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# **A CRITICAL ANALYSIS OF THE CONCEPT OF DOUBLE TAXATION AVOIDANCE AGREEMENT UNDER THE INCOME TAX ACT, 1961**

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## **ABSTRACT**

Double taxation arises when the same income, asset, or financial transaction is subject to tax in more than one jurisdiction, often creating a significant burden for individuals and businesses engaged in cross-border activities. To alleviate this issue, countries enter into Double Taxation Avoidance Agreements (DTAAs), which are treaties designed to prevent the same income from being taxed twice. These agreements typically provide mechanisms such as tax exemptions or foreign tax credits to ensure fair taxation. The foundation for modern DTAAs was laid by the League of Nations in 1928 with the introduction of the first Model Bilateral Convention, which continues to influence treaty frameworks today. This paper explores the concept of double taxation, the role and structure of DTAAs, and the practical methods used to mitigate tax liabilities, thereby facilitating international trade and investment.

**Keywords:** Double Taxation, Double Taxation Avoidance Agreements (DTAAs), Tax Treaties, Cross-Border Transactions, Model Bilateral Convention

## **INTRODUCTION**

Double Taxation is the imposition of two or more taxes on the same income, asset or financial transaction. It refers to taxation by two or more countries of the same income, asset or transaction, for example income paid by an entity of one country to a resident of a different country. The double liability is often mitigated by tax treaties between countries.<sup>1</sup> Double Taxation Avoidance Agreements are treaties between two sovereign states. Such Agreements

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<sup>1</sup> Sumeet Kumar, *Double Taxation Avoidance Agreements- A brief Overview*, LEGAL SERVICE INDIA (Dec.15,2009,10:45 AM): <http://www.Legalserviceindia.Com/Article/1304-Double-Taxation-Avoidance-Agreements.html> .

can also be between two countries which are not “sovereign” states in the full legal sense. Being Agreements between two contracting states it was found that it would be useful to have a Model Agreement which could be the basis for discussion between two states contemplating to conclude a Double Taxation Avoidance Agreement. The League of Nations for the first time commenced work in this behalf in 1921 and produced in 1928 the first Model Bilateral Convention.<sup>2</sup>

In the remaining cases, the country where the gain arises deducts taxation at source and the taxpayer receives a compensating foreign tax credit in the country of residence to reflect the fact that tax has already been paid.<sup>3</sup> Double Taxation is not specifically forbidden either under domestic law or even under treaties. Bilateral double taxation treaties tend to avoid double taxation, but where tax benefit granted by one state are cancelled by the other in absence of any specific provision in the agreement, there is an economic disadvantage, which is not prohibited in general, a principle which has been universally accepted. In the modern context, a transaction is not always confined to two countries, because of value addition in more than one country, whether natural or because of planning. DTAA does not solve the problem of double taxation in multinational transactions.<sup>4</sup>

## **HISTORICAL DEVELOPMENT OF DOUBLE TAXATION AVOIDANCE AGREEMENT**

Genesis of Double Tax Avoidance Agreement is, perhaps, the first step towards a law, which may ultimately lead to an international society. Agreements between friendly States usually deal with nonaggression, trading and exchange of information as between them. But they have not integrated the countries for any length of time, as these agreements can be discarded easily as they have been formed. International law has been more a matter of law by consent. An international law to regulate the conduct of nations as between them has always been an objective of the academicians to establish peace in the world. But what is known as international law has, by and large, been denoting a system of customary and conventional rules of conduct, which are expected to regulate the intercourse between civilized nations.<sup>5</sup>

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<sup>2</sup>*Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> RAJARTNAM,S., VENKATARAMAIAH, B.V.,TREATISE ON DOUBLE TAXATION AVOIDANCE AGREEMENT (Snow White Publications 2010).

