



Government enters into nine Unilateral Advance Pricing Agreements (UAPAs) with Indian taxpayers in July, 2017

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The Central Board of Direct Taxes (CBDT) entered into nine Unilateral Advance Pricing Agreements (UAPAs) with Indian taxpayers in the month of July, 2017. Some of the UAPAs signed had rollback provisions also.

The APA Scheme endeavours to provide certainty to taxpayers in the domain of transfer pricing by specifying the methods of pricing and determining the Arm's Length Price of international transactions in advance for a maximum period of five future years. Further, the taxpayer has the option to rollback the APA for four preceding years, as a result of which, a total of nine years of tax certainty is provided. Since its inception, the APA scheme has attracted tremendous interest among Multi National Enterprises (MNEs).

The nine APAs signed in the month of July, 2017 pertain to diverse sectors of the economy. CBDT has signed its first APA with a taxpayer engaged in supplying rigs used in Oil & Gas exploration. Other than the Oil & Gas Sector, the APAs pertain to Education, Banking, Pharmaceutical, Manufacturing and Information Technology sectors of the economy. The international transactions covered in these nine APAs include provision of software development services, provision of IT enabled services, provision of engineering design services, distribution, contract manufacturing, etc.

The number of UAPAs signed in the current financial year is 18 and the number of BAPAs signed in the current financial year is one. With this, the total number of APAs signed till date stands at 171 (Unilateral-159 and Bilateral-12). The CBDT expects more APAs to be signed in the near future.

The progress of the APA Scheme strengthens the Government's commitment to foster a non-adversarial tax regime.

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