



CBDT notifies rules in respect of Country – by - Country reporting and furnishing of Master File

In keeping with *India's commitment to implement the recommendations of 2015 Final Report on Action 13, titled "Transfer Pricing Documentation and Country-by-Country Reporting"*, identified under the OECD Base Erosion and Profit Shifting (**BEPS**) Project, section 286 of the Income-tax Act, 1961 ('the Act') was inserted vide Finance Act, 2016, providing for furnishing of a Country-by-Country report in respect of an international group by its constituent or parent entity. Section 92D of the Act was also amended vide Finance Act, 2016 to provide for keeping and maintaining of Master File by every constituent entity of an international group, which was to be furnished as per rules prescribed in this regard.

Subsequent to the aforesaid amendments to the Act, comments and suggestions were invited on the proposal to insert rules 10DA, 10DB and form nos. 3CEBA to 3CEBE in the Income-tax Rules, 1962 ('the Rules'), laying down the guidelines.

After examining the recommendations of the Committee set up in this regard, and comments and suggestions received from

stakeholders and general public, the Central Board of Direct Taxes has notified the rules for maintaining and furnishing of transfer pricing documentation in the Master File and Country-by-Country report.

Since it is the first reporting year for furnishing of the Country-by-Country report, the due date for filing the Country-by-Country report for reportable accounting year 2016-17 has already been extended to 31st of March, 2018 vide Circular No. 26/2017 dated 25.10.2017.

Similarly, the date of compliance for furnishing the Master File for FY 2016-17 has been extended to 31st of March, 2018 as a one-time relief measure.

The salient features of the Country-By-Country Report and Master File rules are as under:

- The threshold for the Country-By-Country Report is ***total consolidated group revenue of INR 5,500 crore*** or more.
- The ***threshold for the Master File is consolidated group revenue exceeding INR 500 crore*** and either the aggregate value of international transactions as

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per the books of accounts exceeding INR 50 crore or aggregate value of international transactions in respect of intangible property exceeding INR 10 crore.

- Report of Master File has to be submitted in **Form 3CEAA** and the Country-by-Country Report in **Form 3CEAD**.
- An international group having multiple Indian constituent entities may designate one constituent entity to file the Master File.
- ***Part A of Form 3CEAA is to be filled by every constituent entity of an international group*** regardless of whether it qualifies under the threshold for furnishing Master File. However, to reduce the compliance burden, such international group having multiple Indian constituent entities can designate one constituent entity to file Part A on its behalf.
- ***Form 3CEAD for furnishing Country-by-Country Report follows OECD template.***

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