules in the IT Act, 1961. However, Sec 115BBD has been inserted in IT Act, 1961 to encourage repatriation of profits by IndCos which have significant voting power in foreign Cos.</td>
</tr>
</tbody>
</table>

**Tax on dividend (Divd) recd by an Indian Co. (IndCo) from a Foreign Co.**

- Does the IndCo hold 26% or more in the nominal value of Eq. share cap. of the Foreign Co.?
  - Yes | No |
  - Divd recd is taxable @15% u/s 115BBD |
  - Divd is taxable@25% or 30%, as the case may be, app to Ind Co. |
- No dedn is allowable in computing divd income |
- Any reasonable commn or remn for realisation of divd allowable as dedn |
- Is the foreign Co. a subsidiary of IndCo.?
  - Yes | No |
  - Divid recd from foreign Co. can be reduced from divd distributed by IndCo, for payt of DDT |
  - Divid recd from foreign Co. cannot be reduced from divd distributed by IndCo., for payt of DDT
**BEPS Action Plan 4: Interest deductions and other financial payments**

The common approach which directly links an entity’s net interest deductions to its level of economic activity, based on taxable EBITDA includes three elements:

<table>
<thead>
<tr>
<th>Rule</th>
<th>Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>i Fixed Ratio Rule</td>
<td>based on benchmark net interest/EBITDA Ratio</td>
</tr>
<tr>
<td>ii Group Ratio Rule</td>
<td>allows an entity to deduct more interest exp based on the position of its world wide group</td>
</tr>
<tr>
<td>iii Targeted Rules</td>
<td>address specific risks</td>
</tr>
</tbody>
</table>

sec 94B – limitation of interest deduction [based on Fixed Ratio Rule]

- Is the borrower an IndCo or a PE of a Foreign Co?
- Is the borrower a bank or Ins. Co.?
- Does the int pd to NR AE exceed Rs.1 crore?

**BEPS Action Plan 5: Counter harmful tax practices**

Action 5 report identifies factors for determining a potential harmful tax practice that results in low or no effective tax rate, lack of transparency, negotiable tax rate or base etc.

For instance, in case of R&D activities, the nexus approach recommended by the OECD under BEPS Action 5 requires attribution and taxation of income arising from exploitation of IP in the jurisdiction where substantial R &D activities are undertaken instead of the jurisdiction of legal ownership.

Sec 115BBF of the IT Act, 1961 – Tax on income from patent

Where the T1 of the eligible assessee includes any income by way of royalty in respect of a patent developed & regd in India, such royalty is taxable@ 10% (plus app. surcharge & cess @4%).

**BEPS Action Plan 6: Preventing treaty abuse**

Given the risk to revenues posed by treaty shopping, countries have committed to ensure a minimum level of protection against treaty shopping by including in their treaties:

(i) the combined approach of Limitation of Benefits (LoB) and Principal Purpose Test (PPT) rule,

(ii) the PPT rule alone, or

(iii) the LoB rule supplemented by a mechanism that would deal with conduit financing arrangements not already dealt with in tax treaties

LoB clause in India-Mauritius Tax Treaty

- On 10.5.2016, the India-Mauritius tax treaty was amended and for the first time, it has been provided that gains from the alienation of shares acquired on or after 1.4.2017 in a Co. which is a resident of India may be taxed in India.
- The tax rate on such capital gains arising from 1.4.2017-31.3.2019 should, however, not exceed 50% of the applicable tax rate on capital gains in India.
- LoB Clause provides that a resident of a CS shall not be entitled to the benefits of 50% of the tax rate applicable in transition period if its affairs are arranged with the primary purpose of taking advantage of concessional rate of tax.
- A shell or a conduit Co. claiming to be a resident of a CS shall not be entitled to this benefit.
- A shell or conduit Co. is any legal entity falling within the meaning of resident with negligible or nil business operations or with no real and continuous business activities carried out in that CS.

