

# Info Capsule

## **CENTRAL BOARD OF DIRECT TAXES (CBDT) SIGNS TWO INDIAN ADVANCE PRICING AGREEMENTS (APAS) IN NOVEMBER, 2017<sup>1</sup>**

The Central Board of Direct Taxes (CBDT) has entered into 2 Bilateral Advance Pricing Agreements (APAs) during the month of November, 2017. These Agreements are the first ever Bilateral APAs with The Netherlands. With the signing of these Agreements, the total number of APAs entered into by the CBDT has gone up to 186. This includes 171 Unilateral APAs and 15 Bilateral APAs.

These two APAs pertain to the Electronics and Technology sectors of the economy. The international transactions covered in these agreements include Distribution, Provision of Marketing Support Services, Provision of Business Support Services, etc.

The APA provisions were introduced in the Income-tax Act in 2012 and the "Rollback" provisions were introduced in 2014. The APA Scheme endeavours to provide certainty to taxpayers in the domain of transfer pricing by specifying the methods of pricing and setting the prices of international transactions in advance. Since its inception, the APA Scheme has been well-accepted by taxpayers.

The progress of the APA Scheme strengthens the Government's resolve of fostering a non-adversarial tax regime. The Indian APA programme has been appreciated nationally and internationally for being able to address complex transfer pricing issues in a fair and transparent manner.

## **COMPETITION COMMISSION OF INDIA (CCI) ISSUES ORDER AGAINST BOARD OF CONTROL FOR CRICKET IN INDIA (BCCI) FOR ABUSE OF DOMINANT POSITION FOR IMPOSING RESTRICTION THAT DENY ACCESS TO THE MARKET FOR ORGANIZATION OF PROFESSIONAL DOMESTIC CRICKET LEAGUE/ EVENTS<sup>2</sup>**

### ***Imposes Penalty of Rs. 52.24 Crore on BCCI for the Anti-Competitive Conduct***

The Competition Commission of India (CCI) has found Board of Control for Cricket in India (BCCI) to be in contravention of the provisions of Section 4(1) read with Section 4(2)(c) of the Competition Act, 2002 (Act) for its assurance to the broadcasters of Indian Premier League (IPL) that BCCI shall not organize, sanction, recognize, or support another professional domestic Indian T20 competition that is competitive to IPL, for a sustained period of ten years.

After a detailed investigation by the DG, CCI found that BCCI enjoys a dominant position in the market for organisation of professional domestic cricket leagues/ events in India. Based on the nature of activities performed, BCCI has been held as an enterprise and thus, would come

<sup>1</sup> Available at: <http://pib.gov.in/newsite/erelease.aspx>

<sup>2</sup> Available at: <http://pib.gov.in/newsite/erelease.aspx>

under the purview of the Act. While recognising the role of sports federation in taking measures to serve the integrity or development of the sport, CCI held that the impugned restriction had no nexus to the legitimate interest of cricket in the country. Rather, the restriction was pursued to enhance the commercial interest of the bidders of IPL broadcasting rights and the consideration in turn received by BCCI. Therefore, the impugned restriction has been held to be in contravention of Section 4(1) read with Section 4(2) (c) of the Act. Accordingly, CCI directed that:

- (a) BCCI shall cease and desist from indulging into the conduct that is found to be in contravention of Section 4 of the Act;
- (b) BCCI shall not place blanket restriction on organisation of professional domestic cricket league/ events by non-members. This shall, however, not preclude BCCI from stipulating conditions while framing/ modifying relevant rules for approval or while granting specific approvals, that are necessary to serve the interest of the sport. Such changes shall entail norms that underpin principles of non-discrimination and shall be applied in a fair, transparent and equitable manner;
- (c) Having done the above, BCCI shall issue appropriate clarification regarding the rules applicable for organisation of professional domestic cricket leagues/ events in India, either by members of BCCI or by third parties, as well as the parameters based on which applications can be made and would be considered. Besides, BCCI shall take all possible measure(s) to ensure that competition is not impeded while preserving the objective of development of cricket in the country; and
- (d) BCCI shall file a report to the Commission on the compliance of the aforesaid directions from (a) to (c) within a period of 60 days from the receipt of CCI's order.

A penalty of INR 52.24 crore has also been imposed on BCCI for indulging into the anticompetitive conduct.

A copy of the CCI's order passed in Case Nos. 61 of 2010 has been uploaded on the website of CCI at [www.cci.gov.in](http://www.cci.gov.in).

**Team ICSI**

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