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Session on

How to use

Transfer Pricing Databases for Benchmarking Analysis

27th June 2024 - Thursday

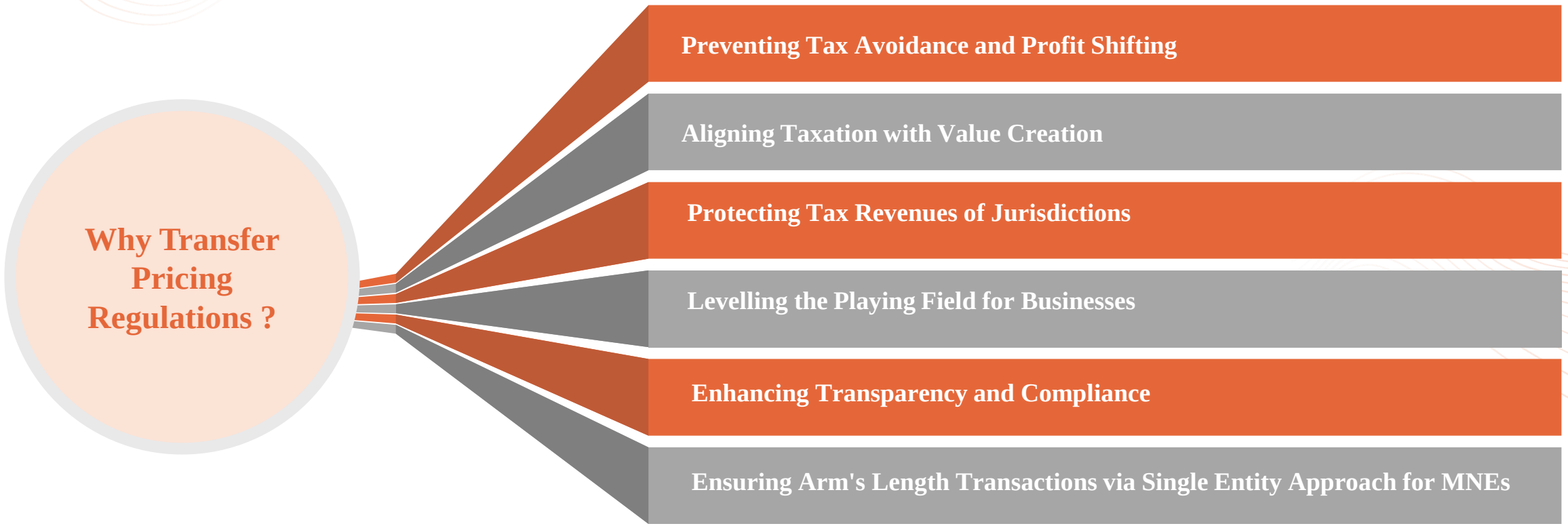
5:00 PM – 6:00 PM - IST

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Indian Transfer Pricing Landscape

Why Transfer Pricing Regulations & the Objective of the session

- The main objective of this session is **to provide guidance on databases,** as databases have **not been specified** by the OECD Manual or by Income Tax Authorities.
- In this session, we will discuss **the preferred databases u**sed in benchmarking analysis, considering those utilized by transfer pricing authorities, consultants, and Big Four firms, along with their sources and limitations.



Evolution of Transfer Pricing in India

- The Income-tax Act was introduced **in 1961** adopting the erstwhile **Act of 1922** wherein the laws of taxation of MNEs became significantly important soon after the globalization of the Indian Economy**.** India has never become part of the OECD; **however, UN Model has already adopted the OECD Model of Transfer Pricing back in the 1980s.**

- Following the UN Model in line with the **OECD Model Transfer Pricing was introduced in India with effect from April 2001** under Sections **92 to 92F** of the Income Tax Act, 1961 ("the Act") which covers intra-group cross-border transactions.

- The sections became applicable **from 1st April 2001 for cross border transactions** and from **1st April 2012 for Specified Domestic transactions.**

2001

Transfer Pricing was introduced in India with effect from April 2001 under Sections 92 to 92F of the Income Tax Act, 1961 ("Act')

2012

- Domestic Transfer Pricing Regime (Specified Domestic Transactions)
- Advance Pricing Agreement Regime
- International Transaction has been expanded

2013

- Safe Harbour Rules

2016

Framework for use of multiple year data and range concept in benchmarking analysis, three tier TP documentation structure as per BEPS (Base Erosion and Profit Shifting) Action Plan 13

2017

Secondary adjustment provisions and limiting interest deduction for thinly capitalized companies

Evolution of Transfer Pricing in UAE

Past

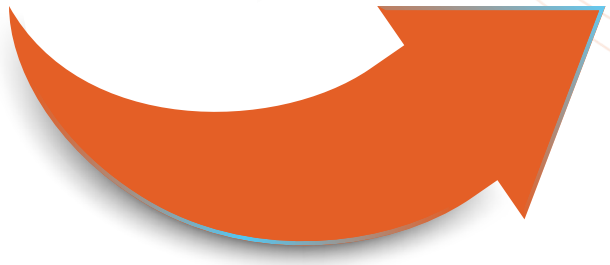
- **Customs** (Assessable Value/Market Valuation)
- **VAT 2017** (Market Value for Related Party Transactions)
- **ESR 2019** (Substance Test for Relevant Activities – Holding Cos, HQ, IP, Distribution & Service Centres, Banking, Insurance, Investment Fund Management & Shipping)
- **Country-by-Country Report (BEPS Action Plan 13) 2019**
  - ✓ BEPS Action Plans (AP) Implementation
  - ✓ AP 5 (Counter harmful tax practices)
  - ✓ AP 6 (Preventing treaty abuse)
  - ✓ **AP 13 (TP documents, including CbCR)**
  - ✓ AP 14 (Make dispute resolution mechanisms more effective)
  - ✓ AP 15 (Develop a multilateral instrument)

Present (2023-25)

- **Corporate Tax & Transfer Pricing.**
- ALP test for Related Party & Connected Persons Payments
- Year-end TP compliances (Disclosure Form, Local File & Master File)
- Primary & Corresponding adjustments
- BEPS Action Plans Implementation
  - AP 4 (Thin cap/interest deductions)
  - AP 7 (Prevent artificial avoidance of PE)
  - ✓ **AP 8 (Align TP with value creation – Intangibles)**
  - ✓ **AP 9 (Align TP with value creation – Risk and Capital)**
  - ✓ **AP 10 (Align TP with value creation – high risk transactions)**

Future

- UAE Transfer Pricing Rules
- **APA/MAP framework**
- Possible **safe harbour** rules
- TP **audit/litigation** mechanism
- Possible secondary adjustment provisions
- Transfer Pricing **Technology** – Tools & AI
- **BEPS Pillar 2** (Global Minimum Tax Rules)
- **BEPS Pillar 1** (Market/users Jurisdictions)



Associated Enterprise (AE) & Deemed AE- Sec 92A

Associated Enterprise as per Section 92A (1) of Income Tax Act, 1961

*(1) For the purposes of this section and sections 92, 92B, 92C, 92D, 92E and 92F, **"associated enterprise"**, in relation to another enterprise, means an enterprise—*

*(a) which **participates, directly or indirectly**, or through one or more intermediaries, in the management or control or capital of the other enterprise; or*

*(b) in respect of which **one or more persons who participate, directly or indirectly, or through one or more intermediaries**, in its management or control or capital, are the same persons who participate, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.*

Deemed Associated Enterprise as per Section 92A (2) of Income Tax Act, 1961

CAPITAL	MANAGEMENT	CONTROL	
1. >= **26% direct** / indirect holding by enterprise OR 2. By same person in each enterprise 3. Loan **>= 51% of** Total Assets 4. Guarantees > = **10% of debt** 5. > **10% interest** in Firm / AOP / BOI	6. Appointment > **50% of Directors** / one or more Executive Director by an enterprise OR 7. Appointment by same person in each enterprise	8. **100% dependence on use of intangibles** for manufacture/processing/ business 9. Direct / indirect supply of > **= 90% Raw Materials** under influenced prices and conditions 10. Sale under **influenced prices** and conditions	11. One enterprise controlled by an individual and the other by himself or his relative or jointly 12. One enterprise controlled by HUF and the other by - a member of HUF - his relative or - Jointly by member and relative

International Transaction – Sec 92B

- Transactions between two or more AEs, **either or both** of whom are non-residents

	Tangible Property	Intangible Property	Financing	Services	Business Restructuring
Transactions Covered	Purchase/Sales of: • Raw Materials • Finished Goods • Capital Goods/Assets	Both Licensing & Transfers of IP: • Product Intangibles (Know-how etc.) • Marketing Intangibles (Brand, Trademarks, Logos etc.)	Debt financing • Intra-group loans • Guarantees • Outstanding dues Capital transactions • Share issues & transfers	• IT/ITeS • Marketing Support Services • Intra-group Services • Legal/Accounting/HR services etc.	Change in Supply Chain/Characterizations/Group shareholding Structure/Business Transfers & Combinations
Method	• **Trading**- RPM • **Manufacturing**- CPM, TNMM	• **Royalty Payments:** CUP, • **Highly Integrated and Unique Intangible Transactions:** PSM	• **Financial Transactions:** CUP • **Capital Transactions**: Other Method	• **Services:** TNMM	• **Business Restructuring:** Depends on facts
Database	• **India :**Prowessiq, Capitaline, Ace TP • **UAE:** TP Catalyst, S&P Capital IQ	Royaltyrange, Royaltystat	Loan Connector	• **India :**Prowessiq, Capitaline, Ace TP • **UAE:** TP Catalyst, S&P Capital IQ	Internal/Management /Industry data

Arm's Length Price – Sec 92C

Price applied or proposed to be applied in a transaction between persons other than AEs, in uncontrolled conditions

Determination of arm's length prices using one of the **Prescribed methods**

Whether you arrive at a single price ?

Yes

The price thus determined is the arm's length price

No

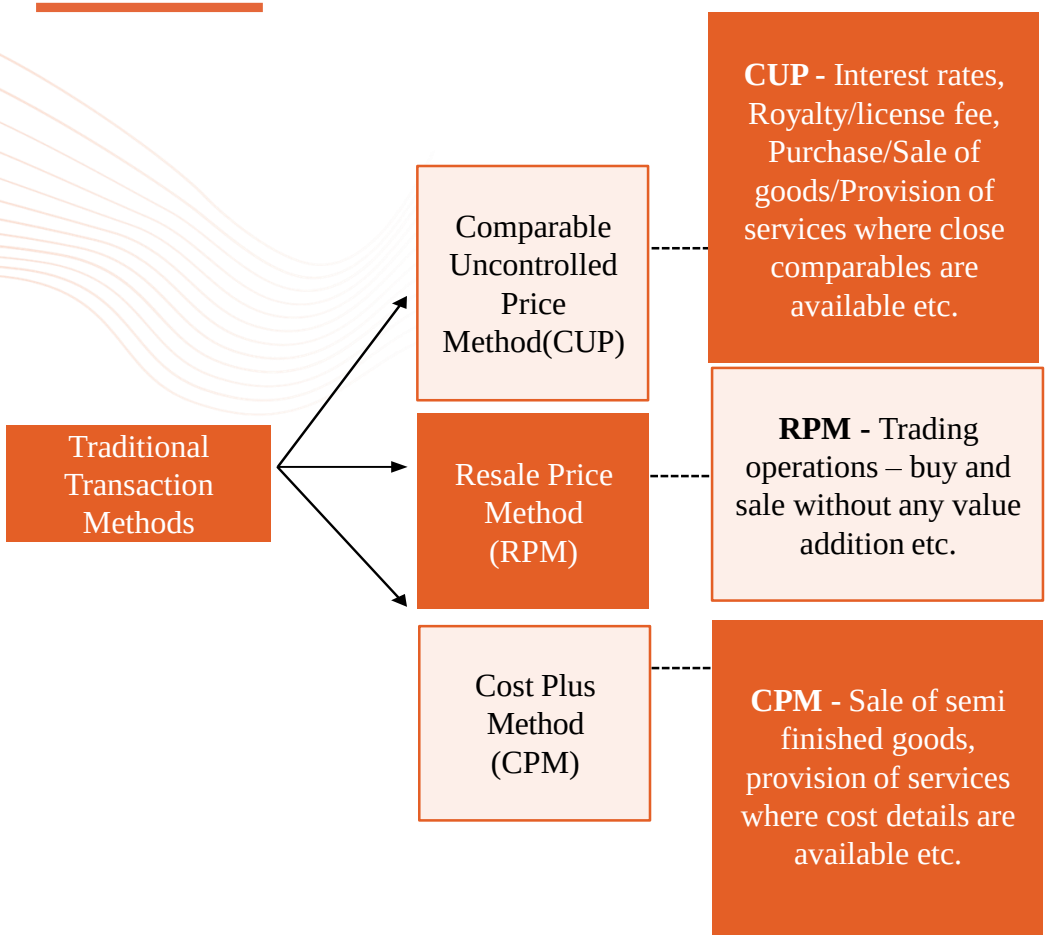
Earlier: The arithmetic mean of such prices, read with sec 92C(2)

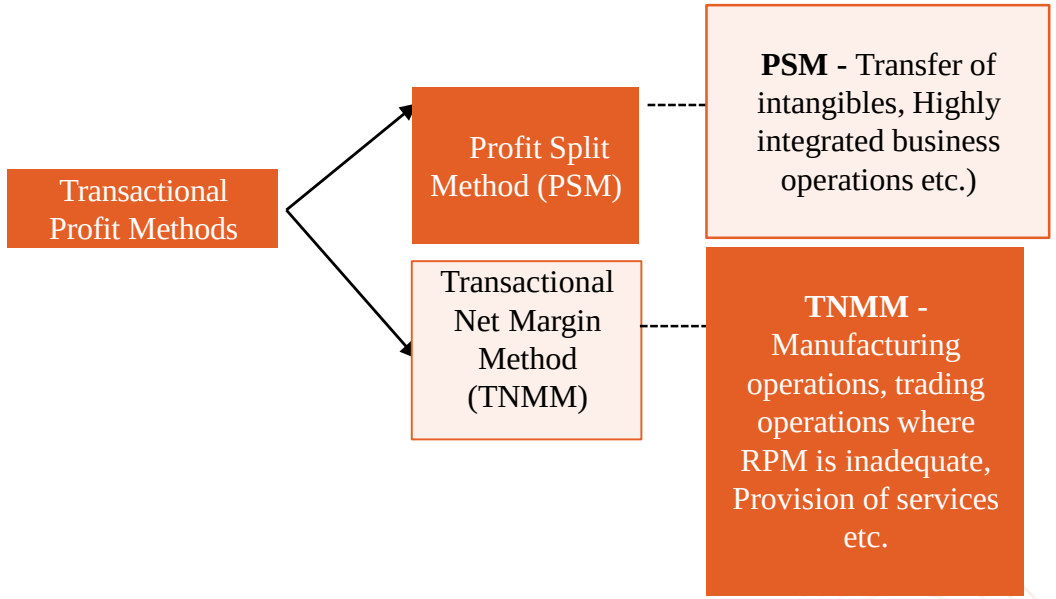
+1% (upper ceiling) for wholesale traders; and

+ 3% (upper ceiling) in all other cases

Replaced in current finance Act with a range (to be defined) and mean to apply only in case of inadequate comparables

Transfer Pricing Methods – Rule 10B, Sec 92C





Any Other Method

(transactions where valuation reports or third party quotes or standard rate cards etc. are available)

Illustrative applicability of different methods

- Some common nature of transactions and the most applicable methods is specified below:

Nature of transactions	CUP Method	RPM	CPM	PSM	TNMM	Other Method
Manufacturing	✓		✓		✓	
Distribution of goods		✓			✓	
Provision of services (IT, ITeS)					✓	
Financial transaction (interest on loan, corporate guarantee)	✓					✓
Royalty Payment	✓				✓	
Highly Integrated and Unique Intangible transactions				✓		
Sale/ purchase of commodities, shares, fixed assets (where value can be substantiated with valuation report, quotation etc.)						✓
Specified Domestic Transaction – Inter-Unit Transfers	✓				✓	

Profit Level indicator (PLI)

Profit Level Indicators (PLIs) are financial ratios that measure the relationship between profits and costs incurred or resources employed.

The use of an appropriate PLI ensures better accuracy in the determination of the arm's length price of a related party transaction.

The Resale Price Method (RPM), Cost Plus Method (CPM) and Transactional Net Margin Method (TNMM) are the transfer pricing methods that use PLI to determine whether the related party transaction involved is carried out at arm's length.

Factors to consider include but are not limited to in determining the PLI:

- **characterization of business;**
- **availability of comparable data; and**
- **the extent to which the PLI is likely to produce a reliable measure of arm's length profit.**

Generally used PLIs

TP Method	PLI	Formula
RPM	Gross margin	GP/ Sales
CPM	Gross cost-plus margin	GP/ direct & indirect cost of production
TNMM	Cost plus Markup	Operating Profit/Operating Cost
TNMM	Net profit margin	Operating Profit/Operating Revenue
TNMM	Berry ratio	Operating Profit/ Value Addition
TNMM	Cash PLI	Operating profit/PBDIT

Operating Items vs Non – Operating Items

- For the purpose of transfer pricing margin computation, it is important to only consider those items of income / expense which are directly related to core operations of the company

- Operating items - Those relating to the day-to-day operations of the enterprise, being incurred in the normal course of business and related to the principle revenue generating activities.

- Non-operating items - Includes investing and financing activities which are not related to principle revenue generating activities.

Operating Items	Non – Operating Items
▪ Foreign Exchange Gains/ Losses ▪ Sale of scrap ▪ Provisions/liabilities/balances no longer required written back ▪ Commission received ▪ Interest from customers on delayed payment ▪ Miscellaneous Income ▪ Deferred/ Amortised Expenditure ▪ Bank Charges ▪ Business development expense ▪ Commission paid ▪ Rent paid	▪ Payment or receipt of Interest/ Dividend ▪ Rent Received ▪ Write-back of provision for diminution in the value of investments /impairment of assets ▪ Profit or Loss on sale of Assets/ Investments/ Assets written-off ▪ Finance charges ▪ Prior period expense ▪ Donations / CSR expenses ▪ Loss on fire/ natural calamities/ thefts etc. ▪ Preliminary and pre-operating cost ▪ Provision for doubtful debts or other contingent provisions ▪ Extra-ordinary incomes or expenses

Range Concept and Multiple year Data – Rule 10CA, Notification No. 83/2015

Evolution over years

Data	Tolerance	Range- Transactions before 01-04-2014	Range - Transactions after 01-04-2014
Before 2014 – Single year Data	Finance Act 2011- +/- 5% on Transfer Price	Arithmetic Mean with benefit of Tolerance Range	35th & 65th Percentile- if Transaction price is within the range if 6 or more comparables are present
After 2014 – Multiple year data up to preceding 2 years	Finance Act 2012- +/- 1% for wholesalers +/- 3% for others On TransferPrice	Arithmetic Mean- If the *conditions are not satisfied	TP Adjustment to be calculated on Median- If transaction price falls outside the range

Applicability to Methods

Method	Multiple year Data	Range
TNMM	✓	✓
CUP	×	✓
RPM	✓	✓
PSM	×	×
CPM	✓	✓
Other Method	×	×

International Practices

- Range – Inter-Quartile range : 25th & 75th Percentiles
- All methods are applicable for Range and Multiple Year data concept
- No minimum comparables required for Range Concept

Applicability of Range concept

As per Rule 10CA, the 'range concept' shall be applicable when:

(a) the MAM is either CUP, RPM, CPM, or TNMM; and

(b) **there are at least 6 comparables**.

Arms Length Price – Range Sec 92 (C2)

- "Range" concept followed internationally; also propounded by OECD
- Use of inter-quartile range is amongst the globally accepted best practice and also closer to economic realities wherein prices, and or margins, are compared to those within a range and not at to a particular point.
- India has adopted **percentile** concept instead of **inter-quartile range**
- Arithmetic mean concept is also used where number of comparable is inadequate

Method	Multiple year Data	Range
TNMM	✓	✓
CUP	×	✓
RPM	✓	✓
PSM	×	×
CPM	✓	✓
Other Method	×	×

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Transaction vs Profit – based ALP determination

Transaction v/s Profit based Arm's Length Price determination

Relevant Aspect of TP	Evaluation Criteria	
	Transaction-Based	**Profit-Based**
Methods	CUP Method, Resale Price Method, Cost Plus Method	TNMM, Profit Split Method
Profit Measure	Gross Profits (CUP uses Sales, Purchases)	Net Profits
Functional Comparability	**PSM, RSM –** High **CUP -** very high	Medium
Product Comparability	High	PSM – High TNMM – More tolerant
Application	**PSM, RSM** - Difficult to apply as high degree of comparability required **CUP -** Very difficult to apply as very high degree of comparability required	**PSM -** Complex method, sparingly used **TNMM -** Most commonly used method

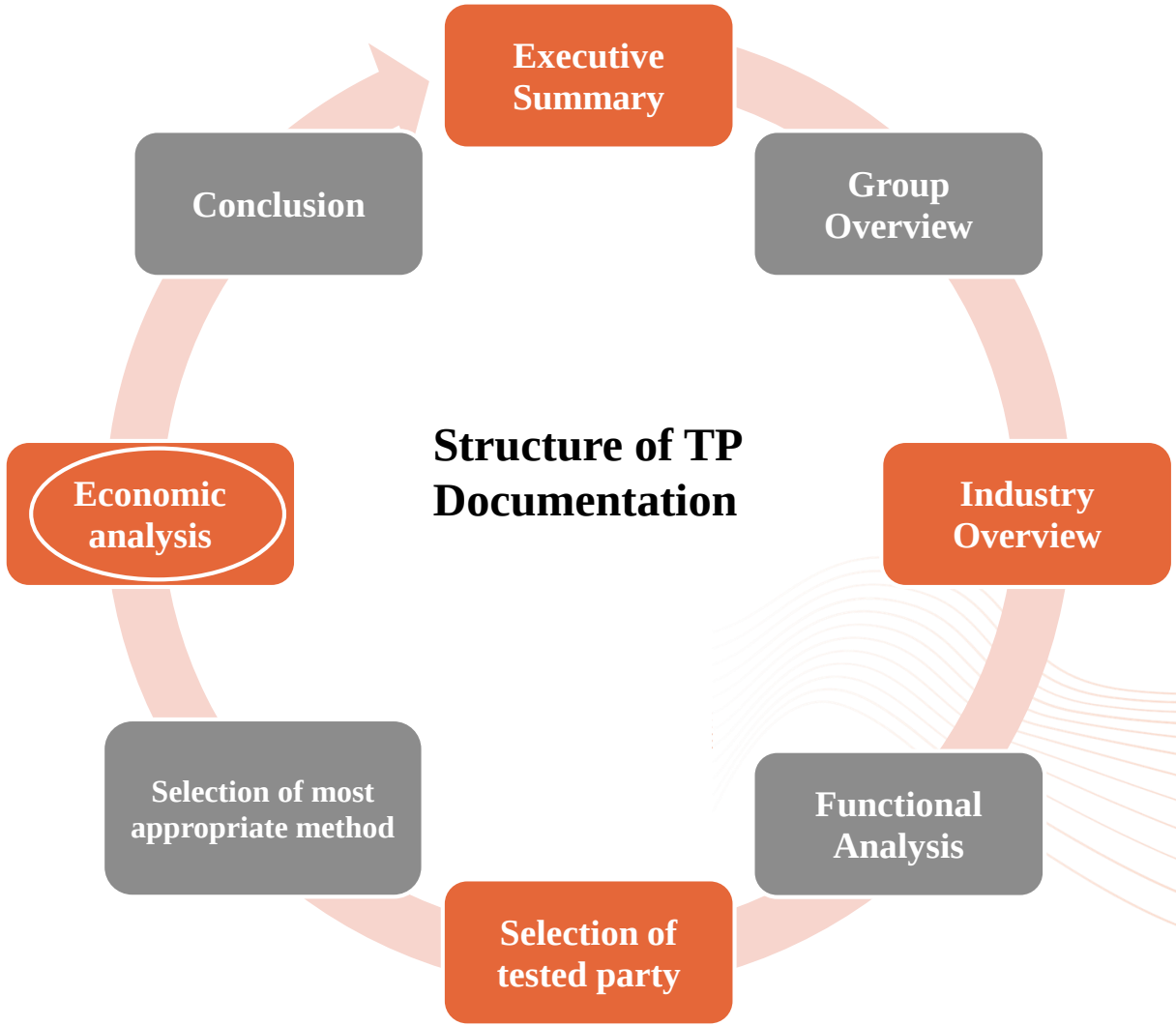
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Benchmarking Analysis

Contents of Local File – Sec 92D, Rule 10D

Three- Tiered TP Documentation

- Local File
- Master File
- Country-Country (CbC) Report



Overview of TP Benchmarking Analysis

Transaction Analysis	FAR with Supply Chain Analysis	Characterisation of Entities	Economic Analysis
• Activity – Services/Manufacturing/Trading • Scope of Activities • Transaction Flow – Domestic/International • Entities Involved • Segment/Industry • Remuneration Mechanism/TP Model • Existing Price/Margin	• Functions Performed • Assets Employed • Risks Borne	• Full-fledged or Contract Manufacturer • Full-fledged or Limited Risk Distributor • High-End or Low-End Services Provider	• Selection of TP Method (CUP/RPM/CPM/PSM/TNMM /Other Method) • Selection of Tested Party (Indian Taxpayer or Foreign AE) • Selection of Profit Level Indicator (PLI) • **Selection of TP database** • **Comparability Analysis** • **Arm's Length Range**

Why Benchmarking?

Tax Compliance Requirement: Companies are obligated to comply with the **relevant TP regulations** in the country (Ex: **In India Sec 92 and Rule 10, in UAE Article 34)** which necessitates that transactions with Related Parties meet the arm's length standard for determining taxable income.

Arm's Length Standard: This standard implies that transactions should produce results consistent with what **unrelated parties would achieve in similar circumstances/same industry** in open market.

Transfer Pricing Methods: To determine arm's length prices, companies utilize various transfer pricing methods, such as **CUP, RPM, CPM, TNMM, and PSM.**

External Comparable Data: Methods such as CUP, RPM, CPM, and TNMM **rely on external data** to establish comparable pricing. Even in cases where internal comparable data is present, tax authorities may consider it unreliable or tailored specifically for transfer pricing compliance. Thus, it is imperative to conduct an external industry benchmark for transfer pricing planning and compliance.

Data Sources: To find potential comparables, companies explore various sources, including **TP databases, internal data, and other publicly available information.**

Why Benchmarking?

TP Databases: **TP databases (TP Catalyst, S&P Capital IQ, RoyaltyStat & Loan Connector)** compile publicly available company data in an accessible format, making them a practical and cost-effective source of external comparables.

Geographic Expansion: Normally, the relevant jurisdiction will be considered based on the Service provider, Place of supply or Service Recipient. Depending on the tested party the jurisdiction of search would be relevant. For example, in cases where financial data in a particular region, such as the UAE, is limited, companies may need to broaden their search to regions like Middle East, Africa and Eastern Europe. Multi-jurisdictional data has to be used in case regional companies are not available.

Lack of Authorized Databases:

It is worth noting that there is no government database containing such financial information. Based on our experience, none of the mature transfer pricing jurisdictions publish similar financial information for transfer pricing in the public domain.

The only realistic option available to the taxpayer for finding comparables is to rely on a financial database to obtain financial information for companies operating in the Middle East, Africa, and Eastern Europe across a spectrum of industries.