LoB clause in India-Singapore Tax Treaty

- The India-Singapore tax treaty has been amended to provide that capital gains on alienation of shares would be taxable in a similar manner as laid out in India-Mauritius tax treaty, subject to LoB clause.
- The transition period benefit is also similar to that contained in India-Mauritius Tax Treaty.
**Fig 8.6**

**BEPS Action Plan 7: Prevent the Artificial Avoidance of PE Status**

<table>
<thead>
<tr>
<th>OECD Recommendation</th>
<th>Provision incorporated in the Income-tax Act, 1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of definition of PE</td>
<td>Expanding the scope of business connection (BC) u/s 9(1)(i) of IT Act, 1961</td>
</tr>
<tr>
<td>To prevent tax avoidance</td>
<td>From A.Y.2019-20</td>
</tr>
<tr>
<td>By way of Commissioner Arrangements</td>
<td>BC also incl any business activities carried thro a person who, acting on behalf of the NR, habitually concludes contracts or habitually plays the principal role leading to conclusion of contracts by the NR. Such contracts should be-&lt;br&gt; (i) in the name of the NR; or&lt;br&gt; (ii) for tfr of ownership of, or for the granting of right to use, property owned by that NR or that the NR has the right to use; or&lt;br&gt; (iii) for prov of services by the NR</td>
</tr>
<tr>
<td>Modification of Art 5(5) to incl a person who habitually plays a principal role leading to conclusion of contracts in the defn of agent</td>
<td></td>
</tr>
<tr>
<td>Introduction of anti-fragmentation Rule to prevent fragmentation of functions which are otherwise a whole activity to avail benefit of exemption</td>
<td></td>
</tr>
</tbody>
</table>

**Fig 8.7**

**BEPS Action Plan 13 Re-examine transfer pricing (TP) documentation**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardised approach to TP documentation</td>
<td>Provisions in the IT, Act, 1961</td>
</tr>
<tr>
<td>Standardised info relevant for all MNE group members reg. global bus. ops &amp; TP policies</td>
<td>Maintenance &amp; Furnishing of Master File</td>
</tr>
<tr>
<td>To be delivered by MNEs directly to local tax administrations</td>
<td>CBC Reporting reqmt and related matters</td>
</tr>
<tr>
<td>To be filed in the tax residence jurisdiction of ultimate parent entity</td>
<td></td>
</tr>
<tr>
<td>Local File</td>
<td>Info relating to global allocation of MNE’s income &amp; taxes paid; &amp; indicators of the location of the eco. activity within the MNE group</td>
</tr>
<tr>
<td>Transactional info specific to each country in detail covering related party transactns</td>
<td>Maintenance of prescribed info and docs relating to incl. transn and specified domestic transaction</td>
</tr>
<tr>
<td>CBC Report</td>
<td>Requires agg. info w.r.t. amt of revenue, P&amp;L before income-tax, amt of income-tax paid and accrued, stated capital, no. of employees, nature and detail of main bus. activity of each constituent entity etc.</td>
</tr>
</tbody>
</table>

**Fig 8.8**

**BEPS Action Plan 15 Developing a Multilateral Instrument (MLI)**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The MLI helps fight against BEPS by implementing tax treaty-related measures developed thro the BEPS Project in existing bilateral treaties in a synchronised and efficient manner to –&lt;br&gt; • prevent treaty abuse,&lt;br&gt; • improve dispute resolution&lt;br&gt; • prevent the artificial avoidance of PE status&lt;br&gt; • neutralise the effects of hybrid mismatch arrangements.&lt;br&gt;The MLI is flexible instrument which modifies tax treaties that are “Covered Tax Agreements”: A Covered Tax Agreement is an agreement for the avoidance of double taxation which is in force between Parties to the MLI and for which both Parties have made a notification that they wish to modify the agreement using the MLI.</td>
<td>• In order to prevent BEPS, the recommendations under BEPS Action Plan 7 have been included in Article 12 of Multilateral Convention to implement Tax Treaty Related Measures (MLI), to which India is also a signatory.&lt;br&gt; • Consequently, these provisions will automatically modify India’s bilateral tax treaties covered by MLI, where treaty partner has also opted for Article 12. As a result, the DAPE provisions in Article 5(5) of India’s tax treaties, as modified by MLI, became wider in scope than the erstwhile provisions in <em>Explanation 2</em> to section 9(1)(i).&lt;br&gt; Similarly, the anti-fragmentation rule in Article 5 of the OECD MTC, 2017 has narrowed the scope of the exception under Article 5(4), thereby expanding the scope of PE in DTAA <em>vis-a-vis</em> domestic provisions contained in <em>Explanation 2</em> to section 9(1)(i).&lt;br&gt;• In effect, the relevant provisions in the DTAA became wider in scope than the domestic law.&lt;br&gt;• In view of the above, section 9(1)(i) has been amended to align the same with the provisions in the DTAA as modified by MLI so as to make the provisions in the treaty effective.</td>
</tr>
</tbody>
</table>
ANNOUNCEMENT FOR ICAI-CAMPUS (FEBRUARY-MARCH, 2019) ASPIRANTS

Completion of AICITSS (MCS) Course is mandatory for taking part in ICAI Campus Placement Programme, meant for Newly Qualified CAs. Accordingly, to cater to the needs of the Students appeared for the Final Examination in Nov’ 2018 but are yet to complete AICITSS (MCS)Course, students are advised to enroll through the Online Portal- www.icaionlineregistration.org and undergo the course before the Interview Process begins in the month of February, 2019.

