

## **I-T to challenge HC verdict in Vodafone transfer pricing case**

Special leave petitions will be filed before Supreme Court against the order of Bombay HC

The Income-Tax (I-T) department on Wednesday said it will move the Supreme Court challenging the Bombay High Court (HC) order in the Rs 8,500-crore Vodafone transfer pricing (TP) case.

"In the case of Vodafone, it has been decided that special leave petitions would be filed before the Supreme Court against the order of the Bombay High Court," the I-T department said.

In October 2015, the Bombay High Court had set aside an order of the Income Tax Appellate Tribunal (ITAT), which had ruled that the I-T department had powers to raise tax demand on the company in the TP case.

The case dates back to 2008 relating to sale of one of its call centres in Ahmedabad in 2007.

"A substantial question of law has arisen on the issue of taxability of capital gains arising on the surrender of call option rights," the I-T department said in a series of tweets.

In its ruling, the high court had held that surrender of option rights is not a transfer under the provisions of the I-T Act.

"This ruling will have adverse effect in many other domestic cases also. As such, it has been decided to challenge the said ruling," the department added.

Transfer pricing involves related entities dealing at arm's length to ensure fair pricing of the asset that is transferred.

*(Business Standard)*