CA FINAL
Test Code – JK-INT-22
(Date: 08-10-2020)

(Marks - 100)

Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi medium. If a candidate who has not opted for Hindi medium, his / her answers in Hindi will not be valued.

The Question Paper comprises five case study questions. The candidates are required to answer any four case study questions out of five.

Answers in respect of Multiple Choice Questions are to be marked on the OMR Answer Sheet only.

Answers to other questions are to be written on the descriptive type answer book.

Answers to Multiple Choice Questions, if written in the descriptive type answer book will not be evaluated.

Candidates may use calculator.

All questions related to Assessment Year 2020-21, unless stated otherwise in the questions / case studies.

Case Study 1

K Limited – Ind Limited – Nepal Limited

K Limited of Korea and Ind Ltd. an Indian Company are associated enterprises. Ind Ltd. Manufactures Cell Phones and sell them to Nepal Limited, a Company based at Nepal. During the year Ind Ltd. Supplied 2,50,000 Cell Phones to K Limited Korea at a price of Rs. 8,000 per unit and 35,000 units to Nepal Limited at a price of Rs.16,800 per unit. There are no other customers for Ind Ltd. during this year. The transactions of Ind Ltd. with Nepal Limited are comparable subject to the following considerations-

1. Sales to K Limited are on FOB basis, sales to Nepal Limited are CIF basis. The freight and insurance paid by K Limited for each unit @ Rs. 700.
2. Sales to Nepal Limited are under a free warranty for two years whereas sales to K Limited are without any such warranty. The estimated cost of executing such warranty is Rs. 500.

3. Since K Limited's order was huge in volume, quantity discount of Rs. 200 per unit was offered to it.

4. Ind Ltd. has borrowed funds amounting to Rs. 100 crores, from its parent company at LIBOR plus 150 basis points. The fund is utilized for capital investment purposes viz. expansion of capacity. The LIBOR prevalent at the time of borrowing is 6% for US$, thus its cost of borrowing is 7.50%. The borrowings allowed under the External Commercial Borrowings guidelines issued under FEMA, for example, say is LIBOR plus 250 basis points, then it can be said that Arm's length borrowing rate is 7.50% whereas actual borrowing is at 6.50% and thus at not at arm's length. The benefit of this lower rate of interest is not passed on to non-Associated Enterprise;

5. Installed Capacity: 4,00,000 units. Industry utilization rate: 90%. The company works for 300 days in a year at 8 hours per day and has 300 employees. Cost of employees Rs. 1,00,000. Total depreciation charged during the year Rs. 10,00,000. Net profit for the year for Ind Ltd. Rs. 8,54,000. Net Profit ratio is 8%. The benefit of lower depreciation and savings in man power cost are not passed on to non-associated enterprises;

Case of Melina Limited

Melina Limited is a company, resident in state R that is assessing alternative locations to set up a new manufacturing plant in light of its expanding business. Three states with similar economic and political environments are identified as alternatives for this purpose. However, given that only state S has a tax treaty in force with state R, state S is chosen as the location for building the plant. The Assessing Officer of State S states that since principle purpose of setting up plant in state S was to avail favourable benefits under tax treaty, the assessee has violated Principle Purpose Test provided under OECD Model Tax Convention and therefore, benefit of tax treaty shall be denied. In the alternative, the assessing officer intends to invoke General Anti Avoidance Rule [GAAR];

Choose the correct alternative for the following MCQs: (2 x 5=10 Marks)

1.1 Taxation in the hands of one person in Country X and taxation of same income in the hands of another person in Country Y is a type of _____________:

(a) Jurisdictional Double Taxation

(b) Economic Double Taxation

(c) No Double Taxation

(d) Geographical Double Taxation

1.2 DTAAs are analysed based on principles provided in:

(a) OECD Model Tax Convention

(b) UN Model Tax Convention

(c) Either (A) or (B)

(d) Vienna Convention

1.3 Functional Differences are adjusted from the transaction price / margins of:

(a) Tested party;

(b) Untested party;

(c) Comparable;

(d) Depends on assessee's choice;

1.4 _______________ is not a type of PE currently in vogue:

(a) Fixed Place PE;

(b) Technological PE;

(c) Virtual PE;

(d) Service PE

1.5 Technical fees are paid to a foreign company, which is a resident in India. TDS on such fees, shall be deducted under section ___:

(a) 194J

(b) 194H

(c) 195

(d) No TDS

You are required to answer the following issues:

