Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

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PRESS RELEASE

Revised India-Korea DTAA - Rollback provision under bilateral APA

The existing Double Taxation Avoidance Agreement (DTAA) between India and Korea was signed on 19th July, 1985 and was notified on 26th September 1986. A revised DTAA between India and Korea for the Avoidance of Double Taxation and the Prevention of Fiscal evasion with respect to taxes on income was signed on 18th May 2015 and has entered into force on 12th September 2016. Amongst other changes, the revised DTAA incorporates para 2 in Article 9 (Associated Enterprises). Introduction of Article 9(2) provides recourse to the taxpayers of both countries to apply for Mutual Agreement Procedure (MAP) in transfer pricing disputes as well as apply for Bilateral Advance Pricing Agreements (APA) for APA period beginning F.Y. 2017-18. Queries have been received from taxpayers regarding availability of rollback provision in respect of bilateral APA applications for APA period beginning F.Y 2017-18.

The matter has been considered by CBDT. It is hereby clarified that applications for bilateral APA involving international transactions with Associated Enterprises in Korea for the APA period beginning F Y 2017-18 can be filed along with request for rollback provision in prescribed form. Such requests for rollback provision shall be processed in accordance with provisions of I T Act i.e. section 92CC(9A) of Income Tax Act 1961, and the applicable Income Tax rules in this regard. Inclusion of rollback provision in such bilateral APAs would also be subject to the applicable regulations in Korea.

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