DIRECTORATE OF DISTANCE EDUCATION
NALSAR UNIVERSITY OF LAW, HYDERABAD

M.A. (International Taxation)

Academic Year: 2022-2023

Fourth Semester - End Semester Examination (June, 2023)

Paper I – 2.4.13. Methods of Elimination of Double Taxation

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.**

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1) Write a short note on full exemption method and exemption with progression method giving example of their computation. **(20 marks)**

2) **a)** What is tax sparing credit method? Explain. **(10 marks)**

b) Breeze Limited, a company incorporated in India has setup a branch office in tax free zone in Russia, by virtue of which no income taxes are payable in Russia. The branch earned a profit of 1,000,000 Russian Rubles (1 Russian Ruble= INR 1.50). The tax rate in Russia and India is 13% and 25%respectively. Determine how tax sparing credit shall be computed by application of Article 23 - METHODS OF ELIMINATION OFDOUBLE TAXATION of India – Russia DTAA. **(15 marks)**

3) **a)** Briefly discuss juridical double taxation and economic double taxation with examples**.** **(10 marks)**

b) How does 'Underlying tax credit' clauses in DTAA benefit a taxpayer? Examine the following fact scenario and answer the question. Seashore Co., is a company incorporated in UK. The company earned a profit of INR 100 crores for the FY 2021-22, which is subjected to a corporate tax rate of 20%. The company distributed entire profits available after taxes as dividends to its shareholders, resident in India. The tax rate for dividends in UK and India is 10% and 20%respectively. Will the UTC benefit be available Indian residents on the UK dividend? Can Rule 128(5) be helpful in this respect? **(15 marks)**

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