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Senescence of Revenue Rule in Dawn of Globalization

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ABSTRACT

This academic paper revolves around the primary principle of Revenue in Private International Law. Dicey and Morris, in their book "Conflict of Rules", mention the revenue rule as Rule-3, which is, as established by English law, a rule that forbids a state's revenue authority from bringing a legal action in a foreign court to assert or impose its revenue, whether explicitly or implicitly. Dicey asserts that it is the tradition that a country's courts will not impose another country's penal or tax rules. The precedent for the law can be found in the case of Government of India v. Taylor. In this academic paper, we will delve further into this very rule of Private International Law and see its implications through various case laws and the modern conventions and treaties that will serve as a turning point in this rule in the upcoming times. Lastly, we shall look for case comments and conceptual implications to better understand and overall perspective of the principle.

***Keywords**: Senescence of Revenue Rule in the dawn of Globalization, Dicey and Morris, Rule-3, Government of India vs Taylor, History of International Law, Origin of Revenue Rule, Clugas vs Penaluna, King of the Hellenes V Brostrom, In re Visser, Queen of Holland v Drukker, Revenue and Customs and Another v Ben Nevis (Holdings) Ltd and Other, Modern world Take on Revenue Rule, Fundamentals Enshrined in Government of India vs Taylor, Case Comment epitomising conceptual Implications.*

I. INTRODUCTION

International law is widely regarded as the law of states, and as a result, international law's principles have developed into a long-standing tradition that individual countries must adhere to. **Jeramy Bentham** coined the concept of "International Law" Additionally, it is also referred to as **" Laws of Nation."**

It is a collection of regulations and conventions that bind countries. These laws are not subject to the jurisdiction of any particular country. Under International Law, each country is referred to as a "State." International law is primarily concerned with States. Individuals, international organisations, and companies are also included.

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In the words of Torsten Gihl, **"*The term International Law means the body of rules of law, which apply within the International Community or society of States.*"** [2]

When put like this, Schwarzenegger describes International Law as a body of international laws that apply between sovereign states and legal entities given international personality.

The phrase "body of rules of international law is" is a paraphrase taken from the older one by Professor Oppenheim, who had said that "International Law is the principles governing states while interacting with each other." International law is made up mainly of treaties and agreements between sovereign States but made additionally by treaty organisations, such as the UN. International Organizations and, to a lesser degree, entities may be the beneficiaries of the privileges and obligations conferred under International Law.[3]

There is no central organisation that creates international law. It is adopted from various sources. The major sources of International law are treaties, customs and general principles.

(A) Types of International Law

International law has two branches:

1. **Public International Law:** It is the set of laws that regulates the relations of states and international organisations with other States, international organisations, persons, and other institutions. It encompasses a wide variety of operations, including military affairs, wartime operations, commerce, civil rights, and the exchange of oceanic energy. It is often referred to as the "law of nations" or simply "International Law." This is not to be associated with Private International Law, which is mostly concerned with determining which nation's law applies to specific circumstances. That is to say; public international law is the law that exists within countries to preserve stability and settle disputes between them. The term Public International law is often used interchangeably with International law. It applies to organisations like W.T.O, U.N, etc.
2. **Private International Law:** It is the body of law that governs private residents of other countries or is apprehensive with the meaning, guidance, and authorisation of rights in circumstances where both the person who has the protection and the individual on which the obligation is based are private residents of different countries.[4] It is a collection of decisions and rules set up or agreed upon by citizens of different countries who secretly engage in an exchange and who will govern in the event of a debate. In this regard, private international law varies from public international law, which is the

[2] Rachit Garg, IPleaders, *International Law Notes,* available at: https://blog.ipleaders.in/international-law/
[3] *Definitions of International Law,* available at: https://www.iilsindia.com/study-material/9102471588575869.pdf
[4] Legal Service India.com, RajiBraunak, *International Law: Bird,* available at: http://www.legalservicesindia .com/article/1249/International-Law:-Bird.html (last visited on April 23, 2021)

set of laws established by the legislatures of various nations to determine the interests of free countries and manage their interactions. In other words, Private International law administers the connection between the private individuals of different countries. It administers the choice of law to be applied when there are conflicts in the domestic laws of different countries regarding private transactions. It is also known as "Conflict of Laws".

