Communiqué – Your Quarterly TP Tabloid

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Foreword

At the outset, wishing you a very happy new financial year! As the country enters into the voting phase, India Inc. eagerly awaits the verdict of the citizens to assess the pace and direction of economic growth that would be witnessed under the newly elected government for the next five years.

During the first quarter of 2019, we witnessed Central Board of Direct Taxes (CBDT) continuing with its efforts to project India as an investment-friendly nation, with Bilateral Competent Authority Arrangement, along with an underlying Inter-Governmental Agreement, for exchange of Country-by-Country Reports (CbCR) between India and the USA to reduced CbCR compliance, and also through its Advance Pricing Program (APA) program with the total count reaching 271 APAs till March 2019. On the litigation front, recent time has seen a spate of rulings pertaining to marketing intangibles issue that impacts the way forward on this issue. In the global arena, US and China published their APA reports and Australia released its guidance on inbound distribution arrangements. US Internal Revenue Services (IRS) also published statistics on CbCR, and other countries are aligning their transfer pricing (TP) regulations. Accordingly, towards our objective of being your value-added partners, we discuss the above significant events/ happenings in this quarterly issue as has been tabulated below:

We hope that our publications are beneficial and help you in understanding the potential impact (if any) of the changes with respect to your business in India. We look forward to your suggestions or feedback that you would like to share with us, at query@nangia.com. Kindly note that information contained within this issue is of general nature and reliance on the same should not be placed without seeking professional advice, especially on litigation matters.

Rakesh Nangia
Managing Partner

CbCRs: Recent Update

On March 27, 2019, India and the USA signed an inter-governmental agreement for automatic exchange of CbC reports filed by ultimate parent entities of MNEs in respective jurisdictions for years commencing from January 1, 2016. This obviates the need for Indian subsidiaries of US MNEs to do local filing of CbC reports, thus reducing the compliance burden. It is a proactive step by CBDT and ticks another box on global alignment.

In the backdrop, CBDT vide notification dated and effective from December 18, 2018 prescribed the period of furnishing the CbC report to be 12 months from the end of the reporting accounting year in case of constituent entity of an international group, resident in India, other than a parent entity or an alternate reporting entity of an international group, resident in India where either the parent is not obliged to file the CbC report or the parent entity of the said international group is resident of a country or territory with which India does not have an agreement providing for exchange of the CbC report. Further, vide Circular No.9/2018, dated December 26, 2018, CBDT extended the period for furnishing of the CbC Report (local filing) in respect of reporting accounting years ending on or before February 28, 2018 upto March 31, 2019.

CBDT's detailed press release along with our analysis/ press releases can be viewed on following links:
https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/748/PressRelease_Signing_Bilateral_Agreement_India%20_USA_15_3_2019.pdf

Vodafone Publishes its CbCR (as filed with HMRC in 2018), India's Contribution Stands Out

In FY 2017-18, Vodafone Group's revenue was €46.6 billion on which a profit (before tax) of €3.9 billion was made, further the Group contributed (directly and indirectly) more than €13.3 billion to public finances. The report also provides overview of total economic contributions made to all jurisdictions in FY 2017-18, with India's share being 22%, including direct revenue contribution (tax) of €487 million for the total Revenue of €5712 million. Vodafone Group's Report on total economic contribution to public finances for FY 2017-18 & tax strategy for FY 2018-19 can be viewed at link below:
https://www.vodafone.com/content/index/about/sustainability/operating-responsibly/tax-and-our-contribution-to-economies.html

Marketing Intangibles: The Saga Continues

Mired in unprecedented controversy from its genesis, the issue of "marketing intangibles" has witnessed marked changes in the approach followed by the Revenue and Judiciary over the years. Range of consideration such as lack of statutory mechanism, complex and ever-changing business models, and varied contractual arrangements have all contributed to the complexities in the matter.

