

# Double Taxation Relief

## Some Key Points

### Bilateral relief

Under this method, the Government of two countries can enter into an agreement to provide relief against double taxation by mutually working out the basis on which the relief is to be granted. The Government of India has entered into such Double Taxation Avoidance Agreement (DTAA) with more than 70 countries so far.

The DTAA would override the general provisions of the Income-tax Act, 1961 and the assessee may choose the treaty or the regular provisions whichever is beneficial to him.

Bilateral relief may be granted in either one of the following methods.

- (a) **Exemption method** by which a particular income is taxed in only one of the two countries;
- (b) **Tax relief method**, under which, an income is taxable in both the countries in accordance with the agreement. However, the country of residence of the taxpayer would allow him the credit for the tax charged thereon in the country of source.

In India, double taxation relief is provided by a combination of the two methods.

### Unilateral relief

This method provides relief of some kind by the home country even where no mutual agreement has been entered into between the two countries.

**Tax Residence Certificate (TRC) - a necessary but not sufficient condition for claiming treaty benefits [Section 90 & 90A]**

- (i) The DTAA's under section 90 and section 90A are intended to provide relief to the taxpayer, who is resident of one of the contracting country to the agreement. Such tax payer can claim relief by applying the beneficial provisions of either the treaty or the domestic law.
- (ii) However, in many cases, taxpayers who were not residents of a contracting country also resorted to claiming the benefits under the agreement entered into by the Indian Government with the Government of the other country. In effect, third party residents claimed the unintended treaty benefits.
- (iii) Therefore, sections 90 and 90A are amended by the Finance Act, 2012 to provide that the non-resident to whom the agreement referred to in section 90(1) and section 90A(1) applies, shall be allowed to claim the relief under such agreement if a TRC

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obtained by him from the Government of that country or specified territory is furnished, containing such particulars as may be prescribed, declaring his residence of the country outside India or the specified territory outside India, as the case may be.

- (iv) The submission of TRC containing prescribed particulars shall be **a necessary but not sufficient condition** for availing benefits of the agreements referred to in these sections. In effect, further conditions can be stipulated for claiming treaty benefits, in addition to the requirement of submission of TRC.

### Question 1

*Explain the term “Bilateral Relief” in the context of Double Taxation Avoidance Agreement.*

#### Answer

Where a tax payer is resident in one country but has a source of income in another country, it gives rise to possible double taxation. The Governments of two countries can enter into a mutual agreement to provide relief to the tax payer against double taxation of the income by working out the basis on which the relief is to be granted. This is called bilateral relief.

Bilateral Relief may be granted by way of the following methods:

- (a) **Exemption method** :- Under this method, the relief is provided to the assessee by taxing a particular income in only one of the two countries, which would otherwise have been taxed in both the countries.
- (b) **Tax relief method** :- Under this method, the income of the assessee is taxable in both countries in accordance with their respective tax laws/DTAAs. However, the country of which the tax payer is a resident, allows him credit for the tax charged on the doubly taxed income in the other country.

**Note** - In India, double taxation relief is provided for in sections 90 and 90A, either by way of granting relief in respect of income-tax paid in India and the other country or specified territory or by way of avoidance of double taxation of income in India and the other country or specified territory.

### Question 2

*Explain in the context of provisions of the Act:*

- (i) *The underlying idea behind DTAA.*
- (ii) *Rate of tax in other country*

#### Answer

- (i) The underlying idea behind Double Taxation Avoidance Agreement entered between two countries is to promote mutual economic relations by relieving the tax payers from the burden of paying tax twice on the same income in two different countries.
- (ii) Rate of tax in the other country means income tax and super tax actually paid in that country in accordance with the corresponding laws in force in that country after deduction

of all relief due, but before deduction of any relief due in the said country on account of double taxation, divided by the whole amount of income assessed in that country.

### Question 3

Nandita, an individual resident retired employee of the Prasar Bharati aged 60 years, is a well-known dramatist deriving income of ₹ 1,10,000 from theatrical works played abroad. Tax of ₹ 11,000 was deducted in the country where the plays were performed. India does not have any Double Tax Avoidance Agreement under section 90 of the Income-tax Act, 1961, with that country. Her income in India amounted to ₹ 5,10,000. In view of tax planning, she has deposited ₹ 70,000 in Public Provident Fund and paid contribution to approved Pension Fund of LIC ₹ 32,000. She also contributed ₹ 18,000 to Central Government Health Scheme during the previous year and gave payment of medical insurance premium of ₹ 21,000 to insure the health of her father, a non-resident aged 76 years, who is not dependent on her. Compute the tax liability of Nandita for the Assessment year 2013-14.

