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DIRECT TAX UPDA

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1. Transfer Pricing

a. Case law - Nortel Networks India Interna DDIT (Delhi - Trib.)

Profits attributed on estimation basis to the the transactions between associated enterpri

Facts of the case:

Nortel Networks India Pvt. Ltd, an Indian co contract with Reliance Infocom for suppl commissioning of hardware equipment. Imm Indian company assigned the supply part of the a USA company, without any consideration. The equipment's to be supplied from another entity, the same to Reliance Infocom at a loss.

The AO took the view that the assessee did not or trading infrastructure or financial or techno own and that it was only a paper company in purpose of evading taxes in India. He accordin company constituted a PE of the assessee a under Rule 10 by recasting the global profits to of profit likely to have accrued from the Indian the global gross profit margin percentage as 42. the turnover as deduction pertaining to oth marketing expenses. The CIT(A) upheld the principle but held that only 50% of such profits be attributable to the PE. He adopted the glo percentage as 42.6% and allowed 5% of the