Maruti Suzuki India Ltd. v ACIT [(2010) 328 ITR 210] was one of the first case to bring this issue to the fore. In this case, the Delhi High Court (HC) held that advertisement, marketing and promotion (AMP) expense incurred in excess of the expenses incurred by broadly comparable independent entities would qualify as an 'international transaction'. However, this judgement was nullified by the Supreme Court (SC) but, the seed that was planted ensured a big crop for future harvest. Subsequently, the Special Bench ruling by Income Tax Appellate Tribunal (ITAT) in LG Electronics India Pvt. Ltd. v ACIT [(2013) 140 ITD 41 (Delhi) (SB)] case, it was adjudicated that existence of international transaction can be deduced from proportionately higher AMP expenses. The Delhi HC departed from the rationale laid down by ITAT in Sony Ericsson Mobile Communications India Pvt. Ltd. v CIT [(2015) 374 ITR 118] when it ruled that the use of the bright line test had no statutory locus standi. But the issue remained open without stepping close to finality and left the stakeholders to grapple with the newer issue of how to prove international transaction in the specific case of AMP expenses and how to

benchmark. Accordingly, this case saw a spate of subsequent cases getting fixated with the idea of written agreements containing specific clauses in the agreement between the taxpayer and its AE that mandated the performance of AMP functions to conclude on the existence of 'international transaction'. Though, this gave some rationale approach closer to the issue at hand but, it is a matter of separate discussion that this itself was inconsistent with the spirit of the Act that duly recognizes international transactions to include tacit unwritten agreement in its ambit. Presently, many of the case on the issue of AMP expenses have reached the SC, a final word that will settle the dust is eagerly awaited. Below is a quick round-up of some of the recent judgements on this issue:

ITAT rejects AMP-adjustment and also discards Revenue's reliance on BEPS Actions 8-10 (Whirlpool of India Ltd vs. DCIT – ITA No. 1972/DEL/2015]

Delhi ITAT rejects AMP-adjustment made by TPO and upheld by DRP. Made following observations:

- Rejects Revenue's stand of existence of mutual agreement between assessee and its AE for discharge of assessee's marketing functions and that assessee's AMP-spend benefitted the AE as it is based on bright line test already rejected by Hon'ble Delhi HC in assessee's own case for AY 2008-09;
- Rejects Revenue's reliance on BEPS Guidelines (Action Plan 8-10) as the same are yet to be implemented;
- Rejects Revenue's prayer of adjournment in view of pendency before SC, notes that facts and circumstances in present appeal are not different from those in AY 2008-09 and opines that, *"no purpose will be served by keeping present appeal pending, as issues raised by revenue in assessee's own case along with other cases, has not been listed before Hon'ble SC".*

Important take away from this ruling is that BEPS guidelines in relation to marketing intangibles could well be the test the Revenue would like to adopt in future.

ITAT deletes AMP adjustment by rejecting 'international transaction' plea, also recognises concept of economic owner (L.G. Electronics India Pvt. Ltd vs. ACIT – ITA No. 6253/Del/2012)

Delhi ITAT deletes AMP-adjustment for L.G. Electronics India Pvt. Ltd who is engaged in manufacturing, trading and marketing of electronics and home-appliances as:

- AMP expenditure in question does not fall within the ambit of international transaction due to lack of any tangible material being established by the revenue. Also, bright line test used for adjustment has no mandate in the Act;
- Assessee being a full-fledged manufacturer and having a long term agreement for the use of the 'LG' trademark in India, the entire AMP expenditure is incurred at its own discretion and for its own benefit for sale of 'LG' products in India and not towards promoting the brand name of the AE. This ensures that assessee satisfies the test of assessee's economic ownership of the brand in India; and
- Further, holds that mere agreement or arrangement for allowing use of their brand name by the AE does not lead to an inference that the parties were acting together to incur higher AMP-expenditure to render brand building service, also opines that *"since the operating margins of the assessee are in excess of the selected comparable companies, no adjustment is warranted".*

Important take away from this ruling is the recognition of the concept of 'economic ownership' but, in the same breath given importance to profitability is quite at divergence.

HC rejects ITAT's mechanically remittance of matter to TPO (Bose Corporation India Pvt. Ltd. vs. CIT – ITA No. 889/2017)

The TPO used bright line test for adjusting AMP expenses and when the assessee approached ITAT, instead of deciding the issue of ALP-determination of AMP expenditure by TPO who benchmarked on the basis of "the bright line test" method, ITAT relied on co-ordinate bench decisions in cases of Rayban Sun Optics India and asses see's own case for earlier years to remit the matter for fresh consideration by TPO.

