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INCOME TAX DEPARTMENT

Advance Pricing Agreement (APA) Programme

Annual APA Report FY 2025-26

Towards a Predictable Tax Administration

JULY 2026

CENTRAL BOARD OF DIRECT TAXES
DEPARTMENT OF REVENUE
MINISTRY OF FINANCE
GOVERNMENT OF INDIA

ADVANCE PRICING AGREEMENT (APA) PROGRAMME

APA ANNUAL REPORT FY 2025-26

CENTRAL BOARD OF DIRECT TAXES,
DEPARTMENT OF REVENUE,
MINISTRY OF FINANCE,
NEW DELHI
JULY 2026

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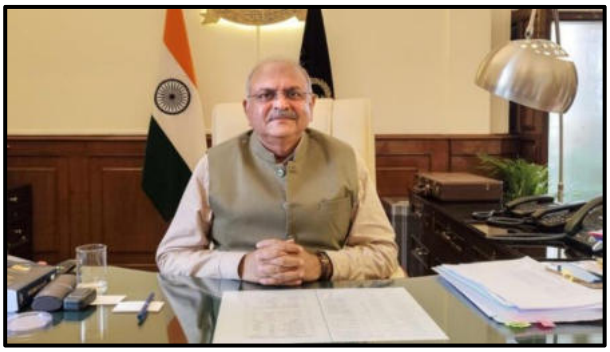

Foreword by the Chairman, CBDT

The Advance Pricing Agreement (APA) programme of the CBDT, is one of its leading programmes for fostering a tax regime in India that provides an investor conducive environment. 1035 APAs have been entered into by the CBDT till March 2026, which demonstrates the widespread acceptance of the programme by taxpayers and stakeholders alike. In continuation of the exemplary performance last year, the programme was successfully taken forward in FY 2025-26 and witnessed one of the highest number of APA signings (220 in number) in any single year since the commencement of the APA programme.

This year marks the introduction of the Income-tax Act 2025 and Income-tax Rules 2026, which have ushered in a simplified, taxpayer friendly legal framework. Significant reforms have been brought in the APA administration such as introduction of simpler APA application forms, uniform filing fees and time-limits for UAPA cases dealing with IT services.

Over more than a decade long period of its existence, the APA programme has contributed significantly to the Government of India's mission of promoting ease of doing business, especially for Multi-National Enterprises (MNEs), which have transactions spanning across borders, within their group entities. Each signed APA brings tax certainty for a taxpayer that spans multiple years. The APAs signed till date have cumulatively brought about certainty to taxpayers for more than 5,500 Assessment Years.

Apart from running the Unilateral leg of the APA programme successfully, the CBDT has also actively engaged with its various tax treaty partners to negotiate and enter into Bilateral APAs, which provide taxpayers an added benefit of relieving double taxation and providing tax certainty in both treaty partner jurisdictions. The year also saw a record number of bilateral agreements signed, which is also a testament to the strengthening of our relationship with taxpayers and treaty partner countries.

As we release this Report, I would like to place on record my appreciation of the hard work and dedication of the officers in the Foreign Tax & Tax Research Division of the CBDT and the officers in the APA teams under Principal CCIT (International Taxation). I would also like to thank the taxpayers for being equal and active partners in the success of this programme. CBDT will continue to strive towards further increasing the efficacy of the APA programme and attain more expedient outcomes going forward. All feedback/suggestions on this Report are welcome and will help us in further strengthening the APA programme.

Ravi Agrawal
Chairman, Central Board of Direct Taxes
Ministry of Finance, Government of India

Preface by Member (L), CBDT

The Advance Pricing Agreement (APA) programme was introduced in India through Finance Act, 2012 with a view to fulfil the objectives of tax certainty and double taxation avoidance - two key focus areas of the CBDT for several years now. Being founded on principles of mutual co-operation and trust between taxpayers and revenue authorities, the programme has strengthened the Indian tax administration's orientation of enabling and empowering, the growth of our taxpayers.

The programme has constantly strived for a meticulous, positive, fact-intensive and collaborative perspective on transfer pricing, aided by consultation and a desire on convergence and acceptability of outcomes. Thus, a more cooperative rather than adversarial approach, forms the cornerstone of the APA programme.

It gives me immense pleasure to present this eighth Annual Report (for FY 2025-26) of the Indian APA programme. This Annual Report presents abundant numerical data and detailed analysis that confirms the immense popularity and acceptability of the APA programme in India. The year FY 2025-26 in particular has been one of resounding success for the programme with several milestones in terms of number of signings surpassed in unilateral as well as bilateral agreements.

I would like to congratulate the officers in the Foreign Tax & Tax Research Division of the CBDT and the APA teams under Principal CCIT (International Taxation) for their successful work. This financial year has been a record-breaking year for the APA programme in many respects, with one of the highest number of signings in any year in the history of the programme, for which I would like to put on record my special appreciation for the dedication and hard work of the officers, as well as the positive support extended by taxpayers and tax consultants. In particular, I would also like to thank our taxpayers for reposing their faith in the APA programme and extending their full-fledged cooperation in ensuring that the programme continues to be a success.

Prasenjit Singh
Member (Legislation), Central Board of Direct Taxes
Ministry of Finance, Government of India

Highlights of the Year FY 2025-26

- CBDT recorded the highest ever APA signings in any financial year since the launch of the APA programme, signing a total of 220 APAs.

- This year, CBDT also signed the maximum number of (Bilateral APAs) 84 BAPAs in any financial year till date, crossing the record of 65 BAPAs signed last year.

- Notably, this year also marks the achievement of signing India's first ever bilateral APA with France, Indonesia, Ireland and Sweden.

- The median time taken for resolution of UAPAs has been 36 months and for BAPAs has been 38 months respectively.

- The BAPAs were signed as a consequence of entering into Mutual Agreements with 12 treaty partners namely the US, Finland, the UK, Singapore, Japan, South Korea, Australia, Denmark, Sweden, France, Indonesia and Ireland.

The success of the APA programme signals the continuing endeavour of the Government to promote and preserve a non-adversarial tax regime.

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APA REFORMS UNDER INCOME-TAX ACT 2025

The Income-tax Act, 2025 replaces the six-decade-old Income-tax Act, 1961 with effect from **1 April 2026**, introducing a simplified, reorganized, and taxpayer-friendly legal framework. Consequently, the **Income-tax Rules 2026** were also notified, aiming to **simplify tax procedures** by reducing the number of rules.

01 REVISED LEGAL FRAMEWORK

APAs are now governed under **Section 168** of the Income-tax Act, 2025, with procedural provisions set out under **Rules 103 to 120** of the Income-tax Rules, 2026.

02 FASTER PROCESSING OF UAPA APPLICATIONS

Rule 109(3)

Where possible, the relevant fact-finding activities may be completed within **one year** from the end of the F.Y. in which the application has been allowed to be proceeded with.

Rules 109(13) & 109(14)

A timeline of **two years** for conclusion of UAPA applications where the primary covered transaction is the provision of information technology services.

At the request of the Applicant, the period of **two years** is extendable by up to **six months**.

03 MODIFIED RETURN FILING

Section 169 of the Income-tax Act, 2025 allows both the APA signatory and any associated enterprise affected by the APA to file a return or modified return, in accordance with and limited to the agreement.

RETURN

04 STANDARDIZED FILING FEE

The APA filing fee is now fixed at a standard **₹20 lakh** irrespective of the transaction value. This replaces the old slab-based system depending on the quantum of transactions.

₹20 LAKH

05 INTRODUCTION OF NEW FORMS

The new regime replaces multiple outdated forms. Taxpayers now utilize **Forms 50, 51, 52, and 54** for pre-filing consultation, APA application & rollback, annual compliances, and renewal applications.

FORM 50	FORM 51	FORM 52	FORM 54
Pre-filing Consultation	APA Application (including rollback)	Annual Compliance & Adjustments	Renewal Application

- **Form 51** enables a combined APA and rollback application with a simplified tabular format and reduced documentation requirements.
- **Form 52** provides a tabular APA adjustment reporting, PLI computation disclosure and critical assumptions checklist to reduce ambiguity during compliance audit.
- **Form 54** has been introduced for APA renewals, requiring only incremental documentation to prevent duplication of past filings.
- Withdrawing an APA request no longer requires a formal application in the prescribed form; a simple notification letter to the authority is sufficient.

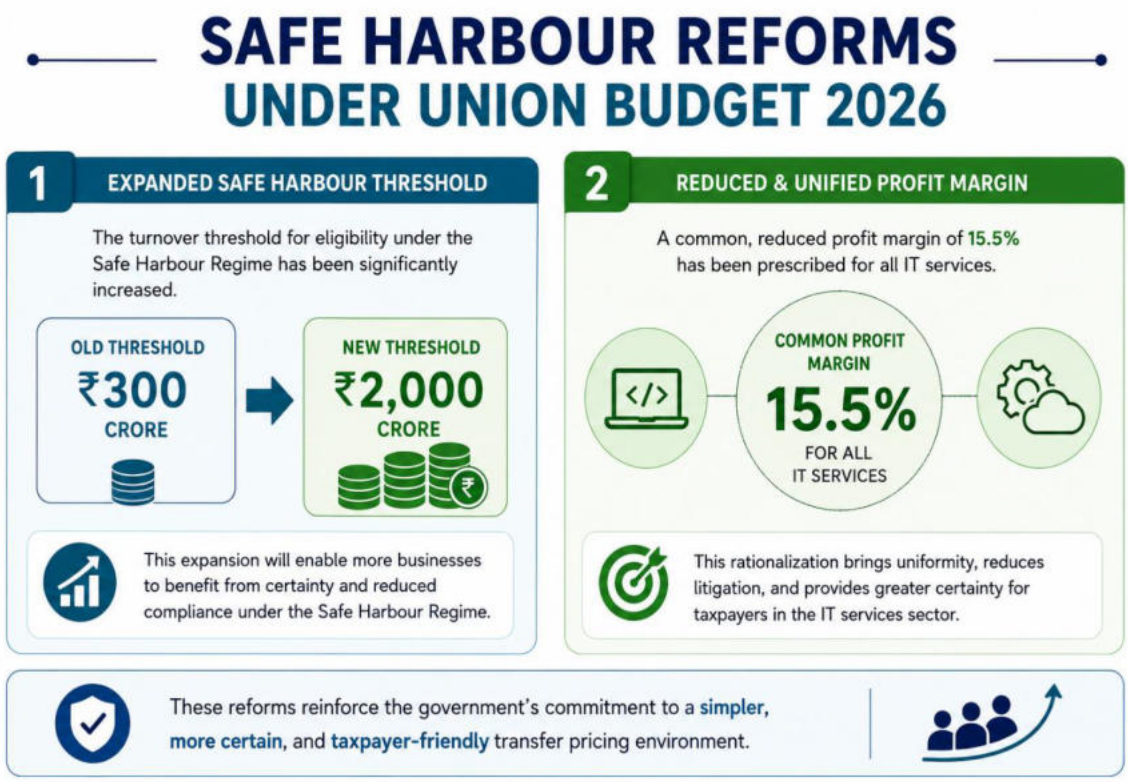
These reforms are aimed at enhancing **efficiency**, reducing procedural complexity, promoting **consistency** in APA administration, and providing greater **certainty** and **ease of compliance** for taxpayers.

<u>New Model Template for APAs:</u> APAs are entered under the domestic law provisions. With the enactment of Income-tax Act 2025 and Income-tax Rules 2026, the applicable provisions have changed. Hence there was a need to revise the model template of the Agreement, which was last revised in March 2024.

This revision was especially important for Applicants with tax years beginning both before and after 1.4.2026- resulting in application of both the old and new Income-tax Acts. Therefore, CBDT has undertaken revision of the model template, to clarify the sections under which the Agreement would be entered into, and to include a reference to the new Sections in Income-tax Act 2025 for modified return, annual compliance report, compliance audit, secondary adjustment, revision and cancellation of APAs.

This revised template would form the basis of the agreements and would provide clarity on the interplay of the old and the new Acts.

New Safe Harbour Regime:



A significant number of the UAPA applicants provide IT services and most of these applications straddled years prior to tax year 2026-27 (where the new safe harbour would not be applicable) and tax years from 2026-27 (where the new safe harbour would be applicable). Given that many of these applications were in advanced stages of negotiation when the budget announcement was made, there was an uncertainty for the applicants on the interaction between APAs and Safe Harbour. Therefore, these applicants requested for clarity on eligibility for Safe Harbour for future years, if they were to enter into an APA.

The CBDT has, vide OM dated 24.03.2026, decided that a Critical Assumption would be introduced in UAPAs, to enable the Applicants to opt for the Safe Harbour in future years even if they enter into an APA. This critical assumption enables revision of the APA to the effect that the APA shall not apply to the transactions included in Safe Harbour. This OM has resulted in significant clarity for the taxpayers and has resulted in increasing conclusions of UAPA. Thus, for all APA application, including Bilateral APAs, wherever the APA period consists of tax years beginning before 1.4.2026 (to which the new Safe Harbour regime does not apply) as well as tax years beginning on or after 1.4.2026 (to which the new Safe Harbour regime applies), the taxpayer can enter into APAs, and thereby get the tax certainty for earlier years, without losing its right to avail the new Safe Harbours prospectively. Thus, together, the APA and new Safe Harbour regime provides ample choices for taxpayers in terms of advance tax certainty.

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Chapter 1: APA Programme of India

1.1 What is an Advance Pricing Agreement?

An Advance Pricing Agreement (APA) is an agreement between the tax administration and a taxpayer, which determines, in advance, the Arm's Length Price (ALP) or specifies the manner of the determination of ALP (or both), in relation to an international transaction[1].

APA programmes have long been established in numerous jurisdictions worldwide. Their primary goal is to provide certainty to taxpayers regarding the pricing of cross-border transactions undertaken with group entities.

The unprecedented growth in international trade involving cross-border intra-group transactions has given rise to numerous tax disputes on transfer pricing. An APA is a mechanism to resolve such disputes in advance, even before the cross-border related-party transaction takes place or, at least, before a dispute arises in respect of it. The transfer price of goods and services transacted between group entities is thus decided in advance, preventing disputes before they arise. Thus, they lead to advance certainty in terms of transfer pricing disputes.

1.2. Legislative Framework of APA in India

The APA programme has been carried out in India with a legislative mandate under the Income-tax Act, 1961 and is currently carried out in accordance with the Income-tax Act, 2025. The programme was launched in 2012 through the insertion of sections 92CC and 92CD in the Income-tax Act, 1961 by the Finance Act, 2012. These statutory provisions, effective from 1st July, 2012, lent the legal backing to the CBDT to enter into APAs with taxpayers for a maximum period of 5 years in respect of international transactions between Associated Enterprises (AEs) to determine the ALP or to specify the manner in which the ALP is to be determined.

Subsequently, the APA Scheme [Rules 10F to 10T] was inserted in the Income-tax Rules, 1962 through Notification No. 36/2012 [F. No. 133/5/2012-SO(TPL)]/SO 2005 (E), dated 30th August, 2012, to fully operationalize the APA programme. The rules cover various procedural aspects of the APA process, including pre-filing consultation; payment of fees; filing of APA application; processing of APA application; withdrawal of APA application; terms and conditions of APA; filing of Annual Compliance Report; Compliance Audit and revision, cancellation and renewal of APAs.

The Rollback provisions were introduced through the Finance (No. 2) Act, 2014. The amendment to the Income-tax Rules, 1962 for implementing the Rollback provisions was notified on 14th March, 2015 and the existing APA Scheme got amended accordingly. Subsequently, Circular No. 10 of 2015 was issued by the CBDT on 10th June, 2015 to provide clarity on Rollback issues in the form of answers to FAQs.

The Rollback provisions allow the ALP or the methodology for determining the ALP as agreed to in the APA, to be rolled back to a period prior to the commencement of the APA period. The Rollback provisions in India are applicable for a maximum of four years prior to the first year of the APA period. Thus, a taxpayer would be able to have certainty in matters of transfer pricing for a maximum period of 9 years at any one time by applying for an APA with Rollback provisions.

1.3 Types of APAs in the Indian APA Programme

Under the Indian APA programme, APAs can be unilateral, involving the CBDT only, or bilateral/multilateral, involving CBDT and the tax authorities of another country. Bilateral APAs are based on Agreements entered into by the Competent Authority of India with the Competent

[1] *Advance Pricing Agreement Guidance with FAQs released as part of Taxpayer Information Series No. 43*

Authority of the treaty partner jurisdiction, thereby providing tax certainty simultaneously in both the jurisdictions.

Over the last 14 years, more than 2000 applications for APAs have been filed in India. About 70% of these are for unilateral APAs between the Indian taxpayer and the CBDT. Till 31st March, 2026, 1035 Agreements have been entered into by the CBDT with taxpayers, out of which 751 are unilateral (UAPA), whereas 284 are bilateral (BAPA).

