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I am presenting ***Thursday Publication for 21 FAQs on Taxation Laws for Foreign Corporate + NRIs + NRs in India***

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- 2. Any kind of offences attracting Penalty + imprisonment (both).***
- 3. It's humbly suggested to stop committing offence.***
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21 FAQs on Taxation Laws for Foreign Corporate + NRIs + NRs in India

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21 FAQs on Taxation Laws for Foreign Corporate + NRIs + NRs in India

(A) Taxation Laws for Foreign Corporate in India

1. Introduction on Taxation Laws for foreign corporate in India

- (i) Multi National Companies (MNCs) located outside India taking keen interest in multiplying their businesses + investments + supply of technologies + supply of know how's + also listing at various stock of exchanges in India (all).
+ (plus)
- (ii) MNCs located in India taking keen interest in multiplying their businesses + investments + supply of technologies + supply of know how's + also listing at various stock of exchanges outside India (all).
- (iii) Govt. of India (Govt.) felt urgent need to prepare for friendly taxes + business regulatory policies to grave growth opportunities for India from MNCs located outside India + also enable to grave growth opportunities for MNCs located in India (all).
- (iv) Govt. already given importance for expansion of Indian income tax base through framing income tax provisions against digital + e-governance businesses in India like introduction of concept of Place of Effective Management (POEM) + Significant Economic Presence (SEP) to reduce tax uncertainties + also litigations in India (all).

2. Briefs on Base Erosion & Profit Shifting (BEPS) + Multilateral Instrument (MLI)

- (i) Organization for Economic Co-operation and Development (OECD) introduced 15 Action Plans for BEPS in July 2013 for international collaborations to abolish tax avoidances.
- (ii) 15 Action plans developed + introduced by OECD to recognize importance of borderless digital economies + to develop new set of standards to prevent BEPS + to equip govt. with domestic + also international instruments to prevent BEPS's manipulation through payment of negligible tax or 0% tax in tax heavens (all).



- (iii) Several incomes (*profits*) *still untaxed* due to application of existing international tax provisions *in India + also outside India (both)*.
- (iv) *OECD keeping track through modern business models* with object to expedite + to streamline implementation for measures developed to address BEPS's manipulation + also *to amend bilateral tax treaties (all)*.
- (v) Presently more than *90 countries (jurisdictions)* already *concluded negotiations for multilateral convention* to implement tax treaties measures to prevent BEPS's manipulation.

3. Briefs on General Anti Avoidance Regulations (GAAR) provisions in India

- Govt. already *introduced GAAR provisions under Income Tax Act (ITA), 1961 from April 01, 2017* to declare Impermissible Avoidance Arrangement (IAA) under section 96 of ITA, 1961 to avoid aggressive tax planning *to reduce income tax liability in India for international + also domestic transactions (both)*.

4. Briefs on Tax collection at source (TCS) provisions for seller of goods in India

- (i) Govt. already introduced *TCS provisions for seller of Goods from Oct 01, 2020* through Finance Act, 2020.
- (ii) *TCS @ 0.1% applicable against receipt for sales consideration when amount exceeding INR 50 Lac in preceding to previous financial year from same buyer + also annual turnover for seller exceeding INR 10 crore in previous financial year (both)*
- (iii) Turnover from *export of goods not included for computing limit of INR 50 Lac*

5. Briefs on Tax deduction at source (TDS) provisions for purchaser of E-Services

- (i) Govt. already introduced *TDS provisions for e-commerce operators from Oct 01, 2020* through Finance Act, 2020.
- (ii) *TDS @ 1% applicable against payment for purchase consideration for goods + services (both) on gross amount under section 194-0 of ITA, 1961*



6. Briefs on Equalization Levy (EQL) provisions for payments to Non-Residents (NRs)

- (i) Govt. already introduced EOL provisions for payment to non-resident service provider against online advertisements + also e-commerce supply of services (both) from April 01, 2020 through Finance Act, 2020.
- (ii) (a) EQL @ 6% applicable for payment against online advertisements on gross amount
+ (plus)
(b) EQL @ 2% applicable for payment against e-commerce supply of services on gross amount
- (iii) Govt. already introduced EQL provisions based on BEPS's Action Plan 1 out of BEPS's Action 15 Plans introduced by OECD

7. Briefs on Govt's faceless assessment + faceless appeal mechanism (both) in India

- (i) Govt. already introduced faceless assessments + faceless appeals to provide transparency + efficiency + accountability + to eliminate interface between Assessing officer (AO) + Commissioner of Income Tax (CIT) – appeals and taxpayer for proceedings through stringent compliance dates + no personal hearing permitted + limited adjournments permitted + also etc. (all)
- (ii) Taxpayer required to keep ready 100% documents + 100% information's to be submitted to AO + also CIT – appeals during continuity for proceedings (all).



