



# TaxNewsFlash

## United States



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## Announcement 2022-7: APMA program, APA statistics for 2021

The IRS today released an advance version of Announcement 2022-7 providing the Advance Pricing and Mutual Agreement (APMA) program's annual report on advance pricing agreements (APAs) for 2021.

This is the 23rd report describing the experience, structure, and activities of the APA program. This report does not provide guidance regarding the application of the arm's length standard.

[Announcement 2022-7](#) [PDF 980 KB] reports that:

- The number of executed APAs in 2021 was 124.
- In 2021, the percentage of APA renewals executed was 63% (compared to 59% in 2020).
- As in prior years, more than half of the APAs executed in 2021 involved transactions between non-U.S. parents and U.S. subsidiaries.
- Although most of the transactions covered in APAs executed in 2021 involved the sale of tangible goods or the provision of services, approximately 15% involved the use of intangible property (noted by the IRS to be among the most challenging transactions in the APMA program's inventory).
- Although the median time required to complete an APA increased in 2021 to 35.1 months (versus 32.7 months in 2020), it is lower than the median completion times in 2019 (38.8 months) and in 2018 (40.2 months).

### APA statistics for 2021

	Unilateral	Bilateral	Multilateral	Total
Applications filed	16	121	8	145

APAs executed	25	98	1	124
APAs pending as of 31 December 2021	39	395	27	461
Renewals executed in 2021	19	59	0	78
Renewals pending as of 31 December 2021	26	147	12	185
Revoked or cancelled in 2021	0	0	0	0
Applications withdrawn in 2021	1	4	1	6

### KPMG observation

The APMA program's APA statistics for 2021 show a marked uptick of taxpayer interest in APAs, with 145 applications compared to 121 applications in 2020. This widespread interest speaks to the benefits of the APA program, but it also compounds the challenges facing the APMA program's APA and mutual agreement procedure (MAP) docket. Executed APAs remained relatively flat at 124 during 2021, and the time for processing bilateral APAs was down slightly. The announcement notes that the APMA program gained 16 APA team leaders during 2021. Once these individuals are fully onboarded, the APMA office may be better equipped to reduce APA backlog, though it will remain constrained by its treaty partners' capacity.

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