

- f. Any other aspect of the tax assessment or collection.

*Question 8.* Do any special rules prevail in relation with specific foreign countries on the basis of :

- a. Internal legal provisions granting tax relief on a reciprocal basis (i. e., for all foreign countries whose laws grant similar relief to citizens of the former country;
- b. International tax agreements.

*Question 9.* Do any special rules prevail in the application of special taxes on business profits, as for instance:

- a. excess profits tax ;
- b. undistributed profits tax ;
- c. tax on illicit (e. g., black market) profits.

*Question f.* **Income from personal tangible property such as stocks, bonds, debentures and other notes and securities evidencing debt or capital participations (including mortgages and debentures if considered as personal rather than real, property under domestic law)**

1. In total manner and to what extent does the imposition of the tax depend on one or more of the following criteria :
  - (a) The nationality or domicile of the owner of the note or security, or of his trustee or legal representative;
  - (b) The nationality or domicile of the payer of the income;
  - (c) The physical location of the note or security;

- (d) The country of origin or investment of the capital represented by the note or security;
- (e) The place of payment of the income;
- (f) The relationship between the payer company and the payee company, especially when the management or capital of the former is controlled by the latter.

*Question 2.* Is the rule stated under 1 *supra* modified in cases of collection of tax at the source ?

*Question 3.* Is the rule stated under 1 *supra* modified in cases where the right to the note or security is held or administrated by a trustee or legal representative ?

*Question 4.* Is the rule stated under 1 *supra* modified in the case of bonds issued by a foreign or domestic, central or local governmental agency ?

*Question 5.* Does the rule stated under 1 *supra* differ, depending on whether the income is received in the form of interest or dividends ?

*Question g.* **Income from royalties on patents, trade marks and other commercial or industrial properties**

1. In what manner and to what extent does the taxation of such royalties depend on one or more of the following criteria :
  - (a) The nationality or domicile of the licensor or the licensee;
  - (b) The place where the property is used or reproduced;
  - (c) The origin of the capital used in the exploitation of the patent etc.

**Question h. Income from royalties on copyright and other intellectual properties**

2. In what manner and to what extent does the taxation of such royalties depend on one or more of the following criteria :
  - (a) The nationality or domicile of the licensor or licensee;
  - (b) The place where the property is used or reproduced;
  - (c) The origin of the capital used in the exploitation of the copyright, etc.

**Question j. Private pensions and annuities**

1. In what manner and to what extent does the taxation of such income depend on one or more of the following criteria :
  - (a) The nationality or domicile of the payer or payee;
  - (b) The place of payment of the income;
  - (c) The place where the consideration (services, premiums, capital) which gave rise to the pensions or annuities was given.

**Question k. Earned income from personal services, private employment or liberal professions (fees, wages, salaries)**

1. Are nationals taxed on such income :
  - (a) If they reside abroad, while receiving such income from foreign sources;
  - (b) If they reside abroad, while receiving such income from domestic sources;

- (c) If they reside in the country, while receiving such income from foreign sources;
- (d) Do the answers to (a)—(c) *supra* depend on the length of their foreign residence

**Question 2. Are foreigners taxed on such income :**

- (a) If they reside abroad while receiving such income from domestic sources (e.g. through collection at the source);
- (b) If they reside in the country while receiving such income from foreign sources ;
- (c) Do the answers to (a) and (b) *supra* depend on the length of their foreign or domestic residence.

**Question 3. In what manner and to what extent do the answers to 1 and 2 *supra* depend on :**

- (a) The nationality or domicile of the payee or payer ;
- (b) The place of payment.

**Question 4. Do the answers to 1 and 2 *supra*, differ if the fees, or wages are paid :**

- (a) By a central or local governmental agency ;
- (b) By a foreign central or local governmental agency ;
- (c) To civil servants ;
- (d) To military personnel ;
- (e) To diplomatic or consular personnel.