For any Campus related query may kindly contact at 011- 30110555, AICITSS(MCS) related query - 0120-3045915

Committee for Members in Industry & Business (CMI&B) of ICAI

Attend Student Conferences across the Country
The Board of Studies has planned the following Conferences for CA Students as on date For January, 2019

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Branch</th>
<th>Nomenclature of the Programme</th>
<th>Approved Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ahmedabad</td>
<td>International Conference</td>
<td>5th - 6th January, 2019</td>
</tr>
<tr>
<td>2</td>
<td>Pondicherry</td>
<td>CA Student Conference</td>
<td>9th - 10th January, 2019</td>
</tr>
<tr>
<td>3</td>
<td>Calicut</td>
<td>CA Students Conference</td>
<td>24th - 25th January, 2019</td>
</tr>
<tr>
<td>4</td>
<td>Patna</td>
<td>CA Students Conference</td>
<td>11th - 12th January, 2019</td>
</tr>
<tr>
<td>5</td>
<td>Amritsar</td>
<td>CA Students Conference</td>
<td>11th - 12th January, 2019</td>
</tr>
<tr>
<td>6</td>
<td>Mumbai/WIRC</td>
<td>National Conference</td>
<td>12th &amp; 13th January, 2019</td>
</tr>
<tr>
<td>7</td>
<td>Bhubaneshwar</td>
<td>CA Students Conference</td>
<td>18th - 19th January, 2019</td>
</tr>
</tbody>
</table>

Students Eligible to attend the Students Conference: Students who have registered as IPCC/Intermediate Students/ Students who are pursuing their Article ship Training/ Students who have completed their Practical Training but could not qualify their final examinations may attend the conference till next one year from the date of completion of Practical Training. (CPT Students and Students who have completed one year beyond their Article ship training will not be eligible to register for these Conferences)

It may however be noted that during April, 2018 - March, 2019, the students can be Paper Presenters for max 2 Students Conferences. Best paper presenters (overall category) of National Conference can be permitted to present technical papers in International CA Students Conference where the limit of two programmes per year will not be applicable.

Please visit https://bosactivities.icai.org/ for details.
CA STUDENTS CONFERENCE- PONDICHERRY

Organised by: Board of Studies, ICAI
Hosted by: Pondicherry branch Jointly with Kanchipuram branch of SIRC of ICAI

THEME: "KNOWLEDGE & TRAINING WITH ETHICAL QUOTIENT - PATHWAY TO PROFESSIONAL EXCELLENCE"

DAY-1
10.00 am to 10.30 am Inaugural Session
10.30 am to 12.15 pm Technical Session I: GST
GST Amendment Act, 2018; GST Audit, Input Tax Credit under GST Regime - Apportionment and Block Credits; Provision of TDS and TCS under GST, E - Way Bill.
12.15 pm to 1.00 pm Special Session I: Interaction with Board of Studies.
How to crack CA Examination
1.00 pm to 1.45 pm Special Session I: Motivational Session
"How CA Profession help the student to reach on Self - Actualisation stage" by Maslow Need Hierarchy Theory
2.30 pm to 4.00 pm Technical Session II: Income Tax
Chapter VI A Deductions, Clubbing of income; Acceptance of Deposits and Repayment of loans as per section 269SS, 269ST and 269T, Expenses not allowable, TDS.
4.00 pm to 5.00 pm Special Session III: Importance of Article Training & Article Assessment Test

DAY-2
10.00 am to 11.30 am Technical Session III: Company Law
Amendments in Company Law, Loan given to Director as per section 185 & 186 of Companies Act 2013, Managerial remuneration.
11.30 am to 12.30 pm Special Session IV: Special Address by HR Executives/CFOs/Faculties of IIMs and IITs/IRS/IAS
Additional Short Sessions by CAs in Industry / Practice with some achievements or on high posts or Rank Holders.
12.30 pm to 1.45 pm Technical Session IV: Accounting Standards and Auditing Standards
2.30 pm to 4.00 pm Technical Session V: Information Technology
Overview of Data Privacy Laws in India and Aspects of Data Protection; Digital India; Cyber Crime: The Challenges in Forensic Accounting.
4.00 pm to 4.30 pm Valedictory Session

