

**MINISTRY OF FINANCE**

**(Department of Revenue)**

**NOTIFICATION**

New Delhi, the 28th June, 2022

**[INCOME-TAX]**

**S.O. 2928(E).**—In exercise of the powers conferred by the third proviso to sub-section (2) of section 92C of the Income-tax Act, 1961 (43 of 1961)(hereafter referred to as the ‘said Act’), read with proviso to sub-rule (7) of rule 10CA of the Income-tax Rules, 1962, the Central Government hereby notifies that where the variation between the arm’s length price determined under section 92C of the said Act and the price at which the international transaction or specified domestic transaction has actually been undertaken does not exceed one per cent. of the latter in respect of wholesale trading and three per cent. of the latter in all other cases, the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm’s length price for assessment year 2022-2023.

**Explanation.-** For the purposes of this notification, “wholesale trading” means an international transaction or specified domestic transaction of trading in goods, which fulfils the following conditions, namely:-

- (i) purchase cost of finished goods is eighty per cent. or more of the total cost pertaining to such trading activities; and
- (ii) average monthly closing inventory of such goods is ten per cent. or less of sales pertaining to such trading activities.

[Notification No. 70/2022/F. No. 500/1/2014-APA-II]

RUCHIKA SHARMA, Under Secy.

**Explanatory Memorandum**

The notification provides for tolerance range of one per cent. for wholesale trading and three per cent. in all other cases for assessment year 2022-2023. It is certified that none will be adversely affected by the retrospective effect being given to the notification.