The assessee approached Delhi HC which partly allowed assessee's appeal, sets aside ITAT order and directs ITAT to examine merits of issue of ALP-determination of AMP-expenditure in light of co-ordinate bench rulings in Sony Ericsson and Maruti Suzuki.

ITAT declines admitting Revenue's challenge against AMP-expenses when TP-issues attained finality amounts to re-opening which is prohibited u/s

92CA(2C) (Star India Pvt. Ltd. vs. ACIT – ITA No. 5630/Mum/2009)

Mumbai ITAT declines admitting Revenue's additional ground for remitting issue of AMP expenses to TPO for examination whether some benefit has accrued to the overseas AE in case of Star India from arm's length perspective for AY 2005-06 as ITAT notes that AO evaluated the allowability of the expenditure u/s. 37(1) (which treatment had been reversed, in favour of assessee, by ITAT and HC in the past years) and neither had assessee reported the transaction in Form 3CEB, nor had AO made a reference to TPO for ALP-determination of the said transaction. Thus, ITAT opines that "advertisement and publicity expenditure from the very initial stage itself was never treated as part of international transaction." Further, noting that Revenue had not contested the TP-additions deleted by the CIT(A), ITAT states that "the issues relating to TP adjustment have attained finality"; Clarifies that if the Department is permitted to rake up the issue relating to ALP-determination of AMP expenses, as raised in additional grounds, at this stage, it will "virtually result in re–opening of the assessment which is prohibited under section 92CA(2C) of the Act".

AMP expense, not an international transaction, absence of any agreement/ understanding/ arrangement (PepsiCo India Holdings Pvt Ltd vs. ACIT – ITA No. 4517/DEL/2016)

The ITAT adjudicated the case in favour of the taxpayer by placing reliance on various rulings and deleted the adjustment proposed by the lower tax authorities and analyzing the facts of the case in depth. The Tribunal held that if one of the parties by its own volition/ discretion incurs any expenditure for its business purpose, and there is no binding obligation on the other party (through oral or written arrangement), then it cannot be characterized as an 'international transaction' within the scope and definition of Section 92B of the Act.

Holds AMP-expense as an 'international transaction'; Distinguishes Pepsico-ruling (Olympus Medical Systems India Pvt. Ltd Vs. DCIT – ITA No. 7414/DEL/2018)

Delhi ITAT held incurrence of AMP expense as an international transaction for AY 2014-15 for assessee engaged in distribution of medical equipment in line with jurisdictional HC ruling in Sony Ericsson. Case distinguishable from PepsiCo India ruling as assessee therein was a full-fledged manufacturer who bore all associated risks.

Holds AMP expenses reimbursed by AE purely for brand-building; Distinguishes Goodyear (Bacardi India Pvt Ltd vs. DCIT – ITA No. 1197/Del/2016)

Delhi ITAT, in second round of proceedings pursuant to remand by HC, holds that reimbursement received for AMP functions performed by assessee (manufacturer & distributor of liquor with brand name of 'Bacardi') is an international transaction for AY 2011-12, remits ALP-determination in light of Sony Ericsson HC ruling. Distinguishes assessee's reliance on Goodyear ITAT ruling as that was a case of pure manufacture unlike the present case and moreso, due to asessee's failure to produce any evidence such as agreement, ledger copy etc. to support the arrangement.

Analysis

The AMP saga continues as there is still no consensus adjudication on the matter be it on question of law or benchmarking. The above ITAT decisions are welcome for many taxpayers as they elucidate that now the focus of the approach is on ascertaining the real nature of the relationship between the Indian subsidiary and its AE and further, courts are taking position to curtail the risk of re-assessment being on the taxpayers. However, the extent to which the resolution of this issue would be reached even at the apex court is uncertain considering the fact-intensive nature of transfer pricing and the complexities involved. Accordingly, the tug of war will continue until and unless a clearly defined/ prescriptive statutory scheme is prescribed to give clear directions on the issue.

