

DOUBLE TAXATION

QUESTION 1:

Mr. Ravi, an individual resident in India aged 45 years, furnishes you the following particulars of income earned in India, Foreign Countries "S" and "T" for the previous year 2024-25.

Particulars	₹
<u>Indian Income:</u>	
Income from business in Mumbai	4,40,000
Interest on savings bank with ICICI Bank	42,000
<u>Income in Foreign Country "S":</u> (Rate of Tax – 16%)	
Agricultural income in Country "S"	94,000
Royalty from a book on art from Country "S"	7,80,000
Expenses incurred for earning royalty	50,000
<u>Income in Foreign Country "T":</u> (Rate of tax – 20%)	
Dividend from a company in Country "T"	2,65,000
Rent from a house situated in Country "T" (Gross)	3,30,000
Municipal Tax paid in respect of the above house (not allowed as deduction in Country "T")	10,000

Compute the total income and tax payable by Mr. Ravi in India for A.Y. 2025-26 assuming that India has not entered into double taxation avoidance agreement with Countries S & T. Mr. Ravi has opted to shift out of default tax regime.

ANSWER:

STATEMENT OF TOTAL INCOME

Particulars	Amt.
* <u>Income from Salaries</u>	Nil
* <u>Income from House Property – Country "T":</u> Rent 3,30,000 – M.Tax 10,000 – 30% Std dedn.	2,24,000
* <u>Income from Business</u> Business in India	4,40,000
* <u>Capital Gains</u>	Nil
* <u>Income from Other Sources:</u>	

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→ Interest on savings bank with ICICI Bank	42,000
→ Agricultural income in Country "S"	94,000
→ Royalty from Country "S" [7,80,000 – 50,000]	7,30,000
→ Dividend from Country "T"	2,65,000
GROSS TOTAL INCOME	17,95,000
Less: Deduction under Chapter VI A:	—
→ Sec. 80QQB: Royalty from books	- 3,00,000
→ Sec. 80TTA: Interest on Savings Bank A/c	- 10,000
NET TAXABLE INCOME	14,85,000

STATEMENT OF TAX

	ST 111A	LT 112A	LT Win	Balance
Net Taxable Income	Nil	Nil	Nil	14,85,000
Tax on above (Slab Rt)				2,58,000
<u>Add: SC</u>				+ Nil
				2,58,000
<u>Add: HEC @ 4%</u>				+ 10,320
				2,68,320
<u>Less: Relief u/s 91 (Note 1)</u>				- 1,72,202
Tax Payable				96,118
Tax Payable [Rounded]				96,120

Note 1:

Since India does not have DTAA with Country "S" and Country "T", the assessee will get unilateral relief u/s 91 as follows:

$$\Rightarrow \text{Amount of Relief} = \text{Doubly Taxed Income} \times \begin{matrix} \text{Avg. Indian Tax Rate} \\ \text{or} \\ \text{Avg. Foreign Tax Rate} \\ \text{[whichever is less]} \end{matrix}$$

	Country "S"		Country "T"
Agricultural income	94,000	Rent from HP [Net]	2,24,000
Royalty [7.3 L – 3 L]	4,30,000	Dividend	2,65,000
Doubly Taxed Inc.	5,24,000	Doubly Taxed Inc.	4,89,000
Avg. Indian Tax Rate or Avg. Foreign Tax Rt.	* 18.07% 16%	Avg. Indian Tax Rt. Or Avg. Foreign Tax Rt.	* 18.07% 20%
Amt of Relief	83,840		88,362

Total Relief u/s 91 = 83,840 + 88,362 = ₹ 1,72,202

*Avg. Indian Tax Rate = Total Tax / Net Taxable Income
= 2,68,320/14,95,000 = 18.07%

QUESTION 2:

Mr. Praveen (aged 41 years), a sportsman and an individual resident in India, furnishes the following particulars of income earned in India and from Country Y for the Assessment Year 2025-26. India does not have a Double Taxation Avoidance Agreement with Country Y.

Particulars	₹
Income in India:	
Gross Salary	8,40,000
Interest on Savings Bank A/c with SBI	50,000
Dividend income from Indian companies	10,00,000
Income from Country "Y":	
Gift from a friend (not taxed in Country Y)	90,000
Dividend (taxed in Country Y)	2,30,000
Rent from HP (taxed in Country Y)	3,00,000
Municipal taxes in respect of the above house (Not allowed as deduction in Country Y)	30,000
Business loss (not allowed to be set off in Country Y)	1,60,000
Royalty from writing articles in journals (taxed in Country Y)	2,20,000

Note: Country Y taxes dividend at the rate of 10% and all other incomes at the rate of 20%.

