



Ministry of Finance

# Central Board of Direct Taxes (CBDT) signs four more unilateral Advance Pricing Agreements (APAs)

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The Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance has entered into four more unilateral Advance Pricing Agreements (APAs) yesterday.

The four APAs signed pertain to the Manufacturing, Financial and Information Technology sectors of the economy. The international transactions covered in these agreements include Contract Manufacturing, IT Enabled Services and Software Development Services.

With this, the total number of APAs entered into by the CBDT has reached 130. This includes 8 bilateral APAs and 122 Unilateral APAs. In the current financial year, a total of 66 APAs (5 bilateral APAs and 61 unilateral APAs) have already been entered into. The CBDT expects more APAs to be concluded and signed before the end of the current fiscal.

The APA Scheme was introduced in the Income-tax Act in 2012 and the "Rollback" provisions were introduced in 2014. The scheme endeavours to provide certainty to taxpayers in the domain of transfer pricing by specifying the methods of pricing and determining the prices of international transactions in advance. Since its inception, the APA scheme has evinced a lot of interest from taxpayers and that has resulted in more than 700 applications (both unilateral and bilateral) being filed so far in about five years.

The progress of the APA Scheme strengthens the Government's resolve of fostering a non-adversarial tax regime. The Indian APA program 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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