Himachal Pradesh National Law University, Shimla (India)

HPNLU JOURNAL OF TAX LAW (HPNLU JTL)

JOURNAL ARTICLES *ISSN: 2584-0428* HPNLU JTL

Volume II (2023)

PROBLEMS ASSOCIATED WITH DOUBLE TAXATION AVOIDANCE AGREEMENTS: A GENERAL PERSPECTIVE

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Recommended Citation:

Manoj Kumar & Arpit Vihan, *Problems associated with Double Taxation Avoidance Agreements: A General Perspective*, II HPNLU JTL 33 (2023).

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PROBLEMS ASSOCIATED WITH DOUBLE TAXATION AVOIDANCE AGREEMENTS: A GENERAL PERSPECTIVE

Dr. Manoj Kumar* & Mr. Arpit Vihan**

[***Abstract:*** *An arrangement that assists the taxpayer in avoiding paying two taxes on the same income in two jurisdictions is known as a double taxation avoidance agreement. One may also call it an additional burden of at least two taxes on a comparable type of revenue, resource, financial transaction, etc. It refers to the agreement made between nations to avoid taxation of a comparable income, resource, or exchange. Such tax agreements between nations usually reduce the double tax liability. In a nutshell, bilateral agreements known as DTAA are made between two jurisdictions to prevent the imposition of taxes on the same type of income by two distinct states.*

The foundational principles that underpin DTAA are covered by the writers in this article. Additionally, the article addresses the issues related to double taxation. To address these issues and problems, Chapter 3 of the paper has been categorized into 3 part, namely, DTAA and jurisdictional issue, DTAA & Income Tax Act & DTAA & Treaty Shopping. The authors are of the view that notwithstanding, the international tax regime must be rebuilt continually in order to answer the current difficulties and disadvantages.**]**

Keywords: DTAA, Treaty Shopping, Income Tax Act etc.

I

Introduction

A double taxation avoidance agreement is a type of financial arrangement that helps a person avoid paying taxes on the same

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income in two different jurisdictions. Residents of India and any other foreign nation will not be required to pay taxes on the same income in two different nations if they come to an agreement to prevent double taxation. Thus, an agreement to avoid double taxation is a helpful tool that aids the taxpayer in avoiding "double taxation."

It's interesting to remember that the Economic Double taxes system is where the idea of double taxes originated. When taxes are imposed twice on the same thing in one jurisdiction, it is referred to as economic double taxation. Here, it's critical to emphasize the distinction between agreements that avoid double taxation and those that cause economic double taxation. It is imperative here to understand that the problem of taxing income that crosses borders is known as double taxation. Depending on the kinds of enterprises or holdings that individuals of one nation have in another, the DTAA may target a single type of income or include all forms of income whereas when income, or a portion of it, is taxed twice in the same nation by two different people, it is referred to as economic double taxation.

When pursuing relief under a DTAA, there are two set of information that is ascertained. These are the following:

1. The nation where one resides.
2. The nation of origin.

In this context, "the country of residence" refers to the assessee's place of living, while "the source country" refers to any foreign nation where the assessee does not reside but receives some income from. Avoiding double taxation is crucial because, in the event that both nations fail to sign a DTAA, the assessee will be required to pay taxes in both his home country and the place of origin[1].

Courts in India and other countries have periodically examined the idea of double taxation. The Court categorically decided in *Laxmipat Singhnia v. CIT* that income cannot be taxed twice unless it is expressly stated otherwise. This is an essential tax law tenet. As per this Supreme Court-stated premise has also been formally

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[1] S. Rajaratnam & B.V. Venkataramaiah, COMMENTARY ON DOUBLE TAXATION AVOIDANCEAGREEMENTS, 137 (2007).

recognized by statute under Explanation 2 to Section 5, which clearly highlights this principle.

Following the DTAAs that India signed into with several foreign nations, a distinct field of tax law has emerged in India. These agreements were put into place since there were cases of people living in other countries but having a source of income in India.

