



# Recent issues in Transfer Pricing

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## Background

- ▶ Amit is a Partner in Tax practice of one of the Big4 consulting firm in Pune since July 2018. He has post qualification experience of about 19 years with a blend of experience in contemporary practice, industry for about 5 years and Big4 experience of about 14 years.
- ▶ Amit has been an active and regular contributor to the profession, by acting as a technical speaker at various forums and by contributing regularly to tax technical journals and publications.
- ▶ Amit is a Chartered Accountant and also holds a Master's degree in Commerce.

## Skills

- ▶ End-to-end assistance on all Transfer Pricing ('TP') aspects, such as TP compliances, assistance / representation in TP litigation, assistance in effective dispute resolution, assistance in Base Erosion and Profit Shifting ('BEPS') related compliances and advisory.

## Professional Experience

- ▶ Amit has been advising clients on setting up the compliant TP mechanisms, developing defence strategies for TP audits and managing the TP compliances [Three Tier Documentation, i.e. Country-by-Country-Reporting ('CbCR'), Master File and Local File – TP Study]
- ▶ He has represented a large number of clients before the Revenue Authorities during their Transfer Pricing audits and appeals before Dispute Resolution Panel ('DRP') / Commissioner of Income-tax Appeals ['CIT (A)'] and assisted in briefing the counsel for appeal before the Income Tax Appellate Tribunal ('ITAT') and High Court.
- ▶ He has been actively advising clients on Alternate Dispute Resolution mechanisms, such as Mutual Agreement Procedures ('MAP'), Advance Pricing Agreements ('APAs') and Safe Harbour Rules ('SHR').
- ▶ He has also served clients on the BEPS compliances and advisory.
- ▶ Amit has been serving various inbound and outbound clients from various industries such as engineering, automobile, software, etc.

## Select case studies

- ▶ Assisted in strategizing a complex Advance Pricing Agreement ('APA') for a large Indian subsidiary of a Swedish Group.
- ▶ Assisted a large Indian subsidiary of a US MNC in APAs for management service fees, exports, etc., which included bilateral site visits, etc.
- ▶ Strategized and completed the BEPS compliances under Country-by-Country-Reporting ('CbCR') and Master File for a large Indian MNC
- ▶ Global TP policy for a unicorn Indian start-up

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and MAP

# BEPS Action Plans

# Overview of the BEPS final report

## BEPS Action 8, 9 and 10

### Assure that transfer pricing outcomes are in line with value creation

#### Action 8: Intangibles

- Wider and clearer definition of “intangibles”
- Introduction of a six-step framework to analyse transfer pricing aspects of intangibles
- Legal ownership alone does not generate a right to the return generated by the exploitation of an intangible
- Focus on Development, Enhancement, Maintenance, Protection and Exploitation (DEMPE) functions
- Hard-to-Value Intangibles (HTVIs)
- Cost-Contribution Arrangements (CCAs)

#### Action 9: Risk and Capital

- Focus on conduct of parties and their capability and functionality to manage risks. Assumption of risk without ‘control’ over that risk is likely to be problematic
- Separate consideration regarding an appropriate return to any cash investment
- Introduction of a six step framework to analyse risks for transfer pricing purposes

#### Action 10: Other high-risk transactions

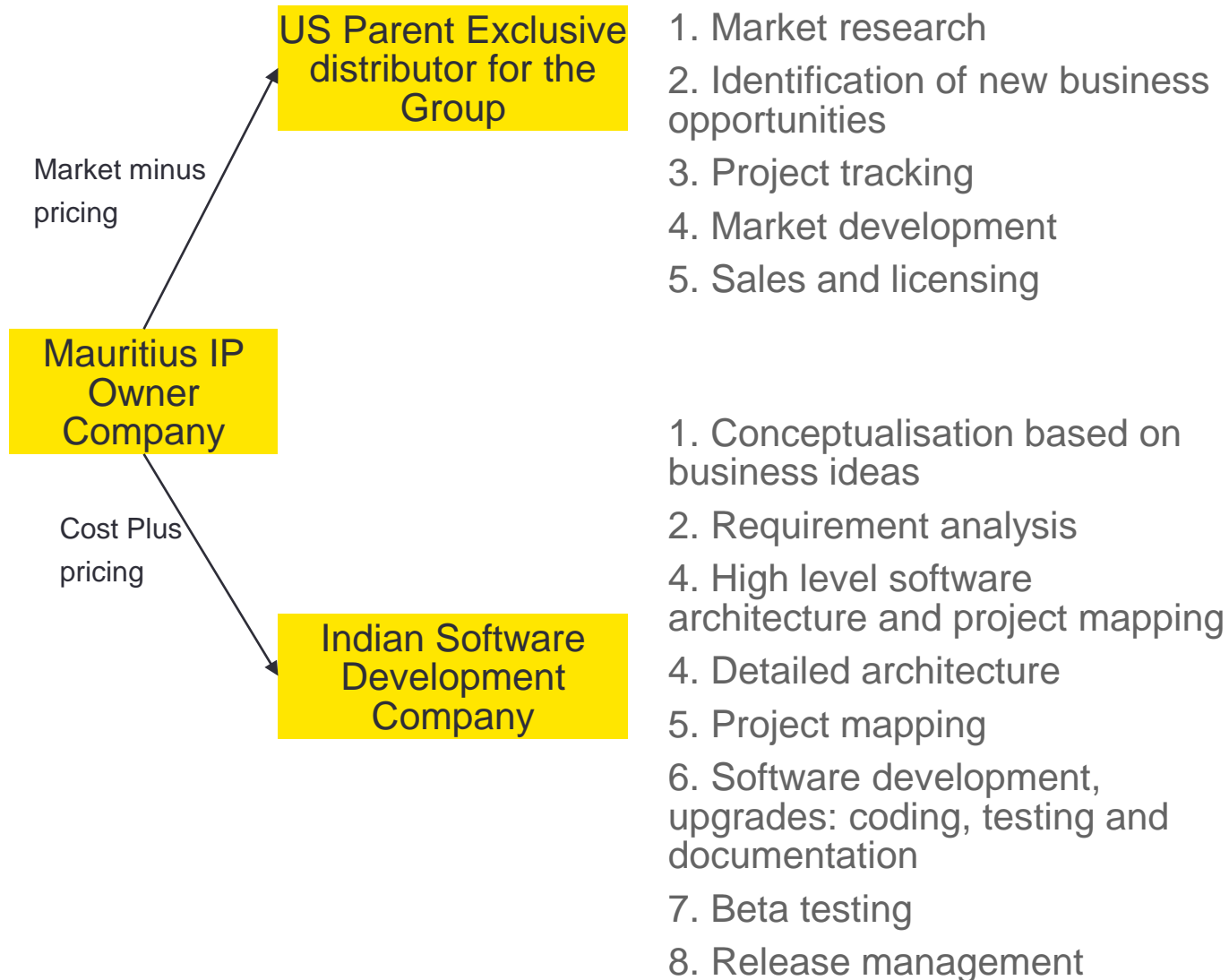
- Intra-group services / low value-add services
- Profit Splits Recognition of transactions
- Commodity transactions

