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**F.No.467/87/2006-Cus.V (PT I)**  
**Government of India**  
**Ministry of Finance**  
**Department of Revenue**  
**CBEC**  
**New Delhi**

To,

**All Chief Commissioners of Customs,  
All Chief Commissioners of Central Excise,  
All Director Generals/Chief Departmental Representatives, CESTAT,  
All Commissioners of Customs,  
All Commissioners of Central Excise and  
All Commissioners of Central Excise & Customs**

**Implementation of the recommendations of the Joint  
Working Group on Transfer Pricing, comprising  
officers from Income Tax and Customs – regarding/-**

A Joint Working Group comprising senior officers from Income Tax and Customs Departments was constituted to study the subject of Transfer Pricing (Price adjusted in Related Party Transactions) in the context of Income Tax and Customs laws, and to suggest measures on co-operation between the two Departments. The Group was co-chaired by Member (IT), CBDT and Member (Customs), CBEC. The substantive recommendations of the Joint Working Group have been as follows:

- (a) Co-operation and coordination between the two Departments on 'Transfer Pricing' issue is absolutely essential. The coordination should be at two tiers. In the first tier, there could be bi-monthly meetings at the regional level at each of the 4 metros, where Custom Houses with Special Valuation Branch (SVB) are located. These are Delhi, Mumbai, Chennai and Kolkata. From Customs side, the Regional office of the DGOV and from the Income Tax side the Regional Office of the Directorate of Transfer Pricing (DTP) may jointly coordinate such meetings. Since the SVBs are under the control of the respective Custom Houses, such meetings should be attended by Additional/Joint Commissioner in charge of SVB. The Director (Transfer Pricing) and Commissioner (Valuation) will co-chair such meetings. In the second tier, there could be six-monthly meetings at the level of Director General Transfer Pricing, Director General of Valuation and the Chief Commissioners of Customs, in whose jurisdiction the SVBs are located. One such meeting in a year should be co-chaired by Member (IT) and Member (Customs).
- (b) On exchange of information, it has been recommended that the information can be exchanged on specific cases. For this purpose, an officer from DGOV and an officer from DTP may be designated as the Nodal officers from the two departments at each of the four metro cities, viz. Delhi, Mumbai, Chennai and Kolkata. The field officers from the two Departments will make available the respective data-base relating to Related Party/ Associated Enterprises to each other on 'need to know' basis,.

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(c) There is a need to have training programmes for the officers handling transfer pricing matters in Income Tax as well as Customs Department. In the first tier, the Customs Officers could be given two days training on Transfer Pricing matters in the Regional Training Institute of the Income Tax Department. Similarly, two days training programme can be drawn for the Transfer Pricing Officers (TPOs) on Customs Valuation treatment of Related Party Transaction at the regional unit of NACEN. This is necessary for familiarization about treatment of 'Transfer Pricing' in the other Department. In the second tier, Seminar cum Workshop can be organized jointly for both Customs and Income Tax officers.

2. It has been decided to implement the forgoing recommendations made by the Joint Working Group. Accordingly, the following steps will have to be taken by the concerned officers with immediate effect:

- (i) Bi-monthly meetings at the regional level at Delhi, Mumbai, Chennai and Kolkata should be held, as recommended in foregoing para 1(a). Minutes of the bi-monthly meetings shall be forwarded to the Director General (International Taxation) and the Director General (Valuation). The two Directors Generals will ensure that the meetings are conducted as per the recommendations of the Joint Working Group and the minutes reflect the constructive contents of ideas/views of both the departments.
- (ii) Similarly, the six monthly meetings shall be held at the level of Director General (International Taxation), Director General (Valuation) and Chief Commissioners of Customs and minutes to be forwarded to the two concerned Members of CBEC and CBDT. While doing so, any issue that require immediate attention of the two Boards may be highlighted and, if so required, meetings at the Board's level shall be held to consider and resolve such issues.
- (iii) National Academy of Direct Taxes (NADT) and National Academy of Customs, Excise & Narcotics (NACEN) shall develop and organize training programmes to train officers of the two Departments on Transfer Pricing as recommended in foregoing para (c).
- (iv) Exchange of information in specific cases should be done and Nodal officers from the two departments be nominated as recommended in foregoing para 1(b).

Sd/-  
(S.P. Rao)

Under Secretary to the Government of India)

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