Registration Fee ₹ 500/-per student
Accommodation (if required) @ Rs. 750 per student
Payment Mode The student has to register & make the payment online on the Portal itself, the link will be http://bosactivities.icai.org/

For registration queries contact: Pondicherry Branch of the ICAI, Address: The Institute of Chartered Accountants of India, ICAI Bhawan, No.8, Second Main Road, Ilango Nagar, Pondicherry - 605 011.
Email pondicherry@icai.org, Phone :0413 - 4308081

NATIONAL CONFERENCE FOR CA STUDENTS - MUMBAI

Organised by: Board of Studies, ICAI
Hosted by: WIRC of ICAI

THEME: "KNOWLEDGE & TRAINING WITH ETHICAL QUOTIENT - PATHWAY TO PROFESSIONAL EXCELLENCE"

DAY-1
9.45 am to 10.30 am Inaugural Session
10.30 am to 11.30 am Open House with Board of Studies
11.30 am to 1.00 pm Technical Session I: Technology- Fintech- The Way ahead; Blockchain Technology – Shaping the Economy; Artificial intelligence Contributing to our profession.
01.00 pm to 03.00 pm Special session I: Read Fast & Memorise - The Hidden Power of Mind
03.00 pm to 4.00 pm Technical Session II: Domestic and International Tax- General Anti-Avoidance Rule (GAAR); Ind AS and its impact on Minimum Alternate Tax (MAT); Place of Effective Management (POEM): Its impact on Cross Border Transactions.
04.30 pm to 5.30 pm Special Session II: Motivational Speech by an Eminent Personality.

Day 2
10.00 am to 11.30 am Technical Session III: GST-GST Provisions for Audit; Exemptions to various industries under GST; Matching concept under GST law
11.30 am to 1.00 pm Special Session III: Nai Soch Naye Raste, Promising Career Path- Open Doors After Chartered Accountancy.
02.00 pm to 3.00 pm Special Session IV: Journey of Indian Economy from Fragile 5 to Top 5- Eminent Faculty
03.00 pm to 4.30 pm Technical Session IV: Audit and Accounts-Importance of Standard Operating Procedures in a professional assignment; Forensic Audit; Audit of special entities (Alternate investment fund or Venture capital fund or Real estate investment Trust)
04.30 pm to 5.30 pm Valedictory Session

Registration Fee ₹ 600/-per student
Outstation Students, accommodation is available on extra payments, students are requested to inform by sending email to wicasa@icai.in & register in advance
Payment Mode The student has to register & make the payment online on the Portal itself, the link will be http://bosactivities.icai.org/

For registration queries contact: WIRC of ICAI
Phone 022-33671424/17 & Email wircevents@icai.in Website www.wirc-icai.org

The Chartered Accountant Student | January 2019
CA STUDENTS CONFERENCE-CALICUT

Organised by: Board of Studies, ICAI
Hosted by: Calicut Branch of SIRC and Calicut Branch of SICASA of ICAI
THEME: "KNOWLEDGE & TRAINING WITH ETHICAL QUOTIENT - PATHWAY TO PROFESSIONAL EXCELLENCE"

24TH & 25TH JANUARY, 2019
TAGORE CENTENARY HALL, CALICUT, KERALA

DAY-1
10.00 am to 10.30 am Inaugural Session
10.30 am to 12.15 pm Technical Session I : GST
Audit under GST Regime, E-Way bill under GST and its effects on Economy, GST on Service
12.15 pm to 01.00 pm Special Session: I: Interaction with Board of Studies.
Ethical Values in the Profession
01.00 pm to 01.45 pm Special Session II : Motivational Session
02.30 pm to 04.00 pm Technical Session II : Income Tax
E –Assessment procedures under IT Act, Presumptive Taxation, ICDS
04.00 pm to 05.00 pm Special Session: III: Session on Nation building

Day 2
10.00 am to 11.30 am Technical Session III : Stock Market
An introduction to stock market & its scope for CA’s, Stock trading and taxation, Role of SEBI in stock Market
11.30 am to 12.30 am Special Session IV: Special Address
Short Sessions by CAs in Industry / Practice with some achievements or on high posts or Rank Holders.
12.30 pm to 01.45 pm Technical Session IV: Technology and CA
Effect of Bitcoin and blockchain technology on the economy, Technology for Auditing – Boon or Bane, Cloud Computing
02.30 pm to 04.00 pm Technical Session V: Auditing & Law
Audit and Accounts of Companies, Prevention of Money Laundering Act, RERA Act, 2016
04.00 pm to 04.30 pm Valedictory Session