# Post BEPS Action Plans - Points to be considered

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- ▶ **Revisiting of TP models and supply chain:** possible collapsing of entities from tax heaven
- ▶ Evaluation of models such as **CCA, Variable Royalty**, etc.
- ▶ Revisiting **marketing support structures** to either
  - ▶ **convert these to trading model** or
  - ▶ review the TP mechanism and **ensure arm's length reward to cover profit attributable** to Permanent Establishment, if any
- ▶ Review TP mechanisms where substance creation is happening in multiple jurisdictions and evaluate implementation of **Profit Split pricing mechanism**
- ▶ Evaluate impact of **Pillar I and II** on TP models
- ▶ More efforts to accurately delineate transactions pertaining to intangibles, given the guidance under Action Plan 8, such as **valuation of workforce, contractual rights, etc., especially during the M&A / restructuring deals**
- ▶ Increased emphasis on **Bilateral Advance Pricing Agreements ('APA')** and **Mutual Agreement Procedure ('MAP')** to achieve certainty on revised business models in light of guidance under Action Plans 8 to 10

# Case study



## Points to ponder

1. Does the Mauritian entity appear to be the “real” owner of the Intellectual Property (‘IP’) → lacks substance?
2. Should US be looked as the real owner of the IP?
3. Should India be looked at as the real owner of the IP?
4. Should US and India be the real co-owners of the IP?
5. How would the Indian authorities assess the arm’s length pricing for India’s software development activity?
6. How should the US tax authorities compute the arm’s length price for US’ activities?
7. How should the Mauritian entity be remunerated based on the answers to the above questions?

Is Profit Split more appropriate?



# Questions to ponder upon!



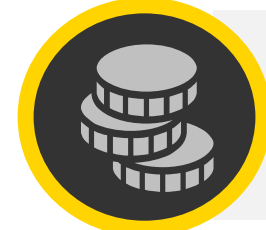
- Whether **conduct of business is aligned to the contractual agreement** between the parties?
- **Presence of architects/ product owners in India?**
- **Indian personnel involved in requirement analysis, architecture etc.**



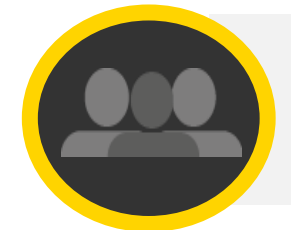
- Who owns the tangible and intangible property used by Indian entity in the overall development / management of intangibles?
- **Enhancement and future development of matured products assigned to Indian personnel as the product owner?**



- Whether entities participating in **overall development and management of intangible has the capacity and ability to bear and control the risk?**



- Funding of India operations: Own funds or through the Group entity – role of Group entity restricted to funding alone?



- Whether **Indian entity jointly supervises** the overall development activity or it works under the direct supervision of Group entity?



- **Does Indian entity play any role in overall decision-making process?**
- **Fungibility of Indian and overseas senior personnel: Inward & outward secondments**



- Whether **employees of the Indian entity are named as inventor/ co-inventor in the patent documents** filed by Group entity?
- **Indian personnel part of the IP/ Patent approval board** of the Group.



- Whether **compensation earned by Indian entity is commensurate with the functions performed, assets employed and risks borne in the overall value chain?**

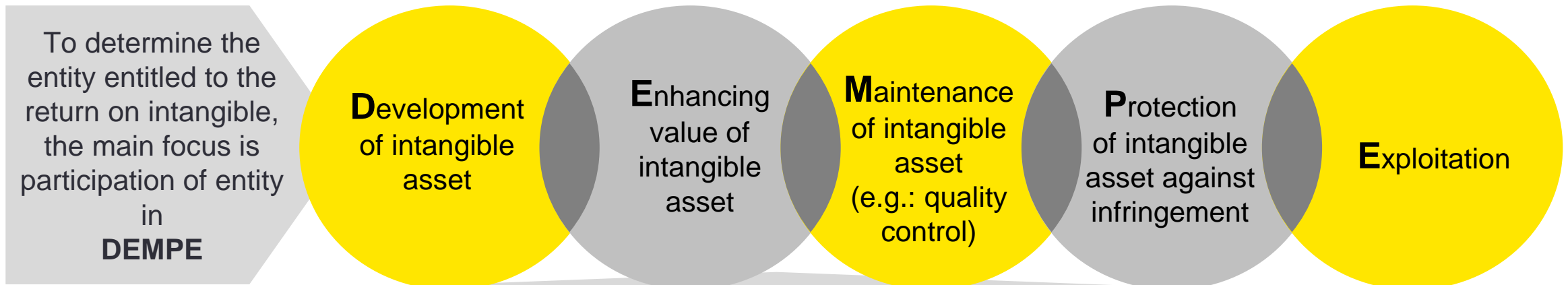
*\*Above questions are merely illustrative in nature and detailed fact specific analysis needs to be undertaken*



