

PREFACE

Sixth edition of the book appeared in 2011. Since then Indian Income-tax Act saw many significant amendments, and there also appeared various decisions of courts dealing with internet technology, satellite technology and cable technology. These technologies have challenged various concepts based on geographical location and physical presence as also whether royalty or service income. Electronic communication networks, such as, telecommunications, broadcast media, and cable distribution systems allowing dissemination of commercial information and communications with customers have raised transactional problems such as jurisdiction to tax, classification of income and tax administration. The intangible and service-oriented characteristics of many items traded through Internet creates uncertainty as to their taxability and as to characterization of income, whether royalty or service/business income, and if the latter, whether there is permanent establishment and how the requirement of physical presence in the source country would be satisfied. The courts made attempts to answer questions, sometimes reaching conflicting opinions and questions becoming more and more confounded. Reconciliation is difficult, yet an attempt is made in the book, not knowing whether the conclusion comes somewhere near a reasonable solution. The author is aware of his limitations and also the fact that knowledge of today is ignorance of tomorrow. In the process also arose many issues about interpretation of treaty, treaty override, tax evasion and avoidance, beneficial ownership, and treaty shopping. All are discussed in detail. Also discussed implications of recent amendments in the Income-tax Act in relation to royalty, which have been subject matter of much discussion and debate before courts, as a separate section under the chapter royalty. The 2014 Update to the OECD Model Tax Convention and Commentary has been duly incorporated and discussed in detail.

The Indian Courts, Tribunal, Authority for Advance Ruling have given numerous decisions, mostly on facts and some setting out principles. The focus of the book is on the latter in an attempt to discuss and discover the principles so that their applicability to the facts and circumstances of individual case could lead a person know

his standing. The book is thoroughly revised, deleting some of its portions, because of redundancy in view of the decisions of the courts and amendments, to yield place to new ideas, thoughts and concepts. It is brought in one volume, instead of three of the earlier edition, for convenient handling.

I hope the readers would find the book useful

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