Other Rulings in India

What attracts provisions of Chapter X? (PSIT vs. KSS Limited - ITA No. 476 of 2016)

Mumbai HC in the case of KSS Limited laid down the principle that for attraction of Chapter X provisions there must be a transaction or arrangement between two or more related parties such that it gives rise to benefit or income in the hand of one of the concerned parties. Accordingly, HC concluded that advance given to associated enterprise (AE) by Company for acquiring distribution rights due to certain business constraints faced by it and the AE acting

just as a conduit entity in the arrangement as the money was not retained by AE for any significant time would not fall under the ambit of *'international transaction'.*

TP Principle on preference shares, corporate guarantee (PCIT vs. Aegis Limited – ITA No. 1248 of 2016)

Mumbai HC upholds ITAT decision – 1) deletes adjustment made to investment in preference share transaction by re-characterising it as a loan transaction and charging a notional interest as Revenue failed to demonstrate its sham nature to substantiate its position, 2) upheld lowering of commission on guarantee from 5% to 1% and rejecting bank guarantee approach (consistent with HC adjudication in Everest Kento case) in view of inherent differences in these two lines of credit.

Outbound share investment & TP (PCIT vs. PMP Auto Components Pvt. Ltd. – ITA No. 1685 of 2016)

Mumbai HC deletes TP adjacent pertaining to excess amount paid to buy shares on capital account in AY 2010-11. Follows Vodafone rulings that Chapter X of the Act is a machinery provision and can be invoked only if Revenue can show that income as defined by in the Act does get arisen by the international transaction. Revenue's contention that there may be a reduction of tax liability in future as taxpayer may sell the shares at a loss as these have been purchased at higher than fair market value (FMV) was rejected as it's a hypothetical scenario and such notional income cannot be taxed. Moreover, sub-clause (xvi) to Section 2(24) which provides as income, any consideration received for issue of share, if it exceeds FMV under Section 56(2)(viib) of the Act has not been examined in this case as it has become effective from April 1, 2013.

TPO's jurisdiction to examine Specified Domestic Transactions (SDTs) absent AO's reference (Time Global Broadcasting Company Ltd. - Writ No. 3386 of 2018)

Mumbai HC adjudicates that the TPO has no jurisdiction to determine ALP of SDT not referred to him by AO under Section 92CA(1) of the Act. Notes that deeming fiction Section 92CA(2A) [inserted by Finance Act 2011 w.e.f. June 1, 2011] and Section CA(2B) [inserted by Finance Act 2012 w.e.f. June 1, 2002] were introduced by the legislator in the context of 'international transactions' only. Accordingly, it is correct to presume Legislator consciously decided not to include SDT. Further, requirement to refer by AO cannot be jettisoned by TPO by exercising suo moto jurisdiction because it would render Section 92CA(2) of the Act redundant. Also, clarifies that non-disclosure of an SDT by taxpayer does not leave Revenue without any remedy as CBDT instruction 3/2003 states, *"it is* always *open for the TPO who notices such transaction during the course of the proceedings before him call for a reference from Assessing Officer."*

SC rejects Special Leave Petition (SLP)s

- **McKinsey Knowledge Centre India Pvt. Ltd. (SLP No. 1785/2019)**

  SC rejected the SLP against HC orders for AYs 2011-12 and 2012-13 as the HC has upheld a well-reasoned order of ITAT to conclude that the characterisation of the Company as a high-end KPO and it also relied on Maersk Global Centres (India) ruling (Mumbai ITAT) where it has been held that services rendered were specialised and required specific skill based on analysis and research unlike rudimentary BPO services. Further, HC upheld adjustment made to AE-receivable beyond the agreed credit period on account of interest income short charged/ income uncharged. Accordingly, considering power under Section 136 of the Constitution, SLP was rejected.

- **Saipem India Project Limited (SLP No. 1696/ 2019)**

  SC's decision was in line with the decision of Madras HC wherein the latter had rejected Revenue's appeal against one of the comparable company as the conclusion drawn by the ITAT was well-reasoned based on the facts of the case and accordingly, the case warranted no 'substantial question of

law'. Issue involved is similar to Softbrands ruling.

