



# Central Board of Direct Taxes (CBDT) signs two Unilateral Advance Pricing Agreements (APAs) with Indian taxpayers, strengthening the Government's commitment to foster a non-adversarial tax regime

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The Central Board of Direct Taxes (CBDT) has entered into two Unilateral Advance Pricing Agreements (APAs) with Indian taxpayers, strengthening the Government's commitment to foster a non-adversarial tax regime. Both the agreements also have a "Rollback" provision in them.

The 2 APAs signed yesterday pertain to Information Technology and Banking & Finance sectors of the economy. The international transactions covered in these agreements include Software Development services, IT enabled services and KPO services.

With these, the total number of APAs entered into by the CBDT has reached 154, which includes 11 bilateral APAs and 143 unilateral APAs. The CBDT expects more APAs to be concluded and signed in the near future. The approach and functioning of the officers in the APA teams have been appreciated and acknowledged by the industry in India and abroad.

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 arm's length price of international transactions in advance for the maximum of five future years. Further, the taxpayer has the option to rollback the APA for four preceding years. Since its inception, the APA scheme has attracted tremendous interest among Multi National Enterprises (MNEs) and that has resulted in more than 800 applications (both unilateral and bilateral) having been filed in just five years.

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