### Answer

#### Computation of tax liability of Nandita for the A.Y. 2013-14

| Particulars                                                                                                                                                                                                                                                                                             | ₹                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Indian Income                                                                                                                                                                                                                                                                                           | 5,10,000               |
| Foreign Income                                                                                                                                                                                                                                                                                          | <u>1,10,000</u>        |
| <b>Gross Total Income</b>                                                                                                                                                                                                                                                                               | <b>6,20,000</b>        |
| Less: <u>Deduction under section 80C</u>                                                                                                                                                                                                                                                                |                        |
| Deposit in PPF                                                                                                                                                                                                                                                                                          | 70,000                 |
| <u>Under section 80CCC</u>                                                                                                                                                                                                                                                                              |                        |
| Contribution to approved Pension Fund of LIC                                                                                                                                                                                                                                                            | <u>32,000</u>          |
|                                                                                                                                                                                                                                                                                                         | <u>1,02,000</u>        |
| <u>Under section 80CCE</u>                                                                                                                                                                                                                                                                              |                        |
| The aggregate deduction under section 80C, 80CCC and 80CCD(1) has to be restricted to ₹ 1,00,000                                                                                                                                                                                                        | 1,00,000               |
| <u>Under section 80D</u>                                                                                                                                                                                                                                                                                |                        |
| Contribution to Central Government Health Scheme ₹ 18,000 is also allowable as deduction under section 80D. Since she is a senior citizen, the deduction is allowable to a maximum of ₹ 20,000 <b>(See Note 1)</b>                                                                                      | 18,000                 |
| Medical insurance premium of ₹ 21,000 paid for father aged 76 years. Since the father is a non-resident in India, he will not be entitled for the higher deduction of ₹ 20,000 eligible for a senior citizen, who is resident in India. Hence, the deduction will be restricted to maximum of ₹ 15,000. | <u>15,000</u>          |
|                                                                                                                                                                                                                                                                                                         | <u>1,33,000</u>        |
| <b>Total Income</b>                                                                                                                                                                                                                                                                                     | <b><u>4,87,000</u></b> |

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| <b>Tax on Total Income</b>                                                                                        |         |            |               |
|-------------------------------------------------------------------------------------------------------------------|---------|------------|---------------|
| Income-tax (See Note below)                                                                                       |         | 23,700     |               |
| Add : Education cess @ 2%                                                                                         |         | 474        |               |
| Add: SHEC @ 1%                                                                                                    |         | <u>237</u> | 24,411        |
| Average rate of tax in India<br>(i.e. ₹ 24,411/ ₹ 4,87,000 × 100)                                                 | 5.0125% |            |               |
| Average rate of tax in foreign country<br>(i.e. ₹ 11,000/ ₹ 1,10,000 × 100)                                       | 10%     |            |               |
| Rebate under section 91 on ₹ 1,10,000 @ 5.0125%<br>(lower of average Indian-tax rate or average foreign tax rate) |         |            | 5,514         |
| <b>Tax payable in India (₹ 24,411 - ₹ 5,514)</b>                                                                  |         |            | <b>18,897</b> |

### Notes:

1. The Finance Act, 2012 has amended section 80D to reduce the age of senior citizen from 65 years to 60 years for the purpose of claiming a higher deduction up to ₹ 20,000 in respect of the medical premium paid to insure the health of a senior citizen. Therefore, Nandita will be allowed deduction of ₹ 18,000 since she is 60 years old.
2. The basic exemption limit for senior citizens is ₹ 2,50,000 and the age criterion for qualifying as a "senior citizen" for availing the higher basic exemption limit is 60 years. Accordingly, Nandita is eligible for the higher basic exemption limit of ₹ 2,50,000, since she is 60 years old.

