

## **Relief to Nokia India: ITAT deletes Disallowance worth Rs. 41.6 Cr**

In a major relief to Nokia India, the Delhi Bench of Income Tax Appellate Tribunal (ITAT) deleted the disallowance worth Rs. 41.6 Crores.

### **Fact of the Case**

1. The assessee NOKIA India has contended that the AO and DRP have erred in disallowing an amount of INR 6,26,25,925 incurred by the appellant on account of trade price protection paid to distributors
2. During the course of assessment proceedings, the assessee was asked as to why the payment of Rs.3,77,92,00,000/- should not be disallowed in view of section 40(a)(i) of the Act on account of non-withholding of tax. In response thereto, the assessee filed its reply.
3. Further, the Assessing Officer noticed that during the year under consideration, the assessee had offered trade incentive to distributor of Rs.7,01,71,57,547/-. The assessee was asked as to why the tax is not deductible. The response of the assessee was not found acceptable to the Assessing Officer.
4. Further, the Assessing Officer during the course of assessment proceedings, asked the assessee to furnish the details for trade discounts including the policy of trade discounts. The assessee in response to the show cause notice, stated that it had incurred expenditure of Rs.16,07,03,454/- as Trade Price Protection discount. The Assessing Officer further observed that in this case, an amount of Rs.9,80,77,529/- pertains to HCL Infosystems Ltd. which has been considered by the DRP. Therefore, no benefit of trade price protection of Rs.6,26,25,925/- was allowable to the assessee

### **Decision of the Case**

1. In a major relief to Nokia India, the Delhi Bench of Income Tax Appellate Tribunal (ITAT) deleted the disallowance worth Rs. 41.6 Crores.
2. The coram of Accountant Member, R.K.Panda and Judicial Member, Kul Bharat found that this issue is also squarely covered in favour of the assessee by the decision of the Coordinate Bench of the Tribunal in assessee's own case vide ITA No.1883/Del/2017 for Assessment Year 2011-12 and also in ITA No. 6501/Del/2017 for Assessment Year 2012-13.