

## Symantic Software Solution Pvt Ltd – ITAT – Mumbai

**Outcome:** Favour of taxpayer  
**Category:** Penalty

With respect of penalty provisions, Tax Court removes first time penalty imposed by Department at time of final assessment.

Further, explanation is provided in reference to Section 271(1)(c) of Income-tax Act 1961 ('the Act'); penalty proceedings are initiated according to draft assessment order (not final assessment order). On this ground, the Tax Court upheld taxpayer's views who is denied opportunity of being heard when penalty is imposed at the juncture of final assessment.

need of taxpayer obtaining benefits for such intra-group services.

## SI Group India Limited – ITAT – Mumbai

**Outcome:** Favour of taxpayer  
**Category:** Comparable (CUP) method

Due to a current year operating loss, the tax officer had disallowed royalty payment by regarding its arm's length price as 'NIL'.

The taxpayer applied Comparable Uncontrolled Price (CUP) method to benchmark exports which was rejected by tax officer. The Tax Court upheld the taxpayer's views that commercial outcome of loss on export transaction (royalty) is immaterial for application of CUP and proceeded to delete adjustment.

## Asahi Glass Ltd – ITAT – Delhi

**Outcome:** Against taxpayer  
**Category:** Operating cost

Tax Court rejects treatment of extraordinary revenue costs as reduced from operating cost in the taxpayer's profit margins.

The Department contended that any such adjustment can be made only to profit margin of comparables and not tested party's margins. With respect to these contentions, the Tax Court upheld the Department's reasons for not allowing a reduction as the extraordinary costs were operating in nature and taxpayer had not suffered any extraordinary losses.

## Ranbaxy Laboratories Ltd – ITAT – Delhi

**Outcome:** Favour of taxpayer  
**Category:** Tested party

The Tax Court accepts the taxpayer's view of considering foreign associated enterprise (AE) as tested party for benchmarking its international transactions.

With reference to signed Advanced Pricing Agreement (APA) with Central Board of Direct Taxes (CBDT) in previous assessment year (AY); Tax Court ruled that least complex tested party be determined as per mechanism followed in agreement. Further, it is noted that functions, assets, risk analysis and international transactions for previous AY (under APA) and year under appeal are similar.

## Bata India Ltd – ITAT – Kolkata

**Outcome:** Favour of taxpayer  
**Category:** Intra-group services

The Tax Court upheld taxpayer's considerations for determining payment of royalty/technical collaboration fees to its associated enterprise (AE) with respect to price paid by an independent enterprise i.e. on an arm's length price basis.

Accordingly, Tax Court deletes adjustment on intra-group services as nature of services provided between related parties meet specific