1.4 The APA Teams

The APA applications are processed and analysed by dedicated APA Teams working under the overall supervision of Pr. CCIT (International Taxation), New Delhi. Each APA team is headed by a Principal Commissioner/Commissioner of Income-tax. The team also comprises Addl./Joint Commissioners of Income-tax and Deputy/Asst. Commissioners of Income-tax. There are presently five APA teams, located in Delhi, Mumbai, Bengaluru, and Gurgaon.

1.5 The APA Process

The unilateral APAs are filed with the Pr. CCIT (International Taxation), New Delhi and the bilateral/multilateral APAs are filed with the Competent Authorities in India (the Joint Secretaries, Foreign Tax & Tax Research (FT&TR) Division, CBDT).

In respect of unilateral APAs (UAPAs), the position papers developed by the APA teams are approved by the Pr. CCIT (International Taxation), New Delhi and sent to the CBDT for approval. In the CBDT, officers of the Foreign Tax & Tax Research Division examine and process the position papers/reports (received under Rule 10L of the Income-tax Rules, 1962).

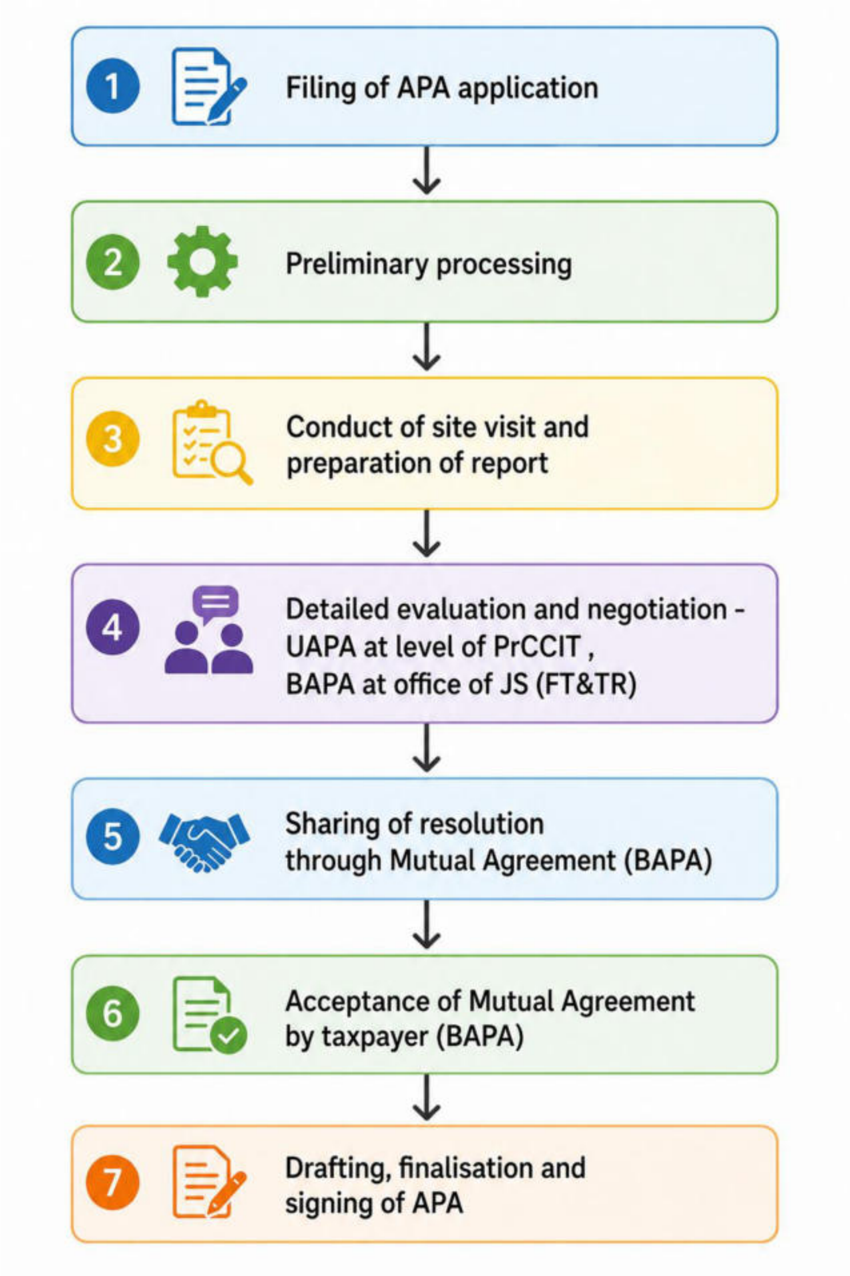
The Joint Secretaries, FT & TR-I and FT & TR-II review the examination done by the officers below them before sending it for final approval of the designated Member of the CBDT. The Member (Legislation), CBDT approves the final negotiating position to be adopted by the APA teams. Once the negotiation is complete, a draft Agreement is sent to the CBDT for approval. Thereafter, the Agreement is entered into between the CBDT and the taxpayer.

In respect of bilateral APAs (BAPAs), once the reports prepared by APA Teams are sent to the FT & TR Division by the Pr. CCIT (International Taxation), the Competent Authority of India (Joint Secretary, FT&TR-I for countries in Europe, North America and Caribbean or Joint Secretary, FT&TR-II for other countries) initiates discussions with their counterpart in the other country. The officers in the FT&TR Division of the CBDT working

with the Competent Authority prepare the position of the Indian Competent Authority.

The same is shared with the Competent Authority of the other country. Once the positions have been exchanged, the Competent Authorities of both countries discuss and negotiate the terms and conditions of the APA. If they reach an understanding, then a Mutual Agreement, containing the terms and conditions of the APA, is entered into by the Competent Authorities of both countries. Thereafter, each country usually enters into an Agreement with its own taxpayer. On the Indian side, the terms and conditions of the Mutual Agreement are shared with the taxpayers, and their concurrence is sought within 30 days. Once the taxpayer agrees to the resolution reached in the Mutual Agreement, a draft Agreement is prepared in consultation with the Indian taxpayer and the same is submitted for the approval of the designated Member in the CBDT.

For both UAPAs and BAPAs, the Agreements are entered into by either Joint Secretary, FT&TR-I or Joint Secretary, FT&TR-II (the two Competent Authorities of India) with the taxpayer, on behalf of the CBDT.



1.6 Progress made in FY 2025-26

The eighth Annual Report on the APA programme highlights the progress made in financial year 2025-26. This has been another successful year for the APA programme. **This year again, CBDT recorded the highest ever APA signings in any financial year since the launch of the APA programme, by signing a total of 220 APAs.** This year, CBDT also signed the maximum number of BAPAs in any financial year till date, with the signing of 84 BAPAs. These BAPAs were signed as a consequence of entering into Mutual Agreements with twelve India's treaty partners namely - the US, Finland, the UK, Singapore, Japan, South Korea, Australia, Denmark, Sweden, France, Indonesia and Ireland. **Notably, this year also marks the achievement of signing India's first-ever bilateral APAs with France, Ireland, Indonesia and Sweden**.

The figure of 220 APAs is one of the highest ever number of APAs reported by any country till date in a tax year. [2] In India, APA reporting has traditionally been done on a financial year basis, which is same as its tax year, unlike most other countries that report it calendar year wise.

[2] *Some countries with leading APA numbers have not yet made their reports public, and this assertion is subject to the numbers they may report for a year already completed.*

The OECD has also recognised India's APA programme in 2025 as the third fastest growing APA programme with a growth of 103%.

It is notable that with the increased BAPA signings year-on-year and signing of 84 BAPAs this year, India is steadily approaching the BAPA signings reported by jurisdictions like United States and Japan. India's expanded BAPA network this year indicates the untapped potential that this programme still holds, as well as the direction in which it may evolve in years to come.

The APAs entered into in the last two years alone covered more than 35% (by turnover) of the entire captive IT industry in the country in terms of volume of business.

These achievements were made possible by the relentless efforts of the CBDT and its officers working in the Foreign Tax & Tax Research Division and the APA teams under the Principal CCIT (International Taxation). CBDT acknowledges the co-operation received from the Competent Authority teams of our treaty partner jurisdictions, particularly the United States, for the rise in the number of BAPAs signed.

The CBDT also acknowledges the cooperation and efforts of the taxpayers and their consultants in making the APA programme a success. A coordinated effort of all stakeholders in streamlining the processes, balancing standardization with flexibility, has helped in creating a globally regarded APA programme in India.

This Annual Report carries forward the CBDT's unique initiative to bring into the public domain various statistical and qualitative aspects of India's APA programme. CBDT has published seven Annual Reports on APA for years starting FY 2015-16. This is the eighth Annual APA Report. The purpose of this exercise is to transparently put forward all aspects, including those that indicate that there is still a great scope for further improvements in this programme, and encourage discussion and debate amongst taxpayers, policy makers, and economists, among others, on its strengths and weaknesses. This Annual Report also underlines the importance that the APA programme holds in the Government's endeavour to promote and preserve a non-adversarial tax regime by working with the stakeholders.

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Chapter 2: Data and Qualitative Analyses

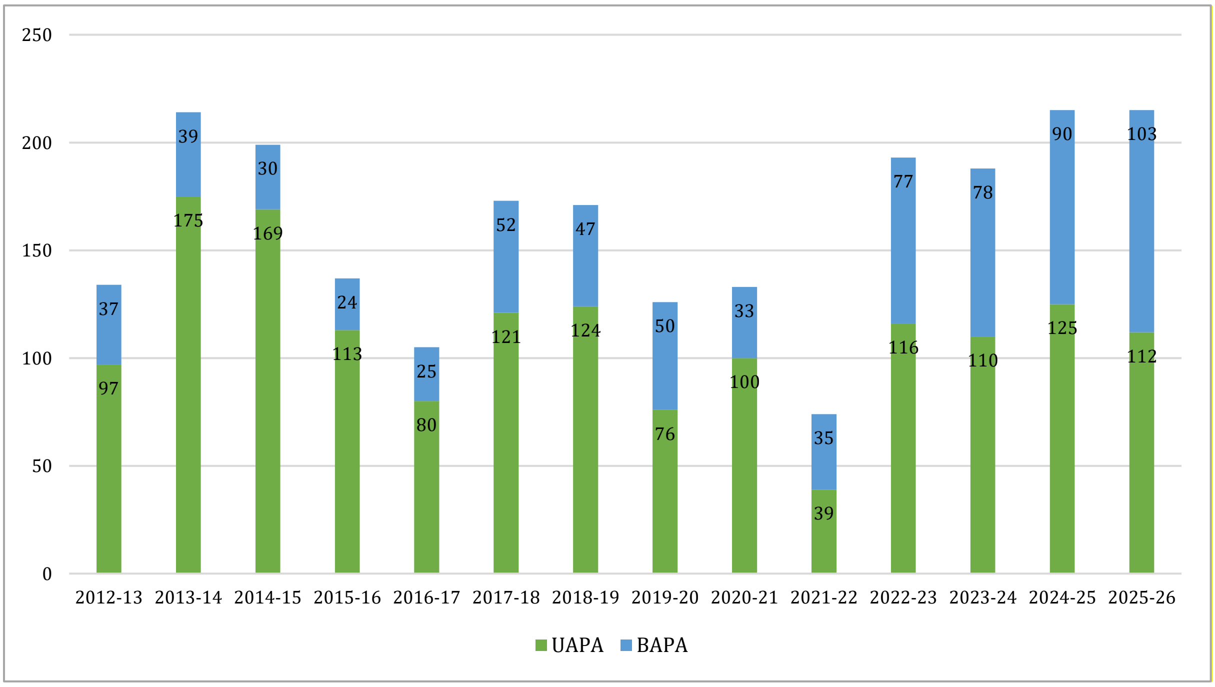
2.1 Applications filed

The total number of applications filed on an annual basis can be seen from Table 2-1 and Figure 2-1 below. The total number of APA filings has remained at par with the previous year despite the new announcements in respect of the Safe Harbour regime. The steady rise in the number of BAPA applications signals the increasing confidence of taxpayers in the bilateral APA programme and strengthening of competent authority relationships.

Table 2-1 APA applications filed till 31.03.2026

Financial Year	UAPA applications	BAPA applications	Total
2012-13	97	37	134
2013-14	175	39	214
2014-15	169	30	199
2015-16	113	24	137
2016-17	80	25	105
2017-18	121	52	173
2018-19	124	47	171
2019-20	76	50	126
2020-21	100	33	133
2021-22	39	35	74
2022-23	116	77	193
2023-24	110	78	188
2024-25	125	90	215
2025-26	112	103	215
Total	**1557**	**720**	**2277**

Figure 2-1 APA applications filed



2.2 Status of applications filed

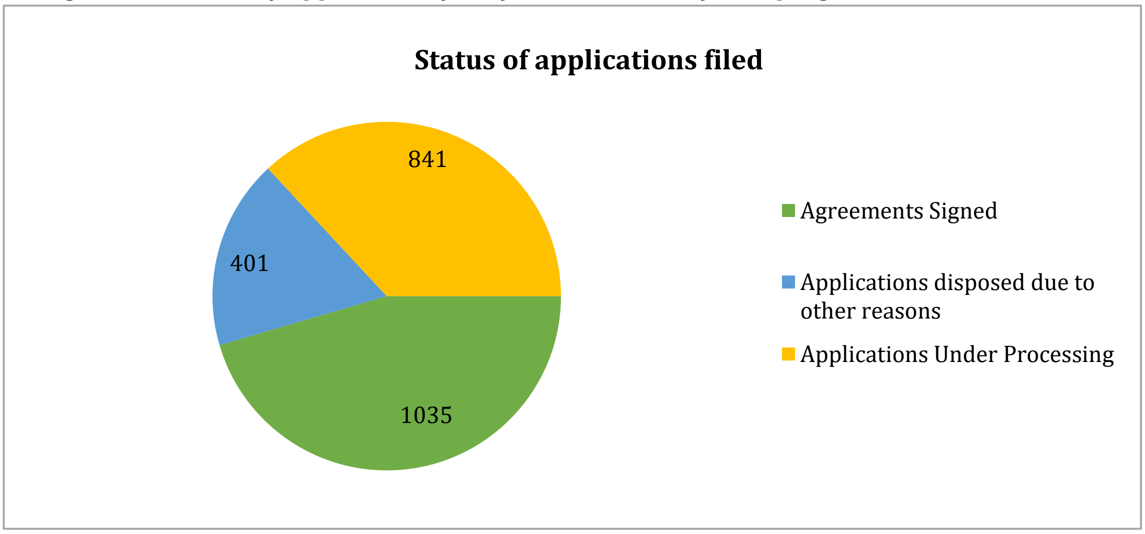
Table 2-2 shows the status of applications filed. Out of a total 2277 applications filed till 31st March 2026, a total of 1436 applications have been disposed and 841 applications are under processing. A comparison of applications filed, disposed, and under processing, is presented in Figure 2-2.

Table 2-2 Status of applications filed

Sr. No.	FY	Applications Filed (Post Conversion)	Agreements Signed	Applications disposed off due to other reasons	Applications under processing
1	2012-13	134	108	24	2
2	2013-14	214	131	71	12
3	2014-15	199	105	77	17
4	2015-16	137	67	59	11
5	2016-17	105	40	39	26
6	2017-18	173	73	47	53
7	2018-19	171	85	34	52
8	2019-20	126	68	9	49
9	2020-21	133	90	14	29
10	2021-22	74	47	5	22
11	2022-23	193	80	1	112
12	2023-24	188	83	5	100
13	2024-25	215	55	4	159
14	2025-26	215	5	12	198
Total		**2277**	***1035**	**401**	**841**

**includes two cases with both BAPA and UAPA components*

Figure 2-2 Status of applications filed from initiation of APA programme till 31.03.2026



2.3 Agreements signed: Year-wise

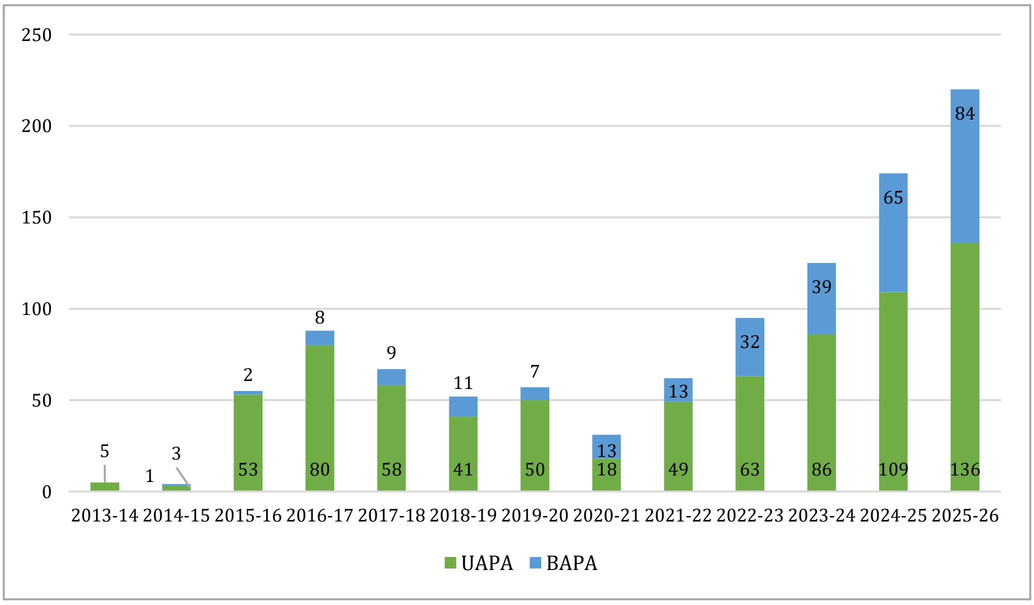
The number of agreements signed in various years of the APA programme are detailed in Table 2-3 and Figure 2-3 below. The number of APAs signed has continued to rise since FY 2021-22. Each successive year since FY 2020-21 has seen a new record number of APA signings. This year has also seen highest number of APAs as well as BAPAs ever signed. Additionally, signing of more than 200 APAs was a milestone achieved in this year.