II. HISTORY OF INTERNATIONAL LAW

International law has its roots in ancient Egyptian and Roman empires. Grotius is credited with the development of modern international law. Various treaties were signed between countries during the European Renaissance. Many modern-day concepts of international law were also established during the reign of the Roman Empire. For example, the Romans enacted laws to govern the relationship between foreigners and Roman citizens. These laws were known as jus genitum. It is now known as the Laws of Nations. Several rules were established to maintain interstate relationships as nation-states developed in Europe. Grotious' contribution to international law, to the contrary, is unparalleled. The foundation of international law is Grotius' "De iure belli ac pacis (1625)." According to Grotian theory, international law is founded on three pillars: customs, treaties, and the law of reasons.[5]

Natural law was known as fundamental in international law throughout the Seventeenth and Eighteenth Centuries. However, in the second half of the 18th century, there was a turn toward positivism in international law. After World War II, international law began to take shape. International peace was jeopardised by the events taking place after World War II.[6] With the advent of globalisation, the imperative of international law became clear. Various countries have signed numerous treaties. International law was given a new perspective with the establishment of Space Law. Under Space Law, five international treaties have been signed. Additionally, the GATT 1947 introduced a new dimension to international law.

III. ORIGIN OF THE REVENUE RULE

In 1729, the first instance of the Revenue rule was reported. "***In Attorney General v. Lutwydge***, an English court sought import duties on tobacco sold in Dumfries, Scotland."[7]. In 1779, the

[5] Legal Service India E-Journal, Mohd Aqib Aslam, *International Law: Evolution and Its Sources,* available at: http://www.legalserviceindia.com/legal/article-4293-international-law-evolution-and-its-sources.html (last visited on April 23, 2021)

[6] Oxford Public International Law, Martti Koskenniemi, *History of International Law, since World War II,* June 2011, available at: https://opil.ouplaw.com/view/10.1093/law:epil/9780199231690/law-9780199231690-e714 (last visited on April 25, 2021)

[7] Revenue rule, *available at:* https://core.ac.uk/download/pdf/62547414.pdf (last visited on April 12, 2021)

revenue rule was applied in ***Planche v. Fletcher***.[8]

In 1806, the earliest case of Revenue Ruke occurred in the United States. The New York Apex court recognised the revenue rule in ***Ludlow v. Van Rensselaer*** about international taxes. The "Revenue Rule" is generally accepted as a significantly prominent law of private international law. According to Dicey and Morris in their book "The Conflict of Rules," the revenue provision is also known as Rule 3. As established by English law, the revenue rule is a rule that forbids a state's revenue authority from bringing a legal action in a foreign court to assert or impose its revenue, whether explicitly or implicitly. Dicey asserts, it is the tradition that a country's courts will not impose another country's penal or tax rules. The precedent for the law can be found in the landmark case of ***Government of India v. Taylor***.[9] In this matter, an English company was doing business in India. In 1947, the firm's undertaking was sold, and the profits were remitted to England, where the corporation was voluntarily liquidated in Great Britain. The government of India pursued to collect capital gains tax from the sale of the project. According to the House of Lords, foreign tax charges was inapplicable in English courts. The legislation aimed to encourage trade by implementing contracts that breached foreign customs rules.Nevertheless, in the twentieth century, the rule's substance changed. It is now used to prohibit international government claims on tax matters, with the reasoning shifting from supporting trade to promoting independent autonomy, the territoriality of laws, and administrative difficulties. We will delve into the case of ***Govt. Of India vs Taylor***[10] further in this project report.

IV. LANDMARK CASE WHICH EVOLVED THE REVENUE RULE

In the instant case, the appellant was the Government of India, and the respondent was Taylor. Therefore, the case was called *Govt. Of India vs Taylor [1955] A.C. 491*[11]

The case of **Government of India vs Taylor** (also known as Re Delhi Electric Supply & Traction Co Ltd) is a House of Lords judicial ruling concerning the enforceability of overseas tax claims under English law. The House of Lords unanimously upheld the common law general rule that overseas tax charges are unjustifiable in England within the Act of State doctrine.[12] As a result, an appeal for foreign taxation in the liquidation of a United Kingdom company was barred. English courts have no power, either expressly or incidentally, to