# Introduction to DEMPE

**Action Plan 8–10 of OECD’s BEPS project focuses on alignment of transfer pricing outcome with value creation**

Action Plan 8-10 has **moved away from concept of legal ownership** and has adopted an approach of looking at who is contributing to the value-chain for the development and management of intangibles (i.e. a clear focus on ‘substance’ for conducting transfer pricing analysis of Intangibles): **Recognition of economic ‘ownership’ concept!**



- ▶ Accurate delineation of the actual transaction is fundamental
- ▶ Providing funding for the development activity alone cannot warrant more than a risk-free financial return
- ▶ Requirement to directly perform or to control the performance of DEMPE functions and related risks
- ▶ Return retained by an entity in group depends on the contributions it makes through DEMPE functions to the anticipated value of intangible

# Indian perspective on DEMPE

Circular 6 of 2013: Service providers bearing insignificant risks: prescribed factors

Criteria	Foreign Principal ('FP')	Indian Service Provider ('ISP')
Functions	Most of the <b>economically significant functions including critical functions such as conceptualization and design of the product and providing strategic direction and framework</b>	ISP performs work assigned to it by FP
Assets	FP or its AEs provide funds / capital and other economically significant assets including intangibles for research or product development	ISP provided a remuneration for work carried out
Control and Supervision	<b>Direct supervision: not only capability to control, but actually controls / supervises research / product development through:</b> <ul style="list-style-type: none"> <li>• <b>strategic decisions to perform core functions,</b></li> <li>• <b>monitor activities on a regular basis</b></li> </ul>	ISP to work under direct supervision of foreign principal
Risks	Bearing of risks in fact and not just contractual bearing of risks (insistence on substance over form)	<ul style="list-style-type: none"> <li>• Does not assume economically significant risks, or</li> <li>• Has no economically significant realized risk</li> </ul>
Ownership	Both legal and economic ownership to vest with Foreign Principal	No ownership right with ISP (legal or economical) on outcome of research

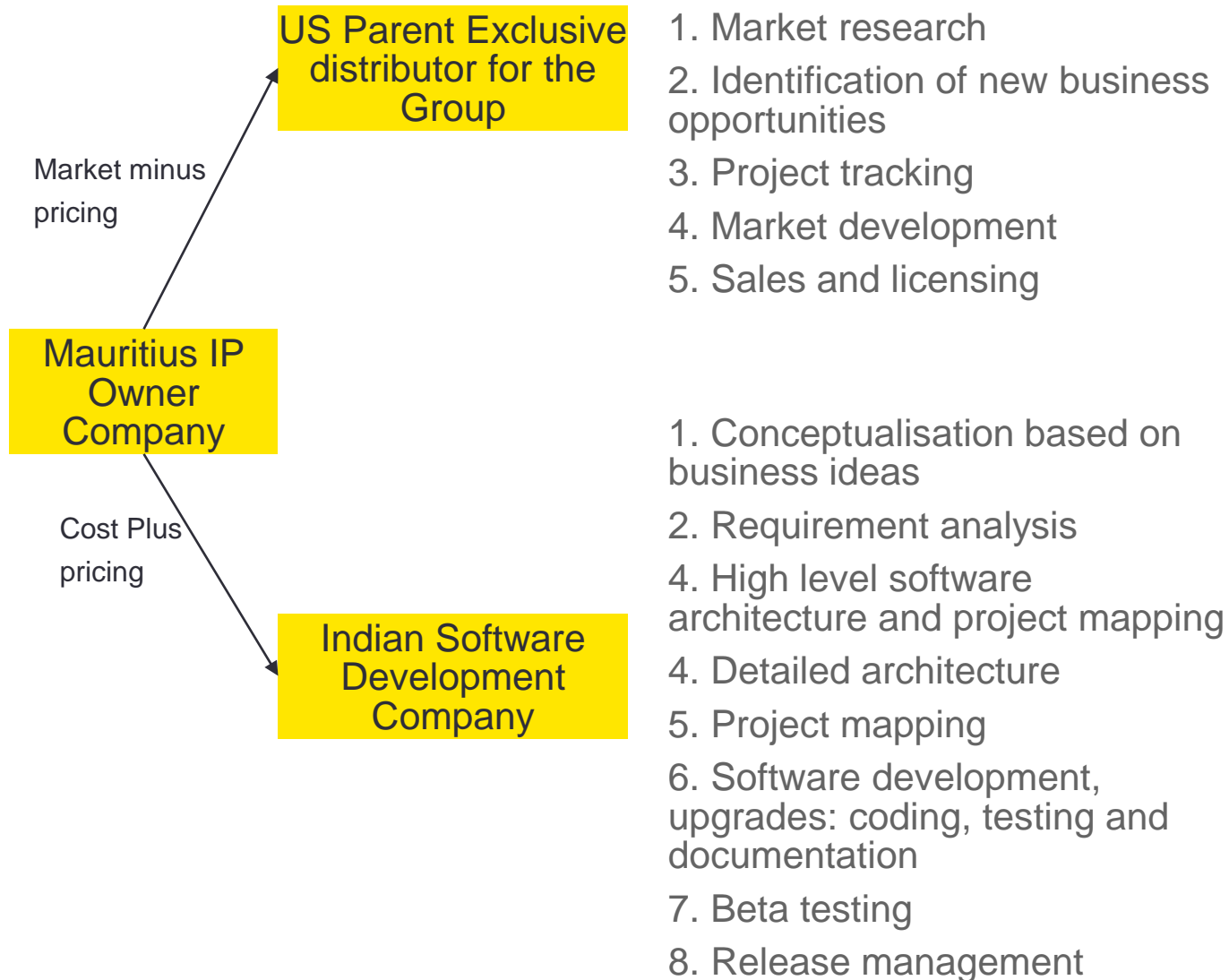
# 6 step framework for identifying commercial/ financial relations in context of intangibles

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- 1 Identify the intangibles and economically significant risks associated with the DEMPE of the intangibles
- 2 Identify the full contractual arrangements and determine legal ownership
- 3 Detailed functional analysis to identify the parties performing functions, using assets, and managing risks related to DEMPE
- 4 Confirm the consistency between the terms of the relevant contractual arrangements and the conduct of the parties
- 5 Delineate the actual controlled transactions related to the DEMPE of intangibles
- 6 Where possible, determine arm's length prices for these transactions consistent with each party's contributions

**Revised OECD Guidelines consider Profit Split Method ('PSM') and the Comparable Uncontrolled Price method ('CUP') to be most likely to be useful in matters involving transfers of intangibles**

# Case study



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Is Profit Split more appropriate?