1.6 Compute Arms' Length Price in respect of transaction between Ind Limited and K Limited? **(8 Marks)**

1.7 Discuss the concept of Principle Purpose Test [PPT] provided in DTAA? **(3 Marks)**

1.8 State whether GAAR or PPT can be invoked in the case of Melina Limited? **(4 Marks)**

Case Study 2

Arrangement of Happy Limited

Happy Ltd., an Indian Company is a wholly-owned subsidiary of Happy Inc. Happy Ltd. is engaged in provision of software development services to its associated enterprise Happy Inc. The following is the income statement of Happy Ltd. for the year ended 31.03.2020

Happy Ltd.

All figures in Rupees' 000

Revenue from associated enterprises	
- Total Operating Income	95,000
Costs	
- Payroll	40,000
- Rent	16,500
- Depreciation	9,500
- General administration expenses	8,200
- Other operating expenses	11,800
- Total operating expenses	86,000
- Operating Profit	9,000

Net Cost plus mark-up (%) [Operating profit / total operating expenses] 10.46%

For the financial year ended 31st March, 2020, Happy Ltd. has earned a Net Cost Plus mark-up of 10.46% from its associated enterprises. Accordingly, Happy Ltd believes that its international transaction with Happy Inc., relating to the provision of software services, is consistent with the arm's length standard from the Indian transfer pricing perspective. For this purpose, it has identified the following five comparable companies for benchmarking analysis:

Comparable Company 1

(Rs. In Crores)

Profit and Loss Account (Summary) year ended						
Comparable 1	**March 2016**	**March 2017**	**March 2018**	**March 2019**	**March 2020**	**Total**
1) Time period	12 months	12 months	12 months	12 months	12 months	
2) Total Income	125	143	155	134	175	732
3) Total Cost	118	129	140	128	159	674
4) Net profit [=(2)-(3)]	7	14	15	6	16	58

5) Net Cost plus mark-up [=(4)/(3)*100]	5.93%	10.8%	10.71%	4.69%	10.06%	-
6) Weighted Average [={Total of col. (4)/ Total of col. (3)}*100]	-	-	-	-	-	8.61%

Comparable Company 2

(Rs. In Crores)

Profit and Loss Account (Summary) year ended						
Comparable 2	**March 2016**	**March 2017**	**March 2018**	**March 2019**	**March 2020**	**Total**
1) Time period	12 months	12 months	12 months	12 months	12 months	
2) Total Income	152	134	155	143	157	741
3) Total Cost	118	129	140	128	135	674
4) Net profit [=(2)-(3)]	34	5	15	15	22	91
5) Net Cost plus mark-up [=(4)/(3)*100]	28.81%	3.88%	10.71%	11.72%	16.30%	
6) Weighted Average [={Total of col. (4)/ Total of col. (3)}*100]	-	-	-	-	-	13.50%

Comparable Company 3

(Rs. In Crores)

Profit and Loss Account (Summary) year ended						
Comparable 3	**March 2016**	**March 2017**	**March 2018**	**March 2019**	**March 2020**	**Total**
1) Time period	12 months	12 months	12 months	12 months	12 months	
2) Total Income	15	13	15	14	17	74
3) Total Cost	13	12	14	12	15	66
4) Net profit [=(2)-(3)]	2	1	1	2	2	8
5) Net Cost plus mark-up [=(4)/(3)*100]	15.38%	8.33%	7.14%	16.67%	13.33%	
6) Weighted Average [={Total of col. (4)/ Total of col. (3)}*100]	-	-	-	-	-	12.12%

Comparable Company 4

(Rs. In Crores)

Profit and Loss Account (Summary) year ended						
Comparable 4	**March 2016**	**March 2017**	**March 2018**	**March 2019**	**March 2020**	**Total**
1) Time period	12 months	12 months	12 months	12 months	12 months	
2) Total Income	215.38	183.68	176.85	244.73	267.57	1088.21
3) Total Cost	191.21	162.55	169.29	212.11	223.34	958.50
4) Net profit [=(2)-(3)]	24.17	21.13	7.56	32.62	44.23	129.71
5) Net Cost plus mark-up [=(4)/(3)*100]	12.64%	13.00%	4.47%	15.38%	19.80%	-
6) Weighted Average [={Total of col. (4)/ Total of col. (3)}*100]	-	-	-	-	-	13.53%