[8] (1779) 99 Eng. Rep. 164, 164 (K.B.)
[9] *Govt. Of India vs Taylor [1955] A.C. 491*
[10] Ibid
[11] House of Lords case, *available at:* http://www.uniset.ca/other/css/1955AC491.html (last visited on April 13, 2021)
[12] Dicey Morris and Collins on the Conflict of Laws (14th ed.). Sweet & Maxwell. 2006. para 5R-019. ISBN 978-0-421-88360-4.

implement the tax charges of another sovereign state. [13]

(A) Facts of the case

A British corporation named the Delhi electric supply and traction company formed in 1906 was the primary reason the dispute came into being. The municipality of Delhi had granted it an operating license under which it had the authority to operate electricity supply and transit the purpose of its incorporation was same extent until the year 1947, after selling the complete stakeholdings to the government of India on August 15, 1947, the corporation proceeded to do business in India until the firm went into voluntary liquidation after the Indian government enacted the Indian income tax act and the excess profits act. In order to effectuate the voluntary liquidation and distribution of assets and liabilities of the company among the creditors and other members of the company, Samuel Taylor and John lowering well-appointed as official liquidators this was due to the fact that they had previously been the directors of the company which was supposed to go into liquidation on October 24, 1951, and notice for served by the Commissioner of income tax asserting that touching surplus from the sale of the undertaking was not yet paid. The same was demanded fear regarding which could result in heavy penalties opinion provisions of the income tax act over profit tax being attracted the liquidators out rightly and squarely rejected the claim basing their assertions on the very ground that The court was required to decide whether the appeal was a visible claim in liquidation.[14]

(B) Decision

In the first instance, the case was heard by Vaisey J, who dismissed the charge. The Court of Appeal affirmed the ruling, India's government, after that, appealed to the House of Lords.
The allegation would fail, unanimously, according to all five members of the bench. Viscount Simonds delivered the lead verdict. He began his speech by stating, "My Lords, I must confess that I was taken aback when it was proposed that the courts of this country will and should entertain a suit brought by a foreign State to recover a levy." J. Viscount summarised common law principles, listing several preceding cases, including ***King of Hellenes v Broston[15], Re Visser[16],*** and ***Sydney vs Bull***.[17] After stating the common law, he addressed the two alternate grounds for which the Indian Govt. counsel argued for an exception:

[13] P.M. North and J.J. Fawcett (1992). Cheshire & North's Private International Law (12th ed.). Butterworth's. p. 114. ISBN 0406530815.
[14] Sumitha Krishnan, *The Revenue Rule & International Taxation*, June 18, 2015, available at: https://www .lakshmisri.com/insights/articles/the-revenue-rule-international-taxation (last visited on April 14, 2021)
[15] *King of Hellenes v Broston (1923) 16 Ll L Rep 190*
[16] *Re Visser [1928] Ch 877*
[17] *Sydney Municipal Council V Bull [1909] 1 KB 7.*

- Primarily, India shouldn't be viewed likewise anyone else entirely foreign countries since it was a colony under the British common wealth, acknowledging the Queen as Commonwealth head; and
- Nextly, so far as people are concerned, neither expenses nor additional claims should be accounted for when liquidation is needed.

Twin claims were dismissed by Viscount Simonds, who described it as "frail weapons with which to strike a strong fortress." J. Viscount acknowledged the common English law received implicit consent from Parliament in the form of section 1(2) of the Foreign Judgments (Reciprocal Enforcement) Act 1933. He eventually dismissed all points categorically.

Lord Keith delivered a brief concurring verdict, emphasising the importance of the recent ***Peter Buchanan Ltd v McVey***[18] decision (unreported at the time).

Lord of Harrow also delivered a brief note, reiterating Lord Mansfield CJ's general declaration in ***Holman v Johnson***[19] that "no nation ever pays attention to another's tax rules." He said, "After extensive investigation, no country could be identified in which taxes payable to State A had been imposed in the courts of State B."[20]

(C) Authorization

The case of ***Government of India v Taylor***[21] is still in effect today. It is the principal authority cited in aid of the Third Rule of Dicey, Morris & Collins on The Conflict of Laws[22]:

"RULE 3 - English courts have no jurisdiction to entertain an action (1) for the enforcement, either directly or indirectly, of a penal, revenue or other public law of a foreign State; or (2) founded upon an act of state."[23]

Nevertheless, subsequent authorities, including the Privy Council in *Webb v Webb*[24], have qualified it. It was held in ***QRS 1 Aps v Frandsen***[25] that upholding Indirect compliance of a tax declaration would not entitle the taxpayer to the money from the recipient; for this reason, a negotiated indemnity is not available.

