January 2025

BHUTA SHAH & CO LLP

CHARTERED ACCOUNTANTS

Monthly E-Newsletter

BSC BEACON

TAX & REGULATORY INSIGHTS

WHAT'S INSIDE

I. DIRECT TAX:
A. CORPORATE TAX

1. *Prosecution proceedings are quashed as penalty proceedings were dropped and tax refund ordered.*

The Assessee filed his Original ROI for the AY 2012-13. Pursuant to the search proceedings, the tax authorities discovered that the Assessee has purchased an immovable property which was not reported in the original ROI. The Assessee was asked to file his ROI for AY 2012-13 in response to the notice issued under Section 153A of the Act. As the income tax records were seized by the tax authorities, the Assessee was prevented by reasonable cause from filing the revised ROI within the due date specified in the notice. Further, the penalty proceedings initiated against the Assessee were dropped on the ground of limitation and refund of tax was ordered. Subsequently, the tax authorities had initiated prosecution proceedings against the Assessee based on presumption of existence of *mens rea*. The Assessee challenged the prosecution proceedings before the Hon'ble Madras High Court but could not succeed. Aggrieved by the order of Hon'ble High Court, the Assessee filed SLP before the Hon'ble Supreme Court.

The Hon'ble Supreme Court held that continuing the criminal proceedings would be unnecessary where penalty proceedings were dropped, and refund was also ordered. Accordingly, the Hon'ble Supreme Court set aside the order of the Hon'ble High Court and quashed the prosecution proceedings.

R. P. Darrmalingam [TS-966-SC-2024]

2. *Capital reduction tantamounts to transfer*

The Hon'ble Supreme Court upheld the decision of the Hon'ble Karnataka High Court by allowing Assessee's claim of long-term capital loss arising on reduction of share capital by a company. The Apex Court relied on the decisions in the case of Kartikeya V Sarabhai[1] and Vania Silk Mills (P) Ltd[2] and observed that expression 'extinguishment of any rights therein' covers every possible transaction resulting out of destruction, annihilation, extinction, termination, cessation or cancellation of all or any bundle of rights in a capital asset. The reduction of share capital by a company tantamount to transfer as per Section 2(47) of the Act. Accordingly, the Hon'ble Supreme Court dismissed the SLP filed by the tax authorities and allowed the long-term capital loss.

Jupiter Capital Pvt. Ltd - [TS-09-SC-2025]

1 Kartikeya V Sarabhai vs. CIT [TS-24-SC-1997]
2 CIT vs. Vania Silk Mills (P) Ltd [TS-5035-HC-1976(Gujarat)-O]

3. *Additional ground not filed before the specified date, not eligible for Direct Tax Vivad Se Vishwas Scheme 2020*

Assessee's case was selected for scrutiny assessment proceedings. During the said proceedings, the Assessee accepted the LTCG of INR 2.02 crore taxed under Section 68 of the Act. The AO also made disallowance under Section 69C of the Act of INR 9.11 Lakh. Further, the AO levied penalty on the LTCG and Section 69C disallowance. The Assessee filed an appeal before the CIT(A) against the disallowance under Section 69C of the Act and penalty order passed by AO.

The Direct Tax Vivad Se Vishwas Act, 2020 (DTVSV) was introduced by the Finance Act 2020 for cases pending at appellate forum as on 31.01.2020. The appeal filed by Assessee for Section 69C disallowance and penalty was pending as on 31.01.2020. CBDT vide Circular No. 21 of 2020, dated 04.12.2020, specified that additional grounds shall also be considered when computing disputed tax (i.e. eligible for DTVSV).

The Assessee then incorporated additional grounds with respect to LTCG in the appeal after DTVSV came into effect. The Hon'ble Bombay High Court ruled against the Assessee stating that subsequent additional ground has been taken merely for taking the benefit of DTVSV Act, which is not permissible. The case revolved around the issue whether previously undisputed amounts can be artificially categorized as disputed for the purpose of obtaining benefits under the DTVSV Act. The Hon'ble High Court ruled that such

inclusion of the LTCG under the DTVSV scheme would undermine the Act's objective of settling ongoing disputes, not to revive settled cases or create artificial disputes. Also, the Hon'ble High Court ruled that the case of Assessee was scrutinized because of a search proceeding executed in someone else's case and thus is not a search case itself. Therefore, it is duly eligible to make application under DTVSV Act for the appeal on disallowance under Section 69C of the Act and penalty appeal.

Umesh Navnitlal Shah HUF [TS-08-HC-2025(BOM)]

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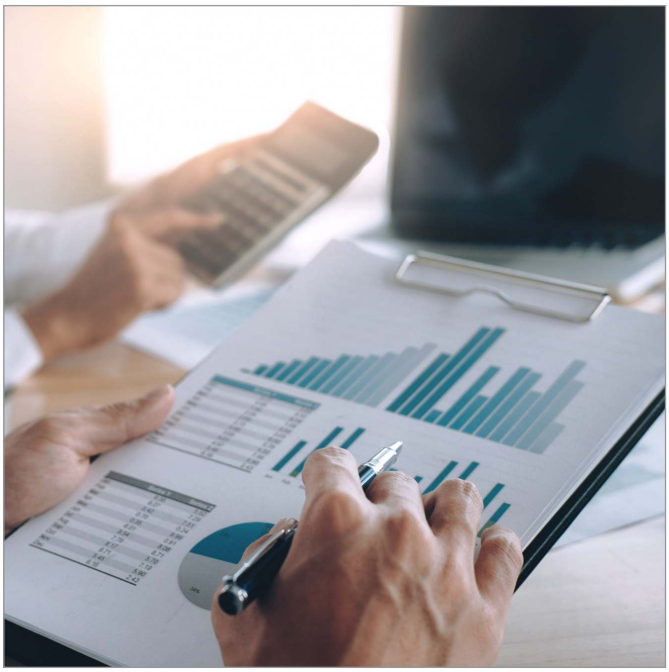
4. *Upholds that it is not mandatory to provide opportunity of being heard in case of high-pitched assessment.*

Reassessment proceedings were initiated for AY 2016-17 and AY 2019-20 based on the information available on the Insights portal for suppression of cash sales. The re-assessment order was passed confirming an addition. Aggrieved by the reassessment order, the Assessee filed an appeal before the CIT(A) which was pending for adjudication. In the meantime, the Assessee submitted a grievance petition to Local Committee for high pitched scrutiny assessment and raised various issues including violation of principles of natural justice, non-application of mind, reliance on particulars obtained behind the back of the Assessee, apart from merits. The Local Committee held that assessment was not High pitch. Aggrieved by the impugned order of the Local Committee, the Assessee filed a writ petition before the Hon'ble Madras High Court on the ground of violation of principles of natural justice due to non-provision of opportunity of hearing to the Assessee.

The Hon'ble Madras High Court dismissed the writ petition by holding that there is no violation of principles of natural justice. The Hon'ble High Court held that the Local Committee must submit a report determining whether the order qualifies as high-pitched assessment, but there is no provision requiring the Local Committee to provide an opportunity of hearing to the Assessee. On receiving the report from the committee, the Pr. CCIT would take suitable action to curb litigation. The Hon'ble High Court noted that primary object of Local Committee was to have a check and balance with its own officers for them to pass a fair and reasonable assessment orders. The Report of the Local Committee shall not be binding on the appellate authorities, and it is the discretion of Pr. CCIT to take any departmental action based on such report. Accordingly, the Hon'ble High Court held that the Local Committee being neither a quasi - judicial authority or a



statutory authority is not bound to provide an opportunity of hearing for high pitched assessments, as the tax statute only mandates a hearing before the assessing authority while issuing the assessment order.

