

CBDT inks 95 Advance Pricing Agreements in FY 2022-23

By TIOL News Service

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Central Board of Direct Taxes (CBDT) has entered into a record 95 Advance Pricing Agreements (APAs) in FY 2022-23 with Indian taxpayers. This includes 63 Unilateral APAs (UAPAs) and 32 Bilateral APAs (BAPAs). With this, the total number of APAs since inception of the APA programme has gone up to 511 comprising 420 UAPAs and 96 BAPAs.

The year has been a record-breaking year in several ways. This year, CBDT recorded the highest ever APA signings in any financial year since the launch of the APA programme, signing a total of 95 APAs. This year, CBDT also signed the maximum number of BAPAs in any financial year till date. The BAPAs were signed as a consequence of entering into Mutual Agreements with India's treaty partners namely Finland, the UK, the US, Denmark, Singapore, and Japan. A record of the largest number of single day signings in the history of the programme was also created with a total of 21 APAs signed on 24th March, 2023.

The APA 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 a maximum of five future years. Further, the taxpayer has the option to rollback the APA for four preceding years, as a result of which, tax certainty is provided for nine years. The signing of bilateral APAs additionally provides the taxpayers with protection from any anticipated or actual double taxation.

The APA programme has contributed significantly to the Government of India's mission of promoting ease of doing business, especially for MNEs which have a large number of cross-border transactions within their group entities. Â CBDT appreciates the taxpayers for their cooperative attitude and for being equal partners in this programme.