Jagarmadha Rao, J., in a classic judgment in C.I. T. v. Vishakhapatnam Port Trust<sup>6</sup> had referred to the major developments in the field of tax treaties. In this case, the assessee was itself a Government undertaking engaged in the trading transaction with a non-resident German Company. It had undertaken to setup a plant in India and the issue related to the extent of non-residents' Indian income liable to Indian tax and the implication of the Double Tax Avoidance Agreement as between India and Germany.<sup>171</sup> The judgment, incidentally, refers to the development of law on DTAA, which have themselves gone through various changes. Model forms applicable to all countries were first prepared by the fiscal committee of the League of Nations in 1927. Later the said committee conducted meetings at Mexico during 1943 and in London in 1946 and proposed several minor variations.<sup>7</sup>

The OECD Model Convention though primarily meant for use by the OECD countries is often referred to and the Commentaries applied in interpreting Agreements between non-OECD countries also. In addition to the OECD Model, there was the UN Model Convention. Its origin lies in a resolution passed by the Economic and Social Council of the U.N. in August 1967 and was published in 1980 in the form of Model Double Taxation Convention between developed and developing countries.<sup>8</sup>

Like all laws, international taxation laws, evolving through such double taxation relief and avoidance agreements with some of them either incorporated or otherwise integrated with domestic law, is dynamic, rapidly undergoing changes with developments in trade, new methods of communication especially the laws relating to contract and sale of goods. The DTAA have also necessarily undergone changes every time they are revised or when a new agreement is being arrived at. India has in the recent times relaxed its trade restrictions, as a result of its international commitments, so that international taxation has become more relevant than it has been for Indian trade not only for those who are either exporters or importers but also because of the impact of international trade on local price of goods and services, since tax is a cost and a significant cost at that. Interpretation of DTAA has not only an effect on pricing policy but also on the business decisions of residents in undertaking cross border transactions<sup>9</sup>. Under the Income Tax Act, 1961 of India, there are two provisions, Section 90 and Section 91, which provide specific relief to taxpayers to save them from double taxation. Section 90 is for

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<sup>6</sup> (1983)144 ITR (AP).

<sup>7</sup> Ostime (Inspector Of Taxes)v. Australian Mutual Provident Society (1960) 39 ITR 210 (HL).

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

taxpayers who have paid the tax to a country with which India has signed DTAA, while Section 91 provides relief to tax payers who have paid tax to a country with which India has not signed a DTAA. Thus, India gives relief to both kinds of taxpayers.<sup>10</sup>

### **Analysis of the Provisions Relating To DTAA Under The Income Tax Act, 1961**

**Section 90 of the Income Tax Act, 1961** states as follows:

(1) The Central Government may enter into an agreement with the Government of any country outside India —

- (a) For the granting of relief in respect of income on which have been paid both income-tax under this Act and income-tax in that country, or
- (b) For the avoidance of double taxation of income under this Act and under the corresponding law in force in that country, or
- (c) For exchange of information for the prevention of evasion or avoidance of income-tax chargeable under this Act or under the corresponding law in force in that country, or investigation of cases of such evasion or avoidance, or
- (d) For recovery of income-tax under this Act and under the corresponding law in force in that country, and may, by notification in the Official Gazette, make such provisions as may be necessary for implementing the agreement.

(2) Where the Central Government has entered into an agreement with the Government of any country outside India under sub-section (1) for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee.

(3) Any term used but used but not defined in this Act or in the agreement referred to in sub-section (1) shall, unless it otherwise requires, and is not inconsistent with the provisions of this Act or the agreement, have the same meaning as assigned to it in the notification issued by the Central Government in the Official Gazette in this behalf.

### **Section 90: Agreements with Foreign countries for relief against or avoidance of double taxation etc.**

This section empowers the Central Government to enter in to agreement with foreign countries for the granting of relief in respect of double taxation or for the avoidance of double taxation. In exercise of the powers conferred by the corresponding provision in the 1922 Act and by this

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<sup>10</sup> *Id.*

section, agreements with many countries have been entered into for relief against or avoidance of double taxation.<sup>11</sup>

As regards income which accrues to a resident of India, in a country with which there is no such agreement, relief is provided by section 91 of the Act.<sup>12</sup>

### **Scope of sub-section (1):**

The four clauses in sub-section (1) lay down the scope of power of the Central Government to enter in to agreement with another country. Clause (a) contemplates situations where tax has already been paid on the same income in both countries and it empowers the Central to grant relief in respect of such double taxation. Clause (b), which is wider than clause (a)<sup>13</sup>, provides that an agreement may be made for the 'avoidance of double taxation of income under this Act and under the corresponding law, in force in that country'. This clause cannot be extended to make provisions in agreements for situations not relating to double taxation. However, it is not necessary that a situation regarding 'avoidance of double taxation' can arise when tax is actually paid in one of the contracting countries.<sup>14</sup> Moreover, as long as the objectives in these clauses are sought to be effectuated by an agreement, the power of the Central Government cannot be said to have been used in an ultra vires manner.<sup>15</sup> Clauses (c) and (d) essentially deal with agreements made for the exchange of information investigation of cases and recovery of income tax.

