RECENT TRENDS IN TRANSFER PRICING LITIGATION


CA Bhavesh Dedhia
Email : bdedhia@bsraffiliates.com
CA Anjul Mota
Email : anjulmota@bsraffiliates.com

Backdrop:

Traditionally, the landscape on Transfer Pricing litigations globally as well as in India has seen high-impact, long-standing disputes resulting into vitiated environment amongst the business community. The major factors contributing to the same are aggressive approach of revenue authorities, lower threshold for audit selection, inadequate guidance in law leading to conflicting interpretation, lack of preparedness of tax payers to meet voluminous information requirement and slow disposal at appellate forum leading to cascading litigation.

There have been conscious efforts on the part of Governments across to ease out the burden by carefully curated tools such as APA, MAP, etc, which has resulted in considerable relief to the tax payers. Further, automated selection of scrutiny cases has reduced transfer pricing audits drastically, yet the latest assessment cycles have shown that the fire is still burning.

In this article, we have endeavored to discuss certain key issues and the experience in dealing with such issues, from the perspective of Income-tax Act, 1961 ('the Act'):

Key issues:

1. Valuation dispute in transactions relating to transfer of intangible assets

The ownership and pricing of valuable and unique intangibles are the areas which have garnered growing interest and are facing considerable challenges. Increasingly, complicated business structures and policies being adopted by Multi-National Entities ('MNEs') in order to efficiently manage their global businesses has contributed in fair measure to this trend.

In emerging markets such as India, the issue assumes particular relevance as many MNEs have set up their manufacturing base, captive research and development centers and sales and distribution entities to reap benefits of the location savings, vast pool of skilled workforce and huge consumer base.

Several difficulties arise while dealing with intangibles. The retrospective amendment made in the Indian transfer pricing regulation to incorporate exhaustive definition of intangible was a significant step. Further, the guidance contained in the BEPS Action Plan ('AP') 8 to 10 supports the historic view adopted by Indian revenue authorities i.e. to lay emphasis on substance and functions rather than contractual allocation of risks and rewards.

Some of the key issues revolve around determination of the arm's length price for the transfer and use of intangibles, ownership of intangibles, remuneration for development of intangibles, transfer pricing of co-branding etc.

BEPS AP 8 to 10 provides guidance on applying 'arm's length principle' on intangibles, focusing on economic substance, risks /control and corresponding rewards, rather than merely focusing on the legal ownership. Each respective entity which is engaged in Development, Enhancement, Main-tenance, Protection and Exploitation of intangible(s) [in short, DEMPE] is entitled to the arm's length remuneration (after compensating other MNE Group entities for the activity performed by them) from the overall revenue generated from intangible instead of the erstwhile practice wherein only the legal owner of intangible(s) was entitled to the residual returns.

In the case of Sun Pharmaceutical Industries[1], the Hon'ble Ahmedabad bench of the Income-tax Appellate Tribunal ('ITAT')

accepted Assessee's TNMM and rejected the application of Profit Split Method by tax authorities in respect of a contract manufacturing function undertaken by tax-payer post transfer of Intellectual Property Rights to its AE

key risks relating to IPRs such as risk of loss, litigation/infringement risks etc., were borne by the AE.

The Assessee performed only one function i.e. manufacturing and for such simple functions and therefore transaction profit split method typically would not be appropriate.

In the case of DQ International[2], the Hon'ble Hyderabad bench deleted TPadjustment in respect of sale of IPR of 'Jungle Book Animation Series' at the stage of development by the Assessee to its AE. It observed that

the Assessee had arrived at sale consideration after considering independent valuation from two valuers while TPO had replaced the projected cash flows with actual total revenues of AE and proposed a TP adjustment.

The ITAT stated that value at the time of making the business decision is important and opines that

When the values are replaced subsequently, it is not valuation but evaluation i.e. moving the post of result determined out of projections

For valuation of an intangible asset, only the future projections alone can be adopted, and such valuation cannot be reviewed with actuals after 3 or 4 years down the line

In the case of Tally Solutions, the Hon'ble Bangalore bench held that

once IPR is sold and arm's length price is determined, IPR becomes property of AE and any subsequent transaction between AE with outsiders or outside the jurisdiction of the Indian territory does not give rise to international transaction between the Assessee and AE

Dealing with intangible is highly complex, subjective and often involves significant stakes. A thoughtful approach is required to recoginse and value intangibles. Further, in today's all-pervasive digital era there are enough trail internally and externally with which intangibles related position needs corroboration. The disclosure in tax filings is stringent and ambiguous leading to penal consequences for taxpayers in case of oversight or inadequate furnishing of information. The problem is further aggravated due to lack of sufficient and quality data in public domain to benchmark intangible related transaction.

