

Companies with Common Directors: Applicability of Transfer Pricing Provisions in India

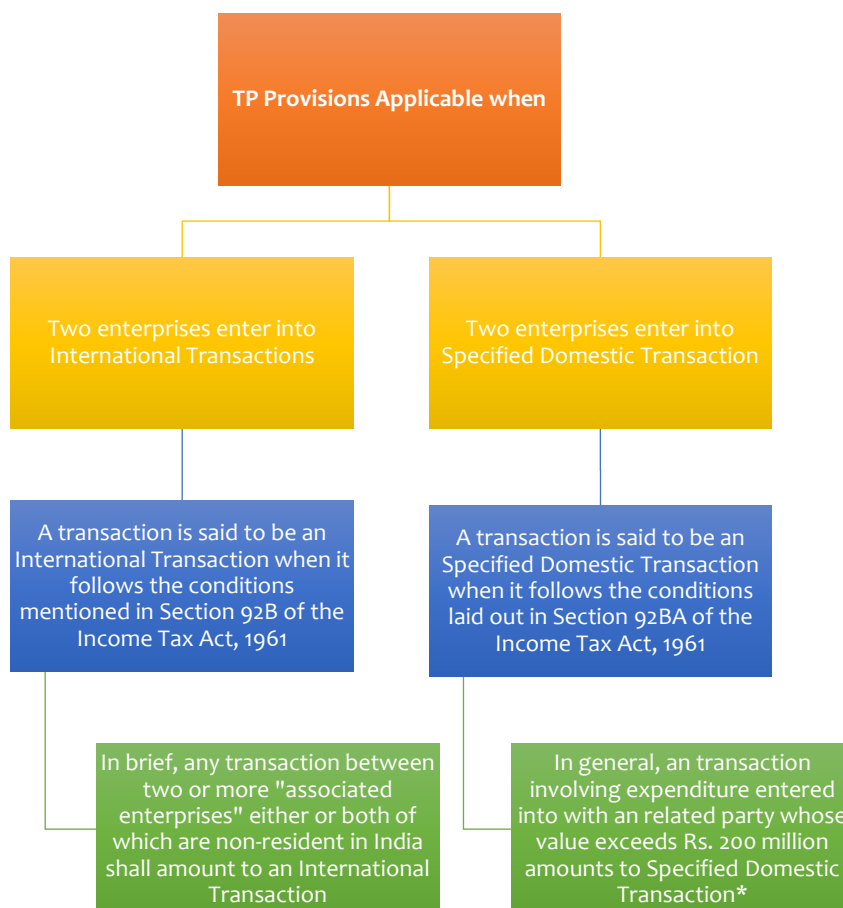
Situation Considered

There are two Companies incorporated in India: Company “A” and Company “B”. Mr “X” is proposed to be appointed as a director in these two companies. It is required to be determined as to whether Transfer Pricing (‘TP’) provisions in India become applicable due to such a structuring.

Analysis

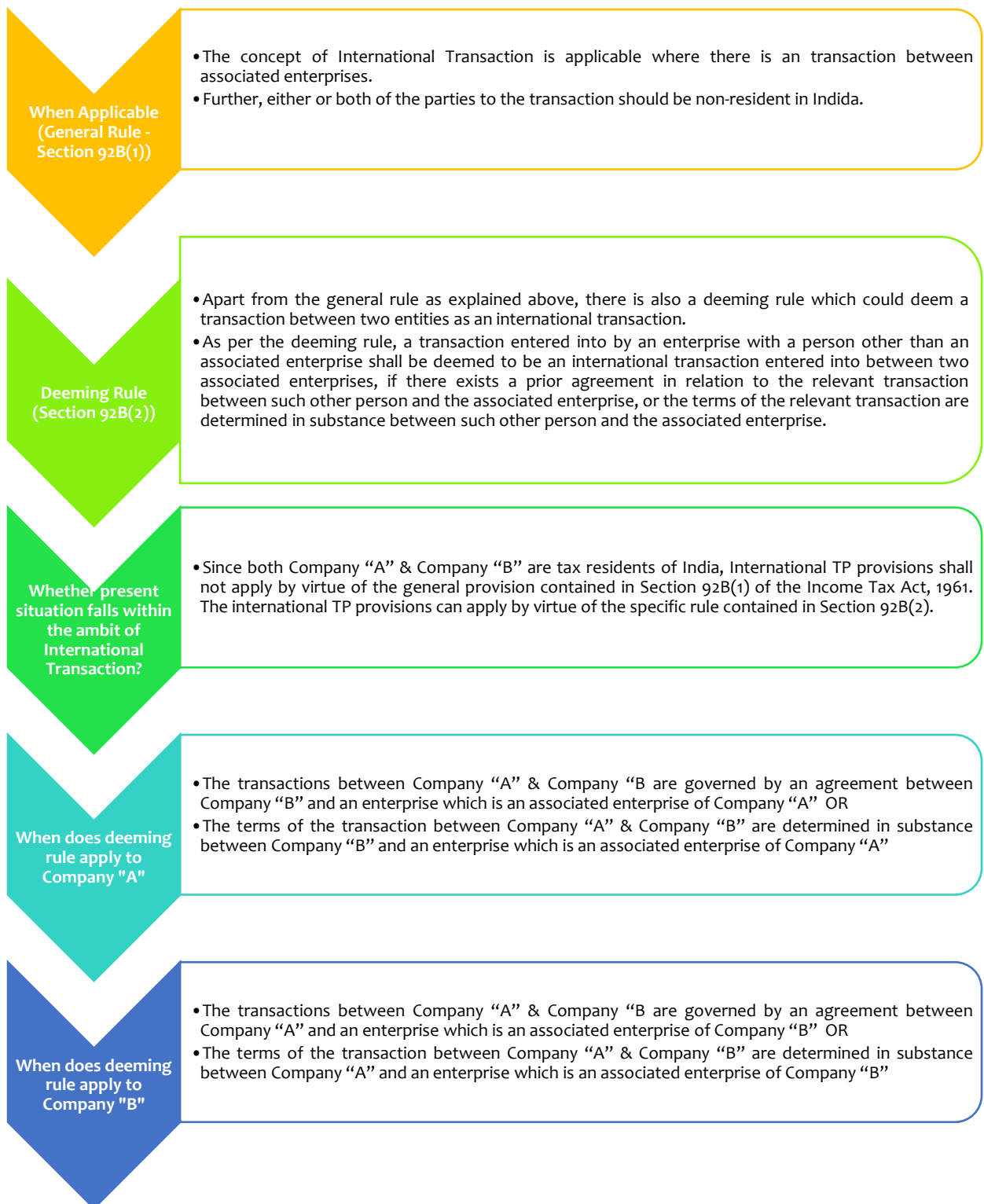
I. Diagrammatic summary of TP Provisions applicability in India

Below is a diagrammatical summary as to the applicability of TP provisions in India



* **Note:** There are some other circumstances also which amount to Specified Domestic Transaction. The same being irrelevant in the present situation have not been discussed.

II. Analysis of applicability of International Transactions to present situation



III. Analysis of applicability of Specified Domestic Transaction to present situation



***Note:** There are some other relations also specified in Section 40A(2)(b). The same being irrelevant to the present situation have not been discussed.

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