# DEMPE - Key points for consideration

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- ▶ Hon'ble Mumbai Tribunal in case of **L'Oreal India Pvt Ltd [TS-829-ITAT-2019(Mum)-TP]** has referred to the DEMPE framework, while evaluating the important issue of marketing intangibles by significant incurrence of the AMP expenses.
- ▶ In case Indian taxpayer is one of the contributor to group's intangibles, Indian Revenue Authorities ('IRA') could deep dive to validate the characterization of Indian taxpayer in the local TP documentation vis-à-vis MF and also whether the Indian taxpayer is earning commensurate return in line with its level of contribution in the overall value chain
  - ▶ This could lead to use of PSM as the most appropriate method.
- ▶ Parity between conduct of parties and functions performed by them is important, as there would be much more thrust by the IRA as well as the Appellate Authorities on the DEMPE framework, while adjudicating the arm's length nature of international transactions involving intangibles.
  - ▶ Adequate information would be available with the IRA through Master File and CbCR (if applicable)

# DEMPE – Global Developments

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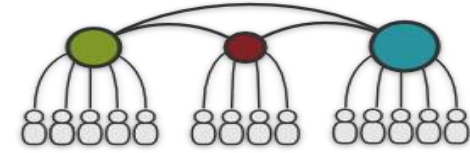
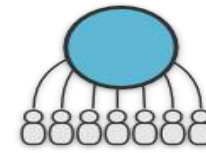
## China – DEMPE'P'

- ▶ Going forward from the DEMPE approach under BEPS, China has introduced DEMPEP approach i.e. Development, Enhancement, Maintenance, Exploitation, Protection and **Promotion**.
- ▶ Accordingly, while determining the level of contribution of an enterprise and its related parties to intangible assets, and the consequential economic benefits, that should be enjoyed by each entity, in addition to the DEMPE analysis under BEPS, due consideration needs to be given to the function of **Promotion** also i.e. reward for marketing intangibles.

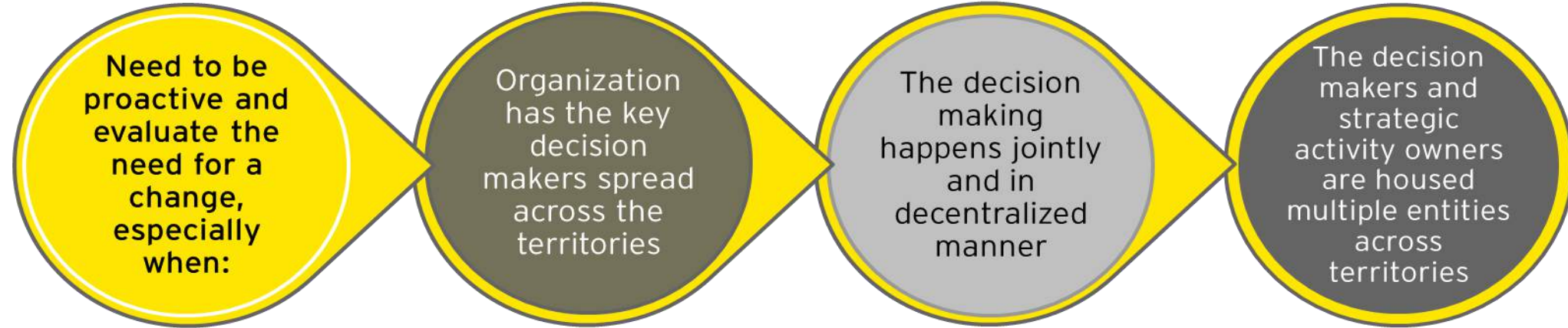
## FAR to FARM (Functions, Assets, Risks and Market)

- ▶ FAR analysis is the standard process of understanding and analysing the functions performed, assets owned and risks undertaken by the (related) parties involved in a transaction. In transfer pricing, the profit attribution for routine and non-routine functions are essentially determined by FAR analysis
- ▶ Tax authorities of developing countries have raised a concern in international forums (such as the OECD) that FAR based attribution does not adequately compensate the local entity with regard to contribution of market – especially in case of digital economy
- ▶ **OECD's Pillar 1 Pillar proposed to provide taxing rights to market jurisdictions** on part of the residual profits earned by qualifying MNE Groups – corroborating the fact that the steps have already been taken to tax profits based on market nexus approach

# Triggers for CCA



BEPS Action Plans on Transfer Pricing focuses on 'substance over form' for conducting analysis of intangibles



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- Changing business dynamics: more decentralized decision making
- Pockets of excellence and geographically scattered talent
- Guidance by OECD aligning TP outcomes with the value creation
- Shift of focus to substance: DEMPE is the new norm: aligned to Circular 6 by CBDT
- More insights will be available to the tax authorities through Master File, CbCR and exchange of information route under treaties
- Emphasis by the OECD on the use of Profit Split Method echoed by the Indian Competent Authority at various forums



# Action Plan 9: Key Principles: Risk ...

One can't bear a risk which one can't control

Substance over form is a cardinal principle in TP analysis

Transaction lacking commercial rationality are authorized to be disregarded

Artificial allocation of risk should be tested based on conduct of parties

For an enterprise to actually bear the risk → There should be ability to control the risk and financial capability to bear the outcome of the risk!