Bee Cee Fireworks Industries [TS-950-HC-2024(MAD)]

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5. *Non-issuance of notice under Section 143(2) of the Act to amalgamated company 'foundational infirmity', fatal to assessment*

The Assessee filed its return for AY 2019-20, which was selected for assessment. A notice under Section 143(2) of the Act was issued in the erstwhile name of Andhra Bank, and the assessment order was passed in the name of Union Bank. The Assessee contended that the notice was invalid because it was issued to a non-existing entity, and Section 292BB could not cure this defect. The Tax Authorities contended that the Assessee's failure to raise objections during assessment precluded them from doing so in appeal, and cited the Banking Companies Act, 1970, which allowed the continuation of proceedings post-merger. However, the ITAT held that the notice should have been issued in Union Bank's name, as the merger had already occurred before the notice date. The Hon'ble Delhi ITAT held that assessment was deemed invalid due to the lack of a valid notice, and the Assessee's appeal was allowed, citing the judgment of the Hon'ble SC in the case of Laxman Das Khandelwal[3]

Union Bank of India [TS-12-ITAT-2025(DEL)]

3 Laxman Das Khandelwal [TS-467-SC-2019]

6. *Stamp duty value('SDV') as on the date of allotment is to be considered for the purpose of addition under Section 56(2)(x) of the Act*

The Assessee booked an under-construction property and booking amount was paid on 22.06.2016 (SDV: INR 5.67 Crores). The allotment letter for the said

property was received on 23.06.2016. However, the Assessee entered into an agreement jointly with his wife for purchase of the house property on 28.09.2017 (SDV: INR 6.01 Crores) for INR 5.30 Crores. During the scrutiny proceedings, the AO considered difference between purchase cost and SDV as on the agreement date (INR 6.01 Crores – INR 5.30 Crores = INR 70.29 Lakhs) as taxable under Section 50C/56(2)(x) / 43CA of the Act. The Assessee contended that cost of residential house property has to be considered at INR 5.67 Crores. Further, the difference between SDV and AV as on the date of payment of first installment was less than 10% and should be considered as FMV as per Section 56(2)(x)(b)(ii) of the Act inserted w.r.e.f. 01.04.2001. However, the AO noted that since Assessee has made the payment of 38.38% of total purchase consideration, the proportionate difference of INR 26.98 Lakhs (70.29 Lakhs x 38.38%) is required to be added to the income of the Assessee. Aggrieved by the order, the Assessee filed an appeal before the CIT(A) who dismissed the appeal.

Upon further appeal, the Hon'ble Mumbai ITAT referred to first & second proviso to Section 56(2)(x)(b) and held that value as on date of allotment should be treated as SDV for the purpose of Section 56(2)(x) of the Act. Since the difference between purchase cost and SDV is within tolerance limit of 10%, as per retrospective amendment from 01.04.2021, no addition is required.

Balakrishna Venkapppa Bhandary [TS-975-ITAT-2024(Mum)]

7. *Upholds penalty for late deposit of TDS on property purchased and rejects the claim of exemption under Section 194IA (2) of the Act*

The Hon'ble Ahmedabad ITAT has upheld penalty levied under Section 234E of the Act on the Assessee for the delayed TDS compliance in a property transaction. The Assessee had purchased an agricultural property worth INR 56.18 Lacs and deducted TDS of INR 56,186/- under Section 194IA of the Act. However, the deposit of the TDS and submission of Form 26QB were delayed, leading to imposition of penalty under Section 234E of the Act. The Assessee contended that the property was agricultural land, which would qualify for an exemption under Section 194IA(2) of the Act. However, the Hon'ble ITAT rejected this claim, as the evidences provided were insufficient to prove the agricultural nature of the property. The ITAT emphasized the importance of timely TDS compliance for deductees to claim tax credits and dismissed the Assessee's appeal, affirming the original penalty levied on the Assessee.

Arjanbhai Nanubhai Patel [TS-04-ITAT-2025(Ahd)]

8. *Levy of penalty for delayed submission of TAR is not sustainable if there was reasonable cause for failure.*

The Assessee, a primary agricultural co-operative society, had gross receipts of INR 5.79 Crores for AY 2017-18. However, it neither filed ROI nor complied with Section 44AB for tax audit. During the assessment proceedings, the AO asked to get the accounts audited under Section 44AB and file ROI. In response, the Assessee filed its ROI and submitted its TAR. During penalty proceedings, the Assessee submitted that since the total income after claiming deduction under Section 80P of the Act was NIL, it was under an honest and bonafide belief that filing of ROI along with TAR was not required. Nonetheless, the AO levied penalty of INR 1.50 lakhs. The Assessee challenged the penalty before the CIT(A)/NFAC but could not succeed.

On further appeal, the Hon'ble Cochin ITAT noted that it was not a case of non-filing of TAR but delayed filing. Also, it observed that there was no loss to the department as the assessment was completed based on audited statements. It was held that penalty cannot be imposed unless the party acted deliberately in defiance of law / guilty of conduct or acted in conscious

disregard of its obligations. The levy of penalty under Section 271B of the Act can be made only in the absence of reasonable cause as mentioned in Section 273B of the Act. Taking into cumulative effect of the submissions of the Assessee and Section 273B of the Act read with Section 271B of the Act, the Hon'ble ITAT allowed the appeal and annulled the penalty levied under Section 271B of the Act.

Kulasekharapuram Service Co-operative Bank Ltd. [Cochin ITAT] [TS-963-ITAT-2024(COCH)]

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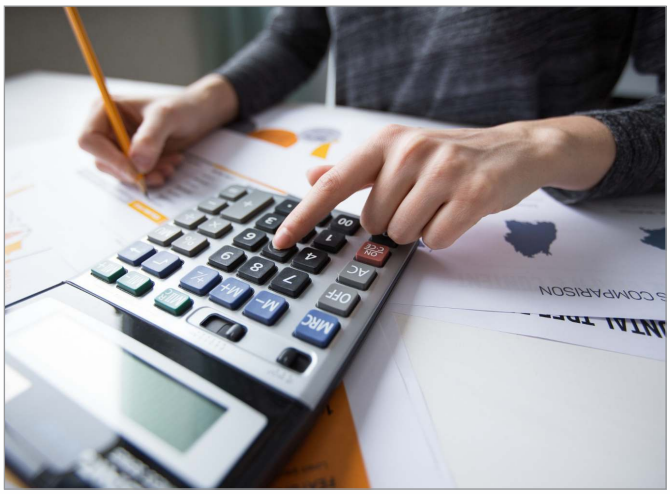
9. ITAT confirms penalty for misreporting of income: Mens rea non-essential for breach of civil obligations

The Assessee trust claimed deduction of capital expenditure and depreciation thereon as application of income in violation of Section 11(6) of the Act, resulting in a double deduction. The AO disallowed the depreciation claim and levied penalty under Section 270A of the Act for misreporting of income of INR 5.31 crores.

The Ld. CIT(A)/NFAC deleted the penalty and held that the failure to add back depreciation to total income was a clerical error and the Ld. AO has failed to establish that there was wilful negligence / existence of mens rea.

