India and UK agree to two Bilateral Advance Pricing Agreements under the India-UK DTAA.

The Competent Authorities under India-UK DTAA agreed to two (2) Bilateral Advance Pricing Agreements (B-APAs) during the meetings held on 10-14 June, 2019 in London. One B-APA was signed. This has taken the total number of B-APAs agreed between the two sides to twelve (12). These two (2) Agreements cover international transactions in the nature of payment for intra-group service charges and pertain to companies belonging to the FMCG and heavy manufacturing sectors.

Discussions were also held on several cases referred under the Mutual Agreement Procedure (MAP) Article of the India-UK Double Taxation Avoidance Convention (DTAC) - the dispute resolution mechanism provided under the DTAC. The outcome was resolution of disputes in three Multi-National Company cases belonging to sectors such as heavy manufacturing, Information Technology and R&D. In principle agreement on the disputed issue was reached in additional 3 years for one of the companies.

The Advance Pricing Agreement (APA) Programme was introduced in India by the Finance Act, 2012 with a view to provide a predictable and non-adversarial tax regime and to reduce litigation in the Indian transfer pricing arena.