

### **Advance Ruling**

Advance ruling means seeking the judgment of “authority of Advance ruling” in respect of particular issue before such issue arises

#### Summary

- I. Who can approach
- II. When ? cannot approach
- III. Procedure

#### **I. Who can approach**

1. A Non –Resident can approach AAR for determination of question of law/fact arising out of transaction undertaken or proposed to be undertaken by him
2. A Resident can approach AAR for determination of Question of law/fact arising out of transaction undertaken or proposed to be undertaken by him with Non- Resident (to determine the tax implication on NR )
3. Other Residents notified by CG (currently only PSU is notified by CG ) can approach AAR for determination of question of law/fact arising out of issue pending before A.O/Commissioner /ITAT (not before HC/SC)

#### **II. When cannot approach ?**

- 1) A person cannot approach AAR for determination Fair Market Value
- 2) A person cannot approach AAR if the transaction is designed for avoidance of tax

**III. Procedure**

1. The applicant should make an application in Form 34 C /O/E along with fees of Rs 2500 in 4 copies . The application should state the question of law/fact for which ruling is sought .The assessee can withdraw the application within 30 days
2. After receiving the application ,the AAR shall forward the application to CIT & call for records from CIT
3. After examining the records ,the AAR shall allow or reject the application .The order allowing /rejecting the application should be communicated to the applicant & CIT
4. If the application is allowed ,the AAR shall pronounce its ruling ,it shall give the judgment .such judgment should be given within 6 months from the date of application .The copy of judgement should be communicated to the applicant & CIT

**Notes :-**

1. The judgment of AAR is binding till the level of CIT
2. The judgment of AAR is applicable :-
  - a) To the applicant
  - b) To the transaction for which ruling was sought
  - c) Till the circumstances & the law does not change