On appeal by Tax Authorities, the Hon'ble ITAT set aside the order of the Ld. CIT(A) and held that the trust had approved the audit report wherein depreciation claim was included in application of income and the failure to correct the double deduction in the ITR indicated awareness of the claim made. The ITAT emphasized that mens rea (guilty mind) is not required for imposing penalties under civil obligations, following the judgement of the Hon'ble SC in the case of UOI v. Dharamendra Textile Processors[4]

Rashtrotthana Parishat [TS-965-ITAT-2024(Bang)]



B. INTERNATIONAL TAX

1. Salary for services rendered outside India, though received in India, not taxable under Section 9(1)(ii) of the Act

The Hon'ble Mumbai ITAT relying on the decision of Hon'ble Calcutta High Court[5] and Hon'ble Delhi ITAT[6] held that salary income for services rendered outside India, which accrues outside India, is not taxable in India as per Section 9(1)(ii) of the Act. The taxability of salary of a non-resident in India is not determined by the fact whether the income is received in India. Section 5(2) only states that total income of a non-resident includes all income from any source received or deemed to be received in India. However, this does not apply to income received by a non-resident for services rendered outside India. The Assessee's salary was received for her employment rendered in Egypt, and no such income could be considered as income received or accrued in India.

Mridula Jha Jena [TS-18-ITAT-2025(Mum)]

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2. Availability of DTAA benefits on the basis of TRC

The Hon'ble Delhi ITAT directed the AO to grant the DTAA benefits to the Assessee on the basis that (1) Validity and sanctity of TRC issued by competent authority must be considered as sacrosanct, (2) Circular No. 789 of 2000 issued by CBDT clearly holds that TRC constitutes sufficient evidence for determining fiscal residence (although it is applicable for India-Mauritius DTAA, substance of direction holds good for other treaties), (3) Neither the tax authorities raised any flag on TRC submitted by the Assessee, nor they brought any cogent and convincing evidence to prove that Assessee acted as conduit; (4) The Assessee substantiated with its submissions that its activities were beyond Indian jurisdiction and it controls the assets and income on its own. So, it cannot be termed as conduit.

SC Lowy P.I. (LUX) S.A.R.L. [TS-972-ITAT-2024(DEL)]

4 UOI v. Dharamendra Textile Processors [TS-1-SC-2008-O]
5 Smt. Sumana Bandyopadhyay & Anr [TS-281-HC-2017(CAL)]
6 Pramod Kumar [TS-7412-ITAT-2017(Delhi)-O]

II. TRANSFER PRICING

1. *Reimbursement of expenses cannot be considered as 'Royalty and Management Fees' under Article 13 of the India-Denmark DTAA*

Assessee is a Denmark-resident company and received reimbursement of expenses from its Indian AE without any markup during the AY 2014-15. A reference was made to the TPO who did not make any variation to the value of international transaction with AE, as declared by the Assessee. However, during the assessment proceedings, the AO noticed that the Assessee received INR 3.89 Crores from its Indian AE by way of reimbursement of expenses in nature of Legal & Professional charges. The AO considered such reimbursement as 'Royalty & Management Fees (RMF)' and taxable in India as per Article 13 of India-Denmark DTAA. Aggrieved by the assessment order, the Assessee filed an appeal before the CIT(A) who deleted the addition in respect of RMF on the basis that once the TPO did not make any adjustments in respect of reimbursement of expenses, no adjustment can be made in the hands of Assessee.

The tax authorities filed an appeal before the Hon'ble Mumbai ITAT. The Hon'ble ITAT observed that AO has not disputed the fact that the payments to Assessee by its Indian AE are in nature of reimbursements and without any markup. Relying on the judgment of Hon'ble Supreme Court in the case of A. P. Moller Maersk A S[7], held that once the payment is in the nature of reimbursement of expenses, it cannot be considered as income chargeable to tax and accordingly, dismissed the appeal.

ISS AS, DENMARK [TS-05-ITAT-2025(Mum)-TP]

7 A. P. Moller Maersk A S [TS-70-SC-2017]

2. *TP addition in respect of IT Fees on protective basis is unsustainable, if settled under MAP resolution*

Assessee is a domestic company engaged in the business of manufacturing blades used in the Wind Turbines. During the TP proceedings, the TPO made an adjustment with respect to payments made to its AE which were in the nature of 'Information & Technology Fees (ITF)'. The Assessee filed its objection before the Hon'ble DRP against the draft order. The DRP reduced the quantum of TP adjustment. However, the AO in the final assessment order made a disallowance of ITF on protective basis. Aggrieved by the final assessment order, the Assessee filed an appeal before the Hon'ble Bangalore ITAT.

Before the Hon'ble ITAT, Assessee informed that it entered into MAP with competent authority and MAP proceedings were culminated. Pursuant to MAP proceedings, the Assessee filed revised GOA wherein grounds relating to TP issues were withdrawn. The Hon'ble ITAT held that since the Assessee settled the dispute with competent authority under MAP and accepted the TP adjustments in respect of ITF, the protective addition made by the AO is not tenable and hence, deleted. It is well settled position of law that when substantial addition has been confirmed / settled, then protective addition has no legs to stand.

LM Wind Power Blades (India) Pvt. Ltd. [TS-537-ITAT-2024(Bang)-TP]

3. *Forex loss cannot be treated as non-operating expense based on precedent decision in case of its sister concern.*

Assessee, a subsidiary of Doowon Electronics Co. Ltd, Korea, is engaged in the manufacture and trading of electronics for the automobile industry. The Assessee's case was selected for scrutiny for AY 2016-17 and a reference to the TPO was made to determine ALP in respect of international transactions with its AE. The TPO has considered a portion and not the entire forex loss as non-operating in nature. Aggrieved by the assessment order, the Assessee filed an appeal before the CIT(A) who dismissed the appeal. Aggrieved by the order of the CIT(A), the Assessee filed an appeal before the Hon'ble Chennai ITAT.

Before the Hon'ble ITAT, the Assessee submitted that forex loss is not dependent on operations carried out by its holding co. and it is result of various economic factors, world market, etc. Per contra, the tax authorities contended that this issue is covered by

decision of coordinate bench in case of Doowon Automotive Systems India Pvt Ltd, a sister concern of the Assessee operating in similar line of business. The Hon'ble ITAT following the decision in case of Assessee's sister concern held that forex loss as operating expenses and dismissed the appeal.

Doowon Electronics India Private Limited [TS-557-ITAT-2024(CHNY)-TP]

4. Application of the filters for benchmarking

The Hon'ble Chennai ITAT provided relief to the Assessee by applying upper turnover filter for selection of comparable companies. It also held that since the Assessee applied lower turnover filter, the application of upper turnover filter is mandatory. The Hon'ble ITAT noted that as per Dun & Bradstreet classification of software industry, the companies can be classified in 3 categories, i.e. Less than 200 Crores as small sized company, between 200 Crores to 2000 Crores as medium size and more than 2000 Crores as large size company. It further held that companies can be rejected under persistent loss filter, only when there is successive loss in all 3 years. However, if there is profit in any 1 out of 3 successive FYs, the company cannot be rejected. When the comparable company does not have proper segmental disclosure, the same cannot be considered as a comparable company for the Assessee.