[1] *Sun Pharmaceutical Industries Ltd v. ACIT [TS-596-ITAT-2017 (Ahd)-TP]*
[2] *DQ International Ltd. (ITA No. 151/HYD/2015)*

Recognizing above issues, OECD has issued guidance on hard-to-value intangibles[3]. Several taxpayers are resorting to the same and formalizing their position.

The guidance acknowledges that intangible related valuation involves estimation and there is bound to be ex-ante deviation with actual results. Only in cases deviation exceeds 20 percent, therevenue authorities are authorized to challenge and substitute projection with actual data to rework pricing for intangibles.

Considering above, it would be of utmost importance for an MNE to formulate an appropriate strategy and structure for effective compliance when planning cross border restructuring of operations, changing or aligning business models or shifting of resources.

2. Marketing intangibles

"Marketing intangibles", in the form of advertisement, marketing and sales promotion (AMP) expenses is one of the key areas of dispute between the Indian tax authorities and taxpayers. Increasingly, complicated business structures and policies being adopted by Multinational Entities ('MNEs') in order to efficiently manage their global businesses has contributed in fair measure to this trend.

In emerging markets such as India, the issue assumes particular relevance as many MNEs have set up their sales and distribution entities to reap benefits of huge consumer base. A number of difficulties arise while dealing with marketing intangibles i.e. conflicting rulings from the Courts, evolving and disruptive business models and retrospective amendment made in the Indian transfer pricing regulations to incorporate exhaustive definition of intangibles.

The main dispute has been in the area of excessive expenditure incurred on advertising, marketing and sales promotion activities and whether such expenses are of routine or non-routine nature. If the expenses are non-routine nature, the Indian entity should be adequately compensated with arm's length remuneration so that there is no creation of marketing intangibles.

The Hon'ble Special Bench at Delhi delivered a controversial ruling on this vexed issue in the case of LG Electronics[4], by upholding TP adjustment in relation to AMP expenditure on the basis of the Bright Line Test ('BLT').

The controversy, to some extent, was put to rest by the Hon'ble Delhi High Court in the landmark cases of Sony Ericsson and Maruti Suzuki[5], which laid down some important principles on the concept of marketing intangibles. Hon'ble Delhi High Court, in the case of Sony Ericsson, concluded that AMP expenses is an international transaction, however, rejected the applicability of BLT to determine ALP. Subsequently, in the case of Maruti Suzuki, HC held that AMP expenses incurred by the Assessee could not be categorized as an international transaction u/s 92B.

Post the Delhi HC rulings in Sony Ericsson and Maruti Suzuki, there have been a spate of High Court and ITAT decisions wherein the earlier judgments have been analyzed, discussed or simply been followed. The controversy has reached the doors of the Apex Court and only time will tell as to which way the pendulum will swing.

[3] *Guidance for Tax Administrations on the Application of the Approach to Hard-to-Value Intangibles issued in June 2018*

[4] *LG Electronics India Pvt Ltd [TS-11-ITAT-2013(DEL)-TP]*

[5] *Sony Ericsson Mobile Communications India Pvt Ltd [TS-96-HC-2015(DEL)-TP] and Maruti Suzuki India Ltd [TS-595-HC-2015(DEL)-TP]*

While these rulings lay down important guiding principles in connection with marketing intangibles, unfortunately these have not been able to provide finality on the issue with both taxpayers and the tax authorities now knocking at the doors of the Supreme Court to resolve the issue and the same are likely to be heard over the next few weeks.

It seems that the AMP matter itself being dependent on various business models adopted by the taxpayers, the Supreme Court rulings on marketing intangible may be highly fact-specific, which both taxpayers and tax authorities will not be able to uniformly follow in other cases. Hence, prolonged litigation seems inevitable.

Each taxpayer would, therefore, need to find its own resolution to the marketing intangible controversy. Besides pursing normal litigation route, alternate modes for seeking resolutions could be explored such as Advance Pricing Agreements (for future years) and Mutual Agreement Process (for existing disputes).

