

Good practices in combatting abusive transfer pricing: #1 A case from India

2 JULY 2026 | 13:30-14:30 (CEST) | MS TEAMS | EN <> FR

Background of the series

Transfer pricing practices play a central role in the allocation of taxable profits of Multinational Enterprises (MNEs) across jurisdictions and have significant implications for domestic revenue mobilisation (DRM). The increasing use of complex intra-group transactions, particularly involving intangibles, intra-group financing, and integrated value chains, has heightened the risk of profit misallocation and base erosion. When transfer prices deviate from the arm's length principle, profits may be shifted away from jurisdictions where economic activity takes place, weakening revenue collection. These risks are especially pronounced in developing countries due to capacity constraints, information asymmetries, and limited access to comparables data.

Addressing these challenges requires technical expertise, strong legal and administrative frameworks, and consistent application of international audit standards. Predictable transfer pricing regimes support investment by reducing disputes and compliance risks. At the institutional level, responses often focus on capacity-building and peer learning among tax administrations. In this context, the [Addis Tax Initiative \(ATI\)](#) aims to promote the sharing of good practices among tax administrations to bridge capacity gaps and improve enforcement. An example of this approach was provided in a November 2025 [ATI webinar with the Zambia Revenue Authority \(ZRA\) on the Nestlé Zambia case](#), which highlighted key enforcement lessons based on OECD principles and resulted in an additional tax liability of USD 3.5 million.

This webinar series falls under [Action 3](#) of the [Seville Declaration on DRM](#), by which ATI members commit to strengthening enforcement capacity and coordination to combat tax-related illicit financial flows. In this context, the ATI continues to promote peer learning through webinars on audit practices and transfer pricing enforcement.

Objectives of the series

- Disseminate concrete cases from tax authorities that illustrate good practices in auditing and addressing abusive transfer pricing.
- Identify and analyse practical lessons across key areas, including policy and legal frameworks, institutional arrangements, technical methods, data use, audit practices, and dispute resolution.
- Provide actionable insights and strategic recommendations to ATI partner countries to strengthen DRM, combat tax-related illicit financial flows (IFFs), and improve the effectiveness and transparency of tax systems, while also increasing awareness of available technical assistance, tools, and capacity-building support.

The case of India

The first case study of the series is India, one of South Centre's Member Countries. The case, [*Andhra Paper Limited v. ACIT \(I.T.A. No. 349/VIZ/2024\)*](#), involves base-eroding payments via royalties, namely trademark payments made to connected entities without reasonable; value-creating grounds. The assessed transactions of the company at hand, a pulp and paper manufacturer, cover the FY 19/20 and have been resolved definitively in December 2025, with the judiciary upholding the initial transfer pricing assessment – which reduced the payment to nil due to incomparability of comparable companies provided and choice of method; lack of commercial benefit obtained under the license agreement as well as failure to provide a comprehensive value chain analysis to substantiate the arm's length principle.

Agenda

Time (CEST)	Item	Speaker
13:30-13:40	Welcome and background	Fanwell Chibwe , Assistant Director Litigation and Corporate Advisory, Zambia Revenue Authority (ZRA) as the moderator
13:40-14:00	Presentation of the case of India	Anne Wanyagathi , Research Consultant on Tax, South Centre
14:00-14:25	Q&A and open discussion	All participants
14:25-14:30	Closing remarks and next steps	Fanwell Chibwe and ATI Secretariat

The floor language will be English, with simultaneous interpretation into French.