

**IN THE INCOME TAX APPELLATE TRIBUNAL
“A” BENCH : BANGALORE**

**BEFORE SMT. BEENA PILLAI, JUDICIAL MEMBER AND
Ms. PADMAVATHY S, ACCOUNTANT MEMBER**

IT(TP)A No.614/Bang/2020
Assessment year : 2015-16

M/s. Target Corporation India Pvt. Ltd., C2 Block, Embassy Manyata Business Park, Nagawara Hobli, Outer Ring Road, Bengaluru – 560 045. PAN: AAECA 8990N	Vs.	The Joint Commissioner of Income Tax, Special Range-7, Bengaluru.
APPELLANT		RESPONDENT

IT(TP)A No.657Bang/2020
Assessment year : 2015-16

The Joint Commissioner of Income Tax, Special Range-7, Bengaluru.	Vs.	M/s. Target Corporation India Pvt. Ltd., Bengaluru – 560 045. PAN: AAECA 8990N
APPELLANT		RESPONDENT

Assessee by	:	Shri Ankur Pai, Advocate
Revenue by	:	Shri D.K. Mishra, CIT(DR)(ITAT), Bengaluru.

Date of hearing	:	30.03.2023
Date of Pronouncement	:	30.03.2023


ORDER

Per Bench

These appeals of the assessee and the revenue are against the order of the CIT(Appeals)-10, Bengaluru dated 28.2.2020 for assessment year 2015-16.

2. The assessee vide letter dated 2.3.2023 which is reproduced below has submitted that all the grounds of appeal in IT(TP)A No.614/Bang/2020 is withdrawn for the reason that the resolution has been arrived at between Indian and US Competent Authorities in respect of the Transfer Pricing issues raised by the assessee before the Tribunal:-

2 March 2023



The Assistant Registrar,
Income Tax Appellate Tribunal,
No. 51, Behind Jal Bhawan, 1st Cross,
4th T Block, Tilak Nagar, Jaya Nagar,
Bengaluru-560041

Dear Sir/Madam,

Assessee: Target Corporation India Private Limited ("TCI" or "Appellant")
PAN: AAECA8990N
Assessment Year ("AY"): 2015-16
Sub: Acceptance of Resolution under Mutual Agreement Procedure ("MAP") and Withdrawal of appeal
Ref: IT(TP)A No. 614/BANG/2020 (Assessee appeal)

We refer to the subject appeal filed by the Appellant which was listed for hearing on 23 January 2023 before Bench 'A' of this Hon'ble Income Tax Appellate Tribunal ("Tribunal") and was blocked for three months since MAP proceedings were pending in the case.

आयकर अपीलिय अधिकरण
Income Tax Appellate Tribunal
बंगलूर न्यायपीठ, बंगलूर
Bangalore Benches, Bangalore
क्र.सं. 3437 दिनांक 8/3/23
Sl.No. Date 8/3/23

Di 8/3/23
by 8/3/23
A' Bench.

In this regard, it is submitted that a resolution has been arrived between the Indian and US Competent Authorities ("CA") on 16 February 2023 (copy enclosed as **Annexure 1**) in respect of the transfer pricing issues raised by the Appellant before this Hon'ble Tribunal in the present appeal. The Appellant proposes to accept the said resolution under Article 27 of the India-US Double Tax Avoidance Agreement ("DTAA") with respect to its Software Development ("SWD") Services and Information Technology enabled Services ("ITeS") rendered to the Associated Enterprises ("AE").