Genesys Telecom Labs India Pvt Ltd- [TS-561-ITAT-2024(CHNY)]

5. Deletion of penalty in certain circumstances

During the AY 2015-16, the Assessee has entered into international transactions with its AE. During the scrutiny proceedings, the case was referred to the TPO for determining the ALP of international transactions with its AE. Before the TPO, the Assessee submitted its TPSR. Subsequently, due to change in incumbency, the new TPO issued a fresh notice under Section 92CA(2) of the Act for hearing. After 2 months, the TPO issued a letter and notice under Section 271G of the Act for imposing penalty on 09.10.2018. The letter and the notice neither took cognisance of submission made by the Assessee nor pinpointed the deficiency. In response, the Assessee vide its letter dated 12.10.2018 requested for time till 20.10.2018 since the administrative office of the Assessee was located at Kolhapur, far from TPO. However, a subsequent notice was issued on 15.10.2018 fixing the hearing on 18.10.2018. Further, the TPO passed order imposing penalty under Section 271G of the Act on 18.10.2018. Aggrieved by the impugned penalty order, the Assessee filed an appeal before the CIT(A). The Assessee submitted before the CIT(A) that assessment order was challenged by way of writ petition before the Hon'ble Bombay High Court and the Hon'ble High Court quashed the assessment order. The CIT(A) deleted the penalty owing to violation of principles of natural justice. The tax authorities filed appeal before the Hon'ble Pune ITAT against the impugned order of the CIT(A).

The Hon'ble Pune ITAT noted that the penalty under Section 271G of the Act cannot be levied by the TPO in a case where no specific details were asked in the notice issued under Section 92CA(2) of the Act. It was also noted that it was not a case where documents were not at all furnished by the Assessee. Also, there was reasonable cause for delay in furnishing the details / documents. Further, the assessment order was also quashed by the Hon'ble High Court and the tax authorities has not brought on record any decision of higher forum against the High Court decision. Accordingly, the Hon'ble ITAT upheld the order of the Hon'ble CIT(A) and dismissed the appeal of the tax authorities.

Undercarriage and Tractor Parts Pvt Ltd- [TS-06-ITAT-2025(PUN)-TP]

6. Order in the name of amalgamating company, the AO cannot seek relief under Section 292B of the Act

The Assessee is the resultant entity which came into existence as per the scheme of amalgamation. The TPO passed the order in the name of the entity which ceased to exist post-merger and drafted the order as M/s Vedanta Limited (Formerly known as Cairn India Ltd.) ignoring the fact that the resultant entity was formed as a result of scheme of amalgamation and not merely as change of corporate name of the entity. The fact of amalgamation was communicated to the TPO by the Assessee at the time of assessment proceedings. On the basis of the order passed by the TPO, the AO passed the draft assessment order. However, before passing the final order, the TPO rectified its mistake and passed the order in the name of the resultant entity considering the mistake of name made in the earlier order as a typographical error. The tax authorities claimed that the mistake made by the TPO at the time of passing the order is rectifiable and would fall under Section 292B r.w.s 154 of the Act.

The Assessee argued that the mistake made by the TPO was patent and fatal which was not rectifiable either under Section 154 or Section 292B of the Act. The Assessee raised its objections before the Hon'ble

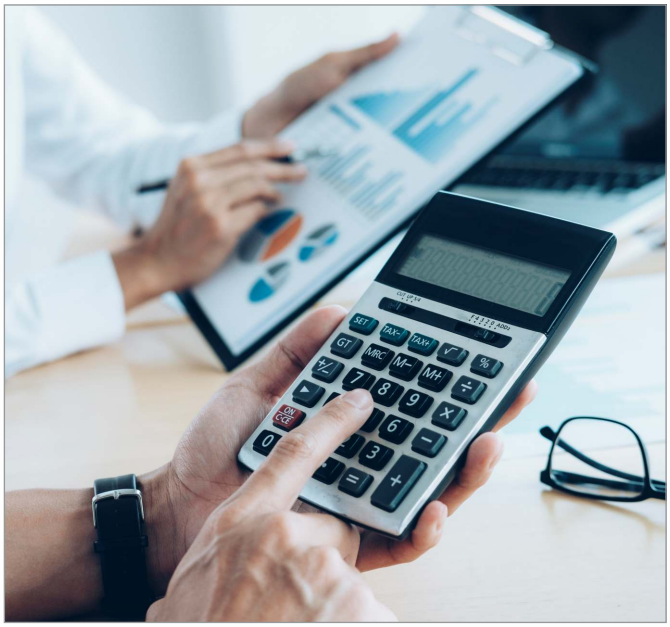
DRP which rejected the objections raised by the Assessee and passed the final assessment order.

On further appeal, the Hon'ble ITAT decided against the tax authorities on the grounds that the order passed by the AO was time barred.

The matter further travelled to the Hon'ble Delhi High Court on the question of law whether the mistake made by the TPO at the time of passing the order was rectifiable following the decision of Sky Light Hospitality LLP[8].

The Hon'ble Delhi High Court held that the power to rectify mistake under Section 154 of the Act stands restricted in case of inadvertent or unintentional error. The Hon'ble Delhi High Court observed that the tax authorities have failed to acknowledge the fact that the entity is merged. The reassessment order passed by the Tax Authorities does not establish the intention of framing the assessment and passing the order in the name of the resultant entity. It further held that the Tax Authorities misinterpreted the facts of Sky Light (supra) and hence the decision cannot be applied in the current case. Further, the wording in the order 'formerly known as' indicates that the TPO presumed that the amalgamation was same as mere change of name of legal entity. The amalgamation leads to fundamental alteration giving rise to a new entity and hence, the Hon'ble High Court held that due to absence of the TPO intention of passing the order in the name of the resultant entity, the Tax Authorities cannot rectify the order under Section 154 of the Act nor seek relief under Section 292B of the Act.

Vedanta Ltd [TS-10-HC-2025(DEL)-TP]



8 Sky Light Hospitality LLP v. Assistant commissioner of Income Tax [(2018) 13 SCC 147.

7. Bad debts deducted from the Profit and Loss Account must be taken into consideration while calculating PLI, in line with the guidance provided by DRP

Assessee filed ROI and it was selected for scrutiny. A reference was made to TPO for determination of ALP in respect of international transactions. The TPO after reviewing the documents, rejected the comparable selected by the Assessee and made adjustment on account of fresh search. The Assessee made an application to DRP, which provided part relief to the Assessee and directed AO to compute margin as per annual accounts of comparable parties. The said direction of DRP was not completely followed by the TPO (e.g. in one Company TPO did not consider bad debt as operating expense) and therefore Assessee filed an appeal before Hon'ble Bangalore ITAT. The Hon'ble ITAT held that direction issued by DRP is binding on the AO/TPO. When DRP has directed to compute PLI as per annual statement of the comparable companies, bad debts debited to P & L A/c of comparable company needs to be deducted while computing PLI. The Hon'ble ITAT directed AO/ TPO to follow the directions of DRP strictly.

