India APA Annual report FY 2025-26

Summary

The Central Board of Direct Taxes (CBDT) recently issued the eighth Annual Report on the Advance Pricing Agreement ("APA") Programme for FY 2025-26, capturing the data and statistics of the APA and MAP programme.

The APA annual report includes data on APA applications filed, status of APAs, concluded APAs, nature of transactions covered in APA and location of associated enterprises (AE). APAs plays a vital role in ease of doing business in India, through providing tax certainty for transfer pricing. As at FY 2025-26, APA is said to have brought certainty for income around INR 51,000 crores, cumulatively bringing certainty over 5,500 Assessment years. Further, in FY 2025-26, India concluded 220 APAs (Unilateral and Bilateral), again topping the highest number of APAs concluded in the history of the programme. As well as signing the maximum number of Bilateral APAs (BAPAs).

The data is presented across Unilateral APA (UAPA) and Bilateral APA (BAPA). **This year also marks the achievement of signing India's first ever bilateral APAs with France, Ireland, Indonesia and Sweden**. The Annual report also touches upon the key statistics on Mutual Agreement Procedure (MAP). The closing inventory of MAP cases for CY 2025 stood at 365 cases and continued the trend of decrease in the closing inventory from 2020.

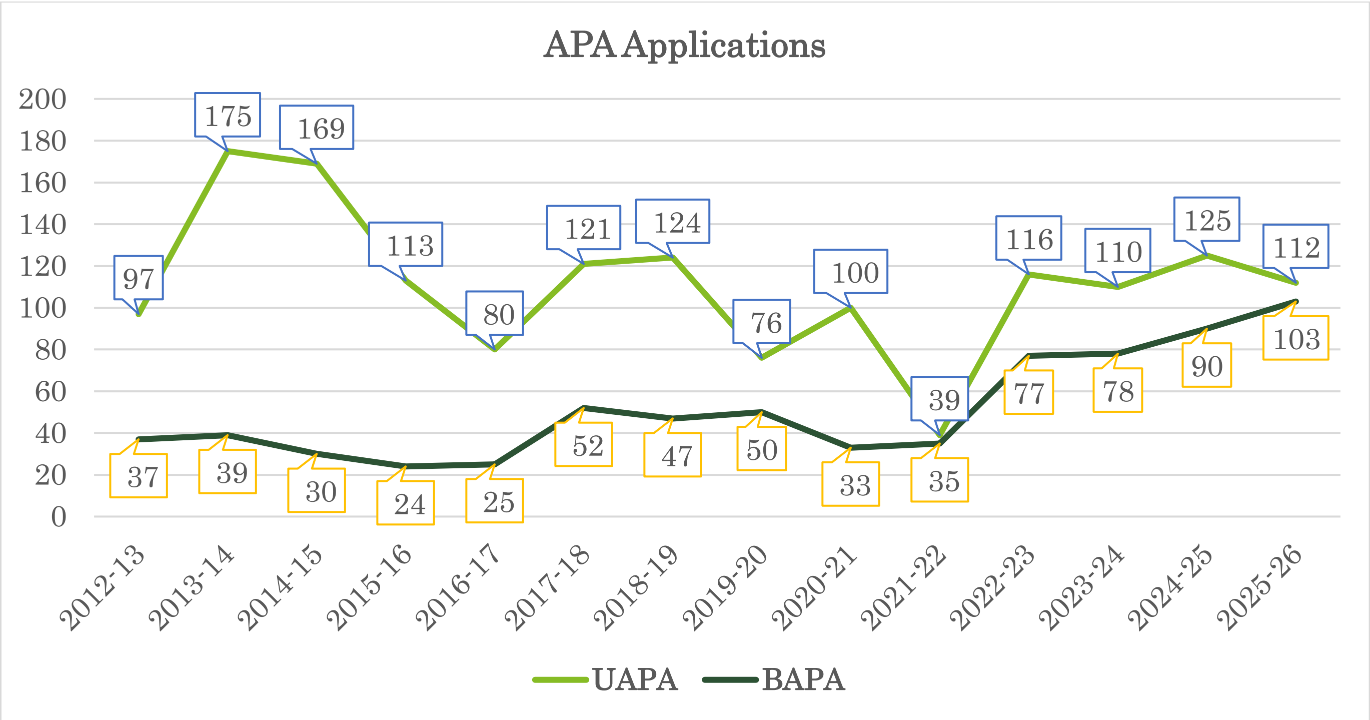
The APA Annual report also captures the awards for APA and MAP for various categories announced on the OECD Tax certainty day 2025 – 31 October 2025. viz., "APA Most Improved Jurisdiction" category, third highest after Ireland and Mexico, as well as in the "Cooperation" category – India and Japan being awarded for the most number of transfer pricing cases fully resolved under MAP.

