



Global Tax Update

India

Deloitte Tohmatsu Tax Co.

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India signs first bilateral APA¹

The Central Board of Direct Taxes (CBDT) vide a Press Release dated 19th December 2014 informed that the Indian Government has signed its first ever bilateral Advance Pricing Agreement (APA). This agreement is signed with a Japanese company and is valid for five years.

As per the Indian APA regulations, the name of the signatory company is to be kept confidential. Media reports suggest that this agreement is signed with one of the “Sogo-Shosha” of Japan. This bilateral APA is finalised in just one and half years’ period which is less than time normally taken internationally.

Before this bilateral APA, India signed number of unilateral APAs with companies of many countries including Japan. Indian APA program was launched in 2012.

In India, transfer pricing is the biggest area of litigation with the tax authorities. Rolling out of the APA program and signing of the bilateral agreement will help reduce litigation and improve investment climate in the country.

¹ Source: CBDT Press Release dated 19 December 2014

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