Step wise approach for TP Benchmarking

1. Select most appropriate **TP method**

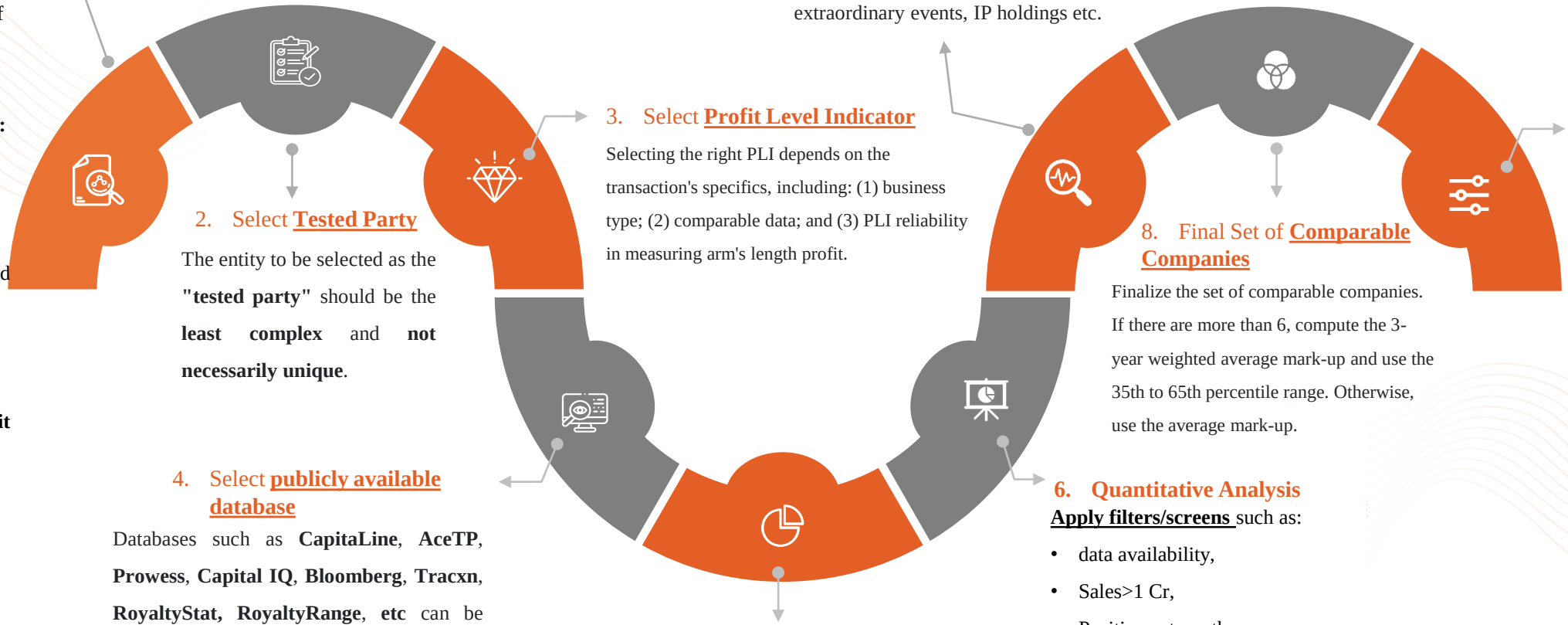
There are two Types of Methods:

1. Traditional Transaction Methods:

- Comparable Uncontrolled Price (CUP)
- Resale Price Method (RPM)
- Cost Plus Method (CPM)

2. Transactional Profit Methods:

- Profit Split Method (PSM)
- Transactional Net Margin Method (TNMM)



2. Select **Tested Party**

The entity to be selected as the **"tested party"** should be the **least complex** and **not necessarily unique**.

3. Select **Profit Level Indicator**

Selecting the right PLI depends on the transaction's specifics, including: (1) business type; (2) comparable data; and (3) PLI reliability in measuring arm's length profit.

4. Select **publicly available database**

Databases such as **CapitaLine**, **AceTP**, **Prowess**, **Capital IQ**, **Bloomberg**, **Tracxn**, **RoyaltyStat, RoyaltyRange**, **etc** can be utilized to access relevant data.

5. **Industry classification** and **key words**

Select industry classification and key words pertaining to the entity under consideration.

6. **Quantitative Analysis**

Apply filters/screens such as:

- data availability,
- Sales>1 Cr,
- Positive net worth,
- Core services income > 75%,
- Export earnings > 75%,
- RPT transactions < 25% etc.

7. **Qualitative analysis**

Download the annual report and review business description, service or product profile, segmental info, extraordinary events, IP holdings etc.

8. Final Set of **Comparable Companies**

Finalize the set of comparable companies. If there are more than 6, compute the 3-year weighted average mark-up and use the 35th to 65th percentile range. Otherwise, use the average mark-up.

9. **Economic Adjustments**

If there are any differences in comparables and test party, adjust those differences undertaking economic adjustments

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Preferred TP Database for Each Transaction Category

Indian & Global TP databases – Transaction & Region wise

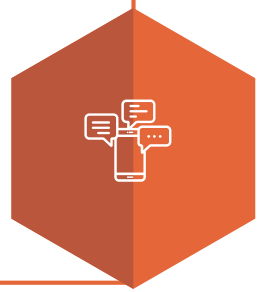
There are no specific public databases recommended for identifying comparable companies as per the United Nations Transfer Pricing (UN TP) guide, the Organisation for Economic Co-operation and Development (OECD) Guidelines, and the Income Tax Act. Following are the preferred databases

Transaction	Database	Provider	Content	Region
Manufacturing , Trading, Services	Capitaline TP	Capital Market Publishers India	Company financial information (Private & Listed Companies)	India
	Prowess	Centre for Monitoring Indian Economy		
	Ace TP	Accord Fintech		
	TP Catalyst	Bureau Van Dijk		Global
	Capital IQ – Financials	S&P		
Interest transactions	Bloomberg	Bloomberg Reference Data Services	Financial markets data	Global
	Dealscan/Loan Connector	Reffinitiv//Thomson Reuters (Worldwide)	Financial transactions data (loans)	Global
Royalty, Intangible assets	RoyaltyStat	License Agreement Database	Intangibles License Agreements (Sourced from US SEC)	Global
	Royaltysource	RoyaltySource		
	Royaltyrange	Royaltyrange		

TP Database - Source

Public Company Financials

- Data Extracted from **Annual Reports**
- Information from **mandatory filings** like **10-K and 20-F**, for **listed companies.**



Industry Reports



- Reports from **industry analysts** and **market research firms** provide **valuable insights**.
- **Industry-specific** studies provide comparative data on **margins**, **royalties**, and **other pricing metrics.**

Inter-Company Agreements



- **Intercompany agreements** serve as a **valuable source** of **TP data**, detailing the **terms and conditions** of transactions between related entities.
- **These agreements provide essential information for establishing arm's length nature of transaction, they also outline roles, responsibilities, risks and rewards for accurate analysis**

Private Company Financials



- Using **private company financials** as a source **offers more accurate** and **relevant comparables** for benchmarking analysis, as private companies often **operate in specific markets or industries** similar to the **tested party**.
- However**, limited access to reliable** and **comprehensive financial data** for private companies can **challenge** thorough and **accurate analysis** compared to **public companies.**

Database - Limitations

Data Quality:

- Financial data from public sources can vary in detail and accuracy
- Databases may not be updated in real-time

Timing Issues:

- Financial data is often available only after a significant delay
- Using historical financials may not reflect current market conditions

Veracity of Information:

- Public companies are required to disclose more detailed information compared to private companies, leading to potential biases in available data.
- Errors in data collection, reporting, or entry can affect the reliability
- of the databases.

Geographical Coverage:

- Some databases have better coverage in specific regions, which may not be representative of the global market.
- Differences in tax laws and accounting standards across jurisdictions can complicate the comparability of data.

Industry Representation

- Certain industries may be underrepresented in databases, making it challenging to find comparable data
- Companies with unique or innovative business models may not find adequate comparables in existing databases

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Quantitative & Qualitative Criteria for Filters

Quantitative Analysis

Application of quantitative filter

Commonly used quantitative filters are:

1. Availability of financial data
2. Different FY Ending
3. Turnover filter
4. Net worth filter
5. Consistently loss-making companies
6. Export filter
7. Employee Cost filter
8. Related party transactions filter



Application of Specific filters

Commonly used qualitative filters are:

1. Employee cost filter
2. Service income /operating income filter
3. Manufacturing income Filter

Quantitative and Qualitative Analysis



Available in:
- **Capitaline**
- **ISI Emerging Markets**
- **ACE Equity**
- **MCA Website**
- **ProwessIQ**

Application of qualitative filters

Commonly used qualitative filters are:

1. Product/Service Profile
2. Segments
3. Presence of IP/Brand
4. R&D functions
5. Fluctuating/Abnormal Profits
6. Extra-ordinary events/circumstances
7. Government Companies
8. Exceptional year of operations

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Prowess IQ Search Process

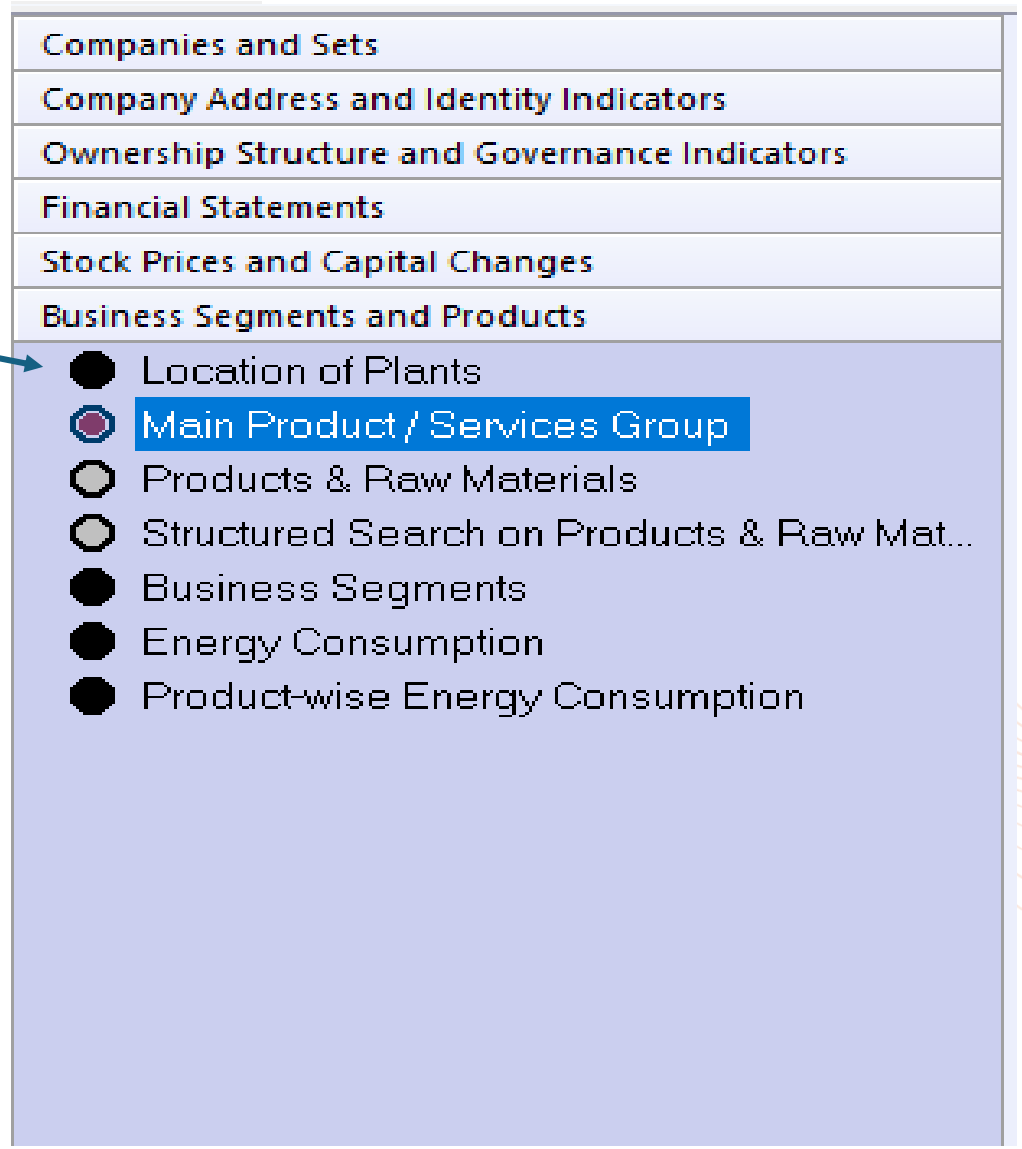
Prowess – Summary of Search Steps

Steps	Particulars
1.	Selection of Comparables Companies
2.	Adding Company Address and Identity Indicators to the Companies in current OSC
3.	Adding Financial Information to the Companies in current OSC
4.	Extraction of Related Party Transactions
5.	Accept Reject Matrix – Applying all Quantitative and Qualitative filters to arrive at the final list of comparables.
6.	Summary of final list of comparables

Prowess - 1. Selection of Comparable Companies

Step - 1

- Login to Prowess with User ID and Password.
- From the left dialog box select "**Business segment and products**" tab.

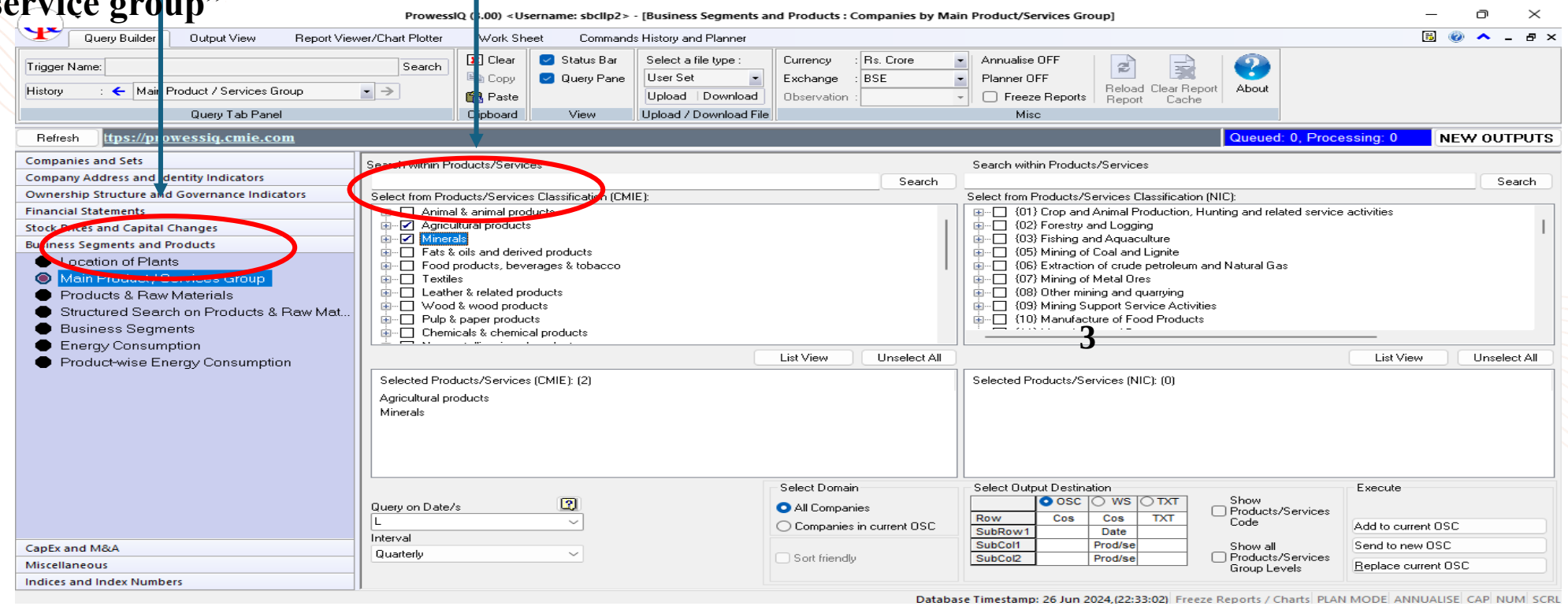


Prowess - 1. Selection of Comparable Companies

Step-2: After selecting main product/ service group, relevant key words may be selected by entering the relevant words in the search box. The Keywords selected will then be reflected in the dialog box below as Selected Product/ Services.

1. Select "main product or service group"

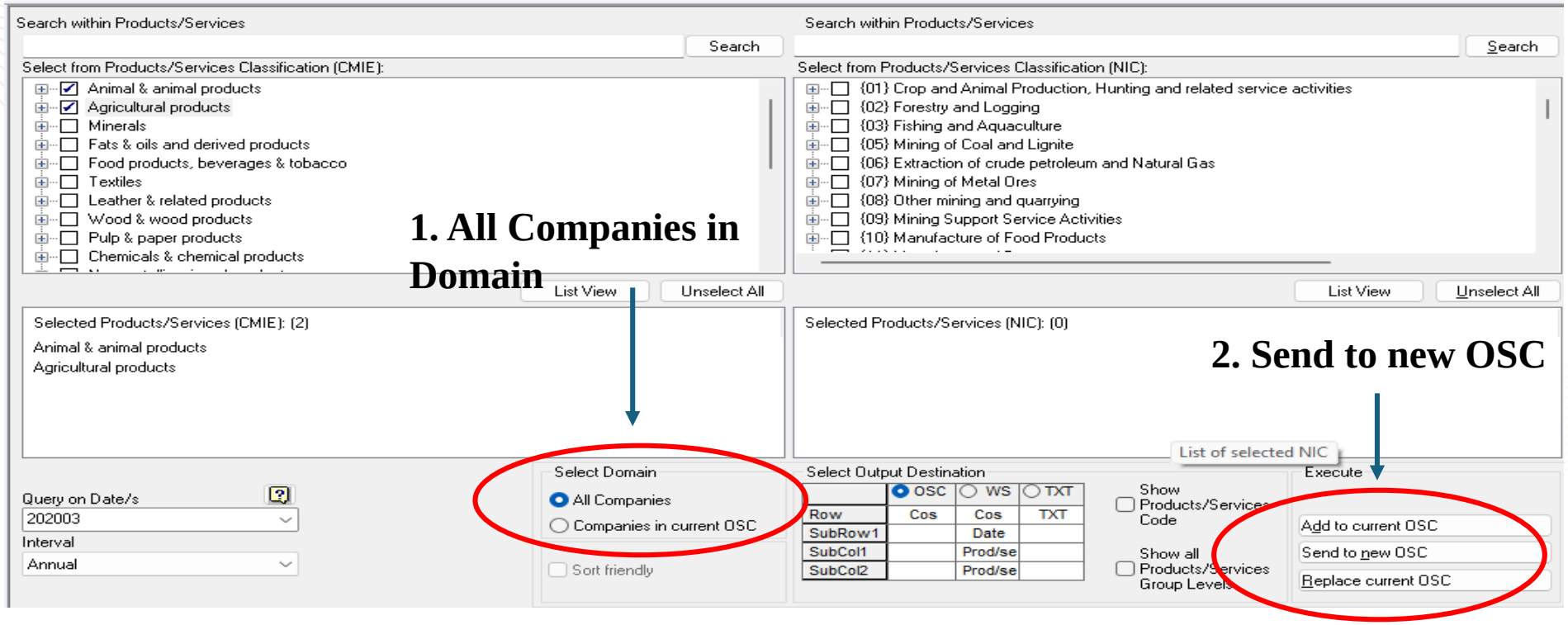
2. Select "Key words"



The same step of selecting keywords can be done from the tabs "Products & Raw materials, Structured search on products & raw materials and Business segment"

Prowess - 1. Selection of Comparable Companies

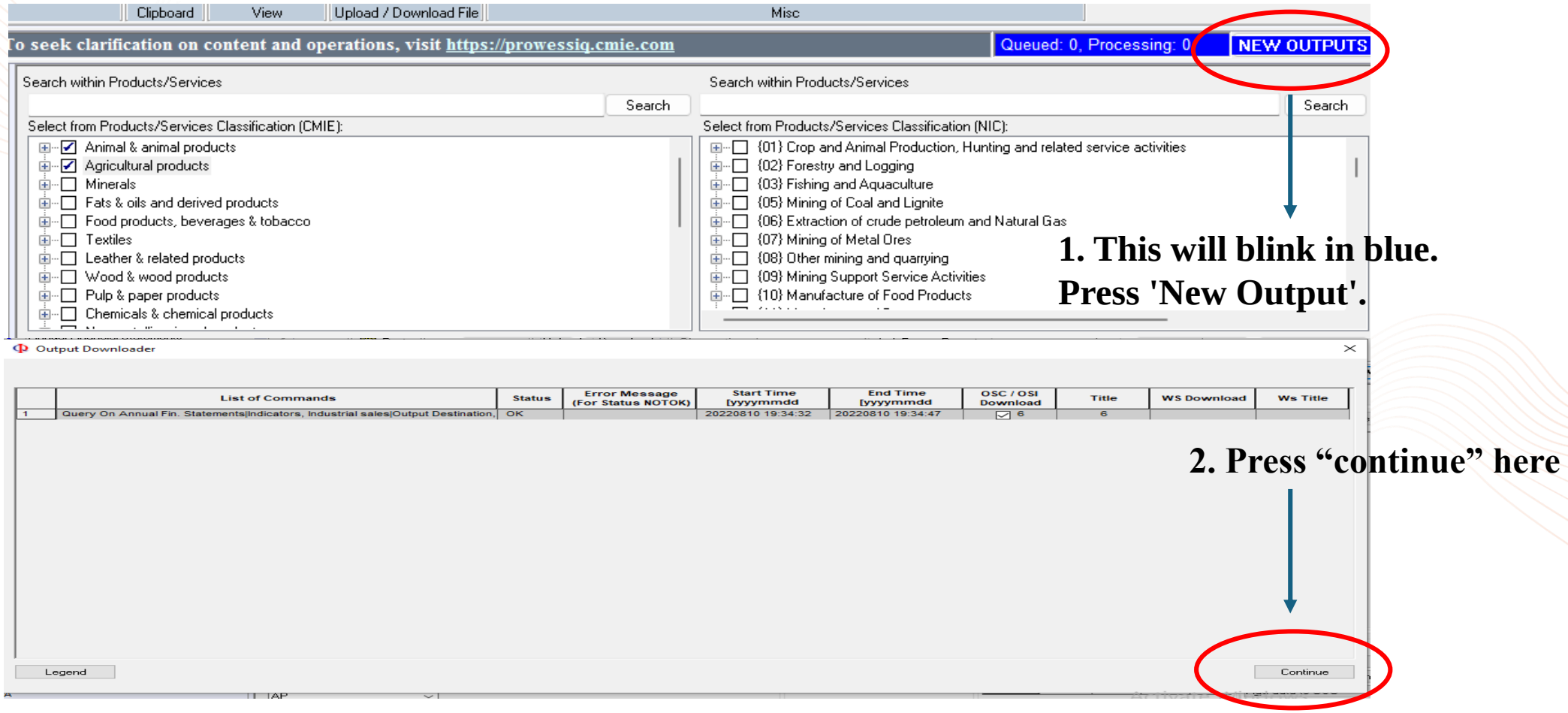
Step-3: Once all the relevant keywords are selected,
- Under "**Select domain**": select "**All companies**"
- Under "**execute**" in the bottom right corner, click "**send to new OSC**"



Note: In case keywords are being selected from tabs "Products & raw materials, Structured search on products & raw materials" after selecting from "main products/ services group", the same shall be "added to current OSC" rather than "sending it to new OSC".

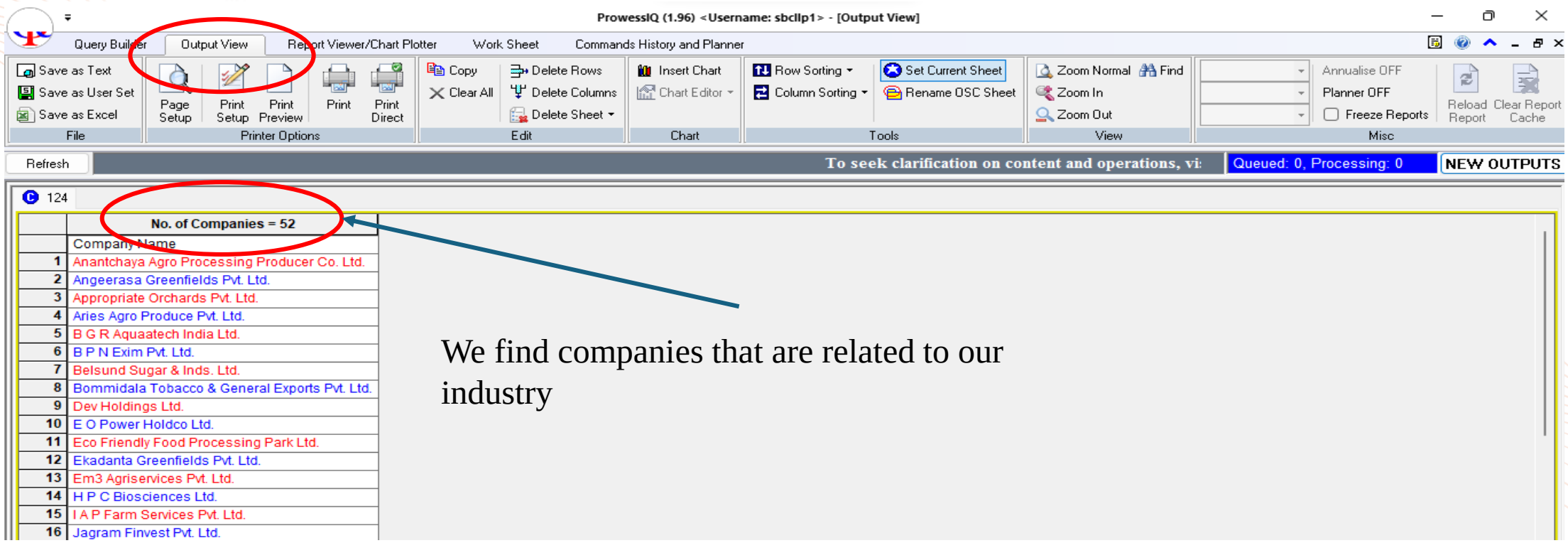
Prowess - 1. Selection of Comparable Companies

Step-4: After the Companies get triggered we will be able to see a tab **"NEW OUTPUTS"** blinking in blue colour on the top right corner. Click on the same and a new dialogue box appears. Press **"Continue"** and the relevant companies will be listed in the output view.



Prowess - 1. Selection of Comparable Companies

You will be automatically taken to the **"Output View"** containing the list of companies triggered with the search criteria selected previously.

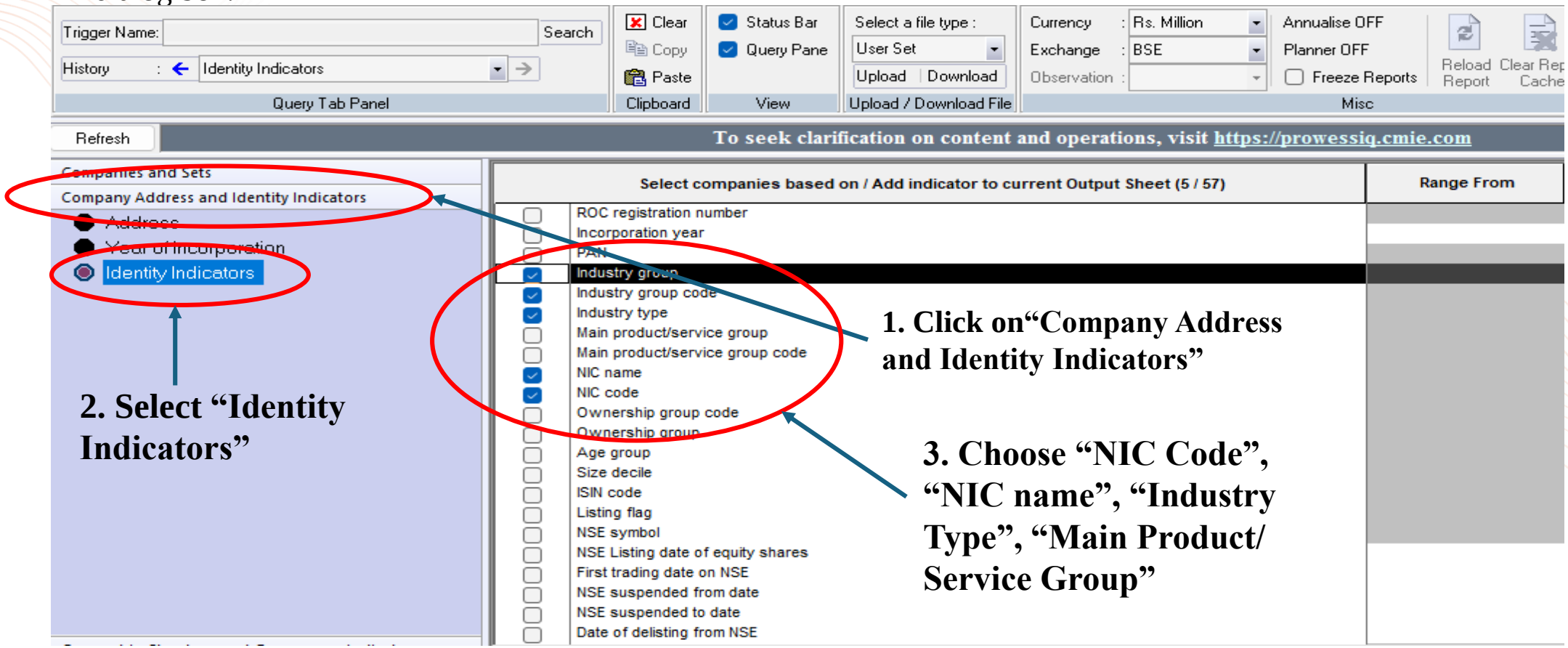


We find companies that are related to our industry

Prowess - 2. Company Address and Identity Indicators

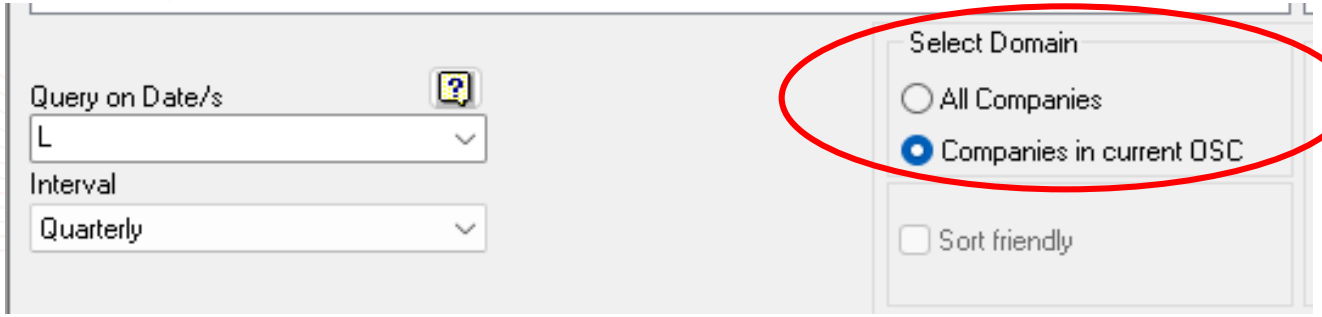
Step-1: Select **"Company Address and Identity Indicators"** tab from the left dialog box

Step-2: Select NIC Code, NIC name, Industry Type, Main Product/ Service Group and any other fields from the right adjacent dialog box.