By this precept, it is often observed that non-national treaties regularly evade national law.

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[18] *Peter Buchanan Ltd v McVey [1954] Ir 89[7]*
[19] *Holman v Johnson (1775) 1 Cowp 341 at 343*
[20] AIFTP Online journal, *Government of India v Taylor, available at: https://aiftponline.org/journal/2020/july-2020/has-the-revenue-rule-established-in-govt-of-india-v-taylor-outlived-its-utility/* (last visited on April 13,2021)
[21] House of Lords, *GOVERNMENT OF INDIA, MINISTRY OF FINANCE (REVENUE DIVISION), APPELLANT; AND TAYLOR AND ANOTHER, RESPONDENTS available at:*
http://www.uniset.ca/other/css/1955AC491.html (last visited on April 13, 2021)
[22] Ibid
[23] Dicey Morris and Collins on the Conflict of Laws (14th ed.). Sweet & Maxwell. 2006. para 5R-019. ISBN 978-0-421-88360-4.
[24] *Webb v Webb [2020] UKPC 22*
[25] *QRS 1 Aps v Frandsen [1999] 1 WLR 2169*

(D) Procedural History: The Case was ruled against the appellants.

(E) Legal Issue: "Do English courts have a jurisdiction to entertain an action for the enforcement either directly or indirectly of a penal revenue or other public law for the state or when founded upon a state?"

V. REASONING AS TO THE APPLICABILITY OF REVENUE RULE

The primary assertion of the appellant, that is, the government of India, was that unpaid income all capital gains tax was due and payable by the respondents to the appellants. The taxes above were so owed by the company under the laws and legislations applicable in India. The appellants argued that India is a Sovereign and Independent Republic that was very competent to make laws governing persons in its territory. Viscount Symons argued that on his part, it was an admission that he was greatly taken aback to hear that the state suggested concerning the fact that the goals of the aforementioned country ought to respect to claim of tax recovery by a foreign state. Based on the case of Clugas vs Penaluna, it was argued that there was immense clarity concerning the position of law with which the present case dealt. Despite the presence of an array of authoritative texts and judgements, various instances may exist in which the English Courts being obliged to consider some principle of the foreign law even in prima facie, they do not recognise the aftereffects from that proposition of law. "and for this reason, the terms of Lord Mansfield's proposition have been criticised. But in its narrower interpretation, it has not been challenged except in the three cases mentioned earlier in this opinion, and in them, it was unequivocally affirmed."

VI. CASES REFERRED TO EXPLAIN THE RULE'S APPLICABILITY FURTHER

1. ***King of the Hellenes v Brostron***[26]: The British Courts ascertained that It is self-evident that a foreign government cannot go to the UK, and the courts in other countries would not permit the British government to do so to prosecute a citizen found in that jurisdiction for taxes imposed and for which he has been held responsible in his home nation.

2. ***In re Visser, Queen of Holland v Drukker***[27]: House of Lords was of the view that there is a well-established law, which has been followed for at least 200 years or so, that these courts may not raise taxation on behalf of international sovereigns; and this is one of the acts that these courts will not entertain.

[26] *King of the Hellenes V Brostron*, (1923) 16 Ll L Rep 190, 193:
[27] *In re Visser, Queen of Holland v Drukker* [1928] Ch. 877, 884

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3. ***Revenue & Customs and Another v Ben Nevis (Holdings) Ltd and Others***[28]: The complainant wanted to enter into an agreement with South Africa to recover significant tax arrears. The revenue stated that it possessed the authority due to South Africa's double taxation treaty. The company stated that The complainant wanted to arrange for the collection of significant tax arrears owed to South Africa. The revenue stated that it possessed the authority as a result of South Africa's double taxation treaty. The company responded that the liabilities existed years before the Convention was incorporated into the Regulations and were not recoverable under it.[29]

4. ***Sydney municipal council v bull***[30]: An action of the Australian state NSW Legislature allowed the Municipal Council of the city of Sydney to carry out improvements in a certain street within that city and placed the responsibility on the owners of land located within the development area to contribute to the cost of the improvements. For the intention of imposing payment of donations, the council was authorised to distrain the goods of the owners obligated to donate and, in addition to the solution through hardship, to recover the sums due and payable by intervention.