- **Sun Pharmaceutical Industries Ltd (SLP No. 4466/ 2019)**

  SC ruled to dismiss SLP filed by the Revenue against the Gujarat HC wherein Gujarat HC had upheld ITAT's ruling passed in favour of the taxpayer based on facts and appreciation of the records. The ITAT had ruled that the adjustment proposed by the lower authorities in connection of payment of commission based on the contention that no service was rendered is exceeding the mandate of Chapter X as that is restricted to determination of arm's length price. Further, the lower authorities could not identify any comparable data to demonstrate the non-compliance by the taxpayer accordingly, the adjustment was deleted.

Indian APA Program Update

On March 29, 2019, the Indian APA authorities signed 2 more bilateral APAs (BAPA) (including 1 with US IRS) and 4 unilateral APAs, taking the total signed APAs' tally in FY 2018-19 to 52; including 11 BAPAs. Total of 271 APAs are signed by CBDT till FY 2018-19, which includes 31 BAPAs. CBDT's detailed press release can be viewed on following link: https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/754/PressRelease_Indian_Advance_Pricing_Agreement_3_4_19.pdf

For more insights, refer to our article on Bloomberg: https://www.linkedin.com/feed/update/urn:li:activity:6521716186139463680

Analysis

India has fared much better than other jurisdictions on the APA front. With the progress so far, the Government has been able to foster its objective of showcasing India as an efficient tax regime, with consensus seen on some complex transactions, tax issues and business models such that APA becomes an effective dispute resolution mechanism.

US IRS APA Report 2018

On March 22, 2019, US IRS published twentieth APA Update Report covering calendar year 2018.

Highlights

- 107 APAs (24 UAPA, 81 BAPA and 2 multilateral) executed in 2018; majority relating to manufacturing sector (45%) and wholesale/ retail trade segment (33%);
- Around 80% of transactions covered in APAs executed in 2018 involved the sale of tangible goods or provision of services and over 20% covered use of intangible property, which have been termed by the IRS to be most challenging covered transactions;
- Around 40% of APAs executed in 2018 were new APAs (not renewal of prior APAs), consistent with prior years;
- 21% of the total 161 BAPAs were filed by India in 2018; and
- Over half of pending 387 BAPA requests involved either Japan (31%) or India (20%).

US IRS Publishes Statistics on CbCR

CbCR Tax jurisdiction information is published by US IRS based on Form 8975 CbCR filed for 2016 by US corporations and partnership and its Schedule A data and provides data on number of filers, revenues, profit, income taxes, earnings, number of employees, and tangible assets in different jurisdictions. India had 593 reporting MNE groups (with industry break-up provided in tables below) as per Form 8,975 files and 1,714 constituent entities resident in the tax jurisdiction.

Major industry group of reporting MNEs were engaged in manufacturing (273) followed by wholesale and retail trade, transportation and warehousing (75) and information (69).

China APA Update

China has published its ninth APA Annual Report covering January 1, 2005 to December 31, 2017,

with total tally of 147 APAs signed (87 unilateral and 60 bilateral). In 2017, 8 APAs (3 unilateral and 5 bilateral) have been signed, mostly concluded in less than 2 years and pertaining to manufacturing industry.

ATO Guidelines – Inbound Distribution Arrangements

On March 29, 2019, the Australian Taxation Office (ATO) released new guidance – Practical Compliance Guideline PCG 2019/1 (the PCG). This guideline is relevant for all multinational enterprises (MNEs) with existing or new business-to-business distribution operations in Australia effective March 13, 2019. PCG Framework categorizes inbound distribution arrangements (IDA) into color graded risk zones (high - red, medium - yellow and low risk zones - green) having regard to profit markers set by the ATO based on five-year weighted average Earnings before Interest and Tax (EBIT) margin.

Key Highlights

- PCG to be used for TP risk assessment of IDAs, having regard to combination of quantitative and qualitative factors.
- PCG does not apply to an IDA which is covered by an APA, a settlement agreement with ATO, a court or Administrative Appeals Tribunal or where ATO review has assigned low risk rating for the current income year.
- Under this PCG, having low risk rating does not necessarily mean that TP outcomes are correct and high-risk rating does not necessarily mean that TP outcomes fail to comply with Arm's Length Principle (ALP).
- Till March 29, 2020, ATO considers remitting shortfall penalties to nil and shortfall interest charge to base rate if certain pre-conditions are met, such as voluntary disclosure for IDAs for all income years and adjusting TP (past and future) to reflect appropriate outcome based on the law.
- Profit markers not to be relied to determine arm's length conditions and should not be used as safe harbors.
- PCG does not replace TP applicability/ comparability analysis under the law and MNEs need to ensure that TP outcomes outside low risk zones are appropriately documented given increased scrutiny of such arrangements.
- PCG is likely to affect ATO's starting position for unilateral/ bilateral APAs and MAP discussions.