Compute total income and tax payable by Mr. Praveen in India for Assessment Year 2025-26 as per the default tax regime.

ANSWER:**STATEMENT OF TOTAL INCOME**

Particulars	Amt.
* <u>Income from Salaries</u> Gross Salary 8,40,000 – Std dedn. 75,000	7,65,000
* <u>Income from House Property – Country “Y”:</u> Rent 3,00,000 – M.Tax 30,000 – 30% Std dedn.	1,89,000
* <u>Income from Business</u>	Nil
* <u>Capital Gains</u>	Nil
* <u>Income from Other Sources:</u>	
→ Interest on savings bank with SBI	50,000
→ Gift from Friend in Country “Y”	90,000
→ Royalty from articles in journals in Country “Y”	2,20,000
→ Dividend from Indian Companies	10,00,000
→ Dividend from Country “Y”	2,30,000
<u>Less: Business loss in Country “Y” Set-off</u>	(1,60,000)
GROSS TOTAL INCOME	23,84,000
Less: Deduction under Chapter VI A:	—
→ Sec. 80TTA: Interest on Savings Bank A/c	Not Allowed
NET TAXABLE INCOME	23,84,000

Under default tax regime, deductions under chapter VIA is not allowed [except sec.80JJAA, 80LA, 80CCD(2) and 80CCH(2)].

STATEMENT OF TAX

	ST 111A	LT 112A	LT	Win	Balance
Net Taxable Income	Nil	Nil	Nil	Nil	23,84,000
Tax on above (Slab Rt)					4,05,200
Add: SC					+ Nil
					4,05,200
Add: HEC @ 4%					+ 16,208
					4,21,408
Less: Relief u/s 91 (Note 1)					- 81,095
Tax Payable					3,40,313
Tax Payable [Rounded]					3,40,310

Note 1:

Since India does not have DTAA with Country "Y", the assessee will get unilateral relief u/s 91 as follows:

$$\Rightarrow \text{Amount of Relief} = \text{Doubly Taxed Income} \times \begin{matrix} \text{Avg. Indian Tax Rate} \\ \text{or} \\ \text{Avg. Foreign Tax Rate} \\ \text{[whichever is less]} \end{matrix}$$

	Country "Y"
Rent from HP	1,89,000
Royalty income	2,20,000
Dividend	2,30,000
Gift from friend [Not doubly taxed]	Nil
<u>Less: Business loss</u>	1,60,000
Doubly Taxed Income	4,79,000
Avg. Indian Tax Rate*	17.68 %
Or	
Avg. Foreign Tax Rt.*	16.93 %
Amt of Relief	81,095

*Avg. Indian Tax Rate = Total Tax / Net Taxable Income
= 4,21,408 / 23,84,000 = 17.68%

*Avg. Foreign Tax Rate = Total Foreign Tax / Total Foreign Income
= 1,27,000 / 7,50,000 = 16.93%

	Foreign Income		Foreign Tax
Dividend	2,30,000	10%	23,000
Rent of HP	3,00,000	20%	60,000
Royalty income	2,20,000	20%	44,000
	7,50,000		1,27,000

→ Amt of Relief if there is DTAA with Country "Y":

- 1) Tax in India [Doubly Taxed Income x Avg. Indian Tax Rate]
= 4,79,000 x 17.68% = **84,687**
- 2) Actual tax paid in Foreign Country "Y" = 1,27,000

QUESTION 3:

Mahesh (Age 50 years) is the CEO of Silver India Ltd. since 01.04.2019.

His income in India consists of:

- (i) Salary (before standard deduction) of ₹ 23 lakhs;
- (ii) Interest in respect of self-occupied property of ₹ 1,80,000;
- (iii) Interest on bank fixed deposits ₹ 1,60,000.

His income in Country 'A' consists of:

- (i) Income from business in Country A = USD 25,000;
- (ii) Rent from house property in Country A = USD 4,500;
- (iii) Municipal taxes in respect of the above house (Not allowed as deduction in Country A) = USD 450;
- (iv) Dividend from shares held in Country 'A' where dividend was declared and paid in March, 2025 = USD 10,000;
- (v) Short term capital gain of USD 5,000 on sale of shares of companies registered in Country 'A' and sale proceeds were credited in bank account outside India on 28.03.2025.

