Transfer Pricing Case Law Compilation

OCTOBER 2025 TO DECEMBER 2025

Reetika Agarwal, FCA

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MONTH OCTOBER 2025

HIGH COURT

1. Where TPO passed an order without making any adjustments, Assessing Officer could not have assumed jurisdiction to reopen assessment on basis of same facts without there being any new tangible material available with Assessing Officer other than material which was considered by TPO during course of original scrutiny assessment.
[Weatherford Drilling and Production Services (India) (P.) Ltd. v Dy. CIT [2025] 179 taxmann.com 140 (Gujarat HC)]

2. If an objection before DRP is not filed within thirty days from date of receipt of draft assessment order, Assessing Officer is not required to await DRP's disposal of objection as belated and mere pendency of an objection before DRP, if not filed within prescribed thirty-day period, does not constitute legal impediment for Assessing Officer to proceed with completion of assessment.
[Pr. CIT v Yokogawa India Ltd. [2025] 179 taxmann.com 407 (Karnataka HC)]

3. Where variation in ALP was prejudicial to interest of eligible assessee as contemplated under section 144C(15)(b)(i), it was mandatory for Assessing Officer, in first instance, to forward to assessee a draft of proposed order of assessment as contemplated under section 144C(1).
[Danfoss Fluid Power (P.) Ltd. v UOI [2025] 179 taxmann.com 283 (Bombay HC)]

4. Where Advance Pricing Agreement (APA) was entered into between taxpayer and CBDT under section 92CC wherein application of 'cost plus pricing methodology' had been implicitly accepted, same would be having persuasive value to dispute in question for other years.
[Pr. CIT v FIS Global Business Solutions India (P.) Ltd. [2025] 179 taxmann.com 157 (Delhi HC)]

5. Where assessee and CBDT entered into a unilateral Advance Pricing Agreement (APA) and assessee filed a modified return as per agreement, since no adverse report was received from TPO which could lead to cancellation of agreement, Assessing Officer had no jurisdiction to make further ALP adjustments and was bound to accept modified return.
[Deloittee Consulting India (P.) Ltd. v NFAC [2025] 178 taxmann.com 781 (Telangana HC)]

INCOME TAX APPELLATE TRIBUNAL

INTEREST RATE ISSUE

6. Where assessee-company had given loan to its US subsidiary and TPO and DRP had applied rate of LIBOR + 400 basis points on loan advanced by assessee to its US subsidiary and accordingly made an adjustment on this transaction, LIBOR rate was justifiable with

respect to loan advanced by assessee to its AEs and TP adjustment was to be restricted only to extent of LIBOR.
[Kohinoor Foods Ltd. v DCIT [2025] 178 taxmann.com 60 (Delhi - Trib.)]

7. Where CCDs issued by assessee were denominated in Indian currency, interest on CCDs was to be benchmarked by applying SBI PLR instead of SIBOR.
[INVESCO (INDIA) (P.) Ltd. v DCIT [2025] 179 taxmann.com 216 (Hyderabad- Trib.)]

COMPARABLE SELECTION/REJECTION ISSUE

8. Where assessee was engaged in distribution of group products and limited services to AE, a company, which earned 99.99 per cent of revenue from wholesale trading in medicines, was quite similar to assessee's business and, thus, its inclusion as comparable was justified.
[Agilent Technologies India (P.) Ltd. v DCIT [2025] 178 taxmann.com 554 (Delhi - Trib.)]

9. Where assessee-company rendered software development services and selected company was engaged in diversified and engineering services, said company could not be compared with assessee.
[Philips India Ltd. V DCIT [2025] 178 taxmann.com 213 (Kolkata - Trib.)]

10. Where assessee-company rendered software development services and selected company was engaged in R&D activities, said company could not be selected as comparable.
[Philips India Ltd. V DCIT [2025] 178 taxmann.com 213 (Kolkata - Trib.)]

11. Where assessee-company rendered contract research and development services for medical devices, since activities of selected company were purely related to manufacturing of drugs more specifically, discovery of new drugs through research and development, it was not a comparable with assessee.
[Philips India Ltd. V DCIT [2025] 178 taxmann.com 213 (Kolkata - Trib.)]

12. Where company was engaged in IT-enabled services which were similar to services provided by assessee for which segmental information was also available, said company was to be included in final set of comparable companies.
[WNS Business Consulting Services (P.) Ltd. V DCIT [2025] 178 taxmann.com 547 (Delhi - Trib.)]

13. Where selected company was excluded from final list of comparables by TPO on reasoning that this was functionally dissimilar but order of TPO did not demonstrate functional dissimilarities, and said issue was to be remitted back to TPO to reexamine it afresh.
[Jubilant Generics Ltd. v ACIT [2025] 178 taxmann.com 724 (Delhi- Trib.)]

14. Where assessee-company was engaged in business of providing ITES, a company engaged in Accounting, Health and E- Publishing services could not be selected as comparables to assessee.
[INVESCO (INDIA) (P.) Ltd. v DCIT [2025] 179 taxmann.com 216 (Hyderabad- Trib.)]

15. A company involved in content development and transformation was not comparable to assessee engaged in business of providing ITES.
[INVESCO (INDIA) (P.) Ltd. v DCIT [2025] 179 taxmann.com 216 (Hyderabad- Trib.)]

16. Exclusion of comparables merely on ground of 'not appearing in one database' cannot be sustained when they appear in another validly recognized database.
[INVESCO (INDIA) (P.) Ltd. v DCIT [2025] 179 taxmann.com 216 (Hyderabad- Trib.)]

CORPORATE GUARANTEE/ PERFORMANCE GUARANTEE. LETTER OF COMFORT ISSUE

17. 1% rate of interest is appropriate for making adjustment towards commission attributable to guarantee fee.
[Kohinoor Foods Ltd. v DCIT [2025] 178 taxmann.com 60 (Delhi - Trib.)]

SPECIFIED DOMESTIC TRANSACTIONS

18. Where TPO had found SDTs to be at arm's length, Assessing Officer could not adopt a selective approach by accepting order of TPO with reference to international transactions while ignoring it with reference to SDTs.
[DCIT v Aarti Industries Ltd. [2025] 178 taxmann.com 676 (Mumbai- Trib.)]

19. When provisions of clause (i) of section 92BA have been omitted by Finance Act, 2017 with effect from 1-4-2017 without any saving clause, resultant effect is that it had never been passed and to be considered as a law that never existed.
[ITO v Vikram Tea Processing (P.) Ltd. [2025] 178 taxmann.com 691 (Pune- Trib.)]

20. Where assessee executed infrastructure projects under back-to-back contracts from AEs who had originally received such contracts from Government and assessee reported these transactions as its SDTs and TPO rejected benchmarking by assessee based on alleged misallocation of expenses between section 80-IA eligible and non-eligible units, leading to TP adjustment, such allocation issue being a corporate matter unrelated to pricing of SDTs, TP adjustment was unjustified and deleted.
[Sushee Infra & Mining Ltd. v ACIT [2025] 178 taxmann.com 763 (Hyderabad- Trib.)]

21. Domestic transactions are not to be mixed with international transactions for computing operating margins and inclusion of domestic revenue and expenditure results in distortion of profitability from international transactions, thereby vitiating comparability analysis.
[INVESCO (INDIA) (P.) Ltd. v DCIT [2025] 179 taxmann.com 216 (Hyderabad- Trib.)]

INTRA-GROUP SERVICES ISSUE

22. Where assessee-company availed management support services under a single agreement wherein it obtained Global Account Management (GAM) services as well as IT services from its AEs, since assessee's core business activity and sale were inextricably linked/dependent

on GAM service from its AEs, payment of these charges could not be segregated and benchmarked separately.
[Haworth India (P.) Ltd v DCIT [2025] 179 taxmann.com 220 (Chennai- Trib.)]

23. Where assessee's AE provided consultancy and technology services under Master Service Agreement, including onsite and 24/7 support to US clients duly evidenced by invoices and timesheets, determination of ALP at nil by TPO was unjustified and liable to be deleted.
[Virinchi Ltd. v DCIT [2025] 178 taxmann.com 721 (Hyderabad - Trib.)]

24. Where assessee, engaged in recruitment services, made payments to AEs for Business Support and Business Technology Services, and furnished detailed documentation substantiating need, purpose, rendition, and benefits of such intra-group services along with benchmarking analysis, determination of ALP at nil on ground that assessee had failed to satisfy need, purpose, benefit and rendition test was unjustified.
[Michael Page International Recruitment (P.) Ltd. v DCIT [2025] 179 taxmann.com 436 (Mumbai - Trib.)]

MATTERS RELATED TO OUTSTANDING RECEIVABLE TRANSACTION

25. Prior to enhancement of Explanation to section 92B vide Finance Act, 2012, transactions of outstanding receivables were out of purview of international transactions and hence cannot be subjected to TP adjustments.
[Kohinoor Foods Ltd. v DCIT [2025] 178 taxmann.com 60 (Delhi - Trib.)]

26. Where assessee's margin was significantly higher than comparables, no TP adjustment could be made on interest on outstanding receivables.
[Technip Energies India Ltd. v Addl CIT (India) Ltd. [2025] 178 taxmann.com 545 (Delhi - Trib.)]

27. Where TPO made TP adjustment on account of notional interest on outstanding receivables from AEs, since assessee was a debt free company and neither it was borrowing any funds for carrying its business nor it had incurred any interest expenses, question of charging interest on outstanding receivables did not arise.
[Technip Energies India Ltd. v Addl CIT (India) Ltd. [2025] 178 taxmann.com 545 (Delhi - Trib.)]

28. Where assessee had international transactions with AEs and TPO made TP adjustment on outstanding receivables by imputing interest at LIBOR + 100 bps relying on RBI Master Circular, since Circular allowed ceiling of LIBOR + 300 bps for 3–5 year loans, while assessee's receivables were realized in 93 days, addition of 100 basis points to interest rate specified in RBI Master Circular was arbitrary in nature and was to be set aside.
[Technip Energies India Ltd. v Addl CIT (India) Ltd. [2025] 178 taxmann.com 545 (Delhi - Trib.)]

29. LIBOR plus 200 basis points were appropriate benchmark for determining arm's length interest on delayed receivables from AEs.
[INVESCO (INDIA) (P.) Ltd. v DCIT [2025] 179 taxmann.com 216 (Hyderabad- Trib.)]

