PRESS RELEASE

Indian Advance Pricing Agreement regime moves forward with signing of more UAPAs and BAPAs by CBDT

The Central Board of Direct Taxes (CBDT) has entered into 5 more Unilateral Advance Pricing Agreements (UAPAs) and 1 Bilateral APA during the month of October, 2018. Further, the CBDT had also entered into 3 UAPAs and 3 BAPAs in the months of August and September, 2018. With the signing of these Agreements, the total number of APAs entered into by the CBDT has gone up to 244, which includes 220 UAPAs and 24 BAPAs. It is noteworthy that one of the UAPAs signed in October is a renewal application and the same has been concluded in a time span of only 7 months.

The BAPAs entered into during the last three months were with the following treaty partners:-

- Australia – 2
- Switzerland – 2

The BAPAs and UAPAs entered into during the last three months pertain to various sectors and sub-sectors of the economy like publishing, production of electronic goods, automobile ancillary manufacturing, banking, IT/ITeS, textiles, telecommunications, food & beverages, etc.

The international transactions covered in all these agreements, inter alia, include the following, -

- provision of software development services
- provision of back office (ITeS) support services
- export/import of raw materials, journals, etc
- payment of royalty
- advertising, marketing and sales promotion (AMP) expenses incurred
- provision of marketing support services
- distribution of finished goods
- corporate management and business support services
- payment of guarantee fee

The progress of the APA scheme strengthens the Government’s resolve of fostering a non-adversarial tax regime. The Indian APA programme has been appreciated nationally and internationally for being able to address complex transfer pricing issues in a fair and transparent manner.

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