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INCOME-TAX ACT, 2025

D: Profits and gains of business or profession

Section 60 - Deduction of head office expenditure in case of non-residents.

(1) Irrespective of anything to the contrary contained in sections 26 to 54, in the case of a non-resident assessee, deduction of head office expenditure incurred by such assessee as is attributable to his business or profession in India, shall be allowed in computing the income chargeable under the head “Profits and gains of business or profession” subject to provisions of sub-section (2).

(2) The deduction allowable under sub-section (1) shall be restricted—

(a) if the adjusted total income of the assessee is a loss, to an upper monetary limit of 5% of the average adjusted total income of the assessee; or

(b) in any other case, to an upper monetary limit of 5% of the adjusted total income of the assessee.

(3) For the purposes of this section,—

(a) “adjusted total income” means the total income computed under this Act, without giving effect to the allowance referred to in this section or in section 33(11) or the deduction referred to in section 32(i)(A) or any loss carried forward under section 111(1) or 112(1) or 113(2) or 115(2) or the deductions under Chapter VIII;

(b) “average adjusted total income” means,—

(i) if the assessee is assessable for each of the three tax years immediately preceding the relevant tax year, the arithmetic mean of his adjusted total income over those three tax years;

(ii) if the assessee is assessable only for two of the said three tax years, the arithmetic mean of his adjusted total income over those two tax years;

(iii) if the assessee is assessable only for one of the said three tax years, his adjusted total income for that tax year;

(c) “head office expenditure” means executive and general administration expenditure incurred by the assessee outside India, including expenditure incurred in respect of—

(i) rent, rates, taxes, repairs or insurance of any premises outside India used for the business or profession;

(ii) salary, wages, annuity, pension, fees, bonus, commission, gratuity, perquisites or profits *in lieu* of, or in addition to, salary, whether paid or allowed to any employee or other person employed in, or managing the affairs of, any office outside India;

(iii) travelling by any employee or other person employed in, or managing the affairs of, any office outside India; and

(iv) such other matters connected with executive and general administration, as may be prescribed.

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