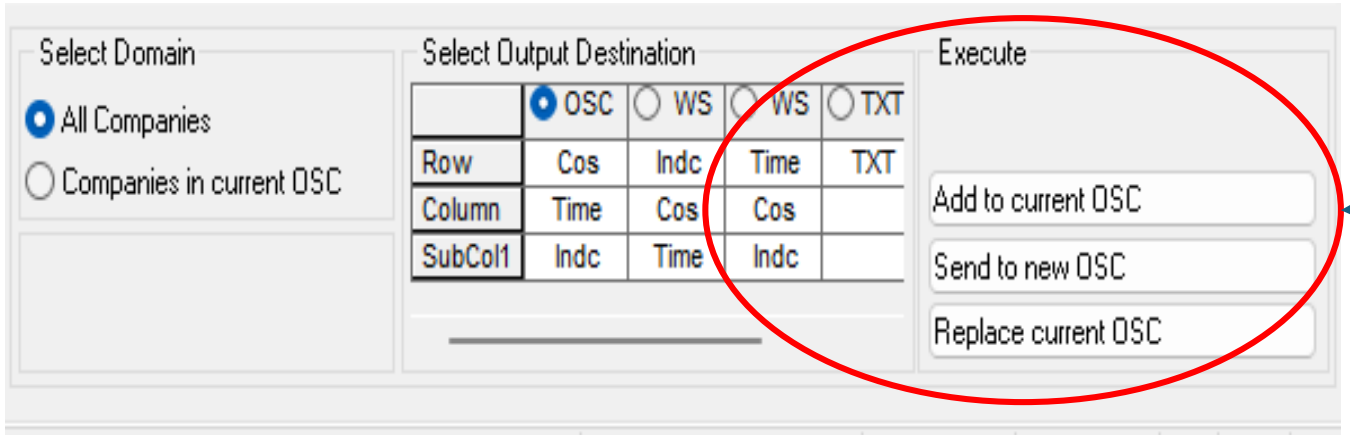
Prowess - 2. Company Address and Identity Indicators

Step-3: After selecting the required data choose **"Companies in current OSC"** for extracting the selected identity indicators for the companies previously triggered.



1. Select Companies in current OSC in Domain so that Identity indicators will be added to the companies in current OSC

Step-4: Send the data to current OSC from the dialog box at the right corner. The identity indicators would be added to the companies existing in the output view.

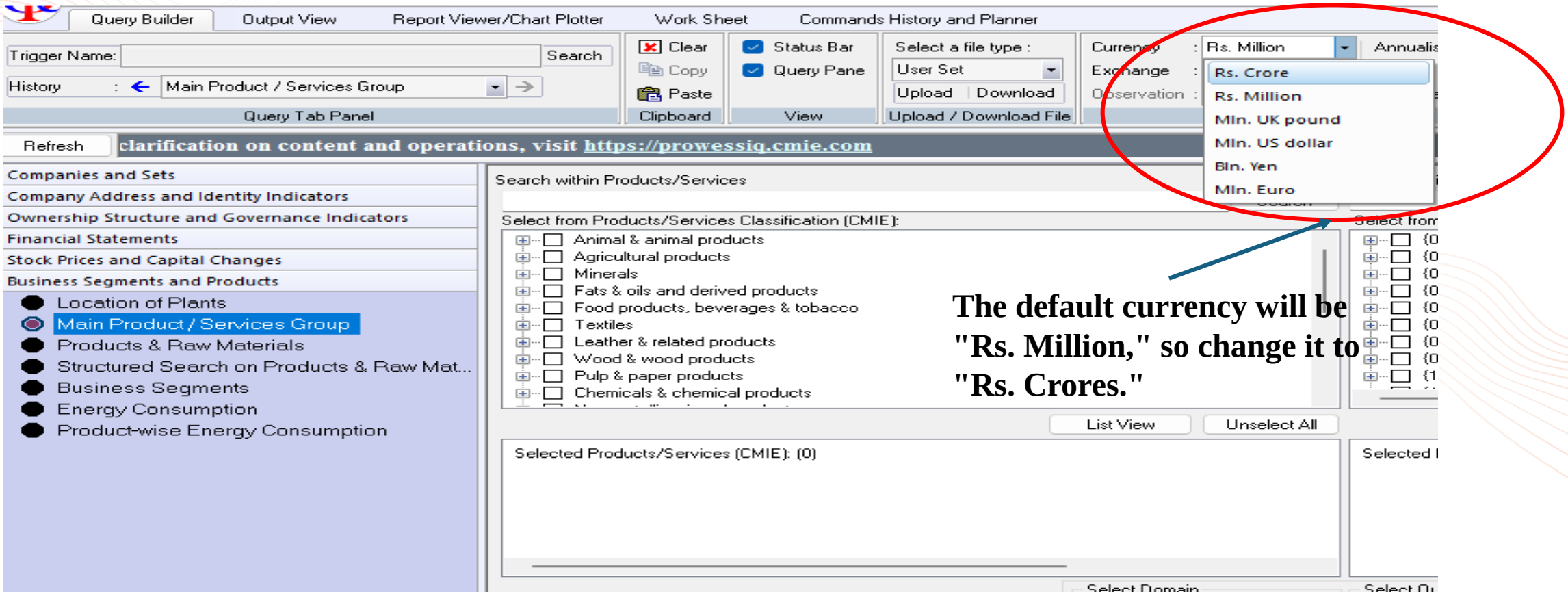


2. Add to Current OSC in Execute

Prowess - 2. Company Address and Identity Indicators

Change of currency:

Before extracting the financial information for the companies in output sheet, change the currency from **"Rs. Million"** to **"Rs. Crore"**.



Prowess - 3. Financial Information

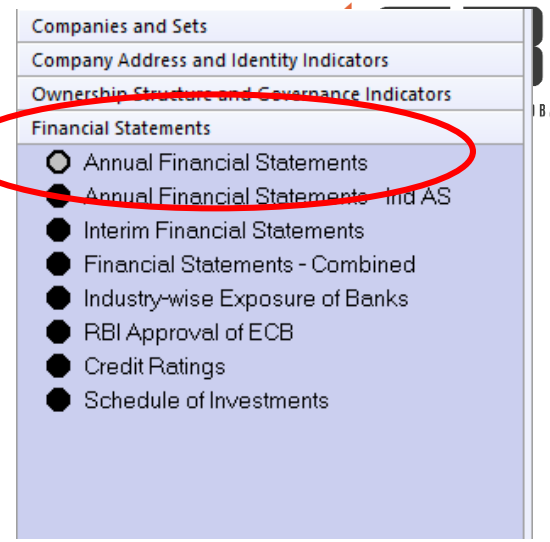
Step-1: Select "**Financial Statements**" tab from the left dialog box

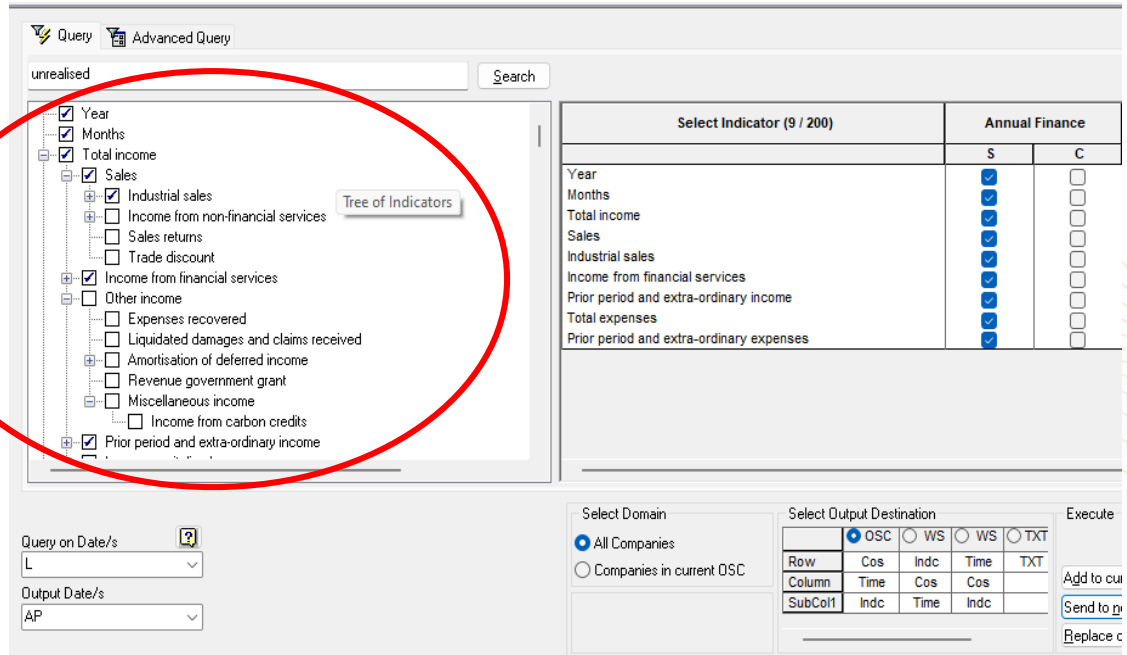
Step-2: Select "Annual Financial Statements" from the drop down available below.

Step-3: Select the required Annual Information for applying filters from the adjacent dialog box using search box such as :

1. Year
2. Months
3. Total Income
4. Sales
5. Industrial sales
6. Income from non-financial services
7. Trading Income
8. Rent/Operating lease rent income
9. Total Expenses
10. Provisions
11. Prior period and extra-ordinary expenses
12. Provision for direct tax
13. Donations
14. Penalties on direct taxes

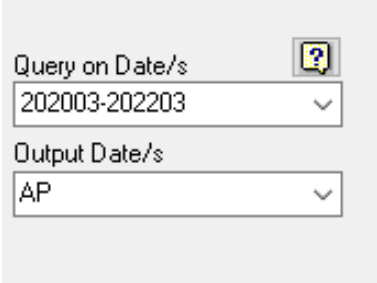
1. In "Financial Statements" select "Annual Financial Statements"





Prowess - 3. Financial Information

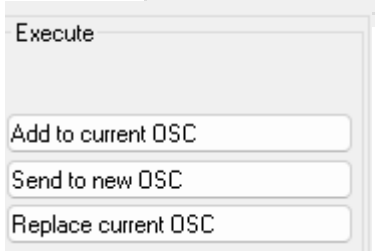
Step-4: Select Query on date for the period for which the data is required for the triggered companies in the format YYYYMM – YYYYMM



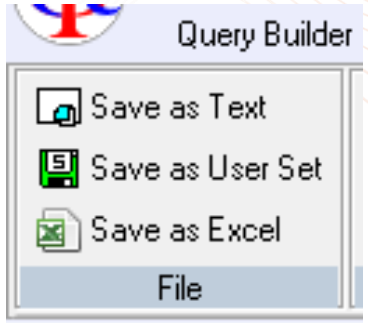
Step 5: Click "companies in current OSC" to extract financial data for the relevant period for the companies already triggered in the output sheet



Step 6: Add data to OSC and continue



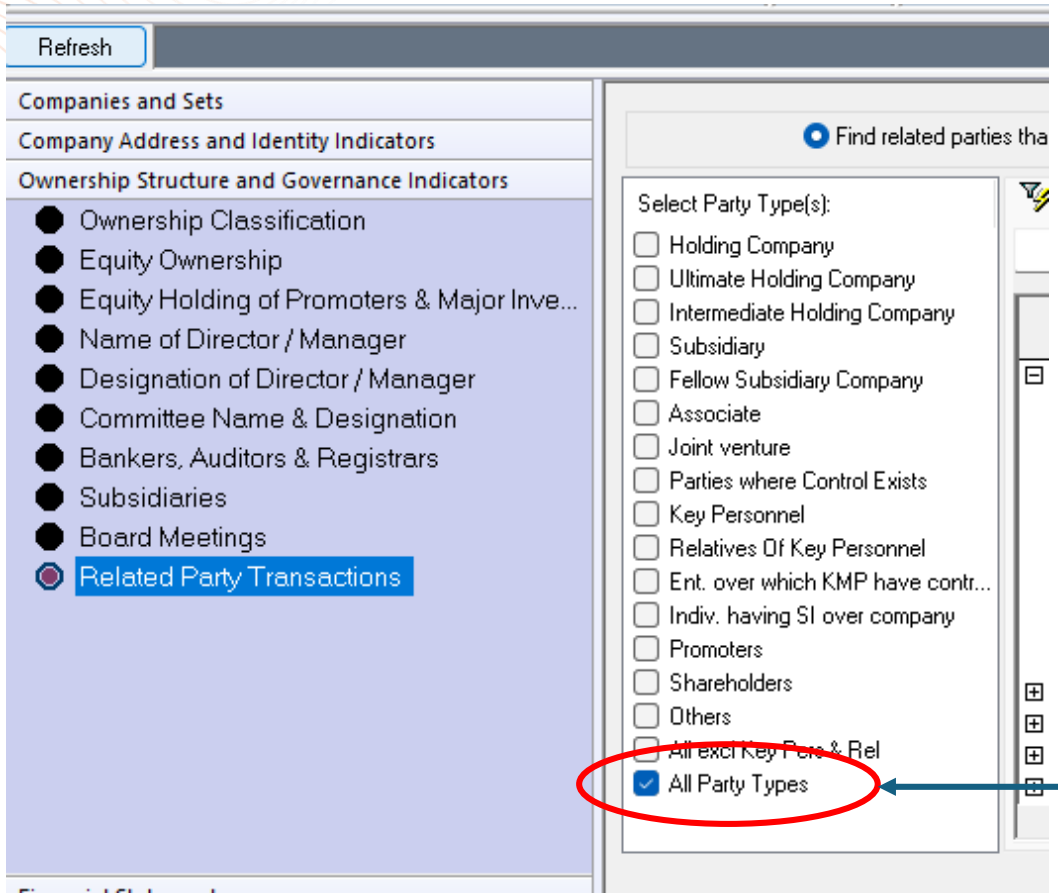
Step 7: Open **"Output view"** Tab and select **"Save as Excel"** from the left corner tab to save and extract the output as Excel.

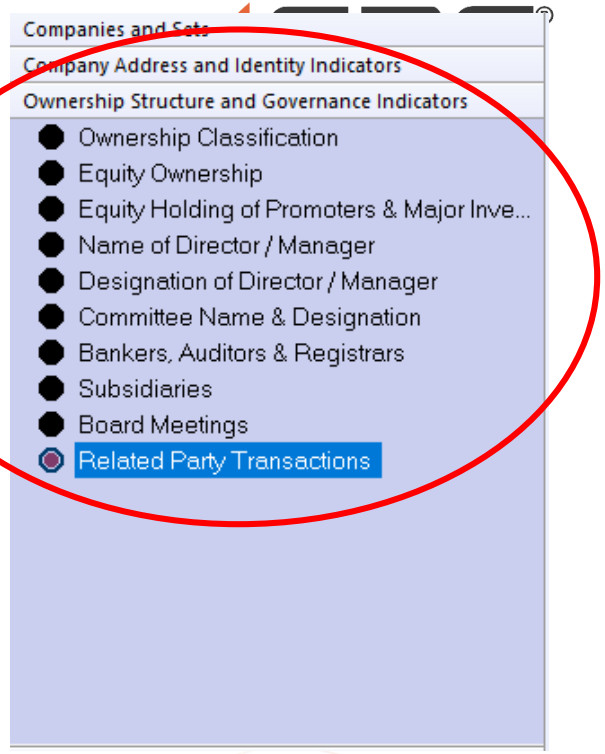


Prowess - 4. Related Party Transactions

Step-8: Under **"Ownership and Governance Indicators tab"** from the left dialog box select "**Related Party Transactions**" from the drop down available below

Step-9: From the "Select Party Type(s)" dialog box select **"All Party Types"**.





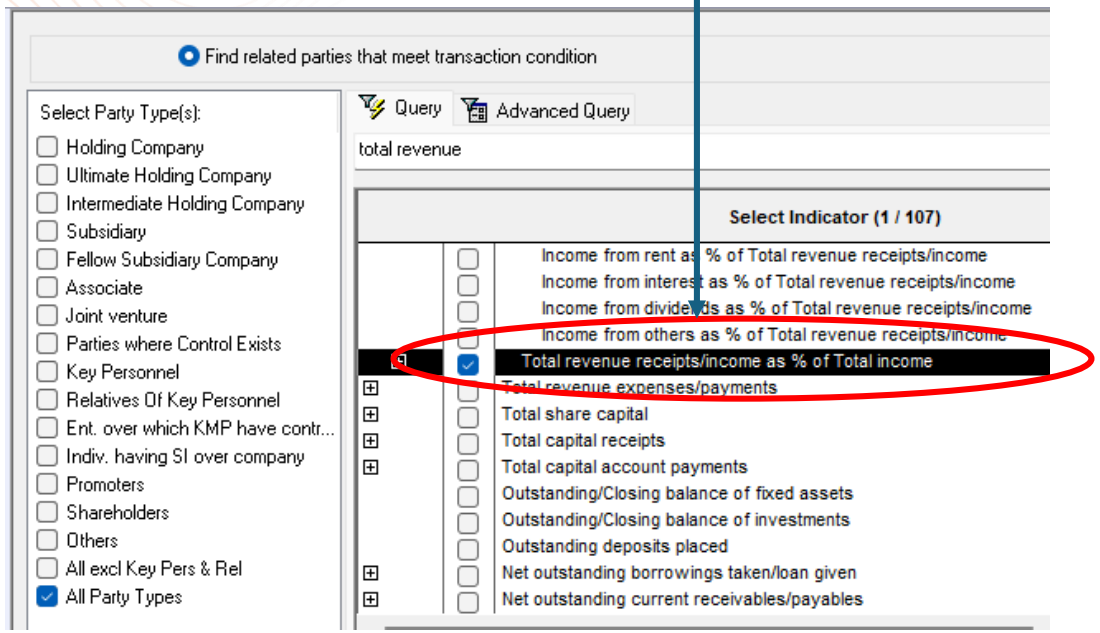
1. Under "Ownership and Governance Indicators tab" select "Related Party Transactions"

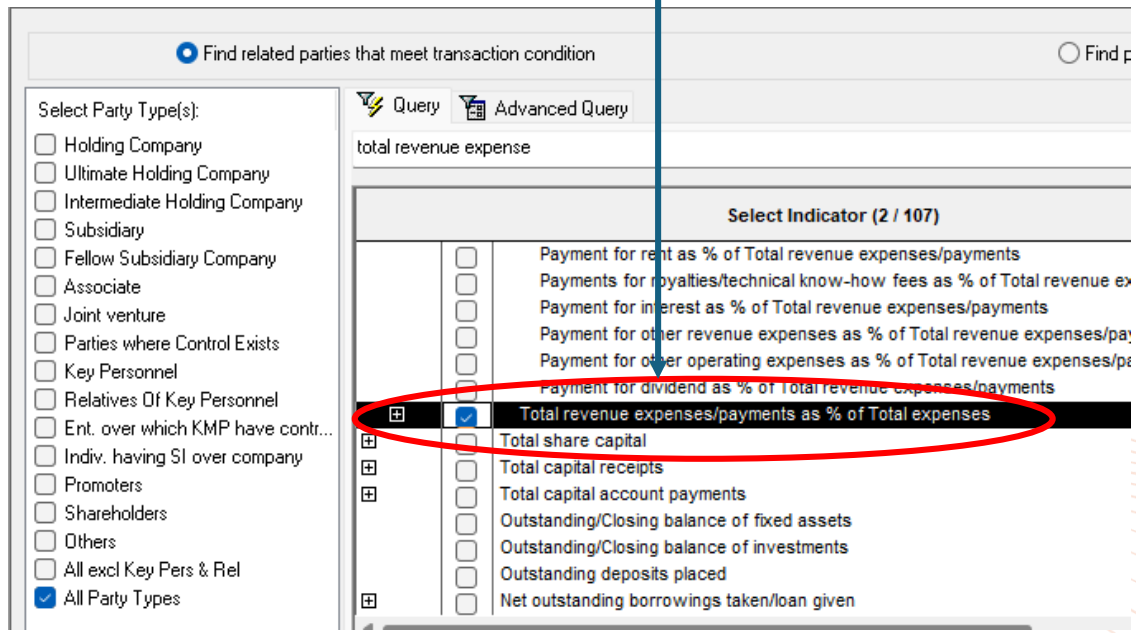
2. Select "All Party Types" in Related Party Transactions

Prowess - 4. Related Party Transactions

Step-10: Select **"Total revenue receipts/income as a % of Total income"** and **"Total revenue expenses/payments as a % of Total Expenses"** from the adjacent dialog box.

1. Select "Total Revenue receipts as a % of Total Revenue **2. Select "Total Expenses as a % of Total Expenses**

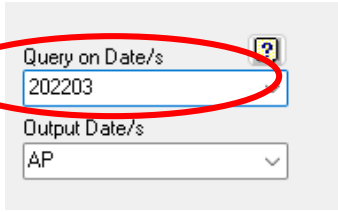




Prowess - 4. Related Party Transactions

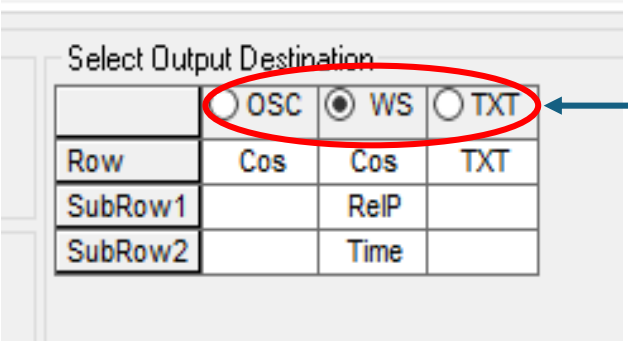
Step-12: Select Query on date as for the period for which the data is required for the triggered companies in the format YYYYMM

1. Select the year to which the filters apply



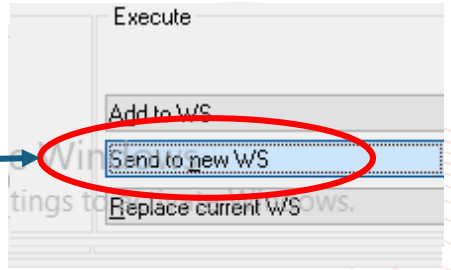
Step 13: Further select Companies in current OSC from the dialog box at the right corner to extract the Related Party Transactions for the relevant period for the companies already triggered in the output

Step 14: Further select Output destination as WS tab from the dialog box adjacent to Select Domain

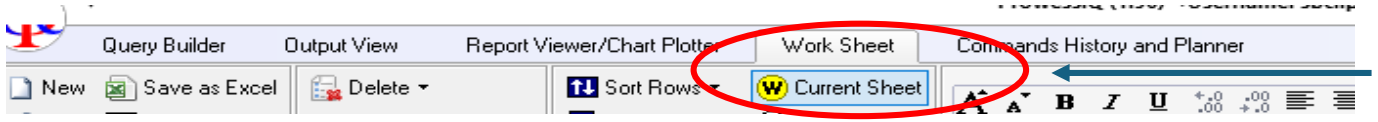


2. Select Output Destination as "Worksheet (WS)"

3. Press "Send to new WS"



Step 15: Select Send to new WS tab to extract related party data into new work sheet. The data will be triggered after some time



4. Data will reflect here

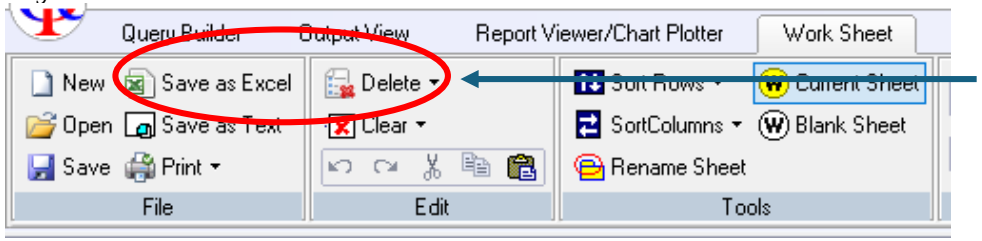
Prowess - 4. Related Party Transactions

Step 16: After the Data is triggered the **"NEW OUTPUTS"** on the right end blinks. Further click on the same and a new dialogue box appears. Press **"Continue"** and the relevant Related party data will be triggered in the Worksheet.

WS-Sheet0 W32

	A	B	C	D	E	F	G	H
1								
2	**Output source file name: W32**							
3	**Related Party Transactions**							
4								
5	**Company Name**	**Slot Date**	**Date**	**Party Type**	**Party Name**	**Expression Type**	**Transaction Type**	**Transaction Value**
6		**Date**	**Date**					
7	3D P L M Global Services Pvt. Ltd.	L	Mar 2021	All Party Types	All Party Types	CMIE Expr	Total revenue receipts/income as	26.66
8	3I Infotech Ltd.	L	Mar 2021	All Party Types	All Party Types	CMIE Expr	Total revenue expenses/payment	0.89
9	63 Moons Technologies Ltd.	L	Mar 2021	All Party Types	All Party Types	CMIE Expr	Total revenue receipts/income as	2.56
10					All Party Types	CMIE Expr	Total revenue expenses/payment	9.10
11	7Seas Entertainment Ltd.	L	Mar 2021	All Party Types	All Party Types	CMIE Expr	Total revenue expenses/payment	3.74
12	99Games Online Pvt. Ltd.	L	Mar 2021	All Party Types	All Party Types	CMIE Expr	Total revenue expenses/payment	11.68
13	A B M Knowledgeware Ltd.	L	Mar 2022	All Party Types	All Party Types	CMIE Expr	Total revenue expenses/payment	4.87
14	A D P Pvt. Ltd.	L	Mar 2015	All Party Types	All Party Types	CMIE Expr	Total revenue receipts/income as	72.36
15					All Party Types	CMIE Expr	Total revenue expenses/payment	4.59
16	A M D India Pvt. Ltd. (1997)	L	Mar 2021	All Party Types	All Party Types	CMIE Expr	Total revenue receipts/income as	99.90
17					All Party Types	CMIE Expr	Total revenue expenses/payment	8.43
18	A P A Engineering Pvt. Ltd.	L	Mar 2021	All Party Types	All Party Types	CMIE Expr	Total revenue receipts/income as	2.01
19					All Party Types	CMIE Expr	Total revenue expenses/payment	1.19
20	A P L Infotech Ltd.	L	Mar 2021	All Party Types	All Party Types	CMIE Expr	Total revenue expenses/payments as % of Tota	
21	A R M Embedded Technologies Pvt. Ltd.	L	Mar 2021	All Party Types	All Party Types	CMIE Expr	Total revenue receipts/income as	99.97
22					All Party Types	CMIE Expr	Total revenue expenses/payment	2.50
23	A S Computer Services Pvt. Ltd.	L	Mar 2021	All Party Types	All Party Types	CMIE Expr	Total revenue receipts/income as	1.08
24					All Party Types	CMIE Expr	Total revenue expenses/payment	5.82

Step 17: We can anytime view data from the **"Worksheet Tab"** and export it as Excel and save it with the relevant name in any folder.



