India Crosses 1,035 Advance Pricing Agreements

CBDT Annual APA Report FY 2025-26

Why filing your APA application in March costs you a full year of certainty, and what changed on 24 March 2026.

Source: Advance Pricing Agreement Programme, Annual APA Report FY 2025-26, Central Board of Direct Taxes, Ministry of Finance, July 2026, 74 pages.

TRANSFER PRICING | CROSS-BORDER | INCOME-TAX ACT 2025 | SAFE HARBOUR

The Headline Numbers as at 31 March 2026

1,035

Total APAs Signed

Since inception July 2012: 751 unilateral and 284 bilateral.

220

APAs in FY 2025-26

Highest in any single year since the programme began.

84

Bilateral APAs

FY 2025-26, beating the previous record of 65 set in FY 2024-25.

841

Under Processing

Of 2,277 total applications filed since inception, 1,436 disposed, 841 still in pipeline.

Metric	Figure
Median time, unilateral	36 months
Median time, bilateral	38 months
Total years of certainty delivered	5,732 (4,559 APA years + 1,173 rollback years)
Income brought to finality (CBDT estimate)	Rs 51,000 crore
Litigation-free tax (CBDT estimate)	Rs 15,000 crore

The number that matters most is **841**. The pipeline is long, and it is growing at the front end.

Applications filed since inception total 2,277. Of these, 1,436 have been disposed and 841 remain under processing. The forward queue is the honest measure of how long the wait will be for a new applicant entering today.

The Timing Mistake Almost Every Applicant Makes

CBDT criticises taxpayer behaviour in its own report, and the passage converts straight into action.

> "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."

1

File in March 2027

For a term beginning 1 April 2027. On a 36-month median, the agreement arrives in 2030: three returns already filed into the covered period.

2

File in April 2026

For that same term. You gain eleven months. In FY 2025-26, roughly 45 percent of unilateral and 25 percent of bilateral APAs closed within 24 months.

3

Agreement in Hand

A signed agreement before the first covered year's return is even due. That is the value of the eleven-month head start.

Renewals are sharper still. Diary the renewal filing for the April two years before expiry, not the March two weeks before it.

APA or Safe Harbour: CBDT Has Now Said You Can Have Both

The Dilemma

A large part of the unilateral applicant pool is IT services companies whose APA terms straddle years before 1 April 2026, where the new safe harbour does not apply, and years from tax year 2026-27, where it does. Many asked whether signing an APA would forfeit the new safe harbour.

The Answer

By Office Memorandum dated 24 March 2026: no. A Critical Assumption is now written into unilateral APAs enabling revision so the APA does not apply to transactions covered by safe harbour.

In the Report's Framing

A taxpayer whose APA period spans both sides of 1 April 2026 "can enter into APAs, and thereby get the tax certainty for earlier years, without losing its right to avail the new Safe Harbours prospectively."

The Safe Harbour Regime

Finance Act 2026 consolidated multiple technology service segments into a single Information Technology Services category carrying a uniform **15.5 percent margin**, and raised the eligibility threshold from Rs 300 crore to **Rs 2,000 crore**.

That threshold move is the one to notice. A services business that had outgrown safe harbour at Rs 300 crore is back inside the regime with real headroom.

Where the APA Provisions Now Live: The Income-tax Act 2025 Map

The Income-tax Act 2025 came into force on 1 April 2026 and renumbered the transfer pricing chapter. If you are drafting an application, an annual compliance report or a modified return this year, work from this map, not from your 2024 precedents.

Provision	New Section (Act 2025)	Previous Section (Act 1961)
Computation of arm's length price	Section 165	Section 92C
Reference to Transfer Pricing Officer	Section 166	Section 92CA
Power of Board to make safe harbour rules	Section 167	Section 92CB
Advance pricing agreement	Section 168	Section 92CC
Effect to advance pricing agreement	Section 169	Section 92CD
Secondary adjustment	Section 170	Section 92CE

The substance of Section 168 is unchanged in effect. An APA is valid for a period not exceeding five consecutive tax years and binds both the taxpayer for the covered transaction and the Principal Commissioner or Commissioner and all subordinate authorities. CBDT has also revised its model APA template, last revised March 2024, to bridge the two Acts.

Rollback: How Five Years Becomes Nine

Rollback applies the agreed arm's length price, or the agreed methodology, to years before the APA term begins.

1

4 Rollback Years

Maximum prior years covered before the APA term begins.