As per Rule 44G of the Income-tax Rules, 1962 ("IT Rules"), orders giving effect to the MAP resolution shall be passed by the Learned Assessing Officer once all appeals are withdrawn by the Appellant on the issues so resolved under MAP. Accordingly, in line with the condition precedent, as prescribed under Rule 44G of the IT Rules, the Appellant prays for **withdrawal of the transfer pricing grounds raised in the subject appeal in Ground No.1 to 21.**



Target Corporation India Private Limited
CIN: U72900KA2004PTC033455

Registered Office : C2 - Manyata Embassy Business Park, SEZ Unit, Outer Ring Road, Rachenahalli & Nagwara Village, Bengaluru, Karnataka 560045.
Tel : +91 80 4673 4000 Fax : +91 80 4673 4100 website : www.target.com



It is further submitted that apart from the transfer pricing grounds, the Appellant had also raised **Ground No.22** seeking re-computation of interest under section 234B. The Appellant had also filed **Additional Ground No.23** seeking deduction in respect of 'education cess' and 'secondary and higher education cess' while assessing the total

income of the Appellant. The said ground is now not res integra in view of the change in law.

Accordingly, the Appellant seeks to withdraw all the grounds of appeal in IT(TP)A No. 614/BANG/2020 before the Honorable A Bench of the Tribunal.

The Appellant therefore prays that the subject letter may be taken on record and the appeal may be dismissed as 'withdrawn'.

In case your goodself requires any clarification/ information on the above, we shall be pleased to provide the same.

Thanking you and assuring you of our full co-operation at all times.

For **Target Corporation India Private Limited,**


Navita Choubal
Director



Enclosed: MAP resolution

CC: Departmental Representative

3. For easy of reference , copy of MAP resolution is reproduced below:-

480/19/2019-APA-1
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes
Foreign Tax & Tax Research Division - I
APA- I Section

906B, 9th
Floor, C Wing,
Hudco Vishala Building,
14, Bhikaji Cama Place,
New Delhi - 110066

Dated: February 16th, 2023

To,

Target Corporation India Private Limited,
Survey No. 2/1,2/2,2/3,5/1
Embassy Golf Link Business Park,
Indiranagar, Koramangala
Intermediate Ring Road - 560071

Madam/Sir,

Subject: Communication of resolution/closure of dispute under MAP with the U.S.A. in the case of Target Corporation (MAP applicant) and M/s Target Corporation India Private Limited (PAN: AAECA8990N) for Assessment Year 2015-16) in accordance with rule 44G(6) of Income Tax Rules, 1962- reg.

Please refer to the subject cited above.

2. In accordance with rule 44G(6) of the Income Tax Rules, 1962 ('Rules'), I am directed to state that the Indian and USA Competent Authorities (CAs) have agreed to resolve the MAP in your case for AY 2015-16 for the transaction of 'provision of Software Development services' and 'Provision of ITeS' by Target Corporation India Private Limited to Target Corporation, by taking the Indian taxpayer as the tested party, TNMM as the most appropriate method and OP/OC as the PLI

3. As per the MAP resolution agreed upon by the two CAs, the computation of MAP relief and the retained TP adjustment is as follows:

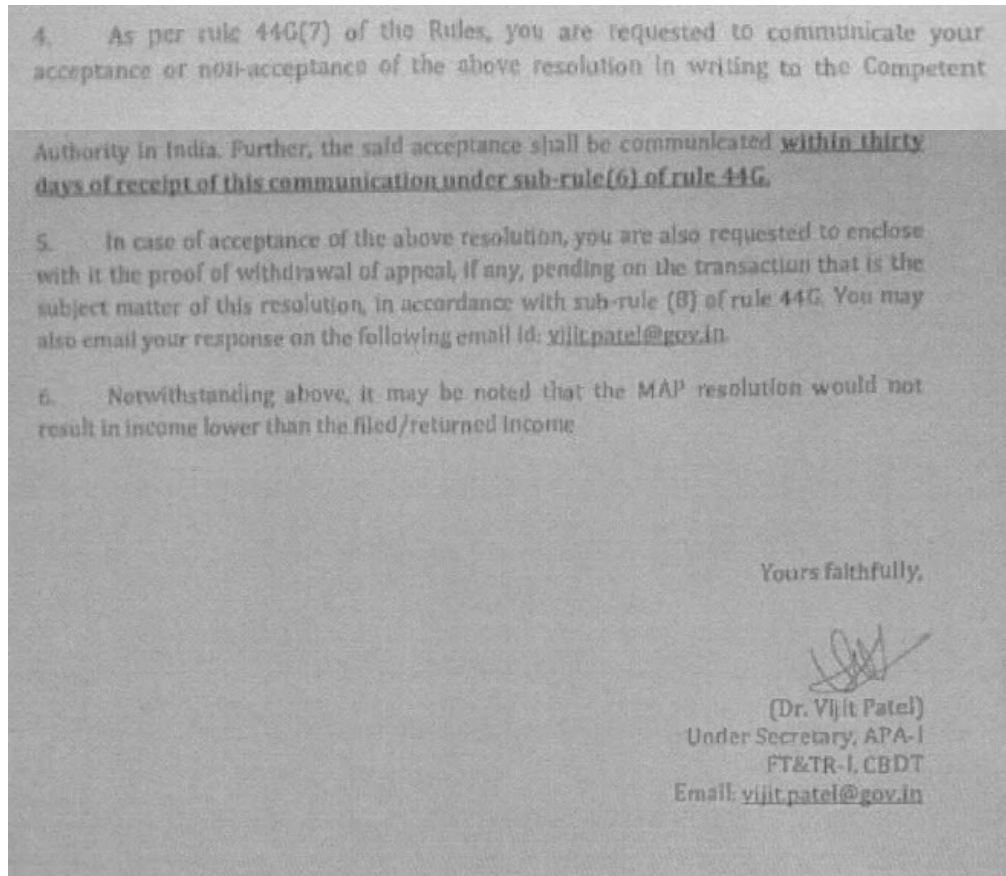
Indian Taxpayer	AY	Determined Margin	SWD Services					
			TOTAL		US RELATED		NON-US RELATED	
			ALP	Adjustments	ALP	Adjustments	ALP	Adjustments
Target Corporation India Private Limited	2015-16	27.37	7,75,41,86,333	1,07,80,49,069	7,75,41,86,333	1,07,80,49,069	0	0

Indian Taxpayer	AY	Determined Margin	ITeS Services					
			TOTAL		US RELATED		NON-US RELATED	
			ALP	Adjustments	ALP	Adjustments	ALP	Adjustments
Target Corporation India Private Limited	2015-16	23.27	3,74,67,54,270	25,64,40,097	3,74,67,56,270	25,64,40,097	0	0

Indian CA

Indian Taxpayer	AY	SWD SERVICES				
		US RELATED TRANSACTIONS				
		Operating Revenue	Operating Cost	Determined Margin	Arm's Length Price	ADJUSTMENTS
Target Corporation India Private Limited	2015-16	6,67,43,81,512	5,84,75,29,181	18.29	6,91,70,42,268	24,26,60,756

Indian Taxpayer	AY	ITES SERVICES				
		US RELATED TRANSACTIONS				
		Operating Revenue	Operating Cost	Determined Margin	Arm's Length Price	ADJUSTMENTS
Target Corporation India Private Limited	2015-16	3,48,93,98,258	3,05,71,15,944	16.79	3,57,04,05,711	8,10,07,453



4. Accordingly, the appeal is dismissed as withdrawn.
5. The appeal by the department is with regard to CIT(Appeals) holding certain expenses to be part of operating cost of the assessee for the purpose of TP adjustment. Since the MAP resolution entered into with competent authorities covers the TP adjustment as reproduced above, the appeal of the revenue has become infructuous and accordingly dismissed.

6. In the result, both the appeals by the assessee and the revenue are dismissed.

Pronounced in the open court on this 30th day of March, 2023.

Sd/-

(BEENA PILLAI)
JUDICIAL MEMBER

Sd/-

(PADMAVATHY S.)
ACCOUNTANT MEMBER

Bangalore,
Dated, the 30th March, 2023.

/Desai S Murthy /

Copy to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR, ITAT, Bangalore.

By order

Assistant Registrar
ITAT, Bangalore.