Comparable Company 5

(Rs. In Crores)

Profit and Loss Account (Summary) year ended						
Comparable 5	**March 2016**	**March 2017**	**March 2018**	**March 2019**	**March 2020**	**Total**
1) Time period	12 months	12 months	12 months	12 months	12 months	
2) Total Income	231.15	138.89	157.86	424.37	327.75	1280.02
3) Total Cost	211.29	132.46	129.19	392.21	303.34	1168.49
4) Net profit [=(2)-(3)]	19.86	6.43	28.67	32.16	24.41	129.71
5) Net Cost plus mark-up [=(4)/(3)*100]	9.40%	4.85%	22.19%	8.20%	8.05%	-
6) Weighted Average [={Total of col. (4)/ Total of col. (3)}*100]	-	-	-	-	-	11.10%

Place of Effective Management

Under the domestic income tax law of State A, companies incorporated in that State or having their place of effective management in that State are regarded as resident. Under the domestic law of State B, only companies that have their place of effective management in that State are residents thereof. The State A- State B tax convention is identical to OECD Model Tax Convention.

Choose the correct alternative for the following MCQs:

(2 x 5=10 Marks)

2.1 The provisions relating to limitation of interest deduction in respect of debt issued by a non-resident associated enterprise are not applicable to an Indian company engaged in the business of:

(a) Information Technology
(b) Banking and Insurance
(c) Bio-technology
(d) Aviation

2.2 Arms' length range is used when number of comparables is more than ___ :

(a) 2 (b) 6
(c) 5 (d) 8

2.3 Unexhausted basic exemption limit, if any, of a non-resident can be adjusted against –

(a) Only LTCG taxable@20%
(b) Only STCG taxable@15%
(c) Both (a) and (b)
(d) Neither (a) nor (b)

2.4 Which of the following statements is true:

(1) Under IT Act, a company whose place of effective management is in India can still be regarded as non-resident if it is incorporated outside India;
(2) The first tie-breaker test is to look at habitual abode of an Individual
(3) It is only under UN Model Tax Convention that "place of incorporation" is considered as a criteria for determination of residential status;
(4) Both OECD and UN Model Tax Conventions have the same set of tie-breaker tests for an Individual

(a) All statements are true (b) Only 1, 3 and 4
(c) Only 3 and 4 (d) Only 3 above

2.5 An agent, in relation to income which is deemed to accrue or arise in India to a non-resident, is considered as a representative assessee. However, an agent, in relation to a non-resident person does not include –

(a) An employee in India of the non-resident

(b) A trustee in India of the non-resident

(c) A broker in India dealing with the non-resident person only through a non-resident broker, where both non-residents carry on transactions in the ordinary course of business

(d) A person in India having business connection with the non-resident

You are required to answer the following issues:

2.6 Assuming that TPO accepts all comparables selected by Happy Limited as genuine, and that weighted average margins of comparables are properly computed, you are required to determine whether transactions conducted by Happy Limited with Happy Inc are at ALP?

(5 Marks)

2.7 Assume that the assessee earns its entire revenue from associated enterprise. You are required to compute arms' length price by adopting CUP Method? Further, check whether transaction is at ALP.

(5 Marks)

2.8 Advise XYZ Limited which is incorporated in State B but has POEM in State A as to how its residential status would be determined for the year?

(5 Marks)

Case Study 3

Technical know-how provided by ST

A foreign Company, ST has entered into an agreement with an Indian Company KN for supply of know-how and the agreement is within the Industrial Policy conditions laid down by the Central Government. In the year 2019-20, Rs. 50 lacs were paid, under the agreement, to ST by KN.

ST claims to have spent Rs. 14 Lacs as expenses in India to be recognized as a deduction. In the following situations, what will be your decision on the tax liability of the parties:

1. The agreement having been entered into before 1st June,2002 and approved by the Government, KN pays to the Indian income-tax authorities the tax payable by ST;

2. There is no term in the agreement that KN has to bear the tax liability; the royalty payable is decided to be Rs. 59 lacs (net of taxes) instead of Rs. 50 lacs.

XY Pvt Limited

XY Pvt Ltd., a company having registered head office in Singapore, for the first time had carried out operations during the year 2019-20 of purchase of goods in India on four occasions. Immediately after purchase, the company exported the same to China. The total value of such exports was Rs. 100 Lacs, on which it earned profits of Rs. 20 Lacs, before the expenses of Rs. 12 Lacs, which were directly paid by H.O. The company seeks your advice regarding its tax liability in India.

