



1. INTRODUCTION “Be not deceived with the first appearance of things, for show is not substance” – An ideology that finds application in all walks of life, including the tax world. The history of international taxation has witnessed the rise and fall of multiple innovative schemes and strategies that were devised primarily for tax avoidance. These strategies, although ingenious, were nothing but a façade created to conceal the true tenor of transactions. To combat such ‘tax avoidance schemes’ fashioned under the pretence of legal form, the tax doctrine of ‘substance over form’ as a judicial creation has been applied by judiciaries across the world. In such situations, taxation on the basis of economic reality or substance allows tax authorities to set aside transactions that the taxpayer has not actually carried out, consequently disregarding the legal characterization of the acts to focus on the economic result.