1. **Export it as Excel and save it any folder**

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Tax & Corporate Laws of INDIA

Prowess IQ: Case Study

Prowess Case Study- Example

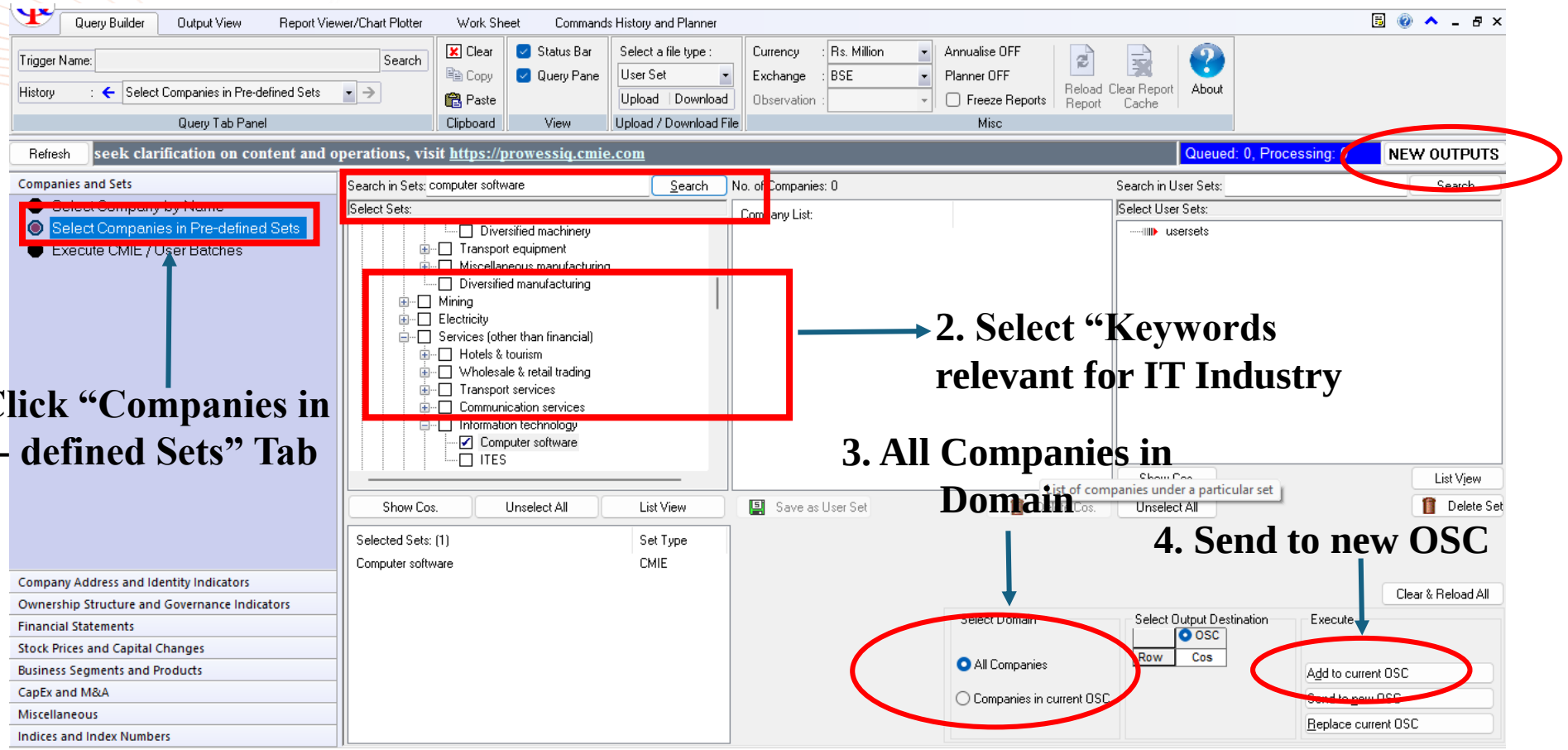
Facts	• Indian company providing Software Development Services • Revenue from operation during the year • NCP (Net cost plus markup /Total operating cost)
Transaction	Provision of Software Development Services
Tested Party	Assessee Company
Selection of Method	CUP: No Internal Cup , External CUP data unavailable RPM: not a reseller Gross Margin of comparable unavailable CPM: Gross Margin data of comparables unavailable PSM: No intangibles involved TNMM: Selected in absence of any other preferred method Any other method: Since TNMM is selected



Indian Entity/Assessee **Associated Enterprise**

Prowess Case Study- Query

Select Companies in Pre- defined Sets
Computer Software
No.of Companies Added: 1584



1. Click “Companies in Pre- defined Sets” Tab

2. Select “Keywords relevant for IT Industry

3. All Companies in Domain

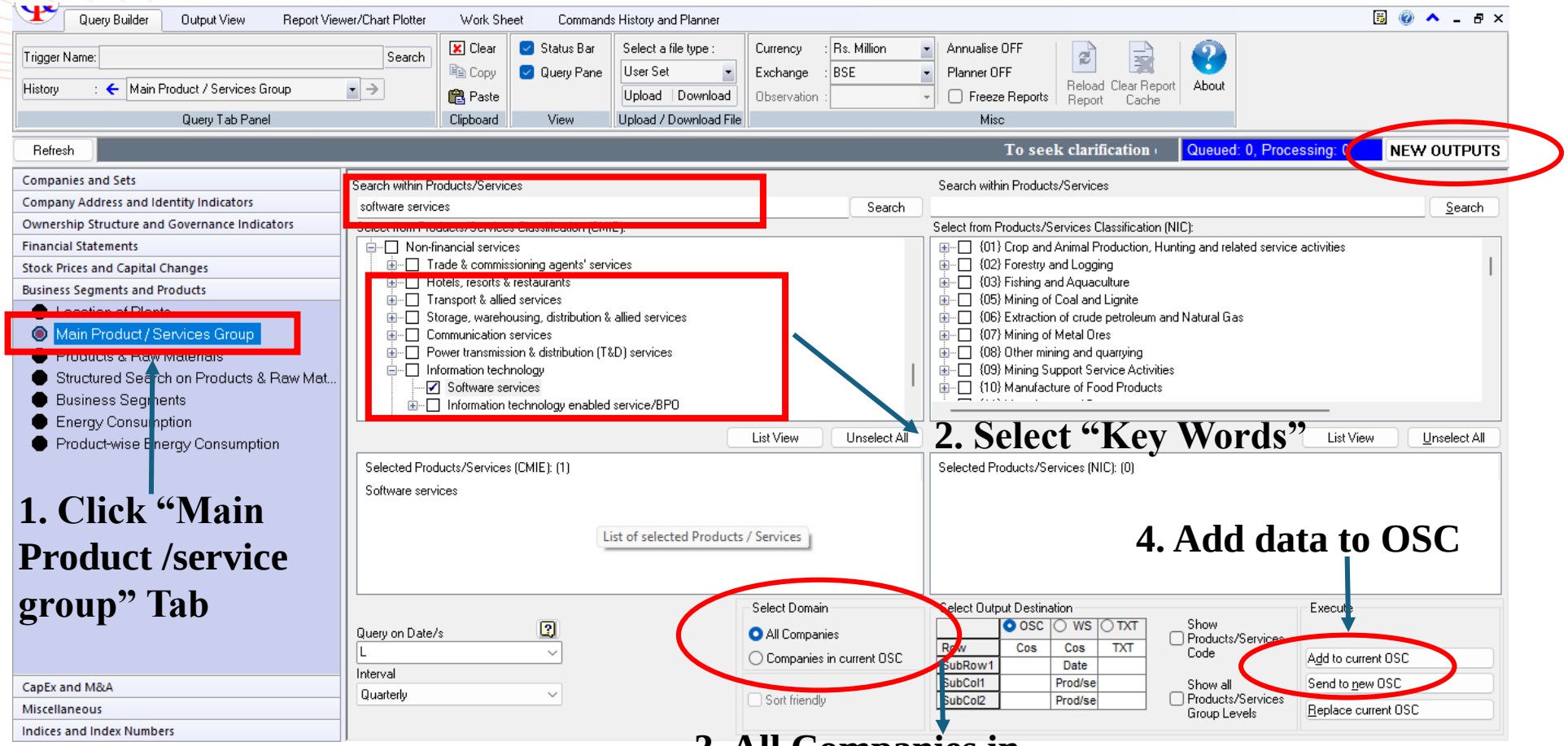
4. Send to new OSC

5. 1584 companies added

No. of Companies = 1584
Company Name
3 K Technologies Ltd.
3C It Solutions & Telecoms (India) Ltd.
3D P L M Global Services Pvt. Ltd.
3I Infotech Ltd.
4I Apps Solutions Pvt. Ltd.
63 Moons Technologies Ltd.
75F Smart Innovations India Pvt. Ltd.
7Seas Entertainment Ltd.
99Games Online Pvt. Ltd.
A B M Knowledgeware Ltd.
A C S Technologies Ltd. [Merged]
A D A Software & Services Pvt. Ltd.
A D P Pvt. Ltd. [Merged]
A F L Infotech Ltd. [Merged]
A G S Infotech Ltd.
A H A Parks Ltd.

Prowess Case Study- Query

Main Product/Services Group of Company
Software Service
No.of Companies :1584



1. Click "Main Product /service group" Tab

2. Select "Key Words"

3. All Companies in Domain

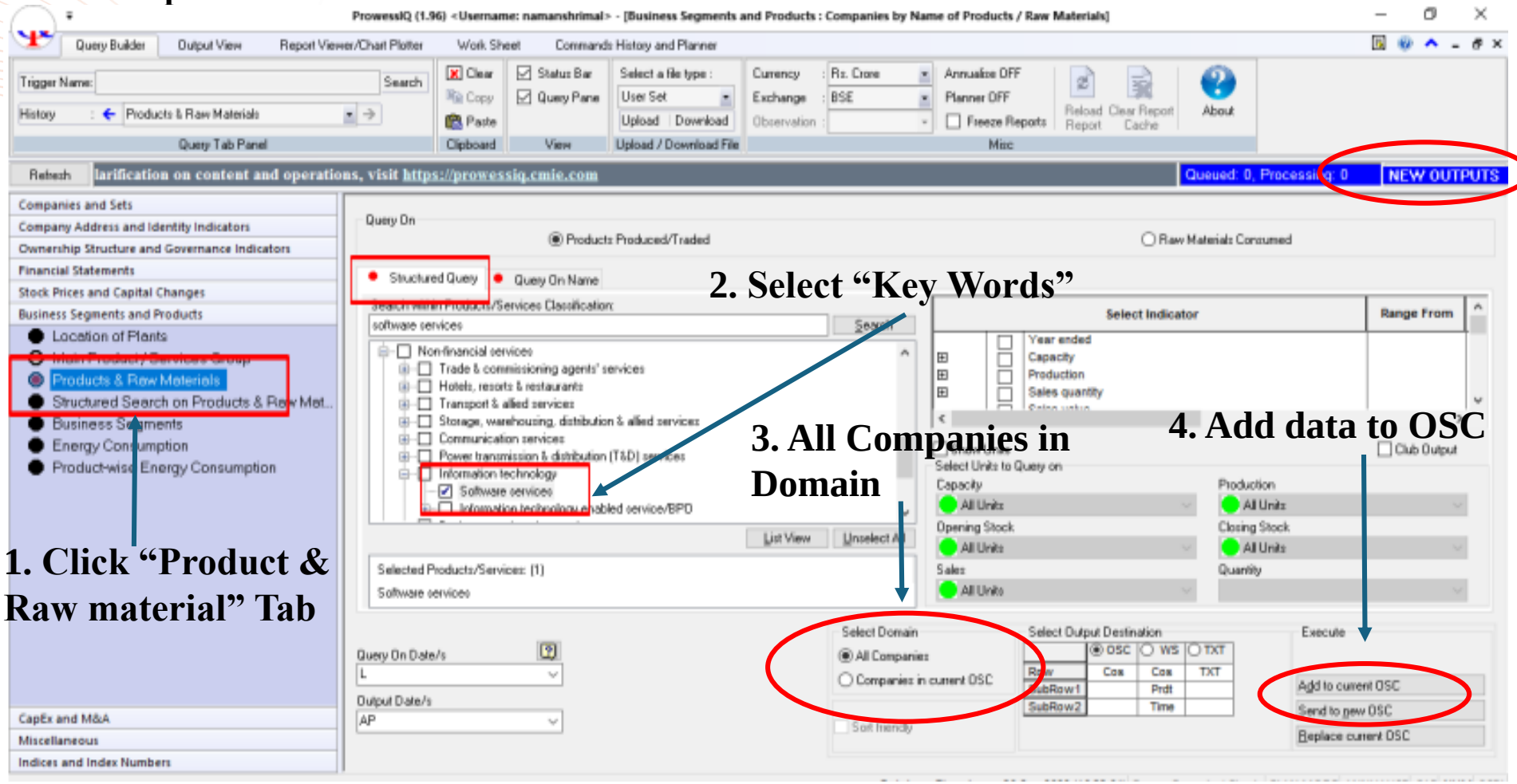
4. Add data to OSC

5. 1584 companies added

No. of Companies = 1584
Company Name
3 K Technologies Ltd.
3C It Solutions & Telecoms (India) Ltd.
3D P L M Global Services Pvt. Ltd.
3I Infotech Ltd.
4I Apps Solutions Pvt. Ltd.
63 Moons Technologies Ltd.
75F Smart Innovations India Pvt. Ltd.
7Seas Entertainment Ltd.
99Games Online Pvt. Ltd.
A B M Knowledgeware Ltd.
A C S Technologies Ltd. [Merged]
A D A Software & Services Pvt. Ltd.
A D P Pvt. Ltd. [Merged]
A F L Infotech Ltd. [Merged]
A G S Infotech Ltd.
A H A Parks Ltd.

Prowess Case Study- Query

Query by Products & Raw material – Products Produced and traded
Structured Query - Software Service
No.of Companies - 1868



1. Click "Product & Raw material" Tab

2. Select "Key Words"

3. All Companies in Domain

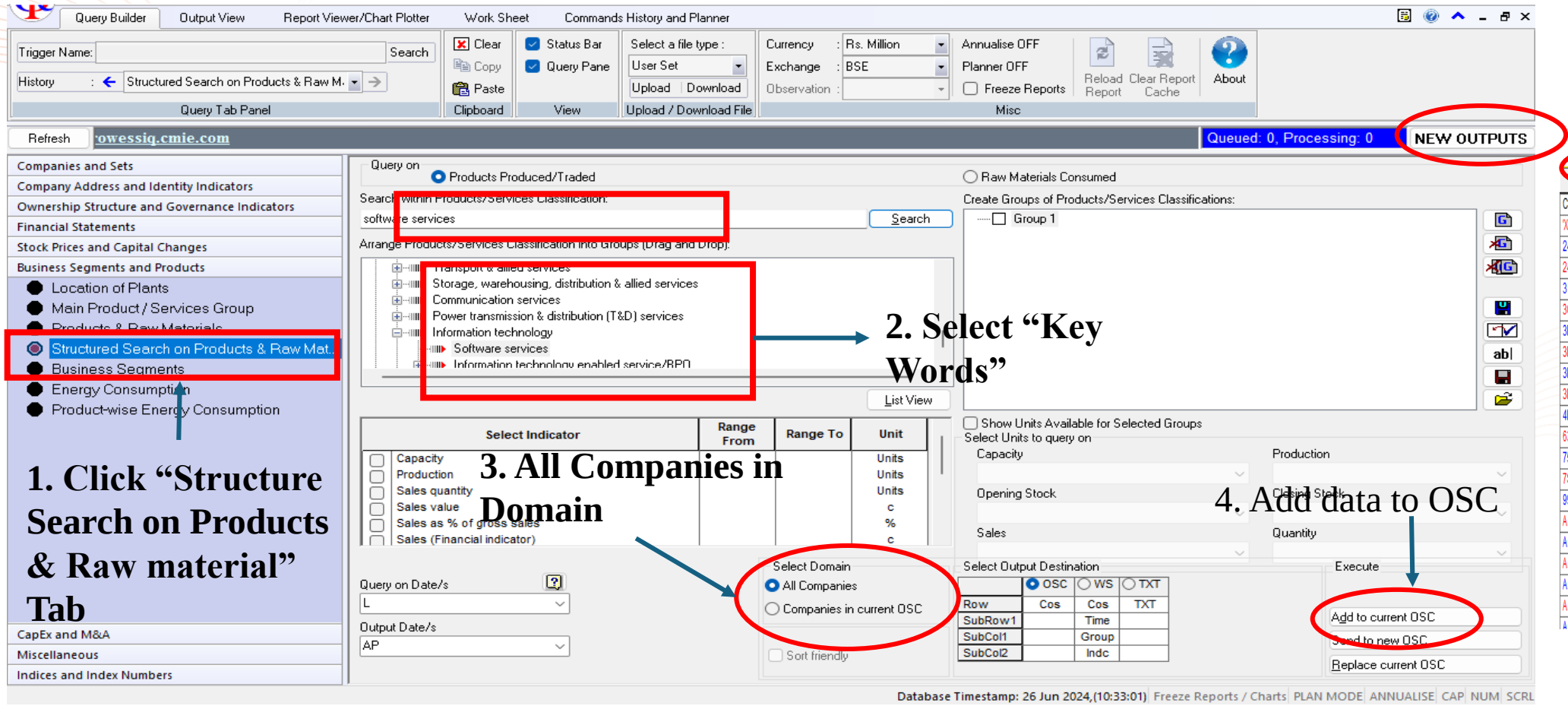
4. Add data to OSC

5. 1868 companies added

No. of Companies = 1868
Company Name
3 K Technologies Ltd.
3C It Solutions & Telecoms (India) Ltd.
3D P L M Global Services Pvt. Ltd.
3I Infotech Ltd.
4I Apps Solutions Pvt. Ltd.
63 Moons Technologies Ltd.
75F Smart Innovations India Pvt. Ltd.
7Seas Entertainment Ltd.
99Games Online Pvt. Ltd.
A B M Knowledgeware Ltd.
A C S Technologies Ltd. [Merged]
A D A Software & Services Pvt. Ltd.
A D P Pvt. Ltd. [Merged]
A F L Infotech Ltd. [Merged]
A G S Infotech Ltd.
A H A Parks Ltd.

Prowess Case Study- Query

Query by Structure Search on Products & Raw material – Products Produced and traded
Query on Name - Software services
No.of Companies - 2408



1. Click "Structure Search on Products & Raw material" Tab

2. Select "Key Words"

3. All Companies in Domain

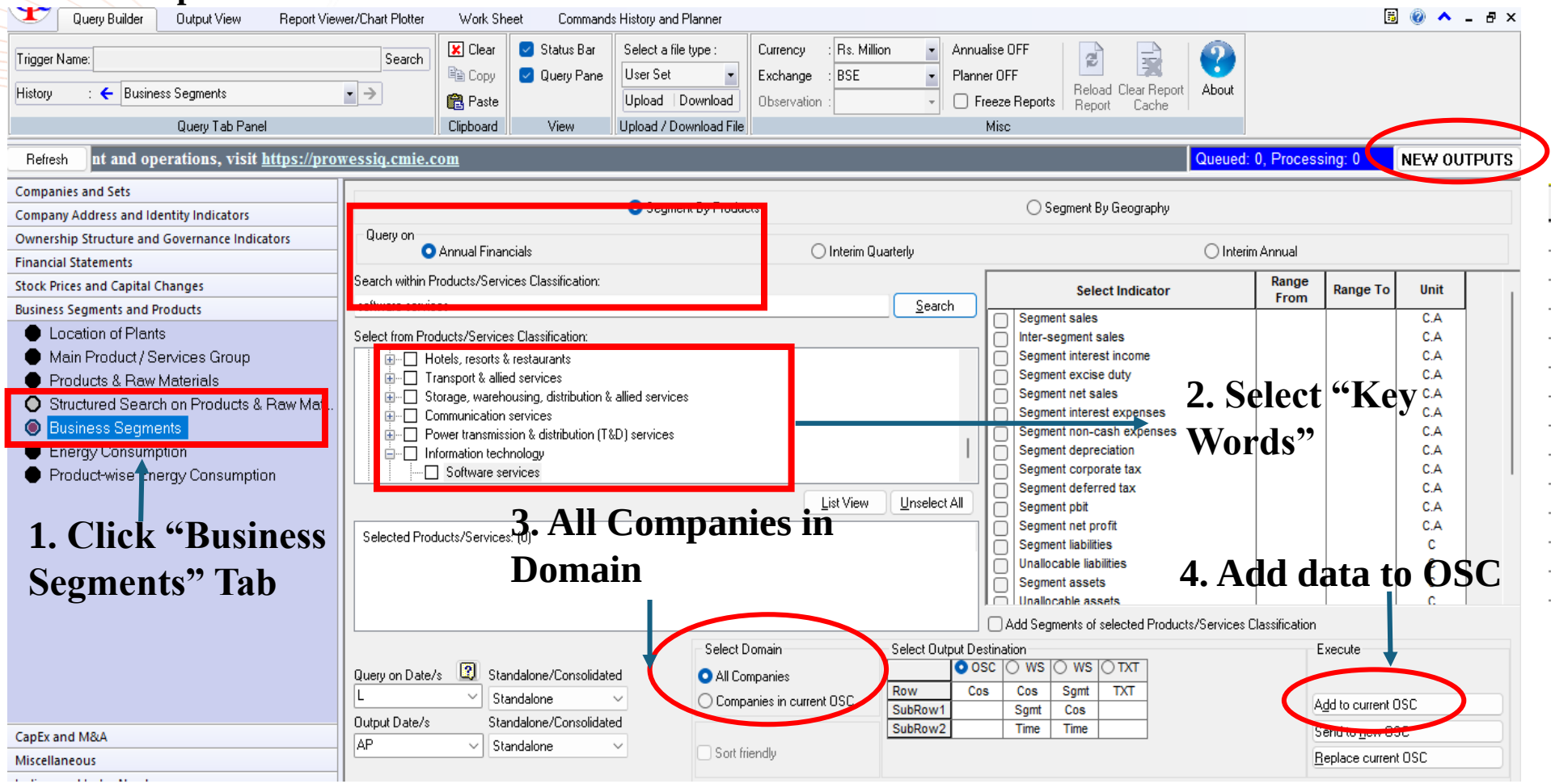
4. Add data to OSC

5. 2408 companies added



Prowess Case Study- Query

Query on Business Segments– Segment by Products
Query on – Annual Financials
No.of Companies - 2408



1. Click "Business Segments" Tab

2. Select "Key Words"

3. All Companies in Domain

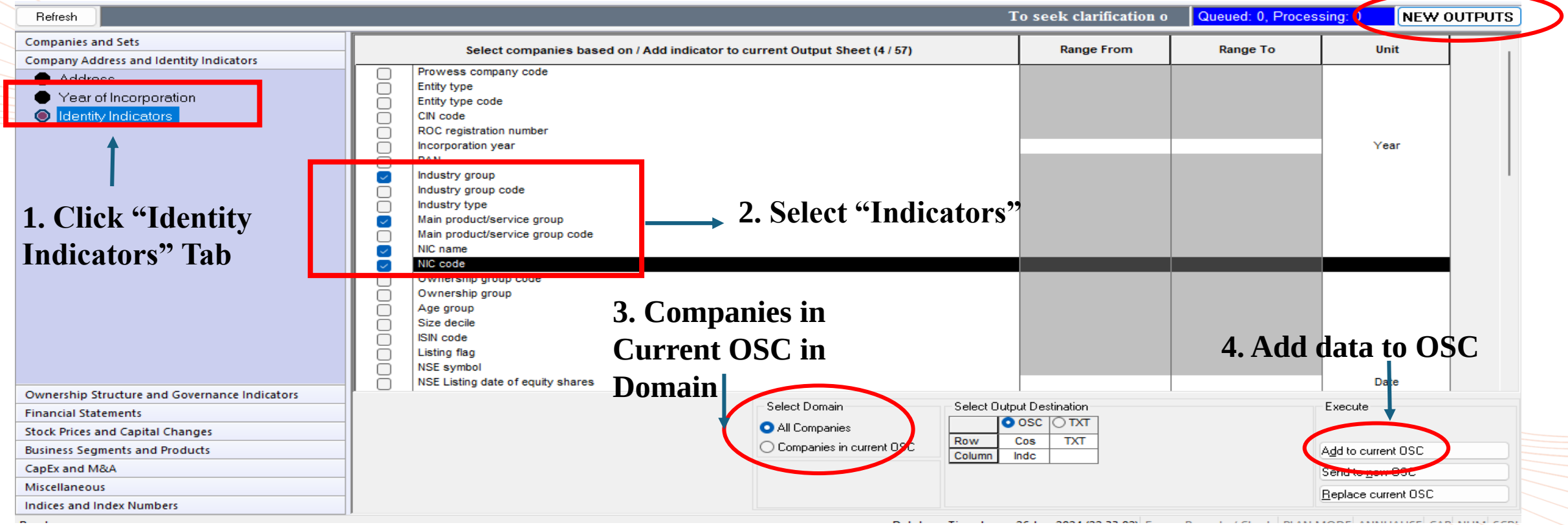
4. Add data to OSC

5. 2408 companies added

No. of Companies = 2464
Company Name
'X'Clusive Business Centre Pvt. Ltd.
24-7 Intouch India Pvt. Ltd.
24/7 Customer Pvt. Ltd.
3 K Technologies Ltd.
3C It Solutions & Telecoms (India) Ltd.
3D P L M Global Services Pvt. Ltd.
3I Infotech Consultancy Services Ltd.
3I Infotech Digital B P S Ltd.
3I Infotech Ltd.
4I Apps Solutions Pvt. Ltd.
63 Moons Technologies Ltd.
75F Smart Innovations India Pvt. Ltd.
7Seas Entertainment Ltd.

Prowess Case Study- Identity Indicators Extract

Company Address and Identity Indicators – Add Identity Indicators

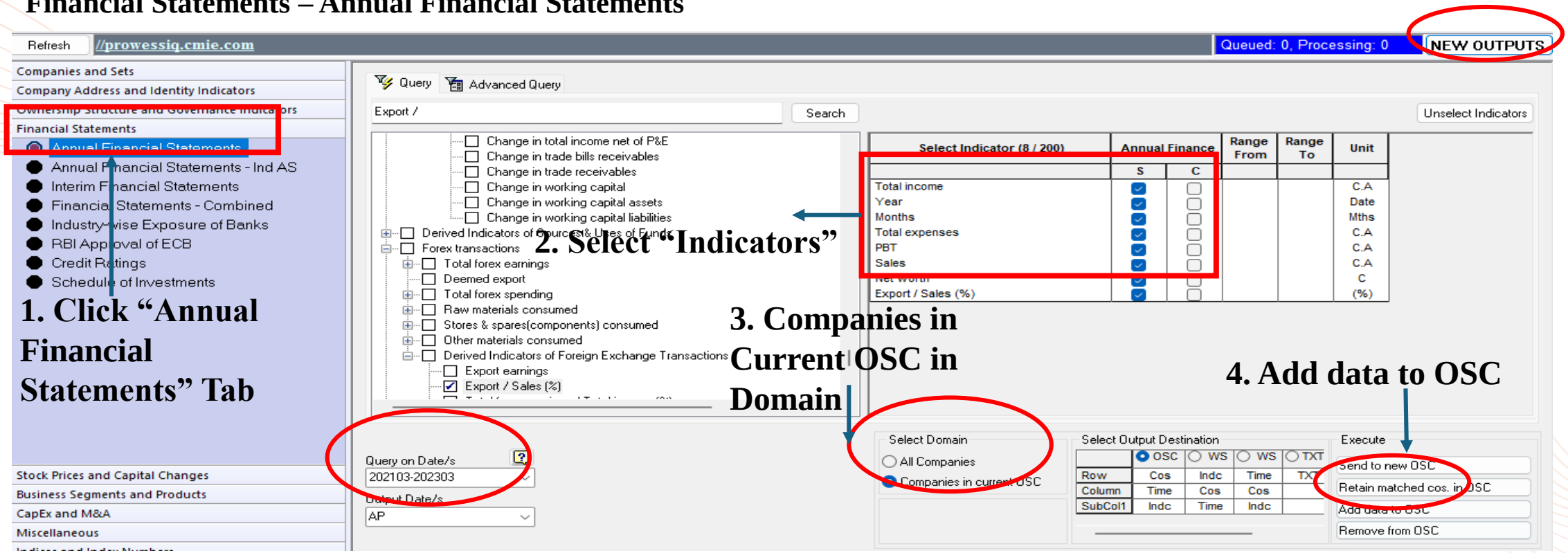


5. "Output"

No. of Companies = 2464	1	2	3	4
Company Name	Industry group	Main product/service group	NIC name	NIC code
'X'Clusive Business Centre Pvt. Ltd.	Diversified financial se	Financial services including leasin	Other financial s	649
24-7 Intouch India Pvt. Ltd.	ITES	Call centres	Activities of call c	82200
24/7 Customer Pvt. Ltd.	ITES	Customer care	Activities of call c	82200

Prowess Case Study- Financial Information extract

Financial Statements – Annual Financial Statements



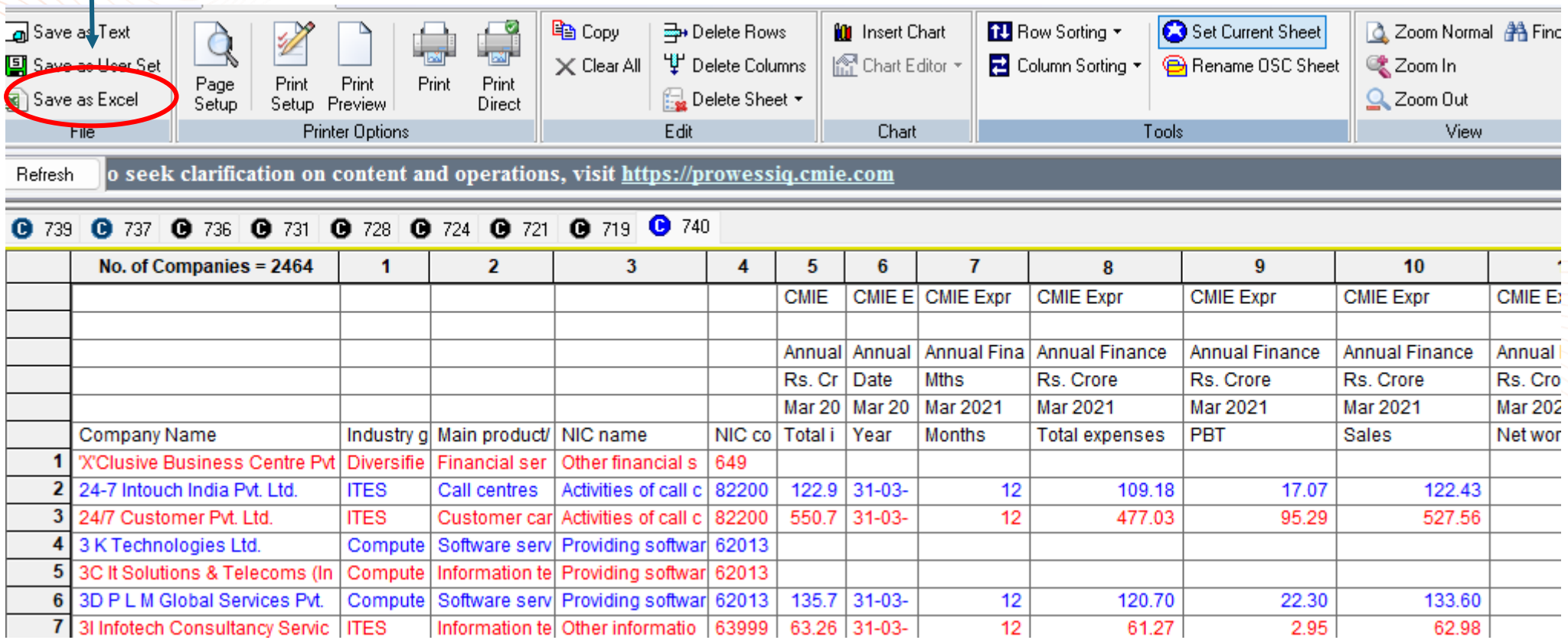
No. of Companies = 2464	1	2	3	4	5	6	7	8	9	10	11	12	13	
					CMIE	CMIE E	CMIE Expr	CMIE Expr	CMIE Expr	CMIE Expr	CMIE Expr	CMIE Expr	CMIE Expr	CM
					Annual	Annual	Annual Fina	Annual Finance	Annual Finance	Annual Finance	Annual Finance	Annual Finance	Annual Finance	An
					Rs. Cr	Date	Mths	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	(%)	Rs. Crore	Da
					Mar 20	Mar 20	Mar 2021	Mar 2021	Mar 2021	Mar 2021	Mar 2021	Mar 2021	Mar 2022	Ma
Company Name	Industry g	Main product/	NIC name	NIC co	Total i	Year	Months	Total expenses	PBT	Sales	Net worth	Export / Sales (%	Total income	Ye
'X'Clusive Business Centre Pvt	Diversifie	Financial ser	Other financial s	649										
24-7 Intouch India Pvt. Ltd.	ITES	Call centres	Activities of call c	82200	122.9	31-03-	12	109.18	17.07	122.43	32.66	99.99	195.77	31-
24/7 Customer Pvt. Ltd.	ITES	Customer car	Activities of call c	82200	550.7	31-03-	12	477.03	95.29	527.56	641.99	0.00	609.80	31-

5. Output

Prowess Case Study- Export / Copy / Save data

The final data can then be exported/copied to excel worksheet for quantitative analysis.
The final comparable data can be saved as a "user set" for future use and reference.