30. Where assessee had benefited from its AE by not recovering its trade receivables in stipulated time but assessee had not factored impact of receivables on its profitability, further adjustment for outstanding receivables was warranted.
[Jubilant Generics Ltd. v ACIT [2025] 178 taxmann.com 724 (Delhi- Trib.)]

FOREIGN AE

31. Foreign AE cannot be considered a tested party if sufficient details are not available to ascertain that AE is a tested party with least complex operations and limited risks.
[Jubilant Generics Ltd. v ACIT [2025] 178 taxmann.com 724 (Delhi- Trib.)]

ROYALTY

32. Where assessee paid royalty for use of trademark to its AEs and benchmarked transactions under CUP as most appropriate method and applied TNMM at entity level with three external comparables, but TPO rejected it and adjustment was made, following coordinate bench decisions in assessee's favour, TPO was to be directed to delete adjustment.
[Vodafone Idea Ltd. v ACIT [2025] 179 taxmann.com 560 (Delhi - Trib.)]

RELATED PARTY FILTER

33. Where issue of failure of RPT filter had been raised for first time before Tribunal, issue was to be remanded to Assessing Officer/TPO for verifications.
[Agilent Technologies india (P.) Ltd. v DCIT [2025] 178 taxmann.com 554 (Delhi - Trib.)]

34. Where RPT filter was computed on aggregate basis in earlier years and there being no distinguishing feature in present year, same method should be applied.
[INVESCO (INDIA) (P.) Ltd. v DCIT [2025] 179 taxmann.com 216 (Hyderabad- Trib.)]

35. Where company fails 25 per cent RPT threshold under aggregate method, then it cannot be retained as comparable.
[INVESCO (INDIA) (P.) Ltd. v DCIT [2025] 179 taxmann.com 216 (Hyderabad- Trib.)]

36. Where TPO excluded a company on ground of RPT filter, but assessee pointed out that total related party transactions of company were well within 25 per cent threshold prescribed, said company passed RPT test and was functionally comparable to assessee.
[INVESCO (INDIA) (P.) Ltd. v DCIT [2025] 179 taxmann.com 216 (Hyderabad- Trib.)]

NON-OPERATING INCOME AND EXPENSES

37. Where R&D expenses written off during year had been capitalized in past as intangible asset and assessee was captive manufacturer and supplier only to its AEs, R&D expenses was to be charged to cost of medicines, APIs, etc. manufactured by assessee as research was for core business of assessee and, therefore, it had to be included in manufacturing cost.
[Jubilant Generics Ltd. v ACIT [2025] 178 taxmann.com 724 (Delhi- Trib.)]

38. Loss derived from sale/disposal of property, plant and equipment was not to be included in operating expenses for determining arm's length price.
[Jubilant Generics Ltd. v ACIT [2025] 178 taxmann.com 724 (Delhi- Trib.)]

WORKING CAPITAL ADJUSTMENT

39. Where Commissioner (Appeals) in appellate order held that companies were comparable to assessee for benchmarking international transaction of provision of IT enabled services, however, directed TPO to give benefit of working capital adjustment to assessee, since Assessing Officer had not given effect to same, matter was to be remanded back to Assessing Officer for giving effect to said appellate order.
[WNS Business Consulting Services (P.) Ltd. V DCIT [2025] 178 taxmann.com 547 (Delhi - Trib.)]

40. Where working capital adjustment has already taken into account impact of outstanding receivables on profitability, any further adjustment on account of outstanding receivables is not permissible.
[Technip Energies India Ltd. v Addl CIT (India) Ltd. [2025] 178 taxmann.com 545 (Delhi - Trib.)]

PENALTY ISSUES

41. Where Assessing Officer levied penalty under section 271AA on ground that assessee failed to keep and maintain information and documents for working out ALP of SDT entered into by assessee with its AEs, since Commissioner (Appeals) deleted addition made by Assessing Officer on account of ALP of SDT, penalty under section 271AA was to be deleted.
[ITO v Vikram Tea Processing (P.) Ltd. [2025] 178 taxmann.com 691 (Pune- Trib.)]

42. Penalty under section 271G cannot be imposed solely for failure to benchmark international or specified domestic transactions and TPO must specify which documents prescribed under Rule 10D were not furnished by assessee and in absence of such identification, initiation and levy of penalty under section 271G is not sustainable.
[DCIT v Atul Ltd. [2025] 179 taxmann.com 323 (Ahmedabad- Trib.)]

OTHER ISSUES

43. Transfer pricing adjustment is not one of adjustments contemplated under Explanation I to section 115JB(2) and therefore cannot be added back to book profits under section 115JB.
[Innovative Textiles Ltd. v DCIT [2025] 178 taxmann.com 669 (Delhi- Trib.)]

44. Where assessee issued CCDs to its AE and benchmarked interest rate using NCD data from BSE, NSE, and NSDL without adjusting for compulsory conversion feature, which gave AE an added benefit and TPO rejected same and instead used Bloomberg data, but both approaches failed to ensure proper comparability with CCDs, as key differences—such as equity conversion, subordination, security, industry risk, and coupon structure—remained unaddressed, matter must be reconsidered with appropriate adjustments.
[DCIT v Mahindra Homes (P.) Ltd. [2025] 178 taxmann.com 498 (Mumbai- Trib.)]

45. Exercise of jurisdiction under section 263 to revise a final assessment order passed in pursuance to directions of DRP was invalid.
[Birla Carbon India (P.) Ltd. v Pr. CIT [2025] 178 taxmann.com 679 (Mumbai- Trib.)]

46. Where TP adjustments relating to basic market research and testing services were accepted by TPO based on financial statement which comprised of details of expenditures of infrastructure services fees and reimbursement made to AE, TPO can separately benchmark infrastructure service fees and reimbursements, even though these costs were reflected in financials used in benchmarking basic market research and testing services.
[Honda R & D (India) (P.) Ltd. V DCIT [2025] 179 taxmann.com 215 (Delhi- Trib.)]

47. Where assessee had undertaken detailed TP study and adopted TNMM as MAM to benchmark its inter-unit transactions and TPO had not pointed out any specific defects in TP documentation as required under section 92C(3) before proceeding with adjustment, TP adjustment made by TPO and sustained by DRP was not sustainable.
[Titan Company Ltd. V DCIT [2025] 179 taxmann.com 221 (Chennai - Trib.)]

48. Where assessee was engaged in trading of programmable logic controllers and TPO had applied trading turnover filter of 75 per cent, DRP was not justified in reducing threshold to 50 per cent merely to accommodate comparable engaged in manufacturing; such comparable having no trading turnover was directed to be excluded.
[B & R Industrial Automation (P.) Ltd. V DCIT [2025] 179 taxmann.com 419 (Pune-Trib.)]

49. Where a company did not pass export filter of 25 per cent, it was to be excluded from final set of comparables.
[Jubilant Generics Ltd. v ACIT [2025] 178 taxmann.com 724 (Delhi- Trib.)]

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MONTH NOVEMBER 2025

SUPREME COURT

50. SLP dismissed against order of High Court that where comparables selected by assessee were from same geography, i.e., USA and same industry, i.e., 'Kitchenware and home furnishing items' and hence were valid comparables to that of assessee, Tribunal was justified in directing TPO to include aforesaid comparables in final set of comparables.
[Pr. CIT v Tupperware India (P.) Ltd. [2025] 180 taxmann.com 294 (SC)]

HIGH COURT

51. Where assessee had entered into an agreement with its AE for rendering advisory services, and Tribunal found, on basis of documentary evidence on record that there was no considerable difference between services actually rendered by AE and those specified in agreement, such factual findings could not be attacked on ground of perversity.
[Pr. CIT v Grupo Antolin India Pvt Ltd. [2025] 180 taxmann.com 498 (Bombay HC)]

52. Where assessee, having SEZ unit eligible for section 10AA deduction and engaged in back-office support and data processing, voluntarily offered TP adjustments in returns as per an APA, Assessing Officer could not deny section 10AA exemption on portion of income relating to these TP adjustments, since income was not enhanced by Assessing Officer and conditions of section 92C(4) proviso were not attracted.
[Pr. CIT v EYGBS (India) (P.) Ltd. [2025] 180 taxmann.com 681 (Karnataka HC)]

53. Date of uploading DRP order on ITBA Portal is to be considered as date of service to recipient and time for Assessing Officer to pass assessment order starts running from date of receipt of DRP order.
[CIT v Hyundai Rotem Company [2025] 180 taxmann.com 18 (Delhi HC)]

54. Where assessee, a manufacturer of automobile components, filed objections to draft assessment order before DRP within time and Assessing Officer, unaware of this, passed final assessment order and issued demand and penalty notices, assessment order and consequential notices were quashed as proceedings must await DRP's decision before further action by Assessing Officer.
[Kawasaki Manufacturing (India) (P.) Ltd. v NFAC [2025] 179 taxmann.com 630 (Karnataka HC)]

55. Where DRP issued certain directions under section 144C(5) to Assessing Officer, however, Assessing Officer failed to complete assessment in conformity with said directions within one month from end of month in which such directions were received, proceedings pending before Assessing Officer concerning transfer pricing addition were barred by limitation and were outside purview of section 144C(13).
[Archroma International (India) (P.) Ltd. v DCIT [2025] 179 taxmann.com 517 (Bombay HC)]

INCOME TAX APPELLATE TRIBUNAL

COMPARABLE SELECTION/REJECTION ISSUE

56. Where assessee was engaged in marketing support services, including organising exhibitions to promote products, entity carrying out similar exhibition-based marketing support activities was to be included.
[Stryker India (P.) Ltd. V ACIT [2025] 177 taxmann.com 791 (Delhi - Trib.)]

57. Where assessee was providing marketing support services, a company providing BPO services could not be selected as a comparable.
[Stryker India (P.) Ltd. V ACIT [2025] 177 taxmann.com 791 (Delhi - Trib.)]

58. Where selected company had passed turnover filter but failed quantitative filter, ailed export filter and failed RPT filter, it could not be accepted as comparable.
[Assimilate Solutions India (P.) Ltd. V DCIT [2025] 179 taxmann.com 519 (Delhi-Trib.)]

59. Companies engaged in product development or those affected by extraordinary events like acquisitions cannot be compared with captive software service providers.
[Altera Digital Health (India) LLP V NFAC [2025] 179 taxmann.com 516 (Ahmedabad-Trib.)]

60. Companies engaged in product development or those affected by extraordinary events like acquisitions cannot be compared with captive software service providers.
[Altera Digital Health (India) LLP V NFAC [2025] 179 taxmann.com 516 (Ahmedabad-Trib.)]

