



Ministry of Finance

# Indian Advance Pricing Agreement regime moves forward with signing of four Advance Pricing Agreements (APAs)

Posted On: 04 SEP 2017 6:14PM by PIB Delhi

The Central Board of Direct Taxes (CBDT) has entered into 4 more Advance Pricing Agreements (APAs) during August, 2017. Out of these 4 Agreements, 3 are Unilateral and 1 is a Bilateral. The Bilateral APA is for international transactions between an Indian company and a UK-based company. This is the 8th Bilateral APA with the United Kingdom and 13th overall (the other 5 being with Japan).

With the signing of these 4 Agreements, the total number of APAs entered into by CBDT has reached 175. This includes 162 Unilateral APAs and 13 Bilateral APAs. In the current financial year, a total of 23 APAs (2 Bilateral and 21 Unilateral) have been signed till date.

The 4 APAs entered into during August, 2017 pertain to various sectors of the economy like Telecom, Banking, Manufacturing and Education. The international transactions covered in these agreements include payment of Royalty, Provision of IT Enabled Services, Provision of Software Development Services, Provision of Manpower Services, Import of Raw Materials, Export of Finished Goods, Provision of Engineering Design Services, etc.

The APA provisions were introduced in the Income-tax Act in 2012 and the "Rollback" provisions were introduced in 2014. The APA scheme endeavours to provide certainty to taxpayers in the domain of transfer pricing by specifying the methods of pricing and setting the prices of international transactions in advance. Since its inception, the APA scheme has been well-accepted by taxpayers and that has resulted in more than 800 applications (both Unilateral and Bilateral) being filed so far in five years.

The progress of the APA scheme strengthens the Government's resolve of fostering a non-adversarial tax regime. The Indian APA programme has been appreciated nationally and internationally for being able to address complex transfer pricing issues in a fair and transparent manner.

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(Release ID: 1501681) Visitor Counter : 306

