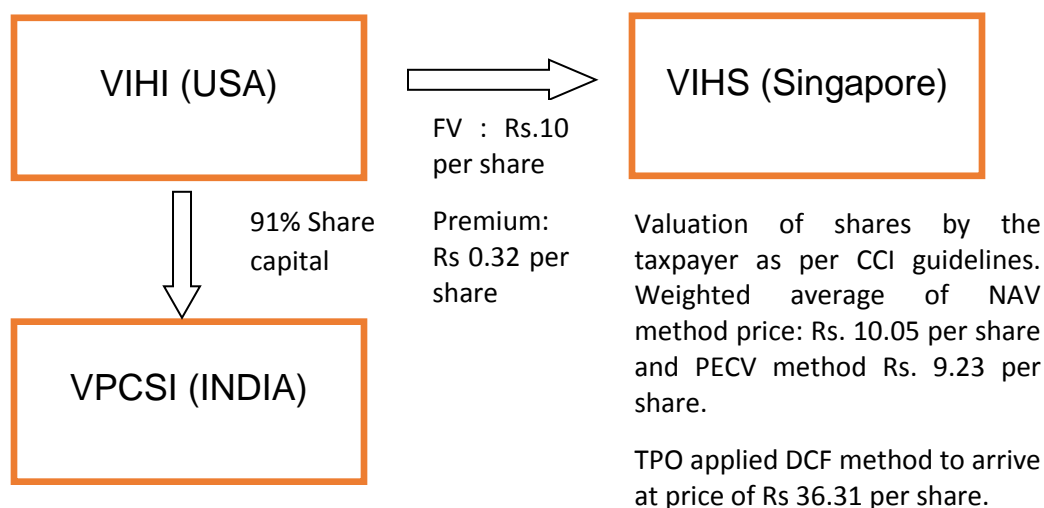


## VIHI, LLC – ITAT - Chennai

**Decision Outcome: Against the taxpayer**

**Category: Transfer of shares of Indian company**



### Summary of decision:

- Discounted Cash Flow method is the most appropriate method to compute value of shares
- For the subsequent year, the tax payer and the tax office have accepted DCF method
- Tax payer provided with an opportunity to present the computation under DCF method
- The case is remanded back to the TPO

### TransPrice Comments:

All capital account transactions also eligible to be tested under transfer pricing (clarification under the revised definition of international transactions)

Although tax officer prefers DCF method, no guidance in the tax law on the method to be used

When the taxpayer has already maintained documentation under different method, the authorities should provide a detailed analysis as to why the same need not be accepted

Consistency as a principle cannot be the only evidence

# Circular on applicability of Section 144C

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## **Circular Reference: Circular No. 09/ 2013**

The earlier circular which was explained in the provisions of the Finance Act, 2009 stated that provisions of Section 144C (regarding passing of draft order and reference to Dispute Resolution Panel) are applicable from AY 2010-11 onwards.

Circular No 9/ 2013, seeks to correct the inadvertent error in the earlier circular on the applicability of DRP provisions u/s 144C of the Income- tax Act, 1961. **The recent circular now clarifies that the provisions are applicable to any order passed after 1st October 2009.**