

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2757
ANSWERED ON:08.08.2003
TRANSFER PRICING REGULATIONS
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) whether the CBDT has issued guidelines with regard to the new Transfer Pricing Regulations (TPR) concerning income from international transactions between Associated companies;
- (b) if so, the details of these guidelines;
- (c) whether these guidelines were developed by the Organisation of Economic Co-operation and Development (OECD);
- (d) if so, whether the OECD model is compatible with Indian conditions; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

- (a): Yes, sir.
- (b): Detailed rules have been notified vide S.O. No.808(E) dated 21.08.01 laying down the guidelines for the methods to be adopted for determining the arms length price of international transactions, the factors to be considered in selecting the most appropriate method, the documents to be maintained by the taxpayer and the information required to be furnished to the Department.
- (c): No, Sir. These guidelines were developed by the Government. The OECD guidelines have been referred to and applied to the extent necessary after adapting the same to the Indian conditions.
- (d) & (e): Does not arise in view of (c) above.