

Manugraph India Limited-ITAT- Mumbai

Outcome: In favour of taxpayer

Category: Interest on loans and Corporate Guarantee fees

The Tax Court accepts a Libor + 2% as interest rate for loans provided to Associated Enterprise (AE). Tax Court deletes the adjustment computed by TPO @ 14.736% based on data collected under Section 133(6) from CRISIL.

Further, relying on taxpayer's earlier year's decision and Everest Kanto Cylinder (approved by High Court), justifies a levy of Corporate Guarantee fee of 0.5%.

GAP International Sourcing (India) Pvt Ltd –ITAT - Delhi

Outcome: In favour of taxpayer

Category: Sourcing Support Services

For activities of sourcing support services the Tax Court held that the taxpayer is entitled to a 'cost plus' form of remuneration and not a 'commission' based remuneration.

Relying on jurisdictional HC decision in the case of Li & Fung, accepts taxpayer's mark up on operational cost @ 15.36% and deletes INR 3.82 billion adjustment.

Recent News:

Organisation Co-operation and Development (OECD) unveils BEPS plan to curb tax evasions by MNC's

On 5 October, 2015; The OECD unveiled the final action plan for "a comprehensive, coherent and co-ordinated reform of the international tax rules called as Base Erosion and Profit Shifting". **All the countries must incorporate anti-abuse provisions in their treaties** said Pascal Saint-Amans, Director of the OECD's Centre who led BEPS Project.

Bombay High Court (HC) rules in favour of Vodafone in INR 85 billion transfer pricing case

Bombay HC rules in favour of Vodafone on the issue of call option and transfer of call centres involving Voda-Hutch 2007 deal.

India - Israel DTAA to include Limitation of Benefit (LOB) Clause and an updated Article for effective exchange of info

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi, approved the protocol amending the Convention and the Protocol between **India and Israel**, for avoidance of double taxation and for prevention of fiscal evasion with respect to taxes on income and on capital.

The Protocol provides for internationally accepted standards for effective exchange of information on tax matters including bank information and information without domestic tax interest. The Protocol further provides for '**Limitation of Benefits**' Article as an anti-abuse provision aimed at preventing misuse of the Convention.

Govt. signs 4 more Unilateral Advance Pricing Agreement (APA)

As per the sources, Out of 4 APA's signed, 1 is for logistic service provider and another for business service provider.

CBDT creates 2 additional DRP - benches in Mumbai, Bangalore for speedy case disposal

CBDT creates 2 additional DRP benches, **DRP-3 at Mumbai and DRP-2 at Bangalore** in order to address large pendency of cases. Accordingly, CBDT posts 6 officers (3 in Mumbai and 3 in Bangalore).