



G.D. AGRAWAL
VICE-PRESIDENT

अर्थ शासकीय नं०

D.O. No. _____

Tel. No. 24694246, Fax : 24641558

भारत सरकार

GOVT. OF INDIA

विधि एवं न्याय मंत्रालय

MINISTRY OF LAW AND JUSTICE

आय-कर अपीलीय अधिकरण

INCOME-TAX APPELLATE TRIBUNAL

10 वीं मंजिल, लोक नायक भवन

10th FLOOR, LOK NAYAK BHAWAN

खान मार्केट, नई दिल्ली-110003

KHAN MARKET, NEW DELHI-110003

dated the 14th June 2013.

FOREWORD

I am pleased to write this foreword for the book "TRANSFER PRICING DIGEST", to be published by Taxmann.

The subject "Transfer Pricing" under the Indian Income Tax Act, 1961 is comparatively new. This was introduced by the Finance Act, 2001 w.e.f. assessment year 2002-03.

Being a new subject, it was a challenge for the Income Tax Appellate Tribunal ("ITAT") to deal with the subject, especially because no precedences were available from courts in India. Therefore, a Special Bench, consisting of five Members, was constituted to decide the first appeal on Transfer Pricing. However, thereafter, during a span of about one decade the ITAT as well as the Hon'ble High Courts and Apex Court have delivered large number of decisions on the subject.

The International Tax community keenly observes the development of tax laws in India. The International Tax Review has bestowed a tribute on ITAT by holding it to be one of the fifty biggest influences in tax jurisprudence.

.... Contd. Page 2.



G.D.AGRAWAL
VICE-PRESIDENT

अर्ध शासकीय नं०

D.O. No. _____

Tel. No. 24694246, Fax : 24641558

भारत सरकार

GOVT. OF INDIA

विधि एवं न्याय मंत्रालय

MINISTRY OF LAW AND JUSTICE

आय-कर अपीलीय अधिकरण

INCOME-TAX APPELLATE TRIBUNAL

10 वीं मंजिल, लोक न्याय भवन

10th FLOOR, LOK NAYAK BHAWAN

खान मार्केट, नई दिल्ली-110003

KHAN MARKET, NEW DELHI-110003

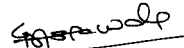
dated the _____

-2-

This concise Transfer Pricing Digest would be of great help to the tax practitioners as well as tax gatherers because in this digest all the decisions on Transfer Pricing up to May 2013 by the Hon'ble Apex Court, Jurisdictional High Courts as well as the ITAT have been considered and arranged subject-wise.

This book will act as an excellent guide to the tax professionals, tax authorities and those who are engaged in the adjudication of the subject.

I appreciate the hard work and sincere efforts by Shri Arijit Chakravarty and Shri Manoneet Dalal for bringing this user-friendly digest on Transfer Pricing. I wish the authors good luck & success.


(G.D. Agrawal)

PREFACE

In recent times, Transfer Pricing issues have become one of the most vexatious and litigated topics. Prior to the introduction of specific transfer pricing provisions in the Income-tax Act, 1961, the erstwhile provisions were aimed at determining the correct profits of residents, where it was found that the course of business was so structured that it resulted in loss or less than ordinary profits to the resident as a result of business with non-residents. These provisions were vague and fraught with subjectivity. With the onset of India becoming a global commercial hub & more and more MNCs setting up their roots in India, transfer pricing, thus became a possible tax planning tool and the mechanism of transfer pricing and means to curb the practice of transfer pricing became one of the main focus of Indian Government. It is now over 10 years since the Transfer Pricing provisions had been introduced. There have been amendments from time to time. Over these years, the judicial authorities have provided substantial quantity of jurisprudence on the subject, starting from explanation of the basics of transfer pricing which includes some landmark decisions on various aspects of transfer pricing.

This work is an attempt to capture these decisions at one place. It has been our endeavour to cover most of the decisions till May, 2013. This work is a tribute to the Judiciary, to the tax practitioners and to everyone involved in the implementation and development of law on transfer pricing.

**ARIJIT CHAKRAVARTY
MANONEET DALAL**