### Question 4

*Cosmos Limited, a company incorporated in Mauritius, has a branch office in Hyderabad opened in April, 2011. The Indian branch has filed return of income for assessment year 2012-13 disclosing income of ₹ 50 lacs. It paid tax at the rate applicable to domestic company i.e. 30% plus education cess on the basis of paragraph 2 of Article 24 (Non-Discrimination) of the Double Taxation Avoidance Agreement between India and Mauritius, which reads as follows:*

*"The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities in the same circumstances."*

*However, the Assessing Officer computed tax on the Indian branch at the rate applicable to a foreign company i.e. 40% plus education cess.*

*Is the action of the Assessing Officer in accordance with law?*

### Answer

Under section 90(2), where the Central Government has entered into an agreement for avoidance of double taxation with the Government of any country outside India or specified territory outside India, as the case may be, then, in relation to the assessee to whom such

agreement applies, the provisions of the Income-tax Act, 1961 shall apply to the extent they are more beneficial to the assessee. Thus, in view of paragraph 2 of the Article 24 (Non-Discrimination) of the Double Taxation Avoidance Agreement (DTAA), it appears that the Indian branch of Cosmos Limited, incorporated in Mauritius, is liable to tax in India at the rate applicable to domestic company (30%), which is lower than the rate of tax applicable to a foreign company (40%).

However, *Explanation 1* below sub-section (3) of section 90 clarifies that the charge of tax in respect of a foreign company at a rate higher than the rate at which a domestic company is chargeable, shall not be regarded as less favourable charge or levy of tax in respect of such foreign company. Therefore, in view of this Explanation, the action of the Assessing Officer in levying tax@40% on the Indian branch of Cosmos Ltd. is in accordance with law.

### Question 5

*Kalpesh Kumar, a resident individual, is a musician deriving income of ₹ 75,000 from concerts performed outside India. Tax of ₹ 10,000 was deducted at source in the country where the concerts were performed. India does not have any double tax avoidance agreement with that country. His income in India amounted to ₹ 2,25,000. Compute tax liability of Kalpesh Kumar for the assessment year 2013-14 assuming he has deposited ₹ 10,000 in Public Provident Fund and paid medical insurance premium in respect of his father, aged 65 years, ₹ 20,000.*

### Answer

An assessee shall be allowed deduction under section 91 provided all the following conditions are fulfilled :-

- The assessee is a resident in India during the relevant previous year.
- The income accrues or arises to him outside India during that previous year.
- Such income is not deemed to accrue or arise in India during the previous year.
- The income in question has been subjected to income-tax in the foreign country in the hands of the assessee and the assessee has paid tax on such income in the foreign country.
- There is no agreement under section 90 for the relief or avoidance of double taxation between India and the other country where the income has accrued or arisen.

In view of the aforesaid provisions, deduction under section 91 will be calculated as follows:

| Particulars                                                | ₹             | ₹                      |
|------------------------------------------------------------|---------------|------------------------|
| Indian Income                                              |               | 2,25,000               |
| Foreign Income                                             |               | <u>75,000</u>          |
| Gross Total Income                                         |               | 3,00,000               |
| Less: <u>Deduction under section 80C</u>                   |               |                        |
| PPF Contribution                                           | 10,000        |                        |
| <u>Deduction under section 80D</u>                         |               |                        |
| Medical insurance premium of father being a senior citizen | <u>20,000</u> | <u>30,000</u>          |
| <b>Total Income</b>                                        |               | <b><u>2,70,000</u></b> |

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|                                                                                                        |              |
|--------------------------------------------------------------------------------------------------------|--------------|
| Tax on total income                                                                                    | 7,000        |
| Add: Education Cess @ 2%                                                                               | 140          |
| Secondary and higher education cess @ 1%                                                               | 70           |
|                                                                                                        | <u>7,210</u> |
| Average rate of tax in India [i.e. ₹ 7,210/₹ 2,70,000 x 100]                                           | 2.67%        |
| Average rate of tax in foreign country<br>[i.e. ₹ 10,000/ ₹ 75,000 x 100]                              | 13.33%       |
| Doubly taxed income                                                                                    | 75,000       |
| Rebate under section 91 on ₹ 75,000 @ 2.67%<br>(lower of average Indian tax rate and foreign tax rate) | 2,003        |
| <b>Tax payable in India [₹ 7,210 – ₹ 2,003]</b>                                                        | <b>5,207</b> |