By reducing double taxes, a country hopes to attract foreign investment through the use of DTAA. This type of relief is given by crediting the amount of taxes paid overseas or by excluding income produced in a foreign nation from taxation in the resident country.

For instance, if someone is paid to serve as a delegation abroad and is asked to do so, they might be required to pay taxes on their earnings in both countries. The individual may request relief at the time of filing their tax return for that fiscal year if a DTAA is warranted. The returns on these investments could be impacted by DTAA regulations if the individual is an NRI with investments in India. DTAAs occasionally permit concessional tax rates as well[2].

A variety of income sources are covered under the DTAA agreements, including dividends, interest, capital gains, business earnings, employment income, and royalties. These agreements lay out rules on which nation has the authority to tax different kinds of income.

The DTAA, which India has signed with other nations, establishes the precise rate at which income sent to those nations' citizens must be subject to tax deduction. This implies that the TDS that applies to NRIs who generate income in India will be determined by the rates outlined in the DTAA between that nation and that country[3]. To understand this better, following is the list of a few countries and rate determined under the DTAA signed with them:

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[2] Shah Pradeep & Rajesh Kadakia, TAXMAN'S MASTER GUIDE TO INCOME TAX ACT, 47 (1990)

[3] R. Santhanam, HANDBOOK ON DOUBLE TAXATION AVOIDANCE AGREEMENTS & TAX PLANNING FOR COLLABORATIONS, 121 (2004).

S. No.	Country	Rate
1	Cyprus	10%
2	Czech Republic	10%
3	Egypt	10%
4	Estonia	10%
5	Austria	10%
6	Denmark	15%
7	Belgium	15%

II

Benefits of Double Taxation Avoidance Agreements

Under sections 90 and 91, the IT Act of 1961 offers specific support to taxpayers in an effort to avoid double taxation. Regulations for taxpayers who have paid taxes to countries with which India has bilateral trade agreements are covered by Section 90 (DTAA). In reality, both categories of taxpayers receive aid from India.
The following list includes a few of the main advantages DTAAs:

- Double taxation is prohibited in the member nations under the DTAA. Crediting taxes paid overseas or excluding foreign earned income from local taxes in one's home country are two strategies to prevent double taxation.
- The DTAA may in some circumstances offer concessional tax rates as well. This could encourage even lawful investors to make investments through low-tax regimes in order to avoid paying taxes.
- The specific distribution of taxation rights between the contracting states by agreement in the DTAA provides tax certainty to diverse investors and firms of both nations, albeit at the expense of the nation's tax revenue[4].

III

Documents required to avail the benefits under DTAA

[4] Klaus Vogel, DOUBLE TAXATION CONVENTIONS, 276 (2022).

An NRI individual must promptly give the following documentation to the relevant deductor in order to benefit from the provisions outlined under the Finance Act of 2013.

- Self-declaration and indemnity
- Copy of self-attested PAN card
- Copy of self-attested passport and visa
- If relevant, a copy of the PIO evidence
- Certificate of Tax Residence (TRC)

According to the Finance Act of 2013, a person will not be qualified to obtain any benefits under the DTAA unless they provide the deductor with a Tax Residency Certificate[5].

The income tax authorities must receive an application in Form 10FA in order to grant a Tax Residency Certificate. The certificate will be issued in Form 10FB after the application has been satisfactorily processed.

IV

How to File a Claim for Double Taxation Relief:

The following are the steps that must be taken in order to request relief from double taxation:

Finding "the country of residence" is the first step that must be taken, after which it is required to ascertain whatever clauses are included in the two countries' DTAA. Next, it is necessary to verify if the individual claiming "tax exemption" and "tax credit" actually paid taxes in "the source country."

To put it succinctly, in order to qualify for the advantages of the DTAA, a foreign national residing outside of India must apply to the "tax authorities" for a "tax residency certificate." Lastly, he or she must turn in "a self-declaration form" to the "tax authorities" together with a Xerox copy of their PAN, TRC, PASSPORT, and VISA[6].