Table 2-3 Agreements signed year wise

FY	UAPAs	BAPAs	Total
2013-14	5	0	5
2014-15	3	1	4
2015-16	53	2	55
2016-17	80	8	88
2017-18	58	9	67
2018-19	41	11	52
2019-20	50	7	57
2020-21	18	13	31
2021-22	49	13	62
2022-23	63	32	95
2023-24	86	39	125
2024-25	109	65	174
2025-26	136	84	220
Total	***751**	**284**	**1035**

**includes two cases with both BAPA and UAPA components*

Figure 2-3 UAPAs and BAPAs signed since initiation of APA programme



2.4 <u>Total of covered years in Agreements signed</u>

The impact of the APA programme in increasing the ease of doing business is evident from the number of years for which it has brought certainty in transfer pricing matters and reduced litigation. In its short period of existence in India, **the APA programme has cumulatively brought about certainty for over 5500 years. The APAs signed in FY 2025-26 brought tax certainty for 1332 years.**

Particulars	APA years	Rollback Years	Total Years
Agreements signed in 2024-25	840 years	130.5 years	970.5 years

Agreements signed in 2025-26	1093 years	239 years	1332 years
Total Agreements signed till 31st March 2026	**4559 years**	**1173 years**	**5732 years**

These statistics indicate that the APA programme has emerged as an important tool to decongest the tax tribunals and higher judiciary of transfer pricing litigation. Even if we assume that only about half of these assessment years would have ended up in litigation, the APA programme has managed to prevent or resolve this litigation for more than 2800 assessment years. That way, more than 2800 transfer pricing matters may have been prevented from getting into litigation by the APA Programme.

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Chapter 3: Unilateral APAs

3.1 Applications Filed

Statistics pertaining to UAPA applications are presented in Table 3-1. The number of applications filed in past years remains dynamic, largely because of the taxpayers exercising their choice of conversion of UAPAs into BAPAs and vice versa, after filing of their application.

Table 3-1 Applications filed (original and post-conversion)

Sr.No	F.Y	Application UAPA (Original)	Application UAPA (Post Conversion)
1	2012-13	105	97
2	2013-14	188	175
3	2014-15	185	169
4	2015-16	120	113
5	2016-17	81	80
6	2017-18	120	121
7	2018-19	124	124
8	2019-20	73	76
9	2020-21	100	100
10	2021-22	39	39
11	2022-23	116	116
12	2023-24	110	110
13	2024-25	125	125
14	2025-26	113	112
Total		**1599**	**1557**

3.2 Status of Applications Filed

The number of UAPAs disposed off and number of UAPAs still under processing are detailed in Table 3-2 and Figure 3-2 below. The figures therein represent the gradual and ongoing evolution of the APA Programme, its increasing efficacy as well as the further progress that needs to be aspired in respect of it. The disposal of applications filed in earlier years is high while number of cases still under processing is low. For recent years, a large proportion of cases are still under processing. One reason for this is that the processing of APAs is a prolonged process involving site visits, various due diligence processes, and multiple rounds of negotiations. More importantly, there is a need for different stakeholders to come to an agreement, and unless they do, the application remains pending. Thus, processing and resolution of APAs takes time. This is true of APA Programmes everywhere in the world.

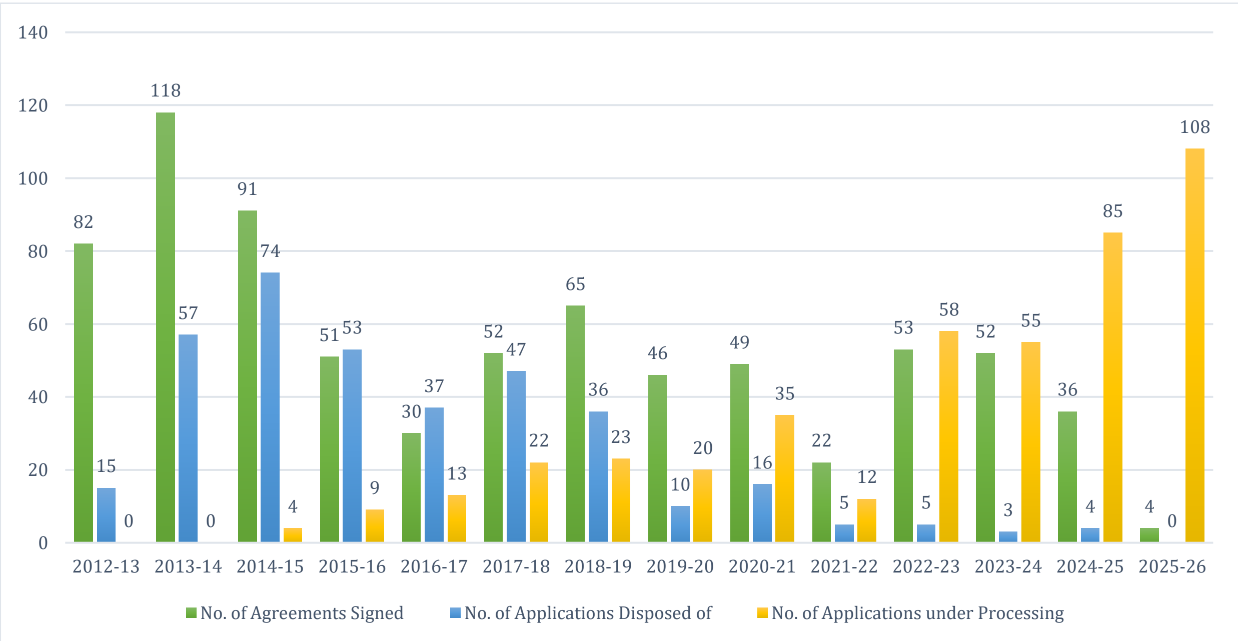
The number of pending applications also include cases where the Applicant has not been responsive to queries of the APA team or has not shown much interest in engaging in the APA process, but has also not withdrawn its application, leading to a lack of progress. Nevertheless, the absolute number of APAs concluded has steadily risen over the past few years, showing progress in the speed and efficacy of their resolution.

Table 3-2 Status of UAPAs filed

		(A)	(B)	(C)	(D)
Sr.No	**F.Y**	**No. of Applications Filed (Post-Conversion)**	**No. of Agreements Signed out of (A)**	**No. of Applications Disposed of out of (A) due to other reasons**	**No. of Applications under Processing out of (A)**
1	2012-13	97	82	15	0
2	2013-14	175	118	57	0
3	2014-15	169	91	74	4
4	2015-16	113	51	53	9
5	2016-17	80	30	37	13
6	2017-18	121	52	47	22
7	2018-19	124	65	36	23
8	2019-20	76	46	10	20
9	2020-21	100	49	16	35
10	2021-22	39	22	5	12
11	2022-23	116	53	5	58
12	2023-24	110	52	3	55
13	2024-25	125	36	4	85
14	2025-26	112	4	0	108
Total		**1557**	***751**	**362**	**444**

**includes two cases with both BAPA and UAPA components*

Figure 3-2 Status of UAPAs



3.3 <u>Agreements Signed – Year wise</u>

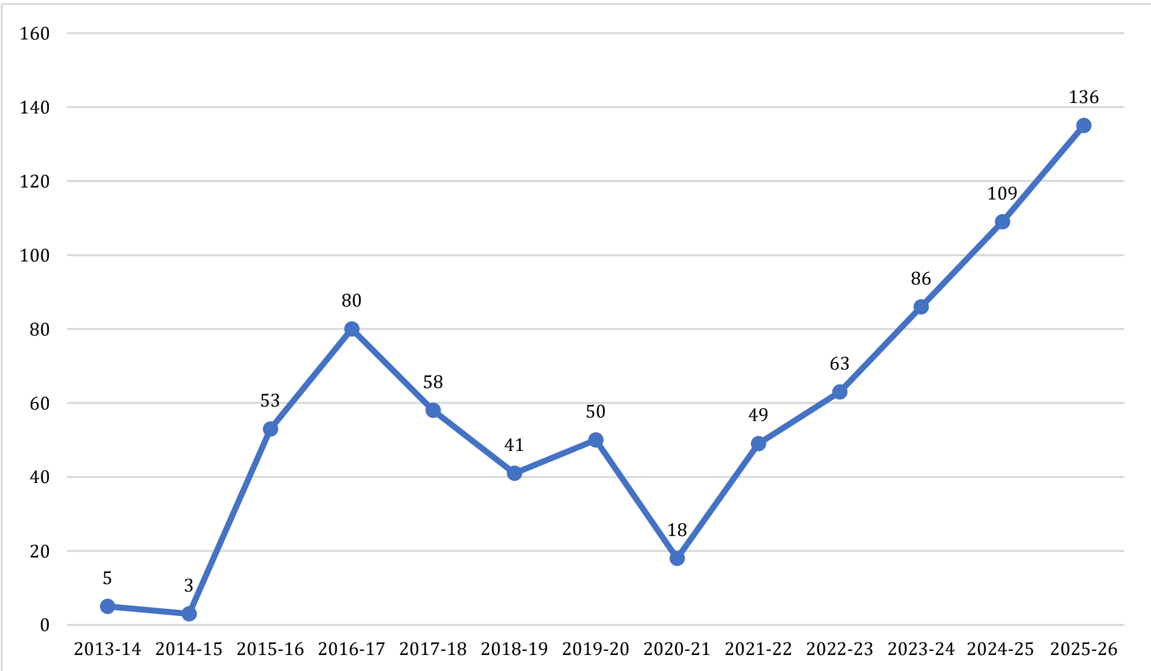
The number of UAPA agreements signed in various years are detailed in Table 3-3 and Figure 3-3. In FY 2025-26, the 136 agreements entered have provided tax certainty for 680 APA years and 149 rollback years. A total of 46 APAs out of the 136 signed, also had a rollback term.

Table 3-3 UAPAs signed

FY	Agreements Signed
2013-14	5
2014-15	3
2015-16	53
2016-17	80
2017-18	58
2018-19	41
2019-20	50
2020-21	18
2021-22	49
2022-23	63
2023-24	86
2024-25	109
2025-26	136
Total	***751**

**includes two cases with both BAPA and UAPA components*

Figure 3-3 UAPAs signed



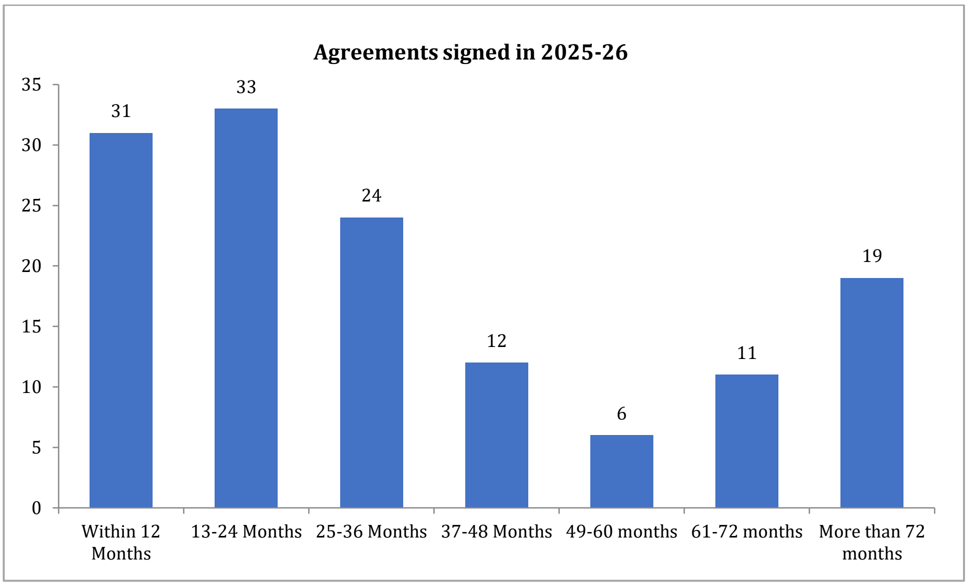
3.4 Duration of Processing

The number of UAPAs signed in FY 2025-26 segregated on the basis of duration taken from application to signing are mentioned in Table 3-4-1 below. It is seen that the median time taken for closure of UAPAs is 36 months with the average duration being approximately 40.80 months. The average duration of processing on a cumulative basis is approximately 44.56 months. In the recent years, one of the focus areas of the APA programme has been closure of backlog as well as more complex cases pending for a longer duration. Some of these cases have already been pending for a long time, and are largely responsible for pushing the average resolution time upwards. However, it can also be observed from the table below, that approximately 45% of cases were resolved this year within 2 years and 65% of the cases within 3 years, indicating the trend that we hope to see in coming years.

Table 3-4-1 Duration of processing of UAPAs in FY 2025-26

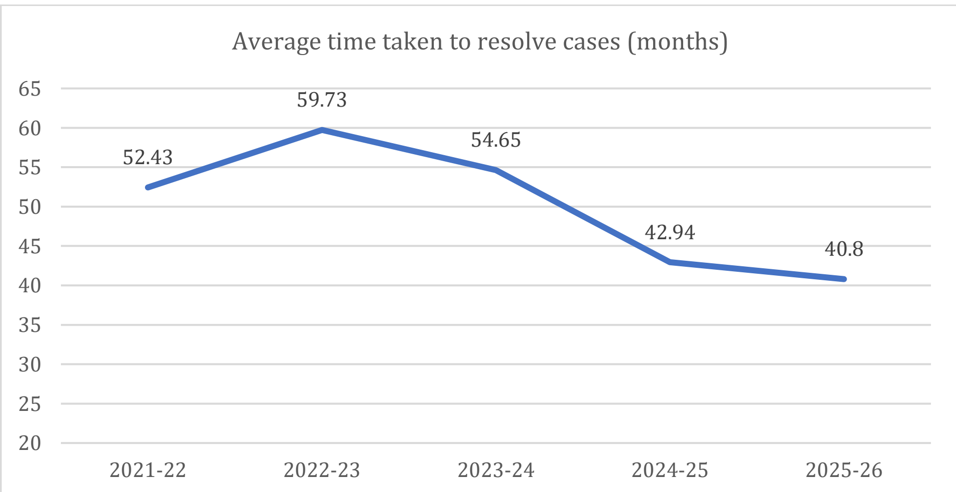
Duration of processing	FY 2025-26
Within 12 Months	31
13-24 Months	33
25-36 Months	24
37-48 Months	12
49-60 months	6
61-72 months	11
More than 72 months	19
Total	**136**

Figure 3-4-1 The duration taken in processing and negotiation of UAPAs signed in FY 2025-26



The average duration of processing has reduced in the last few years as under:

Figure 3-4-2 The duration taken in processing of UAPAs from FY 2021-22

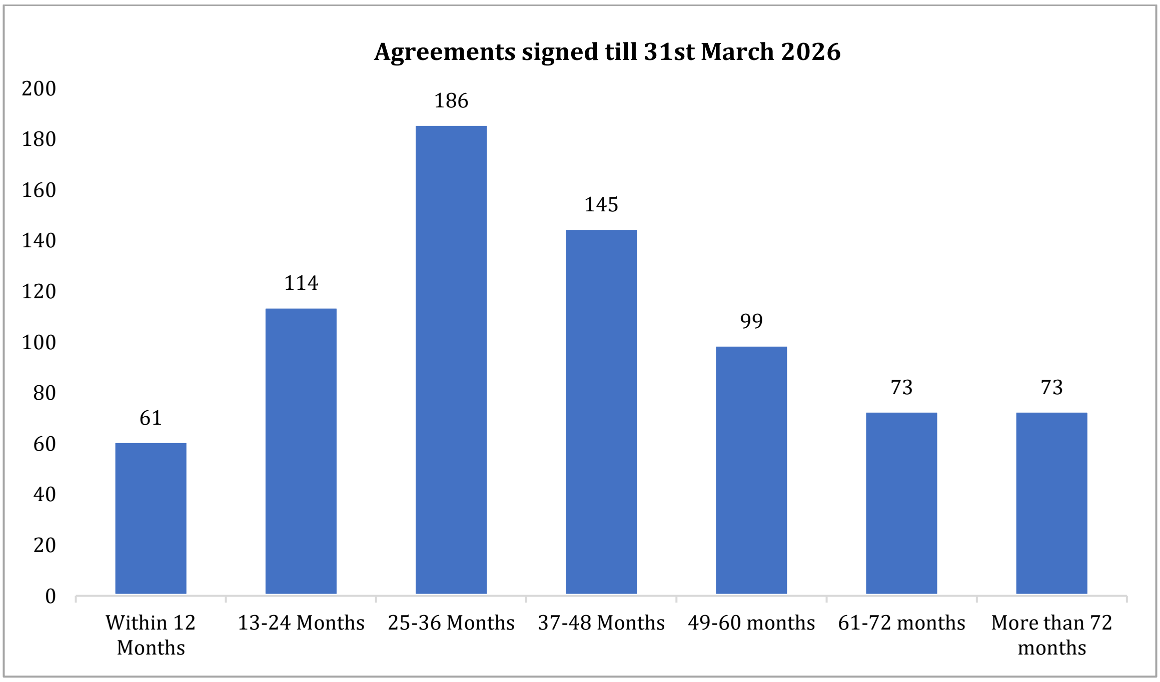


The cumulative data on period of processing of all UAPAs signed till 31st March, 2026, is presented in Table 3-4-2 and Figure 3-4-3 hereunder:

Table 3-4-2 Cumulative data on period of processing for UAPAs signed till March 2026

Duration of processing	Agreements signed till 31st March 2026
Within 12 Months	61
13-24 Months	114
25-36 Months	186
37-48 Months	145
49-60 months	99
61-72 months	73
More than 72 months	73
Total	**751**

Figure 3-4-3 The duration taken in processing and negotiation of UAPAs signed till March 2026



3.5 <u>Sectoral distribution of applicants</u>

The primary economic activity of Applicants in whose cases UAPAs were signed in FY 2025-26 are mentioned in Table 3-5 below. As can be seen, a majority of applications which culminated into agreement in FY 2025-26 pertain to the service sector. A majority of these, in turn, are captive companies involved in software development and IT enabled services. Some of these companies are also involved in engineering design services, contract R&D services, and Knowledge Process Outsourcing (KPO). It may be noted that 31 out of the 136 companies with which CBDT entered into agreements also have manufacturing activities. This year has seen the signing of a diverse basket of cases in service sector which include 6 companies engaged in provision of non-banking investment advisory services and one in animation too. Further, 27 out of 136 companies are involved in trading activities. Hence, the entire spectrum of trading, manufacturing, and services are covered under UAPAs signed.

Table 3-5 Number of UAPAs signed in FY 2025-26

Sr. No.	Economic Activity	No. of agreements signed
1	Services	98
2	Manufacturing & Trading	15
3	Trading & Service	6
4	Manufacturing, trading & Service	5
5	Trading	1
7	Manufacturing	11
	Total	**136**

3.6 Industry-wise distribution of agreements

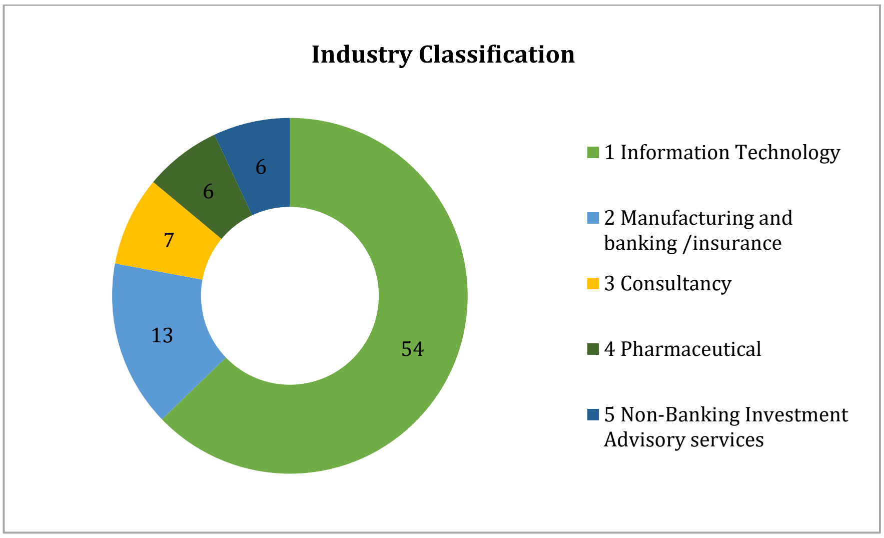
A majority of UAPAs signed in the financial year 2025-26 pertain to the I-T industry, banking & insurance, engineering services, telecommunication, pharmaceutical, consultancy and energy sectors. This reflects on the fact that India is a major outsourcing destination for information technology and business processes, and significant number of foreign MNEs have presence in I-T clusters of India such as Bengaluru, Hyderabad, Chennai, Gurgaon, and Noida. The industry-wise distribution of UAPAs is as given in Table 3-6 and Figure 3-6 below.

Table 3-6 Industry-wise distribution of UAPAs

Sr. No.	Industry	No. of Agreements Signed
1	Information Technology	55
2	Manufacturing and banking /insurance	13
3	Consultancy	7
4	Pharmaceutical	6
5	Non-Banking Investment Advisory services	6
6	Trading & Logistics	6
7	Automotive	5
8	Engineering Services	4
9	Industrial/Commercial Goods	4
10	Healthcare	4
11	Consumer Goods	3
12	Foods & Beverages	3
13	Paints & chemical	2
14	Journals	2
15	Cement	2
16	Media & entertainment	1
17	Telecommunication	1
18	Power & Energy	1
19	Finance	1
20	Wooden	1
21	Security service	1

Sr. No.	Industry	No. of Agreements Signed
22	Mining	1
23	Mechanical & Plant Engineering Firm	1
24	Aerospace	1
25	HVAC (Heating, Ventilation, Air-condition and Refrigerator	1
26	Chemical	1
27	Education	1
28	Clinical Trial Services	1
29	Animation	1
	Total	**136**

Figure 3-6 Industries that UAPAs signed in FY 2025-26 pertain to



3.7 Nature of Transactions Covered

The nature of the 421 international transactions covered by the 136 UAPAs signed in FY 2025-26 are mentioned in Table 3-7 and Figure 3-7 below. As can be seen from the table, a wide variety of transactions have been covered by the UAPAs signed in this year. A diversified basket of international transactions indicates the growing maturity of the APA programme and competence of the APA teams in processing applications that include complex transactions.

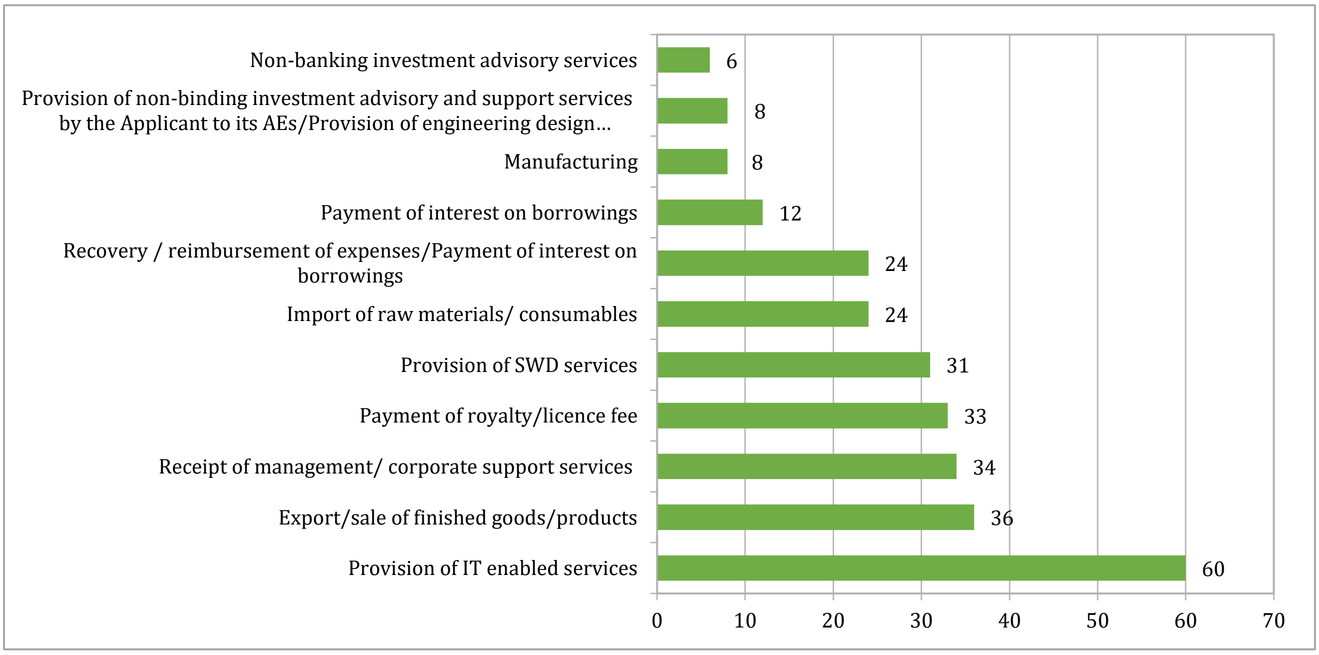
While transactions like provision of services like SWD services and ITeS services are usually benchmarked at cost plus mark-up under the Transactional Net Margin Method (TNMM), the determination of arm's length price for manufacturing, royalty transactions, IGS, etc. is more intricate.

Table 3-7 Nature of international transactions covered by UAPAs signed

Sr. No.	Covered Transaction	Total No. of Transactions
1	Provision of IT enabled services	60
2	Export/sale of finished goods/products	36

Sr. No.	Covered Transaction	Total No. of Transactions
3	Receipt of management/ corporate support services	34
4	Payment of royalty/licence fee	33
5	Provision of SWD services	31
6	Import of raw materials/ consumables	24
7	Recovery / reimbursement of expenses/Payment of interest on borrowings	24
8	Payment of interest on borrowings	12
9	Manufacturing	8
10	Provision of non-binding investment advisory and support services by the Applicant to its AEs/Provision of engineering design support services	8
11	Non-banking investment advisory services	6
12	Distribution	6
	The list of other transactions is attached as Annexure 1	

Figure 3-7 Nature of international transactions covered by the signed UAPAs



3.8 Transfer Pricing Methodologies Used

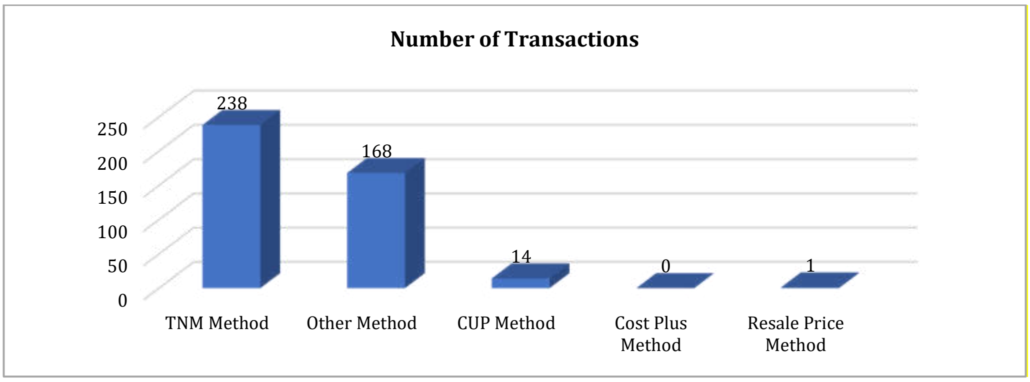
A total of 421 transactions were benchmarked using 5 different methods, across the 136 UAPAs signed in the financial year. The various methods are given in Table 3-8 and Figure 3-8 below.

Table 3-8 TP methods used to benchmark international transactions

Sr. No.	TP Methodology	No of Transactions
1	TNM Method	239
2	Other Method	168
3	CUP Method	14

Sr. No.	TP Methodology	No of Transactions
4	Cost Plus Method	0
5	Resale Price Method	0
6	Profit Split Method	1
	Total	**421**

Figure 3-8 Methods used to benchmark transactions in UAPA agreements



3.9 Location of AEs

The 136 UAPAs entered into in the financial year have AEs across 93 countries, as given in Table 3-9 below. Usually, a single APA covers AEs located in multiple jurisdictions. The transactions with these AEs could be the primary covered international transaction, or a closely linked transaction like reimbursement/recovery of expenses, etc. In a majority of cases, AEs are located in the United States, Germany, the United Kingdom, Singapore, China, Japan, etc. The APA applicants are usually a part of MNE groups, whose parent jurisdictions are in these countries. Many AEs are also located in investment and business hubs such as Singapore, Hong Kong, and Ireland.

Table 3-9: Location of AEs

Sr. No.	Countries	Number of agreements
1	USA	178
2	Germany	77
3	UK	70
4	Singapore	64
5	China	60
6	Japan	47
7	Australia	41
8	France	38
9	Netherlands	29
10	Malaysia	25
11	India	25
12	Canada	23
13	Ireland	22
14	UAE	22
15	Switzerland	21
16	Thailand	21
17	Sweden	21
18	South Africa	20

Sr. No.	Countries	Number of agreements
19	South Korea	18
20	Indonesia	17
21	Spain	17
22	Poland	16
23	Mexico	16
24	Belgium	13
25	Italy	13
26	Taiwan	12
27	Brazil	12
28	Philippines	12
29	Hong Kong	11
30	Finland	11
31	Romania	11
32	Russia	10
33	Vietnam	10
34	Portugal	8
35	Denmark	7
36	Austria	7
37	Czech Republic	7
38	New Zealand	6
39	Argentina	6
40	Turkey	6
41	Qatar	5
42	Norway	5
43	Bahrain	5
44	Slovakia	5
45	Mauritius	5
46	Hungary	4
47	Luxembourg	4
48	Saudi Arabia	3
49	Peru	3
50	Bermuda	3
51	Cayman Islands	3
52	Israel	3
53	Morocco	3
54	Sri Lanka	3
55	Colombia	3
56	Greece	3
57	Lithuania	3
58	Estonia	2
59	Ukraine	2
60	Venezuela	2
61	Tunisia	2
62	Bulgaria	2
63	Nigeria	2
64	Chile	1
65	Croatia	1
66	Cyprus	1
67	Pakistan	1

Sr. No.	Countries	Number of agreements
68	Zambia	1
69	Angola	1
70	Aruba	1
71	Bahamas	1
72	Senegal	1
73	Serbia	1
74	Seychelles	1
75	Sierra Leone	1
76	Suriname	1
77	Tanzania	1
78	Trinidad and Tobago	1
79	Uganda	1
80	Uruguay	1
81	Bangladesh	1
82	Barbados	1
83	Brunei	1
84	Costa Rica	1
85	Ecuador	1
86	Egypt	1
87	Ghana	1
88	Jamaica	1
89	Kenya	1
90	Kuwait	1
91	Latvia	1
92	Saint Lucia	1
93	Madagascar	1
	Total	**1155**

4. Renewal of UAPAs

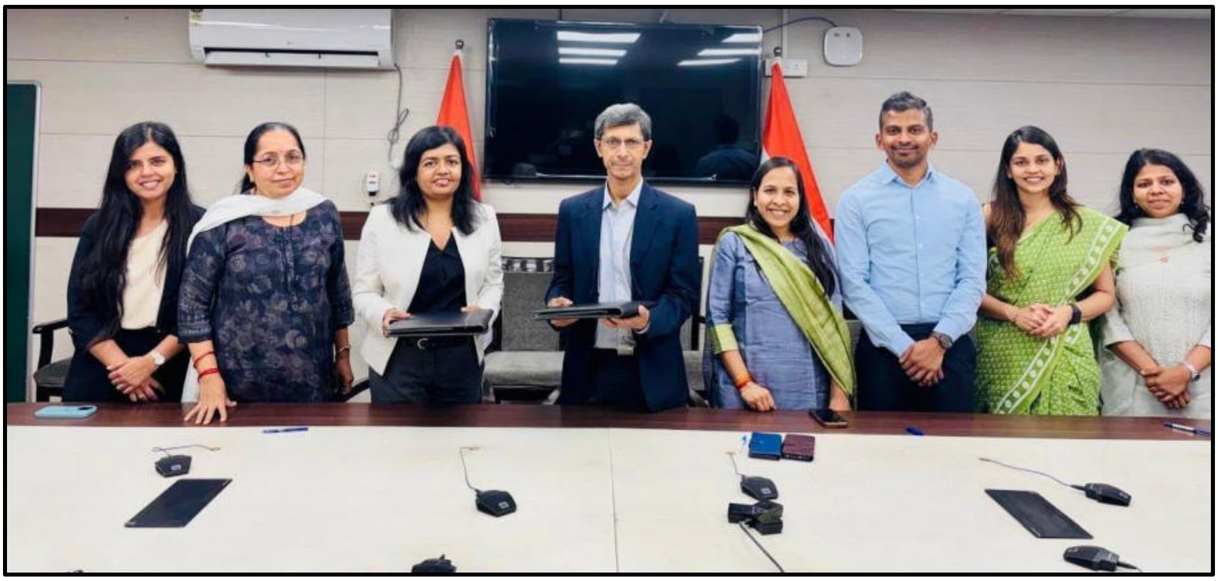
A large number of the Applicants who have signed a UAPA with the CBDT have opted to file a renewal. This shows the trust reposed by the taxpayers in the APA programme and the preference for obtaining advance certainty rather than undergoing possible TP litigation and its related costs. In FY 2025-26 alone, 86 out of the 136 UAPAs signed were renewal cases. The average time taken for resolution of these UAPAs for FY 2025-26 was 29 months.