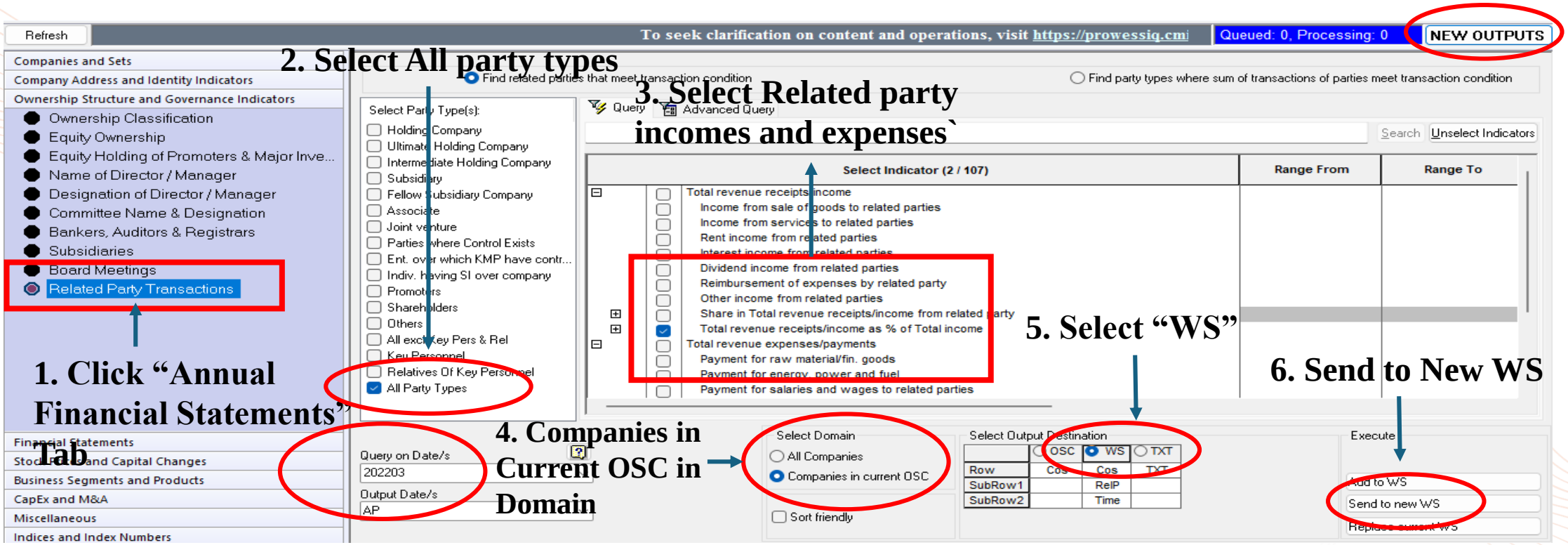
1. Export it as Excel and save it any folder



	No. of Companies = 2464	1	2	3	4	5	6	7	8	9	10	
						CMIE	CMIE E	CMIE Expr	CMIE Expr	CMIE Expr	CMIE Expr	CMIE Ex
						Annual	Annual	Annual Fina	Annual Finance	Annual Finance	Annual Finance	Annual
						Rs. Cr	Date	Mths	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Cro
						Mar 20	Mar 20	Mar 2021	Mar 2021	Mar 2021	Mar 2021	Mar 202
	Company Name	Industry g	Main product/	NIC name	NIC co	Total i	Year	Months	Total expenses	PBT	Sales	Net wor
1	'X'Clusive Business Centre Pvt	Diversifie	Financial ser	Other financial s	649							
2	24-7 Intouch India Pvt. Ltd.	ITES	Call centres	Activities of call c	82200	122.9	31-03-	12	109.18	17.07	122.43	
3	24/7 Customer Pvt. Ltd.	ITES	Customer car	Activities of call c	82200	550.7	31-03-	12	477.03	95.29	527.56	
4	3 K Technologies Ltd.	Compute	Software serv	Providing softwar	62013							
5	3C It Solutions & Telecoms (In	Compute	Information te	Providing softwar	62013							
6	3D P L M Global Services Pvt.	Compute	Software serv	Providing softwar	62013	135.7	31-03-	12	120.70	22.30	133.60	
7	3I Infotech Consultancy Servic	ITES	Information te	Other informatio	63999	63.26	31-03-	12	61.27	2.95	62.98	

Prowess Case Study- Related Party Transactions Extract

Related Party Transactions – Find related Parties that meet transaction condition



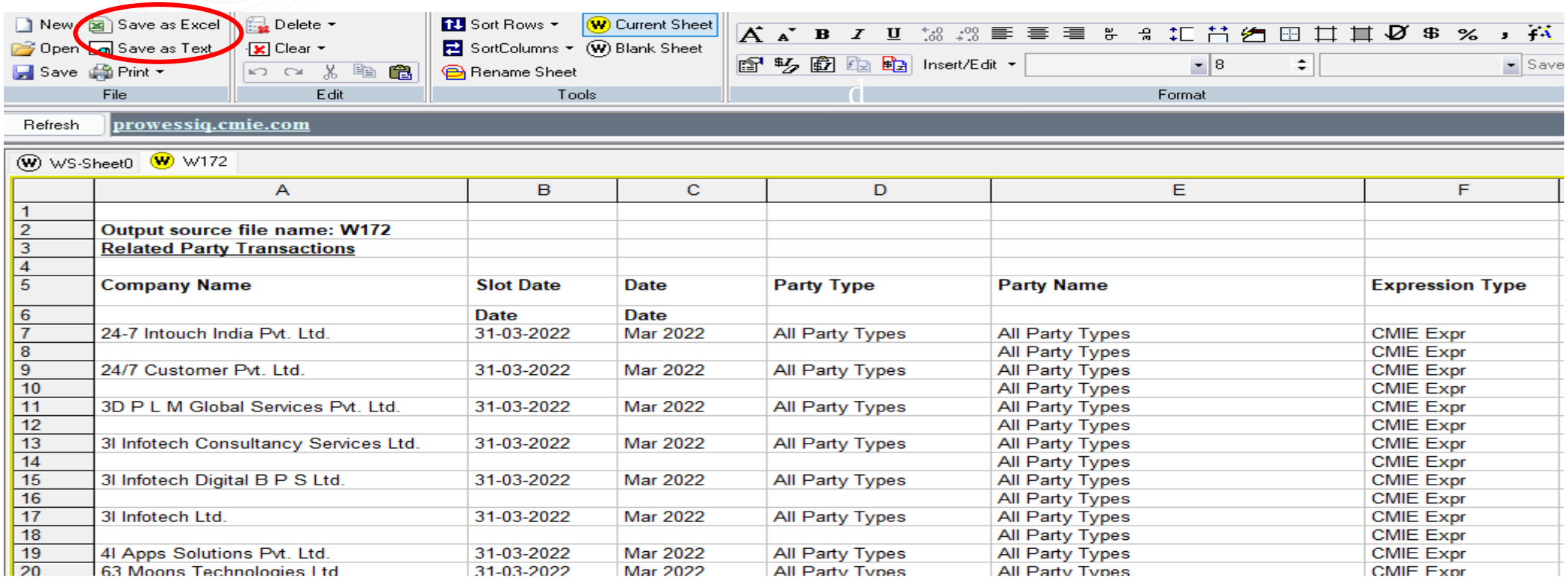
A	B	C	D	E	F	G	H
Output source file name: W172							
Related Party Transactions							
Company Name	Slot Date	Date	Party Type	Party Name	Expression Type	Transaction Type	Transaction Value
	Date	Date					
24-7 Intouch India Pvt. Ltd.	31-03-2022	Mar 2022	All Party Types	All Party Types	CMIE Expr	Total revenue receipts/income as	99.53
				All Party Types	CMIE Expr	Total revenue expenses/payment	0.63
24/7 Customer Pvt. Ltd.	31-03-2022	Mar 2022	All Party Types	All Party Types	CMIE Expr	Total revenue receipts/income as	94.66

7. Output

Prowess Case Study- Export / Copy / Save data

The final data can then be exported/copied to excel worksheet for quantitative analysis.

1. Export it as Excel and save it any folder



	A	B	C	D	E	F
1						
2	**Output source file name: W172**					
3	**Related Party Transactions**					
4						
5	**Company Name**	**Slot Date**	**Date**	**Party Type**	**Party Name**	**Expression Type**
6		**Date**	**Date**			
7	24-7 Intouch India Pvt. Ltd.	31-03-2022	Mar 2022	All Party Types	All Party Types	CMIE Expr
8					All Party Types	CMIE Expr
9	24/7 Customer Pvt. Ltd.	31-03-2022	Mar 2022	All Party Types	All Party Types	CMIE Expr
10					All Party Types	CMIE Expr
11	3D P L M Global Services Pvt. Ltd.	31-03-2022	Mar 2022	All Party Types	All Party Types	CMIE Expr
12					All Party Types	CMIE Expr
13	3I Infotech Consultancy Services Ltd.	31-03-2022	Mar 2022	All Party Types	All Party Types	CMIE Expr
14					All Party Types	CMIE Expr
15	3I Infotech Digital B P S Ltd.	31-03-2022	Mar 2022	All Party Types	All Party Types	CMIE Expr
16					All Party Types	CMIE Expr
17	3I Infotech Ltd.	31-03-2022	Mar 2022	All Party Types	All Party Types	CMIE Expr
18					All Party Types	CMIE Expr
19	4I Apps Solutions Pvt. Ltd.	31-03-2022	Mar 2022	All Party Types	All Party Types	CMIE Expr
20	63 Moons Technologies Ltd	31-03-2022	Mar 2022	All Party Types	All Party Types	CMIE Expr

Keywords Specific to IT Industry

Following Keywords have been used to arrive at the Comparables specific to Software Development Services.

Prowess IQ (a database complied and managed by Centre for Monitoring Indian Economy Private Limited)

A search query on Prowess updated **until 4th October 2023**, using the following keywords in the 'Query by Business Segments & Products' module:

Broad Classification	Keywords	Resultant Companies
Main products services group of companies {CMIE}	• Trade in readymade software products. • Information technology. • Software services	1286
Main Product/Services Group of Company (NIC)	• '46512' Wholesale of software. • '62013' Providing software support and maintenance to the clients. • Software Services	253
Structured Search on Products & Raw Materials	• Trade in readymade software products • Information technology • Software services	596
Business Segment-wise Information	• Trade in readymade software products • Information technology • Software services	240

Search Criteria

The following qualitative and quantitative filters have been applied to the master data obtained from the Prowess search to arrive at the final list of comparables similar to the tested party.

A. Prowess IQ

Companies reviewed in detail	**2375**
Less: Companies rejected on the following criteria	
Companies having insufficient financial Information to carry out analysis	1008
Companies having different financial year end	17
Companies not having 12 months Financial Information	4
Companies having turnover less than One Crore	147
Companies having Negative Net worth	53
Companies having Persistent losses for 2 or more years	64
Companies having Service revenue less than 75%	67
Companies having Compensation to employees greater than 25%	172
Companies having Export revenue less than 75%	603
Companies having significant Related party transactions (in excess of 25%)	194
Companies engaged in dis-similar Functions	36
Companies retained as comparable	**10**

Summarizing Business Descriptions

For the final list of comparables, we need to summarize the business descriptions from financial statements, media sources, the company's website, and intercompany agreements or any other Internal data.

Below is an illustrative example for your reference.

Brief Business Description of the Comparable Companies – SWD Service Segment

1. **Sybrant Technologies Pvt. Ltd.**

Sybrant Technologies Private Limited is an acclaimed software development company that provides Software development services, Data services, Platform Based Services, and other Real Estate services.

2. **Harbinger Systems Pvt. Ltd.**

Harbinger Systems is a private company providing software technology services for independent software vendors and enterprises. Harbinger Systems builds software solutions leveraging digital technologies for domains such as HRTech, Healthtech, and Learning Tech.

3. **Wipro Ltd.**

Wipro Limited specializes in IT and computer related technologies. The Group's services encompass a number of areas, including software architecture, business intelligence systems, e-commerce, data warehousing, Internet access devices, network management, system administration, messaging systems, IT consulting and design. Wipro also has a presence in niche markets of consumer products.

4. **Athena Global Technologies Ltd.**

Athena Global Technologies Limited provides information technology services. The Company offers software application development, infrastructure management, product engineering, e-commerce web, digital transformation, and consulting services. Athena Global Technologies

Accept Reject Matrix

Accept Reject Matrix: **Displays the companies that have been accepted or rejected, which have been extracted from the Prowess search, along with the reasons for their acceptance or rejection.**

An Illustrative Example is provided below:

Accept Reject Matrix (Prowess IQ)			
Companies reviewed in detail			2,375
Less: Companies rejected under quantitative filters			
Companies having Insufficient Financial Information			1,008
Companies having Different Financial Year End			17
Companies not having 12 months information			4
Companies having Turnover Less than 1 crore			147
Companies having Negative Networth			53
Companies having Persistent Losses for 2 or more years			64
Companies having Service revenue less than 75%			67
Companies having Compensation to employees greater than 25%			172
Companies having Export revenue less than 75%			602
Companies having RPT In Excess of 25%			192
Companies engaged in dissimilar Functions			42
Total companies eliminated			**2,368**
Companies engaged in similar functions			7
S No	Company Name	Accept/Reject	Reason for rejection
1	'X'Clusive Business Centre Pvt. Ltd.	Reject	Companies having insufficient Financial Information
2	24-7 Intouch India Pvt. Ltd.	Reject	Companies having RPT In Excess of 25%
3	24/7 Customer Pvt. Ltd.	Reject	Companies having Export revenue less than 75%
4	3 K Technologies Ltd.	Reject	Companies having insufficient Financial Information
5	3D P L M Global Services Pvt. Ltd.	Reject	Companies having Export revenue less than 75%
6	3I Infotech Consultancy Services Ltd.	Reject	Companies having Export revenue less than 75%
7	3I Infotech Digital B P S Ltd.	Reject	Companies having Export revenue less than 75%
8	3I Infotech Ltd.	Reject	Companies having Export revenue less than 75%
9	63 Moons Technologies Ltd.	Reject	Companies having Persistent Losses for 2 or more years
10	7Seas Entertainment Ltd.	Reject	Companies having Turnover Less than 1 crore
11	99Games Online Pvt. Ltd.	Reject	Companies having Negative Networth
12	A A M India Mfg. Corpn. Pvt. Ltd.	Reject	Companies having Persistent Losses for 2 or more years
13	A B B Global Inds. & Services Pvt. Ltd.	Reject	Companies having different Financial Year End
14	A B B Power Technology Services Pvt. Ltd.	Reject	Companies not having 12 months information
15	A B Inbev G C C Services India Pvt. Ltd.	Reject	Companies having Export revenue less than 75%
16	A B M Knowledgeware Ltd.	Reject	Companies having Export revenue less than 75%
17	A C E Bpo Services Pvt. Ltd.	Reject	Companies having insufficient Financial Information
18	A C S Technologies Ltd. [Merged]	Reject	Companies having Compensation to employees greater than 25%
19	A D A Software & Services Pvt. Ltd.	Reject	Companies having insufficient Financial Information
20	A D P Pvt. Ltd.	Reject	Companies having insufficient Financial Information
21	A D P Pvt. Ltd. (2015)	Reject	Companies having Export revenue less than 75%
22	A E L Infotech Ltd. [Merged]	Reject	Companies having insufficient Financial Information

Prowess Case Study- Comparable Summary

Below is the final list of comparables that **pass all the quantitative and qualitative filters** specified in the earlier slides **(refer to slides 28 and 29).**

Among the six methods **(Refer slide 9)**, **TNMM** has been selected as the most appropriate method, and **OP/OC** has been chosen as the **PLI** for the provision of **software development services.**

Range Concept has been used instead of Average Concept since there are more than **6 comparables.**

Multiple year data has considered and had computed **weighted average for the past three financial years data.**

Since the No.of Comparable is even, Median will be average of 5& 6.

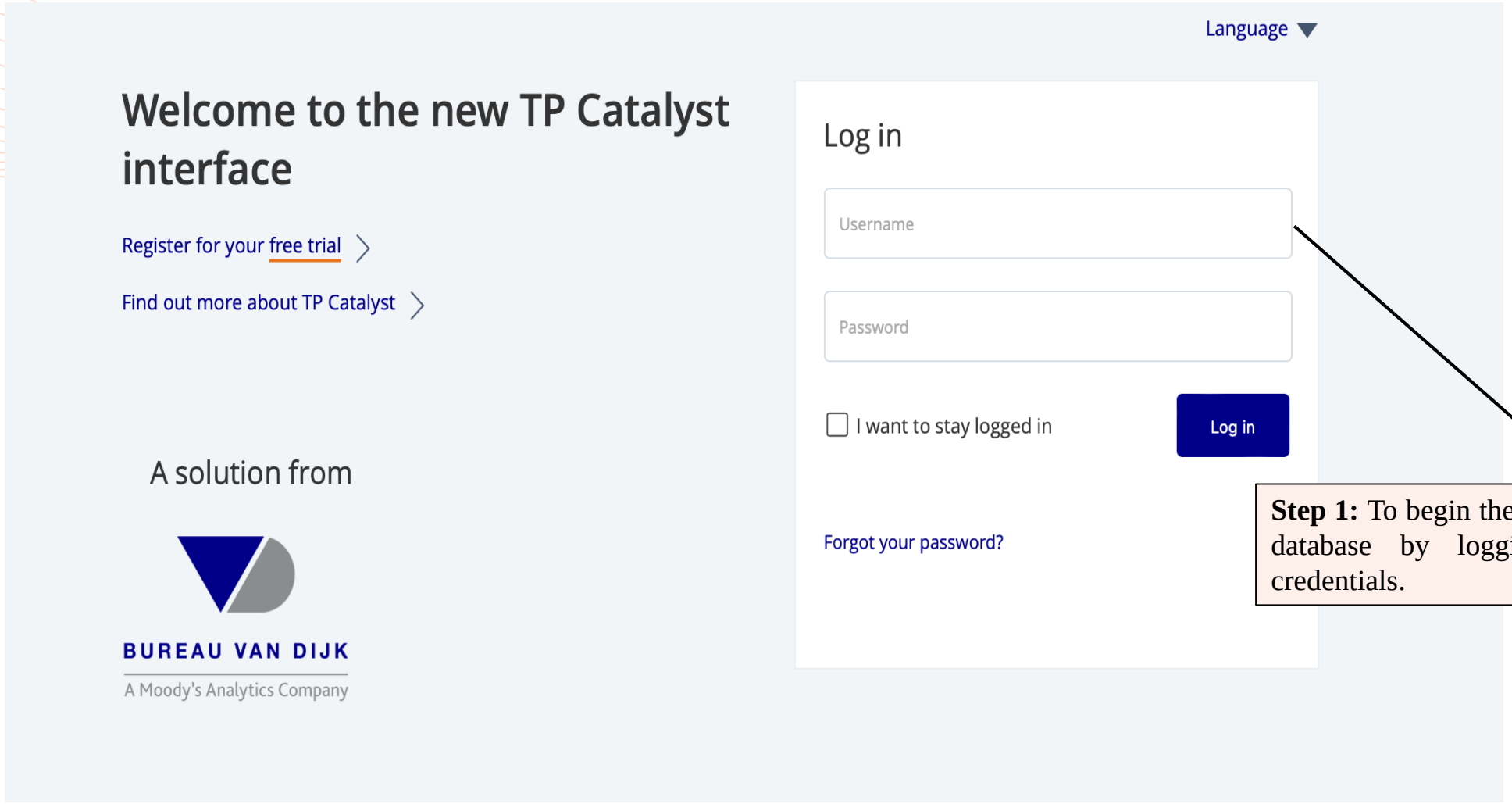
Sl No.	Name of the company	FY 2020-21	FY 2021-22	FY 2022-23	Weighted Average (3 years)
		OP/OC			
1	Sybrant Technologies Pvt Ltd	10.27%	-0.16%	NA	5.06%
2	Harbinger Systems Pvt Ltd	5.29%	5.24%	NA	5.26%
3	Evoke Technologies Pvt Ltd.	7.91%	3.59%	NA	5.53%
4	Suntec Web Services Pvt. Ltd.	6.82%	9.77%	NA	6.85%
5	Orion India systems Pvt Ltd	13.90%	14.47%	NA	14.23%
6	CONGA Software Pvt Ltd	17.29%	14.80%	NA	14.80%
7	Wipro Limited	27.34%	23.02%	15.88%	21.41%
8	Mindtree Ltd. [Merged]	21.69%	24.82%	NA	23.46%
9	Athena global technologies Ltd	47.11%	16.21%	NA	30.76%
10	Net4Nuts Limited	36.24%	30.74%	NA	33.25%
No of Companies					10
Criteria			Data Place		OP/OC
35th Percentile			4		6.85%
Median			5,6		14.52%
65Th Percentile			7		21.41%

- Tested party Cost Plus mark up is 10%
- Since the tested party percentage is within the range transaction **i.e., 6.85% to 21.41%,** it can be said to be **at Arm's length.**
- If the tested party margin is **below** the range, **adjustment** will be proposed.

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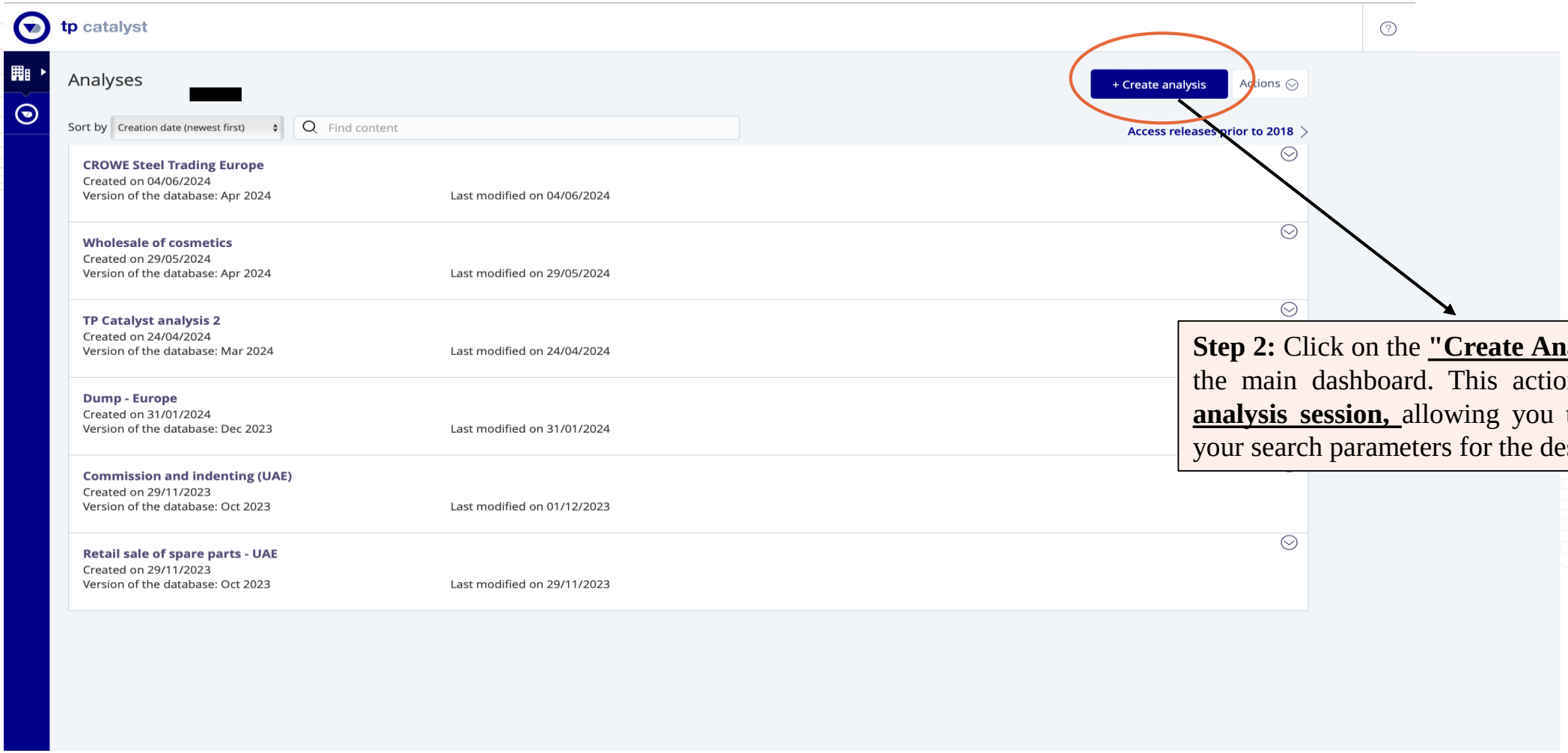
Benchmarking - Intragroup Loan

TP Catalyst- Login into TP Catalyst Interface



Step 1: To begin the process, access the TP Catalyst database by logging in with your provided credentials.