V

ISSUES AND PROBLEMS ASSOCIATED WITH DTAA

DTAA and jurisdictional issue

When it comes to DTAA, the jurisdictional issue that most commonly

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[5] Vyas Dinesh, THE LAW AND PRACTICE OF INCOME TAX 146 (2004).

[6] Girish Ahuja & Ravi Gupta, PRACTICAL APPROACH TO INCOME TAX 213 (2009).

arises is "who can tax the income." It implies that determining which nation should tax a specific revenue is crucial initially. Who will tax the specific revenue in the event that one nation and another foreign nation have an agreement to avoid double taxation?

1. The nation of origin of the revenue.

2. The nation in which the taxpayer calls home.

If the DTAA indicates that the country has the authority to do so, taxes will be applied by the nation where the immovable property is located. This raises the question of whether the owner's native nation may likewise apply income taxes. Upon this occurrence, the landowner is required to submit a claim for "credit" in his home country for the taxes paid in the country where the property is situated.[7].

In Siemens Aktiongesellschaft[8], it was established that revenue from royalties received as mentioned in art. 9(1)(vi) is taxable in India, irrespective of the non-resident's domicile, place of business, or business relationship. Nonetheless, royalties on patents, copyrights, trademarks, and similar properties would fall under the DTAA's definition of "industrial" or "commercial" income. Rather than being considered royalties, the DTAA would categorise this money as "commercial or industrial profits". Revenue of this kind would not be subject to taxation in India in the absence of a permanent establishment.

In *Assessing Officer Circle (International Taxation) New Delhi v. M/s Nestle SA*[9], According to a recent ruling by the court, a DTAA cannot be implemented by a court, authority, or tribunal unless the Central Government has announced it in compliance with Section 90 of the Income Tax Act. The Court further determined that unless the Indian Government notifies parties in compliance with Section 90, the DTAA treaty is not legally enforceable in India.

7 Sharmendra Chaudhry, *Double Taxation Avoidance Agreements*, SSRN 18 (2012).

8 *Siemens Aktiengesellschaft v. Income-Tax Officer*, [1987] 22 IT D87

9 *Assessing Officer Circle (International Taxation) New Delhi v. M/s Nestle SA*, Civil Appeal No. 1423/2023

When it comes to "business profits," "the country of residence" is entitled to tax the earnings from the business, unless the business is operating in another state and has a permanent establishment there.

VI

DTAA & Income Tax Act

It becomes important to understand a DTAA when its provisions clash with the Income-tax Act of 1961. It becomes apparent which of the two conflicting provisions should be given priority.

Section 90(2) of the Finance (No. 2) Act, 1991, which went into effect on 1-4-1972, states that in the case that India enters into a bilateral agreement with another country, the assessee shall be subject to the provisions of the Income Tax Act that are most advantageous to him. Nevertheless, if the taxpayer benefits more from the DTAA's provisions, the Income Tax Act won't apply. The norm was first recognised by the Andhra Pradesh High Court in *CIT v. Visakhapatnam Port Trust*[10], para. 43, under section 90(2). In *Union of India v. Azadi Bachao Andolan*[11], the Supreme Court subsequently affirmed the aforementioned norm. In actuality, the Central Board of Direct Taxes, or CBDT, had already given its approval to this idea. Furthermore, the Finance (No. 2) Act, 1991 added clause (iii) to section 2(37A). This provision provides that the payer may utilise either the rate specified in the Income Tax Act or the rate applicable under the DTAA, whichever is lower, in cases where tax is withheld at source from payments made to non-residents.

Because an assessee covered by a treaty may choose to be governed by the Agreement rather than the Act, Section 90(2) places a DTAA above the Income Tax Act. The Supreme Court noted in Chettiar's case that the tax charge levied by sections 4 and 5 is susceptible to restrictions or exclusions, such as agreements made in accordance with the authority authorised by section 90. Stated differently, the Agreements so entered are included into the Income Tax Act.