3. Overdue receivables

Vide Finance Act, 2012, section 92B was amended to widen the definition of 'international transaction', with retrospective effect from 1st April 2002, to include the following amongst various others:

capital financing, including any type of long term or short term borrowing, lending or guarantee, purchase or sale of marketable securities or any type of advance, payments or deferred payment or receivable or any other debt arising during the course of business

While Memorandum contains generic reference as regards the purpose of inclusion of various items in the definition, there is no specific mention of 'capital financing' and the purpose / implication of its inclusion within the definition of 'international transaction'.

While the above clause is inclusive in nature, the various components of 'capital financing' mentioned in the said clause broadly cover all the transactions that would be covered under the general definitions of 'capital' and / or 'financing'.

We have discussed below one such item of overdue receivable / payable since the same has been a matter of debate over past few years.

As per OECD[6], 'Trade Credits and Advances' are defined as follows:

Trade credits and advances are trade credit for goods and services extended directly to corporations, to government, to non-profit institutions, to households and to the rest of the world and also advances for work that is in progress (if classified as such under inventories) or is to be undertaken

The issue to be considered is whether the trade advances / trade receivables / similar deferred payments should be treated as:

- Trade debts in the ordinary course of the business of the tax payer and hence would not constitute a separate "international transaction" (the impact of the interest loss on account of the credit period would get offset by the higher profits earned on account of the increase in sales / pricing as a result of extending such credit terms to customers); OR
- Separate lending / borrowing transactions wherein a separate interest charge needs to be computed / imputed.

[6] *As per the OECD Glossary of Statistical Terms*

In absence of specific guidelines in this regard under the Indian Transfer Pricing regulations or the OECD commentary, reliance could be placed on certain Indian judgments, discussed below:

In the case of M/s. Indo American Jewellery, Nimbus Communication and Tech Mahindra[7], Hon'ble Mumbai bench held that

An outstanding debit balance on account of services rendered to the Group companies does not qualify as an international transaction since the same is not an independent transaction, but merely the result of a commercial transaction

The charging of interest is applicable only with the lending or borrowing of funds and not in the case of commercial over dues

In case the Assessee has not charged any interest on overdue receivables to external parties, following the internal CUP method, the rate of interest should be NIL

For repayment of dues reasonable period may be provided as interest free period and interest to be computed only for the period greater than the reasonable time limit

The aforesaid position is also confirmed by Hon'ble Bombay High Court[8].

It would be pertinent to note adverse decisions notably by Hon'ble Bombay High Court[9], wherein it was held that

extension beyond normal credit period would amount to granting loan to AE

Considering the same and post the aforementioned amendment to section 92B, it would be imperative for taxpayers to assess whether interest should be charged / paid on overdue amounts especially those beyond reasonable period.

It is also debatable whether overdue amounts should be reported under accountant's report or mere disclosure either in notes or in TP report is fine

In the case of Perot Systems[10], Hon'ble Delhi bench has specifically held that

Supreme Court judgment in the case of S.A. Builders does not apply to the Indian Transfer Pricing Regulations since the same are specific provisions relating to computation of income from international transactions having regard to arm's length price.

Hence, the argument that such interest free loans should not be treated as separate international transactions for the purposes of transfer pricing would not be tenable.

Having regard to the factual matrix, decision needs to be made whether to report the transaction or mere disclosure by way of a note would be sufficient. This also poses increased difficulties in terms of reluctance of jurisdictional tax officers to accept the physical notes separately in certain situations.

Another pertinent issue is how should one benchmark these transactions. Usually, in a commercial situation, the terms of credit are generally co-related with the price of goods, considering that the same has a direct bearing on the funding cost of the seller and receiver entities.

[7]Deputy Commissioner of Income-tax, Circle 9(2) vs. Indo American Jewellary Ltd.[50 SOT 528(2010]), Nimbus Communications Ltd. vs ACIT, Mumbai [28 SOT 246(2010)], Tech Mahindra Limited vs. DCIT [46 SOT 141 (2011)]
[8]Indo-American Jewellery (2014 223 Taxmann8)(Bom)
[9]Technimont Pvt Ltd (ITA no. 56 of 2016) (Bom)
[10]Perot Systems TSI (India) Limited (ITA no 2320, 2321, 2322 / Del / 2008)

The entities operating as captives/limited risk units tend to bear lesser risks and have low levels of working capital as compared to entrepreneurial / higher risk-taking entities.

