



Section 9 of the Income Tax Act deals with the cases of income which is deemed to accrue or arise in India.

Section 9(1)(i) - all income arising from any business connection, property, asset or source of income in India or through a capital asset situated in India, shall be deemed to accrue or arise in India

1961

Clarificatory amendment by Finance Act, 2012 - Explanation 5 had been inserted w.e.f. 1st April, 1962, which said that income from transfer of any share or interest in a company registered outside India, shall be deemed to accrue or arise in India if the share derives its value substantially from the assets located in India

2012

In response to various queries raised by stakeholders seeking clarification on the scope of indirect transfer provisions, the **CBDT issued circular no. 41 of 2016**. However, concerns have been raised by stakeholders that the provision results in multiple taxation.

2016

Amendment via Finance Act 2017, to address these issues

Explanation 5 shall not apply to any investment held by a non-resident -

1. in a Foreign Institutional Investor on or after 1st April, 2012 but before 1st April, 2015
2. in Category-I or Category-II foreign portfolio investor under SEBI Regulations, 2014

2017