TP Catalyst- Create Analysis



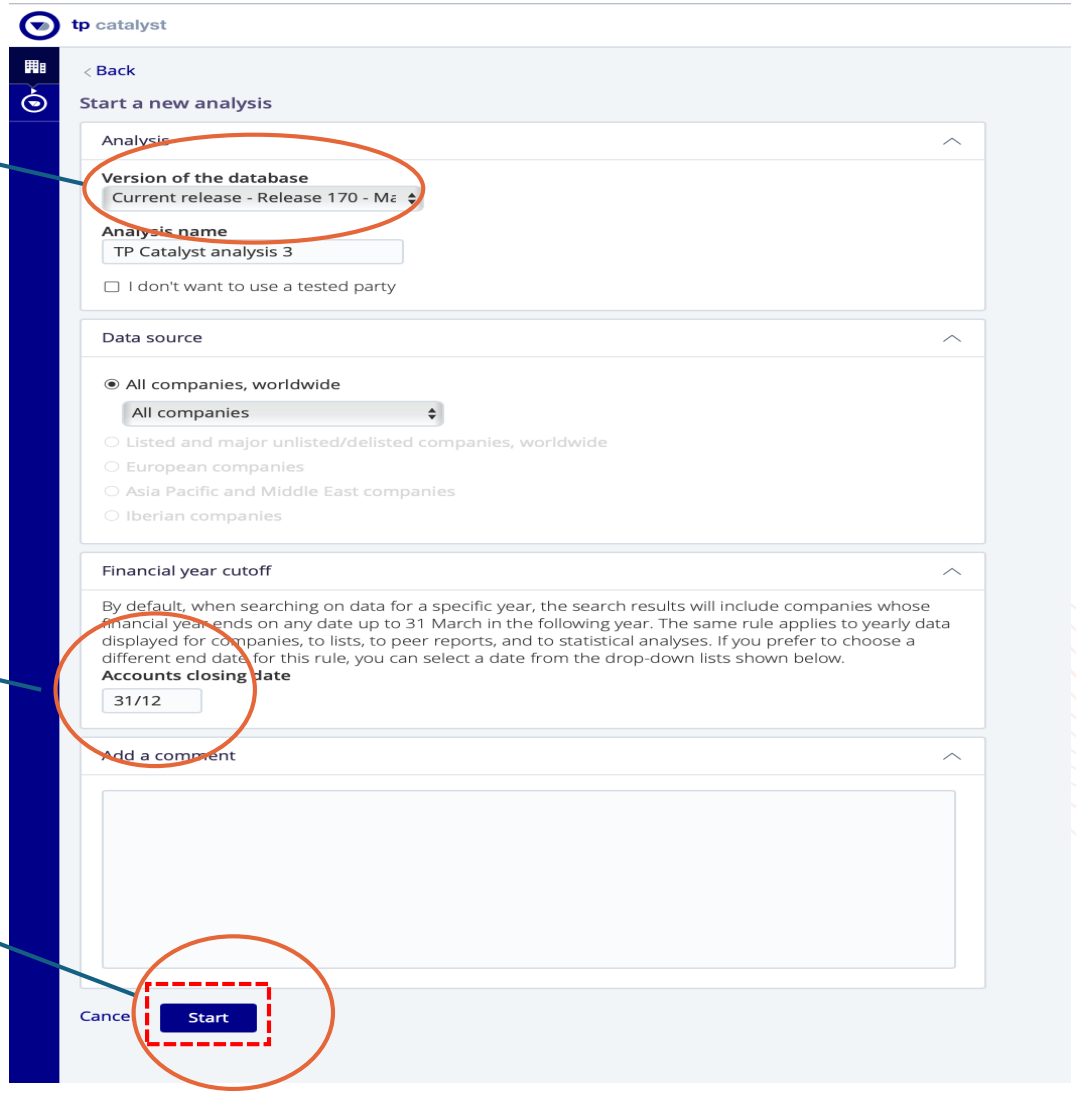
Step 2: Click on the **"Create Analysis"** box located on the main dashboard. This action will initiate a **new analysis session,** allowing you to define and execute your search parameters for the desired data.

TP Catalyst- Selection of Database

Step 3: In the "Analysis" interface, you will be prompted to select the version of the database you want to use. Choose the appropriate database version that aligns with your analysis requirements.

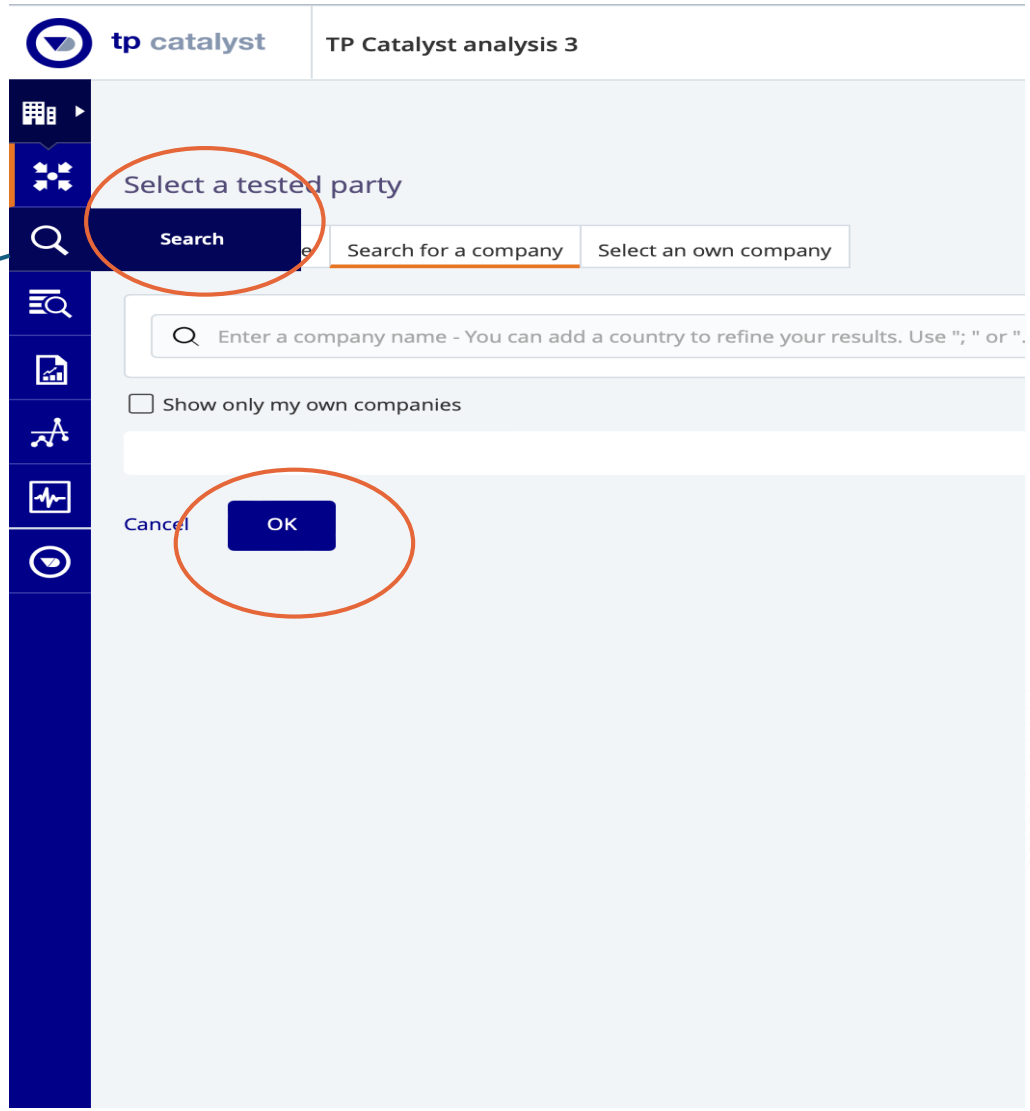
Choose the relevant Financial Year

Once the desired version of the database is selected, press the "Start" button to initiate the analysis.

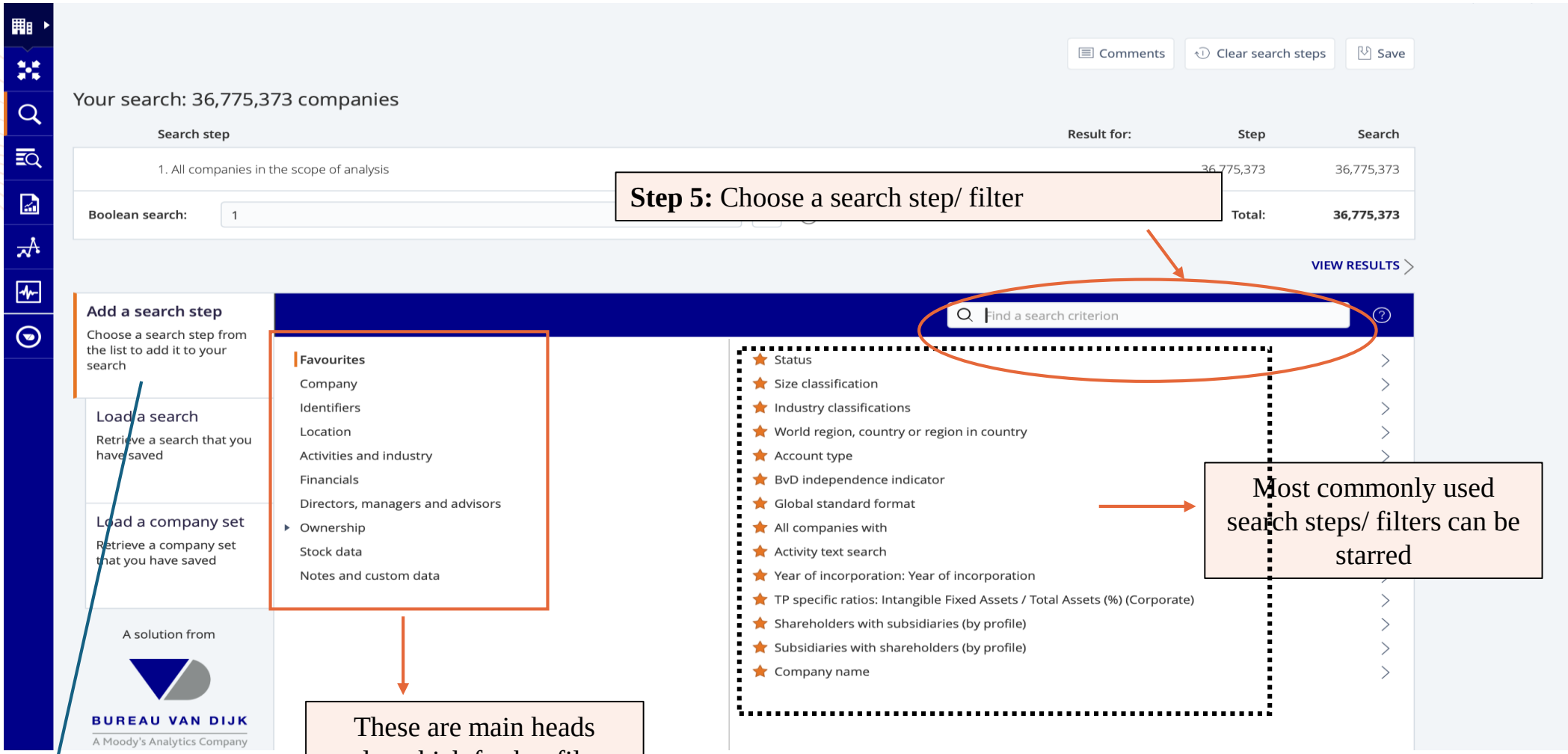


TP Catalyst- Selection of Tested Party

Step 4: The option to choose a tested party before starting the search is available to the users. Alternatively, you can directly click on the "Search" button to proceed without selecting a tested party.



TP Catalyst- Filters



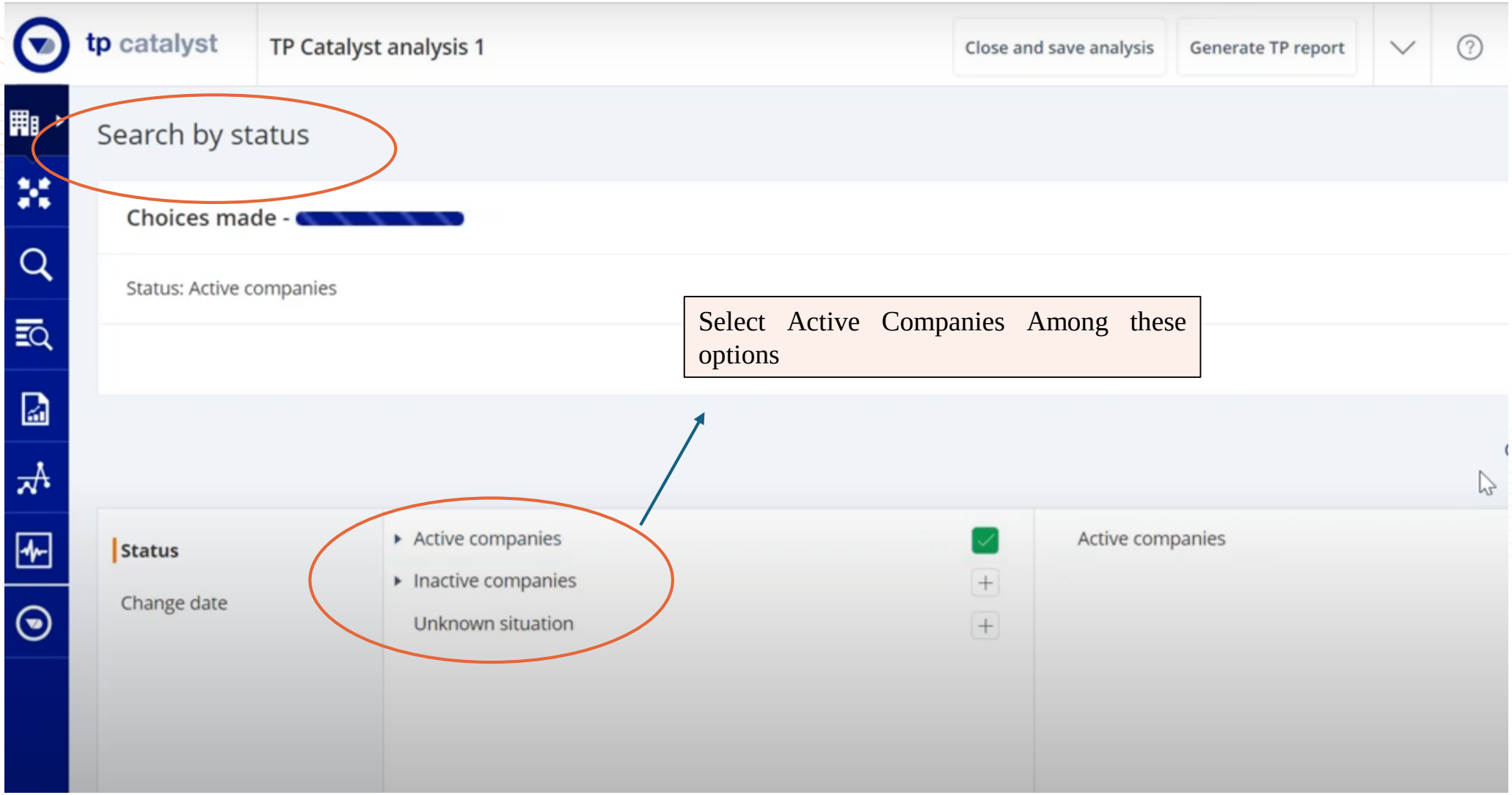
Step 5: Choose a search step/ filter

Most commonly used search steps/ filters can be starred

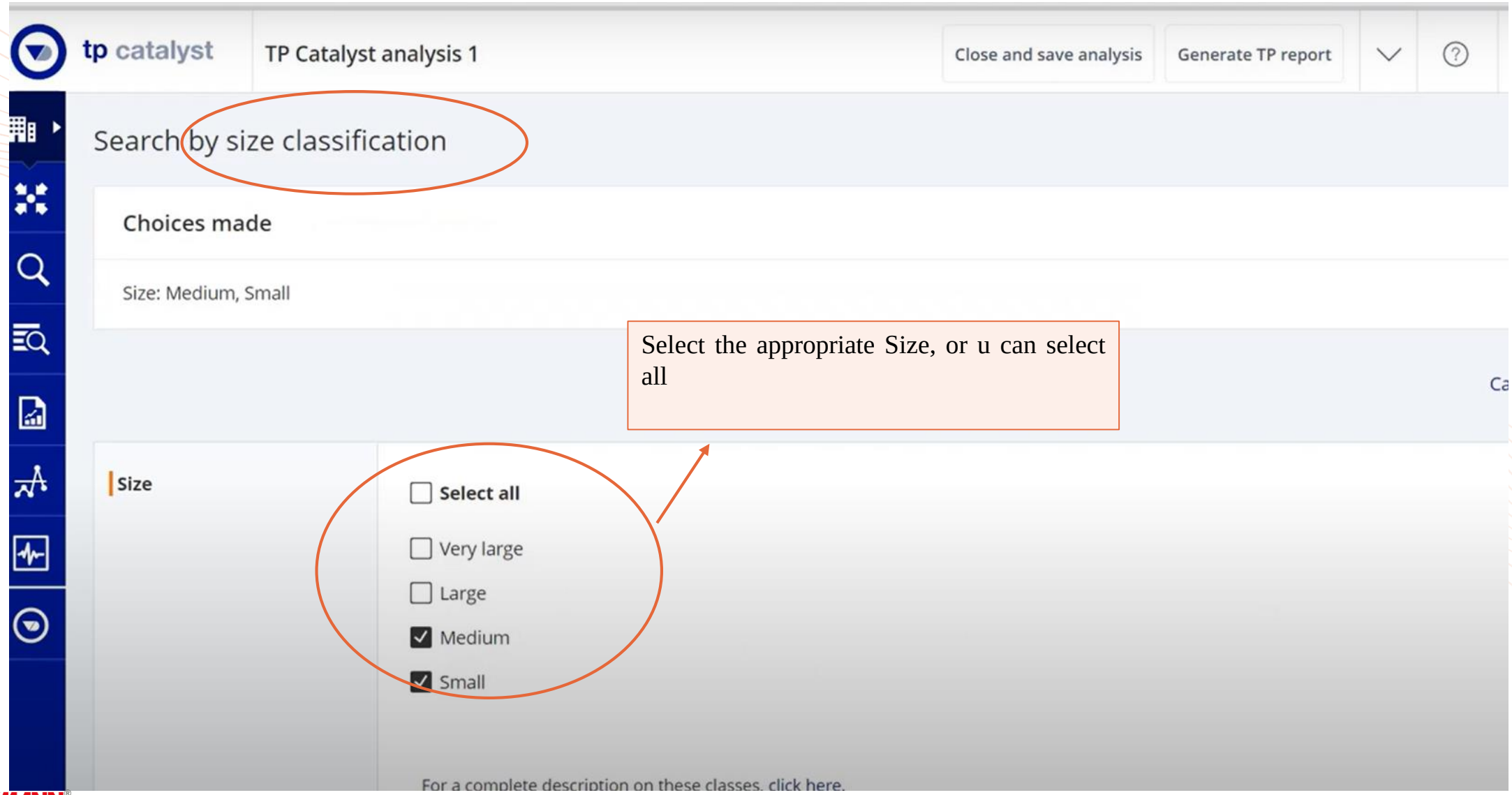
These are main heads under which further filters will be available

Or you may load a pre-existing search

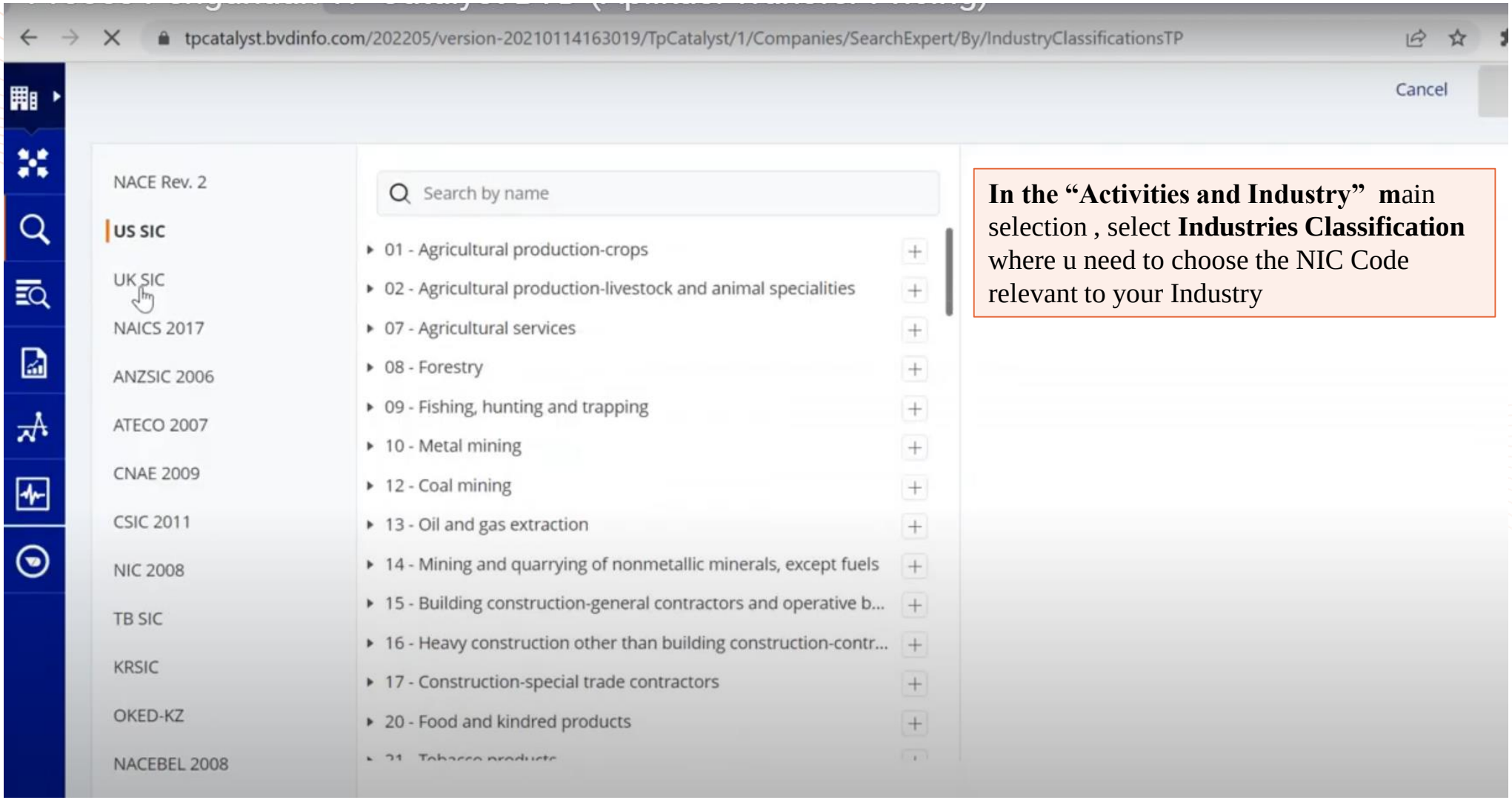
TP Catalyst- Status Filter



TP Catalyst- Size Classification

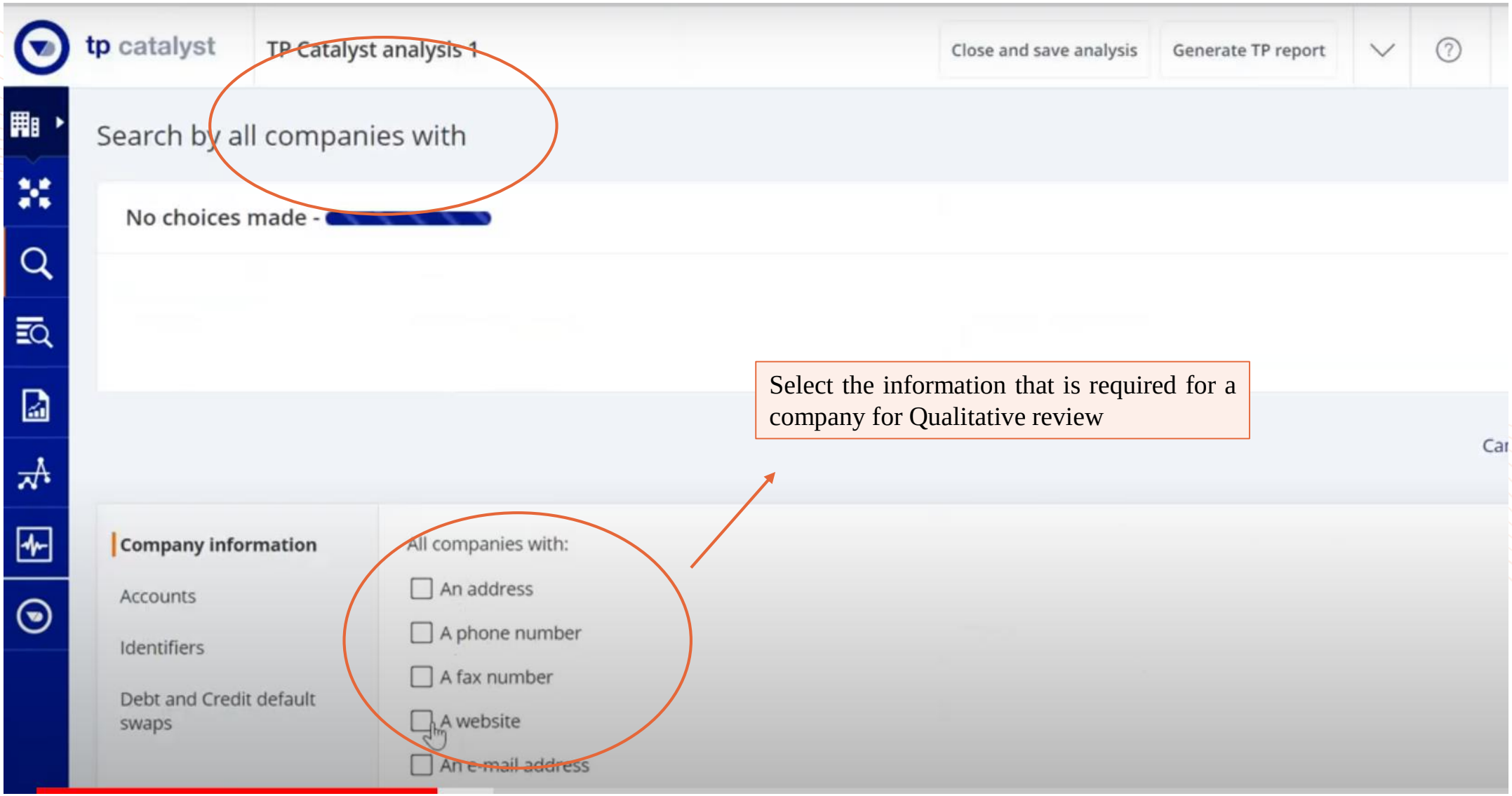


TP Catalyst- Industry Classification



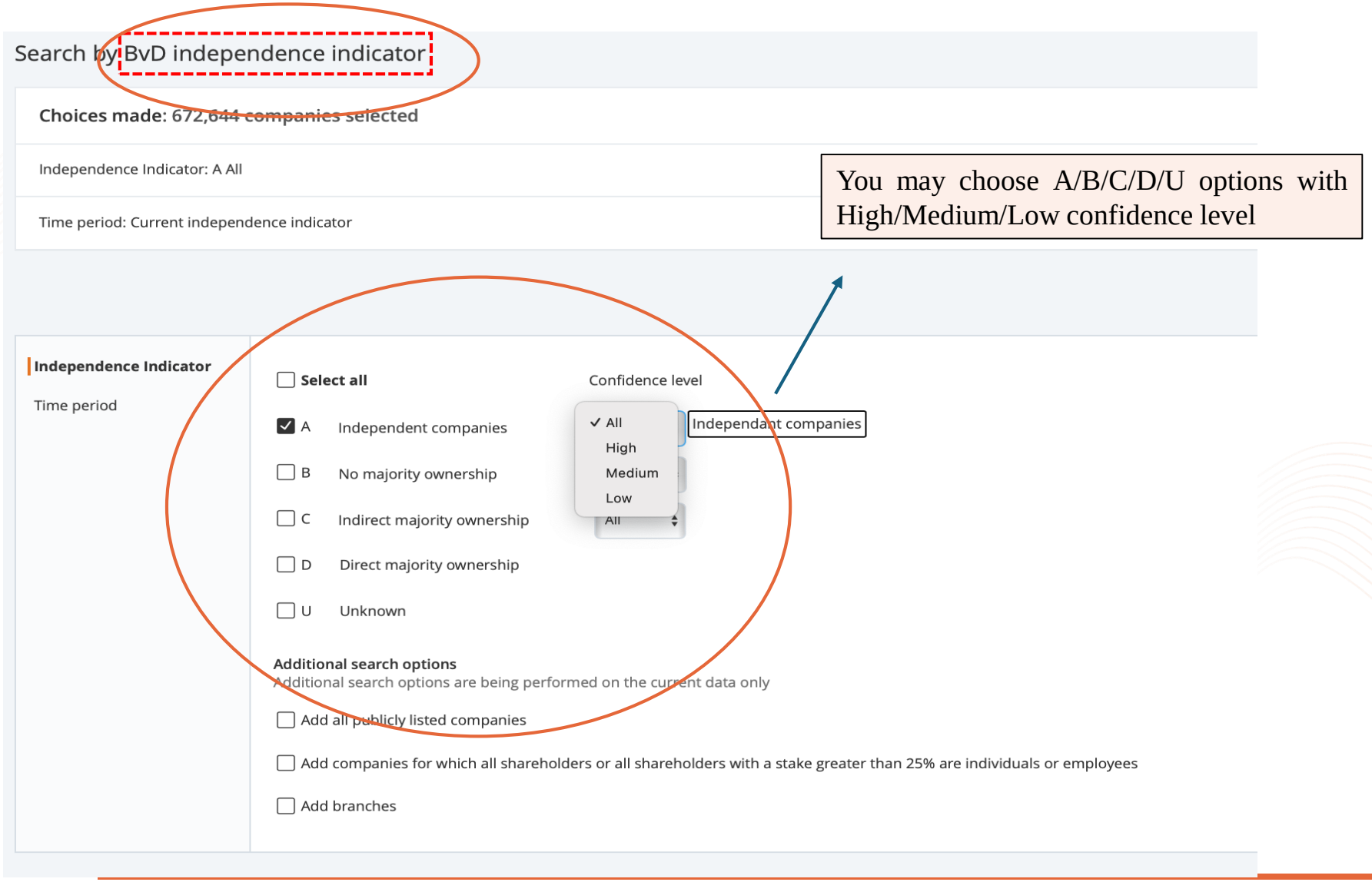
In the "Activities and Industry" main selection , select **Industries Classification** where u need to choose the NIC Code relevant to your Industry