Due to limitation of the databases, the comparables obtained are generally entrepreneurial / higher risk-taking entities and hence, to ensure proper comparison, a suitable adjustment to the profitability of such comparables becomes imperative to compensate for the differences in the working capital levels.

Having regard to the facts of the situation, one may look at undertaking working capital adjustment to adjust the margins to reflect the appropriate level of comparability.

4. Deemed international transactions:

As per section 92B(2) of the Act:

A transaction between an Indian taxpayer with an unrelated party could be regarded to be deemed international transaction in case it is influenced by a prior agreement between the associated enterprise ('AE') of an Indian taxpayer with such third party or the terms of relevant transaction are agreed between the associated enterprise of Indian taxpayer with such third party

The Finance Act, 2014 amended section 92B(2) ***to include transactions with resident entities as well***

Thus, a transaction where Indian taxpayer enters into with a resident unrelated party which has prior agreement or terms agreed with such Indian taxpayer's AE will get covered within the ambit of Transfer Pricing provisions.

Further, a transaction where Indian taxpayer enters into with a resident unrelated party, the related party of whom has prior agreement or terms agreed with such Indian taxpayer's AE, will also get covered within the ambit of Transfer Pricing provisions.

E.g. central procurement, referrals, restructuring arrangements could get covered within the ambit of deemed international transactions.

The intention of this section was that taxpayers should not escape the rigors of transfer pricing in cases where the transaction when viewed in isolation appears to be between independent parties, but the same is influenced by a related party or the AE.

In the case of Kodak India[11], Hon'ble Mumbai bench held that that

even though the taxpayer entered into transaction of sale of imaging business segment in India as a consequence of global agreement between overseas holding companies, as there was no prior agreement and/ or terms and conditions for sales were not dictated by non-resident agreement, thus the transaction does not fall within ambit of deemed international transaction.

The appeal filed by Revenue against the above decision has been rejected by Hon'ble Bombay High Court[12].

In the case of Novo Nordisk[13],Hon'ble Bangalore bench observed that

the concept of transaction between two residents who are AEs, being regarded as international transaction, was implicit in the scheme of TP provisions in India, if it impacted or eroded tax base in India. Amendment to Section 92B(2) by Finance Act, 2014 was inserted only way of abundant precaution. It is made with a view to clarify the position that by entering into series of transactions with third parties who are not associated enterprises or non-residents, one cannot claim that TPregulations were not applicable, if in reality and in substance transactions were with related parties - one or both of whom might be non-residents.

[11]Kodak India Pvt. Ltd v. ACIT(ITA No. 7349/Mum/2012)
[12]Kodak India Pvt Ltd [TS-471-HC-2016(BOM)-TP]
[13]Novo Nordisk India Pvt Ltd Vs DCIT [TS-249-ITAT-2015(Bang)-TP]

In the case of Regus Business Centre[14], Hon'ble Mumbai bench

rejected invocation of Section 92B(2) in relation to loans granted by Assessee to its domestic group entities as international transactions noting that the transactions in question are with domestic entities only and no overseas entity is involved.

This case pertains to the assessment year prior to the amendment inserted by Finance Act, 2014.

Thus, it can be inferred that the actual conduct of the parties and the economic circumstances surrounding the transaction are the cornerstones analysis of deemed international transaction. In situations where the tax payer enters into a transaction with unrelated party as per directions of the AE, evaluation of deemed international transaction becomes critical. However, if the taxpayer can demonstrate that such transaction was independently negotiated, entered without any influence of AE and no benefit has flown to the AE then a view can be taken that such transaction should not fall within ambit of deemed international transaction provisions.

5. Comparability adjustments:

This is yet another contentious and litigative matter between the Revenue authorities and taxpayers. The Indian TP law recognizes the need to make reasonable and accurate adjustments for material difference in the functional and risk profile of taxpayer and selected comparable companies ('comparability adjustments').

The TP rules have outlined certain factors for judging comparability, but it does not provide adequate guidance on quantitative adjustments. Also, due to lack of quality comparable data in public domain assumption needs to be made by tax payers which is disputed by tax authorities.