Since it was unable to recover the sum of donation owed from an owner of property within the improvement region by hardship, the council brought an action in this country to recover the amount: —

Because the prosecution would not be admissible in this country, the court ruled that it would not be heard here.

- Reason being the obligation was imposed solely for the domestic interests of the foreign State, the effort to impose it was equal to an accomplishment to recuperate a debt or a tax;
- Reason being the deed included real estate situated in another nation[31]

5. ***Peter Buchanan Ld. And Macharg v. Mcvey.***[32]: Peter Buchanan Ltd. was incorporated on October 30, 1930, as a private business with a registered office in Scotland and a share capital of £100 each. The primary goal was to take on the business of wine and liquor sales agents. Though Henry Simpson & Co. and McVey L. is owned by two different

[28] *Revenue and Customs and Another v Ben Nevis (Holdings) Ltd and Other*, [2013] EWCA Civ 578

[29] swarb.co.uk, *QRS 1 APS and others v Frandsen: CA 21 May 1999, available at:* https://swarb.co.uk/qrs-1-aps-and-others-v-frandsen-ca-21-may-1999/ (last visited on April 15, 2021)

[30] *Sydney municipal council v bull*, [1900] 1 K.B. 7

[31] King's Bench Division, *Municipal Council of Sydney v. Bull,* available at: http://www.uniset.ca/other/cs6/19091KB7.html (last visited on April 15, 2021)

[32] *Peter Buchanan Ld. And Macharg V. Mcvey*, [1955] A.C. 516

stockholders, the defendant himself is not one of the original investors. Nevertheless, he purchased 96 of the 100 initial shares and became the majority owner on November 25, 1940. The rest was passed on September 22 to Miss Farquarson, who became the company's trustee and hence the owner of the whole remaining stock. Miss Farquarson was named as well as the sole shareholder too. In theory, she was independent, but in practice, she was beholden to the defendant because of financial reasons, and she was therefore completely at his beck and call.

VII. HOW DOES THE REVENUE RULE GET IMPORTANCE IN PRIVATE INTERNATIONAL LAW?

The House of Lords held that the request is dismissed with costs the court said clean by the foreign state for unpaid taxes was unenforceable. The concurring judgement stated that there existed complete concurrence with the opinion of Viscount Simonds. The reasons for such additional observations as made in the concurring judgement may be made to the opportunity presented with the court to access a decision given by Kings mill J. Moore On Twenty-First of July 1950, the case of ***Peter Buchanan Ltd v McVey*** heard in the High Court of Ireland.[33] Apart from being authoritative, the judgment also provided an in-depth understanding and insight with reverence to the issue involved. The court also noted that the same had somehow escaped the notice of the reporters. The judgement relied on by the court covered in its entirety the points raised in the instant appeal. Moreover, the Irish Court affirmed the same on December 19, 1951. The judgment represents two conspicuous recommendations. The principal representation exemplifies the chance of the presence of conditions wherein the courts will have reference and respect to the income laws of another country. The following outline was that despite the nature, extension and attributes of the conditions being referred to, the courts wouldn't, straightforwardly or in a roundabout way, authorise the income laws of another country. [34]

From the side of the offended parties was an organisation enlisted in Scotland which, the Revenue Authorities of Scotland had placed into an intentional liquidation by the excellence of an obligatory wrapping up request. The equivalent was influenced regarding a huge case for abundance benefits duty and personal expense. The outlet was a chosen one of the income. The respondent owned one pound parts of the organisation's money, with the remainder kept by a

[33] *Peter Buchanan Ltd v McVey*, [1954] I.R. 89, 98–100

[34] Infoplease, International Law: Evaluation of International Law, available at: https://www.infoplease.com/encyclopedia/social-science/law/international/international-law/evolution-of-international-law (last visited on April 25, 2021)

shadowy clerk and accountant acting as trustee for him. These two sole owners also served as the organisation's leaders. The respondent knew how the whole finances of the corporation in his capability as a leader and taking served significantly the entire responsibility of the organisation, rather than that because of the revenue, through an array of gadgets ensured that there was an exchange of balance to his record and surprisingly with an Irish bank and evacuated to Ireland. The operation was, in reality, an activity to improve the respondent's equilibrium at the event of the event organised by the outlet.