### Question 6

*An assessee, on fulfillment of certain conditions, can claim relief in respect of the income arising in those countries with which India does not have any double taxation agreement. Do you agree?*

### Answer

Yes, the assessee shall be allowed relief in respect of such income under section 91 provided all the following conditions are fulfilled :-

- The assessee is a resident in India during the relevant previous year.
- The income accrues or arises to him outside India during that previous year.
- Such income is not deemed to accrue or arise in India during the previous year.
- The income in question has been subjected to income-tax in the foreign country in the hands of the assessee and the assessee has paid tax on such income in the foreign country.
- There is no agreement under section 90 for the relief or avoidance of double taxation between India and the other country where the income has accrued or arisen.

### Question 7

*Explain the purposes for which the Central Government as per section 90 of the Income-tax Act, 1961, can enter into an agreement with any foreign country.*

### Answer

Section 90(1) empowers the Central Government to enter into an agreement with the Government of any country outside India or specified territory outside India for any of the following purposes -

- granting of relief in respect of

- (i) income on which income tax has been paid both in India and in the other country or specified territory; or
- (ii) income-tax chargeable under this Act and under the corresponding law in force in that country or specified territory, to promote mutual economic relations, trade and investment.
- (b) the avoidance of double taxation of income under the Income-tax Act, 1961 and under the corresponding law in force in the other country or specified territory;
- (c) exchange of information for the prevention of evasion or avoidance of income-tax chargeable under this Act or under the corresponding law in force in that country or specified territory or investigation of cases of such evasion or avoidance; and
- (d) recovery of income tax under the Income-tax Act, 1961, of India and under the corresponding law in force in the other country or specified territory, as the case may be.

This section also empowers the Central Government to make such provisions as may be necessary for implementing the agreement, by notification in the Official Gazette.

#### Question 8

*Specify all those instances which are generally incorporated in Article 5(2) of Double Taxation Avoidance Agreements to signify the presence of a permanent establishment.*

#### Answer

The various instances of permanent establishment generally incorporated in Article 5(2) of Double Taxation Avoidance Agreements include -

- (a) a place of management,
- (b) a branch,
- (c) an office,
- (d) a factory,
- (e) a workshop,
- (f) a sales outlet,
- (g) a warehouse,
- (h) a mine, an oil or gas well, a quarry or other place of extraction of natural resources (but not exploration).

#### Question 9

*Mr. Bansal, a resident Indian and aged 67 years, has derived the following income during the previous year 2012-13:*

|     |                               | ₹        |
|-----|-------------------------------|----------|
| (i) | Income from business in India | 2,50,000 |

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|       |                                                                                    |          |
|-------|------------------------------------------------------------------------------------|----------|
| (ii)  | Commission (Gross) from a company in Hong Kong<br>(Tax paid in Hong Kong ₹ 60,000) | 3,00,000 |
| (iii) | Dividend (Gross) from a company in Hong Kong<br>(Tax paid in Hong Kong ₹ 18,000)   | 90,000   |
| (iv)  | Interest on fixed deposit and savings account with banks in India                  | 2,00,000 |

India has no double tax avoidance agreement with Hong Kong. Compute the income and tax payable by Mr. Bansal for assessment year 2013-14.

### Answer

Mr. Bansal is entitled to relief under section 91, since :-

- He is a resident in India during the relevant previous year.
- Income, by way of commission and dividend, accrues or arises to him outside India (in Hong Kong) during the previous year.
- Such income is not deemed to accrue or arise in India during the previous year.
- The income in question, namely, commission and dividend, has been subjected to income-tax in Hong Kong in the hands of Mr. Bansal and he has paid tax on such income in Hong Kong.
- There is no agreement under section 90 for the relief or avoidance of double taxation between India and Hong Kong.

Therefore, he is entitled to the deduction under section 91, from the Indian income-tax payable by him, of a sum, calculated on such doubly taxed income at the Indian rate of tax or at the Hong Kong rate of tax, whichever is lower.

