

## Peter Barnes Weighs in on Indian Software Fee Ruling in Tax Notes

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*Tax Notes*

An Indian Supreme Court ruling that concluded a decade-long tax dispute regarding payments for foreign software has increased uncertainty because the Court misinterpreted India's tax treaty policy, according to practitioners.

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"There is going to be a great deal of litigation going forward" over the issue of the sale of integrated equipment, Peter Barnes of Caplin & Drysdale said. He noted that all machines sold have some software integrated in them, but the Court's decision will not be respected in cases with different facts. Barnes added that various factors will be at play, including whether the software is sold separately or if it is updated on a consistent basis.

"The question of embedded software is going to be a major question for our time as we go forward," Barnes said. He added that taxpayers will need to identify the software in advance and prepare for potential challenges.

For the full article, please visit *Tax Notes'* website (subscription required).

### **Attorneys**

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