

## APA to be signed with Japan and U.K.

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### Category: News, Live Mint (21<sup>st</sup> April 2014)

- Indian tax authorities are likely to sign bi-lateral Advance Pricing Agreements ('APAs') with Multinational companies having transactions with Japan and UK
- The APAs will give certainty on the tax treatment in both the countries, which will eliminate the risk of double taxes
- "We are in talks with a few countries. But it is a long process and involves negotiations with revenue authorities of the other countries," an Income-tax official said, requesting anonymity
- Although a move toward bi-lateral agreements is a sign of maturity of the Indian tax department, it will have to ensure that similar agreements are signed with the US, South Korea and other European countries to benefit the majority of the multinational firms

## Adani Wilmer Limited- Gujarat High Court

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### Decision Outcome: In favour of Taxpayer

### Category: Use of Quotations as CUPs

- The question of law under consideration, as raised by the revenue was 'Whether the Hon. ITAT is correct in considering quotation of Malaysian oil price from the 'Oil World' which is an independent agency for providing forecasting services, for the purpose of ALP
- The taxpayer presented two set of prices, one set was supplied by Malaysian Palm Oil Board ('MPOB') and the other was from 'Oil World', which is an organization based in Germany. The taxpayer adopted average of the two prices and claimed the benefit of +/-5% variation
- The TPO totally disregarded the rates used by 'Oil World' giving reason that MPOB is a Government Agency and the 'Oil World' did not have any statutory authority and secondly German data has nothing to do with Malaysian data
- The CIT (Appeals) and the Income- tax Tribunal agreed to the contentions of the taxpayer and held in favour of the taxpayer
- The Hon. High Court held that though the price quotation of MPOB has due respect and weightage, the same does not make other quotations less important. After a due analysis on the reliability of data by CIT (Appeals ) and the ITAT, the authenticity of the data of 'Oil World' cannot be questioned and hence the same needs to be accepted as a means to determine comparable
- The case was dismissed in favour of the taxpayer