



Bombay Chartered Accountants' Society

Quiz No.59 | Topic - Transfer Pricing Study Reports-Why, What and How ??
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Q1: Functions, Assets and Risk Analysis helps in finding the comparable for benchmarking the transactions.

- a. True
- b. False

(Ans: a: True) (Page 14)

Q2: A Tested Party is one

- a. The assessee who has undertaken international transaction
- b. A participant to the international transaction with reference to whom the international transaction is tested
- c. Associated Enterprise of the assessee
- d. None of the above

(Ans: b) (Page 20)

Q3: PSM for calculating Arm's Length Price stands for

- a. Price Split Method
- b. Profit Share Method
- c. Profit Split Method
- d. None of the above

(Ans: c) (Page 21)

Q4: There are two types of CUP used for determining the Comparable Uncontrolled Price

- a. Internal CUP and External CUP
- b. Adjusted CUP and Unadjusted CUP
- c. Average CUP and Median CUP
- d. None of the above

(Ans: a) (Page 22)

Q5: Under this method, the net profit margin realized by an AE from a transaction is computed in relation to a particular factor such as cost incurred, sales, assets utilized, etc.

- a. Resale Price Method('RPM')
- b. Cost Plus Method (CPM)
- c. Any Other method
- d. Transactional Net Margin Method('TNMM')

(Ans: d) (Page 29)

Q6: Adjustments which can be made in Comparability of FAR based on the information available in the Financial Statements –

- a. Differences in FAR
- b. Idle Capacity
- c. Credit Period
- d. Working Capital
- e. All of the above

(Ans: e) (Page 39)

Q7: Which of the following databases have the maximum number of companies data

- a. Prowess IQ
- b. Capitaline TP
- c. Ace TP

(Ans: a)

Q8: “Any Other Method” for determining the ALP is applicable from which Financial Year

- a. 2010-11
- b. 2012-13
- c. 2015-16
- d. 2008-09

(Ans: b) (page 35)

Q9: Arm’s Length Price under the range concept is between the prices at

- a. 40th and 70th percentile
- b. 25th and 75th percentile
- c. 30th and 70th percentile
- d. 35th and 65th percentile

(Ans: a) (Page 34)

Q10: Resale Price Method (RPM) is suitable for which of the following transaction:

- a. Loans, Royalties, Service fee, transfer of tangibles, etc.
- b. Raw material or semi-finished goods are sold, long term buy-and-sell agreement
- c. Marketing operations of finished products, where distributor not performing significant value addition to product
- d. Transaction involve provision of integrated services by more than one enterprise or involve unique intangibles

(Ans: c) (Page 30)