Contractual allocation of risk should be backed by economic reality

## Risk Management steps

Capability of decision making and technical ability

Capability to decide whether and how to respond to a risk, backed by functionality

Risk management / mitigation

Capital funding without functionality should not get reward more than risk free returns

**Can be outsourced!**

## ... Action Plan 9: Key Principles: Risk

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Controlling Risk



- Actual performance of risk mitigation functions: these can be outsourced
- Does not mean risk itself can always be influenced (e.g., general business risk cannot generally be controlled)

Controlling Risk



- Capability + Functional performance (strategic) → policy setting itself can be decision making
- Risk Controlling Functions ('RCF') is the new norm!

Risk management



Assumption of risk

# BEPS Action 13 – Three-tiered approach

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## Master File

High level information about the MNE's business, TP policies and agreements with tax authorities in a single document available to all tax authorities where the MNE has operations.

## Local File

Detailed information about the local business including related party payments and receipts for products, services, royalties, interest, etc.

## CbCR

High level information about the jurisdictional allocation of revenues, profits, taxes, employees and assets be shared with all tax authorities where MNE has operations

## Objectives

- ▶ Provide tax administration information to conduct informed TP risk assessment
- ▶ Ensure that taxpayers give appropriate consideration to TP requirements
- ▶ Provide tax administration with adequate information to conduct a thorough TP audit

# Introduction of CbC and Master file reporting in India

- ▶ The Finance Act, 2016 amended the Income-tax Act, 1961 to introduce provisions for additional TP documentation and Country by Country (CbC) reporting to implement the recommendations of the OECD BEPS report on Action 13
- ▶ FY 2016-17 (i.e. AY 2017-18) was the first year wherein Masterfile and CbCR compliances were applicable in India

## Filing threshold for Masterfile

For Part B of Form 3CEAA, Annual consolidated revenue of the international group in the financial year exceeds INR 500 crores; **and**

the aggregate value of international transactions

- a) during the FY, as per the financial statements (FS), exceeds INR 50 crores; or
- b) in respect of purchase, sale, transfer, lease or use of intangible property during the reporting year, as per the FS, exceeds INR 10 crores

## Filing threshold for CbCR

Annual consolidated revenue of the international group in the preceding previous year exceeds INR 6,400 crores i.e. to check applicability for current year, annual consolidated revenue of previous year needs to be checked

- ▶ Further, there are **stringent penalties for non-compliance** of the CbCR and MF related provisions

## Pre-BEPS Scenario:

- No access to global financial data, TP Policies, jurisdictional profitability, etc. of the Group
- Audits conducted based on one sided data provided by Indian tax payers

## Post-BEPS Scenario - Three-tier framework:

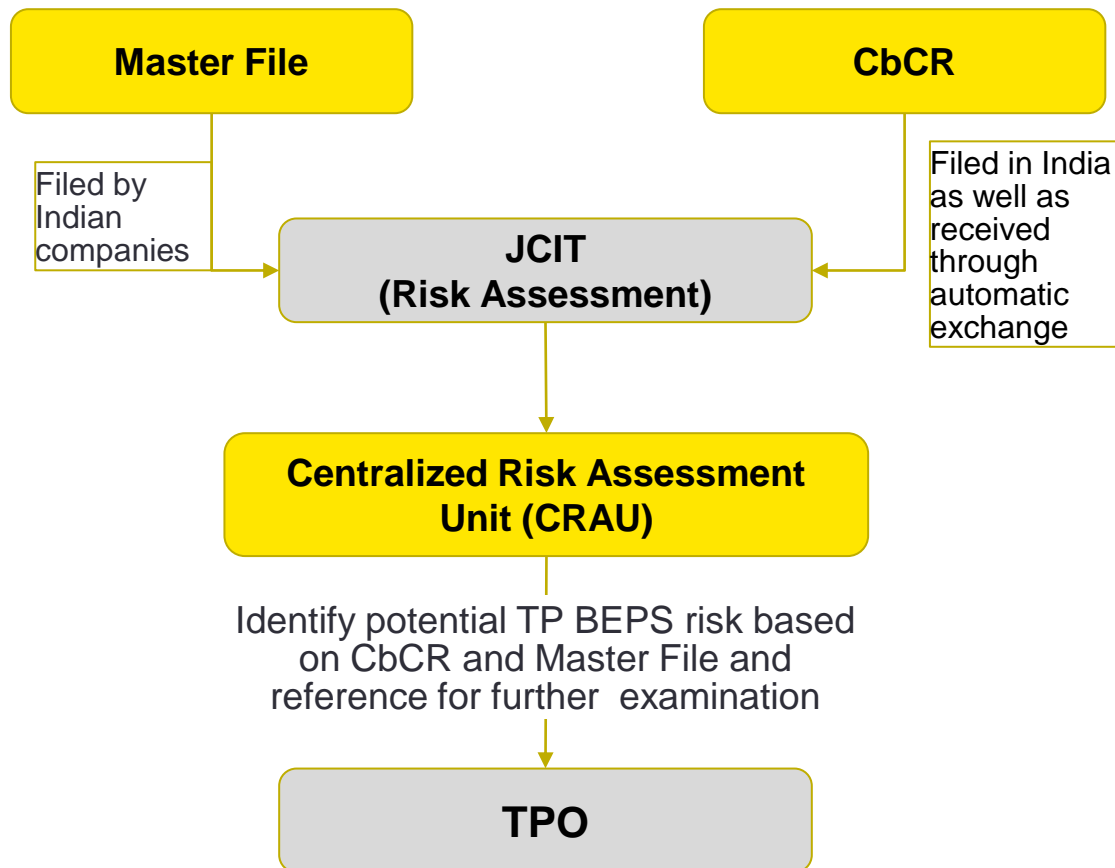
Plethora of information available about the group under automatic exchange of information and domestic law route:

- **CbC Reports:** High-level quantitative information of jurisdictional allocation of profits, revenues, employees and assets
- **Master File:** High-level qualitative information of MNE Business, TP Policies, tax authority agreements
- **Local File/ TP report:** Detailed information about Local business, including related-party payments and receipts for products, services, royalties, interest, etc.