VII

[10] *CIT v. Visakhapatnam Port Trust* [1983]144ITR146(AP)

[11] *Union of India v. Azadi Bachao Andolan* (2003) 263 ITR 706/132

DTAA & Treaty Shopping

Another issue of "treaty shopping" arises when it is well-established that a treaty will have superseding effect over the Income Tax Act to the extent that it benefits the taxpayer. It creates a desire in the assessee to transact through a nation that has a treaty with India that is more advantageous than the Income Tax Act of 1961's general provisions. In this context, the Indo-Mauritius Treaty, the Cyprus Convention, and the Netherlands Convention are excellent examples.

In the event that the Indo-Mauritius convention has a more advantageous provision than the Indo-US convention, an assessee will inevitably be drawn to structure his transaction so as to take advantage of the Indo-Mauritius convention by incorporating a company in Mauritius, even if the company's associated person may be located elsewhere. In actuality, this is known as "treat shopping."

Foreign entities frequently take use of treaty shopping to avoid paying taxes. For instance, because capital gains are taxed in accordance with the laws of the parties' respective states of residency under the Indo-Mauritius DTAA, more than 40% of all foreign direct investment (FDI) in India enters through Mauritius. There is no capital gains tax under Mauritius's tax code. As a result, no assessment is done on any investment made in an Indian company through the channel of Mauritius[12].

When the tax rate in one state is lower than the tax rate in another, treaty shopping may also be used. In *Union of India v. Azadi Bachao Andolan*[13], The Supreme Court alone considered treaty shopping and concluded that the DTAA should have contained a specific clause prohibiting a national of a third country from taking advantage of the agreement's advantageous aspects. It is the responsibility of the Parliament to take the appropriate action in this regard, and if the DTAA does not contain the limitation, then no one may be prevented from taking advantage of the advantageous tax provisions on the grounds that treaty shopping is forbidden. For instance, the Indo-US

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[12] Girish Ahuja & Ravi Gupta, COMMERCIAL'S PRACTICAL APPROACH TO INCOME TAX 65 (2023)

[13] *Union of India* v. *Azadi Bachao Andolan* (2003) 263 ITR 706/132

DTAA now contains an anti-treaty shopping clause in Article 24 that prohibits non-individual persons from using the Agreement's benefits unless individual residents of a contracting state possess more than 50% of the Agreement's beneficial interest.

According to a recent ruling by the Authority for Advance Rulings (AAR), the tax resident of Mauritius who submitted the application is exempt from tax in India on capital gains on the sale of shares of an Indian firm in light of the tax treaty between India and Mauritius. The guiding principles of the Supreme Court in the Azadi Bachao Andolan case are likewise upheld by this verdict.

VIII

DTAA & Interpretation

The plan of granting unilateral relief from these principles, although articulated in the course of application of a particular agreement or the relevant clauses thereof, would be applicable in cases involving similar DTAA clauses between India and other nations. Additionally, an examination of the principles established by the various decisions while interpreting or giving effect to the various DTAA clauses would be necessary.

It is important to note that the idea of the DTAA is validated by the 2017 OECD Model Convention on Capital and Income Taxes. Article 25 of the treaty makes reference to the DTAA concept. Chapter V of the convention also provides techniques for eliminating double taxation.
The true art of a lawyer is eventually in being able to correctly interpret a legal provision, which may also entail the interpretation that the Court will ultimately place on it. The degree to which he is able to read what is written, read between the lines, and read "through" the provision is determined by his exposure to life in general.