*****

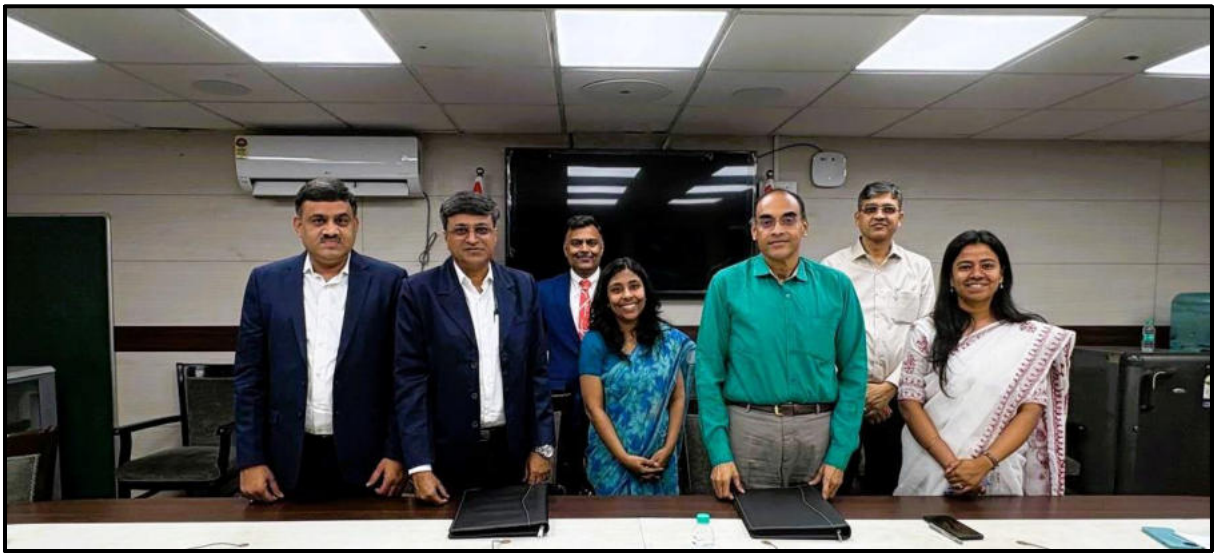
Chairman, CBDT at Tax Certainty Day in OECD Paris in October 2025

Meetings with the Competent Authorities of UK, USA and Germany in FY 2025-26

APA Signings by JS(FT&TR-I) in FY 2025-26 (147 APAs)



APA Signings by JS(FT&TR-II) in FY 2025-26 (73 APAs)



Member(L) CBDT with the FT&TR and APA Teams on 31st March 2026

Chapter 4: Bilateral APAs

4.1 Applications Filed

BAPA applications filed in various years and UAPA applications filed in various years but subsequently converted into BAPA applications are detailed in Table 4-1. This financial year has also seen a rise in BAPA filings, with 103 new applications being received, a record number by itself. This demonstrates the trust reposed in the bilateral process by our taxpayers, and reflects deeper relationships with our treaty partners, leading to rise in resolutions.

Table 4-1 Number of BAPA applications filed

FY	Applications (Original)	Applications (After Conversions)
2012-13	29	37
2013-14	26	39
2014-15	14	30
2015-16	17	24
2016-17	24	25
2017-18	53	52
2018-19	47	47
2019-20	53	50
2020-21	33	33
2021-22	35	35
2022-23	77	77
2023-24	78	78
2024-25	90	91
2025-26	100	*103
Total	**676**	**721**

**includes 3 cases converted from UAPA to BAPA*

4.2 Country-wise Distribution of applications

The country-wise distribution of BAPA applications is detailed in Table 4-2 and Figure 4-2. A majority of the BAPA applications are with one treaty partner, i.e., the United States of America. Other treaty partners with whom large number of applications have been filed in FY 2025-26 are the USA, the UK, Japan, Singapore, Denmark and others.

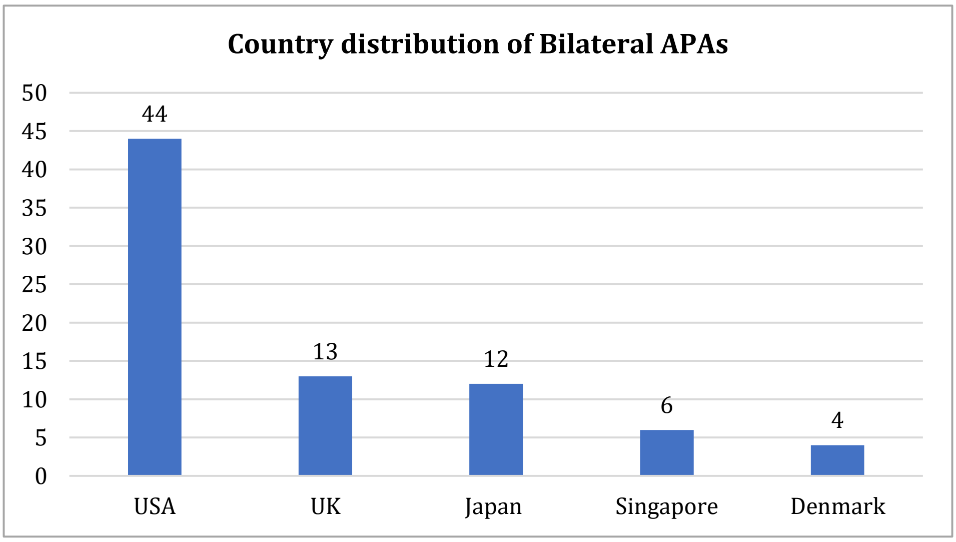
Table 4-2 Country-wise distribution of BAPAs

Countries	Applications filed in 2025-26
USA	*46
UK	13
Japan	12
Singapore	6
Denmark	4
Switzerland	3
Ireland	3
France	3

Countries	Applications filed in 2025-26
Netherlands	3
Sweden	2
South Korea	2
Canada	1
Germany	1
Italy	*1
Austria	1
Luxembourg	1
UAE	1
Total	***100**

includes 3 conversion cases

Figure 4-2 Major countries to which BAPA applications filed in FY 2025-26 pertain



4.3 Status of Applications Filed

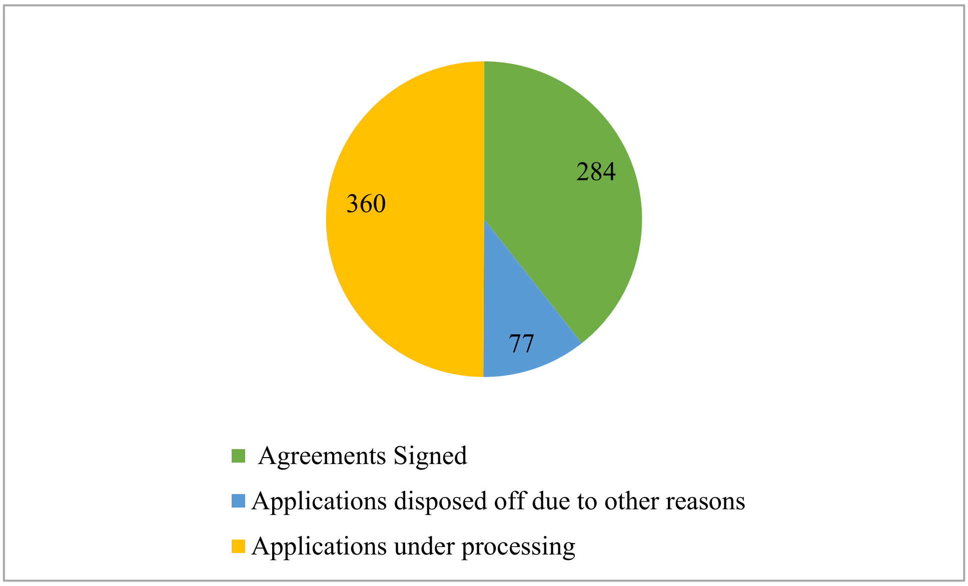
The status of applications filed is shown in Table 4-3 below. Out of a total 721 applications filed by 31st March 2026, a total of 361 applications have been disposed and 360 applications are under processing. A comparison of status of applications signed, disposed and those under processing for the BAPA applications filed till FY 2025-26 (as on 31st March, 2026) is presented in Figure 4-3.

Table 4-3 Status of BAPA applications filed

Sr. No.	FY	Applications Filed (Post Conversion)	Agreements Signed	Applications disposed off due to other reasons	Applications under processing
		A	B	C	D = A – B – C
1	2012-13	37	26	9	2
2	2013-14	39	13	14	12
3	2014-15	30	21	6	3
4	2015-16	24	12	8	4

Sr. No.	FY	Applications Filed (Post Conversion)	Agreements Signed	Applications disposed off due to other reasons	Applications under processing
5	2016-17	25	12	3	10
6	2017-18	52	28	6	18
7	2018-19	47	30	5	12
8	2019-20	50	23	1	26
9	2020-21	33	28	4	1
10	2021-22	35	16	2	17
11	2022-23	77	30	0	47
12	2023-24	78	27	3	48
13	2024-25	91	17	4	70
14	2025-26	103	1	12	90
Total		**721**	**284**	**77**	**360**

Figure 4-3 Status of BAPA applications filed till FY 2025-26, as on 31st March 2026



In the 284 BAPAs signed so far, CBDT has provided tax certainty for 1519 assessment years. These 1519 years include 347 years covered under the Rollback period of the concluded APAs. Out of the 284 Agreements, 119 have Rollback provisions. **In FY 2025-26, the 84 BAPAs entered into have provided tax certainty for a total of 503 years in India as well as the treaty partner jurisdiction.** Of these 84 BAPAs, 32 BAPAs have Rollback period of 90 years.

4.4 <u>Country wise status of application filed (post conversion)</u>

The country-wise status of BAPA applications filed is shown in Table 4-4 and Figures 4-4-1 and 4-4-2 below. More than 70% of the total BAPA applications that are still under processing, are with 6 countries – the USA, the UK, Japan, Germany, Switzerland and Singapore. The maximum number of BAPAs signed so far have been with the USA followed by UK and Japan.

Table 4-4 Status of applications filed

Sr. No.	Country	Applications Filed	Agreements Signed	Applications disposed off due to other reasons	Applications under Processing
		A	**B**	**C**	**D = A – B – C**
1	USA	334	147	26	161
2	UK	101	32	24	45
3	Japan	61	31	7	23
4	Germany	17	0	0	17
5	Switzerland	28	6	2	20
6	Singapore	37	19	4	14
7	Sweden	14	2	2	10
8	*Finland	17	12	1	4
9	*South Korea	16	7	1	8
10	France	13	2	1	10
11	*Canada	9	1	1	7
12	Ireland	12	1	1	10
13	Australia	15	9	0	6
14	*The Netherlands	15	3	4	8
15	*Denmark	17	10	0	7
16	Luxembourg	3	0	2	1
17	Italy	4	0	0	4
18	New Zealand	2	1	0	1
19	China	1	0	0	1
20	Czech Republic	1	0	0	1
21	Belgium	2	0	1	1
22	Indonesia	1	1	0	0
23	Austria	2	0	0	2
24	UAE	1	0	0	1
25	Israel	1	0	0	1
	Total	**724**	**284**	**77**	**363**

**reconciliation with existing data*

Figure 4-4-1 BAPAs signed

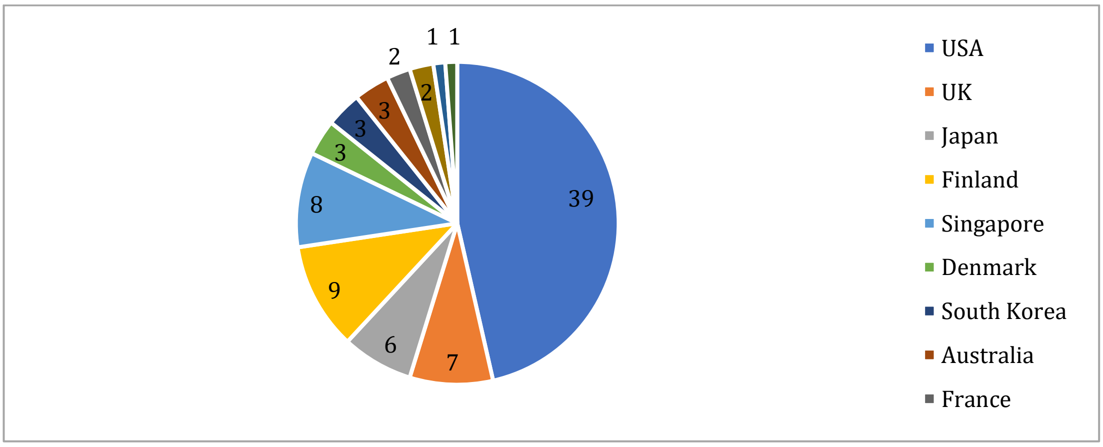
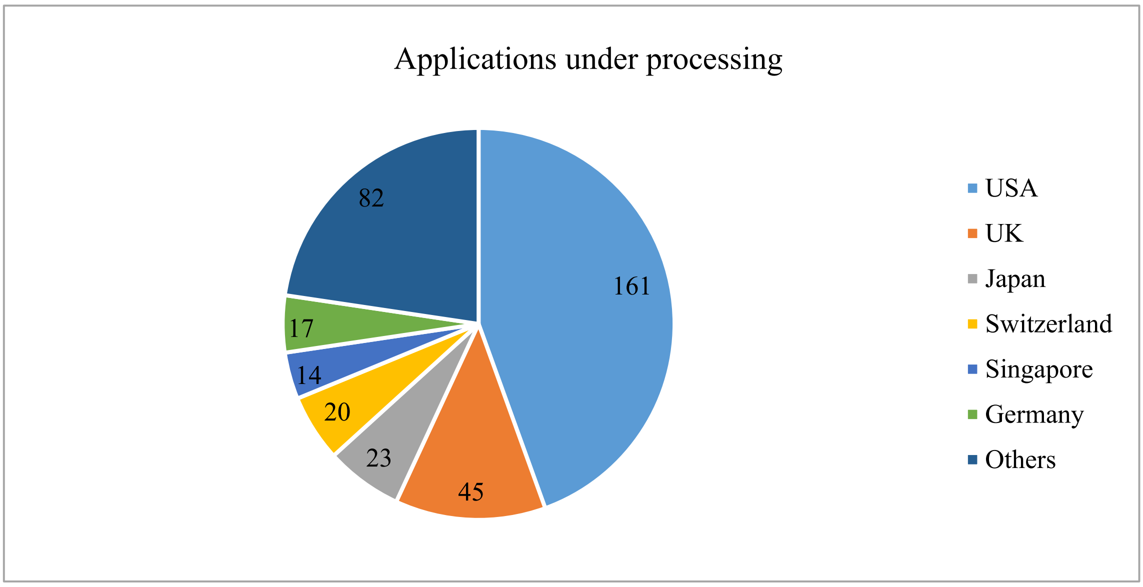


Figure 4-4-2 BAPA applications under processing



4.5 <u>Agreements Signed – Year wise</u>

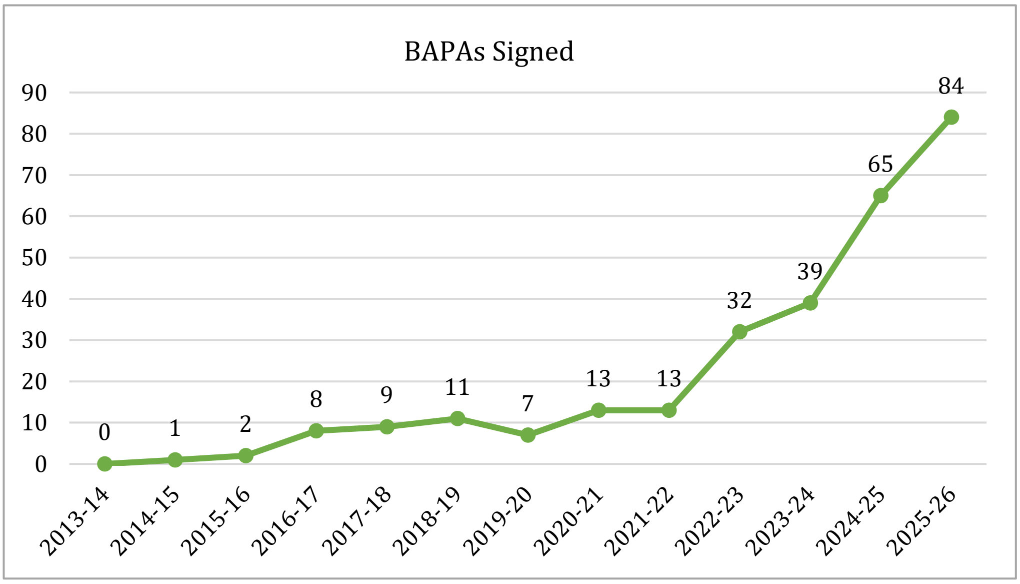
The Table 4-5 and Figure 4-5 below show the year-wise details of BAPAs entered into till 31st March, 2026. As can be seen below, an increase of more than 20% in signing of BAPAs was achieved in FY 2025-26. Further, it can be seen that there is a steady increase in the signing of BAPA's year on year basis indicating confidence in our resolutions with our treaty partners. This was made possible by the increasing frequency of communication with treaty partners, streamlined efforts by officers, and the growing maturity of the APA programme.