With effect from April 2004, Clause (a) has been substituted to provide that an agreement may also be entered into for granting of relief in respect of income tax chargeable under this Act and under the corresponding law in force in that country, to promote mutual economic relations, trade and investment.<sup>16</sup> With this amendment, the power of the Central Government has been greatly widened, and it can now enter into agreements not only for the avoidance of double taxation, but also for exempting income from taxation. It is clear from the language of the clause that this power can be used only for granting relief in respect of income tax, and not to create any fresh charge, obligation or responsibility.

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<sup>11</sup> VYAS, DINESH, KANGA PALKHIWALA VYAS THE LAW AND PRACTISE OF INCOME TAX 1512 (Lexis Nexis 2008)

<sup>12</sup> *Id.*

<sup>13</sup> Union Of India v Azadi Bachao Andolan 263 ITR 706,733 (SC).

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> Observation of SCI On Pp 751-53 In Union of India v Azadi Bachao Andolan 263 ITR 706

**Effect of Agreement:**

The effect of an agreement made pursuant to this section as in under -

(i) if no tax liability is imposed under this Act, the question of resorting to the agreement would not arise. No provision of the agreement can possibly fasten a tax liability where the liability is not imposed by this Act.<sup>17</sup>

(ii) if a tax liability is imposed by this Act, the agreement may be resorted to for negating or reducing it.<sup>18</sup>

(iii) in case of difference between the provisions of the Act and the agreement under section 90, the provisions of the agreement prevail over the provisions of the Act and can be enforced by the appellate authorities and the courts.<sup>19</sup> However, as provided by sub-section (2) the provisions of the Act apply to the assessee in the event that they are more beneficial to him.<sup>20</sup>

Where there is no specific provision in the agreement, it is the basic law i.e. the IT Act, 1961, will govern the taxation of income.<sup>21</sup> Where a double taxation avoidance agreement provides for a particular mode of computation of income, the same should be followed, irrespective of the provisions of the Act.<sup>22</sup> The charging provisions in section 4 and section 5 of the Act defining 'total income' of either residents or non residents are expressly made subject to the provisions of this Act, which will include this section and the agreements made there under.<sup>23</sup>

Where the Government of a State certifies that a person is resident of that State<sup>24</sup> or has a permanent establishment in that State<sup>25</sup>, the certification is binding on the other Government.

**'Relief Against' or 'Avoidance of':**

If the agreement with the foreign country is under clause (a) for relief against double taxation and not under clause (b) for the avoidance of double taxation, the assessee must show that the identical income has been doubly taxed and that he has paid tax in both India and in the foreign country, on the same income.<sup>26</sup> If the assessee paid no tax but a percentage of his gross receipts by way of royalty to the foreign country, that would not entitle him to double tax relief.<sup>27</sup> If the

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<sup>17</sup> CIT v. Muthaiah 202 ITR 508, Approved In UOI v Azadi Bachao Andolan 263 ITR 706

<sup>18</sup> *Id.*

<sup>19</sup> CIT v. Vishakhapatanam Port Trust 144 ITR 146; CIT v. Davy Ashmore 190 ITR 626; CIT v. Muthaiah 202 ITR 508

<sup>20</sup> Abraham Express v. UOI 212 ITR 31; Timken India v. CIT 256 ITR 460

<sup>21</sup> CIT v. Davy Ashmore 190 ITR 626.

<sup>22</sup> *Id.*

<sup>23</sup> Azadi Bachao Case

<sup>24</sup> Abraham Express

<sup>25</sup> CIT v. Lakshmi Textile 245 ITR 521

<sup>26</sup> CIT v. New Citizen Bank 58 ITR 468; CIT v. Indian Bank 61 ITR 632.