61. Where financials of selected company showed that it was engaged primarily in wholesale trading of packaged software and also in providing geospatial services, with inventories, purchase of stock-in-trade, but no segmental reporting, said company was functionally different from assessee company rendering software development services.
[Altera Digital Health (India) LLP V NFAC [2025] 179 taxmann.com 516 (Ahmedabad-Trib.)]

62. Where selected company was engaged in distribution of "Travelport" travel technology solutions and derived nearly 99 per cent of its revenues from that activity and it was primarily a distributor and not a software service provider, it could not be selected as comparable to assessee rendering software development services.
[Spectraforce Technologies (India) (P.) Ltd. V ACIT [2025] 176 taxmann.com 916 (Pune- Trib.)]

63. Where TPO himself while dealing with objection of assessee with respect to benchmarking of comparables for research support services had adopted turnover filter of Rs. 4 to 5 crores and one of comparables selected by TPO had turnover of Rs. 3.65 crores and thus,

failed turnover filter, AO/TPO was to be directed to re-consider comparables after properly applying filters and exclude company which failed turnover filter.
[FIL India Business & Research Services (P.) Ltd. V ACIT [2025] 180 taxmann.com 596 (Delhi - Trib.)]

64. Where assessee providing R&D services, benchmarked its transaction using software development comparables but TPO rejected functional classification and adopted other R&D service provider comparables without sharing basis of search or margin computation, TP assessment was to be redone after proper FAR analysis and disclosure of search workings.
[Ecoenergy Insights Ltd. v DCIT [2025] 180 taxmann.com 307 (Delhi - Trib.)]

65. A company providing engineering design and detailing services, web services, and software testing was not comparable to assessee-company, engaged in business of Information Technology Enabled Services (ITES).
[Franklin Templeton International Services (India) (P.) Ltd. V ACIT [2025] 179 taxmann.com 641 (Mumbai- Trib.)]

66. Assessee-company, engaged in business of Information Technology Enabled Services could not be compared with KPO service provider.
[Franklin Templeton International Services (India) (P.) Ltd. V ACIT [2025] 179 taxmann.com 641 (Mumbai- Trib.)]

67. A company dealing in engineering designs and detailing services, web services, software testing etc., could not be considered as a comparable to assessee-company, engaged in business of Information Technology Enabled Services.
[Franklin Templeton International Services (India) (P.) Ltd. V ACIT [2025] 179 taxmann.com 641 (Mumbai- Trib.)]

68. A company engaged in rendering services to data management centers, individual computer managed security services and process consulting services could not be considered as a comparable to assessee-company, engaged in business of ITES and development and maintenance of global web-based services.
[Franklin Templeton International Services (India) (P.) Ltd. V ACIT [2025] 179 taxmann.com 641 (Mumbai- Trib.)]

69. A company engaged in development of software products could not be accepted as a comparable to assessee-company, engaged in business of ITES and development and maintenance of global web-based services.
[Franklin Templeton International Services (India) (P.) Ltd. V ACIT [2025] 179 taxmann.com 641 (Mumbai- Trib.)]

70. A company engaged in product/R&D (drug discovery tool) was functionally dissimilar to assessee,engaged in business of ITES.
[Franklin Templeton International Services (India) (P.) Ltd. V ACIT [2025] 179 taxmann.com 641 (Mumbai- Trib.)]

71. Giant companies with significant brand/intangibles, scale and risk profile, are not comparable to a captive software service provider.
[Franklin Templeton International Services (India) (P.) Ltd. V ACIT [2025] 179 taxmann.com 641 (Mumbai- Trib.)]

72. Where assessee, engaged in manufacturing automotive components, faced a transfer pricing (TP) adjustment after TPO rejected some comparables and added new ones, matter was to be remanded to TPO/AO to re-evaluate comparables through a detailed FAR (Functional, Asset, and Risk) analysis and determine proper TP adjustments.
[Bundy India Ltd. V DCIT [2025] 180 taxmann.com 49 (Ahmedabad- Trib.)]

73. A company having turnover of more than Rs. 200 crores cannot be compared with assessee-company having turnover of Rs. 173 crores.
[AMD India (P.) Ltd. V DCIT [2025] 180 taxmann.com 324 (Bangalore- Trib.)]

74. Where assessee-company was engaged in business of providing software development services, a company engaged in product development and product design services who had revenue from licensing of software products/IP and had also incurred expenses on R&D, could not be held as comparable to assessee.
[AMD India (P.) Ltd. V DCIT [2025] 180 taxmann.com 324 (Bangalore- Trib.)]

75. Where selected company was engaged in diversified business activities, in absence of segmental details, it could not be considered as comparable to assessee-company.
[AMD India (P.) Ltd. V DCIT [2025] 180 taxmann.com 324 (Bangalore- Trib.)]

76. Where assessee, engaged in rendering software development services to its AE, incurred substantially higher depreciation compared to comparable companies, adoption of Cash PLI (excluding depreciation) for benchmarking was appropriate to neutralize differences arising from high depreciation costs as compared to comparables.
[AMD India (P.) Ltd. V DCIT [2025] 180 taxmann.com 324 (Bangalore- Trib.)]

77. Where assessee-company was engaged in manufacture of electronic components/interconnects, a design-led, system-level electronics company with substantial portfolio in electro-optic/defence products and significant embedded/algorithm/FPGA/AI-ML design services was to be excluded from final set of comparables.
[TE Connectivity India (P.) Ltd. V DCIT [2025] 179 taxmann.com 653 (Bangalore-Trib.)]

78. Where assessee-company was engaged in manufacture of electronic components/interconnects, a company engaged in manufacture of PCBs/electronic assemblies was comparable.
[TE Connectivity India (P.) Ltd. V DCIT [2025] 179 taxmann.com 653 (Bangalore-Trib.)]

79. Where auditors for relevant assessment year of selected company acknowledged existence of related-party transactions and compliance with disclosure requirements but financial statements did not quantify such transactions in notes, said company could not be considered as comparable to assessee-company.
[TE Connectivity India (P.) Ltd. V DCIT [2025] 179 taxmann.com 653 (Bangalore-Trib.)]

80. Where assessee-company was engaged in manufacture of electronic components/ interconnects, a company engaged in manufacture of electrical switches was comparable to assessee.
[TE Connectivity India (P.) Ltd. V DCIT [2025] 179 taxmann.com 653 (Bangalore-Trib.)]

81. Where assessee-company was engaged in manufacture of electronic components/interconnects, a company engaged in manufacture of printed circuit boards (PCBs) was comparable to assessee.
[TE Connectivity India (P.) Ltd. V DCIT [2025] 179 taxmann.com 653 (Bangalore-Trib.)]

INTRA-GROUP SERVICES ISSUE

82. Where assessee availed technical support services from its AE and paid service charges with a markup of 5 per cent on actual cost incurred by AE, since assessee had furnished all requisite details to substantiate that services were actually rendered by AE and benefits derived by assessee out of availing such services, payment of technical support service charges was to be accepted to be at ALP.
[Aptive Components India (P.) Ltd. V ACIT [2025] 179 taxmann.com 153 (Delhi - Trib.)]

83. No mark-up is warranted on recoveries made by assessee from its AEs for support services and certain advertisement and promotion expenses as no service element is involved in said recoveries which are in nature of support received by assessee from its AEs.
[Panasonic India (P.) Ltd V NEAC [2025] 179 taxmann.com 402 (Delhi - Trib.)]

84. Where assessee engaged in integrated security solutions availed intra-group support services from overseas AE and benchmarked transactions using TNMM with foreign AE as tested party, but failed to substantiate actual receipt of services or provide AE cost base or allocation details, determination of arm's length price at NIL was not justified and proper ALP determination must follow after considering relevant cost and allocation data to be submitted by assessee.
[Ecoenergy Insights Ltd. v DCIT [2025] 180 taxmann.com 307 (Delhi - Trib.)]

85. Where assessee paid management fees to its UK affiliate under a global cost-sharing arrangement and TPO set ALP at nil due to lack of benchmarking and proof of benefits, since under the India–UK MAP 70% of such fees was accepted as arm's length, so same should apply for Assessment Year 2009-10.
[Bundy India Ltd. V DCIT [2025] 180 taxmann.com 49 (Ahmedabad- Trib.)]

SELECTION OF APPROPRIATE METHODS

86. Where assessee purchased traded goods from AEs on principal-to-principal basis for resale to unrelated third parties without making any value addition, in such a scenario, RPM would be MAM.
[Panasonic India (P.) Ltd V NEAC [2025] 179 taxmann.com 402 (Delhi - Trib.)]

87. Where assessee, a limited risk distributor, conducted distribution and after-sales customer services that were inextricably linked, segmenting trading and service activities with revenue-based allocation for arm's length price was impermissible, thus benchmarking under TNMM was required at entity level.
[Juniper Networks Solution India (P.) Ltd. V NFAC [2025] 179 taxmann.com 563 (Delhi- Trib.)]

88. Where TPO failed to bring on record a suitable CUP while adopting 'Other Method' as most appropriate method for benchmarking impugned transaction of allocation of RHQ charges paid by assessee to its AE and arbitrarily made an ad hoc adjustment of 50 per cent of RHQ charges, benchmarking exercise conducted by TPO was not in accordance with Rule 10AB and, therefore, entire transfer pricing adjustment in relation to allocation of RHQ charges was to be deleted.
[Lear Automotive India (P.) Ltd. V ACIT [2025] 179 taxmann.com 511 (Pune- Trib.)]

89. Where assessee imported palm oil from its AE and benchmarked international transaction using CUP method based on Kuala Lumpur Commodity Exchange (KLCE) quotations published by 'SUNVIN', since 'SUNVIN' price quotations were authentic and recognized under Rule 10D(3)(c) as valid external data sources, CUP method was MAM for determining ALP.
[ACIT v Tvarur and Fats (P.) Ltd. [2025] 179 taxmann.com 614 (Delhi - Trib.)]

90. Where assessee, engaged in production of key components and systems for heat transfer, separation and fluid handling, benchmarked export of traded spares to AEs under TNMM and Tribunal in immediately preceding year had held TNMM as most appropriate method for similar facts, TNMM was rightly adopted as MAM.
[ACIT v Alfa Laval India (P.) Ltd. [2025] 179 taxmann.com 418 (Pune - Trib.)]