In FY 2025-26, out of the 84 Agreements signed with taxpayers, 39 pertained to the USA, 9 to Finland, 8 to Singapore, 7 to UK, 6 to Japan, 3 to Denmark, 3 to South Korea , 3 to Australia, 2 each to France and Sweden and 1 each to Ireland and Indonesia.

Table 4-5 Year-wise BAPAs signed

FY	Agreements Signed
2013-14	0
2014-15	1
2015-16	2
2016-17	8
2017-18	9
2018-19	11
2019-20	7
2020-21	13
2021-22	13
2022-23	32
2023-24	39
2024-25	65
2025-26	84
Total	**284**

Figure 4-5 Year-wise BAPAs signed



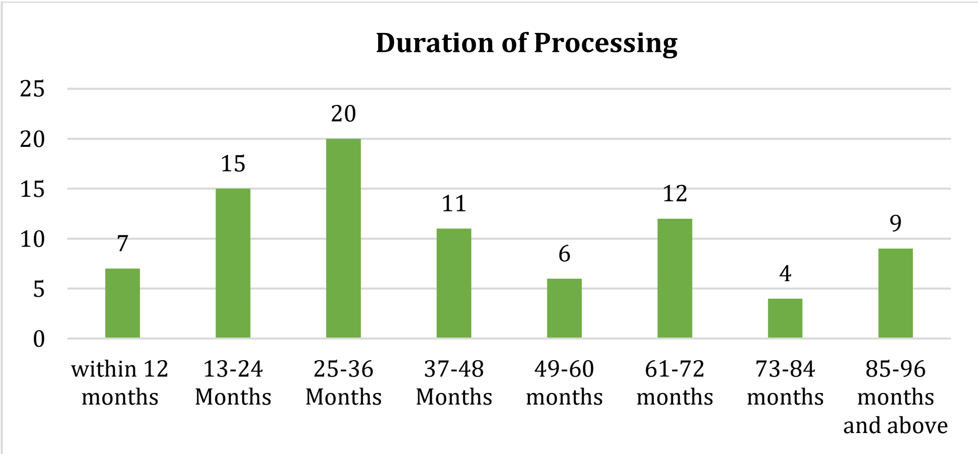
4.6 Duration of Processing

In FY 2025-26, the median time taken to conclude BAPAs has been approximately 38 months. The detailed analysis of this is depicted in Table 4-6-1 and Figure 4-6-1 below. With intense negotiations with treaty partners, some of the longstanding BAPAs were successfully concluded in this year, but the longer time taken in their resolution shifted the cumulative average processing time for the year upwards. There was also a simultaneous focus on more expedient resolution, particularly of renewals by leveraging the due diligence already done recently while processing original applications. The average time taken for all BAPAs concluded till 31st March, 2025 is approximately 41.47 months. One of the major causes of delay is the time taken in scheduling of Competent Authority meetings. Typically, most Competent Authorities are dealing with several treaty partner jurisdictions, and are constrained in giving dates for the meetings. Here, it may also be worth noting that a number of BAPAs are actually resolved much before they are finally signed. However, due to several reasons such as the desire of the Applicant to conclude both the unilateral and bilateral legs of the application together, as well as multiple levels of internal approvals required within their organization, often adds several months, sometimes more than a year before a formal signing can take place. Thus, while the substantial discussions and resolutions are at the Competent Authority level, the formal signing takes longer even after bilateral resolution, which increases the final duration of processing of BAPAs.

Table 4-6-1 Duration of processing of BAPA applications

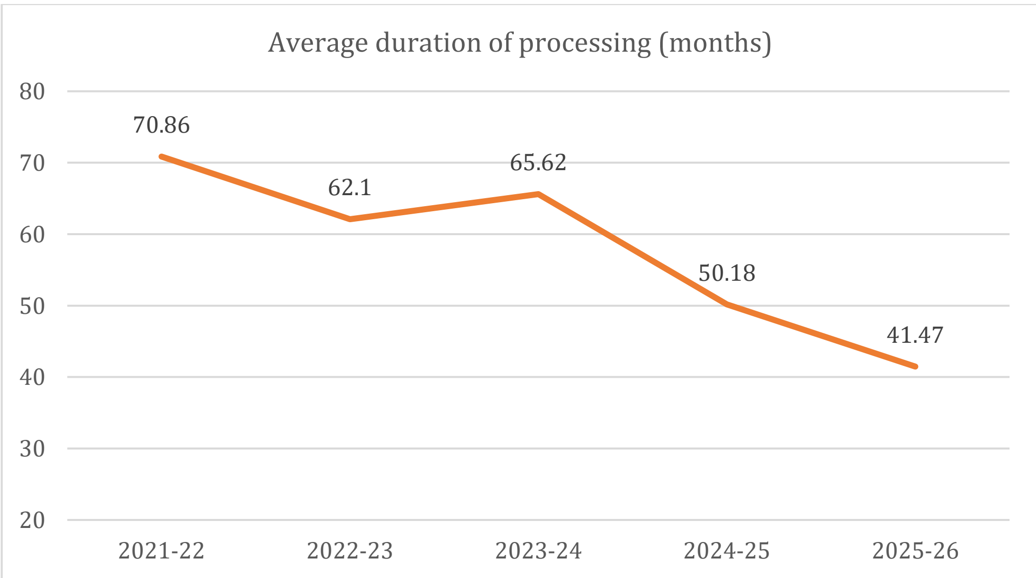
Sr. No.	Duration of processing	No. of Agreements signed during FY 2025-26
1	Within 12 Months	7
2	13-24 Months	16
3	25-36 Months	17
4	37-48 Months	12
5	49-60 months	6
6	61-72 months	11
7	73-84 months	6
8	85-96 months and above	9
	Total	**84**

Figure 4-6-1 Duration of processing of all BAPAs signed during FY 2025-26



The average duration of processing has reduced in the last few years as under:

Figure 4-6-2 Duration of processing of all BAPAs from FY 2021-22

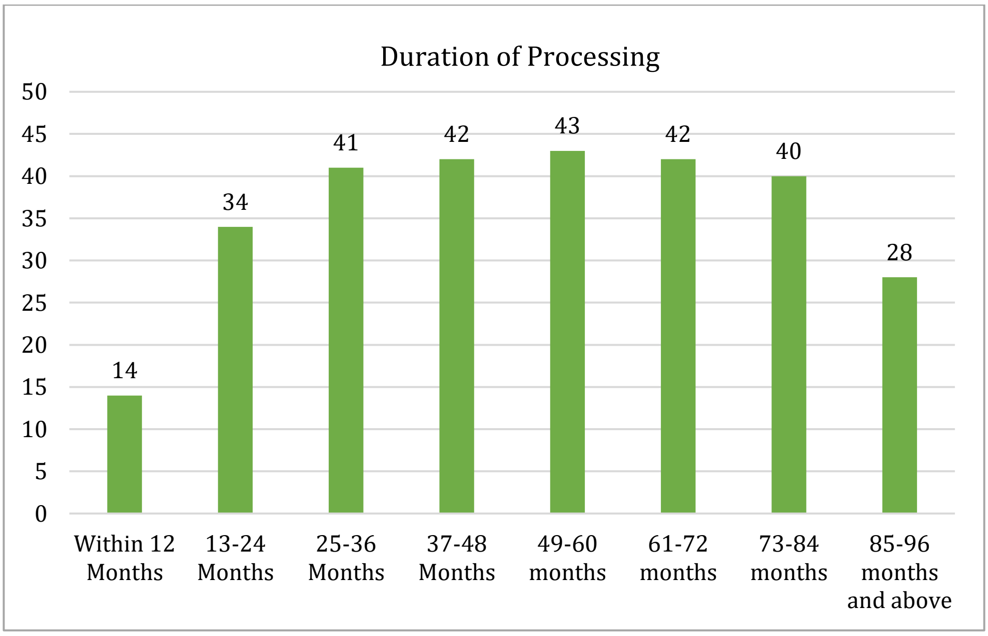


The cumulative figures for duration of processing of all BAPAs signed till 31st March 2026 are given in Table 4-6-2 and Figure 4-6-3 hereunder:

Table 4-6-2 Cumulative figures for duration of processing of BAPAs

Duration of processing	Agreements signed till 31st March 2026
Within 12 Months	14
13-24 Months	34
25-36 Months	41
37-48 Months	42
49-60 months	43
61-72 months	42
73-84 months	40
85-96 months & above	28
Total	**284**

Figure 4-6-3 Duration of processing of all BAPAs signed till 31st March 2026



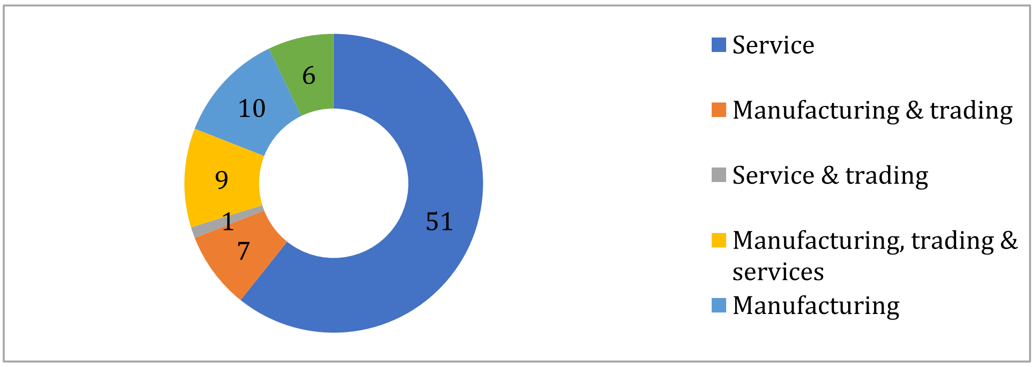
4.7 Distribution of agreements –Economic Activity wise

Table 4-7 and Figure 4-7 below capture the data regarding the economic activity or the pre-dominant economic activity in each of the BAPAs entered into during FY 2025-26. As in UAPAs, the service sector of the Indian economy has been the dominant sector that has been covered in BAPAs.

Table 4-7 Distribution of BAPAs as per economic activity

Sr. No	Economic Activity	No. of Agreements Signed in FY 2025-26
1	Services	51
2	Manufacturing & trading	7
3	Manufacturing	10
4	Manufacturing, trading & service	9
5	Trading	6
8	Service & Trading	1
	Total	**84**

Figure 4-7 Economic activity distribution of BAPAs signed in FY 2025-26



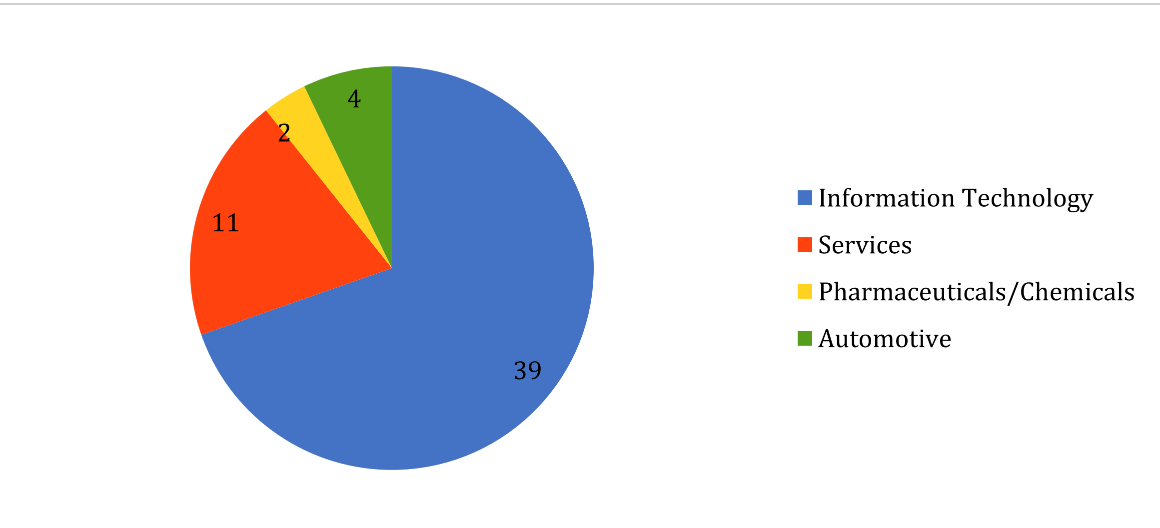
4.8 Distribution of Agreements – Industry-wise

Table 4-8 and the Figure 4-8 below reveal that there are four broad industry categories that have been covered under BAPAs concluded in FY 2025-26. The Information Technology industry is the leading industry when it comes to being a part of the APA programme.

Table 4-8 Industry-wise distribution of BAPAs signed in FY 2025-26

Sr. No	Industry	No. of Agreements Signed
1	Information Technology	45
2	Service	7
3	Manufacturing	2
4	Automotive	9
5	Apparel	1
6	Smartphone/Phones	2
7	Telecommunication	2
8	Biotechnology	1
9	Elevator and escalator	2
10	Metal Processing	1
11	Stainless steel	2
12	Aerospace	1
13	Industrial motion	1
14	Glass	1
15	Electronics	2
16	Conglomerate	2
17	Steel	2
18	Pharmaceuticals	1
	Total	**84**

Figure 4-8 Industry-wise distribution of BAPAs



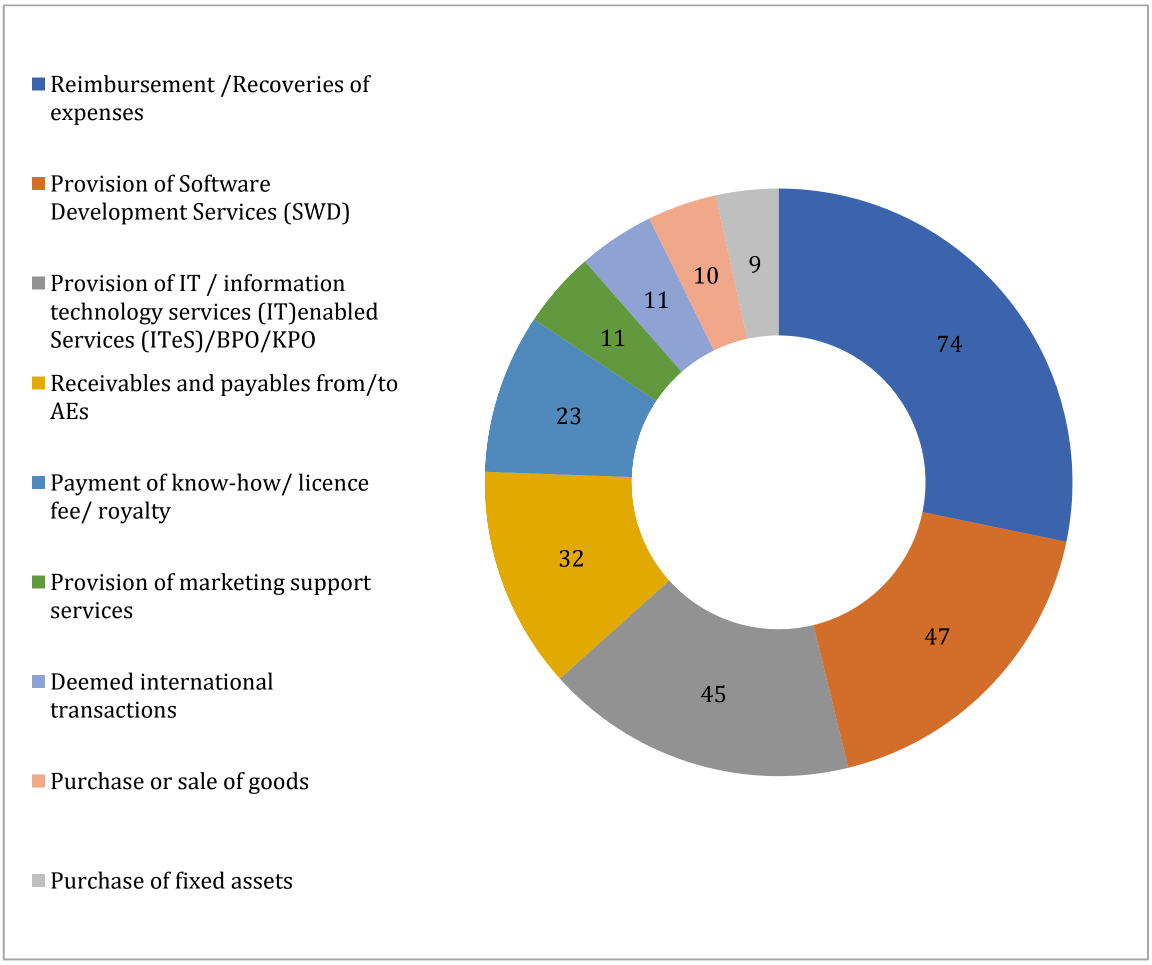
4.9 Nature of Covered Transactions

During FY 2025-26, the 84 BAPAs entered into had a total of 386 covered international transactions as depicted in Table 4-9 and Figure 4-9. As can be seen, a wide variety of transactions have been covered by the APAs signed in the year. Service-related transactions continue to lead in the transaction mix.

