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 IV - 1.1.4. Residence for Treaty Purposes

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) Saathiya Co. P Ltd. is a multinational company incorporated in France. The company was incorporated with an object to promote traditional artisans and weavers, particularly from developing countries and provide them an international platform. The business was to manufacture and market branded apparels and accessories mostly based on indigenous designs, prints and textiles from local weavers. The company employed a talented group of fashion designers from the world over who were located at the company head-quarters in Paris in order to transform local designs to appeal to the international customer base. Thus, the employee base, assets, manufacturing activities and trademarks of the company were primarily in Paris (France).

However, in order to identify authentic indigenous designs and weavers, the company appointed a fashion house in each country who could approach local weavers and communicate with them, explain the requirement of the company. The domestic fashion house would collect samples and designs and pass it on to the company head-quarters in Paris and if need be connect fashion designers of the company to them. For this domestic fashion houses were paid commission by Saathiya Co.

The company was promoted by Mr.Shinoy who was the managing director and a majority shareholder in the company. While there were country head-offices, the head-quarters of the company remained in Paris. All major decisions of the company were not approved by the Board of Director unless Mr.Shinoy had been consulted. However, Mr.Shinoy was a globe trotter and frequently travelled internationally. During such travels he would connect through video call. Mr.Shinoy was a resident in India for tax purposes.

Determine the residential status of the company for the purposes of the Income-tax Act,1961. **(25 marks)**

2) Mayuri is vlogger and travel enthusiast who posts videos of various destinations in India and abroad. Impressed by her followers and views of youtube, Discovery Channel, an American cable channel owned by Warner Bros. offered her to prepare a world travel series for them. Mayuri picked up this assignment and began her three year long travel episodes covering various cities and towns. She had permanent home in India but with the frequent travel was not domiciled in any country as such during the course of last three years.

In view of this scenario, discuss the novel concept of digital nomads and also determine country of Mayuri's residential status for tax purposes. **(25 marks)**

3) Write a short note on MAP (Mutual Agreement Procedure) **(20 marks)**