India APA Annual report: FY 25-26

APA – Applications

The APA programme has been maturing over the past few years, witnessed through the change in the UAPA: BAPA ratio – nearing 1:1. The number of BAPA applications was the highest in FY 2025-26 and the annual report states that the trend towards BAPA indicates confidence in quick and efficient resolutions with other treaty partners.

Below chart summarizes the applications over the past 14 years of the APA programme.



The number of BAPA applications has reached the highest since the commencement of the APA programme. This, along with reducing UAPA:BAPA ratio implies a shift in taxpayer's mindset towards adopting wholistic dispute resolution by way of BAPA.

APA Conclusions

There has been an increase at the pace at which APAs are being concluded. This can be seen through reduction in the APA average inventory over the last annual reports (viz., FY 2018-19, FY 2021-22, FY 2022-23, FY 2023-24 and FY 2024-25). The summary data provided in the Annual report as well as the computed Average inventory and Average APA signed per year[1] is captured in the table below:

Particulars	Applications (A)	Concluded (B)	Disposed (C)[2]	Pending (D = A-B-C)	Avg Inv % (E=D/A) %	No of Years (F)	Avg APA Signed (G=B /F)
FY 2012-13 to FY 2018-19	1155	271	82	802	69%	7	39
FY 2012-13 to FY 2021-22	1499	421	194	884	59%	10	42

[1] Data points from APA Annual Report is provided in black and the computed ratios / indicators is provided in orange.

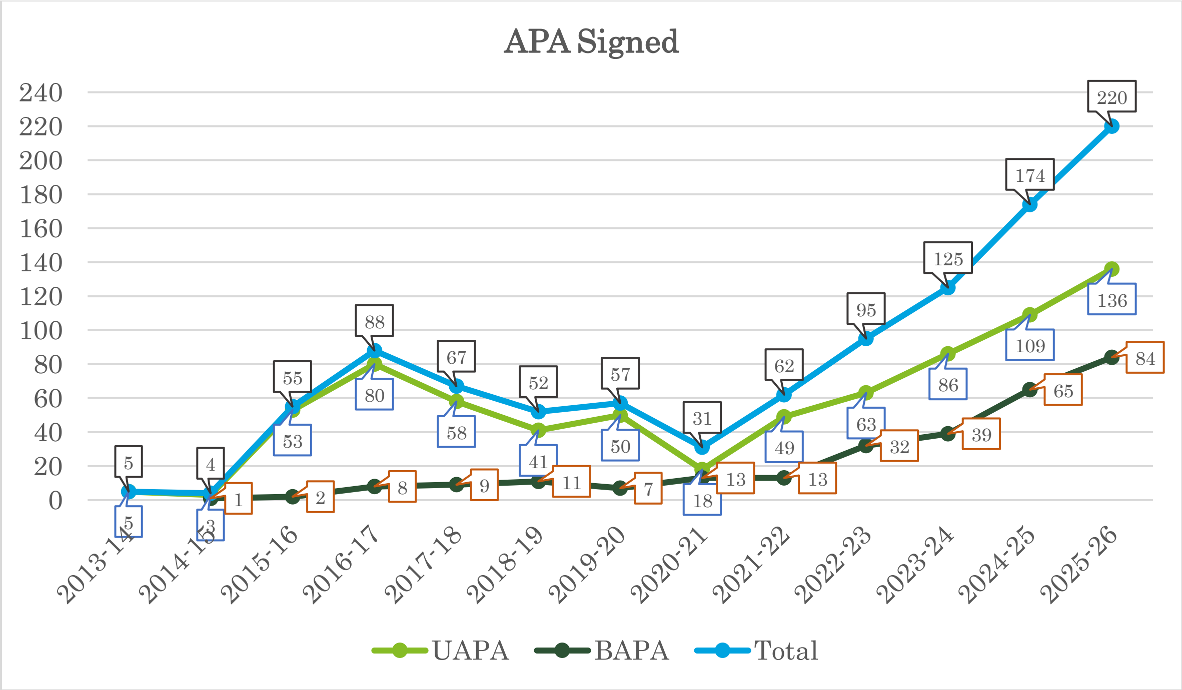
[2] APA Applications disposed due to reasons other than conclusion / sign-off