**Question 5. Indicate in answers to 1-4, *supra*, and difference in the tax treatment of liberal professions on the**

one side and personal services and private employment on the other.

**Question II. Capital gains tax**

- a. Are there any differences in the assessment, tax rate, allowances, etc., in the tax imposed on :
  1. Assets held, purchased, used or sold abroad ;
  2. Capital gains made through sales to, or by, foreign nationals or residents.

**Question III. Capital and property taxes**

a. *General property tax*

1. Is this tax :
  - (a) A permanent tax ;
  - (b) A temporary capital levy ;
  - (c) A special tax levied only on total increases in assets acquired through certain activities (e. g., collaboration with the enemy) or during certain periods (e. g., the war), (e.g., French *impote de solidarite nationale*.)
2. Is this tax levied on :
  - (a) All nationals, whether residing in the country or abroad ;
  - (b) All resident foreigners ;
  - (c) Non-resident foreigners who have assets in the country ; in this case, is the tax assessed on their domes-

tic assets only, or on both their domestic and foreign assets.

2. What are the rules covering the inclusion in the tax base of all or part of a business enterprise belonging to a national or a foreigner (individual or legal entity,) with assets or activities in more than one country, specially with regard to methods of apportionment.
4. Are there any differences in the tax treatment of the same assets, depending on the nationality or domicile of the tax payer, specially as to the tax base, the tax rate, the allowances or deductions, and the time at, or the period during, which the value or increase of the taxable assets is calculated.

**Question 1. Real property tax**

1. Does this tax cover :
  - (a) Only real estate, property ; or also ;
  - (b) Interests in real estate, such as mortgages, mortgage bonds, leaseholds, mining grants, water rights, rights of way, etc.,
  - (c) Ships and aircraft.
2. In what manner and to what extent does the imposition of this tax depend on one or more of the following criteria ;
  - (a) The nationality or domicile of the owner of the property or right ;
  - (b) The location of the property or the security representing the right ;

- (c) The origin of the capital used to acquire or exploit the property or right.

**Question c. Personal property tax on tangible and intangible property (e.g., securities, choses in action, leaseholds, if considered as personal property) etc.**

1. In what manner and to what extent does the taxation of such property depend on one or more of the following criteria :
  - (a) The nationality of domicile of the owner ;
  - (b) The location of the property ;
  - (c) The nationality or domicile of the debtor of the claim, right or security ;
  - (d) The place of registration of the claim, right or security.
2. If the property includes a business, or a share in a business, carried on in more than one country, is its entire value included in the tax base, or is there an apportionment ; in the latter case, what are the methods applied ?

**Question d. Capital stock tax**

1. Do different rules with regard to the assessment, tax rate, etc. prevail depending on whether the corporation is :
  - (a) Domestic or foreign ;
  - (b) Doing business in the country or abroad ;
  - (c) Doing business in more than one country ;

- (1) Is there an apportionment of the stock in accordance with the amount of capital invested or used, or the amount of business done in each country ;

- (a) do different tax rates, etc., apply to the amount of stock assigned to domestic and foreign activities.

**Question IV Succession and gift taxes**

**a. Are there taxes levied ;**

1. on the succession or gift as a whole, or on the share of each heir, legatee, or grantee separately ;
2. on the estate plus gifts *mortis causa* or gifts *intervivos* to heir or legatees ;
3. on the domestic assets of the estate, or the domestic items of the gift only ;
4. on the share of the estate or gift falling to a national resident of the country only.

**Question b. Are there any differences in the tax treatment of a gift or estate depending on :**

1. The nationality or domicile of the decedent or grantor, or of the heir or legatee or grantee ;
2. The location of the various assets included in the gift or estate ;
3. The place of death or of the making of the gift ;

4. The type of asset involved (especially if the gift or estate includes a business with assets or activities in more than one country).

*Question* c. If there are such differences, do they relate to :

1. The applicable tax rates, especially insofar as they vary with the degree of relationship between the decedent and the heir or legatee ;
2. Allowances, exemptions or deductions, (e.g., for life insurance or real estate) ;
3. The method of tax collection (e.g., collection at the source).