TP Catalyst- All Companies With

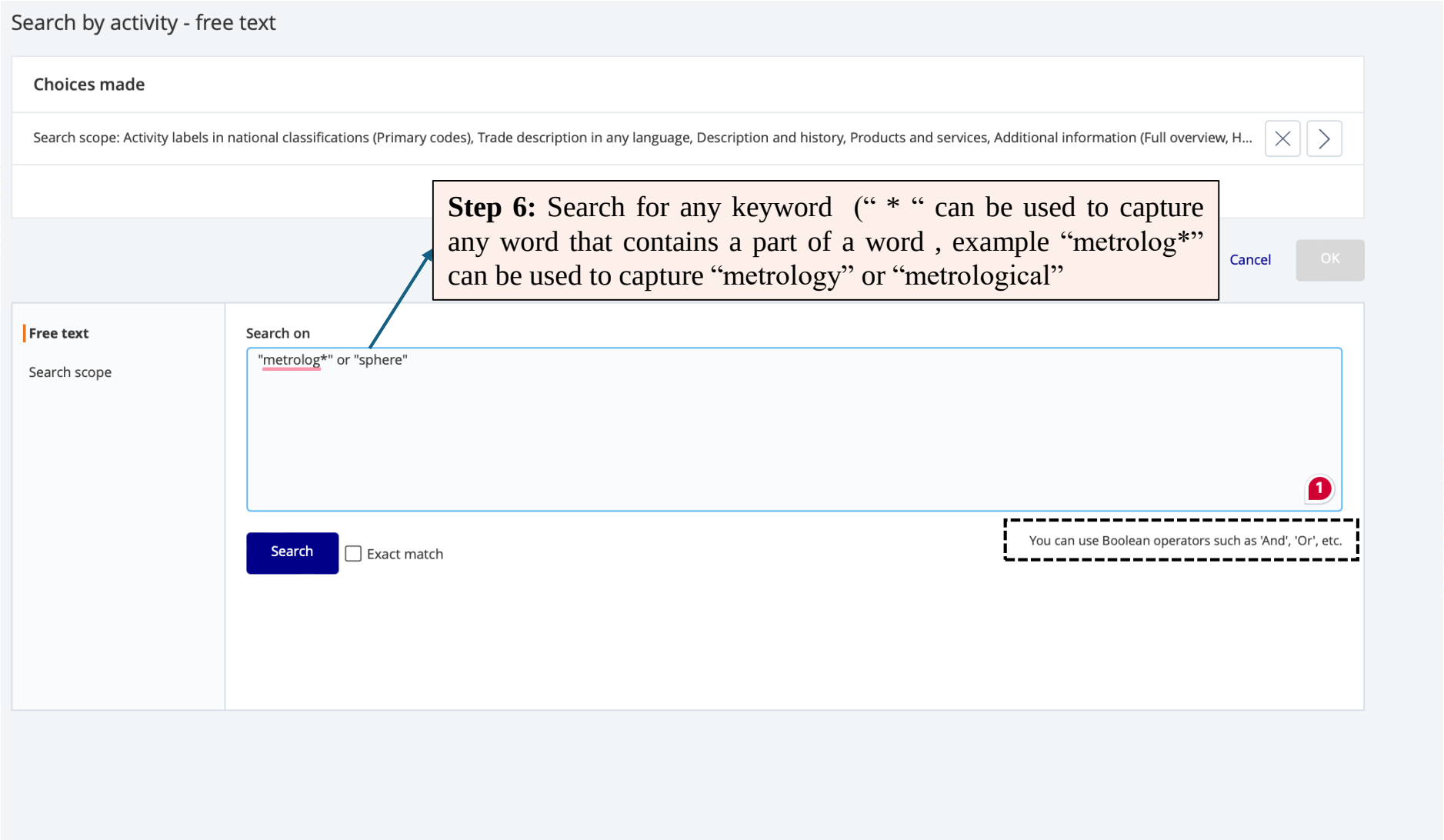


Select the information that is required for a company for Qualitative review

TP Catalyst- BvD Independence Indicator



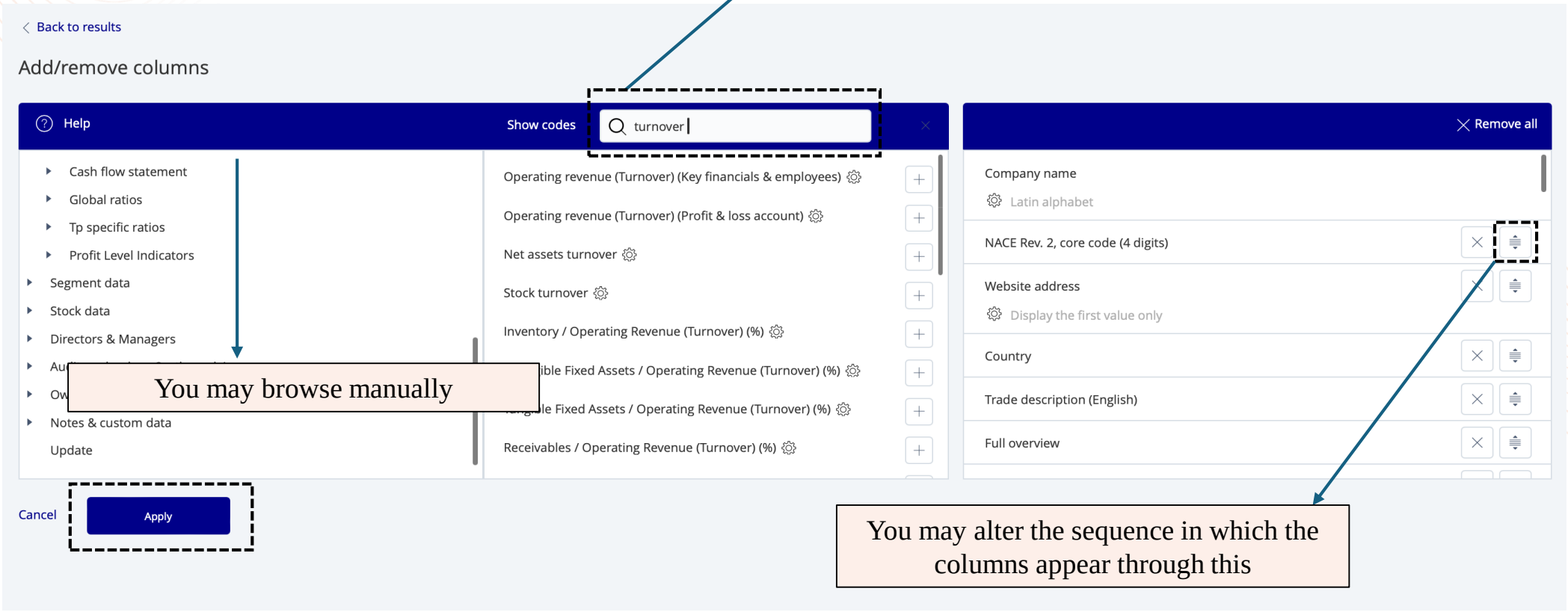
TP Catalyst- Activity Text Search



TP Catalyst- Financial Information

For financial information, click on the “Financials” main section. Then select "TP Specific Ratios" to add the required financial information.

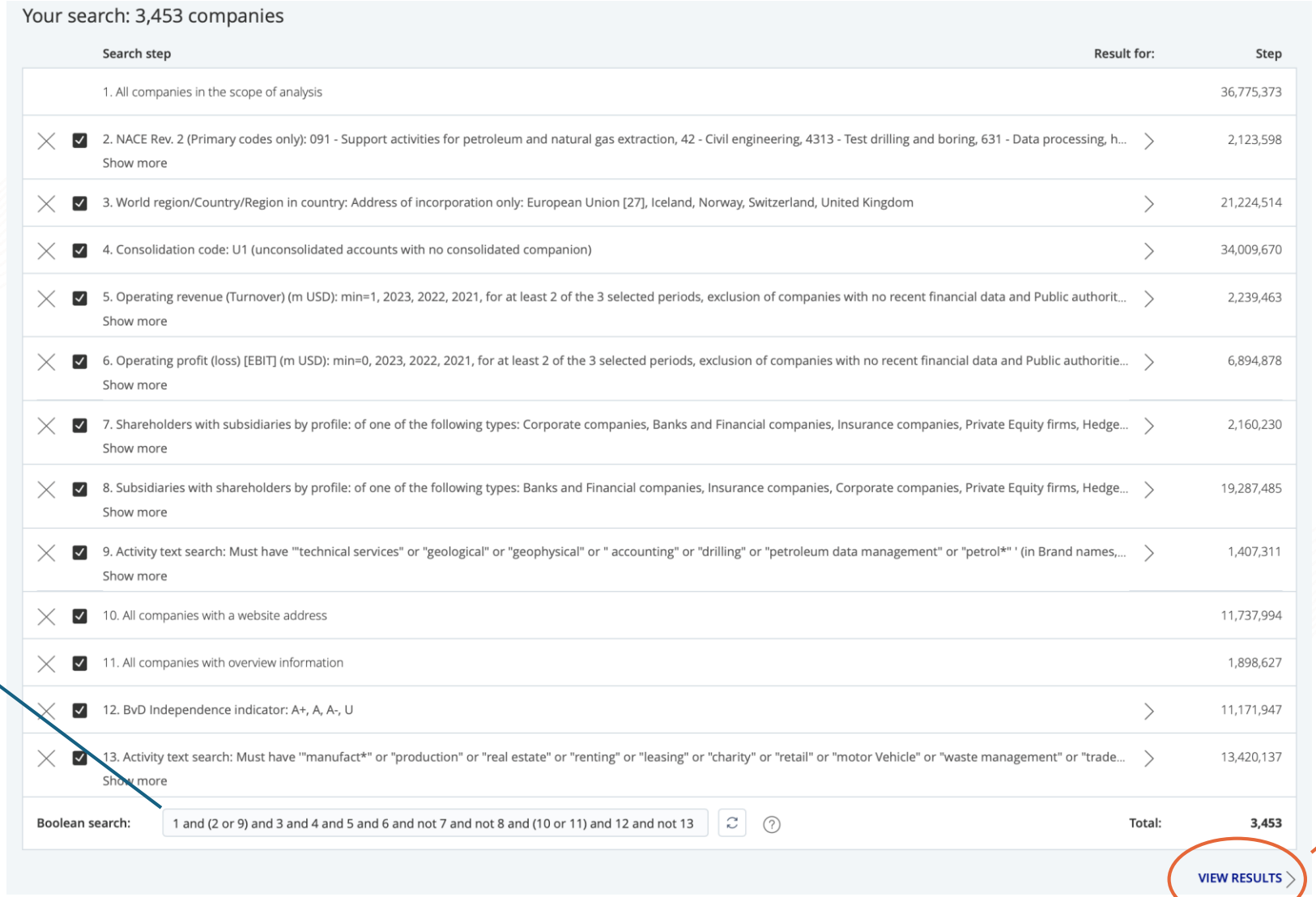
or, You may search for a particular column/field and add it to your view



You may browse manually

You may alter the sequence in which the columns appear through this

TP Catalyst- Search Strategy Screenshot



Under Boolean search- "and"/ "(or)"/ "and not" operators can be used"

Once the overall search strategy has been formulated, **results can be viewed**

TP Catalyst- Comparable Results

After clicking **"View Results,"** a **summary of the rejected companies** will appear.

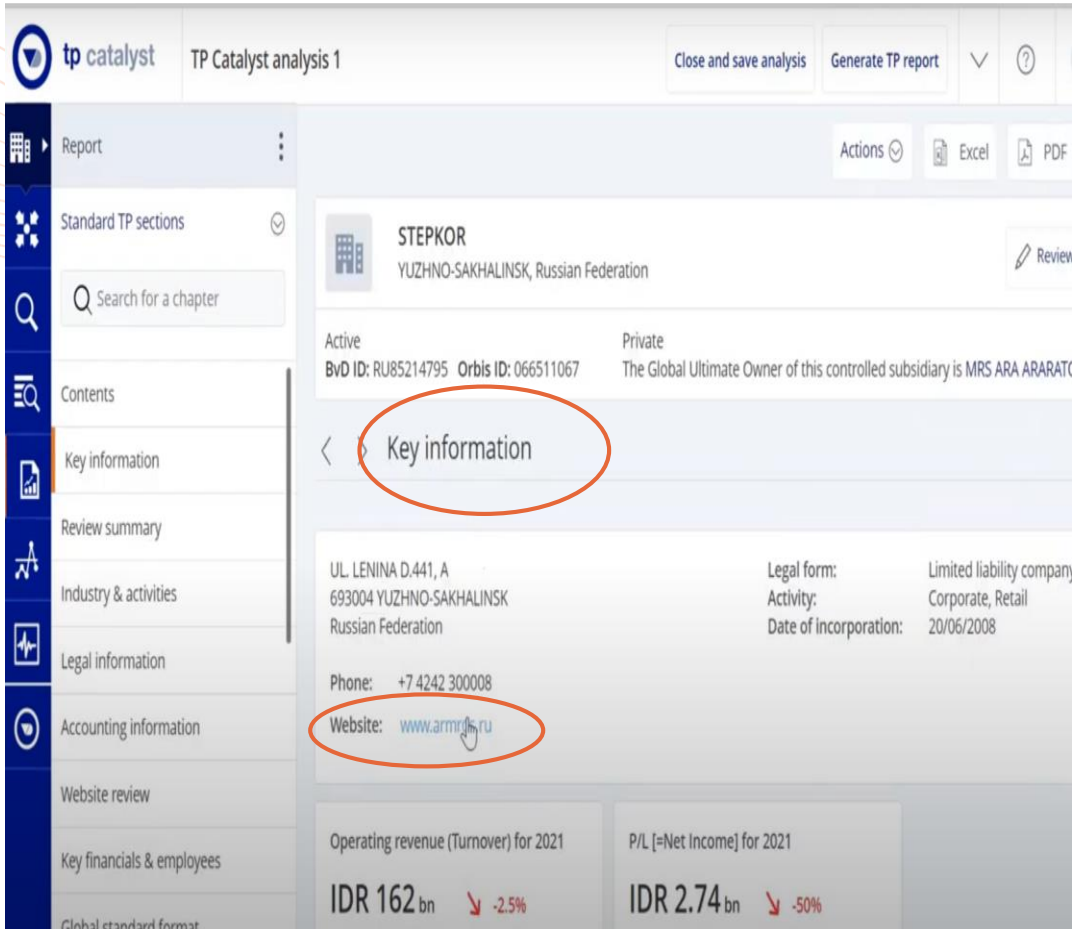
You may select the view that you want in order to display the desired fields (you may create and save a variety of views)

You may choose the desired columns/field to display from here (explained in detail in the next slide)

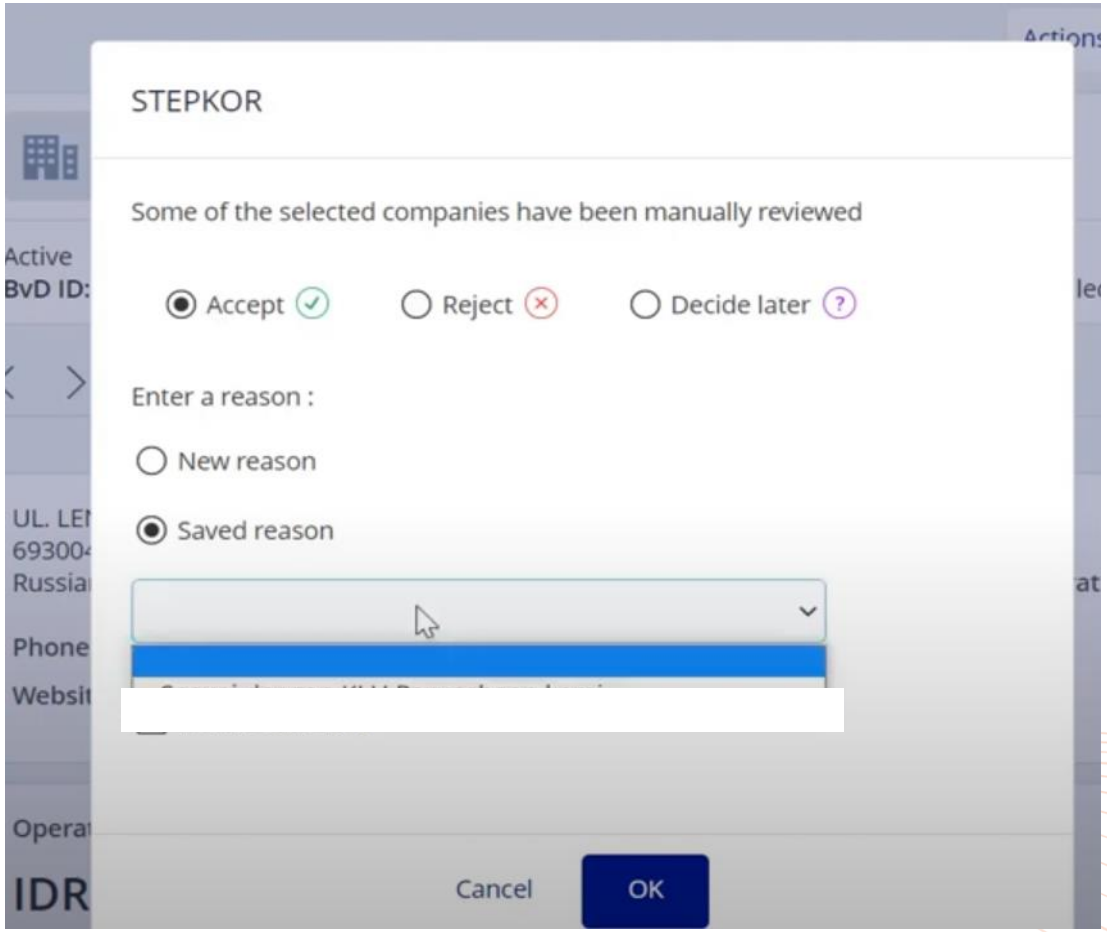


	Company name Latin alphabet		NACE Rev. 2, core code (4 digits)	Website address	Country				
1.	DEEPMIND TECHNOLOGIES LIMITED		7219	www.deepmind.com	United Kingdom			g research on co...	GB073863
2.	MITSUI & CO. EUROPE PLC		8299	www.mitsui.com	Ireland			services	IE903449
3.	STENA LINE SCANDINAVIA AB		4950	www.stenaline.com	Ireland			using four types ...	IE904696
4.	KANTONSSPITAL BADEN AG		8610	www.ksb.ch	Switzerland			n of the hospitals	CHCHE11
5.	SMALS		6311	www.smals-mvm.be	Belgium			r programming, ...	BE040679
6.	INGENIERIA Y ECONOMIA DEL TRANSPORTE ...				Spain			tion of commerci...	GBFC0309
7.	IG INDEX LIMITED		6910	ig.events	Ireland	data converted from	betting business. The	usiness	IE907068
8.	EY ADVISORY NETHERLANDS LLP			www.ey.com	United Kingdom	Advisory services and transaction advisory services. Accounts data	This company is an entity based in the United Kingdom that is primarily	Provision of accounting an...	GBOC425
9.	LINDT & SPRUNGLI (U.K.) LIMITED		4617	www.lindt.co.uk	Ireland	Distribution of premium confectionery in the UK and	The company is engaged in the wholesale of sugar and	Sugar and chocolate and s...	IE906963

TP Catalyst- Qualitative review of Companies

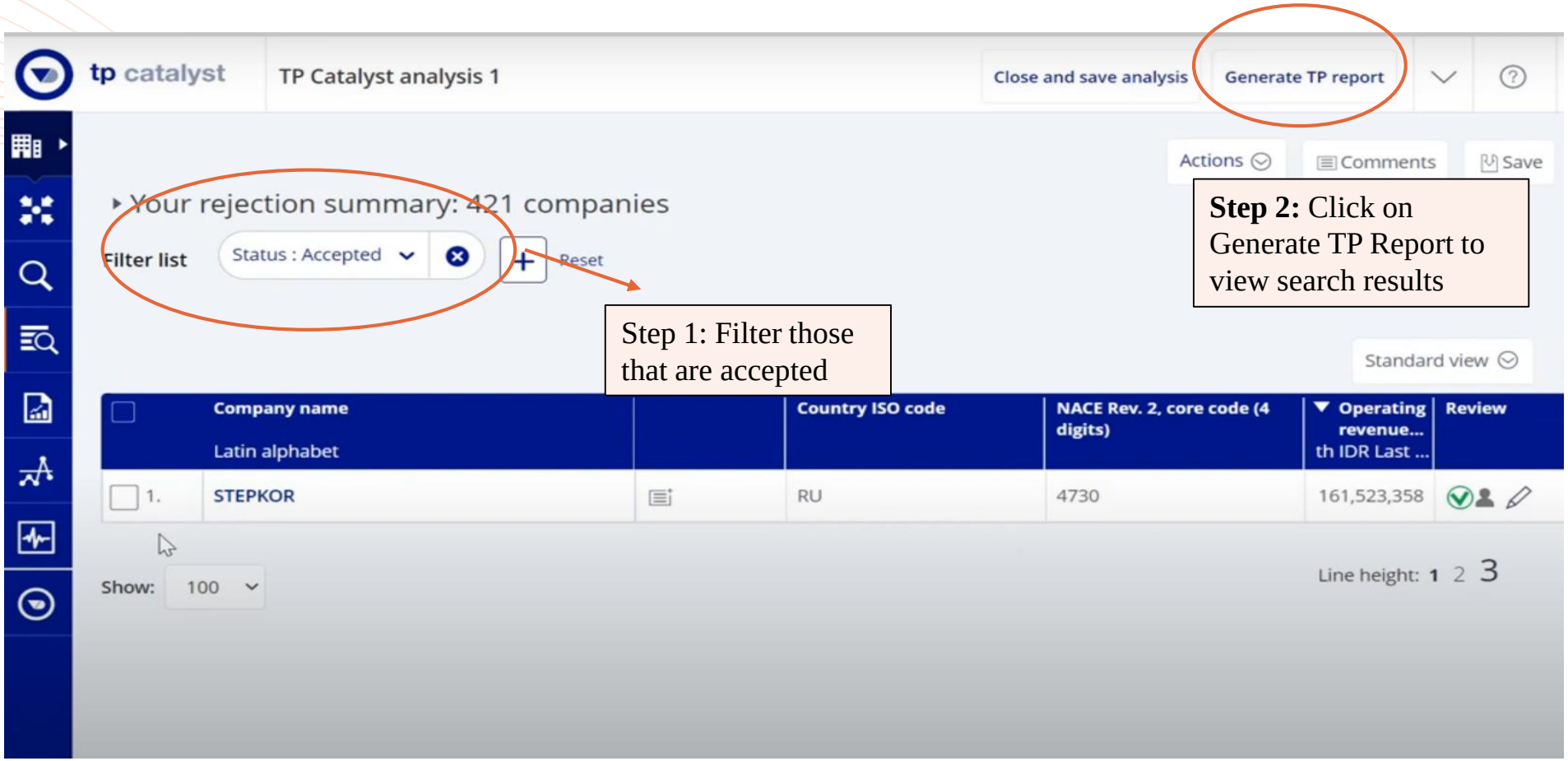


If you select a company from the rejection summary for **qualitative review,** then the above key information will be available



If you click **"Website,"** you will be directed to the company's website. Based on the information available on the website, you can **choose to accept or reject the company.**

TP Catalyst- Generate Results



After reviewing all the comparables, filter those **that are accepted** and click on **"Generate TP Report" to** obtain the search results.

TP Catalyst- Final Results

Actions | Comments | Save | Excel | USD

Your rejection summary: 3,453 companies

Screening steps	Incl./Excl.	Step	Results
Potential comparable population selected	Include	3,453	3,453
		Total:	3,453

Add a screening step

Filter list

Once all this is done, you are all set to view/ extract the results

1 / 35

TP view 2 (2020-23) | Add/remove columns

	Company name Latin alphabet		NACE Rev. 2, core code (4 digits)	Website address	Country	Trade description (English)	Full overview	Main products and services	BvD ID number	Status	Date of incorporation	Primary code(s) in national industry classification	Trade description in original language	B..	Stock USD 20...	Stock USD 20...	Stock USD 20...	Stock USD 20...	Debtor USD 20
1.	DEEPMIND TECHNOLOGIES LIMI...		7219	www.deepmind.co...	United Kingdom	Research and application of cutting edge	This operates as a British artificial intelligence	Publishing researc...	GB07386350	Active	23/09/...	72190		U	n.a.	0	0	0	n.a
2.	MITSUI & CO. EUROPE PLC		8299	www.mitsui.com	Ireland	Operates in a single industry described as general trading	The company is engaged in providing business	Business services	IE903449	Active	11/05/...	82990		U	34,897,...	27,641,...	16,704,...	17,695,...	123,060.
3.	STENA LINE SCANDINAVIA AB		4950	www.stenaline.com	Ireland	The provision of an international transport and travel	The company is engaged in the provision of marine	Operates using fo...	IE904696	Active	01/08/...	49500		U	n.a.	7,984,827	5,661,186	4,422,141	n.a
4.	KANTONSSPITAL BADEN AG		8610	www.ksb.ch	Switzerland	Engaged in the operation of the hospitals [source:	This company, based in Switzerland, is	Operation of the h...	CHCHE110317344	Active	02/12/...	861001	Führung des Kantonsspitals Baden als Spital	U	n.a.	6,341,728	6,671,415	6,217,658	n.a
5.	SMALS		6311	www.smals-mvm.be	Belgium	Engaged in the provision of computer	This company is engaged in the provision of	Computer progra...	BE0406798006	Active	10/02/...	63110		U	n.a.	0	0	0	n.a
6.	INGENIERIA Y ECONOMIA DEL T...				Spain	The provision of services and carrying out of	The company is engaged in providing project	Construction of co...	GBFC030904	Active	01/06/...			U	n.a.	1,883,928	2,407,288	2,615,862	n.a
7.	IG INDEX LIMITED		6910	ig.events	Ireland	The running of spread betting business. Accounts	The company is engaged in the operation of spread	Betting business	IE907068	Active	18/11/...	69		U	n.a.	n.a.	0	0	n.a
8.	EY ADVISORY NETHERLANDS LLP			www.ey.com	United Kingdom	Advisory services and transaction advisory services.	This company is an entity based in the United Kingdom	Provision of accou...	GBOC425442	Active	02/01/...			U	0	0	0	0	69,184,..
9.	LINDT & SPRUNGLI (U.K.) LIMITED		4617	www.lindt.co.uk	Ireland	Distribution of premium confectionery in the	The company is engaged in the wholesale of sugar	Sugar and chocola...	IE906963	Active	20/06/...	46170		U	n.a.	29,339,...	35,259,...	32,359,...	n.a
10.	FOSTER + PARTNERS LIMITED		7111		Ireland	The provision of architectural and design services.	The company is engaged in the provision of	Planning and desi...	IE905824	Active	24/08/...	711		U	n.a.	0	0	0	n.a
11.	PROUNITY		6311	www.pro-unity.com	Belgium	A digital platform that streamlines all recruitment and	This company is a digital platform that streamlines all	A digital platform t...	BE0568514822	Active	17/12/...	63110 70220		A	0	0	0	0	44,366,..
12.	ICE DATA LLP		6209	www.ice.com/index	United Kingdom	The compilation and repackaging of trading data derived	This company is engaged in the provision of	Trading and risk m...	GBOC304549	Active	28/04/...	62090		U	n.a.	0	0	n.a.	n.a
13.	RIVERLINX LIMITED		4213		United Kingdom	The provision under a Public Private Partnership (PPP)	This company is engaged in the general	General constructi...	GB12164246	Active	19/08/...	42130		A	n.a.	0	0	0	n.a
14.	ARCUS TIVANA INVESTOR VEHIC...				United Kingdom	To carry on the business of making, holding, monitoring,	This company is engaged in the business of making,	Business of makin...	GBOC398984	Active	23/03/...			U	n.a.	0	0	0	n.a

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Benchmarking - Intragroup Loan

Intra Group-loans (1/3)

Procedure for establishing the arm's length price,taking into account TP and ALP

- Analyze the terms of the loan that may impact the pricing including issue date, tenure, currency, interest rate etc.
- Analyze the credit rating of the borrower to understand the credit risk borne by the lender.
- Use reference of third-party loans with similar credit and terms as reference
- Calculate the arm's length range.

Transfer Pricing Methods



- Internal Comparable Uncontrolled Price (CUP)
  → Bank transactions
- External CUP
  → Comparable transactions from databases
  → Yield curves, statistics (e.g., European Central Bank)
- Cost-plus – especially for pass-through
  → Lender's refinancing cost

Critical Issues



- Rating
  → The choice between stand-alone and group ratings impacts perceived risk
- The lender's substance affects loan terms,
- C+: C- rating suggests caution, with debt favored for retaining control and equity for risk-sharing (debt or equity financed loan?)

