

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

PRESS RELEASE

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Sub: Signing of bilateral Advance Pricing Agreements (APAs) with United Kingdom

The Central Board of Direct Taxes (CBDT) has entered into two bilateral Advance Pricing Agreements (APAs) with United Kingdom on 29th January, 2016. With this signing, CBDT has concluded three bilateral APAs the first one being a bilateral APA signed with Japan in December, 2014.

The two bilateral APAs were signed with two Indian group entities of a UK based Multi-National Company (MNC). The APAs have been entered into soon after the Competent Authorities of India and United Kingdom finalised the terms of the bilateral arrangement under the Mutual Agreement Procedure (MAP) process contained in the India-UK DTAA.

The APAs cover the period 2013-14 to 2017-18 and also have a “Rollback” provision for 2 years (2011-12 and 2012-13). Transfer pricing disputes on the same transaction were recently resolved under MAP for each of these two companies for the years 2006-07 to 2010-11. With the signing of the bilateral APAs, the two Indian companies have been provided with tax certainty for 12 years each (5 years under MAP and 7 years under APA). This is a significant step towards providing a stable and predictable tax regime.

The two APAs are also significant because they address the issues of payment of management & service charges and payment of royalty. These transactions generally face prolonged and multi-layered transfer pricing disputes.

With this signing, CBDT has so far signed 41 APAs out of which 38 are unilateral and 3 are bilateral.

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