

I-T dept notifies tolerance range for AY25 for transfer pricing cases

Nangia & Co LLP Partner - Transfer Pricing Nitin Narang said the recently notified tolerance range for transfer pricing is applicable for cases where arithmetical mean is considered for computation of arm's length price/margin.

"The notification of tolerance range also suggested that it shall provide certainty to taxpayers and reduce the risk perception associated with pricing of a transaction in transfer pricing. Similar to preceding years, no specific reason or clarification is given in relation to why a different tolerance limit is set for wholesale traders and others, and how the range of 3 per cent has been determined," Narang added.