Credit Rating Methodology Framework (2/3)

Step 1	Identify the members of a group
Step 2	Determine a group credit rating (GCP)
Step 3	Assess group status of group members: core, highly strategic, strategically important, moderately strategic, nonstrategic
Step 4	Determine if a stand-alone credit rating is required • Core members receive a credit rating equivalent to GCP • Strategic members receive a credit rating within three notches of GCP
Step 5	Assign a potential issuer credit rating based on: • Criteria for insulated companies (Independent Companies, Less affected by changes in interest rates) • External credit enhancements (Government support of financial guarantee)
Step 6	Apply constraints to potential issuer credit rating posed by: • Sovereign risk • Structural leverage

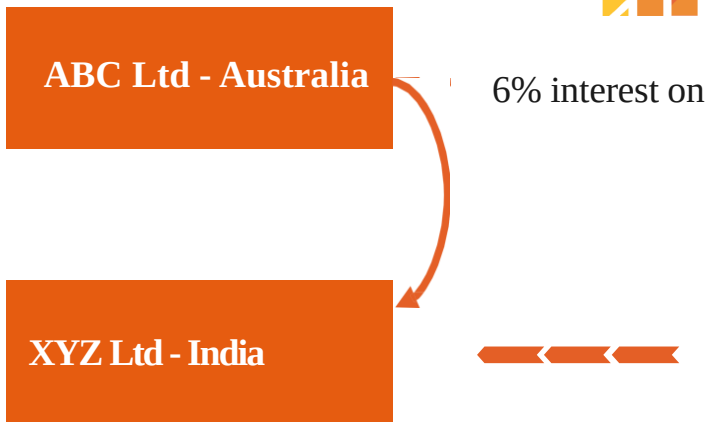
Credit Rating Table (3/3)

Moody's Long-term		S&P Long-term		Fitch Long-term		Description
aa	P-1	AAA	A-1+	AAA	F1+	Prime
Aa1	P-1	AA+	A-1+	AA+	F1+	High grade
Aa2	P-1	AA	A-1+	AA	F1+	High grade
A1	P-1	A+	A-1	A+	F1	Upper medium grade
A2	P-1	A	A-1	A	F1	Upper medium grade
A3	P-1	A-	A-1	A-	F1	Upper medium grade
Baa1	P-2	BBB+	A-2	BBB+	F2	Lower medium grade
Baa2	P-2	BBB	A-2	BBB	F2	Lower medium grade
Baa3	P-3	BBB-	A-3	BBB-	F3	Lower medium grade
Ba1	Not prime	BB+	B	BB+	B	Non-investment grade speculative
Ba2	Not prime	BB	B	BB	B	Non-investment grade speculative
Ba3	Not prime	BB-	B	BB-	B	Non-investment grade speculative
B1	Not prime	B+	B	B+	B	Highly speculative
B2	Not prime	B	B	B	B	Highly speculative
B3	Not prime	B-	B	B-	B	Highly speculative
Caa1	Not prime	CCC+	C	CCC+	C	Substantial risks
Caa2	Not prime	CCC	C	CCC	C	Extremely speculative
Caa3	Not prime	CCC-	C	CCC-	C	Extremely speculative
Ca	/	CC	/	CC	/	Default imminent with little prospect for recovery
C	/	C	/	C	/	In default
/	/	D	/	DDD	/	In default

Practical Case Study (1/4)

Terms of the Loan	
Lender	XYZ Ltd
Lender Country	India
Borrower	ABC Ltd
Borrower Country	Australia
Loan Type	Unsecured Loan
Start Date	To be updated
Tenor	1 Year and extendable as mutually agreeable
Principal	Upto AUD 120,000
Currency of Interest payment	AUD
Currency of Principal repayment	AUD
Interest Rate Basis (Fixed/Floating)	Floating rate
Payment Frequency	Upon Maturity
Purpose of IC Loan	Financing the working capital requirements/General purposes.

Illustrative Example



Search Criteria

Search Criteria on Loan Databases	
Issue date	01/01/2017 to 06/30/2018
Original Maturity	1 year
Credit Rating	'B- 'B1, B2, B3, Ba1 to Ba3,Baa1to Baa3
Currency	Australian Dollar ("AUD")
Country of risk	Australia
Base Rate	Secured Overnight Financing Rate

Accept Reject Matrix (4/4)

Accept Reject Matrix: **Display the companies that have been accepted or rejected, which have been extracted from the Loan Connector, along with the reasons for their acceptance or rejection.**

An Illustrative Example is provided below:

Annexure 1 - Accept Reject Matrix - Loan Connector			
Companies reviewed in detail			6997
Less: Companies rejected on the following criteria			
Interest Rate Not Available			5,049
Maturity Date Not Available			19
Non Comparable Tranche Currency			1,748
Non Comparable Instrument			173
Tentative Accepts			8
S. No.	Borrower Name	Accept / Reject	Reason for acceptance/rejection
1	74 Rickard Road Investments Pty Ltd	Reject	Interest Rate Not Available
2	A&D Holon Holdings Co Ltd	Reject	Non Comparable Tranche Currency
3	AA Japan (Pvt) Ltd	Reject	Interest Rate Not Available
4	AAA Oils & Fats Pte Ltd	Reject	Non Comparable Tranche Currency
5	AAA Oils & Fats Pte Ltd	Reject	Non Comparable Tranche Currency
6	AAA Oils & Fats Pte Ltd	Reject	Non Comparable Tranche Currency
7	Aardvark Bidco Pty Ltd	Reject	Interest Rate Not Available
8	Aardvark Bidco Pty Ltd	Reject	Interest Rate Not Available
9	Aardvark Bidco Pty Ltd	Reject	Interest Rate Not Available
10	Aardvark Bidco Pty Ltd	Reject	Interest Rate Not Available
11	Aardvark Bidco Pty Ltd	Reject	Interest Rate Not Available
12	Aarohi Solar Pvt Ltd	Reject	Interest Rate Not Available

Arm's length range of Interest rates (4/4)

Below is the final list of comparables that **pass all the quantitative and qualitative filters** specified in the earlier slides **(refer to slides 28 and 29).**

Among the six methods **(Refer slide 9)**, **CUP** has been selected as the most appropriate method.

Range Concept has been used instead of Average Concept since there are more than **6 comparables.**

Multiple year data has considered and had computed **weighted average for the past three financial years data.**

Annexure 2 - Arm's Length Range Of Interest Rates			
S.no	Company	Fixed rate	Floating rate
1	Aware Super ELG Finco Pty Ltd	5.13	BBSY + 100
2	Aware Super ELG Finco Pty Ltd	5.13	BBSY + 100
3	Aware Super ELG Finco Pty Ltd	5.33	BBSY + 120
4	NEXTDC Ltd	6.55	BBSY + 220
5	NEXTDC Ltd	6.17	BBSY + 265
6	NEXTDC Ltd	6.17	BBSY + 265
7	Foxtel Management Pty Ltd	7.00	BBSY + 285
8	Foxtel Management Pty Ltd	7.15	BBSY + 300
No of companies			8
Criteria	Range	Fixed rate	Floating rate
35th Percentile	3	5.33	BBSY + 120
Median	4,5	6.17	BBSY + 242.5
65th Percentile	6	6.17	BBSY + 265

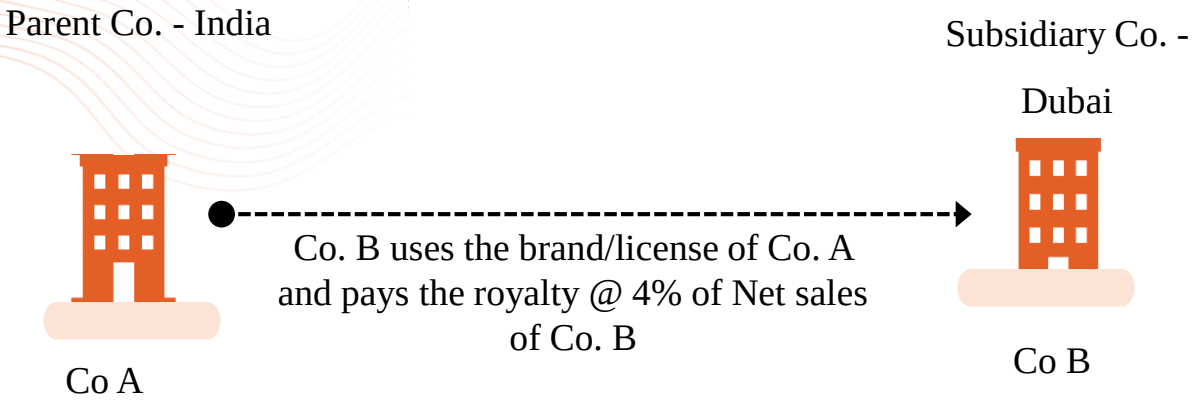
- Tested party receives interest rate at the rate of 6%
- Since the receipt of interest rate by tested party is within the range of comparable companies **i.e., 5.33%% to 6.17%,** it can be said to be **at Arm's length.**

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Benchmarking - Intangibles

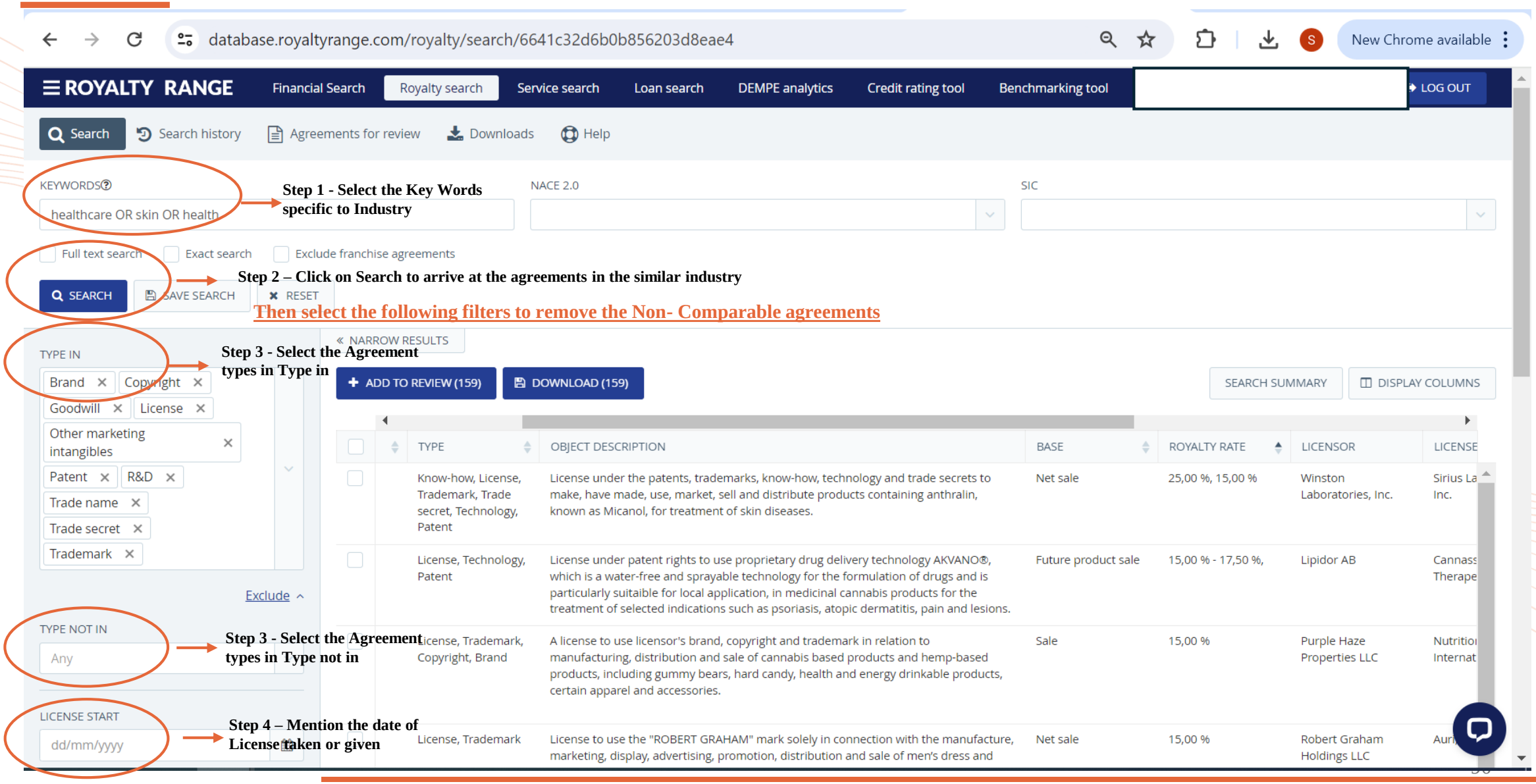
Benchmarking - Royalty Range

Illustrative Example

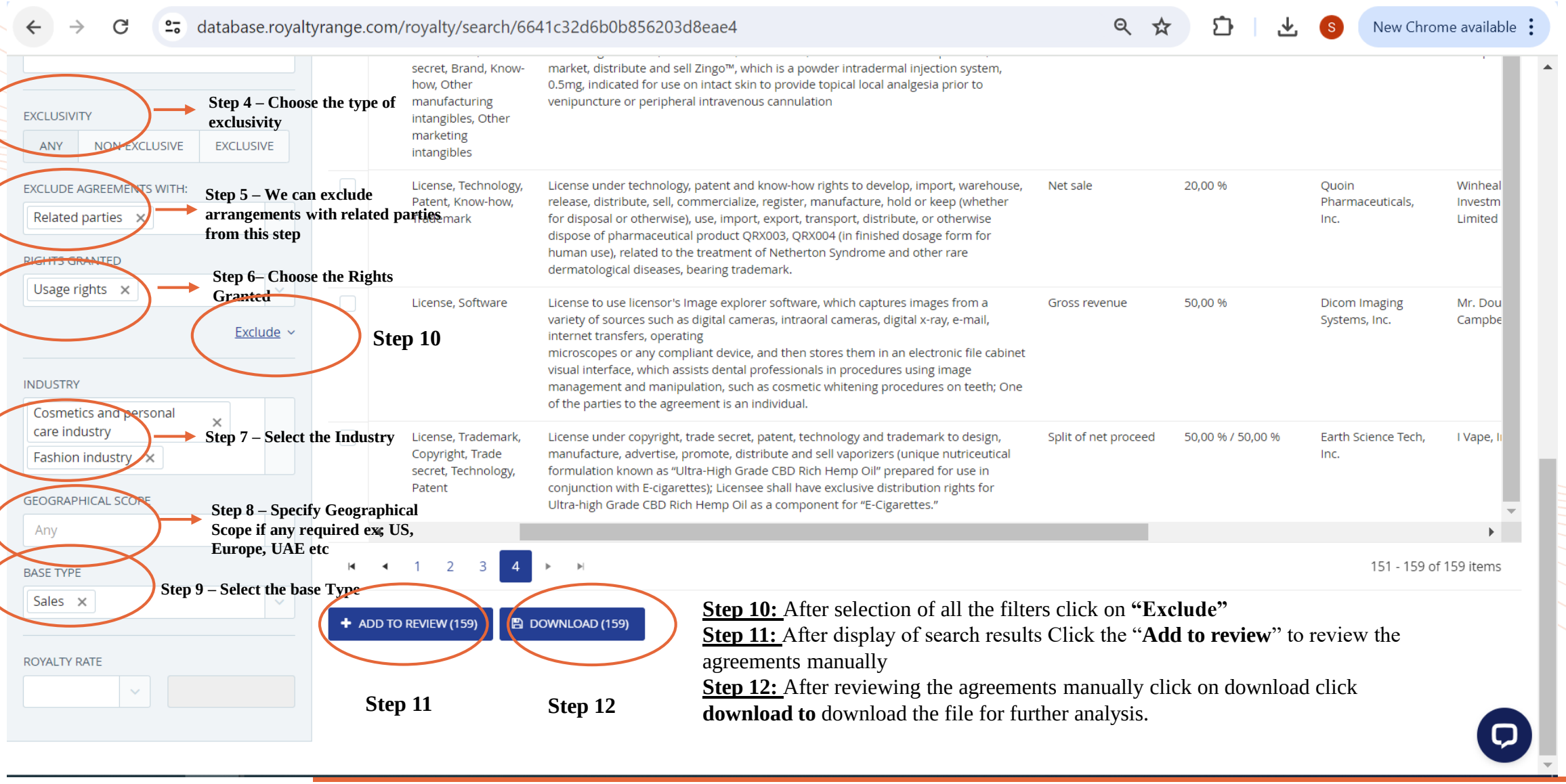


Characteristics of the License	
Type of Intellectual Property	Intellectual Property rights
Effective Date	6 May 2022
License duration	3 years from effective date
Currency	USD
Royalty rate	4%
Business sector	Healthcare, Fashion Industry

Royalty Range- Intangibles (1/2)



Royalty Range- Intangibles (2/2)



Step 10: After selection of all the filters click on **"Exclude"**
Step 11: After display of search results Click the "**Add to review**" to review the agreements manually
Step 12: After reviewing the agreements manually click on download click **download to** download the file for further analysis.

AR Matrix

UNIQUE CODE	TYPE	OBJECT DESCRIPTION	ACCEPT/ REJECT REASONS	BASE	ROYALTY RATESORTED ASCENDING	LICENSOR	LICENSEE	EFFECTIVE DATE	CESSATION DATE	DURATION TERMS
RR20230823T00903	License, Trade name	License to use name "The Ken Blanchard College of Business" to name licensee's college of business; Name may also be used to advertise and promote the licensee's school of business.	Non Comparable Agreement	Net tuition	7,00 %,	Blanchard Education, LLC	Significant Education, LLC	02-06-2006	02-06-2011	License shall continue until 06/02/2011 from the effective date.
RR20140623T01002	License, Trade name	License to use name "The Ken Blanchard College of Business" to name licensee's college of business; Name may also be used to advertise and promote the licensee's school of business.	Non Comparable Agreement	Net tuition	5,00 %	Blanchard Education, LLC	Significant Education, LLC	30/06/2004	30/06/2009, projected	The initial term of the license shall continue for a period of 5 years; Subsequent term of the license shall be 5 years that will automatically come into effect.
RR20220113T00902	License, Know-how, Other marketing intangibles, Trade name	License to use The American Education Center name, brochures, literature, manuals, know-how, logos, contacts and arrangements with schools including but not limited to the following: Arcadia University, Arkansas State University, Campbellsville University, Carson-Newman College, University of Charleston, Dickinson State University, Fairmont State University, Fresno Pacific University, High Point University, Marshall University, Penn Foster College and Career School, Phoenix East Aviation, Purdue University, Rhodes College, Saint Leo University, Salem International University, College of St. Joseph, Tiffin University, Wilkes University, Columbia University, Fairmont State Community and Technical College, State University of New York (within the United States), and Chongqing Normal Universit...	Non Comparable Agreement	Net revenue	1,00 %,	American Education Center, Inc.	Frontera Associates, Inc.	09-01-2010	01/09/2040, projected	License shall continue for a period of 30 years from the effective date.
RR20130507T08001	Know-how, Copyright, Patent	Licensor sells, transfers and delivers to licensee the school management software package (the technology consists of Java-based client application components and online web-based components that cater to the education industry as a student information management system, which consists of E2S Office, E2S Classroom, E2S InTouch, E2S Master Scheduler) with all its patents, copyrights and other intellectual property rights.	Non Comparable Agreement	Gross revenue	5,00 %, 3,00 %	EDUCATION ENTERPRISE SOLUTIONS, LLC AND CHRIS SHERMAN, GREGG WIGGEN, AND DOUG HELGESON	PCS EDVENTURES!.COM, INC.	31/08/2006	Unspecified	Unspecified.
20606T04303	License, Trademark, Trade name	License under trademark and trade name rights for use, rights, and interests in and to all of the assets constituting the business, related to sports industry and to sell new and service existing franchises, as well as to publish the "BLUE CHIP ILLUSTRATED" magazine.	Non Comparable Agreement	Gross revenue	2,50 %	National College Recruiting Association, Inc.	SportsStar Marketing, Inc.	20/06/1997	Unspecified	The term of the agreement shall commence on the effective date and shall be for a 5-year period, with unlimited 5-year renewals.
30506T03002	License, Trademark, Brand	Franchise under intellectual property rights to use the "Bricks 4 Kidz®" name and trademarks; The franchise provides classes (both in school and after school), special events programs and day camps that are designed to enhance and enrich the traditional school curriculum, trigger young children`s lively imaginations and build self-confidence.	Non Comparable Agreement	Amount received	7,00 %	BFK Franchise Company, LLC (CREATIVE LEARNING CORPORATION)	Franchisee (unspecified)	01/01/2012, unspecified	Unspecified	Franchise shall continue for a period of 10 years; Franchisee has a right to renew the franchise for an additional 10 years if franchisee is in good standing and pays a renewal fee of $5,000.
61107TN6001	License, Patent	License under licensor's patents to make, have made, use, have used, sell, have sold, import and have imported any product, apparatus or kit that in whole or through a component part is labeled for a use of ALK1 product and an RTKI or an mTOR-targeted inhibitor, for the treatment of patients with renal cell carcinoma, as well as dosing of patients with an ALK1 product and the RKTI or mTOR-targeted inhibitor; One of the parties to the agreement is a non-profit entity	Non Comparable Agreement	Net sale	1,50 %	Beth Israel Deaconess Medical Center	Acceleron Pharma, Inc.	21/06/2012	Unspecified	License shall last until the expiration date of the last to expire of the licensed patents.

Royalty Range- Intangibles (2/2)

Search process conducted - Royalty Stat License Agreement database.

Parameters	Characteristics	Number of Agreements
Industry	Environmental & Green Technologies Industry – Cooling Industries	841
Agreement Type	Copyrights, Trademark, Trade Name,	357
Agreement Type Excluding	Knowhow, Research and Trade Secrets	102
Royalty Base	Net Sales	98
Related Parties	Exclude	91
Final Remaining	Companies	8

Qualitative analysis conducted on the initial set of agreements

Description	Number of Agreements
Set of agreements extracted from the RoyaltyStat License Agreement database	8
Less: Agreements that include non-comparable functions – **Qualitative review**	1
Comparable Agreements	7

Arm's Length Range

S No	Licensor	Licensee	Royalty rate	Royalty Base	Description of Agreement
1	Beijing Smart Wood Technology Co., Ltd.	Tianjin New Oriental Training School; Shanghai Yangpu District New Oriental Advanced Study School; Wuhan New Oriental Training School; Chongqing New Oriental Training School, subsidiaries of New Oriental China	**2.50%**	% on Net Sales	Technology rights to use the "Distance Teacher Development System V1.0" software to provide language training and relevant courses at a private school, with different rates at different schools.
2	Shanghai Smart Words Software Technology Co. Ltd.	Subsidiary of New Oriental China	**3.00%**	% on Net Sales	License to use a student online service platform system based on licensor's software technology, for use in private schools that provide language training and courses.
3	Beijing Smart Wood Software Technology Co., Ltd.	Beijing New Oriental Dogwood Cultural Communications Co., Ltd.; Shanghai Yangpu District New Oriental Advanced Study School; Nanjing Gulou New Oriental Advanced Study School; Guangzhou Haizhu District Privately-Funded New Oriental Training School and other subsidiaries of New Oriental China	**3.50%**	% on Net Sales	Technology rights to use the "Teaching and Research Materials Compiling System V1.0" software to provide language training and relevant courses at a private school, with different rates at different schools.
4	Rise (Tianjin) Education Information Consulting Co., Ltd.	Beijing Step Ahead Education Technology Development Co., Ltd.	**5.00%**	% on Net Sales	License to exploit trademarks and software in connection with the provision of certain education-related services and products.
5	Beijing Smart Wood Technology Co., Ltd.	Beijing New Oriental Vision Overseas Consultancy Co., Ltd., a subsidiary of New Oriental China	**5.00%**	% on Net Sales	Technology rights to use licensor's 'Diagnostic and Evaluation of Students' Learning System V1.0" software for licensee's consulting services related to overseas study.
6	NetDimensions Ltd.	VCampus Corp.	**5.75%**	% on Net Sales	Nonexclusive license to use the EKP Gold Enterprise Knowledge Platform software, including connectivity APIs, customization toolkit and documentation, to host, manage and offer online courses and blended learning solutions to end users, including a basic LMS service which serves a COTS course, licensee-developed and third party courses, and an instructor-led training (ILT) service of ILT management capabilities, including for federal government contracts such as FasTrac and GoLearn.

Range	ALP Range of Royalty Rates
35th Percentile	**3.50%**
Median	**4.25%**
65th Percentile	**5.00%**

- Tested party royalty rate is **4%** of net sales.
- Since the tested party percentage is within the range transaction **i.e., 3.50% to 5.00%,** it can be said to be **at Arm's length.**

Addition of comparables

ABC Chart

A	Comparables accepted by the TPO and Tax Payer
B	TPO Comparables rejected by the Tax Payer
C	**Additional Comparables Proposed by Tax Payer**

Search for comparables can be updated during the assessment proceedings

Include companies accepted last year even if they fall outside the current relevant 'product classifications' after ensuring no new reasons for rejection have surfaced.

If a company which was **accepted last year, but was not present on the current database,** then we should **include this company for** both previous and current years after confirming no change in the **underlying basis for acceptance** and **no substantive reasons for its absence**. Please note that the above tow positions should only be adopted for updation of study but not for a benchmarking/ new study

In the event of Annual Report review if any subsidiaries or group companies of potentially acceptable companies are identified include this company, even if they are not part of the database.

Even if the Client insists on cherry picking of comparables to be with in the range, it should not be done. There should be a proper basis for the selection of comparables.

Do’s and Don’ts for TP

Related Party Transaction

Do’s: Consider only transactions with relating parties during the relevant year
Don’ts: Do not consider outstanding balances as at the end of the relevant year

Export Filter

Do’s: To be considered only for International Transaction
Don’ts: Do not consider while evaluation domestic transactions

TP Methods

Do’s: Evaluate the applicability of all the methods
Don’ts: Avoid proceeding directly to TNMM

Benchmarking exercise

Do’s: Consider the jurisdictions of both entities during the benchmarking exercise.
Don’ts: It should be not be carried out from only one perspective

Selection of Tested Party

Do’s: Entity that performs least complex functions and has lower risks must be selected as tested party.
Don’ts: Do not change/shift the tested party without any base

Selection of Comparable

Do’s: Evaluate and select the comparables after applying all the quantitative and qualitative filters
Don’ts: Cherry picking of companies is not acceptable

India v/s UAE TP Regulations

#	India TP Regulations	UAE TP Regulations
Coverage	• Domestic Transactions (Non-Tax Neutral) • International Transactions • Deemed International Transactions	• Domestic Transactions (Tax Neutral & Non-Tax Neutral) • International Transactions • Connected Person Payments
TP Methods	• Five TP Methods (CUP, RPM, CPM, TNMM, PSM) • Other Method under Rule 10AB	• Five TP Methods (CUP, RPM, CPM, TNMM, PSM) • Other Method as per Article 34
ALP computation	• Range Concept More than 6 comparable: 35th to 65th Percentile Less than 6 comparable: Average (with +/-1%/3% tolerance)	• Range Concept Inter-quartile range is recommended (25th to 75th Quartile)
Multiple Vs Single Year data	• Multiple year data prescribed	• Multiple year data recommended
Comparable Selection	• Local comparable are preferred (India)	• Regional comparable selection strategy is recommended (UAE, GCC, Middle East, Eastern Europe, North Africa etc.)
Tested Party	• Indian tested party preferred • Foreign tested party is highly litigated	• Domestic and foreign test party are recommended based on least complex & data availability criteria.
TP Adjustments	• Secondary Adjustments	• Corresponding Adjustments

India v/s UAE TP Regulations

#	India TP Regulations	UAE TP Regulations
TP database	• No preferred TP databases Below are recommended: • Manufacturing/trading/services – Prowess/Capitaline/AceTP • Financial Transactions – Bloomberg, Loan Connecter • Intangibles – RoyaltyRange, RoyaltStat	• No preferred TP databases Below are recommended: • Manufacturing/trading/services – TP Catalyst, S&P Capital IQ • Financial Transactions – Bloomberg, Loan Connecter • Intangibles –RoyaltStat, RoyaltyRange
TP Compliances	• TP Disclosure Form (Form 3CEB) • Local File (TP Study Report) • Master File • CbCR	• TP Disclosure Form • Local File • Master File • CbCR
Domestic Litigation Framework	• Exhaustive domestic litigation framework for past 2 decades	• Tax & TP litigation/audit procedure is yet to be prescribed
Safe Harbour Rules	• Exclusive Framework of Safe Harbour Rules covering various eligible transactions like IT, ITeS, Contract R&D, KPO services etc, intra-group services and loans.	• Safe harbour margin for low value adding intra-group services (cost plus 5% markup) as per the TP guide
APA Regime	• Exclusive APA Framework for last 10 + years	• APA is mentioned in law. Detailed framework to be released.
Overdue receivables	• Notional interest considering overdue as deemed loans – litigation precedents	• Notional interest considering overdue as purported loans – highlighted in TP Guide
Special considerations	• Financing Arrangements (loans & guarantees), Intra-group services, CCAs, Business Restructurings etc covered within TP regulations	• Financing Arrangements (loans & guarantees), Intra-group services, CCAs, Business Restructurings etc highlighted in TP guide

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