

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Signing of Bilateral Advance Pricing Agreement by CBDT

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The Central Board of Direct Taxes (CBDT) entered into a Bilateral Advance Pricing Agreement (APA) on 2nd August, 2016 with the Indian subsidiary of a Japanese trading company. This is the first Bilateral Advance Pricing agreement with a Japanese company having a “Rollback” provision in it. Overall, it is fourth bilateral APA signed by CBDT. Signing of this bilateral APA is an important step towards ascertaining certainty in transfer pricing matters of multinational company cases and dispute resolution.

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 setting the prices of international transactions in advance.

The progress of the APA Scheme strengthens the Government’s mission of fostering a non-adversarial tax regime. The CBDT expects more APAs to be concluded and signed in the near future.