India has DTAA with Country 'A' and the tax paid in Country 'A' is eligible for tax credit in India. The fiscal year for income-tax is the same both in India and Country 'A'. Rate of tax is 20% in Country 'A' in respect of all incomes. Income-tax was paid by Mahesh on 25.05.2025 for the incomes of the year ended 31st March 2025 in Country 'A'.

Compute the total income and net tax liability of Mahesh for the A.Y. 2025-26. Assume Mahesh pays tax under section 115BAC.

The TT buying rate of 1 USD on various dates:

- 29.02.2025 = ₹ 70;
- 28.03.2025 = ₹ 70.50;
- 31.03.2025 = ₹ 71;
- 30.04.2025 = ₹ 72; and
- 25.05.2025 = ₹ 73.

ANSWER:**STATEMENT OF TOTAL INCOME**

Particulars	Amt.
* <u>Income from Salaries</u> [23 L – Std dedn 75,000]	22,25,000
* <u>Income from House Property</u>	
→ <u>LOP in Country "A":</u>	
Rent 4,500 – M.Tax 450 – 30% = 2,835 USD x ₹71	2,01,285
→ <u>SOP(R) in India:</u>	
Interest deduction – not allowed u/s 115BAC	—
* <u>Income from Business</u>	
Business in Country "A" (25,000 x 71)	17,75,000
* <u>Capital Gains</u>	Nil
STCG in Country "A" on sale of shares (5,000 x 70)	3,50,000
* <u>Income from Other Sources:</u>	
→ Dividend from Country "A" (10,000 x 70)	7,00,000
→ Interest on FD with Bank in India	1,60,000
GROSS TOTAL INCOME	54,11,285
Less: Deduction under Chapter VI A	—
NET TAXABLE INCOME	54,11,290

STATEMENT OF TAX

	ST 111A	LT 112A	LT	Win	Balance
Net Taxable Income	Nil	Nil	Nil	Nil	54,11,290
Tax on above					13,13,387
Add: SC @ 10%					+1,31,339
					14,44,726
Add: HEC @ 4%					+ 57,789
Tax Payable					15,02,515
Less: Relief u/s 90 [Note 1]					- 6,40,800
Tax Payable					8,61,715
Tax Payable [Rounded]					8,61,720

Note 1:

Since India has DTAA with Country "A", the assessee will get bilateral relief u/s 90 as follows:

- 1) Doubly Taxed Income x Avg. Indian Tax Rate
 = Rent 2,01,285 Net + Bus. Income 17,75,000 + CG 3,50,000 + Dividend 7,00,000 = 30,26,285 x *27.77 % = ₹ 8,40,399
- 2) Actual tax paid in Foreign Country "A"
 = Rent 4,500 Gross + Bus. Income 25,000 + CG 5,000 + Dividend 10,000 = \$ 44,500 x 20% x ₹ 72 = ₹ **6,40,800**

*Avg. Indian Tax Rate = Total Tax / Net Taxable Income
 = 15,02,515/54,11,290 = 27.77 %

Rule 115 of Income Tax Rules, 1962:

Rate of exchange for conversion [income in foreign currency]

	Buying rate	
Income from salaries	Month end rate	Preceding the month in which salary is due
Income from HP	Year end rate	
Income from Business	Year end rate	
Capital Gains	Month end rate	Preceding the month in which asset is transferred
IFOS → Interest on securities	Month end rate	Preceding the month in which interest is due
→ Dividend	Month end rate	Preceding the month in which dividend is declared or received
IFOS (Other incomes)	Year end rate	

Foreign tax paid is converted at the buying rate of the end of the month **preceding the month** in which **tax is paid** in foreign.

QUESTION 4:

Mr. Sameer is a performing musician, resident of India. He has following income for year ended 31-3-2025.

Particulars	Amt.
<u>Indian Income:</u>	
Income from music performances	₹3,50,000
Dividend received from Blink Ltd.	₹1,35,000
<u>Income in Foreign Country "A":</u> (Rate of Tax – 20%)	
Agricultural income in Country "A"	\$ 4,000
Rent from a house situated in Country "A" (Gross)	\$ 3,000
Municipal Tax paid in respect of the above house (not allowed as deduction in Country "A")	\$ 300
<u>Income in Foreign Country "B":</u> (Rate of tax – 10%)	
During January 2024	₹1,00,000
During July 2024	₹1,00,000
During January 2025	₹3,00,000
<i>Country B follows Calendar Year for its tax purposes.</i>	

During the year, he repaid ₹ 2,40,000 towards education loan (which includes interest of ₹ 70,000).

