

Transfer Pricing - Master File & CbCR

A first step towards Global Information Exchange

Transfer Pricing – Master File & CbCR

(Notification No. 92/ 2017 dated 31st October 2017)

CBDT stacks the cake with the building blocks of Action 13 of the OECD & G20 BEPS Project and delivers a sizeable punchline to align the stones forming rules on transfer pricing documentation in India. While the frosting to the cake had already been set with the introduction of Section 286 of the Income-tax Act 1961 ('the Act'), the tax world has awaited with bated breath whether the CBDT and Multinational Groups alike would be able to transport and carry a heavy cake like Master File & CbC Reporting, and ensure it remains an edible masterpiece.

India has adopted the approach of Action 13 of BEPS Project which lists a 3-tiered documentation structure consisting of:

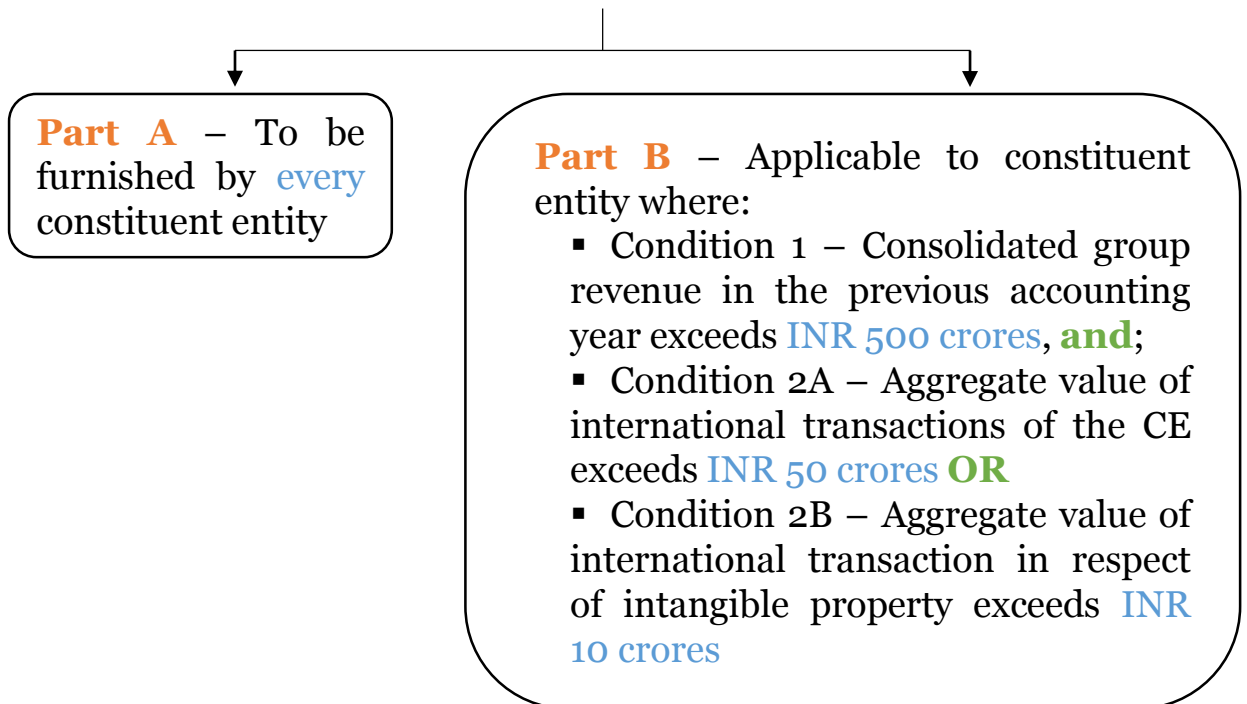
- Master File – High-level overview of entire MNE group policies & practices and containing standard information.
- CbC reporting – Containing information on global profits, taxes, revenues etc.
- Local File – For specific transactions entered between country and another jurisdiction

India has recently notified Master File and CbCR documentation requirements in its legislation through Notification No. 92/ 2017, with an update still pending on local file requirements.

Important terms & meanings:

- Accounting year – a previous year where parent entity or alternate reporting entity is resident in India
- Alternate reporting entity – any constituent entity of international group designated by group to furnish the CbCR
- Constituent entity – It means:
 - Any separate entity of an international group included in consolidated FS of group for financial reporting purposes; or
 - Any such entity excluded from consolidated FS of the international group solely on basis of size or materiality; or
 - Any PE of any separate business entity of the international group included as above, provided separate FS are maintained.

Master File Applicability | Rule 10DA



Information to be maintained:

Detailed information of all the constituent entities in the group with product details, transfer pricing details, APA details and an in-depth descriptions of various aspects highlighted in the rules. FAR of constituent entity contributing at least ten percent of revenues, assets or profits of the group

CbCR Applicability | Rule 10DB

Threshold of CbCR:

Total consolidated group revenue of international group shall be **INR 5,500 crores** (approx. Euro 750 million) or more in the current FY of the preceding accounting year for applicability of CbCR provisions


Information to be maintained

- Overview of allocation of Income, profits , taxes, number of employees and business activities by tax jurisdiction
- Details of all constituent entities of the MNE group
- Automatic exchange of information

Master File and CbCR – An update

(Notification No. 92/ 2017 dated 31st October 2017)

Forms Nos.	Description of Forms	Rules	Due date for FY 2016-17	Due date for FY 2017-18
3CEAA	Master File (Part A and Part B) – Part A applicable to all taxpayers	Rule 10DA: MF	31 st March 2018	30 th November 2019
3CEAB	Intimation by designated constituent entity, resident in India, of an international group for Master File purposes	Rule 10DA: MF	Atleast 30 days before 31 st March 2018	Atleast 30 days before 30 th November 2019
3CEAC	Intimation by constituent entity, resident in India, of an international group, the parent company which is a non-resident in India	Rule 10DB: CbCR	Atleast 2 months prior to 31 st March 2018	Atleast 2 months prior to 30 th November 2019
3CEAD	Country-By-Country report (Part A, B and C)	Rule 10DB: CbCR	31 st March 2018	30 th November 2019
3CEAE	Intimation by designated constituent entity, resident in India, on behalf of international group where parent entity is resident of a country with which India does not have an agreement for exchange of CbCR or there has been a systemic failure of the country of parent which has been intimated by the prescribed authority to such constituent entity [Section 286(4) of Income-tax Act 1961].	Rule 10DB: CbCR	31 st March 2018	30 th November 2019



TransPrice
607A, 7th Floor, Ecstasy Commercial Complex,
City of Joy, JSD Road,
Mulund West,
Mumbai - 400 080.