Table 4-9 Nature of covered transactions

Sr. No	Nature of Transactions	No. of Transactions
1	Provision of Software Development Services (SWD)	50
2	Provision of IT / information technology services (IT)enabled Services (ITeS)/BPO/KPO	45
3	Receivables and payables from/to AEs	32
4	Payment of know-how/ licence fee/ royalty	23
5	Provision of marketing support services	11
6	Deemed international transactions	11
7	Purchase or sale of goods	10
	The list of other transactions is attached as Annexure 2	

Figure 4-9 Frequency of covered transactions



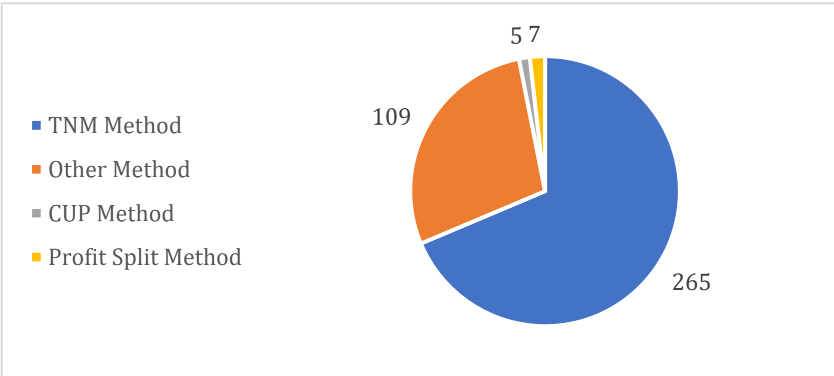
4.10 Transfer Pricing Methodology adopted

Table 4-10 and Figure 4-10 below shows a break up of Transfer Pricing Methodologies adopted in the signed cases. It is pertinent to note that a majority of the cases were resolved using the TNMM method with a combination of Other method in few cases. Further, this year also saw the resolution of complex cases through the use of Residual Profit split/ Profit Split method for transactions spanning multiple business segments.

Table 4-10 Frequency of usage of TP methods

Sr. No	TP Methodology	No. of Transactions
1	TNM Method	265
2	Other Method	109
3	CUP Method	5
4	Resale price method	0
5	Residual /Profit split method	7
	Total	**386**

Figure 4-10 Frequency of usage of various TP methods to benchmark covered transactions in BAPA



4.11 Renewal of BAPAs

A large number of the Applicants who have signed a BAPA with the CBDT have opted to file a renewal. This shows the trust reposed by the taxpayers in the APA programme and the preference for obtaining advance certainty rather than undergoing possible TP litigation and its related costs. Out of the 284 BAPAs signed till 31.03.2026, 115 Applicants have opted for a renewal of the APA till date. In FY 2025-26 alone, 22 out of the 84 BAPAs signed were renewal cases with the average time taken for resolution of these renewals being 23.5 months.

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Chapter 5: Looking ahead

The signing of an increasing number of Bilateral as well as Unilateral APAs shows the faith reposed by taxpayers in the APA programme. A large part of the credit of the success of this programme is dedicated to the proactive taxpayers displaying a willingness for resolution of APAs. In equal measures, the success of rising BAPA resolutions was made possible by the cooperation of Competent Authorities of partner jurisdictions.

At this juncture, it is important, however, to re-evaluate the developments of this programme, particularly on how the programme can be further optimised and the procedures be streamlined and expedited so as to resolve a higher number of APAs. It may be worthwhile to begin with the original aspirational objective of providing tax certainty to a taxpayer for 5 years in advance, apart from giving the taxpayer an option of roll-back for 4 earlier years. The process begins with filing of application, any time before the beginning of first year of APA. Currently, almost all APA applications are filed in the month of March, a few days before the APA term begins, making it virtually impossible to get an APA before the term begins. The early filing of APA application, say in April itself of the earlier year, can help to kick-start the APA process even before the APA period begins, making it a truly advanced agreement. In nearly 45% of UAPAs and nearly 25% of BAPAs, the agreement was signed within 24 months in FY 2025-26. Therefore, the APA programme can strive to provide tax certainty to taxpayers within the first APA year, i.e. before the return for the first year is filed, in such a scenario. In particular, early filing of renewal applications hold the key to continuous, uninterrupted tax certainty. Accordingly, the Competent Authorities of India and the APA Teams have been consistently recommending early file of APA applications, especially in renewal cases.

India has signed one of the highest number of BAPAs in FY 2025-26 since the inception of the APA programme. This has been possible because of an emerging constructive relationship between the various treaty partners in resolution of APA applications. More frequent meetings between Competent Authorities, with preparatory and follow-up work through virtual interactions have significantly contributed to better understanding as well as better outcomes. It is also seen that information symmetry in the submissions and proactive responses by the taxpayer play an important role in closing divergent positions and arriving at common ground to resolve cases. Indian Competent Authorities have been working on this aspect proactively, with their counterparts, to ensure that progress in APA resolutions is not adversely impacted due to information asymmetries between the Competent Authorities.

The APA programme of India since its inception in FY 2012-13 has started to mature with a consistent increase in the number of APAs signed in the last four years. Every passing year is a testimony to increased capacity building of all the stakeholders of the APA programme – the taxpayers, the tax consultants, APA teams and Competent Authorities. We are at a pivotal point in the APA programme to fully utilise the rich repository of knowledge and experience in the APA programme so far, thereby providing tax certainty to the taxpayers in a truly advance manner. All efforts are already being made towards this endeavour.

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Chapter 6: The Mutual Agreement Procedure (MAP) programme

6.1 Introduction

The Mutual Agreement Procedure (MAP) is one of the most important international tax dispute resolution mechanisms available to taxpayers engaged in cross-border transactions. Embedded in India's Double Taxation Avoidance Agreements (DTAAs), MAP enables competent authorities of treaty partners to resolve cases of taxation not in accordance with treaty provisions.

Over the last decade, India has gained significant experience in resolving MAP cases. MAP programme in India complements the country's Advance Pricing Agreement (APA) programme and contributes significantly to tax certainty for multinational enterprises (MNEs) operating in India. It has also evolved into highly effective mechanism for resolving international taxation and transfer pricing disputes.

6.2 Evolution of MAP in India

India's tax treaties have historically incorporated MAP provisions based on Article 25 of the OECD Model Tax Convention and the UN Model Double Taxation Convention. These provisions provided a treaty-based mechanism for resolving disputes arising from the interpretation or application of tax treaties and for addressing instances of double taxation.

India is also committed to the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project, particularly Action 14, which focuses on making dispute-resolution mechanisms more effective. India's participation in the BEPS initiative underscored its commitment to international best practices in tax administration and dispute resolution.

Action 14 seeks to make dispute resolution mechanisms more effective and requires jurisdictions to:

- Ensure access to MAP in all eligible cases
- Resolve MAP cases in a timely manner (target: 24 months average)
- Implement MAP agreements notwithstanding domestic time limits
- Publish clear, accessible MAP guidance for taxpayers

  India has undertaken several administrative and procedural reforms to enhance the effectiveness of its MAP programme. These reforms were aimed at improving transparency, increasing taxpayer confidence, accelerating dispute resolution, and ensuring the effective implementation of MAP outcomes.

6.2.1 Successful MAP program

The strengthening of the MAP framework forms part of the Government's broader strategy to reduce tax-related litigation, provide certainty in cross-border taxation, and foster a stable and predictable investment climate. India is consistently increasing the resolution of MAP cases over a period of years through successful bilateral negotiations which has increased the confidence of taxpayers in the MAP programme of India. Thus, MAP has emerged as a key pillar of India's international tax dispute-resolution architecture and an important instrument for promoting ease of doing business and enhancing India's attractiveness as an investment destination.

6.3 Legal and Administrative Framework

6.3.1 Treaty Basis

MAP provisions are contained in Article 25 of India's tax treaties. Taxpayers may invoke MAP where they believe that actions of one or both contracting states result in taxation not in accordance with treaty provisions. Presently, India is having treaty network with 97 countries of the world.

6.3.2 Domestic Framework

India has issued comprehensive MAP guidance through the following legislative and administrative instruments:

- Rule 44G of the Income-tax Rules, 1962 followed by Rule 121 of the Income Tax Rules, 2026
- Section 90 and 91 of the Income Tax Act, 1961 followed by Section 159 of the Income Tax Act, 2025
- CBDT MAP Guidance issued in 2020 followed by updated MAP guidance of 2022.

6.3.3 Competent Authority Structure

MAP cases are negotiated by the Competent Authorities of India, namely the Joint Secretary (FT&TR-I) and Joint Secretary (FT&TR-II) in the CBDT, with officers in FT&TR Divisions providing support.

The Competent Authority function includes:

- Receiving and evaluating admissibility of MAP applications
- Initiating and conducting negotiations with treaty partners
- Concluding MAP settlements and overseeing implementation

6.4 The MAP Process in India

The typical MAP lifecycle, involves seven structured phases from application to implementation:

6.5 MAP Statistics: India's Performance

The inventory of MAP cases in Calendar Year 2025, as reported under the OECD MAP Statistics framework, is presented in Table 5-1 below:

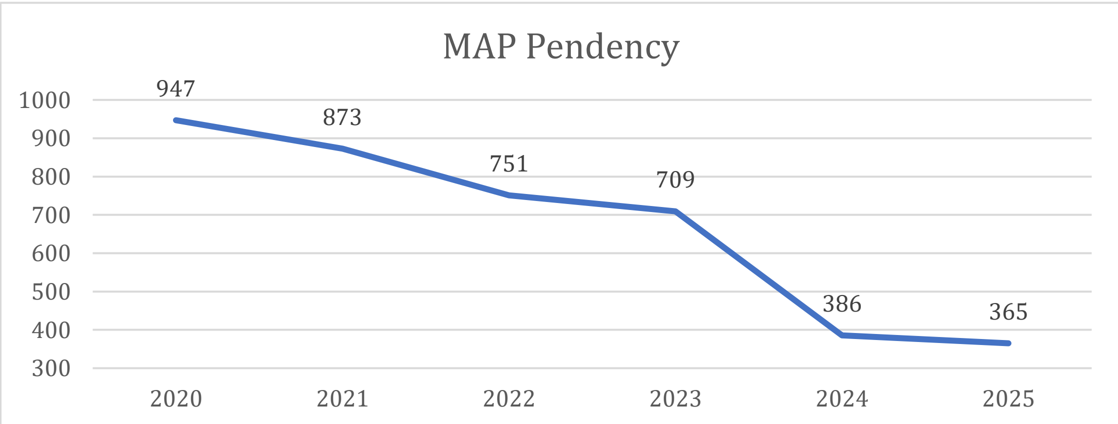
Table 6-1: MAP Case Inventory — Calendar Years 2020–2025

Sr.	Calendar Year	Opening Inventory	New Invocations	Cases Closed	Closing Inventory
1	2020	947	108	182	873
2	2021	872	76	194	754
3	2022	740	101	144	697
4	2023	709	68	115	662
5	2024	421*	96	131	386
6	2025	389*	113	137	365

** A matching exercise is carried out in the beginning of the year with treaty partners, therefore opening figures are reconciled with current positions.*

- At the beginning of Calendar year 2020, there was a huge inventory of 947 MAP cases pending for resolution. However, the speed of resolutions has increased over the period of time and the inventory has started to reduce even with increased invocations leading to a closing inventory of 365 at the end of 2025 which is almost **60% reduction within 6 years.**
- There has been a steady decline in the closing MAP inventory, reflecting the maturing of India's relationships with treaty partners and increased frequency of communication.
- Over the six-year period 2020–2025, India has cumulatively resolved 902 MAP cases, demonstrating the effectiveness and growing capacity of the Competent Authority function.
- Average time take to resolve a transfer pricing MAP case was 64.86 months in 2016 which has now reduced to 39.78 months. Transfer pricing cases account for more than 80% of MAP inventory. The huge reduction in time taken to reach a resolution has increased the confidence of taxpayers in the programme.

Figure 6-5 MAP Pendency



6.6 India's contribution recognised at FTA MAP Forum

The Chairman, CBDT, Sh. Ravi Agrawal presented the keynote address in OECD-FTA MAP Forum's seventh annual Tax Certainty Day event at Paris, France. India was acknowledged for its recent corporate tax reforms and introduction of new Income Tax Act, 2025 aimed at bringing tax certainty through tax simplification.

Figure 6-6-1: Chairman CBDT, Sh. Ravi Agrawal presenting the keynote address at the OECD's Tax Certainty day in Paris

Further, India was also awarded in the event for 'Best Co-operation in Transfer Pricing MAP cases' with Japan for year 2024. During the year, India and Japan successfully resolved cases involving Multinational Enterprises covering 24 tax years, with average time to conclude a case being less than 17 months.

Figure 6-6-2: India's recognition for Best Co-operation in Transfer Pricing MAP cases

The OECD has also recognised India's APA programme as the third fastest growing APA programme with a growth of 103%. This reflects the growing maturity of India's APA and MAP programme and its role in enhancing tax certainty and investor confidence.

6.7 <u>Conclusion</u>

The evolution of the MAP programme in India reflects the country's broader commitment to tax certainty, investor confidence, and effective international tax administration. MAP has developed into a sophisticated dispute resolution process supported by dedicated institutional capacity, international cooperation, and increasing transparency.

The reduction in inventory, higher case resolution rates, and growing synergy with the APA programme demonstrate the maturity of India's international tax dispute resolution framework.

As India continues to deepen economic integration with global markets, the MAP programme will remain a cornerstone of its efforts to provide a fair, predictable, and non-adversarial tax environment for multinational enterprises.

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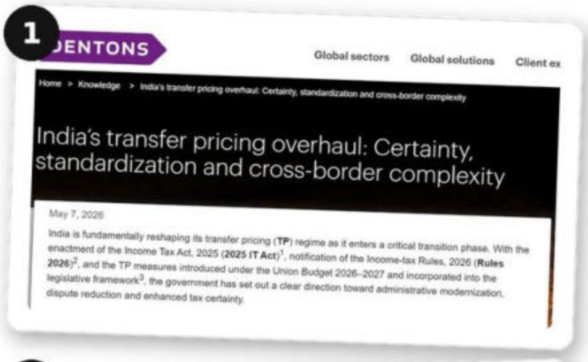
Chapter 7: APA in News



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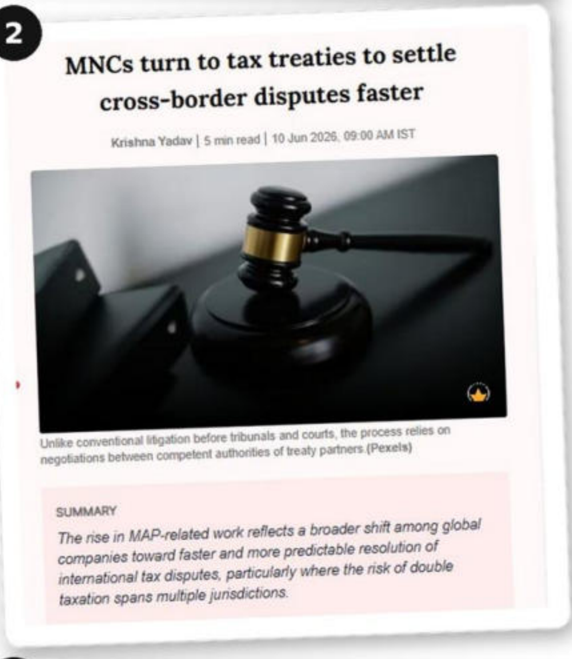
India's transfer pricing overhaul: Certainty, standardization and cross-border complexity

May 7, 2026

India is fundamentally reshaping its transfer pricing (**TP**) regime as it enters a critical transition phase. With the enactment of the Income Tax Act, 2025 (**2025 IT Act**)[1], notification of the Income-tax Rules, 2026 (**Rules 2026**)[2], and the TP measures introduced under the Union Budget 2026–2027 and incorporated into the legislative framework[3], the government has set out a clear direction toward administrative modernization, dispute reduction and enhanced tax certainty.



