

NOTIFICATION No. GSR 284(E), DATED 28-5-1973

Whereas the Government of India and the Imperial Government of Iran have conducted an Agreement through exchange of Notes as set out in the Annexure hereto, for the avoidance of double taxation of income of enterprises operating aircraft.

Now, therefore, in exercise of the powers conferred by section 90 of Income-tax Act, 1961 (43 of 1961), and section 24A of the Companies (Profits) Surtax Act, 1964 (7 of 1964), the Central Government hereby directs that all the provisions of the said Agreement shall be given effect to in the Union of India.

**AGREED TRANSLATION OF NOTE NO. 127/18, DATED THE 29TH MARCH, 1973
RECEIVED FROM THE IMPERIAL GOVERNMENT OF IRAN BY THE GOVERNMENT OF
INDIA**

"The Imperial Ministry of Foreign Affairs presents its compliments to the Embassy of India and with reference to the discussions and corresponding notes exchanged regarding the reciprocal exemption of Indian and Iranian airlines from payment of income-tax has the honour to state :

According to the Direct Tax Law of 19th March, 1967, foreign air companies may be exempted from payment of income-tax on a reciprocal basis; and in fact considering that no income-tax has been collected from Iranian air companies in India, the Iranian Government has to this date refrained from collecting income-tax from Indian air companies.

Thus, as the provision of reciprocity prescribed in the Direct Tax Law has been in fact established, as long as the said provision is observed by the Indian Government, Indian air companies will be, as before, exempted from the payment of tax derived from the transportation of goods and passengers.

It is, therefore, proposed that should the above be agreed to, this Note and the Embassy's reply regarding the application and observance of reciprocity by the Government of India may be considered as a temporary agreement between the two parties in respect of exemption from payment of income-tax by the air companies of both parties."

**NOTE NO. TEH/COM/203/6/70, DATED 1-4-1973, ISSUED BY THE GOVERNMENT OF INDIA
TO THE IMPERIAL GOVERNMENT OF IRAN IN REPLY :**

"The Embassy of India presents its compliments to the Imperial Ministry of Foreign Affairs and in regard to the question of reciprocal exemption of Indian and Iranian airlines from payment of income-tax has the honour to refer to their Note No. 127/18, dated 29-3-1973, which reads as follows :

"The Imperial Ministry of Foreign Affairs presents its compliments to the Embassy of India and with reference to the discussions and corresponding notes exchanged regarding the reciprocal exemption of Indian and Iranian airlines from payment of income-tax has the honour to state :

According to the Direct Tax Law of 19th March, 1967, foreign air companies may be exempted from payment of income-tax on a reciprocal basis, and in fact considering that no income-tax has been collected from Iranian air companies in India, the Iranian Government has to this date refrained from collecting income-tax from Indian air companies.

Thus, as the provisions of reciprocity prescribed in the Direct Tax Law has been in fact established, as long as the said provision is observed by the Indian Government, Indian air companies will be as before, exempted from the payment of tax derived from the transportation of goods and passengers.

It is, therefore, proposed that should the above be agreed to, this note and the Embassy's reply regarding the application and observance of reciprocity by the Government of India may be

considered as a temporary agreement between the two parties in respect of exemption from payment of income-tax by the air companies of both parties.

With reference to this proposal, the Embassy of India has the honour to inform the Imperial Ministry of Foreign Affairs that the Government of India accepts the terms of the foregoing text and considers that that Note and this Note will constitute an Agreement between the two Governments for the avoidance of double taxation of income of enterprises operating aircraft, which shall enter into force on this date, pending the conclusion of a general agreement for the avoidance of double taxation of income from various sources including civil aviation.

In accord with the purpose of the notes now exchanged, the Embassy of India has the honour to stress the fact that acceptance by the Government of India is based on the understanding that the exemption in respect of income derived from operation of aircraft in international traffic by Indian airline companies and Iranian airline companies, shall be on the basis of reciprocity and shall apply from the beginning of operation of these airlines in Iran and India respectively and that in any case any tax on the aforesaid income has been recovered by either Government as of the date of this Agreement, the same shall be refunded by that Government.

The Embassy of India avails itself of this opportunity to renew to the Imperial Ministry of Foreign Affairs the assurances of its highest consideration."

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