91. Where assessee, engaged in distribution of access to global OTT platform, was characterised by TPO as a content and technology provider, reclassifying it from a limited-risk distributor to an entrepreneurial entity and to benchmark said transaction applied other method leading to a significant transfer pricing adjustment, since distribution

agreement and terms of use clearly indicated that assessee was merely a distributor, with no rights to content or technology, TNMM remained most appropriate method and Other Method adopted by TPO was unsustainable.
[Netflix Entertainment Services India LLP v DCIT [2025] 179 taxmann.com 644 (Mumbai- Trib.)]

92. Where assessee imported finished security equipment from AEs for trading and system integration and adopted Resale Price Method, but TPO rejected RPM and applied entity-level TNMM despite international transaction cost being only 4.08 percent of total operating cost and value-added services being independent transactions, application of entity-level TNMM was not justified and benchmarking required reconsideration using method relevant to specific international transactions.
[Ecoenergy Insights Ltd. v DCIT [2025] 180 taxmann.com 307 (Delhi - Trib.)]

CORPORATE GUARANTEE

93. Where negative lien on receivables and participating interest (PI) in oil and gas blocks held by assessee did not give right to lender of selling assets and negative lien by assessee did not provide any financial benefit/ service, negative lien on receivables and PI on oil and gas blocks given by assessee could not be equated with corporate guarantee and hence would be outside ambit of definition of international transaction.
[JOGPL (P.) Ltd. v DCIT [2025] 179 taxmann.com 411 (Delhi - Trib.)]

MATTERS RELATED TO OUTSTANDING RECEIVABLE TRANSACTION

94. Outstanding receivables beyond agreed credit period constitute a separate international transaction requiring independent benchmarking.
[TE Connectivity India (P.) Ltd. V DCIT [2025] 179 taxmann.com 653 (Bangalore-Trib.)]

SPECIFIED DOMESTIC TRANSACTIONS

95. Where assessee-company sub-contracted civil works of its section 80-IA eligible project to its AE and retained only 2 per cent of contract value, however, TPO treated said project as tested party and alleged profit manipulation by assessee and its AE based on high profit margin, since assessee had achieved lesser margin with related party transactions and there was no material brought on record to show that assessee was involved in any under billing and had consistently declared 2 per cent margin in this project, TP adjustment proposed by reducing deduction under section 80-IA was to be deleted.
[DCIT V Koya and Company Construction Ltd. [2025] 180 taxmann.com 791 (Delhi - Trib.)]

96. Where assessee, a wind energy SPV, reimbursed project-related expenses to sponsor AE which were capitalized to CWIP and not charged to P&L, since transaction did not result in more than ordinary profits or qualify as SDT under section 80IA(10), there was no basis for benchmarking or making TP adjustment.
[ACIT V Mytrah Vayu (Gujarat) (P.) Ltd. [2025] 179 taxmann.com 674 (Ahmedabad-Trib.)]

TREATMENT OF FOREX GAIN Or LOSS

97. Foreign exchange gain/loss cannot be termed as non-operating items.
[Calsonic KanseiMotherson Auto Products (P.) Ltd. V DCIT [2025] 177 taxmann.com 169 (Delhi - Trib.)]

AMP EXPENSES

98. Where telecom service providers incurred advertisement and promotion expenses integral to its business without any arrangement to promote foreign AEs' brands, failure to demonstrate an international transaction in respect of AMP expenses invalidated transfer pricing adjustment, and thus, adjustment in respect of AMP expenses was to be deleted.
[Vodafone Digilink Ltd. v DCIT [2025] 179 taxmann.com 654 (Mumbai- Trib.)]

99. Where assessee, a wholly-owned subsidiary of a Korean group company, incurred AMP expenditure and benchmarked all international transactions using aggregate TNMM at entity level and TPO accepted this for other transactions but treated AMP expenses separately and applied bright line test, since TPO did not dispute aggregate benchmarking, AMP expenses could not be treated as an international transaction alone and no separate transfer pricing adjustment for AMP expenses was warranted.
[LG Electronics India (P.) Ltd. V Addl CIT [2025] 179 taxmann.com 512 (Delhi- Trib.)]

TREATMENT AS OPERATING REVENUE/EXPENSES

100. Provision for bad and doubtful debts, normal business expenses being linked to sales, should be considered as operating in nature and should be treated as part of operating costs.
[AMD India (P.) Ltd. V DCIT [2025] 180 taxmann.com 324 (Bangalore- Trib.)]

ROYALTY/ INTANGIBLES ISSUES

101. Where assessee transferred specified intangibles and customer contracts to AE relying on independent valuer's projections, arm's length price could not be recomputed by applying actual results in place of projections.
[Ecoenergy Insights Ltd. v DCIT [2025] 180 taxmann.com 307 (Delhi - Trib.)]

102. Where TPO had questioned commercial prudence of assessee to pay royalty and had arrived at ALP without referring to any of prescribed methods, since approach of TPO for assessment year 2009-2010 stood rejected by Tribunal, there was nothing on record to persuade to take a view different from view taken by Tribunal.
[Vodafone Digilink Ltd. v DCIT [2025] 179 taxmann.com 654 (Mumbai- Trib.)]

103. Where assessee paid royalty to its AE for use of technology and brand, royalty rates for assessment years 2012-13 and 2013-14 were within tolerance range and, for assessment year 2014-15, assessee furnished a Chartered Accountant's certificate as additional evidence, admission of such evidence warranted and royalty adjustment required fresh adjudication based on this material.
[LG Electronics India (P.) Ltd. V Addl CIT [2025] 179 taxmann.com 512 (Delhi- Trib.)]

OTHER ISSUES

104. Where payment was made by assessee to its AE as common charges for IT related services and same was reimbursement of actual cost incurred by AEs on assessee's behalf and did not involve any element of service or income, transaction of payment of cost recharges by assessee to its AE without any markup was to be accepted to be at ALP.
[Aptive Components India (P.) Ltd. V ACIT [2025] 179 taxmann.com 153 (Delhi - Trib.)]

105. Where assessee entered into a contract with ONGC for supplying a Floating Production Storage and Offloading (FPSO) vessel and providing, inter alia, Operations and Maintenance (O&M) services to ONGC for a period of 9 years and it obtained vessel on a bareboat charter hire basis from its associated enterprise, since even after imputing 2.5 per cent commission payable to assessee for bareboat charter fees paid to associated enterprise, assessee was still paying less than comparable instances, international transaction resulted in an arm's length outcome, and thus, no transfer pricing adjustment was warranted.
[SP Armada Oil Exploration (P.) Ltd. V DCIT [2025] 179 taxmann.com 196 (Mumbai- Trib.)]

106. Where a part of ITES transactions of assessee with its UK AEs had been resolved through MAP and Competent Authorities of both countries had agreed upon margin of 18 per cent on operating cost, TPO should conduct FAR analysis and, if factors influencing price were similar, apply 18% MAP margin to non-UK AE transactions.
[Bundy India Ltd. V DCIT [2025] 180 taxmann.com 49 (Ahmedabad- Trib.)]

107. Where assessee sold products sourced from AE in India and undertook warranty services for end customers which was reimbursed by AE on a cost-to-cost basis for such services, since warranty obligation was inherent to product sale and ultimate liability lay with AE, no mark-up was to be applied on such reimbursements.
[LG Electronics India (P.) Ltd. V Addl CIT [2025] 179 taxmann.com 512 (Delhi- Trib.)]

108. Where assessee paid design and development charges to its AE for product modifications and benchmarked these along with other international transactions under TNMM, and

operating margin was within permissible range of comparables, no separate transfer pricing adjustment for such charges was warranted regardless of existing royalty arrangements or in-house R&D capabilities.
[LG Electronics India (P.) Ltd. V Addl CIT [2025] 179 taxmann.com 512 (Delhi- Trib.)]

109. Where assessee was charged management support costs by its AE for regional management and marketing activities and allocated these expenses in proportion to sales while benchmarking under TNMM, since Tribunal in earlier years accepted such allocation as business necessity and upheld proportional allocation, impugned transfer pricing adjustment was not warranted and required deletion.
[LG Electronics India (P.) Ltd. V Addl CIT [2025] 179 taxmann.com 512 (Delhi- Trib.)]

110. TPO cannot question commercial expediency of expenditure incurred by assessee and while determining ALP of expenditure, only requirement is to examine whether transaction is genuine and whether payment is supported by evidence.
[TE Connectivity India (P.) Ltd. V DCIT [2025] 179 taxmann.com 653 (Bangalore-Trib.)]

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MONTH DECEMBER 2025

INCOME TAX APPELLATE TRIBUNAL

INTEREST RATE ISSUE

111. Where assessee charged interest at same rate as external lender when extending a loan to its AE for repayment of an existing loan, but TPO applied a 0.5% upward risk adjustment without applying any prescribed ALP determination method, such protective transfer pricing adjustment was unsustainable.
[Precision Camshafts Ltd. v NFAC [2025] 180 taxmann.com 506 (Pune- Trib.)]

112. Where assessee advanced interest-free loans and advances to AEs in foreign currencies, use of LIBOR was more appropriate for benchmarking notional interest, and not domestic interest rates, thus international transaction was to be benchmarked by applying applicable LIBOR rate.
[IBS Software Services (P.) Ltd. v ACIT [2025] 180 taxmann.com 598 (Cochin- Trib.)]

113. Where assessee advanced loans to its AEs and original as well as modified agreements stipulated repayment in US dollars with no fresh loans during year, application of LIBOR-based interest rate would be appropriate for determining ALP.
[Acme Cleantech Solutions Ltd. v DCIT [2025] 180 taxmann.com 727 (Delhi- Trib.)]

114. Where assessee advanced foreign currency loan to its wholly owned subsidiary and charged interest at LIBOR plus appropriate basis points, substantiated by internal CUP in form of Citibank's sanction to same AE at similar rates, benchmarking loan and delayed receivables at LIBOR + 225/250 bps was consistent with arm's length standards.
[SRF Ltd. v ACIT [2025] 181 taxmann.com 403 (Delhi- Trib.)]

115. Where assessee had extended loan to its AE and charged interest at rate of 3.55 per cent on said loan, since rate adopted by assessee was on basis of Jordan Central Bank rate, interest charged by assessee from its AE on loan advanced at rate of 3.55 per cent was to be accepted to be at ALP.
[Matrix Clothing (P.) Ltd. v ACIT. [2025] 181 taxmann.com 336 (Delhi- Trib.)]