Rulings Across the Globe

Norway's Court of Appeal rules Intragroup IP transfer was undervalued for tax purposes

Norwegian tax office contested valuation as incorrectly distributed, resulting in reduction of taxable income attributed to sale of IP. In Norway, gains from the sale of IP rights are considered taxable income, however, gains on sale of shares are not taxable.

On December 22, 2015, Norwegian tax authorities arrived at the value of intangibles, concluding transaction not at arm's length. First, the value of Dynamic Rock Support AS' (DRS, now Normet Norway AS) shares was distinguished and then the value of the subsidiaries, as well as other assets in DRS was subtracted. The "residual" value left was regarded as the market value of intangibles at the time of transfer. On March 19, 2019, Norway's Court of Appeal validated the Norwegian tax office's adjustment of the income of DRS from M&A transaction.

Microsoft Denmark's TP adjustment on marketing activities deleted

SC holds that agreement did not oblige the assessee to market MNA OEM licenses; and opines that Microsoft Denmark was at least entitled to cover the marketing costs with the addition of 15%, ensured that the Danish company gained a profit from this activity, while at the same time the company did not bear the risk of the sale, which MIOL (Microsoft Ireland Operations Limited) was responsible for. Therefore, SC deleted TP adjustment in connection to sales for these products as Microsoft Denmark was not involved in that activity.

Other News – Around The Globe!

Hong Kong

- On January 23, 2019, Inland Revenue Department (IRD) announced that taxpayers are required to disclose certain related party information (including APA and CbCR obligation) in their profits tax return w.e.f. taxable year 2018.

Brazil

- On January 29, 2019, Brazil's revenue department (RFB) modified TP rules w.e.f. January 2019. New TP rules narrows the definition of goods considered as commodities for TP purposes.
- Further, for import transactions, RFB allows use of Divergence margin (i.e. margin earned by taxpayer is satisfactory when the weighted average benchmark price differs from the actual price upto 3% or 5%). Herein, the NI modifies the denominator as weighted average benchmark price (from the earlier used actual price) for calculation of Divergence margin. TP rules on import transactions and commodities. The NI also specifies the basis of calculating the benchmark prices under various methods i.e. whether calculated in the calendar year of import or the year in which the imported goods, services or rights were sold.

Ireland

- Public consultation has been sought by Ireland's Department of Finance from February 18, 2019 to April 2, 2019 to update its TP rules w.e.f. January 1, 2020.
- Comments are sought on proposed reforms to Ireland's TP rules in relation to incorporation of OECD 2017 Guidelines into Irish legislation; removal of TP exemption for pre July 2010 arrangements; extension of TP rules to Small & Medium Enterprises (SMEs), non-trading transactions and capital transactions; expanding TP documentation requirements as per BEPS Action 13 and application of TP rules to branches.
- In order to access the Ireland's TP Rules Public Consultation document, please click on this link: https://www.gov.ie/en/consultation/af7206-irelands-transfer-pricing-rules/

Nigeria

- Federal IRS released mutual agreement procedure (MAP) guidelines to resolve income tax treaty-related disputes, which can be accessed through following link: https://www.firs.gov.ng/sites/Authoring/contentLibrary/d7e0600f-2b97-4eb1-f250-26456105ce0eGuidelines%20on%20the%20Mutual%20Agreement%20Procedure%20in%20Nigeria.pdf

Algeria

- New TP measures introduced through Finance Bill, effective from January 1, 2019, including furnishing of tax rulings and APAs obtained by the Group (which is obliged to submit TP documentation) in other jurisdictions in case required by the tax authorities at the time of audit and limiting the deductibility of the interest paid to related companies at average effective interest rate established by the Bank of Algeria.