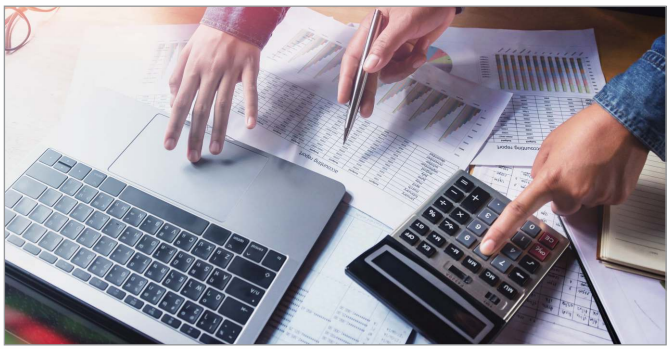
Hitachi Energy Technology Services Pvt Ltd [TS-556-ITAT-2024(Bang)-TP]

8. Parameters of the least complex Company, for selection as Tested party, cannot be checked in the absence of Annual Accounts. Matter remanded back to the AO on account of additional evidence submitted

Assessee filed its ROI for AY 2020-21 in India declaring NIL income. During the year, the Assessee had purchased materials from its AE in Singapore. The matter was referred to TPO for determination of ALP. The Assessee had adopted TNMM method as the MAM and selected its AE as tested party. Assessee contended that the AE was the least complex entity in the transaction and therefore selected the AE as tested party. But TPO rejected AE as tested party, stating that since the annual accounts of tested party are not available, it cannot be considered as least complex entity. Thereafter, the TPO completed the assessment after making TP adjustments. The Assessee challenged the draft assessment order before DRP, which agreed with the findings of the TPO. Thereafter, Assessee filed an appeal before the Hon'ble ITAT and the Assessee submitted financials of AE as additional evidence. The Hon'ble Bangalore ITAT examined the selection of the tested party for TP analysis. The ITAT referred to OECD guidelines on selecting tested party,

which require selecting the least complex entity as tested party. In the present case, it was noted that the financial statement of the said entity was not on the record which is an important document to determine complexity of an entity. Thus, the matter was restored back to the TPO and directed the Assessee to substantiate ALP by submitting appropriate details regarding the tested party.

Decathlon Sports India Private Limited [TS-570-ITAT-2024(Bang)-TP]



9. Revenue cannot assume or charge a mark-up on 'negative services' or costs associated with closing of the business.

Motricity India Private Limited (Assessee), a subsidiary of Motricity Pte. Ltd., Singapore, was operating as a captive service provider for Motricity Inc., USA. The Assessee functioned under a cost-plus 20% mark-up model until its service agreement ended on 31.12.2011. Due to adverse business conditions, operations ceased in January 2012, and Assessee focused solely on winding down, incurring expenses such as retrenchment costs and asset impairments without generating revenue. During the assessment proceedings, the TPO applied a mark-up on the post-closure expenses, treating them as operating costs. The Assessee filed an appeal before the CIT(A), which was decided against it. Aggrieved, the Assessee filed an appeal before the Hon'ble Delhi ITAT. The Hon'ble ITAT ruled in favour of Assessee, rejecting the TP adjustment made by the TPO for the AY 2012-13. The Hon'ble ITAT emphasized that post-closure expenses were unrelated to international transactions and disallowed in the ROI. It criticized the TPO for comparing Motricity India with going-concern entities, holding that tax cannot be imposed on hypothetical income. The ITAT reaffirmed that only actual income from international transactions is taxable, thereby providing relief to the Assessee and deleting the ALP adjustment.

Motricity India Private Limited [TS-07-ITAT-2025(DEL)-TP]

III. INDIRECT TAX UPDATES

1. Clarification regarding applicability of GST on certain services[9]

i. Applicability of GST on penal charges being levied by the Regulated Entities

As per the instructions of Reserve Bank of India, Regulated Entities (REs) are directed to discontinue the use of penal interest for non-compliance with loan terms and instead of penal interest REs are to levy 'penal charges' for non-compliance with loan terms. It is clarified that no GST is payable on the penal charges levied by RE.

ii. Exemption available to Payment Aggregators in relation to settlement of an amount, up to two thousand rupees in a single transaction

It is clarified that GST exemption[10] is available to RBI regulated Payment Aggregators (PAs) in relation to settlement of an amount, up to two thousand rupees in a single transaction. It includes transactions transacted through credit card, debit card, charge card or other payment card services. PAs fall within the definition of 'acquiring bank' given in the Explanation to the said exemption entry. However, exemption is available only to payment settlement function, which involves handling of money, and does not cover Payment Gateway services.

iii. Applicability of GST on facility management services provided to Municipal Corporation of Delhi (MCD) Headquarters

MCD receives the services such as housekeeping, civil maintenance and other services for the upkeep of their office. These services are not supplied in relation to performing any functions entrusted to a Municipality under Article 243W of The Constitution of India and are not covered under scope of exemption notification.[11]

It is hereby clarified that GST is applicable on the services provided by facility management agency to MCD, Delhi HQ for upkeep of its head quarter building.

iv. Reverse Charge (RCM) basis on renting of commercial property by unregistered person to a registered person under composition scheme

The 55th GST Council in its meeting held on 21.12.2024 recommended that taxpayers registered under composition levy may be excluded from paying tax on reverse charge on renting of commercial property by unregistered person to registered person under composition scheme.

9 Circular No. 245/02/2025-GST dated 28.01.2025
10 under Sl. No. 34 of notification No. 12/2017-CTR dated 28.06.2017
11 entry Sr. No. 3A of notification No. 12/2017-CTR dated 28.06.2017.

Thus, payment of GST on RCM on said services are regularized for the period from 10.10.2024 to 15.01.2025 on 'as is where is' basis. Hence, no GST is to be paid by composition dealer under RCM in respect of services of renting of commercial property by unregistered person.

2. *Regularizing payment of GST on Co-Insurance Premium Apportioned*[12]

It has been clarified that no GST is payable on co-insurance premium apportioned by the lead insurer to the co-insurer subject to the condition that the lead insurer pays GST on entire amount of premium. Also, reinsurance commission deducted from the reinsurance premium paid by the insurer to the reinsurer is non-taxable, provided GST is paid by reinsurer on gross reinsurance premium inclusive of reinsurance commission.

The above activities are classified as non-GST w.e.f. from 01.11.24. However, the payment of GST on the activities or transactions are regularized for the past period, i.e. from 01.07.2017 to the effective date of amendments in the CGST Act, on 'as is where is' basis.

3. *Implementation of mandatory mentioning of HSN codes in GSTR-1 & GSTR 1A*

The manual entry of HSN has been replaced by choosing correct HSN from the available given Drop down. Also, Table-12 has been bifurcated into two tabs namely B2B and B2C, to report these supplies separately. However, in initial period these validations have been kept in warning mode only, which means failing the validation will not be a blocker for filling of GSTR-1& 1A.

4. *Enabling filing of Application for Rectification of order due to insertion of Section 16(5) and/or 16(6) of the CGST Act*

The Central Government, on the recommendations of the 54th GST Council had notified[13] that any registered person against whom any order confirming demand for wrong availment of ITC, on account of contravention of provisions of sub-section (4) of Section 16 of the said Act had been issued, but where such ITC is now available as per the recently inserted sub-sections (5) and/or (6) of Section 16 of the Act, would now be able to file an application for rectification of such demand orders.

A functionality has now been made available on the Portal for taxpayers to file an application for rectification of such orders issued under Section 73/74. They can file it, post login, by navigating **Services > User Services > My Applications,** selecting **"Application for rectification of order"** in the Application Type field, and clicking on the **NEW APPLICATION** button. A hyperlink has also been provided on the Portal to download the proforma in **Annexure A** in word format, required to be uploaded after entering details of the demand order of the ITC wrongly availed on account of contravention of sub-section (4) of Section 16 of the CGST Act, now eligible as per sub-section (5) and/or (6) of Section 16 of the CGST Act, while filing the application for rectification.