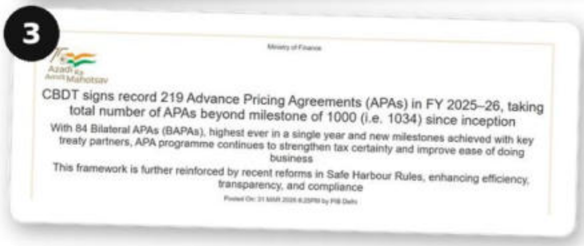
MNCs turn to tax treaties to settle cross-border disputes faster

Krishna Yadav | 5 min read | 10 Jun 2026, 09:00 AM IST

Unlike conventional litigation before tribunals and courts, the process relies on negotiations between competent authorities of treaty partners (Pexels)

SUMMARY

The rise in MAP-related work reflects a broader shift among global companies toward faster and more predictable resolution of international tax disputes, particularly where the risk of double taxation spans multiple jurisdictions.

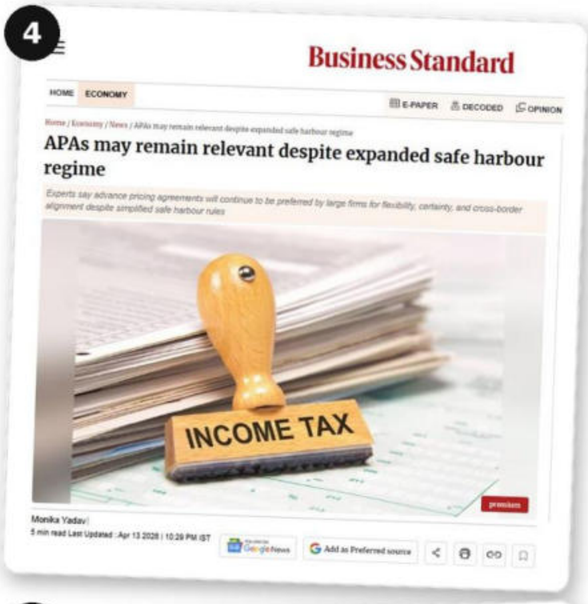


Ministry of Finance

CBDT signs record 219 Advance Pricing Agreements (APAs) in FY 2025–26, taking total number of APAs beyond milestone of 1000 (i.e. 1034) since inception

With 84 Bilateral APAs (BAPAs), highest ever in a single year and new milestones achieved with key treaty partners, APA programme continues to strengthen tax certainty and improve ease of doing business

This framework is further reinforced by recent reforms in Safe Harbour Rules, enhancing efficiency, transparency, and compliance



Business Standard

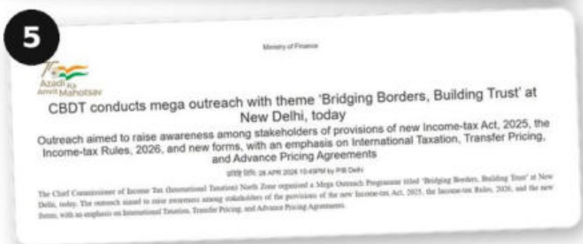
HOME ECONOMY

APAs may remain relevant despite expanded safe harbour regime

Experts say advance pricing agreements will continue to be preferred by large firms for flexibility, certainty, and cross-border alignment despite simplified safe harbour rules

Monika Yadav

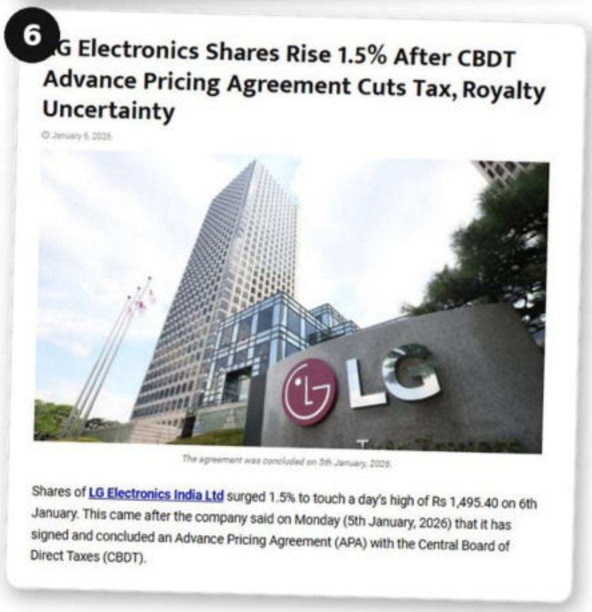
5 min read Last Updated : Apr 13 2026 | 10:29 PM IST



Ministry of Finance

CBDT conducts mega outreach with theme 'Bridging Borders, Building Trust' at New Delhi, today

Outreach aimed to raise awareness among stakeholders of provisions of new Income-tax Act, 2025, the Income-tax Rules, 2026, and new forms, with an emphasis on International Taxation, Transfer Pricing, and Advance Pricing Agreements



LG Electronics Shares Rise 1.5% After CBDT Advance Pricing Agreement Cuts Tax, Royalty Uncertainty

The agreement was concluded on 5th January, 2026

Shares of LG Electronics India Ltd surged 1.5% to touch a day's high of Rs 1,495.40 on 6th January. This came after the company said on Monday (5th January, 2026) that it has signed and concluded an Advance Pricing Agreement (APA) with the Central Board of Direct Taxes (CBDT).

References:
1- *https://www.dentons.com/en/insights/articles/2026/may/7/indias-transfer-pricing-overhaul-certainty-standardization-and-cross-border-complexity*
2- *https://www.livemint.com/industry/law-firms-tax-treaties-settle-cross-border-disputes-faster-oecd-mncs-mutual-agreement-procedure-map-11780983333154.html*
3- *https://www.pib.gov.in/PressReleasePage.aspx?PRID=2247399&reg=3&lang=1*
4- *https://www.business-standard.com/economy/news/apas-to-stay-relevant-despite-expanded-safe-harbour-regime-experts-126040600863_1.html*
5- *https://www.pib.gov.in/PressReleasePage.aspx?PRID=2256428&reg=3&lang=*
6- *https://www.equitypandit.com/lg-electronics-shares-rise-1-5-after-cbdt-advance-pricing-agreement-cuts-tax-royalty-uncertainty/*

Conclusion

The Indian APA programme is a very important part of CBDT's efforts for providing tax certainty to taxpayers and thereby enhance the ease of doing business in India. Since its commencement in July 2012, the APA programme has resolved many complex transfer pricing issues which may have otherwise witnessed long drawn and expensive litigation.

The Indian APA programme has successfully achieved resolutions that are beneficial to both taxpayers and the Government. While taxpayers have managed to get certainty over transfer pricing issues for five to nine years (depending upon whether rollback provisions are applicable to an Agreement), the Government has been able to streamline limited resources on more productive work, including audits and other procedures.

APAs are also beneficial to both taxpayers as well as the Government, as they lead to tax payments on the basis of the terms and conditions already agreed, without any further disputes and litigation. Though revenue mobilisation has never been the primary objective of the Indian APA programme, it is a positive externality flowing out from the programme that provides assured revenues to the Government of India. It is estimated that the 1035 signed APAs have resulted in bringing finality in taxation to income of about *Rs. 51,000 crores. This translates into a payment of tax of about *Rs. 15,000 Crores. This is litigation-free and hence significantly cuts down the cost of compliance and costs of managing tax uncertainty for the taxpayer, while also saving costs of administration for the Government. In effect, this is a net gain for the Indian economy.

Though the APA programme has been successful in enabling a positive economic environment for multinationals doing business in India, the Government is committed to increase the efficacy of the programme further by further strengthening it with adequate measures and resources.

**Estimates calculated on basis of data available on record*

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Annexures

Annexure 1: List of transactions covered in the UAPAs signed in FY 2025-26

Sr. No.	Covered Transaction	Total No. of Transactions
1	Provision of Marketing Support services	5
2	Reimbursement of ESOPs	4
3	Remittance of ESPP	4
4	Provision of engineering design consultancy services ("EDS")/Payment for IT charges/IT services	4
5	Payment of management charges; and/purchase of Capital goods/ assets/ fixed assets / software	3
6	Purchase/sale of assets including tangible and intangible assets/Provision of marketing/consultancy services	3
7	Provision of back-office support services	3
8	Payment for cost allocations	3
9	Engineering Design Support Services	2
10	Contract R & D	2
11	RSU	2
12	Provision of Professional Services	2
13	Intra Group Support Services	2
14	Provision of technical marketing support services/Import of finished goods / Spare parts / Accessories	2
15	Provision of software related professional services	2
16	Receipt of professional services	2
17	Provision of back-office support services	2
18	Reimbursement of ESPP, ESOP/RSUs paid/payable	2
19	Provision of Finance/Accounting support services	2
20	Advertisement, Marketing and Promotion (AMP) expenses incurred	1
21	Advances paid	1
22	Allocation towards internal workflow	1
23	Availing of E&C Services from AEs	1
24	Commission/ Service charges paid for sale of books and journals in electronic form	1
25	Commission/ Service charges paid for sale of books and journals in printed form	1
26	Contract manufacture and sale of generic drugs and associated support services	1
27	Corporate services (including cost allocation)	1
28	Cost Allocation by AIPL to the Branch Offices ("BOs")	1
29	Cost Sharing Agreement ('CSA') expense	1
30	Deemed AE transactions (i.e. availing service from third party pursuant to global contract)	1

Sr. No.	Covered Transaction	Total No. of Transactions
31	Finance Sales & Corporate Recharge	1
32	Import of books and journals for resale	1
33	Import of capital goods	1
34	Import of chillers air-conditioners refrigeration products and air-purifiers etc for resale	1
35	Import of finished goods for resale in India	1
36	Licensing of reprint rights - Royalty for reprinting received	1
37	Payment for availing technical services	1
38	Payment for group overhead recharge (IT/SAP charges)	1
39	Payment for group overhead recharge (management services)	1
40	Payment for group overhead recharges (IT/SAP charges)	1
41	Payment for group overhead recharges (management services)	1
42	Payment of fee for receipt of sales and marketing services	1
43	Payment of fees	1
44	Payment of guaranteed fee	1
45	Payment of marketing support fee/ client servicing fee	1
46	Payment of Platform development charges	1
47	Production and Editorial support - ISM Recharge and ISM Income	1
48	Production and Editorial charges paid to the AEs	1
49	Provision of content development services	1
50	Provision of Marketing Support Services	1
51	Provision of contract R&D and associated support services	1
52	Provision of Contract R&D Support Services	1
53	Provision of corporate guarantee	1
54	Provision of Design and Development Services	1
55	Provision of E&C services to AEs	1
56	Provision of Engineering and Consultancy ('E&C') services by AIPL	1
57	Provision of Engineering Design Support Services (net)	1
58	Provision of global marketing services	1
59	Provision of global sales services	1
60	Provision of Information Technology ('IT') Support Services	1
61	Provision of Information Technology consulting services	1

Sr. No.	Covered Transaction	Total No. of Transactions
62	Provision of Managed Services	1
63	Provision of Market Support Services	1
64	Provision of Marketing and Sales support services	1
65	Provision of marketing/sales and delivery support (MSS) services	1
66	Provision of network connectivity services to unrelated customers	1
67	Provision of Production and editorial service - ISM Income	1
68	Provision of Protiviti Knowledge and Innovation Center (PKIC) services	1
69	Provision of contract manufacturing services	1
70	Provision of contract services	1
71	Purchase of capital assets	1
72	Purchase of metal powder for resale in India	1
73	Purchase of MSC certified Surimi and other ingredients	1
74	Purchase of production materials	1
75	Purchase of raw materials and finished goods	1
76	Receipt of Corporate Performance Guarantee	1
77	Receipt of platform development services	1
78	Receipt of Production and editorial services – ISM Recharge	1
79	Receipt of Royalty	1
80	Receiving corporate guarantee commission	1
81	Recharge of costs - Payment of Production and editorial charges	1
82	Stock compensation cost	1
83	Sub-contracting services	1
84	The provision of MSS	1
85	The provision of non-binding Investment Advisory services	1
86	Training fee (expense)	1
87	Manufacture and sale of active pharmaceutical ingredients (“API”) and intermediates	1
88	Consulting	1
89	Animation	1
90	Contract Manufacturing	1
91	EHQ/AHQ services	1
92	Repackaging of Bulk Drugs	1
93	Provision of Account Services	1
94	Deemed international transaction (in the nature of purchase of IT resources from third-party vendors)/Availing of other support services	1
95	Trade receivables and payable from/to AEs /Receipt / Provision of corporate guarantee fee	1

Sr. No.	Covered Transaction	Total No. of Transactions
96	Provision of marketing support services by the Exhibition division and Elsevier division;/Sale of ingredients/ raw materials/ consumables	1
97	Provision of editorial/ outsourcing services by the Elsevier division/Provision of contract R&D Services	1
98	Share based payments made by Bravura India to its AEs	1
99	Accounts payable/receivable to/from the AEs, if any, arising from the above international transactions/Export of finished goods	1
100	Provision of business support services	1
101	Finance and Administration Support Services	1
102	Supply Chain Management Services	1
103	Pharmaceutical Regulatory Support Services	1
104	Other operating revenue	1
105	Provision of Consulting Services	1
106	Availing of Consulting Services	1
107	Provision of Research and Development (R&D) Support services	1
108	Payment of operations management fee to the AEs /AMP expense	0

Annexure 2: List of transactions covered in the BAPAs signed in FY 2025-26

Sr. No	Nature of Transactions	No. of Transactions
1	Purchase of fixed assets	9
2	Import of capital goods	9
3	Provision of business support services	7
4	Provision of contract manufacturing segment	6
5	Export of Traded Goods	6
6	Provision of technical support services	5
7	Provision of engineering design services	5
8	Import of raw materials	5
9	License of third-party software and related tools	5
10	Availing of IT services	3
11	Corporate Guarantees	3
12	Provision of management services	3
13	Import of traded goods for resale in India	3
14	Payment for technology service fee charges	2
15	Sale of spare parts and machinery	2
16	Provision of contract R&D services	2
17	Payment of fees for management services	2
18	Import of Stainless steel (Sheets & Coils) for resale	2
19	Export of manufactured/ assembled network equipment	2
20	Purchase of finished products for resale	2
21	Provision of contract pre-sales support services	2
22	Licensing of software and other charges	2
23	Provision of staffing and administrative services	2
24	Provision or availing of other services	2
25	Commission Income	2
26	Payment for technical assistance	2
27	Payment of bank charges to AEs	1
28	Availing of technical services	1
29	Payment of global SSC fees	1
30	Interest on loan/ECBs	1
31	Repayment of loan	1
32	Availing of administrative/ support services	1
33	Purchase/use of intangible property	1
34	Purchase of project material/bought out	1
35	Receipt of market data services	1

Sr. No	Nature of Transactions	No. of Transactions
36	Receipt of data centre services	1
37	Receipt of technology support services	1
38	Payment of equity compensation cost	1
39	Availing of services for provision to end customers	1
40	Sale of capital items	1
41	Payment of interest on External Commercial Borrowings	1
42	Provision of technology license	1
43	Provision of trademark license	1
44	Receipt of Global Accounts Services	1
45	Software services received	1
46	Sale of finished goods	1
47	Receipt of information technology support services	1
48	Receipt of application engineering services	1
49	Rendering of service	1
50	Business Facilitation Service	1
51	Availing of management and other service	1
52	Purchase of software license	1
53	Payment of Commission Fee	1
54	Payment of Loan guarantee fee	1
55	Payment of export commission	1
56	Recovery of warranty claims	1
57	Receipt of intra Group Services/ other services	1
58	Interest on delayed trade receivables	1
59	Purchase of online advertising space	1
60	Purchase of online Workspace	1
61	Cost of services for distribution of payment services	1
62	Reimbursement /Recoveries of expenses	74

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