

## CBDT Signs 5 APAs

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### Category: News

- As a step to restore certainty in the tax regime in India, the Indian Government has signed 5 Advance Pricing Agreements (APAs) with MNCs operating in different industry sectors
- Signing the agreements on the last day of the financial year, CBDT has kept its word by executing the agreements in Financial Year 2013-14
- The agreements cover a period of 5 years and specifies Arm's Length Price for the international transactions entered in to by 5 tax payers
- The transactions include interest payments, corporate guarantee, investments advisory services and contract manufacturing in different industry sectors like Pharmaceuticals, Telecom and Financial Services
- The first set of agreements are concluded in about a year which is a proactive sign of Government's conscious policy of non –adversarial tax regime

## I-Flex Solutions Limited: Bombay High Court

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### Decision Outcome: In favour of the Taxpayer

### Category: Payment of commission

- High Court (HC) upheld Tribunal's order on payment of higher commission to the subsidiaries / Associated Enterprises
- HC observed that the subsidiaries performed additional activities relating to customization and hence, such an additional payment is justified
- One can conclude, that it is important to document and differentiate the activities undertaken by the taxpayer vis-à-vis the comparable companies. If a higher pay out needs to be made in relation to the function undertaken, the same needs to be justified with requisite documentation