



1. BACKGROUND 1.1 In the everchanging global business landscape, the tax laws have also been changing constantly to keep up with the pace. Two key concepts relevant to keep in check tax avoidance relate to beneficial ownership and general anti-avoidance rules (GAAR). Beneficial ownership was introduced for the first time in 1977 OECD commentary to curb the practices for shell or conduit entities to take the tax benefits under the tax treaty which was against the object and purpose of the tax treaty to avoid double taxation. Most of the tax treaties that India has signed provides for beneficial ownership concept in the context of royalty, fees for technical services, interest, and dividend income in the hands of the recipient in the source state at a lower tax rate. General Anti-Avoidance Rules (GAAR) has been codified and introduced in the Indian Income- tax Act, 1961 (Act) to counter tax abuse. 1.2 In this article we will discuss the rulin.....