

**Taxation.** Corporate tax rates as of 1986 are given in the table below. It should be noted that, in addition to these rates, a surcharge of 5 per cent is levied (except on items 3A-b and 3B).

## Corporate Tax Rates

Class of Company and Nature of Income	Income Tax Rate
1. • Widely held Domestic Companies*	52.5% of total income
• Closely held Domestic Companies	57.75% of total income
2. Domestic Companies:	
A. Industrial Companies	55% of total income (where last 51% is derived from industrial activity, i.e. electricity, manufacturing, mining, etc.)
B. Companies other than Industrial Companies	60% of total income
3. Foreign Companies:	
A. Income received from an Indian concern on account of royalties and technical service fees:	
a) under agreements made before 01-04-1976	50%
b) under agreements made before 31-03-1976	
i) lump sum payments for information, data, drawings, etc.	20%
ii) on the balance, if any, of such income	40%
B. Dividend income	25%
C. Any other income	65%

\* A widely held company is a public company whose equity shares are listed in a recognized stock exchange in India or in which there is substantial public sector participation.

With respect to both personal income tax and corporate tax, a double taxation agreement came into force between Canada and India on January 1, 1987. In the agreement,