He is eligible for basic exemption limit of \$ 2,000 in Country "A" and on balance income, he paid income tax @20% in Country "A".

Compute the total income and tax payable by Mr. Sameer in India for A.Y. 2025-26 assuming that India has not entered into double taxation avoidance agreement with Countries A & B.

Mr. Sameer has opted to shift out of default tax regime.

The TT buying rate of 1 CAD on various dates:

01.04.2024 = ₹ 78

31.03.2025 = ₹ 80

ANSWER:**STATEMENT OF TOTAL INCOME**

Particulars	Amt. (₹)
* <u>Income from Salaries</u>	Nil
* <u>Income from House Property – Country “A”:</u> (Rent \$3,000 – M.Tax \$300 – 30% Std dedn.) x ₹80	1,51,200
* <u>Income from Business</u> Income from music performances	3,50,000
* <u>Capital Gains</u>	Nil
* <u>Income from Other Sources:</u>	
→ Gross Dividend from Blink Ltd (1,35,000/90%)	1,50,000
→ Ag.. Income in Country “A” (\$ 4,000 x ₹ 80)	3,20,000
→ Income from Country “B” (Financial Year 24-25 – 1,00,000 + 3,00,000)	4,00,000
GROSS TOTAL INCOME	13,71,200
Less: Deduction under Chapter VI A:	—
→ Sec. 80E: Interest paid on Education loan	- 70,000
NET TAXABLE INCOME	13,01,200

STATEMENT OF TAX

	ST 111A	LT 112A	LT	Win	Balance
Net Taxable Income	Nil	Nil	Nil	Nil	13,01,200
Tax on above (Slab Rt)					2,02,860
<u>Add: SC</u>					+ Nil
					2,02,860
<u>Add: HEC @ 4%</u>					+ 8,114
					2,10,974
<u>Less: Relief u/s 91 (Note 1)</u>					- 1,07,315
<u>Less: TDS on Dividend</u>					- 15,000
Tax Payable					88,659
Tax Payable [Rounded]					88,660

Note 1:

Since India does not have DTAA with Country "A" and "B", the assessee will get unilateral relief u/s 91 as follows:

$$\Rightarrow \text{Amount of Relief} = \text{Doubly Taxed Income} \times \begin{matrix} \text{Avg. Indian Tax Rate} \\ \text{or} \\ \text{Avg. Foreign Tax Rate} \\ \text{[whichever is less]} \end{matrix}$$

	Country "A"	Country "B"
Rent from HP	1,51,200	—
Agricultural income	3,20,000	—
Other Income	—	4,00,000
Doubly Taxed Income	4,71,200	4,00,000
Avg. Indian Tax Rate*	16.214 %	16.214 %
Or		
Avg. Foreign Tax Rt.	*14,286 %	10 %
Amt of Relief	67,316	40,000

$$\text{Total Relief u/s 91} = 67,316 + 40,000 = ₹ 1,07,316$$

$$\begin{aligned} * \text{Avg. Indian Tax Rate} &= \text{Total Tax} / \text{Net Taxable Income} \\ &= 2,10,974 / 13,01,200 = 16.214 \% \end{aligned}$$

$$\begin{aligned} * \text{Avg. Foreign Tax Rate (Country "A")} \\ &= \text{Total Foreign Tax} / \text{Total Foreign Income} \\ &= \$ 1,000 / \$ 7,000 = 14.286 \% \end{aligned}$$

	Foreign Inc.		Foreign Tax
Basic Exemption	\$ 2,000	0%	Nil
Balance	\$ 5,000	20%	\$ 1,000
Total income in Country "A"	\$ 7,000		\$ 1,000

Question 5:

Arif is a resident of both India and another foreign country in the previous year 2024-25. He owns immovable properties (including residential house) in both the countries.

He earned income of ₹50 lacs from rubber estates in the foreign country during the financial year 2024-25.

He also sold some house property situated in foreign country resulting in short-term capital gain of ₹10 lacs during the year.

Arif has no permanent establishment of business in India. However, he has derived rental income of ₹6 lacs from property let out in India and he has a house in Lucknow where he stays during his visit to India.