(B) Taxation Laws for Non Resident Indian (NRIs) + Non-Residents (NRs) in India

8. Briefs on Taxation Laws for NRIs in India

- (i) (a) International Taxation has *set of provisions in India* which primary *different from legal provisions in countries located outside India*
+ (plus)
- (b) International Taxation *required to cover tax aspects on cross border transactions* for direct taxes like Income tax + also Indirect tax like GST *(both)*.
- (ii) (a) International taxation *required to study for taxation beyond National boundaries (in other countries outside India)*.
+ (plus)
- (b) International taxation *required to study for taxation in India + also taxation outside India simultaneously for determining taxation against international transactions in India (both)*.

9. Briefs on Income Tax on Income actual received by NRs in India

- (i) (a) Residential status of tax resident in India *based on physical stay in every financial year (from April 01 to March 31)*.
+ (plus)
- (b) Total *global taxable incomes* of tax resident in India *be 100% liable for income tax in India*.
+ (plus)
- (c) Tax resident in India *permitted to avail Foreign Tax Credit (FTC) against income tax paid + also income tax deducted at source (TDS) outside India (both)*.
- (ii) Tax resident in India's *incomes received + Incomes deemed received by himself + received on his behalf + incomes accrues + arises + deemed accrue + also deemed arising taxable (all) in India*.



10. Briefs on Income Tax on Income Deemed received by NRs in India

- Certain deemed incomes earned by NRs *be liable for income tax in India beside actually earned by him outside India* specified under section 9 of ITA 1961 like:
 - (i) Deemed incomes through *business's connection* existed in India.
 - (ii) Deemed incomes through *property + asset* + also source located in India (*all*).
 - (iii) Deemed capital gains through *transfer of capital asset* located in India.
 - (iv) Deemed incomes through *salaries earned in India* + services rendered in India (*both*).
 - (v) (a) Deemed incomes through *salaries paid by India's govt.* to Indian Citizen beside *services rendered outside India*.

+ (plus)

(b) Perquisites + also *allowances not taxable in India* beside paid by India's govt. (*both*).
 - (c) Incomes through *salaries taxable in India* but *perquisites* + also *allowances not taxable in India* beside paid by India's govt. (*both*).
 - (vi) Deemed incomes through *dividends paid by Indian company*.
 - (vii) Deemed incomes through *interests* (subject to satisfaction of certain conditions)
 - (viii) Deemed incomes through *royalties* (subject to satisfaction of certain conditions)
 - (ix) Deemed incomes through *Fee for Technical Services (FTS)* (subject to satisfaction of certain conditions)

11. Briefs on Income Tax on Investments + Capital gains for NRIs in India

- NRIs *not required to file* Income Tax Return (ITR) in India in following cases:
 - (i) When taxable *incomes in India* consisting from *investments* + also from Long Term Capital Gains (LTCG) both

+ (plus)
 - (ii) When *Income tax in India* already deducted through TDS mechanism against *investments* + also on LTCG (*both*)



12. Briefs on Income Tax on notified tax free certificates + etc. for NRIs in India

- NRIs *not required to file* Income Tax Return (ITR) in India in following cases:
 - (i) When income in India *earned on notified tax free Saving Certificate* + also etc. (*both*)
 - (ii) When income in India *earned on notified tax free Non Resident (Non repatriable) [NRNR] deposits* issued by banks in India.
 - Banks in India *not permitted to accept fresh NRNR deposits from April 1st 2002*. However *Interest on NRNR deposits* + also *principal* at time of maturity *to be transferred to NRE account of NRI in India (both)*.