Botswana

- On February 4, 2019, TP legislation and thin capitalisation rules have been introduced effective July 1, 2019 in 2019/2020 budget.
- The new legislation requires taxpayers to compute their taxable income in accordance with the ALP and encourages voluntary compliance by notifying penalties for non-compliance with TP. Detailed APA rules are yet to be notified before effective date.
- The new thin capitalisation rules/ interest deductibility legislation is based on OECD's fixed ratio rule wherein an entity's net interest deductions is limited to 30% of its earnings before interest, taxes, depreciation and amortisation (EBITDA) except for entities whose main business is banking or insurance.

Chile

- Modified annual TP form to reflect information on inter-company loans and added new notification requirement for CbCR.

Kazakhstan

- Approves TP documentation and Advance pricing agreement (APA) forms/ procedures on December 24, 2018, with TP guidelines being effective from January 1, 2019.

Lithuania

- Introduced new TP documentation requirements on December 31, 2018, in line with BEPS, effective from January 1, 2019.

Panama

- Enacted new law to apply TP regulations to entities/ transactions with entities in free zones, preferential tax regimes and special economic areas on December 26, 2018.
- On January 24, 2019, Panama became 77th member signatory of the "Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports" (MCAA CbC).

Peru

- Peru became 76th member signatory of the MCAA CbC on November 9, 2018.

Saudi Arabia

- Issued final TP bylaws, in line with BEPS Action 13, accompanied by frequently asked questions (FAQs) on February 15, 2019 w.e.f. reporting year ending on December 31, 2018.

Uruguay

- On January 4, 2019, Uruguay's tax authorities issued resolution on CbCR filing requirements.

ABOUT US

Nangia Advisors LLP is a premier professional services organization offering a diverse range of Taxation, Transaction Advisory and Business Consulting services. Nangia Advisors LLP has presence currently in Noida, Delhi, Gurugram, Mumbai, Dehradun, Bengaluru and Pune. Nangia Advisors LLP has been in existence for more than 38 years and has been consistently rated as one of the best advisory firms in India for entry strategy, taxation, accounting & compliances over the past many years. Nangia Advisors LLP had announced a strategic collaboration agreement with Andersen Global last year in May. Andersen Global is an international association of legally separate, independent member firms comprised of tax and legal professionals around the world. Established in 2013 by US member firm Andersen Tax LLC, Andersen Global now has over 4,000 professionals worldwide and a presence in over 129 locations through its member and collaborating firms.

Quality of our people is the cornerstone of our ability to serve our clients. For this reason, we invest tremendous resources in identifying exceptional people, developing their skills, and creating an environment that fosters their growth as leaders. From our newest staff members through senior partners, exceptional client service represents a dedication to going above and beyond expectations in every working relationship.

We strive to develop a detailed understanding of our clients' business and industry sector to offer insights on market developments and assist our clients develop effective strategies and business models. We have the resources and experience necessary to anticipate and competently serve our clients on issues pertaining to all facets of Tax and Transaction Advisory. We take pride in our ability to provide definite advice to our clients with the shortest turnaround time. The business and tax landscapes have changed dramatically, and the pace and complexity of change continues to increase. We can assist you navigate this shifting landscape.

OUR OFFICES

NOIDA
A-109,Sector-136,
Noida (Delhi- NCR)
201304,
INDIA

DELHI
B-27, Soami Nagar,
New Delhi – 110017,
INDIA

GURUGRAM
812-814, Tower B,
Emaar Digital Greens
Sector 61,
Gurugram,
Haryana- 122102

MUMBAI
11th Floor, B Wing, Peninsula
Business Park, Ganpatrao
Kadam Marg, Lower Parel,
Mumbai – 400 013. INDIA

DEHRADUN
First Floor, "IDA"
46 E. C. Road,
Dehradun – 248001,
Uttarakhand.
INDIA

BENGALURU
150/1 Infantry Road,
Bengaluru – 560001
Karnataka
INDIA

PUNE
Office number 3, 1st
floor, Aditya,
Centeegra, Fergusson
College
Road, Next to Mantri
House,
Pune - 411004

GET IN TOUCH WITH US: contact@nangia.com, 0120-2598000, www.nangia.com