Global Airlines

M/s Global Airlines incorporated as a company in USA operated its flights to India and vice versa during the year 2019-20 (April, 2019 to March, 2020) and collected charges of Rs. 125 lacs of carriage of passengers and cargo out of which Rs. 65 lacs were received in U.S Dollars for the passenger fare booked from New York to Mumbai. The total expenses for the year on operation of such flights were Rs. 195 Lacs.

Nepal Limited

Nepal Limited, a foreign company has entered into an agreement with an Indian company on 1st February 2002 under which industrial equipment belonging to the firms has been leased to the latter for an annual lumpsum payment of $50,000.

Choose the correct alternative for the following MCQs: (2X5=10 Marks)

3.1 In relation to the Equalisation levy, the due date for submission of statement in prescribed format is ____

(a) 31st July of the immediately following financial year
(b) 30th September of the immediately following financial year
(c) 30th November of the immediately following financial year
(d) 30th June of the immediately following financial year

3.2 The fees for making application to the Authority of Advance Rulings where total value of transactions does not exceed Rs. 100 crores is Rs. ______

(a) 10 lakhs (b) 7 Lakhs
(c) 5 Lakhs (d) 2 Lakhs

3.3 Which of the following statements is true in the case of Gross Basis Taxation provided under Chapter XII of the IT Act?

(a) The deduction under Chapter VI-A is always allowed while computing the income

(b) In certain provisions of Chapter XII, the assessee is not mandated to file return of income

(c) The rates of tax provided in Chapter XII are all inclusive, i.e. no need to add surcharge and cess;

(d) The deduction for expenses are allowed in certain cases;

3.4 A foreign company is required to do the following under IT Act 1961:

(a) Always furnish a return of income

(b) Always withhold tax at source

(c) Always withhold equalisation levy

(d) Always opt for chapter XII for computing income

3.5 The following are Notified Jurisdiction Areas as per Section 94A:

(a) Cyprus (b) Panama

(c) Pakistan (d) None of the above

You are required to answer the following issues:

3.6 Determine Tax liability and TDS implications for ST, foreign company in both scenarios highlighted in the question above?

(5 Marks)

3.7 How much of income for the AY. 2020-21 shall be subjected to tax? Assume that the place of effective management of XY Pvt. Ltd. is in Singapore.

(4 Marks)

3.8 Compute the income chargeable to tax of the foreign airlines [Global Airlines].

(3 Marks)

3.9 How will the lease rent be taxed in the hands of the Nepal Limited, a foreign company in respect of assessment year 2020-21?

(3 Marks)

Case Study 4

R Limited – RS Limited

R Ltd. is a company resident of country B. It has successfully submitted a bid for construction of a nuclear plant for A Ltd., an independent company resident of country D. That construction project is expected to last 20 months. The project is turnkey in nature. During the negotiation of the contract, the project is divided into two different contracts, each lasting 10 months. The first contract is concluded with R Ltd. and the second contract is concluded with RS Ltd. a recently incorporated wholly –owned subsidiary of R Ltd., resident of country B. At the request of RS Ltd. which wanted to ensure that R Ltd. would be contractually liable for the performance of the two contracts, the contractual arrangements are designed in such a manner that R Ltd. is jointly and severally liable with RS Ltd for the performance of RS Ltd's contractual obligations under the contract with A Ltd. [Assume that DTAA between Country B – Country is same as OECD convention]

Contract R&D:

India E-Commerce and E –Ventures Pte Ltd., an Indian E- Commerce Company partly develops valuable Intangible (unique software to conduct and manage online retail business) for e –commerce, through in- house R&D. The company sells the partly developed software to its subsidiary Singapore E-Commerce and E- Ventures Pte Ltd for a lump sum consideration.

The intangible in the form of partly developed software is hard to value. This is because of these reasons (i) the software is expected to be exploited in a novel manner and (ii) the future projection of earnings is highly uncertain due to absence of a track record of development of similar intangibles. Since, the transferred software is hard to value, it gets valued at a low amount. So, the lump sum consideration for transfer is quite low India E-Commerce and E-Ventures Pte Ltd derives Little Capital Gains on transfer of the software though India E-Commerce and E-Ventures Pte Ltd has claimed significant R&D deduction under section 35 of the Income Tax Act, 1961.