116. Where assessee had advanced foreign currency loans to its AEs and charged interest based on LIBOR/EURIBOR plus appropriate mark-up, rejection of such benchmarking and adoption of higher rates by TPO was unwarranted, as LIBOR/EURIBOR constituted proper benchmark for determining arm's length interest on foreign currency loans.
[SRF Ltd. V ACIT [2025] 181 taxmann.com 402 (Delhi - Trib.)]

COMPARABLE SELECTION/REJECTION ISSUE

117. Upper turnover filter is required to be employed for better determination of arm's length price and companies which had many folds turnover compared to assessee should be excluded from comparability analysis.
[Concur Technologies (India) (P.) Ltd. V ACIT [2025] 180 taxmann.com 447 (Bangalore- Trib.)]

118. Where a company follows different accounting year but data is available in public domain, and assessee is in a position to reconstruct financial data for respective financial year comparable to assessee's financial year, to satisfaction of Assessing Officer/TPO, said company should be included in comparability analysis.
[Concur Technologies (India) (P.) Ltd. V ACIT [2025] 180 taxmann.com 447 (Bangalore- Trib.)]

119. A company engaged in development and sale of accounting and business management software was functionally dissimilar to assessee- distributor.
[SAP India (P.) Ltd. V DCIT [2025] 180 taxmann.com 550 (Bangalore- Trib.)]

120. Where assessee was engaged in distribution of software products, a software development company was not a valid comparable.
[SAP India (P.) Ltd. V DCIT [2025] 180 taxmann.com 550 (Bangalore- Trib.)]

121. Where turnover of selected company was ten times higher than turnover of assessee, said company could not be considered as comparable under turnover filter.
[DGS Technical Services (P.) Ltd. V DCIT [2025] 180 taxmann.com 266 (Hyderabad - Trib.)]

122. Where assessee company provided simple back-end support services to its AE on basis of drawings and designs provided by AE or its customers, it could not be compared with company which was engaged in providing high-end KPO services.
[DGS Technical Services (P.) Ltd. V DCIT [2025] 180 taxmann.com 266 (Hyderabad - Trib.)]

123. Companies with disproportionately high turnover cannot be compared with small or midsize software development service providers.
[DCIT v Indianic Infotech Ltd. [2025] 180 taxmann.com 717 (Ahmedabad- Trib.)]

124. Where a company was engaged in software testing and outsourced product development, was functionally distinct to assessee, a software development company.
[DCIT v Indianic Infotech Ltd. [2025] 180 taxmann.com 717 (Ahmedabad- Trib.)]

125. Companies with no controlled transactions cannot be treated as comparables for benchmarking-controlled transactions.
[DCIT v Indianic Infotech Ltd. [2025] 180 taxmann.com 717 (Ahmedabad- Trib.)]

126. Where assessee provided marketing support services to its AE, selected companies engaged in managerial analytics were functionally dissimilar to assessee's profile.
[Signode India Ltd. v DCIT [2025] 180 taxmann.com 635 (Hyderabad- Trib.)]

127. Where selected companies were having presence of intangibles as compared to assessee-company, said companies could not be selected as comparables.
[Signode India Ltd. v DCIT [2025] 180 taxmann.com 635 (Hyderabad- Trib.)]

128. Where assessee engaged in trading of rice disputed inclusion and exclusion of comparable trading entities and treatment of bank charges, treasury expenses, and interest in PLI, as detailed factual verification from audited financials of comparables was not performed by TPO/DRP, issue was required to be remanded to DRP for fresh examination.
[PCL Foods (P.) Ltd. V NeAC [2025] 180 taxmann.com 599 (Delhi - Trib.)]

129. Where assessee bank provided back-office support services to its wholly owned subsidiaries, comparables which were in business of BPO and their area of operations were quite different from that of assessee, such comparables were to be excluded from final set of comparables.
[ICICI Bank Ltd. v DCIT [2025] 180 taxmann.com 804 (Mumbai- Trib.)]

130. A company engaged in global business consulting and IT services solutions could not be held comparable to assessee engaged in software development services.
[ACIT v Bahwan Cybertek (P.) Ltd [2025] 181 taxmann.com 231 (Chennai - Trib.)]

131. Where assessee, an ITeS provider, had turnover of Rs. 35.60 crores, companies having turnover of more than Rs.500 crore could not be treated as valid comparables.
[DCIT v Zyme Solution (P.) Ltd. [2025] 181 taxmann.com 690 (Bangalore- Trib.)]

132. Where Commissioner (Appeals) mechanically excluded comparable by merely relying on coordinate bench decisions without conducting an independent FAR analysis, since facts relating to one comparable required verification, matter was to be remanded to Commissioner (Appeals).
[DCIT v Zyme Solution (P.) Ltd. [2025] 181 taxmann.com 690 (Bangalore- Trib.)]

133. Where Commissioner (Appeals) failed to adjudicate grounds raised by assessee seeking inclusion of certain comparables, matter was to be remanded to file of Commissioner (Appeals).
[DCIT v Zyme Solution (P.) Ltd. [2025] 181 taxmann.com 690 (Bangalore- Trib.)]

134. Where assessee, an ITeS provider, had turnover of Rs. 35.60 crores, companies having turnover of more than Rs.500 crore could not be treated as valid comparables.
[DCIT v Zyme Solution (P.) Ltd. [2025] 181 taxmann.com 690 (Bangalore- Trib.)]

135. Company having negative net worth for three consecutive financial years, was to be excluded from comparables list on account of failing negative net worth filter.
[Rockwell Automation India (P.) Ltd. V DCIT [2025] 180 taxmann.com 690 (Delhi-Trib.)]

136. Company engaged in business of selling advertising space in print media was functionally dissimilar to assessee providing business support services.
[Rockwell Automation India (P.) Ltd. V DCIT [2025] 180 taxmann.com 690 (Delhi-Trib.)]

137. A company engaged in business of placement services and deriving major revenue from legal and consultancy services from placement services, could not be included as comparable to assessee rendering business support services.
[Rockwell Automation India (P.) Ltd. V DCIT [2025] 180 taxmann.com 690 (Delhi-Trib.)]

138. Where company was engaged in business of hosting fairs, events etc. and also providing market research services, same was functionally comparable and should be retained as comparable to assessee rendering business support services.
[Rockwell Automation India (P.) Ltd. V DCIT [2025] 180 taxmann.com 690 (Delhi-Trib.)]

139. Where assessee-company rendered business support services (marketing/sales support) to its AE, companies engaged in business of organizing exhibitions and events were functionally similar to assessee and should be included as comparables.
[Rockwell Automation India (P.) Ltd. V DCIT [2025] 180 taxmann.com 690 (Delhi-Trib.)]

140. Where assessee providing software development services to its AE, a company involved in diversified activities and also turnover of comparable for subject year was significantly higher in comparison to assessee, could not be selected as a comparable for benchmarking international transaction of assessee.
[HighRadius Technologies (P) Ltd. V DCIT [2025] 180 taxmann.com 563 (Hyderabad-Trib.)]

141. Where assessee was engaged in providing routine software development services to its AE, a company engaged in diversified high-end activities such as product design, engineering, R&D, owned intellectual property and operated multiple R&D centers, could not be selected as a comparable for benchmarking assessee's international transactions.
[HighRadius Technologies (P) Ltd. V DCIT [2025] 180 taxmann.com 563 (Hyderabad-Trib.)]

142. A company performing debt management business and collection services was functionally not comparable to assessee's business support service segment.
[Rockwell Automation India (P.) Ltd. V DCIT [2025] 180 taxmann.com 690 (Delhi-Trib.)]

143. Where assessee was a low-risk captive software developer with no IP or R&D, a giant diversified IT service provider engaged in consulting, digital services, platforms and products, possessing huge brand value, intangibles and high turnover without segmental data, could not be selected as a comparable for benchmarking assessee's international transactions.
[HighRadius Technologies (P) Ltd. V DCIT [2025] 180 taxmann.com 563 (Hyderabad-Trib.)]

144. Where assessee rendered captive software development services, a company engaged in diversified global IT, consulting and BPO operations, owning intangibles, undertaking R&D and operating at a significantly larger scale without relevant segmental breakup, was liable to be excluded from comparables.
[HighRadius Technologies (P) Ltd. V DCIT [2025] 180 taxmann.com 563 (Hyderabad-Trib.)]

145. A business consulting and enterprise transformation company using proprietary frameworks, rendering consulting and IT services without segmental breakup of software development revenue, could not be accepted as a comparable for benchmarking captive software development services of assessee.
[HighRadius Technologies (P) Ltd. V DCIT [2025] 180 taxmann.com 563 (Hyderabad-Trib.)]

146. A company engaged in diversified activities including customised and packaged software, product development, professional and technical services, with R&D investment and global patent filings, was functionally dissimilar and could not be included for benchmarking captive software development services.
[HighRadius Technologies (P) Ltd. V DCIT [2025] 180 taxmann.com 563 (Hyderabad-Trib.)]

147. A company primarily engaged in product engineering, consulting, IT-enabled solutions, owning proprietary frameworks and tools and undertaking R&D, was not functionally comparable to assessee providing captive software development services to its AE and hence was to be excluded.
[HighRadius Technologies (P) Ltd. V DCIT [2025] 180 taxmann.com 563 (Hyderabad-Trib.)]

148. A comparable having a different financial year ending could be included where financial results could be reasonably extrapolated for benchmarking software development services.
[HighRadius Technologies (P) Ltd. V DCIT [2025] 180 taxmann.com 563 (Hyderabad-Trib.)]

149. Where assessee engaged in software distribution adopted TNMM and TPO selected comparables including an entity operating multiple business segments, only segmental margin relevant to Learning Solutions segment of that comparable was to be adopted, not overall margin, to ensure proper functional comparability in benchmarking.
[SAP India (P.) Ltd. V DCIT [2025] 180 taxmann.com 631 (Bangalore- Trib.)]

150. Where entity engaged in computer software distribution and related training with revenues from product sales and services was compared to assessee's software distribution segment, such entity was functionally comparable in light of similar business activities and income streams and rightly included in final comparables set.
[SAP India (P.) Ltd. V DCIT [2025] 180 taxmann.com 631 (Bangalore- Trib.)]

151. Where assessee operated in software distribution segment, an entity earning predominantly from sale of software products, with over 96% revenue from product sales and no segmental distinction required, was functionally comparable and rightly included in final set.
[SAP India (P.) Ltd. V DCIT [2025] 180 taxmann.com 631 (Bangalore- Trib.)]