### Computation of total income and tax liability of Mr. Bansal for A.Y.2013-14

| Particulars                                                        | ₹               |
|--------------------------------------------------------------------|-----------------|
| Income from business in India                                      | 2,50,000        |
| Commission received from a company in Hong Kong                    | 3,00,000        |
| Dividend received from a company in Hong Kong                      | 90,000          |
| Interest on fixed deposits and savings account with banks in India | 2,00,000        |
| <b>Total Income</b>                                                | <b>8,40,000</b> |
| Tax on the above:                                                  |                 |
| Upto ₹ 2,50,000                                                    | Nil             |
| Over ₹ 2,50,000 & upto ₹ 5,00,000 @ 10%                            | 25,000          |
| Over ₹ 5,00,000 & upto ₹ 8,40,000 @ 20%                            | <u>68,000</u>   |
| Education cess @ 2% and secondary and higher education cess @ 1%   | 2,790           |
| <b>Total tax liability</b>                                         | <b>95,790</b>   |

|                                                                                                                             |        |               |
|-----------------------------------------------------------------------------------------------------------------------------|--------|---------------|
| Average rate of income-tax in India:<br>(₹ 95,790/ ₹ 8,40,000 x 100)                                                        | 11.40% |               |
| Average rate of income-tax in Hong Kong<br>(₹ 78,000/ ₹ 3,90,000 x 100)                                                     | 20%    |               |
| Double tax relief under section 91 shall be @11.40% or 20% of foreign income, whichever is less [i.e., ₹ 3,90,000 x 11.40%] |        | 44,460        |
| <b>Net tax liability (₹ 95,790 – ₹ 44,460)</b>                                                                              |        | <b>51,330</b> |

**Question 10**

*An individual resident in India, having income earned outside India in a country with which no agreement under section 90 exists, asks you to explain whether the credit for the tax paid on the foreign income will be allowed against his income-tax liability in India.*

**Answer**

The assessee is a resident in India and accordingly, the income accruing or arising to him globally is chargeable to tax in India. However, section 91 specifies that if a person resident in India has paid tax in any country with which no agreement under section 90 exists, then, for the purpose of relief or avoidance of double taxation, **a deduction is allowed from the Indian income-tax payable by him, of a sum calculated on such doubly taxed income at Indian rate of tax or the rate of tax of such foreign country, whichever is lower, or at the Indian rate of tax, if both the rates are equal.** Accordingly, the assessee shall not be given any credit of the tax paid on the income in other country, but shall be allowed a deduction from the Indian income-tax payable by him as per the scheme of section 91.

**Question 11**

*The Income-tax Act, 1961 provides for taxation of a certain income earned by X. The Double Taxation Avoidance Agreement, which applies to X, excludes the income earned by X from the purview of tax. Is X liable to pay tax on the income earned by him? Discuss.*

**Answer**

Section 90(2) makes it clear that where the Central Government has entered into a Double Taxation Avoidance Agreement with a country outside India, then **in respect of an assessee to whom such agreement applies, the provisions of the Act shall apply to the extent they are more beneficial to the assessee.** This means that where tax liability is imposed by the Act, the Double Taxation Avoidance Agreement may be resorted to for reducing or avoiding the tax liability.

However, as per section 90(4) inserted by Finance Act, 2012, the assessee, in order to claim relief under the agreement, has to obtain a certificate [Tax Residence Certificate (TRC)] from the Government of that country containing such particulars as may be prescribed, declaring the residence of the country outside India. The submission of TRC containing the prescribed particulars shall be necessary but not a sufficient condition for availing benefits of the

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agreement. In effect, further conditions can be stipulated for claiming treaty benefits in addition to the requirement of submission of the TRC.

The Supreme Court has held, in *CIT v. P.V.A.L. Kulandagan Chettiar* (2004) 267 ITR 654, that in case of any conflict between the provisions of the Double Taxation Avoidance Agreement and the Income-tax Act, 1961, the provisions of the Double Taxation Avoidance Agreement would prevail over those of the Income-tax Act. X is, therefore, not liable to pay tax on the income earned by him provided he submits the Tax Residence Certificate obtained from the government of the other country and fulfils such other conditions as may be prescribed for claiming the treaty benefits.

### Question 12

*What is the circumstance in which it is not necessary for a non-resident Indian, whose total income is above the taxable limit, to file his return of income under section 139(1)?*

#### Answer

Section 115G of the Income-tax Act, 1961 provides that it is not necessary for a non-resident Indian to furnish a return of income under section 139(1) if his total income only consists of investment income or long-term capital gain or both and the tax deductible at source under Chapter XVII-B has been deducted from such income.