VIII. THE CLASSIC CASE OF PETER BUCHNAN

The court in the moment case resolved that the exchange was characteristically untrustworthy and was intended to crush the case of the income in Scotland as a lender. In addition, it was held by the Hon'ble court that, albeit the activity was in structure an activity by the organisation to recuperate these resources, it was as a general rule an endeavour to by implication guarantee an assessment by the income specialists of another State. The activity was, likewise, excused.[35] A possible explanation for the standard's application may be that establishing an argument for charges is simply an addition of the imperial authority that compelled the assessments and that a claim of sovereign authority by one State within the jurisdiction of alternative is (settlement or demonstration separated) one that will result in the rejection of all notions of free sways. Duty assortment should be possible by one state through the courts of another. The motivation behind why this position would not have been adequate is that "it would have emerged through what is portrayed, ambiguously maybe, as comity or the overall act of countries bury se."

IX. FUNDAMENTAL PRINCIPLE ENSHRINED IN THE GOVT OF INDIA VS TAYLOR

1. The argument was rejected because English courts are not limited in their ability to review an action to protect a foreign state's penal revenue and other public legislation based on an act of state.
2. The same has been qualified by the subsequent authority that has diluted the authority laid down by the case.
3. The debates about India's better governance revolved around very few injections and were characterised as weak tools to attack a solid emphasis. It was also observed that the general common law head tacitly approved the same.

[35] Swarb online blog, *Government of India v Taylor: HL 1955*, uploaded on: https://swarb.co.uk/government-of-india-v-taylor-hl-1955/ (last visited on April 15, 2021)

X. CASE COMMENT EPITOMISING THE CONCEPTUAL IMPLICATIONS

According to a quintet of lords who had been tasked with delivering the judgement and deciding upon the case, it was a unanimous opinion that the claim must not succeed. The lead judgment was given by Justice Viscount Simonides, who commenced his speech by emphasising that he admitted that he was amazed to know that English courts are willing to even consider the suit by a foreign state for repossession of taxes. A general provision was summarised by him at common-law with the help of citation of the plethora of judgements in point, including but not limited to a landmark case like the ***King of Hellenes vs Broston***.[36] After discussing the general rule, the judges discussed the two alternatives that could be relied upon by the solicitor for India who advocated for relaxation and special treatment in the present case for India that firstly that India was a long time member of the Commonwealth, and although it recognised the Queen as the Commonwealth's head, it could not be considered in the manner any other foreign countries would be considered being already fully autonomous. Secondly, the laws applicable to individuals should not be confused with the laws meant for countries, and individual claims notwithstanding anything must ensure an application to a corporation in its closure where it must be held liable for its dues. The house of lords rejected both the arguments and described them as weapons used to outbreak a resilient four days. He acknowledged that the basic common law was approved by British Parliament and eventually dismissed all points. This judgement was a significant landmark for all the students of international law when they studied the revenue rule. Where an individual is bankrupt in one state but maintains properties in another, the creditors involve the first state's tax authorities. These points can be held in mind when ensuring that the debt trustee administrator or official liquidator has access to properties located in another nation to satisfy creditors' claims, including but not restricted to tax authorities. It is essential to remember that if the tax authority is the only borrower, the exemption does not apply, and the law applies as it does in general situations.[37]

The essential reason behind Private International law is, for the most part, that it is the law of countries. This implies that international law concepts have grown to be long-standing customs exclusively adhered to by particular nations. Private global law is otherwise called the struggle of laws and administers debates between people or states and people and not to states fundamentally. The previously-mentioned judgment reinforced the income rule of private

[36] *King of Hellenes vs Broston*, (1923) 16 Ll L Rep 190, 193

[37] swarb.co.uk, *Government of India v Taylor: HL 1955*, available at: https://swarb.co.uk/government-of-india-v-taylor-hl-1955/ (last visited on April 16, 2021)

worldwide law. Of the relative multitude of critical parts of private worldwide law, this standard is amazingly generally perceived as for the field of global tax collection, also called Third Rule likewise articulated by unpredictable and Maurice in their book the contention of laws. The income rule is perceived as in-laws of England. It embodies that there is an anticipation of income specialists of the state from the commencement of legitimate procedures to guarantee or authorise its Revenue either straightforwardly or by implication in an unfamiliar official courtroom. The case turned into the beginning stage of the standard, and the improvement made dependent on law and order position, which was embedded by this very case in any case. Advancement of business was the main role of this course. Another way to guarantee a good rivalry between the nations is by giving an instrument to the requirement of agreements, leading to infringement of unfamiliar clients.

