



IC Advisors Transfer pricing Newsletter August 2014

India

On 10th July 2014, the Minister of Finance announced India's budget for 2014. The following amendments were introduced from a transfer pricing perspective.

- Introduction of advanced pricing agreement “rollback” provisions, so that advance pricing agreements could apply to prior years.;
- Penalty regime for failure to provide transfer pricing documentation upon request by tax authorities;
- Alignment India's transfer pricing rules to international practices, which is being able to apply interquartile range and the use of the multiple year data for benchmarking instead of transfer pricing audits and adjustments being base on single year data;
- With effect from 1 April 2015, “deeming” transfer pricing provisions to be applied to transactions between taxpayer and an independent party, when where is a prior arrangement between that party and a related entity .

Hong Kong

In June 2014, the Hong Kong Inland Revenue Department (IRD) concluded its first bilateral Advanced Pricing Arrangement (APA) with the Competent Authority of the Netherlands.

We understand that the entire process was consistent with the procedures of each step outlined in DIPN48. With all parties working closely together, the bilateral APA was concluded in a period of nine months compared to the tentative timeframe of 18 months from the acceptance of the formal application as stipulated in DIPN 48. The success of this bilateral APA, together with the expanding tax treaty network of Hong Kong, is likely to increase APA applications to the IRD in the future.

Upcoming Seminars

Dr Sowmya Varadharajan will be presenting at the following seminars:

- a. Transfer pricing for Intellectual Property on August 18, organised by ISCA
- b. Transfer pricing Documentation Masterclass on August 20 and 21 organised by CCH
- c. Managing transfer pricing risks in Asia, on August 27, organised by ISCA
- d. China vs. India - A battle of transfer pricing regimes, on September 12, organised by ISCA
- e. Transfer pricing in Singapore, on September 19, organised by ACCA Global

If you would like to attend any of these seminars, please drop us an email at service@icadvisorsasia.com.