Registration Fee
₹ 500/- per student
Accommodation (if required) @ ₹ 1600/- per student per day
Payment Mode
The student has to register & make the payment online on the Portal itself, the link will be http://bosactivities.icai.org/

CROSSWORD SOLUTION - DECEMBER 2018

1N 2O 3T 4E 5P R 6I 7C 8E 9Y
10A P E D 11R O T E
12T E R I 13B 14S E S N
15T N S T A L L O S
O E 16O R 17N 18S E
N 19R A G 21C O E D
22A 23A M 24F O R A
25M O 26T H E 27R B O A R 28D
29E N D 30N O O K 31C I
32N E S 33S Y 34I S H
T 35T A R 36D E S 38F
O 39T A B L E 40S B I N E 41S E E
CA Students’ Conference, Hubli: Shri D. D. Malagi, Chairman, Sri Siddharoodha Swamy Mutt Trust Committee, Hubli inaugurating the Conference in the presence of branch office bearers and Dr. P. T. Giridharan, Additional Director, ICAI.

CA Students’ Conference, Trivandrum: Branch SICASA Committee members lighting the lamp to inaugurate the Conference in the presence of Chief Guest, Dr. Vasuki IAS, District Collector, Thiruvananthapuram.

CA Students’ Conference, Bangalore: Shri B.M. Vijay Shankar IAS, Deputy Commissioner, Bangalore Urban District, Dr. S. Japhet, Vice Chancellor, Bangalore University and other dignitaries and office bearers at the inaugural ceremony.

ICAI President, CA. Naveen N. D. Gupta and Central Council Member, CA. S. B. Zaware with the participants of the Residential Programme on Professional Skills Development at CoE, Hyderabad.
CROSSWORD - JANUARY 2019

1. An organization that has a low relative market share position and competes in a slow-growth industry is referred to as a _____.
5. Labour is a ------ cost.
10. Broadcasted
12. A business practice in which one organization hires another company to perform a task that the hiring organization requires for its own business to successfully operates.
13. Opposite of out.
14. Free ------: moving in a continuous, steady stream.
17. Smell from kitchen
18. Cuts
19. Pulse
20. ____ Sir, with love.
21. Maintained
23. ___ with the flow.
24. A self-regulating business model that helps a company be socially accountable.
25. Absorbed
28. Comes with either
29. Monster
30. Exist
31. A line of seats in a theatre
33. Switch position?
35. Bared
37. Under the ------------------ model, the goals or critical success factors for the business are referred to as Dimensions.
40. Until now
41. Enemy
42. A cryptographic protocol that provides end-to-end communications security over networks and is widely used for internet communications and online transactions.

21. Smallest units of measurement greater than bytes.
22. Label
23. ____ ____ pricing would be most common at maturity stage of the product life cycle.
24. The share of a bank’s total deposit that is mandated by the RBI to be maintained with the latter in the form liquid cash.
26. Horizontal integration is concerned with ............
27. Lukewarm
32. Fry pan
34. Something providing energy
36. Roman numeral for 556.
38. Arenas
39. Neater
43. Annoyed
45. Crazy
50. I, ____ and mine
51. Stool pigeon

21. Smallest units of measurement greater than bytes.
22. Label
23. ____ ____ pricing would be most common at maturity stage of the product life cycle.
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43. Annoyed
45. Crazy
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51. Stool pigeon

ACROSS

1. An organization that has a low relative market share position and competes in a slow-growth industry is referred to as a _____.
5. Labour is a ------ cost.
10. Broadcasted
12. A business practice in which one organization hires another company to perform a task that the hiring organization requires for its own business to successfully operates.
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32. Fry pan
34. Something providing energy
36. Roman numeral for 556.
38. Arenas
39. Neater
43. Annoyed
45. Crazy
50. I, ____ and mine
51. Stool pigeon

DOWN

1. Foolish
2. One of important import items of India
3. Performance measures for investment centres don’t include------.
4. Stitched
6. Tablet developed and marketed by Apple Inc.
7. The largest artery in the body.
8. ____ are essential to calculus and are used to define continuity, derivatives, and integrals.
9. Captivate
15. A ____ is one which is not driven by profit but by dedication to a given cause that is the target of all income beyond what it takes to run the organization.
16. An Indirect Tax which has replaced many Indirect Taxes in India.

If undelivered, please return to: The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110104