



1. INTRODUCTION Corporate tax residency determines where a company will be taxed on its worldwide profits. A company is generally tax resident in the country where it is incorporated or where it has its 'Place of Effective Management' ("PoEM"). PoEM is an internationally recognized test for determination of residence of a company incorporated in a foreign jurisdiction. Most of the tax treaties entered into by India recognizes the concept of 'place of effective management' for determination of residence of a company as a tie-breaker rule for avoidance of double taxation. Thus, PoEM is a dual purpose concept. From the perspective of domestic laws, it is used as a factor for determining the residency of a foreign company whereas, from an international laws perspective, PoEM is used as a tiebreaker rule for restricting the dual residency to one nation. If any foreign company is found to have a PoEM in.....