A practical problem also arises at the time of preparing the TP documentation by the taxpayer, as at that point of time the relevant financial year data may not be available. In this backdrop, taxpayers may need to consider performing comparability adjustments based on certain financial and economic models.

The need for carrying out suitable comparability adjustments is supported by the joint publication of IMF, OECD, UN, World Bank group namely ***'A Toolkit for Addressing Difficulties in Accessing Comparables Data for Transfer Pricing Analyses'***, OECD Transfer Pricing guidelines[15] as well as under the guidance note on Transfer Pricing issued by the ICAI.

We have outlined below comparability adjustments in specific situations, as claimed by the taxpayer and stand adopted by the Revenue authorities in such cases:

5.1. Adjustment for fixed overheads and start up inefficiencies:

It is a common phenomenon for an entity to earn lower profit or incur loss in the start-up phase on account of high fixed overheads, start-up inefficiencies and inadequate revenue. At initial stage, an entity focuses its efforts in setting up of operations, recruiting and training manpower, building sales and distribution network and framing market penetration strategies. Also, to attract customers, an entity may have to give additional incentive, offer discounts, float schemes and make heavy marketing and advertisements expenditure.

[14] Regus Business Centre Pvt. Ltd [TS-377-ITAT-2020(Mum)-TP]
[15] Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations issued by the OECD in July 2017

It is observed that the Revenue authorities generally do not give adequate weightage to the same and allege that low profit or loss at the start-up phase is on account of under/over-pricing of international transactions. Typically, they reject the claim of adjustment stating that an adjustment should be made to the margins of the comparable companies and not to the margin of the taxpayer. Further, as most of the arguments raised by the taxpayer are qualitative, it is stated that the taxpayer failed to justify its claim with adequate documentary evidence.

In the case of Skoda Auto[16], Hon'ble Pune bench held that

the comparability analysis should also consider unusually high costs incurred by the taxpayer during its start-up phase and referred the matter back to the TPO for fresh adjudication with specific instructions.

In the case of Global Vantege[17], Hon'ble Delhi bench allowed the adjustment of 33.33 percent of the installed capacity as

the adjustment in the profitability of comparable companies for idle capacity of Assessee in the start-up phase based on the industry standards

In the case of Visteon Engineering Center[18], Hon'ble Pune bench allowed the adjustment on account of capacity utilization based on the reasoning that

although the global meltdown affected the entire auto industry worldwide, the bankruptcy of the parent company was an event that was particular to the Assessee

Further, the TPO was directed to ***consider the issue de-novo*** comparing the approved billable hours in the two years under consideration, after examining the documentary evidences filed by the Assessee to contend that the business of the Assessee had substantially reduced.

However, in an another case[19], the Hon'ble Delhi bench disallowed ***the Assessee's claim for adjustment citing that the Assessee is a software service provider to its AE and the AE had initiated such expansion; hence, the costs towards the same should be borne by the AE.*** Further, it was stated that the Assessee did not submit material to establish an objective basis on which its claim was supported.

At the same time, there are few decisions[20] which mention that ***if the differences between the companies or transactions are so material that it is not possible to perform a reasonably accurate adjustment, then the comparables should be rejected.***

5.2. Adjustment for non-recurring and exceptional items of income and expenses:

Another issue of an adjustment which has always been on the forefront is for non-recurring and exceptional items.

The Indian TP regulations requires that material effect of differences in comparables vis-à-vis the taxpayer to be eliminated by carrying out adjustments in reasonably accurate manner.

The taxpayer may earn lower profit on account of exceptional / non-recurring expenses E.g. increase in bad debt provisions due to change in accounting policy. Similarly, comparable companies may earn higher profit on account of exceptional income.

[16] Skoda Auto India Pvt. Ltd. (2009) ITA No. 202/PN/07 (Pune)
[17] Global Vantege (2010-TIOL-24-ITAT-DEL)
[18] Visteon Engineering Center (India) Private Limited [TS-462-ITAT-2018(PUN)-TP]
[19] ION Trading India Private Ltd. Vs ITO [TS-643-ITAT-2015(DEL)-TP]
[20] Mentor Graphics (Noida) (P.) Ltd. v. DCIT [2007] 109 ITD 101 (DELHI) / 112 TTJ 408, Egain Communication (P.) Ltd. v. Income-tax Officer [2008] 23 SOT 385

The Revenue authorities generally adopt stringent approach while evaluating non-recurring / exceptional items and allow adjustment for the same, in the instances where such items are specifically disclosed as exceptional / non-recurring in the financial statements.