*Question* V. **Capitation and Head Taxes**

- a. Are there taxes levied equally on :
  1. Nationals and foreigners ;
  2. Residents and non-residents ;
- b. Are there taxes levied on :
  1. persons found within the country ;
  2. Persons entering or leaving the country.

(IV) REPLIES TO THE QUESTIONNAIRE  
SUBMITTED TO THE UNITED NATIONS  
BY THE MEMBER COUNTRIES OF THE  
COMMITTEE

## CEYLON

### *Answer to : Introductory Note*

Paragraphs 1 to 4 : These paragraphs appear chiefly to contain explanations and instructions, but it may be desirable to give a general outline of the taxation pattern imposed by the Government of Ceylon, drawing attention to the particular ordinances under which these taxes are imposed. The tax legislation is primarily concerned with the following :

- (1) tax on income : Income-Tax Ordinance, 1932 (Cap. 188), Profits Tax Act, No. 5 of 1948;
- (2) duty on estates passing at death (Estate Duty Ordinance (Cap. 187);
- (3) duty on instruments such as gifts, transfers etc. Stamp Duty Ordinance (Cap. 189);
- (4) customs duty (not included in the present enquiry).

As regards double taxation, the "Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Ceylon for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income" is applicable as from the year of assessment commencing on 1 April 1950 as far as Ceylon is concerned and on 6 April 1950 as far as the United Kingdom is concerned. The agreement covers both income-tax and profits tax.

Furthermore, Section 46 of the Ceylon Income-Tax Ordinance provides for relief to be given at present on a reciprocal basis of one-half of the Ceylon tax or Empire tax where the same source of income is taxed in Ceylon and in an Empire country, (Empire here means the British Empire and protected and mandated States).

*Answer to :*

Paragraph 5 a.—For purposes of the Ceylon income-tax, domicile is immaterial; it is 'residence' that matters as defined in Section 33 of the Income-Tax Ordinance. Domicile is important as regards estate duty, and only the Ceylon estate of a deceased person domiciled outside Ceylon is liable to estate duty: In the case of a person with Ceylon domicile, all his Ceylon property and his movable estate outside Ceylon are liable to Estate Duty, while immovable property outside Ceylon is liable to aggregation for purposes of ascertaining the rate of duty.

*Answer to :*

Paragraph 5 b. (1)—Income-tax is levied on a "person" defined in the Income-Tax Ordinance as including "a company or body of persons" :

"Company" means any company incorporated or registered under any law in force in Ceylon or elsewhere.

"body of persons" includes any local or public authority, any body corporate or collegiate, any fraternity, fellowship, association, or society of persons, whether corporate or unincorporate, and any Hindu undivided family, but does not include a company or a partnership.

Thus, such entities as limited liability companies (whether local or foreign) are considered entities also for taxation purposes. A company incorporated under the law of Ceylon is normally considered a 'resident' company. A company incorporated outside of Ceylon and only registered in Ceylon for purposes of carrying on business there while control and management are exercised outside of Ceylon will be considered as 'non-resident'.

*Answer to :*

Paragraph 5 b. (2)—Taxation is levied on the income of the shipowner or charterer, whose residence—and not his nationality—is taken into consideration. The same stipulation applies to aircraft.

## ANSWERS TO QUESTIONNAIRE

### I. INCOME-TAX

#### a. Structure and underlying principles of Income-tax system :

1. (a) (1) to (3) : The income-tax law in Ceylon does not provide 'schedular taxes' as this term is generally understood.

1. (b) (1) to (3) : Under the Ceylon income-tax law, a 'resident' of Ceylon is liable to income-tax in respect of his global income. ('Resident' here includes individuals as well as entities, e.g., corporations). A 'non-resident', i.e., an individual as well as a corporation, is liable only in respect of income arising in or derived from Ceylon, from services rendered in Ceylon or from property in Ceylon or from business transacted in Ceylon, whether directly or through an agent. (Resident : vide Section 33 of the Income-Tax Ordinance).