Singapore E Commerce and E Ventures Pte Ltd carries on further R & D to fully develop the software. Singapore E-Commerce and E-Venture Pte Ltd fund the future R&D and will be the legal owner of the fully developed e-commerce software.

Once the software is successful developed, Singapore E-Commerce and E-Ventures Pte Ltd. will license it out to various worldwide subsidiaries of E- Commerce and E- Ventures Group, including India E Commerce and E Ventures Pvt Ltd.

To develop, the software further, Singapore E- Commerce and E- Ventures Pte Ltd enters into a Contract R &D arrangement with India E- Commerce and E Ventures Pvt Ltd. Although the agreement is of CRO, the scope of work of Indian entities is of exercising actual control uptil the stage of revenue generation.

Choose the correct alternative for the following MCQs:

(2 x 5=10 Marks)

4.1 Identify the intangibles for tax purposes out of the following:

1.	Patents
2.	Group synergies
3.	Markets specific characteristics
4.	Know-how and Trademarks
5.	Rights under Contractors and Government License
6.	Assembled Workforce
7.	Licenses and Similar limited rights in Intangibles
8.	Goodwill and ongoing concern value

(a) 1,4,5,7,8
(b) 1,2,3,4
(c) 1,5,6,8
(d) 1,4,7,8

4.2 An applicant, who has sought for an advance ruling, may withdraw the application within ____________.

(a) 30 days from the date of the application
(b) 30 days from the end of the month in which the application has been made
(c) 60 days from the date of the application.
(d) 60 days from the end of the month in which the application has been made

4.3 A Ltd. has a wholly owned subsidiary in Sri Lanka, and it extends corporate guarantee to the said non-resident subsidiary. If the amount guaranteed is Rs. 95 crore, the Assessing Officer has to accept the guarantee fee declared by A Ltd. for F.Y.2017-18, if the guarantee fee declared is -

(a) Rs. 47.50 lakhs
(b) Rs. 90 lakhs
(c) Rs. 95 lakhs
(d) Either (a) or (b)

4.4 If X Ltd. had entered into an agreement for sale of 1000 units of non-core auto components to Mr. Rajiv, an unrelated party, on 13.7.2017, and Mr. Rajiv had entered into an agreement for sale of such components with Gigo Inc. on 8.7.2017, which of the following statements is correct?

(a) Transfer pricing provisions would not be attracted since X Ltd. and Mr. Rajiv are not associated enterprises;

(b) Transaction between X Ltd. and Mr. Rajiv would be deemed to be an international transaction between associated enterprises, only if Mr. Rajiv is a non-resident.

(c) Transaction between X Inc. and Mr. Rajiv would be deemed to be an international transaction between associated enterprises, only if Mr. Rajiv is a non-resident.

(d) Transaction between X Ltd. and Mr. Rajiv would be deemed to be an international transaction between associated enterprises, whether or not Mr. Rajiv is a non-resident.

4.5 Let us suppose Alpha Ltd. has entered into an advance pricing agreement (APA) in respect of its transactions with Xylo Inc. for the P.Y.2016-17. The company decides to make an application for roll back of the said APA. However, rollback provision shall not be available in respect of the said transaction for a rollback year, if –

(i) such application has the effect of reducing total income declared in the return of income of the said year;

(ii) determination of the arm's length price of the said transactions for the said year has been the subject matter of appeal before Commissioner (Appeals) and the Commissioner (Appeals) has passed an order disposing of such appeal at any time before signing of the agreement;

(iii) determination of the arm's length price of the said transactions for the said year has been the subject matter of appeal before the Appellate Tribunal and the Appellate Tribunal has passed an order disposing of such appeal at any time before signing of the agreement

(iv) return of income for the relevant roll back year has been furnished by the company under section 139(4)

The most appropriate answer in this case would be:

(a) (i) and (ii) above.

(b) (i) and (iii) above

(c) (i), (ii) and (iv) above

(d) (i), (iii) and (iv) above.

You are required to answer the following issues:

4.6 State whether a Permanent Establishment is created for R Limited in Country D?

(4 Marks)

4.7 Discuss whether R Limited and RS Limited form an AOP in Country D. Assume that the tax laws of Country D are same as that in India.

