**Abstract**

Transfer pricing is defined as the price which is paid for the goods transferred from one economic unit to another, assuming that the two units involved are situated in different countries, but belong to the same multinational firm. This article is a result of “A study on Transfer pricing”. The study includes the methods that are involved in calculating the transfer prices and the applicability of transfer pricing to companies under the sections of Income Tax act. The data collected for this study is secondary data and is collected from the financials of the company. The tools used for calculating transfer pricing for such a company is Cost plus method. The interpretations made for using transfer pricing and its methods are discussed in detail in this study.