Anyway, of the standard, the substance went through a groundbreaking change in the twentieth century and is currently taught with an application to purchase unfamiliar government cases of duty—furthermore, the public help from elevating business to free power. Different nations adhering to the custom-based law framework ordered different enactments to conform to the income rule. The point of these enactments was to guarantee that there was intermingling with the norms set somewhere near the worldwide law. A case in point can be that Great Britain instituted the Foreign Judgments (Reciprocal Enforcement) Act, 1933. The United States of America brought in the Uniform Foreign Money-Judgments Recognition (UFMJR) Act was received by Twenty Nine states of the US and Columbian district.[38] The case has provided a roadman for future deliberations regarding the subject and is a guiding light for the courts whenever cases regarding similar facts and circumstances arise. The revenue rule underwent a significant development by the aforementioned judgment. The courts now have an authoritative basis to rely upon whenever they face a dilemma concerning the correct and acceptable position of law.[39]

The basic trademark behind both the enactments was that they allowed the option to perceive unfamiliar decisions, which asserts that income and punitive are not enforceable. Moreover, it is relevant to attract a reference to the Brussels Convention, which accommodates the acknowledgement and implementation of decisions inside the European Union. It is restricted to "common and business matters" and doesn't convey a degree adequately wide to incorporate

[38] Lakshmikumaran & Sridharan Attorneys - Revenue Rule and International Taxation, available at, https://www.lakshmisri.com/insights/articles/the-revenue-rule-international-taxation (last visited on April 28, 2021)

[39] Journal of Money Laundering Control, **Toby** Graham, *Is Government of India v Taylor really dead?, ISSN: 1368-5201,* February 1, 2000, available at:https://www.emerald.com/insight/content/doi/10.1108/eb027256/full/html (last visited on April 18, 2021)

revenue instances. The use of the income rule was likewise done by the Second Circuit Court of Appeals of the United States for situation Attorney ***General of Canada v. R.J.Reynolds Tobacco Co.***[40]

Three lawsuits included appeals for lost agreements and assessments by the Canadian government, the European Community, and the fifteen neighbouring section nations. The US court dismissed the new government's case on three occasions because it included the aggregation of obligations, which negated the pay provision. For the circumstance ***QRS 1 Aps v. Frandsen***[41]**,** the Court of Appeal in England excused the instances of Danish obligation subject matter experts and kept up the pay rule. The appellants were both Danish associations that had been liquidated for wealth stripping in violation of Danish law.[42] The defendant was a tenant in the UK and had guaranteed them.[43] Danish duty specialists issued charge requests, and sellers sought an almost equal total of damages against the respondent. Public courts in countries of customary law have refused to consider or enforce new legislation on the grounds that they are public laws. Public legislation combines remedial and penal rules. The thinking behind this is that the public laws are presented too far and can't be approved outside the zone.[44]

XI. MODERN WORLD TAKE ON REVENUE RULES AND RELEVANT NEW CONVENTIONS*

It could be said that the presence of the income rule in the underlying phase of worldwide tax assessment added to the improvement of source and inhabitant based tax collection. In this idea, the seed and very soul of global tax assessment lies. With the recent developments in the regime of worldwide taxation and collection, things have changed significantly; for example, the coming up of European Union (EU) Council Directive 2011/16/EC[45] was the need of the hour as countries in today's Globalized era would need mutual assistance and co-operation in the field taxation as The migration of taxpayers, the volume of cross-border trades, and the internationalisation of financial products have all increased dramatically, making it more complicated for countries to calculate tax liabilities better. This growing complexity impairs

