

F. No. 142/11/2015-TPL  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes

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Dated 23<sup>rd</sup> February, 2017

**Subject: Clarification for determination of Place of Effective Management (POEM) of a company, other than an Indian company-reg.**

The concept of POEM for deciding the residential status of a company, other than an Indian company, was introduced by the Finance Act, 2015. The existing provision of clause (ii) of sub section (3) of section 6 of the Income-tax Act, 1961 (the Act) shall come into effect from 1st April, 2017 and accordingly, applies to Assessment Year 2017-18 and subsequent years. Guiding Principles for determining POEM of a company were issued by Circular No. 6 of 2017 on 24<sup>th</sup> January, 2017. Press Release on POEM guidelines dated 24<sup>th</sup> January, 2017 has, *inter alia*, stated that the POEM guidelines shall not apply to a company having turnover or gross receipts of Rs. 50 crores or less in a financial year.

2. In view of above, it is clarified that existing provision of clause (ii) of sub section (3) of section 6 of the Act, shall not apply to a company having turnover or gross receipts of Rs. 50 crores or less in a financial year.

  
(Rajesh Kumar Kedia)

Director (Tax Policy & Legislation)

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3. All Pr. Chief Commissioners of Income-tax & All Directors General of Income-tax with a request to bring to attention of all officers in their regions/ charges
4. Pr. Director General of Income Tax, NADT, Nagpur
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