152. Where assessee, engaged solely in software product distribution for AE in India, applied TNMM and TPO included companies engaged in developing, licensing, and owning proprietary software products without availability of segmental data, such functionally dissimilar entities involved in product development or R&D could not be accepted as comparables for benchmarking margins of a pure distributor.
[SAP India (P.) Ltd. V DCIT [2025] 180 taxmann.com 631 (Bangalore- Trib.)]

153. Where new comparables that had not featured in either assessee's or TPO's accept-reject matrix and where existing filters remained unchallenged, inclusion of such comparables would amount to cherry-picking and undermine comparability analysis, thus their exclusion was justified.
[SAP India (P.) Ltd. V DCIT [2025] 180 taxmann.com 631 (Bangalore- Trib.)]

154. A giant company having more than 200 times revenue than that of assessee-company, could not be compared to assessee-company.
[GBT India (P.) Ltd. V ACIT [2025] 180 taxmann.com 857 (Delhi - Trib.)]

155. A company engaged in providing Knowledge Process Outsourcing (KPO) services cannot be compared to assessee, a Business Process Outsourcing (BPO) service provider.
[GBT India (P.) Ltd. V ACIT [2025] 180 taxmann.com 857 (Delhi - Trib.)]

156. Where assessee was engaged in providing back-end support services to its AEs globally, a company engaged in providing diversified business activities was functionally different.
[GBT India (P.) Ltd. V ACIT [2025] 180 taxmann.com 857 (Delhi - Trib.)]

157. Where selected company had made operational profits in two years out of three years including concerned financial year, it could not be said that it was a consistent loss making company and it should be included in final set of comparables.
[GBT India (P.) Ltd. V ACIT [2025] 180 taxmann.com 857 (Delhi - Trib.)]

158. Where TPO rejected a company from comparable list on ground that said company was engaged in business of providing software development and IT services which were different from BPO services rendered by assessee, since assessee submitted that said company was engaged in providing back-end support services as per its annual report, this issue was remitted to file of TPO.
[GBT India (P.) Ltd. V ACIT [2025] 180 taxmann.com 857 (Delhi - Trib.)]

159. A Government undertaking cannot be accepted as comparable to assessee's marketing support services.
[SRF Ltd. V ACIT [2025] 181 taxmann.com 402 (Delhi - Trib.)]

160. Where assessee provided management support services to AEs, a credit rating / information services company, being functionally dissimilar, was liable to be excluded from comparables.
[SRF Ltd. V ACIT [2025] 181 taxmann.com 402 (Delhi - Trib.)]

161. Where TPO, while benchmarking international transaction of freight forwarding services using TNMM, rejected four comparables selected by assessee without assigning any reason and opted for new comparables, exclusion without justification was not proper and all four originally selected comparables were to be included in final set of comparables.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

162. Where assessee-company was engaged in international air and sea freight forwarding services, a company engaged in road transport business and had freight income from its own truck and container could not be treated as valid comparables and, thus, was liable to be excluded from final set.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

163. Where assessee-company was engaged in international air and sea freight forwarding services, a company owning and operating cargo ships worldwide and being asset-heavy was functionally different and was to be excluded from final comparables.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

164. Where assessee-company was engaged in international air and sea freight forwarding services, a company engaged in dispensing fuel, transport service of freight and tourism and having significant vehicle-based tangible assets (39 per cent) being functionally different was to be excluded from final comparables.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

165. A company whose audited financial statements were not available in public domain could not be considered as a valid comparable.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

166. Where assessee-company was engaged in international air and sea freight forwarding services, a company engaged in transport by road and rail, cartage and haulage as owners of road vehicles being functionally different was to be excluded from final comparables.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

167. Where assessee-company was engaged in international air and sea freight forwarding services, a company primarily engaged in transportation/logistics and owning more than 185 vehicles (62 per cent tangible assets) was asset-heavy and not comparable with assessee.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

168. Where assessee-company was engaged in international air and sea freight forwarding services, a company providing customs brokerage, multimodal facility, supply chain management, packaging, warehousing etc. being functionally different was to be excluded from final comparables.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

169. Where assessee-company was engaged in international air and sea freight forwarding services, a company predominantly engaged in bulk and over-dimensional consignments as public carrier/road transporter being functionally different was to be excluded from final comparables.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

170. Where assessee-company was engaged in international air and sea freight forwarding services, a company engaged in transportation by all modes and owning fleet of 700 vehicles (81 per cent tangible assets) was asset-heavy and not comparable with assessee.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

171. Where assessee-company was engaged in international air and sea freight forwarding services, company engaged in transportation and warehousing and owning significant vehicle-based assets (93 per cent tangible assets) being functionally different was to be excluded from final comparables.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

172. Where assessee-company was engaged in international air and sea freight forwarding services, a multimodal logistics company owning fleet of over 700 vehicles and having warehousing activities was asset-heavy and not comparable with assessee.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

173. Where assessee-company was engaged in international air and sea freight forwarding services, a company engaged solely in road transportation with no segmental details was functionally different and required to be excluded.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

174. Where assessee-company was engaged in international air and sea freight forwarding services, a company engaged in consolidation/deconsolidation, freight forwarding, logistics warehousing and transportation was performing diversified logistics functions being functionally different was to be excluded form final comparables.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

CORPORATE GUARANTEE/ PERFORMANCE GUARANTEE. LETTER OF COMFORT ISSUE

175. Where assessee provided a corporate guarantee to its subsidiary and did not charge commission based on a condition imposed by an independent bank prohibiting receipt of guarantee commission, non-levy of guarantee commission was justified under such unique circumstance and arm's length price adjustment could not be sustained.
[Precision Camshafts Ltd. v NFAC [2025] 180 taxmann.com 506 (Pune- Trib.)]

176. Where assessee on behalf of its subsidiary, issued an undertaking (letter of comfort) to Monetary Authority of Singapore (MAS) that it would ensure that subsidiary would maintain sound liquidity and a sound financial position to meet capital market services license requirements in Singapore, TPO was to be directed to benchmark undertaking at rate of 0.04 per cent.
[ICICI Bank Ltd. v DCIT [2025] 180 taxmann.com 804 (Mumbai- Trib.)]

177. After amendment brought out by Finance Act, 2012, by inserting Explanation 1(e) to section 92B(2), corporate guarantee is to be treated as deemed international transaction, however TPO should benchmark corporate guarantee fees @ 0.5% on total corporate guarantee given by assessee to its AE.
[ACIT v Bahwan Cybertek (P.) Ltd [2025] 181 taxmann.com 231 (Chennai - Trib.)]

178. Corporate guarantee fee charged at rate of 0.25 per cent by assessee from its AEs was at arm's length.
[SRF Ltd. v ACIT [2025] 181 taxmann.com 403 (Delhi- Trib.)]

179. Where issue of corporate guarantee fee had been settled in assessee's favour vide orders of Tribunal for previous assessment years, in absence of any change in factual matrix and legal preposition, no adjustment could be made on account of corporate guarantee fee for subsequent assessment year.
[DCIT v Alembic Pharmaceuticals Ltd [2025] 181 taxmann.com 170 (Ahmedabad-Trib.)]

180. Where assessee, being parent company, issued corporate guarantees on behalf of its wholly owned subsidiaries and charged guarantee fee at 0.25 per cent, following binding Tribunal

decisions in assessee's own case holding said rate to be at arm's length, upward adjustment made by TPO/DRP by adopting rate of 0.50 per cent was not sustainable.
[SRF Ltd. V ACIT [2025] 181 taxmann.com 402 (Delhi - Trib.)]

INTRA-GROUP SERVICES ISSUE

181. Where assessee-company availed intra-group services from its AE, since said services were linked to day to day business activity of assessee and there was no duplicity of expenditure claimed by assessee and whatever expenses had been claimed in services rendered under Intra Group Services had not been claimed under any other head, observations of DRP that assessee had not received any services from its AE was uncalled for.
[Sempertrans India (P.) Ltd. v ITO [2025] 180 taxmann.com 632 (Pune - Trib.)]

182. Where assessee had paid a certain sum to its AE towards Global information services, since assessee produced agreements showing services rendered, obligations of parties, fees to be charged, allocation of cost etc., assessee had reasonably satisfied various tests, i.e., need test, rendition test, benefit test, duplicate test and shareholder's activity and, thus, TPO was not correct in arriving at ALP as NIL.
[Lintas India (P.) Ltd. v Assessment Unit [2025] 180 taxmann.com 757 (Mumbai - Trib.)]

183. Where assessee paid its AE for intra-group Global Service Agreement (GSA) services, but TPO held that assessee failed to substantiate receipt and benefit of these services, since Tribunal in assessee's own case pertaining to earlier assessment year had also dealt with similar issue and had remitted same to file of TPO, matter was to be remanded to TPO to freshly determine ALP of GSA services after considering assessee's documentation and benchmarking.
[Lintas India (P.) Ltd. v Assessment Unit [2025] 180 taxmann.com 757 (Mumbai - Trib.)]

184. Where assessee availed management support services from its AE and TPO disallowed a portion of management service charges and determined ALP of international transaction for these services at nl, since TPO had accepted part of management service payment as being at arm's length, which implicitly acknowledged that AE rendered certain managerial and support services to assessee, complete determination of remaining portion of management charges at nil was not sustainable.
[EWAC Alloys Ltd. v DCIT [2025] 181 taxmann.com 225 (Mumbai- Trib.)]

185. Where management consultancy services availed by assessee formed part of an integrated suite of support functions and benchmarking under "other method", corroborated by TNMM, showed margins within arm's-length range, determination of arm's length price at Nil by TPO, without any functional analysis or identification of comparables, was unsustainable.
[Kantar Analytics India (P.) Ltd. v ACIT [2025] 180 taxmann.com 843 (Mumbai- Trib.)]

ADJUSTMENTS ON ACCOUNT OF WORKING CAPITAL AND OTHER ADJUSTMENT/ ERROR IN CALCULATION

186. Where TPO denied working capital adjustment on ground that assessee failed to demonstrate that working capital differences impacted its profits and treated overdue AE receivables as a separate international transaction, since comparables were selected by TPO, it was duty of TPO to demonstrate that no adjustment with respect to working capital was required; accordingly, matter was to be remanded to TPO and if such adjustment was allowable, no separate TP adjustment on interest for overdue receivables would survive.
[Schneider Electric IT Business India (P.) Ltd. V DCIT [2025] 181 taxmann.com 342 (Bangalore- Trib.)]