1. (c) There is no schedular tax.

1. (d) There is no surtax as such, but in the case of individuals the tax increases progressively with the increase in income. Where income is derived from a business or profession, a profits tax is also leviable on the sum remaining after a deduction of either of Rs. 50,000 or 6 percent of the capital employed in the business, whichever is larger. The profits tax so paid is allowed as a deduction in computing profits for income-tax purposes. Corporations are subject to the same income-tax rate, irrespective of the amount of their income. Dividend income in the hands of the shareholder is subject to tax, after due deduction has been made for tax already paid by the company paying such dividend.

**b. Income from real property**

1. (a) and (b) Income from real property is dealt with in the same manner as any other income; a resident is taxed on income arising not only in Ceylon but elsewhere; a non-resident is taxed only on income arising in or derived from Ceylon.

In determining tax liability on real property, the location of the property rather than the place where the lease or deed is executed, is the decisive factor. Profits from the sale of real property are not taxable unless such transactions occur in the course of a trade or business in the buying or selling of property.

2. (a) to (e) : There are no rules of special significance.

**c. Income from royalties on natural resources, such as mines, quarries, oil wells and other natural deposits (unless taxed as income from real property)**

(a) to (c) : Royalties on natural resources are not specially provided for in the taxation system, as such income is insignificant in Ceylon. The normal basis of assessment of a non-resident receiving a royalty from an asset in Ceylon is by deduction of tax at the source. Profits arising from 'processing' outside of Ceylon of raw materials obtained in Ceylon, are not taxable as such profits are the result of processing abroad.

**d. Income from mortgages on real property, ships or aircraft (including mortgage bonds, if they are considered as interests in realty, rather than as securities)**

1. (a) to (e) : Income from mortgages on real property etc. is considered as income from securities, and not as income from realty.

**e. Business Profits**

1. (a) and (b) : As stated earlier, 'a resident' of Ceylon is subject to tax in respect of the profits of his business, whether carried on in Ceylon or elsewhere. A 'non-resident' is liable only in respect of profits derived from business carried on in

Ceylon. The location of the business activity and not the nationality or domicile of the person or legal entity, is the determining factor.

2. (a) and (b) : National enterprises are taxed in respect of their business activities, both domestic and foreign.

3. A foreign enterprise, i.e., one carried on by a non-resident individual or a non-resident corporation in Ceylon, is subject to Ceylon taxation upon all income derived from sources within Ceylon. The Income-Tax Ordinance specially provides for exemption of 'profits of a casual and non-recurring nature.'

4. Profits of a non-resident business from transactions conducted in Ceylon, whether directly or through an agent, are subject to tax. Occasional presence in the country of an agent or travelling salesmen will not in itself render the non-resident business in Ceylon liable in respect of orders made direct on the agent's principal. Liability will arise, however, where a person in Ceylon is instrumental in effecting sales on behalf of a non-resident. The existence in Ceylon of a stock of goods, a place of business, or of assets, e. g., plantations, factories, etc., by which the income concerned is produced, would also render the non-resident liable to tax. The mere purchase of goods in Ceylon will not render the non-resident business subject to tax even if that purchase be through its employee or agent. If there is a subsidiary company in Ceylon, the subsidiary company will be liable.

For definition of 'permanent establishment' see Agreement with the United Kingdom.

5. Where the profits of a foreign business have to be allocated partly as Ceylon taxable profits and partly as non-Ceylon taxable profits, if the division as made in the company's own accounts is not satisfactory, then either the total profits are allocated on a turnover basis or the profit estimated at a rate of profits on the Ceylon turnover.

6. (a) : There are no possessions, colonies etc. under the jurisdiction of Ceylon.

6. (b) : There are no special rules.