5. *Advisory for Waiver Scheme under Section 128A*

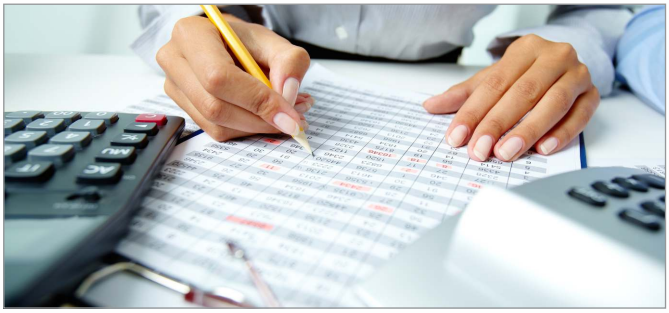
To file application of waiver scheme under Section 128A, Forms **GST SPL 01** and **GST SPL 02** are **available in the GST portal**. One of the eligible conditions for filing application under waiver scheme is to withdraw the appeal applications filed against the demand order /notice/ statement for which waiver application is to be submitted.

6. *Waiver of late fees for late filing of GSTR-9C*[14]*.*

Late fee in respect of late filing of GSTR-9C, for any Financial Year upto F.Y. 2022-23 has been waived provided these returns are filed before 31st March 2025. It is clarified that no refund of late fee already paid in respect of delayed furnishing of FORM GSTR-9C for the said financial years shall be available.

7. *Guidelines for arrest and bail in relation to offences punishable under the CGST Act, 2017*

As per the recent Instructions released by CBIC[15], now the **grounds of arrest** are mandatorily required to be explained to the arrested person and also to be furnished to him in writing as an Annexure to the Arrest Memo. Further, it would be required to take the acknowledgement of the same from the arrested person at the time of service of the Arrest Memo.



12 Circular No. 244/01/2025-GST dated 28.01.2025
13 Notification No. 22/2024 – CT dated 08.10.2024
14 Notification No. 08/2025 – Central Tax dated 23.01.25
15 Instruction No. 01/2025-GST dated 13.01.2025

GST TAX ALERTS

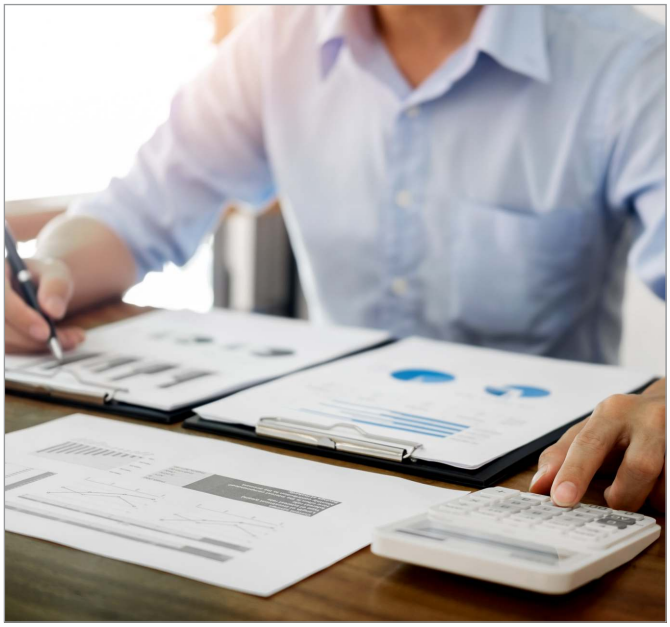
1) Assignment of leasehold rights in land allotted by the Gujarat Industrial Development Corporation ('GIDC') constitutes a transfer of immovable property and, is not subject to GST- Gujarat High Court.

Background

GIDC entered into a license agreement with Lessee to set-up industrial units subject to approval from regulatory authorities. On complying with the terms and conditions, registered lease deed was executed between GIDC and Lessee for allotting plots of land on long-term lease for 99 years (Original Lease). The lease agreement allowed lessee (including Gujarat Chamber of Commerce and Industry, Petitioner) to assign their leasehold rights to third parties, subject to GIDC's permission. Such assignment involves the transfer of all rights and obligations under the lease arrangement to the assignee.

The Petitioners argued that these assignments are neither supply of goods nor supply of services and are excluded from GST under sale of land and building of Schedule III of the CGST Act. The exclusion of sale of land and building from GST Act has to be interpreted in light of object and purpose of the statute to include sale of interest in land and benefits arising out of land.

The Revenue Department contended that the assignment of leasehold rights is not explicitly excluded under Schedule III, which only states the sale of land and buildings. They further contended that these assignments are a supply of services since they involve valuable consideration, making them taxable under Section 7(1)(a) of the CGST Act.



HC's Observations and Ruling:

The Hon'ble Gujarat High Court held that assignment by sale and transfer of leasehold rights of the plot of land allotted by GIDC to the lessee in favour of third party-assignee for a consideration shall be assignment / sale / transfer of benefits arising out of "immovable property", and not liable for GST due to following grounds:

a) **Assigning leasehold rights involves transfer of immovable property and not supply of service** – The Hon'ble High Court agreed with the Petitioners that leasehold rights are an interest in immovable property. Hence, assigning these rights involves a transfer of immovable property and not supply of service.

b) **Transferred by way of assignment / sale is leasehold rights encompasses incorporeal ownership rights in such land and building -** The High Court held what the Petitioner has transferred includes the right to possess, to enjoy the income from, to alienate, or to recover ownership of such right from one who has improperly obtained the title. Therefore, immovable property includes, in addition to right of ownership, aggregate of rights that are guaranteed and protected by the further agreement or contract between the owner and the lessee.

c) **Not covered by scope of supply of service -** Further, the High Court stated that the contention of the Revenue Department of transfer of leasehold rights as supply of service not tenable as transaction of assignment is absolute transfer of right and interest arising out of the land which would amount to transfer/sale of immovable property.

d) **Double Taxation -** The High Court highlighted that taxing these transactions under GST, in addition to stamp duty, results in double taxation, which refute the GST regime's objective of reducing cascading tax effects.

On the basis of these observations, the High Court allowed the petitions and quashed the impugned show cause notices and orders in original or appeal.

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2) Order quashed and re-adjudicated for levy of GST on transfer of leasehold rights- Bombay High Court

Background

Maharashtra Industrial Development Corporation

(MIDC) initially assigned leasehold land to Panacea Biotec Ltd. Subsequently, in 2022, Panacea Biotech assigned this leasehold land to Mankind Pharma. The key legal question before the Court was whether GST at 18% could be levied on the transfer of leasehold land by Panacea Biotech to Mankind Pharma.

The petitioner, Panacea Biotech Ltd, argued that the transaction falls under sale of land and building under Schedule III of the CGST Act, 2017. The petitioner argued that the interest arising from the land effectively constitutes a transaction similar to the sale of land in substance and should be treated accordingly. It was also highlighted that these transactions are already subject to stamp duty and additional 18% burden will make the transactions unworkable and not feasible. Petitioner also argued that order stated that no submission were made but actually submission was done.

HC's Observations and Ruling

a) **Violation of principles of natural justice -** The Hon'ble High Court observed that the impugned order erroneously stated that no submissions were made by the petitioner in response to the show cause notice. This finding was not correct, as the petitioner had indeed submitted a reply, which was duly received by the Assistant Commissioner of State Tax. Thus, rendering the Proper officer's decision procedurally flawed and violative of principles of natural justice.

b) **Decision of Gujarat High Court -** Court emphasised on the decision by the Gujarat High Court, which held that similar transactions are not taxable under GST law.

Accordingly, the Bombay High Court quashed and set aside the impugned order and directed the respondent to re-adjudicate the show-cause notice. The Court emphasized the necessity for a fresh consideration, ensuring that the petitioner's submissions and the Gujarat High Court's judgment are fully addressed.