Article 4 of the Double Taxation Avoidance Agreement between India and the foreign country where Arif is a resident, provides that *"where an individual is a resident of both the Contracting States, then, he shall be deemed to be resident of the Contracting State in which he has permanent home available to him. If he has permanent home in both the Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closer (centre of vital interests)"*.

You are required to examine with reasons whether the business income of Arif arising in foreign country and the capital gains in respect of sale of the property situated in foreign country can be taxed in India.

Answer:

Section 90(1) of the Income-tax Act, 1961 empowers the Central Government to enter into an agreement with the Government of any country outside India for avoidance of double taxation of income under the Indian law and the corresponding law of that country. Section 90(2) provides that where the Central Government has entered into an agreement with the Government of any other country for granting relief of tax or for avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of the Income-tax Act, 1961 shall apply to the extent they are more beneficial to that assessee.

Arif has residential houses both in India and foreign country. Thus, he has a permanent home in both the countries. However, he has no permanent establishment of business in India. The Double Taxation Avoidance Agreement (DTAA) with foreign country provides that where an individual is a resident of both the countries, he shall be deemed to be resident of that country in which he has a permanent home and if he has a permanent home in both the countries, he shall be deemed to be resident of that country, which is the centre of his vital interests i.e. the country with which he has closer personal and economic relations.

Arif owns rubber estates in a foreign country from which he derives business income. However, Arif has no permanent establishment of his business in India. Therefore his personal and economic relations with foreign country are closer.

Accordingly, he shall be deemed to be resident of the foreign country for A.Y. 2024-25.

Therefore, in this case, **Arif is not liable to income tax in India** for assessment year 2024-25 **in respect of business income and capital gains arising in the foreign country** provided he furnishes the Tax Residency Certificate and provides such other documents and information as may be prescribed.

QUESTION 6:

Mr. Ram, a citizen of USA, resides in San Jose in USA since 2007. He is a non-resident since Assessment Year 2007-08. He works for X Inc., a US based company. He came to India on 10th January, 2024, to visit his aged parents. He could return back on only 31st Jan., 2025. He was permitted to work from home in India by his employer. The details of his earnings and withholding tax during the said period is as given below: (All figures in US \$)

Months	Salary	Federal Tax	State Tax	Social Security Tax	TT Buying rate as on the last day of the month immediately preceding the month in which tax has been paid/deducted (in INR) (assumed)
Jan 2024	8750	1313	525	613	71
Feb 2024	6250	938	375	438	71
Mar 2024	6250	1600	420	420	71
Apr 2024	6250	1600	420	420	72
May 2024	6250	1600	420	420	72
June 2024	6250	1600	420	420	72
July 2024	6250	1600	420	420	72
Aug 2024	6250	1600	420	420	72
Sep 2024	6250	1600	420	420	72
Oct 2024	6250	1600	420	420	72
Nov 2024	6250	1600	420	420	72
Dec 2024	6250	1600	420	420	72
Jan 2025	6250	1600	420	420	72

He has also earned Fixed Deposit Interest in USA on 30.9.2024 US \$200 (Tax deducted US \$ 20) and on 31.3.2025 US \$ 220 (Tax Deducted US \$ 22)

As per Article 2 of the DTAA, the taxes covered for credit are Federal Income Taxes imposed by Internal Revenue Code but excluding Social Security Taxes.

Return of Income for Assessment Year 2025-26 was filed on 25th August, 2025. You are required to:

1. Compute tax payable, if any, by Mr. Ram as per sec. 115BAC.
2. Advise Mr. Ram the procedure involved to claim Foreign Tax Credit.

ANSWER:

- 1) Mr. Ram is a **resident** for A.Y. 2025-26, since his **stay in India** is for a period of **306 days** in the P.Y. 2024-25. Therefore, he satisfies the condition of stay in India for a period of 182 days or more for being treated as a resident.

However, he is a “not ordinarily resident” in India –

- Since his stay in India in the **preceding 7 PYs** is only **81 days** (i.e. less than 730 days).
- Since he is a **non-resident in all preceding 10 PYs**.

Accordingly, he is a resident but **not ordinarily resident** in India for A.Y. 2025-26.

In case of a resident but not ordinarily resident, only income which accrues in India or which is received in India would be taxable in India. Income which accrues outside India would be taxable in India only if it is derived from a business controlled in India.

Since Ram renders service in India, income from salaries for the period from 1st April, 2024 to 31st January, 2025 would be deemed to accrue or arise to him in India and would be taxable in his hands.