<sup>27</sup> Ashanti v. Merrified 19 TC 52

tax has been overpaid in the foreign country and the excess is repaid to the assessee later when the rate of currency exchange has altered in computing the double taxation relief, the department cannot take into account such alteration in the rate of exchange.<sup>28</sup>

The time limit and form of application for claiming double taxation relief were dealt with in several cases.<sup>29</sup> The departmental practice of permitting 'provisional claims' for double taxation relief was held not to be in violation of the Act.<sup>30</sup>

### **Question of Validity of Agreements Made Under This Section:**

The preamble to the Constitution of India acknowledges India as a sovereign republic and in the Constitution; this sovereignty is zealously guarded by keeping the sovereign power with regard to entering into agreements with foreign countries under absolute constitutional control. Under entry 14 to the Union List, the matter included is 'entering into treaties and agreements with foreign countries and implementation of treaties, conventions and agreements with foreign countries'.

The power under this section is to be exercised for the purpose of 'avoidance of double taxation' or for granting relief where double taxation has already taken place. The Central Government therefore, has to stay within the parameters of the powers delegated to it, and cannot go beyond them.<sup>31</sup>

The scope of clause (a) of sub-section (1) has now been enlarged with effect from April 2004, and questions regarding the validity of an agreement which relate to a period after that date must be viewed, in the context of the new wider power conferred upon the Central Government. The Supreme Court, in the case of *U.O.I v. Azadi Bachao Andolan*<sup>32</sup>, exhaustively considered this section, and has made, inter alia, the following observations:

- (i) a delegate (in this case, the Central Government) of the legislature can exercise the power of exemption in a fiscal statute.
- (ii) the validity of the agreement made under this section is to be determined by ascertaining whether it is within the parameters of the legislative provision.

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<sup>28</sup> *Grieg v. Ashton* 31 ITR 538.

<sup>29</sup> *CIT v. Burmah Oil* 47 ITR 25; *Allauddin V ITO* 52 ITR 900.

<sup>30</sup> *Id.*

<sup>31</sup> *Indian Express V UOI* 159 ITR 856.

<sup>32</sup> 263 ITR 706

(iii) the principles governing the interpretation of treaties are not the same as those governing the interpretation of statutory language.<sup>33</sup>

This section has not empowered the Central Government to enter into an agreement with retrospective effect.<sup>34</sup>The Bombay High Court in *CIT v. Tata Iron*,<sup>35</sup> upheld the view that an agreement for the avoidance of double taxation cannot apply retrospectively nor can it apply to contracts executed prior to the date of the agreement.

### **OECD Model Convention and Commentaries:**

In *U.O.I v. Azadi Bachao Andolan*, the Supreme Court made reference to the OECD Model Convention, 1977 and the commentaries thereon, where an expression in the agreement before it was adopted from that Convention. Earlier, the AP High Court<sup>36</sup>, had, while referring to various foreign authorities approved observations to the effect that in view of the standard OECD models, an area of genuine 'international tax law' was developing, and therefore, any person interpreting a tax agreement should consider the decisions and rulings worldwide relating to similar agreements.

In contrast, for the purposes of interpretation of another agreement, the Madras High Court<sup>37</sup>, found reliance on the OECD Convention and commentaries inappropriate and unjustified. It noticed a wide range of difference between the Model Convention and the agreement thereon and hence concluded that commentaries on the Model Convention 'can be of no use and utility and cannot also afford a safe or reliable guide or aid for such construction'.

### **Sub-section (3):**

This sub-section, applicable from April 2004, relates to terms used, but not defined in this Act or any agreement made under sub-section (1). Such terms are to have the same meaning as assigned to them in any notification issued in this behalf by the Central Government. However, the meaning of such term must not be inconsistent with the provisions of the Act or the agreement; further, the term must be interpreted differently, if the context so requires.

### **Explanation to Section 90:**

The Finance Act, 2001 has inserted an explanation to this section with retrospective effect from

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<sup>33</sup> *CIT v. V. SRM Finn* 208 ITR 400

<sup>34</sup> Cf *The Power To Make Rules With Retrospective Effect Under Section 295(4)*.

<sup>35</sup> 248 ITR 190

<sup>36</sup> 144 ITR 146

<sup>37</sup> 208 ITR 400,420-21

the commencement of this Act, to clarify that the charge of tax in respect of a foreign company at a higher rate than the rate at which a domestic company is chargeable, shall not be regarded as a less favourable charge or levy of tax in respect of such foreign company, where the foreign company has not made the prescribed arrangement for declaration and payment within India, of the dividends payable out of his income in India.

