

Syniverse Mobile Solutions Private Ltd– ITAT - Hyderabad.

Outcome: In **favour** of taxpayer
Category: Segmental Results

The tax court upheld taxpayer's contentions that the segmental details taken in transfer pricing analysis cannot be rejected merely on the ground that they are unaudited.

Further, rejected TPO's view that unaudited information could not be taken as the base to compute the profitability of segments for TP analysis, as the same being unreliable.

Tax Court recommended that where allocation is fair and segmental could be adjusted, then TPO should make adjustments and do transfer pricing analysis on basis of adjusted segmental rather than rejecting entire segmental.

Videocon Industries Ltd – ITAT - Mumbai.

Outcome: In **favour** of taxpayer
Category: Corporate Guarantees

The tax court deleted the adjustment of Rs. 579 million made by TPO on account of three corporate guarantees given by taxpayer to AE.

Further, upheld taxpayer's view placing reliance on Bharati Airtel's case which established the fact that, corporate guarantee issued to its AE, did not involve any cost which had significant bearing on profit/loss or assets of AE and stated that corporate guarantees do not fall within the ambit of international transaction as defined u/s 92B.

Aithent Technologies Pvt Ltd – ITAT – Delhi

Outcome: In **favour** of taxpayer
Category: Identifying AE

The tax court held that though taxpayer had inadvertently clubbed financial results of Head Office with those of branch and offered aggregate income for tax purpose, transaction between HO and its branch was not international transactions u/s 92 of Income-tax

Act, 1961 since branch was not considered as separate legal entity.

Thereby on above footing deleted adjustment made by TPO. **Further reference was placed on sec 92B, which clearly states that the prerequisite requirement was to have two or more separate AE's.**

Recent News:

CBDT notifies Domestic TP safe harbour for Govt. electricity companies:

CBDT announces first Safe Harbour for domestic transfer pricing transactions, applicable only to government electricity companies for SDT involving supply, transmission and wheeling of electricity. The eligible assessee can exercise its option for safe harbour by applying in form 3CEB on or before the due date of filing return.

Union Budget 2015: Transfer Pricing regulations: Need aligning to global norms:

Since the last budget following steps were taken from tax perspective to restore investor's confidence.

- Decisions of government not to challenge High Court ruling in case of Vodafone share valuation
 - Announcement of APA roll back
 - Re-composition of Dispute Resolution Panel
- In upcoming budget Feb 2015, where new proposals & guidelines would be delivered, it is advantageous if brief overview or announcements are given for following three broad areas:
- Issuance of rules for APA rollback scheme
 - Clarification and guidance on matters that have been controversy. Eg. intangibles
 - Tax administration, Action Plans on Base Erosion and Profit Sharing

Deferring GAAR provisions by about two years to boost business sentiment:

The budget may throw some light on implementation or deferment of GAAR provisions.