

SMC Pneumatics India Pvt Ltd - ITAT-Delhi

Outcome: In **favour** of taxpayer

Category: International transactions

Tax court deletes transfer pricing adjustment made by TPO on account of issue of equity shares by taxpayer to its AE.

Reference was made to ruling of Vodafone India Services P. Ltd wherein Hon Bombay High Court held that transfer pricing provisions are not applicable to share issue.

HSBC Electronic Data Processing India Pvt Ltd-ITAT-Hyderabad

Outcome: In **favour** of taxpayer

Category: Operating cost computation

Tax court upheld taxpayer's contention that reimbursement should be excluded while working operational cost.

Further, directed TPO to recompute ALP afresh by excluding reimbursement expenses from calculation of operating cost and if warranted to carry out adjustment in respect of the price charged for international transactions.

Bentley Systems India Pvt Ltd-ITAT-Delhi

Outcome: In **favour** of taxpayer

Category: Additional Evidence

In first round of appeal filed by taxpayer against tax authority's order, tax court remitted the matter to DRP to decide afresh to consider the data and additional evidence provided to TPO with respect to payment of intra group services.

Aggrieved, taxpayer filed an appeal before tax court and also filed application for additional evidence. In second round of appeal, tax court upheld the additional evidence and documentary proof filed by taxpayer in respect of payment made for intra group services which was not considered by DRP in earlier appeal.

LGE & C-NCC HC - Hyderabad

Outcome: In **favour** of taxpayer

Category: Reassessment Proceedings

The tax officer re-opened the assessment u/s 147 beyond 4 years on ground that payment of fees for technical services to one of the JV member was treated as sham.

The Hon high court upheld taxpayer's contention that attempt to re-open the assessment was made beyond the ordinary period of 4 years from the end of relevant assessment year and hence reassessment was vitiated and further held that TPO's role was confined to determination of ALP and not to treat transaction as sham.

Recent News:

Budget to create enablers for Make-in-India focus

The union budget has a few policy directions which will have positive impact on the Make-in-India project. Amongst them are:

- GAAR applicability deferments for two years till financial year (FY) 2016-17 as a part of comprehensive regime to deal with BEPS and aggressive tax avoidance.
- Reduction of WHT tax for royalty/fees for technical services from 25 per cent to 10 per cent .W.e.f FY 2015-16.
- Proposed Amendments in indirect transfers in relation to share or interest in a company registered outside India.
- Threshold limit for "Specified Domestic transaction" under section 92BA to be increased from 5 crore to 20 crore W.e.f FY 2015-16.
- The rate of corporate tax proposed to be 25 per cent in next 4 years: - **FY 15-16**-30 per cent, **FY 16-17**-28.5 per cent, **FY 17-18**- 27 per cent, **FY 18-19**- 25 per cent.

FDI push in Railways

The Railway Ministry has finally given go ahead to long stalled, big ticket for FDI projects to set up state of art diesel and electronic locomotive manufacturing plants in Bihar in collaboration with multinational giants. This move forms part of the strategy to boost "Make in India" campaign.