### **Appeal & Reference:**

An appeal for refund may be made under section 237 by an assessee entitled to relief under this section, and from the order of the assessing officer, on such application for refund an appeal would lie to the CIT(A), a second appeal to the tribunal and reference to the High Court.<sup>38</sup>

### **Section 90A of the Income Tax Act, 1961 states as follows:**

1. Any specified association in India may enter into an agreement with any specified association in the specified territory outside India and the Central Government may, by notification in the Official Gazette, make such provisions as may be necessary for adopting and implementing such agreement,

(a) for the granting of relief in respect of

(i) Income on which have been paid both income-tax under this Act and income-tax in any specified territory outside India; or

(ii) income-tax chargeable under this Act and under the corresponding law in force in that specified territory outside India to promote mutual economic relations, trade and investment, or

(b) for the avoidance of double taxation of income under this Act and under the corresponding law in force in that specified territory outside India, or

(c) for exchange of information for the prevention of evasion or avoidance of income-tax chargeable under this Act or under the corresponding law in force in that specified territory outside India, or investigation of cases of such evasion or avoidance, or

(d) for recovery of income-tax under this Act and under the corresponding law in force in that - specified territory outside India.

2. Where a specified association in India has entered into an agreement with a specified association of any specified territory outside India under sub-section (1) and such agreement has been notified under that sub-section, for granting relief of tax, or as the case may be,

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<sup>38</sup> Wallace V, CIT 26 ITR 241; Burma Oil v. ITT 33 ITR 794

avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee.

3. Any term used but not defined in this Act or in the agreement referred to in sub-section (1) shall, unless the context otherwise requires, and is not inconsistent with the provisions of this Act or the agreement, have the same meaning as assigned to it in the notification issued by the Central Government in the Official Gazette in this behalf.

Explanation 1. For the removal of doubts, it is hereby declared that the charge of tax in respect of a company incorporated in the specified territory outside India at a rate higher than the rate at which a domestic company is chargeable, shall not be regarded as less favourable charge or levy of tax in respect of such company.

Explanation 2. For the purposes of this section, the expressions

(a) Specified association means any institution, association or body, whether incorporated or not, functioning under any law for the time being in force in India or the laws of the specified territory outside India and which may be notified as such by the Central Government for the purposes of this section;

(b) Specified territory means any area outside India which may be notified as such by the Central Government for the purposes of this section.]

**Section 91 of the Income Tax Act, 1961 states as follows:**

(1) If any person who is resident in India in any previous year proves that, in respect of his income which accrued or arose during that previous year outside India (and which is not deemed to accrue or arise in India), he has paid in any country with which there is no agreement under section 90 for the relief or avoidance of double taxation, income-tax, by deduction or otherwise, under the law in force in that country, he shall be entitled to the deduction from the Indian income-tax payable by him of a sum calculated on such doubly taxed income at the Indian rate of tax or the rate of tax of the said country, whichever is the lower, or at the Indian rate of tax if both the rates are equal.

(2) If any person who is resident in India in any previous year proves that in respect of his income which accrued or arose to him during that previous year in Pakistan he has paid in that country, by deduction or otherwise, tax payable to the Government under any law for the time being in force in that country relating to taxation of agricultural income, he shall be entitled to a deduction from the Indian income tax payable by him —

a) of the amount of the tax paid in Pakistan under any law aforesaid on such income which

is liable to tax under this Act also.; or

b) of a sum calculated on that income at the Indian rate of tax; whichever is less.

(3) If any non-resident person is assessed on his share in the income of a registered firm assessed as resident in India in any previous year and such share includes any income accruing or arising outside India during that previous year (and which is not deemed to accrue or arise in India) in a country with which there is no agreement under section 90 for the relief or avoidance of double taxation and he proves that he has paid income-tax by deduction or otherwise under the law in force in that country in respect of the income so included he shall be entitled to a deduction from the Indian income-tax payable by him of a sum calculated on such doubly taxed income so included at the Indian rate of tax or the rate of tax of the said country, whichever is the lower, or at the Indian rate of tax if both the rates are equal.

