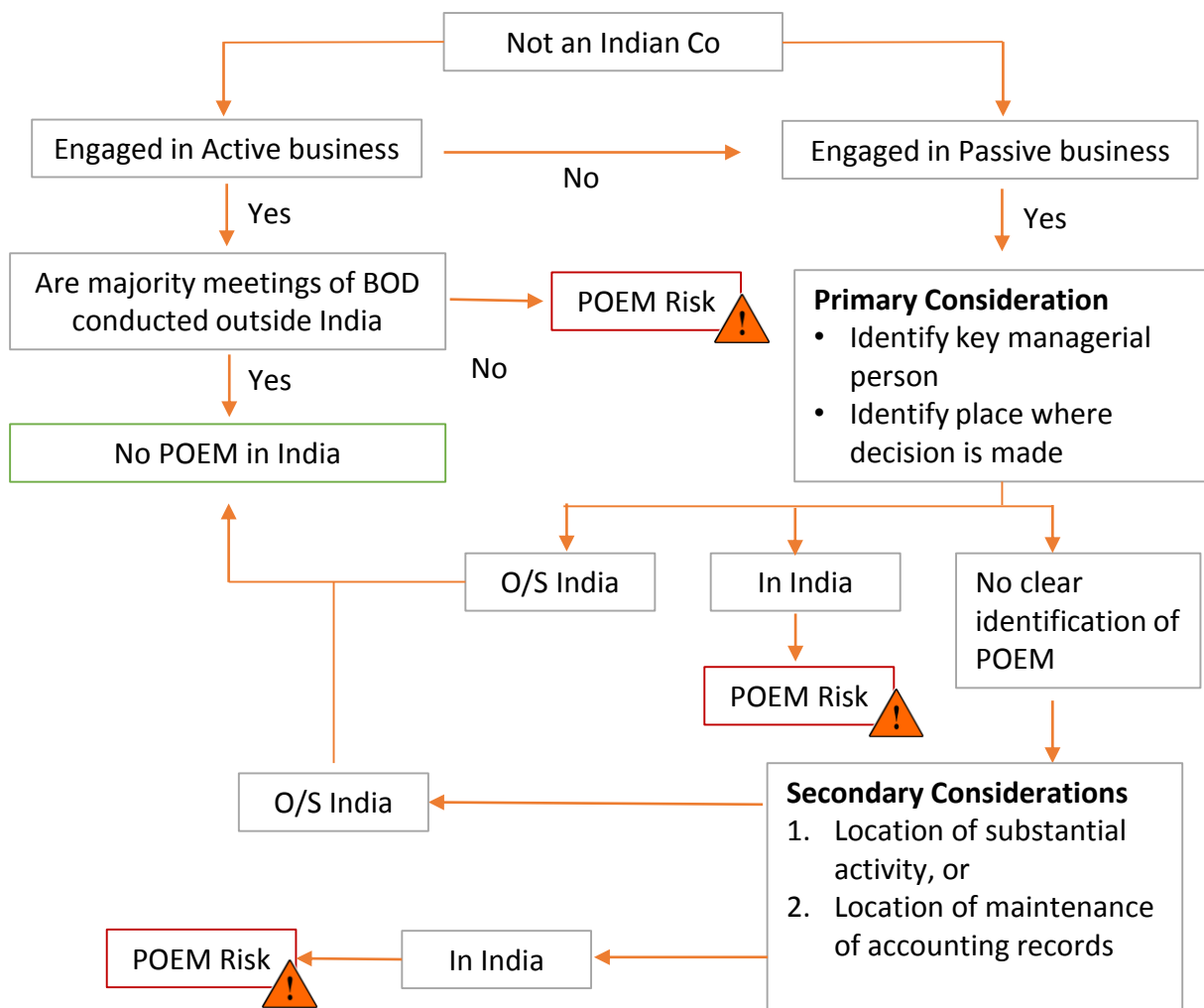




Place of Effective Management (POEM)
Guiding Principles – A Flow Chart Approach



The above mentioned flow chart and circular are guidance principle and not regulations.

Active Business outside India, if passive income is less than 50% of its total income, and Less than 50% asset situated in India and less than 50% employees are situated in India and payroll expenses incurred on such employee is than 50% of total payroll expense.

Passive Income to be aggregate of transactions with AE, royalty income, dividend, capital gains, interest and rental income.

Determination of POEM to be based on facts and circumstances of given case, an yearly exercise.

Actual execution of powers by the senior management including BOD would be considered, mere holding of BOD meeting not a conclusive evidence where entity is engaged in passive business.

Location of Company’s head office important in determination of POEM.

Where modern technology is used to conduct board meetings and decision, in such cases the place where the majority directors or management is present would be the POEM.

Merely because POEM of immediate intermediary holding company is in India, the POEM of downstream subsidiaries shall not be taken to be in India.



Contact Us!

CA. Akshay Kenkre
Director
TransPrice Solutions LLP

Mobile : + 91 9819245424
Email : akshaykenkre@transprice.in
info@transprice.in