Particulars	Applications (A)	Concluded (B)	Disposed (C)[2]	Pending (D = A-B-C)	Avg Inv % (E=D/A) %	No of Years (F)	Avg APA Signed (G=B /F)
FY 2012-13 to FY 2022-23	1659	516	315	828	50%	11	47
FY 2012-13 to FY 2023-24	1847	641	348	858	46%	12	53
FY 2012-13 to FY 2024-25	2062	815	389	858	42%	13	63
FY 2012-13 to FY 2025-26	2277	1035	401	841	37%	14	74

The year-wise pending inventory of APA applications as per FY 2025-26 annual report is captured in the table below. This reflects the tax authority's focus on completion of earlier APA applications.

FY	12-13 to 14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26
Pending Inventory (%)	6%	9%	28%	38%	36%	46%	42%	61%	79%	74%	95%	92%

The number of APAs signed in each financial year is plotted in the chart below. There was a reduction in number of APAs concluded in FY 2020-21 due to the COVID pandemic, but there has been strong rebound in number of APAs concluded from FY 2021-22 – with a record conclusion in FY 2025-26.



Unilateral APA (UAPA)

UAPA has witnessed an increase in the pace of sign-off. The average inventory has reduced from 35% as at FY 2024-25 to 29% as at FY 2025-26. Similarly, the average number of APAs concluded per year has increased from 47 as at FY 2024-25 to 54 as at FY 2025-26, implying organic reduction in inventory. Analysis of the mean, median and mode of time taken to conclude UAPA provides insights on closure of UAPA applications.

Time period	Mean	Median	Mode
FY 2023-24	43 months (37-48 Months)	41 months (37-48 Months)	25-36 Months
FY 2024-25	42 months (37-48 Months)	40 months (37-48 Months)	25-36 Months
FY 2025-26	40.8 months (37-48 Months)	36 months (25-36 Months)	13-24 Months

From the above it can be noted there is increased skewedness – reduction in the class interval for both median and mode, indicating marked increase in the pace of conclusion of UAPA. This combined with reduction of the mean indicates that there is increased conclusion of older APAs in parallel with recent filed APAs.

Services have been the major sector in which were signed during FY 2025-26 approx. 72%, followed by manufacturing, trading & service. Major industries for which APA were concluded include IT and Manufacturing/Banking & Insurance.

The table below illustrates the top transactions covered in descending order:

FY 2025-26 - List of major transactions
Provision of ITeS
Export/sale of finished goods/products
Receipt of management/ corporate support services
Payment of royalty/licence fee
Provision of SWD services
Import of raw materials/ consumables

Major jurisdictions in which AEs were located for the covered transactions were United States, Germany and United Kingdom in FY 2025-26. The transfer pricing methods used were majorly Transactional Net Margin Method (TNMM) and Other Method for FY 2025-26.

Bilateral APA (BAPA)

The APA programme has been maturing towards complete dispute resolution, which is witnessed through consistent BAPA applications recording highest number of BAPA applications and conclusions since inception of APA. Average BAPA inventory reduced from 57% as at FY 2024-25 to 50% as at FY 2025-26. This reduction was also organic – increase in average BAPA signed per year from 15 (FY 2024-25) to 20 (FY 2025-26) per annum. The mean, median and mode time for conclusion of BAPA has reduced, indicating an increase in the pace of the conclusion of BAPA per se.

Time period	Mean	Median	Mode
FY 2023-24	58 months (49-60 months)	58 months (49-60 months)	52 months (49-60 months)
FY 2024-25	55 months (49-60 months)	56 months (49-60 months)	54 months (49-60 months)
FY 2025-26	41.5 months (49-60 months)	38 months (37-48 months)	30.5 months (25-36 months)

The above indicates a marked increase in the pace of conclusion of BAPA as compared to FY 2023-24 and FY 2024-25 – where the median and modal interval has reduced. Further from being a normal distribution for the past years to becoming positively skewed for FY 2025-26 indicates organic increase pace in the conclusion of APA cases, along with closure of older cases as well.

