DIRECTORATE OF DISTANCE EDUCATION
NALSAR UNIVERSITY OF LAW, HYDERABAD

M.A. (International Taxation)

Academic Year: 2022-2023

First Semester - End Semester Examination (January, 2023)

Paper I - 1.1.1. Understanding International Tax Treaties and its implications on Domestic Tax Laws

Duration of the Examination: 2 ½ hours **Total Marks : 70 marks**

INSTRUCTIONS TO CANDIDATES

a) **Read the instructions carefully and adhere to the same.**
b) **Please mention your DDE ID No., date of the exam, name of the programme & subject on the Answer Sheet and the Additional Answer Sheets, if any.**
c) **The questions to be interpreted as given and no clarification can be sought from the Invigilator.**
d) **Clearly indicate the question numbers while answering them. Answers without question numbers / wrong question numbers will not be evaluated.**
e) **Write the answers clearly and neatly. Answers in illegible handwriting will not be taken into consideration.**
f) **Candidates are prohibited to carry phones or any other electronic devices, books, material etc. in the Examination Hall.**
g) **Copying is strictly prohibited and is considered as a serious academic mis-conduct and the University will take action as it deems fit.**

---

1) GmBH Inc. is a company incorporated in the Netherlands that had invested in shares of Indian company and received dividend income. During the relevant year, Dividend Distribution Tax was still prevalent and therefore the Indian company paid DDT as per the provisions of sec.115-O. GmBH sought to take benefit of the Indo-Netherlands DTAA and the lower rate of dividend rate of 10% therein. The Revenue authorities denied the benefits of lower rate under DTAA considering that DDT in India was levied on the company and not the shareholder.

In view of this fact scenario, discuss treaty override and determine if GmBH will succeed in its claim for lower tax rate of dividend as per the DTAA. **(25 marks)**

2) Shyam, an individual resident in India, has initiated a start-up company in Pune and operates with a small team of staff in a rented premises. The premises are owned by Ram, a non-resident in India based in USA. Ram approaches you to know if the rental income will be taxable in India as well as USA. He also asks you to examine a credit for the tax paid will be allowed in case he shifts to a country with which no agreement under section 90 exists. **(25 marks)**

3) Write a short note on Tax treaties under the framework of the Constitution of India. **(20 marks)**

****