6. (c) : *Banks* Rules provide for the determination of the Ceylon profits where the bank's own accounts do not reflect the true Ceylon profits.

*Insurance companies.* The law provides for allocating the investment income of the Life Assurance Fund as between Ceylon premiums and total premiums. Provision is also made for the ascertainment of profits of non-resident insurance companies other than life insurance companies. (Section 42 of the Income-Tax Ordinance).

*International transport.* Profits are allocated on the basis of receipts from passengers and freight shipped in Ceylon as compared with the total receipts from all passengers and freight. (Section 39 of the Income-Tax Ordinance).

6. (d) : The law provides for assessment of taxes in the name of the non-resident or agent, and recovery of the taxes assessed either from the non-resident or agent.

6. (e) : No special rules.

7. (a) : The taxability of a business is not affected by its nationality or domicile except to the extent that a 'resident' concern is liable in respect of profits arising in Ceylon as well as outside Ceylon, while a non-resident concern is liable only in respect of profits arising in Ceylon.

7. (b) : An additional rate of 6 per cent is charged against any non-resident corporation, whose shares (even when the assets represented by its shares are in Ceylon) are not considered movable property situated in Ceylon, and thus exempt from estate duty. Tax rates on non-resident individuals differ, as the deductions from assessable income referred to below are not granted.

7. (c) : Both resident and non-resident business are allowed the same allowances or deductions in the ascertainment of

profits. Such deductions from taxable income as personal allowances, wife and children allowances etc., are granted only to 'resident' individuals.

7. (d) : No collection of tax is made at the source in the case of a business, the business itself being assessed. (Tax at the source can be collected in the case of dividends, interests etc.)

7. (e) : A presumptive or estimated assessment is made only where the returns are not acceptable, or Ceylon profits cannot be computed by reason of world-wide trading.

7. (f) : Tax assessment and collection do not depend on the nationality or domicile of the enterprise.

8. (a) : Provisions of the Ceylon Income-Tax Ordinance make possible the granting of tax relief on a reciprocal basis as between Ceylon and other countries of the British Commonwealth and Empire.

8. (b) : There is a tax agreement with the United Kingdom as from 1950-51.

9. (a) : The former excess profits tax terminated as of 31 December 1946 ; a profits tax is now in force on businesses including professions.

9. (b) : There is no undistributed profits tax as such, but where a private company has not distributed a reasonable amount of its profits to its shareholders, the shareholders are assessed as if a reasonable amount had been distributed. (Section 52 of the Income-Tax Ordinance.)

9. (c) : There is no special tax on illicit or black-market profits, but such profits are subject to taxation in the normal way both for income-tax and profits tax purposes.

**f. Income from personal tangible property such as stocks, bonds, debentures and other notes and securities evidencing debtor capital participations (including mortgages and mortgage debentures, if considered as personal, rather than real, property under domestic law).**

1. Income from such personal tangible property is assessed normally as income from investments, except when it arises as

profits from a business of buying and selling such investments, in which case it is assessed as a trade.

The method of assessment is the same irrespective of nationality or domicile, i.e., a resident individual is taxed in respect of income arising in or derived from Ceylon (resident person—vide section 33 of the Income-Tax Ordinance.)

2. Where a non-resident person derives income from dividends, interest, rents, ground rent, royalties or annuities, the tax on such income is collected at the source from the payer of the income. (Section 43 and Section 44 of the Income-Tax Ordinance).

3. The situation is the same where the security is held or administered by a trustee or legal representative.

4. The same provisions apply in the case of bonds issued by a foreign or domestic, central or local governmental agency.

5. The answer in paragraph 1 applies to both interest and dividends.

**g. Income from royalties on patents, trade-marks and other commercial or industrial properties.**

Liability to taxation does not depend on nationality or domicile; a resident is liable on income arising from Ceylon as well as from outside; a non-resident, only in respect of profits and income arising in or derived from Ceylon (resident—vide section 33 of the Income-Tax Ordinance).