IV. IMPORTANT CIRCULARS AND NOTIFICATIONS

1. CBDT issues clarification addressing implementation difficulties in VsV 2024

The Central Board of Direct Taxes vide Order No. 8 of 2025 dated 20.01.2025 has provided clarification for removing difficulties in implementing Direct Tax Vivad se Vishwas Scheme, 2024 (VSV Scheme) introduced vide Finance (No.2) Act, 2024. It contains cases as applicant could not file an application under the VSV Scheme.

To address these issues, the CBDT, using powers under Section 98 of the Finance Act, 2024, has stated that –

Appeal shall be considered as pending as on 22.07.2024:

- Where order has been passed on or before 22.07.2024
- The time limit to file an appeal is available as on 22.07.2024
- The appeal has been filed within prescribed timelines after 22.07.2024 without any application for condonation of delay

No. 8/2025/ F. No. 370153/01/2025-TPL] dated 20.01.2025

2. Government Issues Tax Exemption Notification for IFSC Units

Exercising the powers conferred by clause (a) of the Explanation to sub-section (1H) of Section 206C of the Act, the Central Government specifies that a Unit of International Financial Services Centre (IFSC) will not be regarded as a "buyer" under this provision for the purpose of purchasing goods from a seller, provided the following conditions are met:

1. **Buyer's Responsibilities:**

a) The buyer (IFSC unit) must submit a statement-cum-declaration in Form No. 1A to the seller. This form should include details for the previous years

related to the ten consecutive assessment years for which the buyer wishes to claim deductions under Sections 80LA(1A) and 80LA(2) of the act.

b) The statement-cum-declaration must be verified as specified in the form for each relevant assessment year.

2. Seller's Responsibilities:

a) The seller should not collect tax on payments received from the buyer after receiving the statement-cum-declaration from the buyer.

b) The seller must report the details of all payments received from the buyer, on which tax has not been collected under this notification, in the tax collection statement as per sub-section (3) of Section 206C of the Act and Rule 31AA of the Rules.

This notification shall come into force on **1st January 2025.**

Notification No. 6/2025, dated 06.01.2025

3. Government Issues Tax Exemption Notification for IFSC Units

Exercising the powers granted under sub-section (1F) of Section 197A of the Act, the Central Government specifies that no tax deduction under Section 194Q of the Act is required for buyers purchasing goods from a seller located in a Unit of IFSC, subject to the following conditions:

a) The seller must: (i) Submit a statement-cum-declaration in Form No. 1, as per notification S.O. 1135(E) dated 7th March 2024, providing details of the past ten assessment years for which the seller opts for claiming deductions under Sections 80LA(1A) and 80LA(2) of the Act; (ii) Ensure the statement-cum-declaration is verified in the manner specified in the form for each relevant assessment year for which deductions are claimed.

b) The buyer must: (i) Refrain from deducting tax on payments made or credited to the seller after receiving the statement-cum-declaration from the seller; (ii) Report all payments made to the seller on which tax was not deducted in the tax deduction statement as per Section 200(3) of the Act and Rule 31A of the Rules.

This notification shall come into force on **1st day of January, 2025.**

[No. 3/2025/F. No. 275/109/2024-IT(B)] dated 02.01.2025

V. IMPORTANT REGULATORY UPDATES

1. Framework for Special Purpose Vehicle (SPV) for Co-investment and Leverage under IFSCA Fund Management Regulations 2022

a. Purpose & Objectives

The IFSCA introduced a consultation paper on a framework for Special purpose vehicle (SPVs) under the IFSCA (Fund management) Regulation 2022. Under these Regulations, an SPV can be created for co-investment and leverage opportunities within a controlling scheme in the IFSC, promoting ease of business and growth in the alternative investment sector.

b. SPV Structure

- An FME registered with IFSCA can form an SPV under an existing controlling scheme by filing the Term Sheet (instead of PPM).
- At least 50% equity of the SPV should be held by the controlling scheme
- No contribution from the FME is required in SPV
- Can be open ended and close ended as per the nature of the controlling scheme. Also the term should be equal to that of the controlling scheme.
- FME to be the deciding and controlling authority for the SPV.

c. Eligible Investors

- Controlling scheme (at least 50%)
- Investors in the controlling scheme and affiliates, along with other eligible investors, can participate

d. Permissible investment

- The SPV can invest in a single portfolio company
- SPV can be used for:
- Making co-investment
- Undertaking leverage
- Both
- Ringfencing investments of the Controlling Scheme
- SPV may hold securities of more than one entity which are acquired on account of corporate actions.

e. Leverage

- Leverage at the SPV level is subject to the overall limits provided PPM of the controlling scheme. SPV shareholders are permitted to encumber their interests to secure loans.

f. Additional conditions

- No shareholder, beneficiary, member, or partner of the SPV can use their rights in a way that would prevent the controlling scheme from meeting its regulatory requirements under IFSCA.
- The SPV agreement must also include a mechanism for resolving disputes between the controlling scheme and other stakeholders.

- If there's any conflict between the SPV's agreements and the IFSCA regulations, the IFSCA's provisions will take precedence. Additionally, all other obligations outlined in the IFSCA (Fund Management) Regulations 2022 will apply to the SPV.

2. Regulatory Update on SNRR Accounts

A person resident outside India (whether Indian or otherwise), having business interest in India may open a SNRR account with a bank in India or its branch outside India for the purpose of undertaking current and capital account transactions permissible under the current FEMA regulations

3. Regulatory Update on Foreign Currency Accounts for Exporters

The Reserve RBI has introduced an amendment allowing Indian exporters to open and maintain foreign currency accounts with banks outside India. These accounts can be used to receive full export payments and advance remittances for goods or services. Exporters can utilize the funds for import payments or repatriate them to India by the end of the following month, after adjusting for forward commitments. However, all realisation and repatriation rules under the existing export regulations must still be followed. This update aims to provide greater flexibility and ease in managing export proceeds.

4. Update on Master Direction – Foreign Investment in India

On January 20, 2025, the RBI updated its Master Direction on Foreign Investment in India, introducing several key changes:

1. **Downstream Investments via Equity Swaps and Deferred Consideration**

   The updated guidelines now permit downstream investments to be structured through equity swaps and deferred consideration, which are otherwise permissible directly by foreign companies.

   This change brings clarity for investments made via foreign owned & controlled companies.

2. **Change in Tenor of Compulsorily Convertible Preference Shares (CCPS) & Compulsorily Convertible Debentures (CCD)**

   Compulsorily Convertible Preference Shares (CCPS) & Compulsorily Convertible Debentures (CCD) can now have their tenor modified under the automatic route, offering more flexibility in structuring investments.

3. **Reclassification of Investment as Foreign-Owned and Controlled Company (FOCC)**

   Mandatory Reporting: If an Indian entity gets reclassified as an FOCC on account of change of residential status of investor, it must report this

change in Form DI within 30 days of such reclassification. ensuring compliance with entry routes and sectoral caps.

4. **Share Warrants Regulation Aligned with Companies Act**

   Previously governed only by SEBI regulations, share warrant issuances must now comply with provisions of the Companies Act, 2013. This alignment ensures uniformity in how share warrants are treated for foreign investment purposes.

5. **Clarity on FDI in Financial Entities**

   Indian company regulated by a financial sector regulator can receive foreign investment solely to meet the minimum Net Owned Funds (NOF) required by the regulator. However, this investment can only be used for fulfilling the NOF criteria and not for other purposes. If the company does not get the necessary registration or license from the regulator, the foreign investment must be repatriated, or the company must comply with other conditions specified in the guidelines.

