

# Advance Ruling agreement

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- In India, the scheme of advance rulings was introduced in 1993
- Advance Ruling means written opinion or authoritative decision by an Authority empowered to render it with regard to the tax consequences of a transaction or proposed transaction or an assessment in regard thereto.
- Whenever a taxpayer has doubts regarding tax liability in respect of proposed transactions, he can seek advance ruling from the authority.
- Advance ruling helps in settling disputes in advance. It helps foreign investors in determining their tax liabilities in advance so that they can assess the transaction that they propose to undertake.
- It also brings certainty in determining the tax liability, as the ruling given by the Authority for Advance Ruling is binding on the applicant as well as Government authorities.