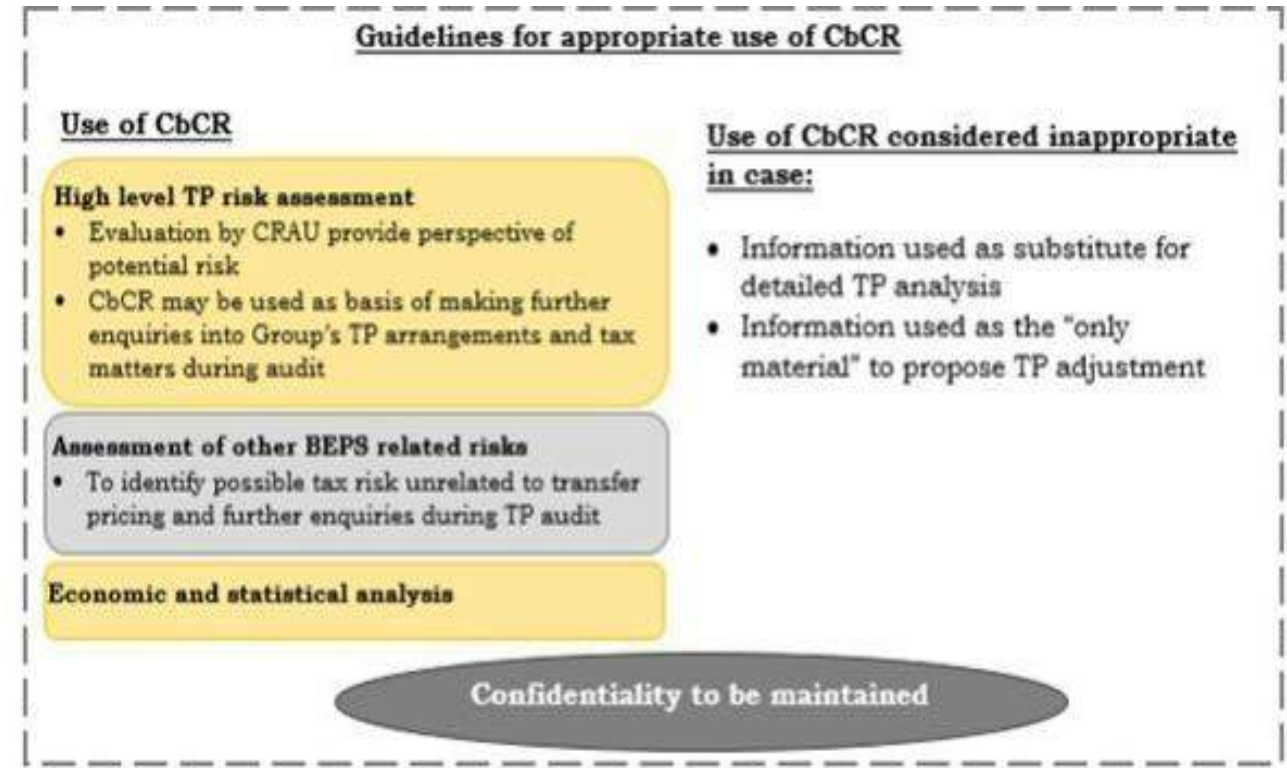
## What does this mean?

- Will lead to deeper scrutiny based on identified BEPS risk through the review of CbCR and Master File

# Use of information by tax authorities and way forward



- ▶ CBDT, vide Instruction No. 2 of 2018, has provided directions on appropriate use of CbCR



While extensive information would be available with IRA, CbCR/ MF in itself cannot lead to TP adjustment. The same could be used as tools to ascertain/ assess presence of BEPS risk and provide inputs for a detailed TP audit

# Use of CbCR data by IRA

SN	Particulars	Possible assertions by IRA
1	Revenues per employee, PBT per employee and Total Revenues/ Tangible Assets → Comparison of jurisdictional revenues/ PBTs per employee ratios profits and/ or revenues per unit of tangible assets	▶ Low substantial activities in proportion to revenues/ profits could lead to a BEPS risk. Similarly, jurisdictions with significant activity but low levels of profits could also be flagged for further enquiry. Moreover, peer activity from other jurisdiction is an internal comparable/ reference point
2	Related Party Transactions (RPT)/ Revenues → To identify proportion of RPT revenues to total revenues	▶ In case of higher RPT/ Total revenue ratio, higher could be the possibility of BEPS risk (of course, subject to corroboration with other parameters)
3	Income Tax Accrued/ PBT (ETR) → To identify ETR per jurisdiction for comparison of Maximum Marginal Rate (MMR) for each jurisdiction	▶ To evaluate whether any profits have been parked in low tax jurisdictions

- ▶ Some examples of adverse ratios that could be subject to further enquiry:
- ▶ High third-party revenue but low PBT and low ETR (vis-à-vis MMR);
  - ▶ High third-party revenue, high PBT but low ETR (vis-à-vis MMR);
  - ▶ High related party revenue but low PBT;
  - ▶ High related party revenue, high PBT but low ETR (vis-à-vis MMR);
  - ▶ High tax accrued but low tax payments by way of use of Government schemes to defer tax outflow – possible consideration for BEPS risk assessment; and

Other BEPS risk considerations/ flags:

- ▶ Entity with no tax residence and Indian entity has significant RPT;
- ▶ Entity with dual tax residence and Indian entity has significant RPT;
- ▶ Low/ high profits with mostly mobile activities;
- ▶ Significant RPT with holding company with no substantial activities;

