



**UNIVERSITY OF PETROLEUM AND ENERGY
STUDIES**

End Semester Examination, December 2021

Course: International Taxation
Program: B. Com. LL.B (Hons.) (Taxation Law)
Course Code: CLTX5001
Instructions: Attempt all the questions.

Semester : IX
Duration : 03 hrs.
Max. Marks: 100

SECTION A
(Type the answers in test box)

Objective Type Questions/Definitions/fill in the blanks

5Qx2M=10 Marks

Q. No.		Marks	CO
1	Outline 2 extrinsic aids to Treaty interpretation.	2	CO1
2	How to determine period of stay in India for an Indian citizen, being a crewmember?	2	CO1
3	Describe the conditions, which should be satisfied if a place has to be considered as Permanent Establishment as per Article 5.	2	CO1
4	Describe the Composition of AAR.	2	CO2
5	Explain Notified Jurisdictional Area.	2	CO2

SECTION B
(Scan and upload)

(Conceptual based question)

4Q x5M=20 Marks

Q. No.		Marks	
1	“Treaty prevents not only current but also potential Double taxation”. Elucidate on the statement.	5	CO2
2	When can an arrangement be declared as an Impermissible Avoidance Arrangement (IAA)?	5	CO3
3	Company Priya Ltd. is a sourcing entity, for an Indian multinational group, incorporated in country X and is 100% subsidiary of Indian company (Riya Co.). The warehouses and stock in them are the only assets of the company and are located in country X. All the employees of the company are also in country X. The average income wise breakup of the company’s total income for three years is, - (i) 30% of income is from transaction where purchases are made from parties	5	CO2

	<p>which are non- associated enterprises and sold to associated enterprises;</p> <p>(ii) 30% of income is from transaction where purchases are made from associated enterprises and sold to associated enterprises;</p> <p>(iii) 30% of income is from transaction where purchases are made from associated enterprises and sold to non-associated enterprises; and</p> <p>(iv) 10% of the income is by way of interest.</p> <p>Determine ABOI Test in above case.</p>		
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4	Analyze the need of equalization levy and provisions incorporated in Indian Tax laws in respect of such levy.	5	CO3
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SECTION-C
(Scan and upload)

(Descriptive/Analytical Questions)

2Qx10M=20 Mark

Q.No.		Marks	CO
1	Analyze the types, benefits and procedure of Advance Pricing Agreement (APA).	10	CO3
2	<p>a) Priya Ltd.(Country X- Foreign) sells XYZ product to Shri Ltd (India) @ Rs. 50,000. IT is to be noted that Priya Ltd. holds 30% equity shares in Shri Ltd. Shri Ltd. further resales the same XYZ goods to Hari Ltd. (non-associated enterprise) @ Rs. 60,000.</p> <p><u>Additional Conditions:</u></p> <p>Shri Ltd. incurs Purchase related expenditure of Rs. 7,000 on the purchase of XYZ Product from Priya Ltd.</p> <p>Normal Gross Profit Margin of Shri Ltd. is 20%</p> <p>Calculate the ALP in the international transaction.</p> <p>b) Can a Specified Association enter into DTAA? If yes, mention the provision of Income Tax Act along with an example.</p>	5 5	CO4

SECTION-D

(Scan and upload)

(Case Studies/ Application Based Questions)

2Qx25M =50 Marks

Q.No.		Marks	CO
1	Mr. Ramesh (aged 55 years), a resident Indian, has derived the following incomes for the previous year:		CO4

	<p>a. Income from profession in India 7,00,000</p> <p>b. Income from profession in country A (Tax paid in foreign country @ 20%) ` 5,00,000</p> <p>a) Compute Indian tax liability of the assessee assuming that India does not have any agreement with country A.</p> <p>b) Mention the provision of Income Tax Act, which provides for Unilateral Relief.</p> <p>c) Explain source and residence theory of International Taxation</p>	15 5 5	
2	<p>a) A Ltd. holds 40% equity shares of B Ltd. Further A Ltd. and B Ltd. entered into an international transaction wherein the <u>Actual Transaction Price is Rs. 150.</u> On application of Most Appropriate Method, it resulted in determination of more than price.</p> <p><u>Data set of Arm's Length Prices:</u> Uncontrolled Transaction price between A LTd. & C LTd.: Rs. 140 Uncontrolled Transaction price between A LTd. & D LTd- Rs. 146 Uncontrolled Transaction price between A LTd. & E LTd- Rs. 180 Uncontrolled Transaction price between A LTd. & F LTd- Rs. 156 Uncontrolled Transaction price between A LTd. & G LTd- Rs. 152</p> <p><u>Calculate the Arm's Length Price in respect of international transaction between A Ltd. and B Ltd.</u> based on the given data set.</p> <p><u>Also, identify the provision of Income Tax Act, which deals which such computation.</u></p> <p>b) Describe the concept of deemed international transaction and deemed associated enterprise.</p>	15 10	CO4