The place where the property is used or reproduced determines the source of the income, and generally the amount of the royalty is allowed to the user as a deduction in arriving at his assessable income.

**h. Income from royalties on copyrights and other intellectual properties.**

Liability to taxation does not depend on nationality or domicile; a resident is liable on the income arising from

Ceylon as well as from outside; a non-resident only in respect of profits and income arising in or derived from Ceylon (resident—vide section 33 of the Income-Tax Ordinance.) The place where the property is used or reproduced determines the source of the income and generally the amount of the royalty is allowed to the user as a deduction in arriving at his assessable income.

**j. Private pensions and annuities.**

Liability to taxation does not depend on nationality or domicile; a resident is liable on the income arising from Ceylon as well as from outside; a non-resident, only in respect of profits and income arising in or derived from Ceylon (resident—vide section 33 of the Income-Tax Ordinance.) If the payment of the pension or annuity is from Ceylon the Ceylon concern would be allowed a deduction of the amount of the pension or annuity and the recipient—whether in Ceylon or elsewhere—will be taxed.

**k. Earned income from personal services, private employment or liberal professions (fees, wages, salaries.)**

1. (a) : A national of Ceylon, if he becomes a non-resident is not liable to Ceylon tax in respect of income from a foreign source.

1. (b) : Only profits and income arising in or derived from Ceylon are taxed if the national is a 'non-resident' (resident—vide section 33 of the Income-Tax Ordinance).

1. (c) : If a national is resident in Ceylon, profits and income derived from sources outside are taxed.

1. (d) : 'Resident' is defined in section 33 of the Income-Tax Ordinance. A national who *ipso facto* is a 'resident' has to be away from Ceylon for at least one year from the date of his last departure before he can be considered as non-resident; he is then considered 'non-resident' from the date of departure.

2. (a) : Profits from personal service arise at the time such services are rendered and not on the date of receipt of the remuneration for such services. Thus a foreigner who renders services in Ceylon will be liable to tax at the time he renders such services and not at the time that he receives remuneration for those services while outside Ceylon.

2 (b): A foreigner is taxed on income arising outside Ceylon only if he is 'resident' in Ceylon.

2 (c) : A foreigner becomes resident in Ceylon if he is in Ceylon for more than six months from the date of his arrival; if he is also in Ceylon at the end of the same year he is considered as resident for the entire year commencing from his date of arrival. After an individual is deemed to be resident throughout a period of twenty-four consecutive months, he is considered a non-resident only when he does not return to Ceylon within one year from the date of his last departure; if he does not return he is considered as non-resident from the date of his last departure.

3. Nationality, domicile, or place of payment do not necessarily determine liability to taxation. Whether the person is or is not a resident, and the place where income arises are determining factors.

4. (a) to (c) : The answers to 1 and 2 are the same, whether the fees or wages are paid by a central or local governmental agency of Ceylon, by a foreign central or local governmental agency, or if the fees or wages are paid to civil servants.

4. (d) : Special exemption from Ceylon income-tax is granted in respect of emoluments payable from Imperial funds to members of His Majesty's forces.

4. (e) : Foreign diplomatic or consular personnel are not liable to taxation in Ceylon in respect of remuneration paid or payable for such services. Ceylon diplomatic or consular personnel

employed in Ceylon or outside Ceylon are liable to Ceylon tax.

5. The liberal professions are subject to the same tax treatment as personal services and private employment. The Agreement with the United Kingdom provides, however, for the exemption of Professors or teachers who come to Ceylon to lecture or teach for a period not exceeding two years.

## II. CAPITAL GAINS TAX

There is no tax on capital gains. As stated earlier an income-tax is levied on the profits deriving from a business or trade engaged in the buying and selling of property.

## III. CAPITAL AND PROPERTY TAXES

### ANSWER TO :

- a. General property tax
- b. Real property tax
- c. Personal property tax on tangible and intangible property (e. g. securities, choses in action, leaseholds (if considered as personal property) etc.)