# Use of MF data by IRA

SN	Particulars	Possible assertions by IRA
1	Important service arrangements	<ul style="list-style-type: none"> <li>▶ Fees for these centralized services is one of the most controversial issue in Indian litigation landscape (being highly subjective).</li> <li>▶ Currently, IRA are asking generic questions like necessity of availing such services from the Group, tangible benefits received, evidence in support of receipt of services, allocation details, etc. Now, in view of additional details in CbCR and MF, IRA may come up with certain specific questions</li> </ul>
2	Business restructuring/ acquisitions, divestments	<ul style="list-style-type: none"> <li>▶ IRA may evaluate the same from the perspective of transfer of profit potential, intangibles, requirement for exit charge, etc. for the transactions having nexus in India</li> </ul>
3	Inter-company financial activities, Financial and tax positions of the Group	<ul style="list-style-type: none"> <li>▶ IRA could check availability of internal CUP basis availability of potential comparable loans within the borrower's or MNE Group's financing with independent lender</li> <li>▶ IRA may check whether the UAPA and other tax rulings involving transactions with Indian taxpayer and whether higher margins agreed in UAPA/ rulings in other jurisdictions vs lower margins in India for same/ similar activities</li> </ul>



# TP in boardroom

# TP in boardroom - Is the RPT problem REAL?

## Battle for good governance

- ▶ RPTs have been the pain point for some of the major controversies
- ▶ RPTs have also been the fulcrum point for some of the major scams happened in the recent times
- ▶ A recent promoter battle seen on the appropriateness and timely approval of RPTs in spite of an array of stringent laws and regulations governing both disclosure and approval of RPTs

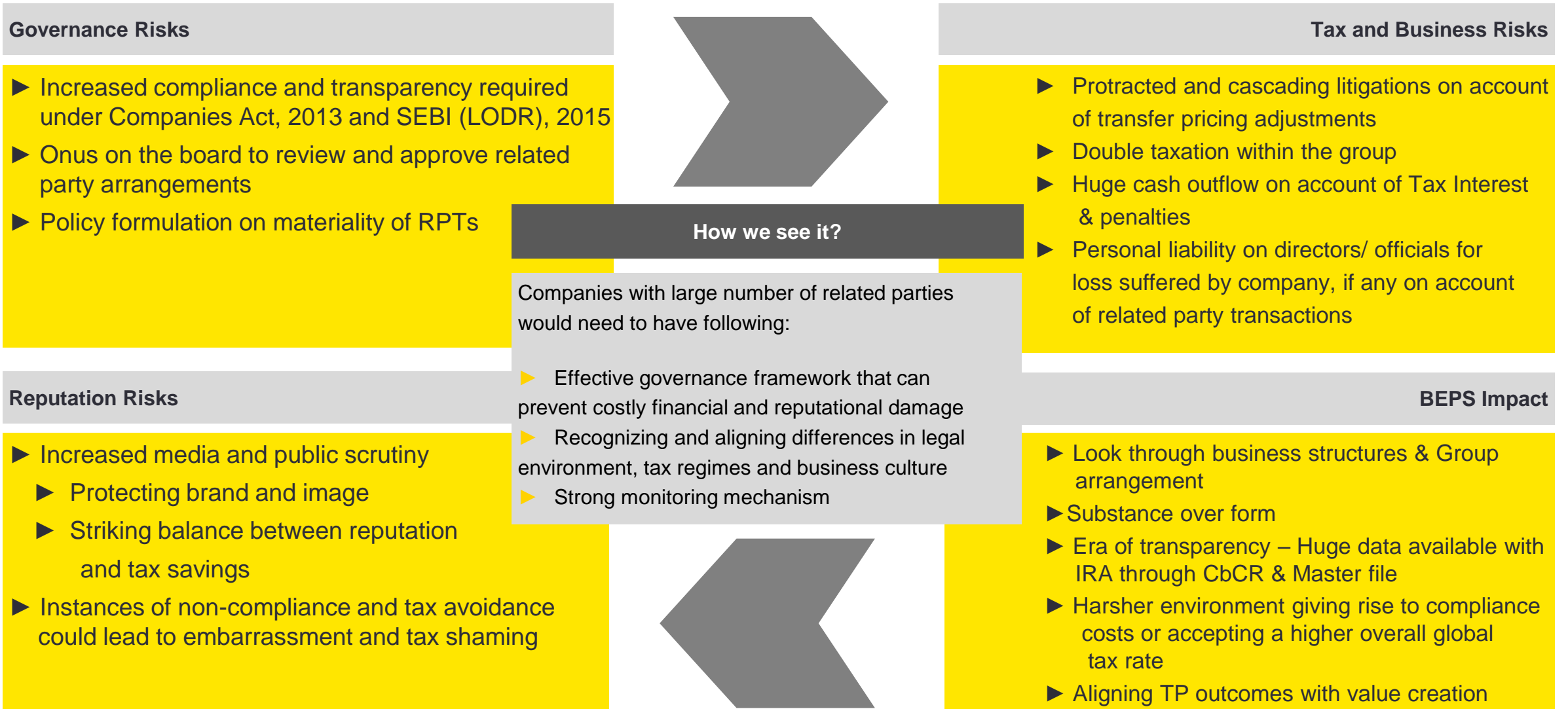
## What is going wrong?

