

AMENDMENTS BY THE FINANCE (No.2) ACT, 2014

- (a) Transfer Pricing Officer included as competent authority for levy of penalty under section 271G

Effective from: 1st October, 2014

- (i) Under section 271G, if any person who has entered into an international transaction or specified domestic transaction fails to furnish any such information or document as required by section 92D(3), then such person shall be liable to a penalty which may be levied by the Assessing Officer or the Commissioner (Appeals).
- (ii) Section 92CA provides that an Assessing Officer may make reference to a Transfer Pricing Officer (TPO) for determination of arm's length price (ALP). The TPO determines the arm's length price in many cases.
- (iii) TPO has been defined to mean a Joint Commissioner or Deputy Commissioner or Assistant Commissioner who is authorised by the CBDT to perform all or any of the functions of an Assessing Officer specified in sections 92C and 92D in respect of any person or class of persons.
- (iv) Therefore, section 271G has been amended to include TPO, as referred to in Section 92CA, as an authority competent to levy the penalty under section 271G in addition to the Assessing Officer and the Commissioner (Appeals).

- (b) Assessing Officer specified as the competent authority to levy penalty [Section 271H]

Effective from: 1st October, 2014

- (i) Section 271H provides for levy of penalty for failure to furnish TDS/TCS statements within the prescribed time or furnishing of incorrect information in TDS/TCS statements.
- (ii) So far, section 271H did not, however, specify the authority which would be competent to levy the penalty under the said section.
- (iii) Therefore, section 271H has been amended to provide that the penalty under section 271H shall be levied by the Assessing Officer.