*Explanation:* In this section,

(i) The expression "Indian income-tax" means income-tax charged in accordance with the provisions of this Act;

(ii) The expression "Indian rate of tax" means the rate determined by dividing the amount of Indian income-tax, after deduction of any relief due under the provisions of this Act but before deduction of any relief due under this chapter, by the total income;

(iii) The expression "rate of tax of the said country" means income-tax and super-tax actually paid in the said country in accordance with the corresponding laws in force in the said country after deduction of all relief due, but before deduction of any relief due in the said country in respect of double taxation, divided by the whole amount of the income as assessed in the said country;

(iv) The expression "income-tax" in relation to any country includes any excess profits tax or business profits tax charged on the profits by the Government of any part of that country or a local authority in that country.

### **Section 91: Unilateral Relief in respect of Foreign Income Taxed Abroad**

Sub-section (1) of this section grants unilateral relief in cases-where section 90 does not apply, subject to the fulfilment of the following conditions:

(a) the assessee should be the resident in India in the previous year;

(b) the income should have accrued in fact outside India<sup>39</sup> and should not be deemed under any provision of this Act to accrue in India;

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<sup>39</sup>Jeevanlal v. CIT 79 ITR 147

(c) the income should be taxed both in India and in a foreign country with which India has no agreement for relief against or avoidance of double taxation;<sup>40</sup>

(d) the assessee should have in fact paid the tax in such foreign country by deduction or otherwise.

Unilateral relief under this section is available only in respect of the 'doubly taxed income', i.e. the part of the income which is actually included in the assessor's total income: the amount deducted under Chapter VI-A is not doubly taxed and therefore, no relief is allowable in respect of such amount.<sup>41</sup> Further, the section contemplates granting of relief calculated on income country wise and not on the basis of aggregation or amalgamation of income from all foreign countries.<sup>42</sup>

This section should be literally construed; the dividend from a UK company, from which tax is deducted and retained by the company, is entitled to relief under this section, and the passing of an assessment order in the UK, in respect of such dividend is not necessary.<sup>43</sup>

On order that this section may apply, it is necessary that the foreign tax should be levied in a country with which India has no agreement for relief against or avoidance of double taxation; but it is immaterial that the tax paid in such foreign country is in respect of income arising in another foreign country with which India has such an agreement.

In similar circumstances, sub-section (3) affords relief to a non-resident in respect of his share in the foreign income of a registered firm, which is assessed as resident in India. For determining the Indian rate of tax under clause (ii) of the Explanation, abatement allowable under the agreement of avoidance of double taxation between India and any other country should not be deducted from the Indian income tax.<sup>44</sup>

In *Gamman India v. CIT*,<sup>45</sup> the Bombay High Court held that a relief under section 91 could not be claimed in rectification proceedings under section 154, but the Calcutta High Court took a contrasting view in the case of *CIT v. United Commercial Bank*.<sup>46</sup>

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<sup>40</sup> Ramanathan v. CIT 88 ITR 169

<sup>41</sup> CIT v. Bhatt 185 ITR 592.

<sup>42</sup> CIT v. Bombay Burmah 259 ITR 423

<sup>43</sup> CIT v. Clive 133 ITR 636.

<sup>44</sup> CIT v. Rajanagar Tea 97 ITR 405

<sup>45</sup> 214 ITR 50

<sup>46</sup> 206 ITR 641

## Conclusion

Nearly all tax treaties provide a specific mechanism for eliminating double taxation which is still potentially present. This mechanism usually requires that each country grant a credit for the taxes of the other country to reduce the taxes of a resident of the country. The treaty may or may not provide mechanisms for limiting this credit, and may or may not limit the application of local law mechanisms to do the same.

The Double Taxation Avoidance Agreement (DTAA) plays a vital role in promoting cross-border trade and investment by eliminating the burden of double taxation for individuals and businesses operating in more than one country. By clearly defining the taxation rights of each country and providing mechanisms for tax relief, DTAA's help foster economic cooperation, enhance tax compliance, and provide legal certainty. In a globally interconnected economy, such agreements are essential for avoiding tax evasion, encouraging foreign direct investment, and ensuring a fair distribution of taxing rights between nations. Ultimately, DTAA's contribute to more transparent and efficient international taxation systems.

