



Transfer Pricing Insight with information

Deloitte India successfully assisted India's first unilateral APA, along with a Rollback

Issue no: TP/8/2015

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Executive Summary

On 3rd August, 2015, the Central Board of Direct Taxes (CBDT) signed a unilateral Advance Pricing Agreement (APA) with a multinational company. This APA is for 5 future years and 4 prior years under the newly launched rollback scheme.

APA Insights


- The Government of India introduced Advance Pricing Agreement (APA) mechanism in the Finance Act 2012 with a view to prevent disputes, provide certainty, and remove audit threat. The CBDT on March 14, 2015 announced the Rules for implementing rollback of the APAs for a maximum period of prior four assessment years. The overall APA scheme, with roll back, substantially reduces compliance cost.
- The APA agreement signed today between the taxpayer and the tax administration is within a period of 4 months of the introduction of the rollback scheme in March, 2015, and is the first one of its kind.
- The agreement was negotiated and finalized in a very positive atmosphere. The discussions with the APA authorities were open. The authorities appreciated the business and economic factors associated with the relevant transactions to provide a solution acceptable to the taxpayer as well as to protect the interest of revenue. The authorities carried out rigorous fact finding exercise and the Deloitte team assisted them in the process to ensure that the results are favorable to the taxpayer.

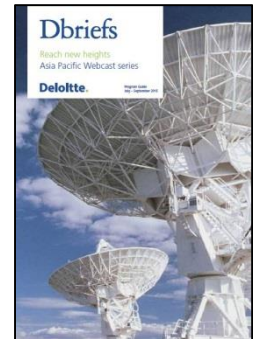
Conclusion

Deloitte's experience in the APA process was very encouraging and the taxpayer helped in the exercise by being transparent, comprehensive and proactive in providing information and the required documents. It is expected that successful conclusion of the APA will send the right signals to the overseas investors interested in the APA.

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