



INTRODUCTION Since 2013, India has proven to be a fast-growing economy, attracting foreign investments in a very assenting manner. This participation of foreign investments has led to an increase in many cross-border activities which in turn has resulted in multiple tax challenges for foreign investors on the international tax front. For instance, determining eligibility to tax treaty benefits, characterisation and taxability of various streams of incomes, beneficial ownership, etc. One key challenge that has always been debatable is the constitution of “Permanent Establishment” (‘PE’). In layman terms, a foreign company is taxed in a source state (say India) if they have a substantial presence in that state. This substantial presence in tax terms is referred to as a PE. Thus, PE acts as a threshold for taxation of foreign companies in source