6. **Stricter Rules for Deferred Payment & Escrow Transactions**

   Transactions involving deferred payments or escrow arrangements must specifically include a specific clause in the share purchase/transfer agreement to this effect. This clause should outline the conditions related to the deferred payment or escrow arrangement to ensure transparency and compliance.

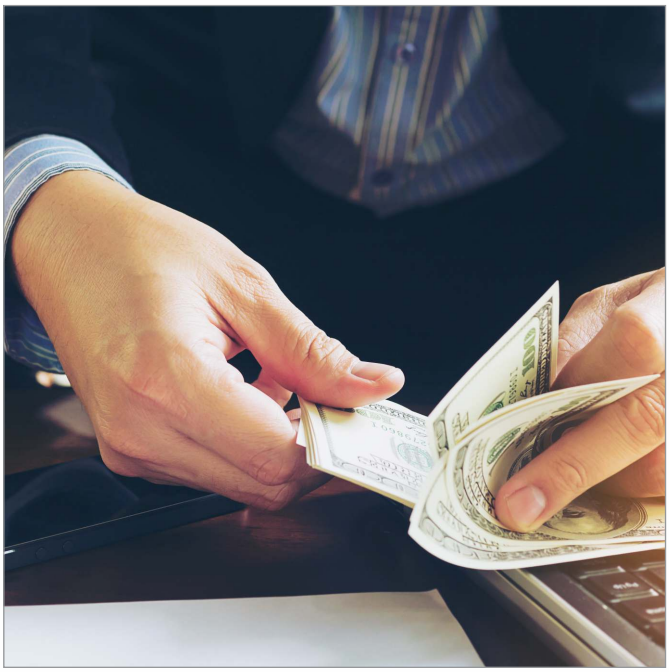
7. **Streamlined Communication with RBI**

   Requests for clarification regarding the foreign investment framework should be directed to the Authorized Dealer (AD) bank. If needed, the AD bank will forward the request to the appropriate Regional Office of the Reserve RBI. The request must go through a designated nodal office of the AD bank, with relevant documents and reasons for submission.

   The jurisdiction for submitting such requests is based on the registered office of the Indian investee entity.

8. **Clear Definition of "Indian Company"**

   Trusts & Societies Excluded: The definition now specifically excludes trusts, societies, and certain other entities, limiting FDI eligibility only to companies incorporated under the Companies Act, 2013, or entities established under Central/ State laws.



VI. COMPLIANCE CALENDAR FOR FEBRUARY 2025

A. Income tax / PF / ESI

Sr. No.	Due Dates	Concerned (reporting) Period	Compliance Detail	Applicable to
01	7th Feb	January 2025	TDS / TCS Payment	Non-Government Deductors
02	10th Feb	January 2025	Professional Tax Payment	All Assessee
03	15th Feb	January 2025	Depositing PF/ESI contribution	All deductors

GST Compliance Calender - February 2025

A. Goods and Service Tax

Sr. No.	Due Dates	Concerned (reporting) Period	Compliance Detail	Applicable to
01	10th Feb	January 25	GSTR – 7 (TDS)	Person required to deduct TDS under GST
02	10th Feb	January 25	GSTR – 8 (TCS)	Person required to collect TCS under GST
03	11th Feb	January 25	GSTR 1	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2023-24 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2023-24 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
04	13th Feb	January 25	GSTR – 1 (IFF)- QRMP	Aggregate Turnover is up to Rs. 5 crores
05	13th Feb	January 25	GSTR – 6 (ISD)	Person registered as ISD
06	20th Feb	January 25	GSTR – 3B	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2023-24 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2023-24 and not opted for QRMP scheme
07	20th Feb	January 25	GSTR - 5 (NRTP)	Non-resident taxable person (NRTP)
08	20th Feb	January 25	GSTR - 5A (OIDAR)	OIDAR services provider
09	25th Feb	January 25	GSTR – 3B - QRMP scheme- Monthly payment *	Aggregate Turnover is up to Rs. 5 crores
10	25th Feb	January 25	PMT-06	For those taxpayers who are availed the Quarterly Return Monthly Payment (QRMP) option

* i - Taxpayers who have availed the Quarterly Return Monthly Payment (QRMP), option having aggregate TO up to INR 50 Mn in PFY whose principal place of business is in Category -1 states

*ii - Taxpayers who have availed the Quarterly Return Monthly Payment (QRMP), having aggregate TO up to INR 50 Mn in PFY whose principal place of business is in Category -2 states

C. FEMA Compliance

Sr. No.	Due Dates	Particulars	Applicable to
01	7th February	ECB 2 Return (External Commercial Borrowing)	All Indian Borrowers who have non-resident lenders

GLOSSARY

ABBREVIATION	FULL FORM
Act	Income-tax Act, 1961
AV	Agreement Value
AE	Associate Enterprise
ALP	Arm's Length Price
AO	Assessing Officer
AY	Assessment Year
CBDT	Central Board of Direct Taxes
CGST	Central Goods & Service Tax Act, 2017
CCIT	Chief Commissioner of Income Tax
CIT	Commissioner of Income-tax
CIT(Appeals) / CIT(A)	Commissioner of Income-tax (Appeals)
CCD	Compulsorily Convertible Debentures
CCPS	Compulsorily Convertible Preference Shares
DRP	Dispute Resolution Panel
DTAA	Double Taxation Avoidance Agreement
DTVSV Act	Direct Tax Vivad Se Vishwas Act, 2020
FEMA	Foreign Exchange Management Act, 1999
FY	Financial Year
FOCC	Foreign-Owned and Controlled Company
FDI	Foreign Direct Investment
GST	Goods & Service Tax
GSTAT	Goods & Service Tax Appellate Tribunal
GOA	Grounds of Appeal
HC	High Court
HSN	Harmonized System of Nomenclature
Hon'ble	Honorable
IFSC	International Financial Services Centre
ITAT	Income Tax Appellate Tribunal
ITC	Input Tax Credit
ITF	Information & Technology Fees
IFSCA	International Financial Services Centres Authority
ITO	Income Tax Officer
ITR	Income Tax Return
LTCG	Long Term Capital Gain
MAP	Mutual Agreement Procedure
MCD	Municipal Corporation of Delhi
MAM	Most Appropriate Method
NFAC	National Faceless Appeal Center
NOF	Net Owned Funds
OECD	Organisation for Economic Co-operation and Development
PA	Payment Aggregators
Pr. CCIT	Principal Chief Commissioner of Income Tax

GLOSSARY

ABBREVIATION	FULL FORM
PLI	Profit Level Indicator
PY	Previous Year
QRMP	Quarterly Return Monthly Payment
RE	Regulated Entities
ROI	Return of Income
RBI	Reserve Bank of India
RCM	Reverse Charge Mechanism
RMF	Royalty and Management Fees
Rules	Income-tax Rules,1962
SC	Supreme Court
SDV	Stamp Duty Value
SLP	Special Leave Petition
SNRR	Special Non Resident Rupee Account
SPV	Special Purpose Vehicle
TAR	Tax Audit Report
TDS	Tax deducted at source
TNMM	Transactional Net Margin Method
TP	Transfer Pricing
TPO	Transfer Pricing Officer
TRC	Tax Residency Certificate
TPSR	Transfer Pricing Study Report

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CHARTERED ACCOUNTANTS

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SCAN TO KNOW MORE

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