(4 Marks)

4.8 Suppose you are the Assessing Officer in the case of India E-Commerce and E – Ventures Pte Ltd. How would you ensure that there is no base erosion in India. Apply correct principles out of BEPS Action Plan

[7 Marks]

Case Study 5

Case of XYZ Limited

S. No.	Particulars	Amount (Rs. In crores)
1.	Tax payable under the normal provisions	**10**
2.	MAT payable	**75**
3.	Tax paid in foreign country (eligible for tax credit u/s. 90,90A, 91)	**45**

Case of A Limited

Generally, in India losses can only be carried forward. However, as per the taxation laws of other countries, there could be option of even carry backward of losses.

A Ltd, Indian Company is carrying on business in Singapore from which profits of SGD 1,00,000 is derived during the year 2015-16. The company paid tax in Singapore which it had claimed as credit in Indian during 2015-16. Such credit was allowed by Indian tax authorities. In 2016-17, the Company suffers business loss to the tune of SGD 45,000. In Singapore, there are provisions to carry back the losses and adjust against profits in earlier years. Exercising this option, A Ltd has availed carry backward benefit and has received refunds of taxes from the country Singapore. This information shall be disclosed by A Ltd in Form No. 67.

Non-resident

Mr. Murli, a non-resident Indian has the following sources of Income in India. You are required to compute his total income and determine his tax liability. Details of your working with reasons should form part of your answer:

SI. No.	Particulars		Rs.
1.	Dividend from Indian Company		50,000
2.	Interest on debentures of an Indian company invested out of remittances in convertible foreign exchange Less: Interest paid on money borrowed in India for investment in the debentures	75,000 <u>25,000</u>	 50,000
3.	Long-term capital gains on sale of shares subscribed in convertible foreign exchange: Cost in 2007-08 Sale in 2015-16 Less: Brokerage Inflation index 2007-08 -551 ; 2015-16 -1081	 2,00,000 <u>3,00,000</u> 1,00,000 <u>10,000</u>	 90,000
4.	Property income in India (Computed)		2,00,000
5.	TDS		20,000

The property was acquired partly out of a loan from HDFC. The repayment of loan made during the year amounted to Rs. 20,000. The assessee also claims deduction of Rs. 10,000 by way of donation to the Prime Minister's Relief Fund and of Rs. 50,000 towards repayment of principal portion of loan taken for higher education in India in 2005 before the migration.

Choose the correct alternative for the following MCQs:

(2 x 5=10 Marks)

5.1 ABC Ltd. an Indian company paid dividend distribution tax under section 115 -O in respect of dividend distributed by it to its resident and non-resident shareholders. Mr. John, a shareholder of ABC Ltd. and a resident of Country X, has to pay tax in Country X on dividend received by him from ABC Ltd., as per the domestic tax laws of Country X. This is an example of:

(a) Juridical double taxation
(b) Territorial double taxation
(c) Economic double taxation
(d) Municipal double taxation

5.2 A fiscally transparent entity means –

(a) An entity entitled to concessional rate of tax

(b) An entity enjoying tax pass through status

(c) An entity entitled to benefits of DTAA

(d) An entity which is subject to distribution tax on profits distributed by it.

5.3 In order to claim relief under the tax treaty in India, a non-resident -

(a) should have a business presence in India

(b) should produce his Permanent Account Number

(c) should produce Tax Residency Certificate (TRC)

(d) should produce his income-tax return filed in the home country.

5.4 Under the provisions of the Income-tax Act, 1961, the term "Person" would not include:

(a) A body corporate incorporated in a country outside India

(b) A Limited Liability Partnership (LLP)

(c) Indian branch of a foreign company

(d) A co-operative society

5.5 When a term used in a tax treaty is not defined in the tax treaty or in the Act, but the same is defined subsequently through a notification in the Official Gazette by the Central Government, then, in such a case:

(a) The notification shall take effect from the date of its publication in the Official Gazette

(b) The notification shall be deemed to be effective from the date when the tax treaty came into force

(c) The notification shall be deemed to be effective from the date when the tax treaty was last modified

(d) The notification shall take effect from 1st April and be effective from the current assessment year.

You are required to answer the following issues:

5.6 Compute MAT credit to be carried forward in the case of XYZ Limited?

(3 Marks)

5.7 What should be the action to be taken by the Assessing Officer of A Limited?

(2 Marks)

5.8 Advise Mr. Murli whether he should opt for Chapter XII-A or normal provisions of the Act

(6 Marks)

5.9 What are the impacts due to BEPS? What are the indicators of BEPS under Action plan 11?

(4 Marks)