

CBDT's Central Action Plan sets targets for TP audit completion, stringent action for non-compliance etc.

The Central Board of Direct Taxes (CBDT) released Central Action Plan ('CAP') 2014-15 for the revenue authorities, setting out regulations to facilitate effective revenue mobilization.

The key highlights of the plan have been summarized below:-

- Quarterly targets for Transfer Pricing authorities for assessment completion, 40% up till September 2014, 90% till December 2014 and 100% till March 2015
- "Quality Scrutiny Assessment" has been stressed attaching significance to evidence collection and investigation from factual and legal perspective
- Non-compliance by taxpayers to have penal consequences
[TransPrice comments: This indicates that taxpayers need to be well prepared with Transfer Pricing documentation regarding questionnaire before such assessment.]
- Arms' Length Price ('ALP') determination for international transactions stressed upon
- Selection on priority basis to determine ALP for tax holiday units that may have recorded undue benefit from such tax exemption
[TransPrice comments: CBDT is focusing on the indispensable compliance of TP provisions as regards appropriate ALP determination and Specified Domestic Transaction ('SDT') provisions since such cases shall have high prospect of being scrutinized.]
- Private Limited companies with share premium in excess of fair value to be a focus point
[TransPrice comments: Taxpayers need to stringently bear in mind provision of section 56(2)(viib) and amended provision of section 68 while dealing with share application money.]
- Genuineness of income and expenditure in international transaction to be proved
- Tax credit for taxes paid outside India to be scrutinized
- Dealings with countries being low tax jurisdictions to be scanned