



Ministry of Finance

Central Board of Direct Taxes (CBDT) signs 2 Unilateral Advance Pricing Agreements (APA) with Indian taxpayers taking the number of APAs signed in the current Financial Year to four

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

Posted On: 22 MAY 2017 6:44PM by PIB Delhi

The Central Board of Direct Taxes (CBDT) has entered into two Unilateral Advance Pricing Agreements (APA) on 04th May, 2017 and 11th May, 2017 respectively, with Indian taxpayers. One of the Agreements also has "Rollback" provision.

The two APAs signed pertain to chip design/development of embedded software and Information technology (software development) sectors of the economy. The number of APAs signed in the current financial year now is four. 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.

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 the maximum of five future years. Further, the taxpayer has the option to roll-back the APA for four preceding years, as a result of which, total nine years of tax certainty is provided. Since its inception, the APA scheme has attracted tremendous interest among Multi National Enterprises (MNEs).

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(Release ID: 1490393) Visitor Counter : 85

