



Ministry of Finance

CBDT Notifies Rule 10CB for Secondary Adjustments under Section 92CE of IT Act, 1961

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Rule 10CB for operationalising the provisions of secondary adjustment has been notified by the Central Board of Direct Taxes on 15th June, 2017. It prescribes the time limit for repatriation of excess money and the rate of interest to be applied for computing the income in case of failure to repatriate the excess money within the prescribed time limit. Separate rates of interest have been provided for international transactions denominated in Indian currency and in foreign currency. The rates of interest are applicable on an annual basis.

The time limit of 90 days for repatriation of excess money shall begin only when the primary adjustments exceeding Rupees One Crore made in respect of Assessment Year 2017-18 or later, attains finality. Where the transfer pricing order is appealed against by the taxpayer, the time limit for repatriation shall commence only after the appeal is finalised by the appellate authority.

The rule is available on the website of the Income-tax Department (www.incometaxindia.gov.in)

The Finance Act, 2017 inserted section 92CE in the Income-tax Act, 1961 with effect from 1st April, 2018 to provide for secondary adjustment by attributing income to the excess money lying in the hands of the associated enterprise, in order to make the actual allocation of funds consistent with that of the primary transfer pricing adjustment. The provision shall apply to primary adjustments exceeding Rupees One Crore made in respect of Assessment Year 2017-18 onwards.

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