### Question 13

*Arif is a resident of both India and another foreign country in the previous year 2012-13. He owns immovable properties (including residential house) in both the countries. He earned income of ₹ 50 lacs from rubber estates in the foreign country during the financial year 2012-13. He also sold some house property situated in foreign country resulting in short-term capital gain of ₹ 10 lacs during the year. Arif has no permanent establishment of business in India. However, he has derived rental income of ₹ 6 lacs from property let out in India and he has a house in Lucknow where he stays during his visit to India.*

*The Article 4 of the Double Taxation Avoidance Agreement between India and the foreign country where Arif is a resident, provides that "where an individual is a resident of both the Contracting States, then he shall be deemed to be resident of the Contracting State in which he has permanent home available to him. If he has permanent home in both the Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closer (centre of vital interests)".*

*You are required to state with reasons whether the business income of Arif arising in foreign country and the capital gains in respect of sale of the property situated in foreign country can be taxed in India.*

#### Answer

Section 90(1) of the Income-tax Act, 1961 empowers the Central Government to enter into an agreement with the Government of any country outside India for avoidance of double taxation of income under the Indian law and the corresponding law of that country. Section 90(2)

provides that where the Central Government has entered into an agreement with the Government of any other country for granting relief of tax or for avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of the Income-tax Act, 1961 shall apply to the extent they are more beneficial to that assessee.

Arif has residential houses both in India and foreign country. Thus, he has a permanent home in both the countries. However, he has no permanent establishment of business in India. The Double Taxation Avoidance Agreement (DTAA) with foreign country provides that where an individual is a resident of both the countries, he shall be deemed to be resident of that country in which he has a permanent home and if he has a permanent home in both the countries, he shall be deemed to be resident of that country, which is the centre of his vital interests i.e. the country with which he has closer personal and economic relations.

Arif owns rubber estates in a foreign country from which he derives business income. However, Arif has no permanent establishment of his business in India. Therefore his personal and economic relations with foreign country are closer, since foreign country is the place where –

- (a) the property is located and
- (b) the permanent establishment (PE) has been set-up

Therefore, he shall be deemed to be resident of the foreign country for A.Y. 2013-14.

The fact of the case and issues arising therefrom are similar to that of *CIT vs. P.V.A.L. Kulandagan Chettiar (2004) 267 ITR 654*, where the Supreme Court held that if an assessee is deemed to be a resident of a contracting State where his personal and economic relations are closer, then in such a case, the fact that he is a resident in India to be taxed in terms of sections 4 and 5 would become irrelevant, since the DTAA prevails over sections 4 and 5.

However, as per section 90(4) inserted by Finance Act, 2012, Arif, in order to claim relief under the agreement, has to obtain a certificate [Tax Residence Certificate (TRC)] from the Government of that country containing such particulars as may be prescribed, declaring the residence of the country outside India. The submission of TRC containing the prescribed particulars shall be necessary but not a sufficient condition for availing benefits of the agreement. In effect, further conditions can be stipulated for claiming treaty benefits in addition to the requirement of submission of the TRC.

Therefore, in this case, Arif is not liable to income tax in India for assessment year 2013-14 in respect of business income and capital gains arising in the foreign country provided he furnishes the Tax Residency Certificate and fulfils such other conditions as may be prescribed for claiming the treaty benefits.

### **Self-examination Questions**

1. What is double taxation relief? Explain.
2. Explain the types of double taxation relief.
3. State the models on which tax treaties are generally based.

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4. "Double taxation relief has now been extended to certain agreements adopted by the Government" - Discuss the correctness or otherwise of this statement.
5. How are IT-enabled Business Process Outsourcing units in India taxed? Are there any provisions in the Income-tax Act, 1961 governing taxation of such units?
6. Explain briefly the concept of permanent establishment.
7. Explain the meaning of the following terms in the context of provisions of double taxation relief - (a) Indian rate of tax; (b) Rate of tax of the said country.
8. An individual resident in India, having income earned outside India in a country with which no agreement under section 90 exists asks you to explain whether the credit of the tax paid on the income in that country will be allowed to him in India.