

Name:	
Enrolment No:	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**Online End Semester Examination, December 2020**

<b>Course: International Taxation</b>	<b>Semester: IX</b>
<b>Program: B. Com. LL.B (Hons.) (Taxation Law)</b>	<b>Time 03 hrs.</b>
<b>Course Code: LLBL486</b>	<b>Max. Marks: 100</b>

**SECTION A**

1. Each Question will carry 5 Marks
2. Instruction: Complete the statement / Select the correct answer(s)

S. No.	Question	CO
Q 1	Explain the meaning of Limited DTAA and Comprehensive DTAA.	CO1
Q2	Explain the “ <i>Principle of Effectiveness</i> ” and “ <i>Principle of Contemporanea Exposito</i> ” in context of Treaty Interpretation.	CO4
Q3	Explain the concept of Controlled Foreign Corporations.	CO3
Q4	What is the difference between GAAR and SAAR? Will GAAR be invoked if SAAR applies?	CO2
Q5	Can a Specified Association enter into DTAA? If yes, mention the provision of Income Tax Act along with an example. Further, explain the meaning of Notified Jurisdictional Area.	CO3
Q6	Explain the concept of deemed international transaction and deemed associated enterprise.	CO2

**SECTION B**

1. Each question will carry 10 marks
2. Instruction: Write short / brief notes

Q 7	<p>A Ltd. holds 40% equity shares of B Ltd. Further A Ltd. and B Ltd. entered into an international transaction wherein the <b>Actual Transaction Price is Rs. 150.</b>  On application of Most Appropriate Method, it resulted in determination of more than price.</p> <p><b><u>Data set of Arm’s Length Prices:</u></b></p> <p>1. Uncontrolled Transaction price between A LTd. &amp; C LTd.: Rs. 140</p>	CO2
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2. Uncontrolled Transaction price between A LTd. & D LTd- Rs. 146
3. Uncontrolled Transaction price between A LTd. & E LTd- Rs. 180
4. Uncontrolled Transaction price between A LTd. & F LTd- Rs. 156
5. Uncontrolled Transaction price between A LTd. & G LTd- Rs. 152

**Calculate the Arm's Length Price in respect of international transaction between A Ltd. and B Ltd.** based on the given data set.

**Also, Mention the provision of Income Tax Act, which deals with such computation.**

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Q 8	Explain the need for equalization levy and provisions incorporated in Indian tax law in respect of such levy. Also, analyze BEPS ACTION PLAN 1 in support of your answer.	CO3
Q 9	Explain Safe Harbor Rules laying emphasis on Software Development Services and Provisions of Information Technology related services.	CO2
Q 10	When can an arrangement be declared as an Impermissible Avoidance Arrangement (IAA)?	CO3
Q 11	What is the meaning and scope of the term “advance ruling”. Elucidate the constitution of Authority for Advance Rulings.	CO3

**Section C**

1. Each Question carries 20 Marks.
2. Instruction: Write long answer.

Q12	<p><b><u>Explain the methods of computation of Arm’s Length Price under Income Tax Act, 1961.</u></b></p> <p>Further, use the most appropriate method to determine Arm’s Length Price in the following case:</p> <p>A Ltd., B Ltd. and C Ltd. are Associated Enterprises.</p> <p>A Ltd. procured an order from P Ltd. to manufacture a software, for which P Ltd. agrees to pay Rupees 10 Lakh to A Ltd.</p> <p>A Ltd., B Ltd and C Ltd. form a joint venture for manufacturing the software. Once the software was manufactured and sold to P Ltd, 10 Lakh rupees was divided between A, B and C.</p> <p>Division of the Selling price of the software was done in the following manner:  A Ltd. = Rupees 5 Lakh  B Ltd. = Rupees 3 Lakh  C Ltd. = Rupees 2 Lakh</p> <p><b><u>On the basis of the additional information provided below calculate the Arm’s Length Price for C Ltd. using the Most Appropriate Method:</u></b></p> <ol style="list-style-type: none"> <li>a) Total Cost of manufacturing the software is Rupees 8 Lakh</li> <li>b) Relevant contributions in terms of capital employed, man power employed, risk taking etc. is in the ratio of 40:20:40 (i.e. A:B:C)</li> <li>c) Total cost incurred by C Ltd. is Rupees 1, 80,000.</li> </ol> <p><b><u>Further, mention the name of the Most Appropriate Method used for computation along with the relevant provisions of Income Tax Act 1961.</u></b></p>	CO4
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