No capital and property taxes are imposed by the Central Government. As indicated earlier, income from rents is taxed in the usual way under the Income-Tax Ordinance. There is a property rate in local government areas. There is no distinction between nationals and foreigners.

### d. Capital Stock Tax

There is no Capital Stock tax in Ceylon.

## IV SUCCESSION AND GIFT TAXES

There is no succession duty nor legacy duty in Ceylon. Ceylon estate duty is a tax on property passing on death without regard to the actual benefit acquired or to the relationship to the deceased of the persons acquiring the property.

Gifted property, which is liable to estate duty within the rule of gifts *mortis causa* or gifts *inter vivos*, is taxed on the assumption that the gift was in fact never made.

For Ceylon estate duty purposes, nationality is immaterial but domicile is important. In the case of death of a person domiciled in Ceylon, all his Ceylon property and his movable estate outside Ceylon is liable to estate duty, while his immovable property outside Ceylon is liable to aggregation for the purpose of determining the rate of duty. In the case of death of a person domiciled outside Ceylon, only his Ceylon property is liable to duty, while all other property comes into the aggregation for purposes of determining the rate of duty. The place of death or of making the gift, or the type of asset, is immaterial for purposes of the Ceylon estate duty.

## V. CAPITATION AND HEAD TAXES

There are no capitation and head taxes in Ceylon.

## 2. INDIA

### Reply to the Questionnaire on Direct Taxes (Income-Tax) in Respect of Foreign Nationals' Assets and Transactions

#### I. INCOME-TAX

##### (a) Structure and underlying principles of income-tax system.

###### Questions

###### Replies

1. Are there :

(a) Schedular taxes only, levied separately for specific income categories, on :

(1) all nationals with regard to income

i. both from domestic and foreign sources. No.

###### Questions

###### Replies

ii. from domestic sources only No.

(2) all residents with regard to income

i. both from domestic and foreign sources Yes.

ii. from domestic sources only No.

(3) Non-residents with regard to income from domestic sources only. Yes.

(b) Is there a global tax on total income only :

(1) of all nationals with regard to income No.

i. both from domestic and foreign sources. No.

ii. from domestic sources only No.

(2) of all residents

i. both from domestic and foreign sources Yes.

ii. from domestic sources only No.

(3) of non-residents from domestic sources Yes.

*Questions*

- (c) Is there a tax on the total income super-imposed on Schedular taxes as described under (a) *supra*

**b. Income from real property.**

1. In what manner and to what extent does the imposition of such tax depend on one or more of the following criteria :

- (a) The nationality or domicile of the lessee or owner  
(b) The location of the property or of the instrument representing it (deed, lease etc.,)

2. Do special rules apply to :

- (a) Income from agriculture and live-stock raising :

- (b) Income received from the use of real property by the owner, lessee, administrator:

*Replies*

Yes. Super-tax.

Does not depend on either of these factors.

Under the Indian Law, income accrues or arises at the place where the property is located and not where the income is receivable by the owner of the property.

Income from agriculture is exempt from federal income-tax if the land from or in respect of which such income is derived is one for which land revenue is paid to Government. It is, however, liable to income-tax imposed by a State Government.

There are special rules for computing income from house property on

*Questions**Replies*

a national basis. If the property is occupied by the owner for his own residence, the income from it is limited to one-tenth of the owner's total income from the property.

- (c) Income received from lease of such property

No.

- (d) Income received from exploitation of certain parts or appurtenances of the property (royalties, water, rights of way etc.)

No.

- (e) Any other kind of income from real property or any special tax imposed on such income.

No.

- (c) **Income from royalties on natural resources, such as mines, quarries, oil wells and other natural deposits (unless taxed as income from real property)**

1. In what manner and to what extent does taxation of royalties on natural resources depend on one or more of the following criteria :

- (a) the nationality or domicile of the payee or payer

This is no criterion at all.