Because the rules of interpretation are sufficiently flexible, a judge can apply a relevant rule of interpretation to read a treaty's provisions in a way that advances justice. A judge would invoke the rule established by Rowlatt J. in *Cape Brandy Syndicate v. IR*[14], which was affirmed by

[14] *Cape Brandy Syndicate* v. *IR*, [1921] 2 KB 403

the Supreme Court in *CIT v. Ajax Products Ltd*[15]., if he wished to interpret the case precisely in accordance with the written text. This rule states that the tax code must be strictly read in accordance with its plain language. There isn't any space for doubt. In terms of taxes, no equity concept is applicable. There can be no assumption when it comes to taxation. Nothing should be inferred or read into. The language employed is the only thing that can be examined. According to the ruling in *Jiwandas v. CIT*[16], a statute cannot be made more inclusive by analogy or have its provisions construed in a way that would prevent a genuine or perceived paradox.

When the Court considered how to interpret the term "is" that appears in the DTAAs, it made the following ruling in *Vijay Kumar Prasad v. State of Bihar*[17]: "Although the expression normally refers to the present, it often has a future meaning." It might also mean "has been" in the sense of the past. The real intention needs to be eliminated contextually.

But the construction rule is precisely the opposite of the interpretation rule stated earlier. In order to give the legislature's intention more life and force, a judge may augment the written language with his own interpretation in this case. The judge should smooth out the wrinkles but not change the material that is used to weave the fabric. Citing these similar factors, the Supreme Court determined in *CIT v. Bhattachargee*[18] that the department would be included in the definition of "assessee" under section 245 M of the Income Tax Act. This action was taken to avoid a situation that could have been unjust to the Revenue. The shoe was, as it were, on the other foot in *CIT v. J. H. Gotla*[19]. If the interpretation had been taken literally, the assessee would have suffered a clear injustice. Throughout this process, the Court stated that it could alter the language employed by the legislature in order to achieve its purpose if the literal interpretation of a legislative provision produced an unfair result that the legislature could not have intended. On the other hand, strict constructionist judges might

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[15] *CIT* v. *Ajax Products Ltd*, 1965 AIR 1358
[16] *Jiwandas* v. *CIT*, AIR 1925 PATNA 352
[17] *Vijay Kumar Prasad* v. *State of Bihar*, AIR 2004 SC 2123
[18] *CIT* v. *Bhattachargee,* 1979 AIR 1725
[19] *CIT* v. *J. H. Gotla*, 1985 AIR 1698

contend that this approach does not obligate the Court to close the legislative gap.

Two rulings rendered by the Bombay High Court during a five-year span between the two rulings show this conflicting perspective. The court made the following observation in *Elphinstone Spinning and Weaving Mills Co. Ltd. v. CIT*[20]: if the language is clear and cannot be interpreted in any other way, the statute's provisions must be interpreted in accordance with the original language used by the Legislature, regardless of how illogical the position, absurd the outcome, or contrary to the Legislature's intent the construction may be. The Bombay High Court held in *CIT v. Kishoresinh Kalyansinh Solanki*[21] that the literal interpretation rule cannot be used if it results in evident or seeming absurdity.

Unfortunately, what one judge may find "obvious" or "apparent" may not always be clear to another. Therein resides the strength or weakness of the principles of interpretation that support the legal community!

The question that arises is whether or not laws passed by Parliament have the authority to override an agreement once it has been signed. If so, what kind of laws should be implemented? The Dutch and French Constitutions both state that subsequent legislation cannot supersede the terms of a treaty. In the United States and the United Kingdom, the circumstances are entirely different. Regarding the Indian Constitution, while Article 51 states that the state should work to promote respect for international law and treaty obligations in the interactions between organized peoples, it seems that the Indian Parliament is unrestricted in its ability to enact laws that may contradict or supersede the terms of previous treaties, just as it has the authority to revoke or amend previously passed legislation.

