

CBDT signs 10 more unilateral APAs with taxpayers

The Central Board of Direct Taxes (CBDT) has signed 10 more unilateral advance pricing agreements (APAs) with Indian taxpayers as it looks to reduce litigation by providing certainty in transfer pricing.

The 10 APAs signed in the past one week pertain to sectors like telecom, pharma, banking and finance, steel, retail and information technology.

Two of these 10 agreements are Bilateral APAs with the United Kingdom and Japan. Seven of these agreements have rollback provisions in them, a finance ministry statement said.

With this, the total number of APAs entered into by the CBDT has reached 140. This includes 10 Bilateral APAs and 130 Unilateral APAs.

In the current financial year, a total of 76 APAs (7 Bilateral APAs and 61 Unilateral APAs) have already been entered into.

The international transactions covered in these agreements include payment of royalty fee, trading in goods, IT-enabled services, software development services, marketing support services, clinical research services, payment of interest on ECBs, the statement said.

The CBDT expects more APAs to be concluded and signed before the end of the current fiscal, the ministry said.

The APA Scheme was introduced in the Income-tax Act in 2012.

"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," it added.

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 in about five years, the ministry added.

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," the ministry said.

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