

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

CBDT signs 20 Unilateral Advance Pricing Agreements with Indian taxpayers

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The Central Board of Direct Taxes (CBDT) entered into twenty (20) Unilateral Advance Pricing Agreements (APAs) yesterday and today, i.e., 29th August, 2016 and 30th August, 2016, with Indian taxpayers. Many of these agreements also have a “Rollback” provision in them.

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 700 applications (both unilateral and bilateral) having been filed in just four years.

The 20 APAs signed in these two days pertain to various sectors of the economy like Information Technology, Banking & Finance, Insurance, Human Resources, Pharmaceutical, Solar Energy, Oil & Gas, Foods & Beverages, Telecommunications and NGO. The international transactions covered in these agreements include Software Development Services, IT enabled services, Investment Advisory Services, KPO services, Contract manufacture, Contract R&D services, Import of components, Support services, Export of goods, Management services, Brand Royalty, Technical services, Engineering design services, Selling & Marketing services, Network operation & maintenance services, General & Administration services, HR consultancy services, etc.

With these signings, the total number of APAs entered into by the CBDT has reached 98. This includes 4 bilateral APAs and 94 unilateral APAs. A total of 33 unilateral APAs and 1 bilateral APA have already been concluded in five months of the current Financial Year as against 55 in Financial Year 2015-16. The CBDT expects more APAs to be concluded and signed in the near future.

The progress of the APA Scheme strengthens the Government’s commitment to foster a non-adversarial tax regime. The approach and functioning of the officers in the APA teams have been appreciated and acknowledged by the industry in India and abroad.