It is interesting to note here that certain DTAAs stipulate that the taxes imposed on a permanent establishment of a business in one state in another state cannot be less favorable in that state than the taxes imposed on businesses in that other state engaged in the same

[20] *Elphinstone Spinning and Weaving Mills Co. Ltd.* v. *CIT*, 1960 AIR 1016

[21] *CIT* v. *Kishoresinh Kalyansinh Solanki*, [1960] 39 ITR 522

activities. A contracting country's permanent presence pays tax at a higher rate because non-domestic businesses in India are subject to a higher tax rate than domestic businesses operating in a same industry. The courts have ruled in certain circumstances that this kind of discrimination is unacceptable. Section 90's Explanation now states that a foreign company's tax imposition at a rate higher than that of an Indian firm's chargeable rate shall not be considered a less favorable charge against such foreign company. Stated differently, discrimination in tax rates is not to be interpreted as a less favorable tax charge for the purposes of agreements to avoid double taxation. This is because the issue of a less favorable tax rate would only come up in relation to individuals covered by the agreement. Regarding tax matters, India has not yet challenged the Parliament's ability to override a clause in a previously agreed treaty.

IX

Role Of Judiciary In Adressing These Issues

The DTAA's guiding legal principles were summed up by the court in the *State of Gujarat v. Vora Fiddali Badruddin Mithibarwala*[22] case as follows:

1. A treaty ratified by the Union does not automatically become enforceable;
2. Under Article 73 (read with corresponding Entries — Nos. 10, 13, and 14 of List I of the VII Schedule to the Constitution of India), the Union has the sole executive authority to enter into international treaties and conventions;
3. Parliament has the sole legislative authority to enact laws pertaining to such conventions or treaties.
4. Parliament may decide not to carry out or implement such agreements. In that case, however, the Union is in default since the treaties bind it in relation to the other contracting state or states.
5. The Union must abide by the application of these treaties. However, they "are not binding upon Indian nationals by their own force."

[22] *State of Gujarat* v. *Vora Fiddali Badruddin Mithibarwala*, 1964 AIR 1043

6. If the agreement or treaty limits the rights of Indian citizens or others, or alters Indian law, then Parliament must pass legislation in relation to it.

When the Court considered how to interpret the term "is" that appears in the DTAAs, it made the following ruling in *Vijay Kumar Prasad v. State of Bihar*[23]: "Although the expression normally refers to the present, it often has a future meaning." It might also mean "has been" in the sense of the past. The real intention needs to be eliminated contextually.

In *Assessing Officer Circle (International Taxation) New Delhi v. M/s Nestle SA*[24], is a recent court decision which states that unless the Central Government has notified a DTAA in accordance with Section 90 of the Income Tax Act, it cannot be implemented by a court, authority, or tribunal. The Court additionally decided that the DTAA treaty is not legally enforceable in India unless the Indian Government informs parties in accordance with Section 90. Moreover, the assessee's payment of fees for technical services to an Austrian company was not taxable in India because the Austrian enterprise did not perform any activities in India, as per article 7 of the previous DTAA of 1065, which applied to the relevant assessment year 2002–2003. As a result, the assessee's payment to the aforementioned firm was exempt from section 195's requirements, and as a result, section 40(a) does not apply to the fees for technical services (ia).

The ruling in *Dy. Director of IT vs. Scientific Atlanta*[25], established that payments received for project management, engineering support, and factory acceptance test services were not subject to taxation in India due to their overseas rendering and non-resident provider's failure to provide technical services to an Indian party.

It was determined that the assessee in *DIT vs. SNC Lalvalin International*[26], Inc. was a non-resident company that offered infrastructure project consulting services. The assessee was obliged to

[23] *Vijay Kumar Prasad* v. *State of Bihar*, AIR 2004 SC 2123

[24] *Assessing Officer Circle (International Taxation) New Delhi* v. *M/s Nestle SA*, Civil Appeal No. 1423/2023