13. Briefs on Income Tax on interest on FCNR (B) deposits + etc. for NRIs in India

- NRIs *not required to file* Income Tax Return (ITR) in India in following cases:
 - (i) When income in India *earned on FCNR (B) deposits* where interest income already *exempted* under section 10(4)(ii) of ITA 1961
 - (ii) (a) When income *earned on tax free dividends from Indian Public Limited Company* + Private Limited Company + Indian Mutual Fund + also Unit Trust of India (*all*) .
 - (b) However income *earned on dividends* from Indian public limited company + also etc. *not exempted* under section 10(34) of ITA, 1961 *from Assessment year 2021-22 (both)*.
 - (iii) When income in India *earned on tax free LTCG* against transfer of equity shares traded on recognized Stock Exchange + units of equity schemes of Mutual Fund + *also income exempted* under ITA, 1961 (*all*).
 - (iv) When income in India *earned on tax free remuneration* + fee received for rendering technical consultancy in India under approved programme of Govt. + *also income exempted* under ITA, 1961 (*all*).
 - (v) When income in India *earned on tax free notified bonds* issued by Govt. + *also income exempted* under ITA, 1961 (*both*).



14. Briefs on Tax Deducted at Source (TDS) for payments to NRs in India

- Payer for making any payment to non-resident in India required to deduct TDS from April 01, 2008 + to file 15CA + also 15CB (all) before remitting outside India under section 195 (6) of ITA, 1961

15. Briefs on of Double Taxation Avoidance Agreement (DTAA) with other countries

- Several DTAA's already executed between Govt. of India and Govt. outside India for resolving matters for taxing incomes in India + outside India + to increase transparency in tax systems + to avoid tax evasion by tax resident in India + also tax resident outside India (all).
- DTAA's required because each country has own taxation system to determine for taxing of incomes in own country + also to allow Foreign Tax Credit (FTC) in tax resident's country (both).
 - DTAA's required to avoid effect of double taxation on NRs against their incomes liable to income tax in country of source of incomes + also in country of residency through allowing FTC in tax resident's country (both).

16. Briefs on Advantages (benefits) of DTAA's for NRs in India

- To take benefit of tax credit + tax relief (both) for tax resident in India
- To avoid double taxation for tax resident in India
- To prevent tax discrimination for tax resident in India
- To certain for tax treatment to investors in India
- To exchange of information's with India
- To ease in recovery of liability of Income tax for tax resident in India
- To promote investments + mutual relation (both) in India
- To prevent fiscal evasion in India

17. Briefs on Computation of Income of NRIs under section 115D of ITA 1961

- Govt. already inserted section 115D as special provisions for computation of total taxable incomes of NRIs in India like:-



- (i) *NRI not permitted to claim any expenditure + also any allowance for computing taxable income on investments made by NRIs in India (both)*
+ (plus)
- (ii) *NRI not permitted to claim any deduction under section 80C to 80U of Chapter VIA + also section 48 of ITA 1961 (both).*

18. Briefs on Income Tax of NRIs on Investment's Incomes + LTCG - sec 115E of ITA 1961

- (i) *Income Tax @ 20% be levied on investment's incomes of NRIs in India.*
- (ii) *Income Tax @ 10% be levied on LTCGs of NRIs in India.*

19. Briefs on Capital gains on transfer of foreign exchange assets of NRIs – Sec. 115F

- (i) *NRI permitted to invest against LTCGs received on transfer of Foreign exchange assets in not exceeding 6 month from date of transfer + investment be in specified assets + saving certificates already notified under section 10(4B) to avail income tax exemption on LTCGs specified under section 45 of ITA, 1961*
- (ii) *List of Specified Assets*
 - (a) *Eligible equity shares of Indian company*
 - (b) *Eligible debentures + also deposits of Indian public limited company (both)*
 - (c) *Notified security issued by Govt.*
 - (d) *Other notified assets issued by Govt.*

20. Briefs on available benefits for NRIs after becoming residents in India –Sec 115H

- (i) *NRIs required to apply in writing to Assessing Officer (AO) for informing about becoming resident in India + also required to file ITR under section 139(1) of ITA, 1961 (both).*
- (ii) *NRIs required to fulfil certain terms + also conditions for availing benefits after becoming resident in India (both).*



21. Briefs on *Difference between International Taxation Law & Indian Taxation Law*

- (i) India has no separate taxation laws for studying for international taxation + also for Indian taxation (both).*
- (ii) India has no separate judicial courts for appearing for international taxation + also for Indian taxation (both).*
- (iii) India has specific Income tax provisions for taxation of international transactions in India under ITA Act, 1961.*
- (iv) India has general Income tax provisions for taxation of international (cross border) transactions for direct tax under ITA Act, 1961.*



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