Services was the major sector in which BAPA was concluded during FY 2025-26 approx. 61%, as compared to 91% as compared to the earlier year indicating that BAPA conclusion has taken place across industry / sectors, which is a positive development for the business ecosystem, as a whole. Major industries for which APA were concluded include IT/ITeS and services.

FY 2025-26, major transactions were reimbursement/recovery of expenses, provision of SWD services, provision of IT/ITeS, trade receivable/payable/advance and payment of know-how/ licence fee/ royalty.

United States, United Kingdom , Japan, Singapore and Denmark were the major jurisdictions with which BAPA applications (amounting to 81% of the total application filed) were filed and BAPA were concluded during FY 2025-26. The transfer pricing method used most to conclude BAPA was TNMM followed by Other Method during FY 2025-26.

Mutual Agreement Procedure

India continues to demonstrate progress in resolving cross-border tax disputes through the MAP mechanism under its DTAAs. For the calendar year 2025, India recorded 113 new MAP cases and resolved 137 cases, resulting in a decline in the closing inventory from 389 to 365 cases, a 6% decrease in the MAP case inventory. This consistent reduction in pendency reflects India's strengthened engagement with treaty partners, improved coordination between Competent Authorities, and the increasing maturity of bilateral relationships. The trend since 2020 shows a steady improvement in efficiency and resolution timelines under the MAP framework.

For the year 2024, India and Japan were awarded for "Best co-operation in Transfer Pricing MAP cases" with an average closing time of less than 17 months.

Conclusion and Key Takeaways

Overall, the steady rise in the conclusion of both Bilateral and Unilateral APAs during FY 2025-26 — including the signing of India's first-ever bilateral APAs with France, Ireland, Indonesia and Sweden. This reflects the strong trust taxpayers place in India's APA programme and highlights the collaborative approach between taxpayers and authorities.

Both UAPA and BAPA has witnessed organic increase in the pace of conclusions, with one of the highest numbers of BAPAs signed since inception & beating the record set last year. Further, India being able to conclude BAPA with new jurisdictions including as France, Ireland, Indonesia and Sweden, some of whom are key trade partners, is a positive signal for business eco-system as a whole and would deepen its trading ties with India.

This continuum in the movement is the result of dedicated efforts by both Revenue as well as by the taxpayers. Leveraging the accumulated knowledge and experience, the focus now lies on streamlining processes, deepening international collaboration, and delivering timely, predictable outcomes furthering the programme's goal of providing genuine tax certainty and stability to businesses operating in India.

About us

VSTN Consultancy is a Global Transfer Pricing firm with extensive expertise in the field of transfer pricing having its offices in India, Singapore, UAE, USA, and the KSA. VSTN Consultancy has been awarded by International Tax Review (ITR) as Best Newcomer in Asia Pacific – 2024 | Middle East Transfer Pricing Practice Leader of the Year 2025 | Middle East Best Newcomer of the year - 2025 and is ranked as one of the Recommended Transfer Pricing Firms. VSTN Consultancy has been shortlisted in other awards as finalist by ITR for Tax Innovator, Tax Compliance and Reporting Firm, Transfer Pricing Leader, Transfer Pricing Rising Star in Asia Pacific – 2025 | Best Newcomer, Tax Innovator and Transfer Pricing Leader in EMEA – 2025. VSTNs senior partners have been ranked in ITR in the list of recognized Practitioners

VSTN Consultancy has been honored with the Best Global Transfer Pricing Consultancy 2025 – India award at the prestigious Wealth & Finance Management Consulting Awards 2025.

Our offering spans the end-to-end Transfer Pricing value chain, including design of intercompany policy and drafting of Interco agreement, ensuring effective implementation of the Transfer Pricing policy, year-end documentation and certification, BEPS related compliances (including advisory, Masterfile, Country by Country report), safe harbour filing, audit defense before all forums, Pillar 2 and dispute prevention mechanisms such as Advance Pricing agreement.