Since his period of stay in India in the P.Y. 2024-25 exceeds 90 days, he would not be eligible for exemption u/s 10(6)(vi) in respect of remuneration received as an employee of a foreign enterprise for services rendered by him during his stay in India.

STATEMENT OF TOTAL INCOME

Particulars		Amt.
* <u>Income from Salaries</u>		Nil
Salary from 1/4/24 to 31/1/25 (\$ 6,250 x 10 months x ₹ 72)	45,00,000	
<u>Less: Standard Dedn.</u>	- 75,000	44,25,000
* <u>Income from Other Sources:</u>		
→ Interest on FD in USA (Accrued and received outside India)		Nil
GROSS TOTAL INCOME		44,25,000
Less: Deduction under Chapter VI A:		—
NET TAXABLE INCOME		44,25,000

STATEMENT OF TAX

	ST 111A	LT 112A	LT	Win	Balance
Net Taxable Income	Nil	Nil	Nil	Nil	44,25,000
Tax on above (Slab Rt)					10,17,500
<u>Add: SC</u>					+ Nil
					10,17,500
<u>Add: HEC @ 4%</u>					+ 40,700
					10,58,200
<u>Less: Relief u/s 90 (Note 1)</u>					- 10,58,200
Tax Payable					Nil

Note 1:

Since India has DTAA with USA, the assessee will get bilateral relief u/s 90 as follows:

- 1) Tax in India [Doubly Taxed Income x Avg. Indian Tax Rate]
= 44,25,000 x *23.914 % = ₹ **10,58,200**
- 2) Actual tax paid in USA [Federal Tax]
= \$ 1,600 x 10 months x ₹ 72 = ₹ 11,52,000

$$\begin{aligned} \text{*Avg. Indian Tax Rate} &= \text{Total Tax} / \text{Net Taxable Income} \\ &= 10,58,200 / 44,25,000 = 23.914 \% \end{aligned}$$

- 2) The following statements/forms need to be furnished by Mr. Ram on or before 31st July, 2025 for claiming FTC –
- (i) A statement of “Income from US” offered for tax and of “US tax deducted or paid” on such income in the prescribed form.
 - (ii) Certificate or statement specifying the nature of income and the amount of tax deducted therefrom or paid by the assessee
 - from the tax authority of US or
 - from the person responsible for dedn of tax or
 - signed by the assessee.

QUESTION 7:

Nandini, an individual resident retired employee of the Prasar Bharti aged 60 years, is a well-known dramatist deriving income of ₹ 1,10,000 from theatrical works played abroad. Tax of ₹ 11,000 was deducted in the country where the plays were performed. India does not have any Double Taxation Avoidance Agreement under section 90 of the Income Tax Act, 1961, with that country. Her income in India amounted to ₹7,10,000. In view of tax planning, she has made specified investments for which she is eligible for deduction of ₹1,50,000 under section 80C. Compute the tax liability of Nandini for the AY 2025-26 as per old regime.

ANSWER:

STATEMENT OF TOTAL INCOME

Particulars	Amt.	Amt.
* Indian income		7,10,000
* Foreign income		1,10,000
GROSS TOTAL INCOME		8,20,000
Less: Deduction under Chapter VI A:		
⇒ Sec. 80C		- 1,50,000
NET TAXABLE INCOME		6,70,000

STATEMENT OF TAX

	STCG 111A	LTCG 112A	LT	Win..	Balance
Net Taxable Income	Nil	Nil	Nil	Nil	6,70,000
Tax on above					44,000 [Slab Rt]
Add: Surcharge					Nil
					44,000
Add: HEC @ 4%					+ 1,760
					45,760
Less: Relief u/s 91 (Note 1)					- 7,513
					38,247

Note 1:

Since Nandini has derived income from a foreign country with which India does not have DTAA, she will get unilateral relief u/s 91 as follows:

$$= \text{Doubly Taxed Income} \times \left[\begin{array}{l} \text{Avg. Indian Tax Rate or} \\ \text{Avg. Foreign Tax Rate} \\ \text{[whichever is less]} \end{array} \right]$$

$$= 1,10,000 \times 6.83\% = 7,513$$

$$\begin{aligned} \text{Avg. Tax Rate} &= \text{Total Tax} / \text{Net Taxable Income} \\ &= 45,760 / 6,70,000 \times 100 = 6.83\% \text{ [Avg. Indian Tax rate]} \\ &= 11,000 / 1,10,000 \times 100 = 10\% \text{ [Avg. Foreign Tax rate]} \end{aligned}$$

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