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Government of India / Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi dated 24th November 2009

PRESS RELEASE

The Central Board of Direct Taxes have notified the rules to regulate the procedure of the Dispute Resolution Panel (DRP) constituted under section 144C of the Income Tax Act, 1961 inserted by the Finance Act 2009. The rules come into effect from 20th November 2009. Under the said rules, DRPs will be constituted at eight cities in India, namely Delhi, Mumbai, Ahmedabad, Kolkata, Chennai, Hyderabad, Bengaluru and Pune. The notification is available on the website of the Income Tax department at <http://incometaxindia.gov.in>

Any foreign company, or any domestic company with transfer pricing issues, in whose case the income-tax assessing officer proposes to make any variation in the income or loss returned, may apply within a month of receiving the draft assessment order before the DRP for appropriate remedy by way of direction to the assessing officer. The direction will be binding on the assessing officer but the taxpayer will be at liberty to appeal against the assessment order incorporating directions of DRP before the Income Tax Appellate Tribunal (ITAT).

The Dispute Resolution Panel will be a collegium comprising of three Commissioners of Income Tax. The mechanism is investor-friendly and is also expected to reduce taxpayer grievance and litigation.

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