[40] *General of Canada v. R.J.Reynolds Tobacco Co* 268 F.3d 103 (2d Cir. 2001)
[41] *QRS 1 Aps v. Frandsen* [1999] 1 WLR 2169
[42] Lakshmikumaran & Sridharan Attorneys - Revenue Rule and International Taxation, available at, https://www.lakshmisri.com/insights/articles/the-revenue-rule-international-taxation (last visited on April 28, 2021)
[43] Case Text, *Attorney General of Canada v. R.J. Reynolds*, available at: https://casetext.com/case/attorney-general-of-canada-v-rj-reynolds (last visited on April, 18, 2021)
[44] Court of Appeal, *QRS 1 ApS AND OTHERS v. FRANDSEN*, available at: http://uniset.ca/other/cs6/19991WLR 2169.html (last visited on April 19, 2021)
[45] Official Journal of the European Union, available at, https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:064:0001:0012:EN:PDF (last visited on April 30, 2021)

the operation of taxation schemes and results in double taxation, which encourages tax fraud and evasion, as regulation powers remain at the national level. As a result, it jeopardises the domestic market's operation. As a result, a Nation alone cannot handle its internal taxation system, particularly in direct taxation, without the assistance of other Countries. To mitigate the negative consequences of this phenomenon, it is critical to establish new administrative collaboration between the tax administrations of different countries. There is a need for instruments that foster confidence between nations by establishing uniform laws, commitments, and privileges for all nations globally. As a result, an entirely different strategy can be taken to create a new text that empowers Nations to collaborate effectively at the international level to mitigate the detrimental impact of ever-increasing globalisation on the domestic economy. Also, Tax Information Exchange Agreements (TIEAs), a type of tax treaty that allows countries to share details necessary for administering and enforcing their domestic tax laws, are modern trends as India recently signed TIEA with the Marshall Islands. The primary objective of this arrangement is to foster foreign collaboration in tax matters through the exchange of tax details. TIEAs were pioneered by the OECD and were created by the Global Forum's Working Group on Effective Information Exchange to combat abusive tax practices. The arrangement allows sharing information between the two countries for tax purposes, including banking and ownership information. The TIEA is focused on universal principles for tax disclosure and knowledge exchange and allows information sharing upon request. Additionally, the arrangement allows for the delegation of delegates from one country to conduct tax examinations in other countries.[46] However, they are not legally binding and can be revoked by the terms of the agreements.

In addition to these, other Systems are being developed, including Foreign Account Tax Compliance Act (FATCA) which is a 2010 United States federal law that requires United States citizens, particularly those who live outside the United States, to provide annual information to the Financial Crimes Enforcement Network (FinCEN) on their non-US financial accounts (FINCEN). It aims to deter US taxpayers from evading taxation by using accounts kept outside the United States. It allows financial institutions in the United States to withhold a portion of payments rendered to international financial institutions (FFIs) that do not want to recognise and disclose details about US account holders. India and the United States of America concluded an Inter-Governmental Agreement to enforce the Foreign Account Tax Compliance Act (FATCA). The Inter-Governmental Agreement (IGA) with the United States of America

[46] Journals of India, available at, https://journalsofindia.com/tax-information-exchange-agreement-tiea/ (last accessed on April 30, 2021)

to implement FATCA became effective on August 31, 2015. Additionally, India's government has ratified the Multilateral Competent Authority Agreement (MCAA) for the Automatic Exchange of Information by the Popular Reporting Standard (CRS). FATCA facilitates foreign tax enforcement by establishing a global norm for the automated sharing of knowledge about US taxpayers. FATCA regulations impose an annual requirement on tax authorities to collect accurate account records on US taxpayers.[47] In addition to these, intergovernmental understanding (IGA) are also key essentials in the upcoming International Taxation regime.[48] All the above Recent trends are leading us to understand what the law used to be earlier and how it has changed over time. We studied from where the history of International law began and how the law saw a shift in this Century compared to the 20th Century. It gives us a clear idea of how the Revenue Principle for the modern-day world is different from what it used to be in earlier times and explains the fundamentals of law, that is, the Law changes with the Needs of the Society.

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[47] Investopedia blog, available at, https://www.investopedia.com/terms/f/foreign-account-tax-compliance-act-fatca.asp (last accessed on 30 April, 2021)
[48] OECD Council, *Article 26* available at: https://www.oecd.org/ctp/exchange-of-tax-information/120718_Article%2026-ENG_no%20cover%20(2).pdf (last visited on April 16, 2021)