187. Where assessee sought working capital adjustment under TNMM to neutralise differences in receivables and payables vis-à-vis comparables, in view of mandate of rule 10B(1)(e)(iii), TPO was directed to allow working capital adjustment while recomputing ALP.
[DSV Air & Sea (P.) Ltd. V ACIT [2025] 180 taxmann.com 787 (Mumbai- Trib.)]

SELECTION OF APPROPRIATE METHODS

188. Where assessee, a fashion retail joint venture, imported finished goods entirely from its AE without making any value addition and operated purely as a routine distributor bearing routine risks, adoption of RPM as MAM was correct and not TNMM.
[Massimo Dutti India (P.) Ltd. V ACIT [2025] 181 taxmann.com 289 (Delhi - Trib.)]

189. Where TPO had accepted assessee's approach of benchmarking using TNMM as MAM in previous assessment years, rule of consistency should be followed and, thus, DRP/TPO had erred in selecting CUP method as MAM for determining ALP for similar transactions.
[TDK India (P.) Ltd. V DCIT [2025] 181 taxmann.com 409 (Kolkata- Trib.)]

190. Where assessee, engaged in trading and job work in rough and polished diamonds, claimed that import and resale transactions constituted pure trading to be benchmarked under RPM, but this claim and related segmental details were not examined by authorities, matter was required to be reconsidered afresh by AO/TPO after examining additional evidence.
[Harshid Exports V DCIT [2025] 181 taxmann.com 514 (Mumbai- Trib.)]

191. Where, assessee benchmarked specified domestic transactions by adopting CUP method and demonstrated that prices were at arm's length with no profit impact, CUP being most appropriate method, no transfer pricing adjustment was warranted.
[Sureshkumar Harjivanbhai Chandarana v ACIT [2025] 181 taxmann.com 618 (Rajkot- Trib.)]

192. Where assessee benchmarked sale of goods to its AEs by adopting internal CUP method supported by reliable internal comparables, rejection of CUP without cogent reasons and application of TNMM by TPO was unwarranted.
[SRF Ltd. V ACIT [2025] 181 taxmann.com 402 (Delhi - Trib.)]

MATTERS RELATED TO OUTSTANDING RECEIVABLE TRANSACTION

193. Outstanding receivables from AEs constitute an independent international transaction requiring separate benchmarking and cannot be netted against AE payables.
[SAP India (P.) Ltd. V DCIT [2025] 180 taxmann.com 550 (Bangalore- Trib.)]

194. Where TPO made transfer pricing adjustment by charging notional interest on delayed receivables from AE using SBI short-term deposit rate while invoices were in Euro, EURIBOR, as a currency-relevant benchmark, be accepted as correct index for computing arm's length price of interest on such receivables.
[SAP India (P.) Ltd. V DCIT [2025] 180 taxmann.com 550 (Bangalore- Trib.)]

195. After retrospective amendment introduced by Finance Act, 2012 in definition of expression 'International Transaction', 'receivables' are explicitly included as part of 'International Transactions'.
[IBS Software Services (P.) Ltd. v ACIT [2025] 180 taxmann.com 598 (Cochin- Trib.)]

196. Where assessee claimed that consistently it did not charge interest from both AEs and non-AEs for delayed realization of receivables, which contention had been rejected by authorities below without examining said policy, it would be appropriate to restore issue back to file of TPO/Assessing Officer for de novo adjudication.
[IBS Software Services (P.) Ltd. v ACIT [2025] 180 taxmann.com 598 (Cochin- Trib.)]

197. Where assessee could not furnish relevant evidence to prove that credit period allowed to non-AE and AE were similar, TPO was correct in allowing standard credit period of 60 days for imputing interest on outstanding receivables.
[DGS Technical Services (P.) Ltd. V DCIT [2025] 180 taxmann.com 266 (Hyderabad - Trib.)]

198. Where assessee had outstanding receivables from associated enterprise and working capital adjustment for such receivables was already factored into pricing or profitability, with no interest charged from either AEs or non-AEs, no separate transfer pricing adjustment on account of notional interest was warranted on such receivables.
[Acme Cleantech Solutions Ltd. v DCIT [2025] 180 taxmann.com 727 (Delhi- Trib.)]

199. Where assessee had outstanding trade receivables from AEs and there was no agreement specifying credit period or interest, such outstanding receivables qualify as international transaction requiring benchmarking, and appropriate interest rate for imputing notional interest should be LIBOR plus 200 basis points after permitting a standard 60-day credit period.
[Signode India Ltd. v DCIT [2025] 180 taxmann.com 635 (Hyderabad- Trib.)]

200. Interest on outstanding receivables from AEs should be imputed after netting off receivables and payables qua relevant AEs.
[Rockwell Automation India (P.) Ltd. V DCIT [2025] 180 taxmann.com 690 (Delhi-Trib.)]

201. Where issue involved was whether interest on overdue receivables from associated enterprises constituted an independent international transaction requiring separate benchmarking and if netting such outstanding receivables against payables to associated enterprises was permissible, independent benchmarking was mandated and set-off against payables to associated enterprises was not permitted.
[SAP India (P.) Ltd. V DCIT [2025] 180 taxmann.com 631 (Bangalore- Trib.)]

202. Where primary international transaction of sale of goods to AEs had been accepted at arm's length after granting working capital adjustment under TNMM, treating outstanding trade receivables as a separate international transaction and making notional interest adjustment thereon was not warranted.
[SRF Ltd. V ACIT [2025] 181 taxmann.com 402 (Delhi - Trib.)]

RELATED PARTY TRANSACTIONS

203. Where it was not clear at to how TPO had applied RPT filter, issue was to be restored back to file of TPO with direction that if selected company passed RPT filter, then only it should be included and application of RPT filter should also be uniformly applied.
[Concur Technologies (India) (P.) Ltd. V ACIT [2025] 180 taxmann.com 447 (Bangalore- Trib.)]

204. Where certain companies included in final set of comparables had failed RPT filter of 25 per cent applied by TPO, TPO should verify this fact and exclude these companies if they had failed in RPT filter of 25 per cent.
[Rockwell Automation India (P.) Ltd. V DCIT [2025] 180 taxmann.com 690 (Delhi-Trib.)]

SPECIFIED DOMESTIC TRANSACTIONS

205. Since clause (i) to section 92BA was omitted with effect from 1-4-2017 without any saving clause, transactions entered into by assessee during assessment year 2013-14 could not be said to be covered within meaning of specified domestic transaction as defined under section 92BA(i).
[DCIT V Jyoti Paper Udyog Ltd. [2025] 180 taxmann.com 270 (Pune - Trib.)]

206. For purpose of benchmarking captive power transactions, gross rate charged by State Electricity Board constitutes appropriate comparable rate for computing ALP.
[My Home Industries (P.) Ltd. v DCIT [2025] 180 taxmann.com 597 (Hyderabad-Trib.)]

207. Where assessee, a dairy company, claimed deduction under section 80IB on profits from inter-unit transfer of chilled milk by recording such transfers at market value based on weighted-average third-party overhead rates as specified domestic transactions, profits so determined were to be computed at market value as required under section 80IA(8) read with section 80IB regardless of ALP adjustment made by TPO, and alleged non-compliance with Rule 18BBB did not disentitle deduction where digitally signed Form 10CCB and unit-wise financials were furnished.
[Dodia Dairy Ltd. v DCIT [2025] 181 taxmann.com 178 (Hyderabad- Trib.)]

208. Where assessee's captive power plant supplied electricity exclusively to its manufacturing unit and benchmarked such supply by applying consumer tariff charged by State distribution company as CUP, TPO rejected same and adopted generator-side purchase price, thereby reducing deduction under section 80-IA; on difference of opinion between Members, Third Member concurred with Judicial Member and held that consumer tariff constituted valid internal CUP and no downward adjustment was warranted.
[Aditya BirlaNuvo Ltd. v DCIT [2025] 181 taxmann.com 178 (Hyderabad- Trib.)]

209. Where, Assessing Officer made transfer pricing adjustments on specified domestic purchase transactions and both TPO's order and assessment order were passed after 1-4-2017, since section 92BA stood omitted w.e.f. from 1-4-2017 and there was no saving clause, such adjustment was not legally sustainable.
[Sureshkumar Harjivanbhai Chandarana v ACIT [2025] 181 taxmann.com 618 (Rajkot- Trib.)]

210. Where assessee benchmarked transfer of electricity by its captive power and wind power units using internal CUP based on State Electricity Board tariffs, adoption of averaged SEB and IEX/TNERC rates by TPO was unsustainable.
[SRF Ltd. V ACIT [2025] 181 taxmann.com 402 (Delhi - Trib.)]

AMP EXPENSES

211. Where in immediately preceding assessment year, AMP adjustment of identical nature was deleted by Tribunal holding that commission paid to distributors did not form part of AMP expenditure and that AMP spend was not an international transaction, and since facts and circumstances in current year were identical and TPO had also made similar observations as in preceding year, following principle of consistency, AMP adjustment made in present year was liable to be deleted.
[Amway India Enterprises (P.) Ltd. V DCIT [2025] 180 taxmann.com 851 (Delhi - Trib.)]

212. Where assessee incurred AMP expenditure and TPO made substantive TP adjustment on alleged AMP functions using 'intensity approach', since "bright line test" which is mirror image of intensity approach has no statutory mandate, TP adjustment on alleged AMP functions using 'intensity approach' was not permissible.
[Sony India (P.) Ltd. V ACIT [2025] 180 taxmann.com 444 (Delhi - Trib.)]

PENALTY ISSUES

213. Where assessee, a foreign company, furnished all relevant documentation and additional details sought for its international transactions within time stipulated under section 92D read with rule 10D, and revenue did not identify any specific shortcoming or any hindrance in determining arm's length price, penalty levied under section 271G was not justified.
[Thyssenkrupp Industrial Solutions AG v DCIT [2025] 180 taxmann.com 600 (Mumbai - Trib.)]

214. Where assessee in diamond industry could not furnish segmental profitability between AE and non-AE transactions due to industry volume and nature but demonstrated substantial compliance with document requirements under section 92D, penalty under section 271G was not warranted.
[ACIT v Dharmanandan Diamonds (P.) Ltd. [2025] 181 taxmann.com 223 (Mumbai-Trib.)]

215. Where assessee did not report in Form 3CEB international transactions with related party involving sale and purchase of raw materials, spares, rotor blades, and sale of tangible assets, since these transactions were not taxable in India, there was no requirement to report them under section 92E and therefore, penalty under section 271AA was not warranted and was to be deleted.
[LM Wind Power AS v ACIT [2025] 180 taxmann.com 758 (Delhi- Trib.)]