In the case of Honeywell Automation India and HCL Technologies BPO Services[21], Hon'ble benches of the ITAT held that

abnormal costs should be excluded while calculating normalized profit for the purpose of undertaking benchmarking analysis.

5.3. Adjustment for difference in depreciation policy:

Few taxpayers charge higher depreciation on assets as per the group policy or due to peculiarities of the products e.g. following Straight Line Method and at a higher rate, they deal with which impacts their profits. However, comparable companies could be charging depreciation as per the rates prescribed in the Companies Act e.g. following Written Down Value Method and at a lower rate. In such cases, the difference in the depreciation methodology warrants an adjustment.

The taxpayer contends that either profit before depreciation charge should be considered for evaluation or an appropriate adjustment for differences in depreciation rates /methodologies should be made to the margin of the taxpayer / comparables.

The Revenue typically rejects the taxpayer's contentions stating that the TP rules do not permit the evaluation based on profits before depreciation. Further, the term net profit margin has not been defined under the Act and the Rules, thus the same has to be construed and given a meaning which is generally understood in the commercial parlance.

In the case of Schefenacker Motherson[22], Hon'ble Delhi bench held that

no standard test exists for deciding what constitutes operational income or profit. A receipt or expenditure would constitute operational income depending upon the facts and circumstances of the case and nature of business involved.

Thus, the Revenue's conclusion that operating profit or manufacturing cost must include "depreciation" irrespective of peculiar facts of case cannot be accepted as correct. Further, the Rules do not compulsorily require use of post-depreciation net profit.

On this basis, Hon'ble ITAT accepted the use of pre-depreciation net profit for the purposes of arm's length price computation.

In the case of Sabic Research and Technology Pvt Ltd[23], Hon'ble Ahmedabad bench held that

depreciation cost be excluded from operating cost for computing PLI.

Recently, in the case of DHR Holding India[24], Hon'ble Delhi bench held that

amortization of goodwill and non-compete fees shall be treated as a non-operating, since the same do not pertain for provision of services to AEs. Further, such expenses are also held to be abnormal and non-recurring expenses.

[21]Honeywell Automation India Ltd [2009] TIOL-104-ITAT-PUNE ITA No. 4/PN/08, HCL Technologies BPO Services Ltd (ITA No. 3547/Del/2010)]
[22]SchefenackerMotherson Ltd [2009] 123 TTJ 509 (Del)/(2009) ITA No. 4459/DEL/07 (Del)]
[23]Sabic Research and Technology Pvt Ltd TS-327-ITAT-2017(Ahd)-TP ITANo.1065
[24]DHR Holding India Private Limited (ITA No. 953/DEL/2017)

6. Covid Impact

Under uncertain economic environment combined with current pandemic situation, various businesses are evaluating change in supply chain and re-negotiation of terms not only with third parties and also with related parties. Thus, it would be critical to proactively plan ahead for the impacted and post impact periods.

For the period of impact, it would be important to work out differential margins for differences in working capital cycles, idle capacity, extra-ordinary costs like relocation, extra precautionary costs, increase in logistical and warehousing costs, discounting of prices and contraction of volumes from customers.

It would also be important to evaluate using different comparability mechanism such as change in tested party, usage of net level margin with suitable adjustments, gross profit level margins, different profit level indicators such return on capital assets, berry ratio, cost to cost reimbursement of certain items or for certain period, certain items being considered as non-operating / extra-ordinary, etc.

Due regard could also be made to the ICAI guidance note on financial reporting aspects of Covid impact and SEBI circular, whereby detailed guidelines are provided to quantify impact of Covid in the financial statements.

Conclusion:

Despite being in prevalence of two decades in Indian tax legislations, Transfer Pricing remains an intriguing and sensitive topic for MNEs to constantly evolve and adapt to. While the Revenue authorities are trying to align the Indian tax legislations with global principles, a more detailed and robust guidance would help the businesses for implementation and monitoring the laid out principles effectively as well as will help field officers to tackle the issues more pragmatically especially with the advent of the era of faceless assessments and appeals.