

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3932  
ANSWERED ON:20.03.2015  
ADVANCE PRICING AGREEMENT  
Khadse Smt. Raksha Nikhil

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government proposes to introduce Advance Pricing Agreement (APA) Scheme to provide relief to Multinational Companies (MNCs) for tax liabilities and giving the investors certainty of tax outcomes;
- (b) if so, the details thereof and the number of such agreements executed;
- (c) whether US Government has agreed for bilateral advance pricing agreements; and
- (d) if so, the details thereof and if not the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANTSINHA)

(a) The Government has introduced the Advance Pricing Agreement (APA) Scheme through Finance Act, 2012 and Income-tax (Tenth Amendment) Rules, 2012 notified vide S.O 2005(E) with effect from 30.08.2012.

(b) The APA Scheme endeavours to provide certainty to taxpayers in the field of transfer pricing through an agreement in advance. Such agreement is entered into by the CBDT, with the approval of the Central Government, with the taxpayers on the transfer price of international transactions between associated entities. Relevant provisions are contained in Sections 92CC and 92CD of the Income-tax Act, 1961 and Rules IOF to 10T and Rule 44GA of the Income-tax Rules, 1962.

Six agreements have been executed till date.

(c) Yes, Madam.

(d) The US Government has agreed to open the process for admitting applications requesting bilateral APA between US and India.