2

5 Forward Years

Standard APA term under Section 168.

3

Up to 9 Years Total

One application delivering certainty across up to nine years at once.

Uptake in FY 2025-26

Category	APAs Signed	With Rollback	Rollback Years
Unilateral (FY 2025-26)	136	46	149
Bilateral (since inception)	284	119	N/A

⚠ If you have open transfer pricing assessments on the same transaction for earlier years, rollback is usually the highest-value part of the application. It is also the first thing dropped when a file is assembled in a hurry in March.

The Section 169 Deadline People Miss

Put this in the compliance diary the day the agreement is signed.

1

Modified Return: 3-Month Window

Where a return for a tax year covered by the APA was already furnished before the agreement was entered into, the taxpayer must furnish a modified return, in accordance with and limited to the agreement, within three months from the end of the month in which the agreement was entered into. That is Section 169(1) of the Income-tax Act 2025.

2

Assessment Already Completed

If assessment or reassessment for a covered year was already completed, the Assessing Officer passes an order modifying total income within one year from the end of the financial year in which the modified return was furnished.

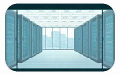
3

Proceedings Pending

If those proceedings were pending, the Assessing Officer completes them in accordance with the agreement, and the limitation period is extended by twelve months.

Because APA terms routinely cover years for which returns have already gone in, the modified return is not an edge case. It is the normal consequence of signing, and a three-month window is easy to lose in a handover.

Who This Actually Applies To



Founders with a Foreign Parent

An Indian subsidiary billing a US or Singapore holding company for engineering, product or support work is the archetypal APA candidate. The transaction is recurring, material, and certain to be examined.

CA Professionals and Tax Heads

The report is your evidence base for advising the April filing. It also tells you the pipeline is 841 applications deep, which is the honest timeline conversation to have with a client before the engagement letter, not after it.

Scaling Services Businesses

With the safe harbour threshold at Rs 2,000 crore and a 15.5 percent margin, test safe harbour first. Since the 24 March 2026 Office Memorandum, doing so no longer forecloses an APA for the earlier years.

Anyone with Bilateral Exposure

Only a bilateral APA protects against double taxation in the counterparty jurisdiction. In FY 2025-26 India signed bilateral APAs with 12 treaty partners: the US, Finland, the UK, Singapore, Japan, South Korea, Australia, Denmark, Sweden, France, Indonesia and Ireland, including first-ever agreements with France, Ireland, Indonesia and Sweden.

Six Questions Before You File

1

Is the transaction recurring and material?

An APA prices a transaction forward for five years. A one-off intra-group sale is not a candidate. Ongoing software development, IT-enabled services, contract research, management services, royalties and intra-group financing are what the programme is built around.

2

Has the same transaction already been adjusted?

If the Transfer Pricing Officer has adjusted the same margin in past years, an APA plus rollback closes historic and forward exposure in one instrument.

3

Is there a treaty partner on the other side?

A bilateral APA takes a median 38 months but is the only route that also protects the overseas leg.

4

Would safe harbour do the job faster?

Inside the margin and the threshold, certainty can arrive in weeks rather than years.

5

Can you sustain the compliance?

An APA carries an annual compliance report and a compliance audit for every covered year. It is a five-year relationship, not a filing.

6

Can you file in April?

If the file will not honestly be ready until March, defer the APA term by a year and file early for the later term instead of filing late for the earlier one.

Your Next Four Steps

01

Now: Map Your Transactions

List every recurring related-party transaction with an overseas group company, with values for the last three years. If any single stream is material and repeating, it is an APA candidate.

02

Before the Next April: Choose Your Route

Decide between APA, safe harbour and neither. Test safe harbour eligibility first against the 15.5 percent margin and the Rs 2,000 crore threshold. The 24 March 2026 Office Memorandum means testing it costs you nothing.

03

April, Not March: File the Application

File the application, and file renewals in the April two years before expiry. This single change is worth roughly eleven months of certainty.

04

On Signing: Diary the Deadlines

Diary the Section 169(1) modified return, due within three months from the end of the month of signing, plus the annual compliance report and compliance audit for every covered year.

Two things not stated here, deliberately: the APA filing fee under the Income-tax Rules 2026 and the new rule numbers replacing Rules 10F to 10T. The report describes the reform only as "uniform filing fees" and does not carry either figure. Confirm both against the Rules before filing.

Talk to an Expert. CA Adityavikram Banka, Founder, A S Banka Advisors Private Limited.