ROYALTY

216. Where assessee paid royalty to its AE under a composite licence for technology and brand and benchmarked all international transactions under TNMM at entity level, application of TNMM at entity level and finding of arm's length operating profit margin meant separate adjustment in respect of royalty payment was unwarranted, thus, TP adjustment made by TPO for royalty was to be deleted.
[Maruti Suzuki India Ltd. V DCIT [2025] 179 taxmann.com 414 (Delhi - Trib.)]

217. Where assessee, engaged in import and distribution of various products, paid royalty to its AEs for use of licensed patents, know-how and trademarks, since assessee had been granted license for use of licensed patents, know-how and trademarks and it was also entitled to get products manufactured through sub-contractors, impugned disallowance of royalty by TPO was to be deleted.
[Sony India (P.) Ltd. V ACIT [2025] 180 taxmann.com 444 (Delhi - Trib.)]

TREATMENT AS OPERATING REVENUE/EXPENSES

218. Where manufacturing unit of assessee was located in backward area of Himachal Pradesh and main incentives granted to assessee were waiver of excise duty and waiver of CST, operating profit margin was to be computed without considering excise duty, sales tax and income-tax.
[Balaji Powertronics v DCIT [2025] 181 taxmann.com 76 (Delhi- Trib.)]

219. Where assessee had incurred extraordinary cost (idle salary to employees) during COVID-19 pandemic and TPO had considered same as operating in nature, since said extraordinary cost was incurred not in regular operations of assessee and was directly attributable to extraordinary event of COVID-19 pandemic, same needed to be excluded from operating cost for purpose of computation of PLI.
[DGS Technical Services (P.) Ltd. V DCIT [2025] 180 taxmann.com 266 (Hyderabad - Trib.)]

220. PLI must be computed using consolidated financials, and if on such correct computation margin was within tolerance band of assessee's margin, no TP adjustment was warranted.
[DCIT v Indianic Infotech Ltd. [2025] 180 taxmann.com 717 (Ahmedabad- Trib.)]

221. Where assessee claimed overhead charges at 1 per cent of contract cost under a production sharing contract and records showed these were not included in head office expenses, making addition on account of ALP adjustment for such contractual overheads allocated by head office to project office was not justified.
[Joshi Technologies International Inc India Projects v ACIT [2025] 181 taxmann.com 400 (Ahmedabad- Trib.)]

222. Where assessee benchmarked royalty paid to its AE under TNMM as part of manufacturing activity, separate benchmarking of royalty and upward adjustment made by TPO was unsustainable.
[Cummins India Ltd. v ACIT [2025] 181 taxmann.com 330 (Pune- Trib.)]

SEGMENTED PROFIT AND LOSS ACCOUNT

223. Where assessee rendering IT enabled services to AE and non-AE customers furnished segmental results distinguishing export and domestic segments, TPO was not justified in rejecting segmental accounts solely for lack of audit when no specific defects were found, and computing PLI at entity level without properly considering segmental details, allocation basis, or COVID-19 impact.
[Applexus Technologies (P.) Ltd. V DCIT [2025] 180 taxmann.com 603 (Cochin-Trib.)]

TIME LIMITS FOR PASSING ASSESSMENT ORDER

224. Section 144C(13) is only in nature of restricting time period, within which, Assessing Officer is required to pass final assessment order after directions of DRP and it is not enlarging limitation provided under section 153.
[Aveva Solutions India LLP V ITO [2025] 180 taxmann.com 731 (Hyderabad- Trib.)]

225. Limitation period for passing final assessment order is to be calculated as per section 153(1) read with section 153(4) and not as per section 144C(13).
[TMEIC Industrial Systems India (P.) Ltd. V DCIT [2025] 181 taxmann.com 405 (Hyderabad- Trib.)]

226. Period of limitation for passing final assessment order by Assessing Officer is to be calculated in accordance with provisions of section 153(1) read with section 153(4) and not as per provisions of section 144C(13).
[Western UP Tollway Ltd. V DCIT [2025] 181 taxmann.com 406 (Hyderabad- Trib.)]

227. Where Assessing Officer passed final assessment order for Assessment year 2021-22 in case of assessee on 18-10-2024, since it was a case of reference made under section 92CA, limitation for completing assessment under section 153 was available with Assessing Officer up to 31-12-2023 and, thus, impugned assessment order being beyond limitation period was liable to be quashed.
[Ethan Energy India (P.) Ltd. V DCIT [2025] 181 taxmann.com 52 (Hyderabad- Trib.)]

228. Where for Assessment Year 2020-21 a reference under section 92CA(1) was made by Assessing Officer to TPO, limitation period for completion of assessment under Section 153(1) read with Section 153(4) expired on 30-09-2023 and, thus, final assessment order passed on 25-7-2024 was barred by limitation.
[Shakti Hormann (P.) Ltd. V DCIT [2025] 181 taxmann.com 689 (Hyderabad- Trib.)]

229. Where final assessment orders were passed beyond one month from end of month in which DRP directions under section 144C(5) were received, there was failure to comply with mandatory time-limit under section 144C(13); hence, impugned assessment orders were barred by limitation and liable to be set aside.
[Luminous Power Technologies (P.) Ltd. V DCIT [2025] 181 taxmann.com 416 (Delhi- Trib.)]

230. Where Assessing Officer made a reference to TPO on 28-01-2022 for assessment year 2019-20, after expiry of limitation period under section 153 on 30-09-2021, assessment order passed under section 143(3) read with section 144B on 28-03-2022 was barred by limitation and liable to be quashed.
[CBRE South Asia (P.) Ltd. V NFAC [2025] 181 taxmann.com 840 (Delhi- Trib.)]

231. Where TPO's order was barred by limitation and non est in law, assessee ceased to be an eligible assessee under section 144C and final assessment completed beyond time-limit prescribed under section 153 was barred by limitation.
[Saint Gobain India (P.) Ltd. V DCIT [2025] 181 taxmann.com 788 (Chennai- Trib.)]

OTHER ISSUES

232. Companies not forming part of TPO's search matrix cannot be included as comparables in comparability analysis.
[Concur Technologies (India) (P.) Ltd. V ACIT [2025] 180 taxmann.com 447 (Bangalore- Trib.)]

233. Where assessee recovered expenses from associated enterprises on a cost-to-cost basis but TPO computed notional interest due to lack of third-party evidence to substantiate

reimbursement without profit element, issue was to be reconsidered after assessee produced relevant documents to establish that such recovery did not include any mark-up.
[IBS Software Services (P.) Ltd. v ACIT [2025] 180 taxmann.com 598 (Cochin- Trib.)]

234. Where TPO proposed an adjustment on account of provision of services by assessee to its AE and DRP upheld findings of TPO by rejecting additional evidence filed by assessee on ground that there was non-compliance of procedure prescribed under rule 4 of DRP rules, since said additional evidence was essential for determining correct arm's length price, it was to be admitted.
[Deloitte Consulting India Projects LP V ADIT [2025] 180 taxmann.com 595 (Hyderabad- Trib.)]

235. Where assessee provided structural steel detailing services to its AE by executing drawings using software and engaged diploma holders for such work, said service amounted to low-end ITeS and not specialized analytical or technical services, and, thus, recharacterization by TPO from ITeS to KPO was erroneous as activities did not meet definition of KPO under rule 10TA(e).
[DGS Technical Services (P.) Ltd. V DCIT [2025] 180 taxmann.com 266 (Hyderabad - Trib.)]

236. Where assessee, engaged in manufacturing of mobile phones and printed circuit board assemblies, faced transfer pricing and corporate additions based on an ex parte assessment, and Commissioner(Appeals) granted partial relief without referring to or considering remand proceedings and remand report obtained by Assessing Officer pursuant to additional evidence filed earlier, such omission vitiated appellate order, which was therefore required to be set aside and matter remanded to Commissioner(Appeals) for de novo adjudication.
[ACIT v Flextronics Technologies India (P.) Ltd [2025] 181 taxmann.com 226 (Chennai- Trib.)]

237. Where there were certain inconsistencies in respect of margins computed by TPO in order passed under section 92CA in respect of some comparables, issue was to be set aside to file of Assessing Officer/TPO to relook issue of TP adjustment.
[Vermeiren India Rehab (P.) Ltd. v DCIT [2025] 180 taxmann.com 841 (Hyderabad-Trib.)]

238. Where assessee incurred certain expenses on account of SBLC charges for SBLC provided on behalf of its AE and benchmarked said transaction using 'Other Method' determining ALP at nil, since entire amount on account of SBLC was recovered by assessee from its AE on cost-to-cost basis, benchmarking adopted by assessee was to be accepted as ALP.
[Matrix Clothing (P.) Ltd. v ACIT. [2025] 181 taxmann.com 336 (Delhi- Trib.)]

239. Where assessee was engaged in captive software development services and its characterisation stood consistently accepted by TPO in earlier and subsequent years and under a BAPA entered into with CBDT post site visit, TPO's recharacterization of assessee as contract R&D service provider and resultant TP adjustment was unsustainable.
[Scientific Games India (P.) Ltd. v DCIT. [2025] 181 taxmann.com 499 (Chennai-Trib.)]

240. Where assessee claimed that, while giving effect to DRP's directions, Assessing Officer computed tax demand without granting full relief directed by DRP and levied interest under sections 234A, 234B and 234C on basis of draft assessment order, matter was to be remanded to Assessing Officer to verify assessee's claim.
[Sony India (P.) Ltd. V ACIT [2025] 180 taxmann.com 444 (Delhi - Trib.)]

241. Where a protective transfer pricing adjustment was made in respect of assessee's international transaction of import of finished goods, but DRP had not passed any speaking order on this issue, matter was to be remitted back to file of DRP.
[Sony India (P.) Ltd. V ACIT [2025] 180 taxmann.com 444 (Delhi - Trib.)]

242. Where assessee objected to inclusion/exclusion of certain comparables for its distribution segment and these objections were raised before DRP but DRP issued directions without a speaking order on these issues, since issue was not dealt with by passing a speaking order, matter was to be restored to DRP to decide by passing a speaking order.
[Sony India (P.) Ltd. V ACIT [2025] 180 taxmann.com 444 (Delhi - Trib.)]

243. Where assessee treated software allocation costs recovered from its AEs as pure reimbursements on cost-to-cost basis, imputation of mark-up by TPO was unwarranted.
[SRF Ltd. V ACIT [2025] 181 taxmann.com 402 (Delhi - Trib.)]

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