[25] *Dy. Director of IT* v. *Scientific Atlanta*, INC 37 DTR 98

[26] *DIT* v. *SNC Lalvalin International,* 332 ITR 314

submit technical drawings and reports to the National Highway Authority of India (NHAI), which was established by the World Bank, in order for NHAI to be permitted to use the technology for its infrastructure projects. According to the assessee, the sum paid to NHAI should be regarded as "fees for included services" in line with the terms of the DTAA between Canada and India, namely article 12(4). This article is subject to a 15% applicable tax rate. The Assessing Officer believed, however, that "fee for included services" was not included in the cost charged for the aforementioned project. As a result, he believes that the income, which was obtained as a fee for technical services, was subject to tax under the terms of section 115A of the Act and section 9(1)(viii). According to this clause, a 20% tax payment was necessary. The panel accepted the assessee's case. In an appeal, the High Court supported the Tribunal's ruling. The amount received by the assessee was taxable, per Article 12 of the Indo-Canadian Treaty. Since the assessee was exempt from having to pay advance tax, interest under section 234B was not due.

According to *Dampskibsselskabet of 1912 v. ADIT*[27], since a machine functions without the involvement of a human, using sophisticated technology alone to deliver a certain facility will not be adequate to ensure that technical services are provided.

In *Aditya Birla Nuvo Limited v. ADIT,* it was held that because the person who provided the services was not present in India for the required number of days as specified by article 5(j) of the DTAA, the assessee's payment to an Italian company (GTA) for deputing specific technicians to oversee the erection of machinery would not be subject to tax in India.[28]

In *ACIT v. Federal Express Corporation,*[29] it was determined that the transportation of mail, cargo, etc. by the assessee in international traffic by aircrafts in the capacity of owner, charter, or lessee fell under the purview of Art. 8, and as a result, any profits resulting from such activities are not subject to Indian taxation. The assessee cannot be denied the benefit of Article 8 just because it was gathering goods from

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[27] *Dampskibsselskabet of 1912* v. *ADIT*, 251 ITR 53 (Mad.)

[28] *Aditya Birla Nuvo Limited v. ADIT*, ITA NO.4220/MUM/2015

[29] *ACIT v. Federal Express Corporation*, (2010) 35 DTR 425

its customers' locations and transferring it to the airport for more international business, and vice versa.

In Siemens Aktiongesellschaft[30], it was established that revenue from royalties received as mentioned in art. 9(1)(vi) is taxable in India, irrespective of the non-resident's domicile, place of business, or business relationship. Nonetheless, royalties on patents, copyrights, trademarks, and similar properties would fall under the DTAA's definition of "industrial" or "commercial" income. Rather than being considered royalties, the DTAA would categorise this money as "commercial or industrial profits". Revenue of this kind would not be subject to taxation in India in the absence of a permanent establishment.

X
CONCLUSION

In conclusion, the research paper has delved into the intricate issues associated with DTAAs, shedding light on the complexities and challenges that arise in their implementation. The study has underscored the significance of DTAAs in mitigating the adverse effects of double taxation, promoting cross-border trade and investment, and fostering international economic cooperation. However, it has also brought to the forefront several problems inherent in these agreements, such as ambiguities in interpretation, the potential for abuse, and the need for continuous adaptation to evolving economic landscapes.

The paper highlights the necessity for policymakers, tax authorities, and international organizations to collaboratively address the identified issues and work towards enhancing the effectiveness of DTAAs. This may involve revisiting and updating existing agreements, incorporating clear anti-abuse provisions, and adopting standardized practices to promote consistency and fairness. Furthermore, the research emphasizes the importance of fostering transparency and communication among countries to reduce instances of double taxation and ensure a more equitable distribution of tax burdens.

As global economic interdependence continues to grow, the challenges

[30] *Siemens Aktiengesellschaft v. Income-Tax Officer*, [1987] 22 IT D87

associated with double taxation remain a critical concern. This research serves as a valuable contribution to the ongoing discourse on international taxation, providing insights that can guide future policy decisions and promote a more harmonious and equitable global tax environment. Ultimately, addressing the problems associated with DTAAs requires a collaborative and coordinated effort on the part of the international community to create a framework that fosters economic growth while minimizing the obstacles posed by double taxation.