- ▶ RPTs often find ways to slip through without board/ audit committee or shareholder approval as mandated by the law
- ▶ Lack of mechanism to identify RPTs undertaken in ordinary course of business vis-à-vis RPTs requiring detailed scrutiny
- ▶ Identification of related parties in a complex ownership web is a difficult task
  - ▶ Determination of arm's length nature in case of a complex transaction is often a challenging task for the board

## RISKS

- ▶ Massive media coverage and embarrassment
- ▶ Governance lapses and subsequent fall in stock prices
- ▶ Transactions voidable at board's/ shareholders' option
- ▶ Personal liability of director to indemnify in case of wrongdoings
- ▶ Director/ employee could face imprisonment (could extend upto an year) or penalty of upto INR 500,000

# TP in boardroom - What board needs to know?



**To Address the above, robust analysis and documentation needs to be maintained**

# Phasing out of IBOR

# Phasing out of IBOR

IBOR(Inter bank offered rate) transition will create lot of market disruption for market participants like Banks, FI's, Corporate treasuries and other market participants who have direct or indirect exposures to IBOR linked products. We have highlighted few challenges that Corporates will face with introduction of Alternative reference rates (ARR's)

## IBOR Transition Exposure at Risk

- The London Interbank Offered Rate (LIBOR) is the most broadly used interest rate benchmark in the world with an estimated open notional exposure of \$350-\$370 trillion across derivatives, bonds, loans and other instruments.
- Financial Conduct Authority ('FCA') announced the discontinuation of LIBOR from FY 2021 leading to a significant shift in the landscape for financial institutions and corporates across the globe
- With this approaching deadline, a cohesive and timeline driven strategy to undertake a successful and seamless transition from IBOR to a risk-free rate ('RFR') benchmark will be one of the most important agenda for corporate CFOs in the coming days.
- *For India:* It is estimated that approx. \$1 Trillion worth of loan and derivative contracts will be impacted due to LIBOR transition. As per the Indian Banking Association ('IBA'), a working group has been formed and a consensus is being reached on the new benchmark rate

## Potential Alternative reference rate challenges

- RFRs are daily backward-looking secured or unsecured overnight rates versus LIBOR which is a forward-looking term rate with a range of maturities.
- There is no simple equivalency conversion (such as LIBOR = Secured Overnight Financing Rate + spread %)
- Forward looking term representations for the RFRs have yet to be published
- Firms must carefully factor tenor and other considerations in contract negotiations
- Operational impacts to accrual calculations and rate maintenance need to be resolved
- IT Infrastructure needs to be well prepared before the transition to capture new RFR's

Following Instruments are likely to be impacted 

Loans 

Deposits 

Derivatives 

Bonds 

Cash Pooling structures 

Investments 

# Transfer Pricing Impact on Transitioning to ARR's

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- ▶ Impact analysis is an immediate need for Inter company financial borrowings in foreign currency
- ▶ Secured rates vs unsecured ARR's
- ▶ Due consideration required for the tenor on adoption of ARR's
- ▶ Possible impact on Inter company Guarantee fee
- ▶ Impact on Group TP policy: Lack of harmonization in transition timing to alternate reference rates
- ▶ Challenges in cross-currency swap / hedging contract: Timing of publication of daily ARR's across countries may result in additional challenges
- ▶ Renegotiation of APA
- ▶ Impact on Interest limitation, pursuant to section 94B of the Act and Safe Harbour Rules

# Transfer Pricing Analysis in M&A deals



# Potential TP areas to look at during M&A Deals or internal restructuring

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- ▶ DEMPE evaluation is an important aspect in Tax Due Diligence exercise → substance derived from India could attract indirect transfer taxation
- ▶ IP holding company's remuneration/ profitability should be commensurate with its local substance and not merely ownership of IP
- ▶ IP valuation in light of high enterprise valuation vs business losses vs short life of old IPs
- ▶ Movement of key employees/ founders and evolution of IPs across countries need to be supported with commercial rationale
- ▶ Whether the proposed M&A activity could be regarded as “business restructuring” and hence warranting a compensation?
- ▶ Transfer pricing provisions may be applicable in peculiar scenarios like:
  - ▶ Deemed international transactions i.e. transaction with third party which is based on prior arrangement/ agreement of such third party with group company
  - ▶ Transaction between two resident related entities which is influenced by overseas AE (definition of transaction includes action in concert)

# Section 115BAB and Transfer Pricing

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- ▶ As per 115BAB read with Section 92BA mandates domestic TP applicability and empowers AO to disallow special tax rate on more than ordinary profits earned from business transacted with person(s) with close connection
  - ▶ Provided that the aggregate value of transactions is more than INR 20 crores (including other clauses as specified under section 92BA of the Act)
- ▶ However, it is important to note that even in case provision of section 92BA are not triggered, there is no restriction on the AO to suo moto verify the transactions with person(s) with close connection to test whether more than ordinary profits are earned by the entity claiming special tax rate under section 115BAB.
- ▶ In an existing Group, the management, IP and all key decision makers may be part of the existing Company and a manufacturing entity is set up to avail special tax rate under section 115BAB :
  - ▶ Issue from a TP perspective is whether there needs to be a charge for (answer is a “likely yes”) from the existing group companies:
    - ▶ Management Fees (key decision makers from the existing company)
    - ▶ Technology / brand royalty to be paid to the existing company

# Penalty implications on additional income resulting from APA and MAP

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- ▶ APA and MAP are the Alternate Dispute Resolution mechanisms (ADRs) available to the Taxpayers under the Act and Tax Treaty
- ▶ Additional income resulting from such ADRs is a result of negotiations between the Taxpayers and the CBDT (in case of Unilateral APA) / Competent Authorities (in case of Bilateral/ Multilateral APA and MAP)
- ▶ Indian Tax Authorities are perceiving the additional income resulting from APA/ MAP as 'TP adjustment' and proposing to levy penalty under section 271(1)(c) (for AY 2016-17 and earlier years) / 270A (for AY 2017-18 and onwards) of the Act

## **Important points of consideration:**

- ▶ Can additional income resulting from APA be termed as 'TP adjustment' as a result of re-computation of ALP by the AO under section 92C(4) of the Act?
- ▶ Whether additional income resulting from MAP be considered as a result of negotiations between Competent Authorities or it is sustainment of partial TP adjustment from order passed under section 92CA(3) of the Act?
- ▶ Whether levy of penalty on additional income resulting from APA would defeat the very purpose of introduction of APA i.e. mutual negotiations between the parties and non-adversarial tax regime?

A satellite-style view of the Earth from space, showing the Middle East, North Africa, and parts of Europe and Asia. The word "Questions?" is overlaid in large white text across the center of the image.

Questions?

Thank you

