



## **Master File and Country-by-Country Report filing requirements in India**

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# Master File Reporting



## Applicability

- The Master File reporting requirements in India entail reporting in two parts – Part A and Part B
- All Indian entities of the IG are mandated to file Master File – Part A, and no monetary threshold applies for the same
- Detailed reporting in Part B of the Master File is applicable, if the following thresholds are met:
  - Consolidated group revenue exceeds **\*INR 500 Crores; and**
  - Aggregate value of:
    - a. international transaction exceeds **INR 50 Crores; or**
    - b. intangible transactions exceeds **INR 10 Crores**

## Forms, Contents and timelines

- Information for the entire Group is to be furnished in line with the reportable accounting period of the parent entity of the Group
- The information to be filed in India is largely consistent with the BEPS Action 13 requirements
- The applicable forms, difference in contents for India MF and OECD and the prescribed timelines are detailed in ensuing slides.

## Forms and Due Date

### Master File related forms – to be filed electronically

Purpose of Form	Form No.	Applicable to	Due date
<b>Filing of the Master File</b>	3CEAA	Part A of Form No. 3CEAA – Every constituent entity of an IG having international transactions/specified domestic transactions – no threshold applies  Part B of Form No. 3CEAA – Every constituent entity of an IG meeting the prescribed threshold limit	On or before the income- tax return filing due date i.e. 30 November of each year
<b>Intimation of designated Indian Constituent entity of a IG</b>	3CEAB	Foreign IGs having multiple Indian constituent entities, shall designate one such entity to file the MF in India	30 days prior to the due date for filing Master File in Form 3CEAA

# Comparison of BEPS requirement with Part B of Indian Master File



Master File Requirement	Summary of OECD BEPS Requirement	Additional requirements as per Indian final rules
<b>Organization structure</b>	<ul style="list-style-type: none"> <li>Chart illustrating IG's legal and ownership structure and geographical location of operating entities</li> </ul>	<ul style="list-style-type: none"> <li>Details (names and addresses) of all entities of the IG (draft rules had earlier only prescribed details of all operating entities)</li> </ul>
<b>Description of IG's business</b>	<ul style="list-style-type: none"> <li>Description of important drivers of business profit</li> <li>Description of supply chain and geographical markets for the specified category of products</li> <li>Information regarding important service agreements and transfer pricing policies for intra-group services</li> <li>Functional analysis of the principal contributors to value creation</li> <li>Description of important business restructuring transactions, acquisitions and divestments during the fiscal year</li> </ul>	<ul style="list-style-type: none"> <li>Functions, assets and risk analysis of entities contributing at least 10% of the IG's revenue OR assets OR profits</li> <li>Major geographical markets for products and services</li> </ul>
<b>IG's intangible property</b>	<ul style="list-style-type: none"> <li>IG's strategy for ownership, development and exploitation of intangibles</li> <li>List of important intangibles with ownership</li> <li>Important agreements and corresponding transfer pricing policies in relation to R&amp;D and intangibles</li> <li>Transfer Pricing policy description of important transfers of interest in intangible property</li> </ul>	<ul style="list-style-type: none"> <li>Details (names and addresses) of all entities of the IG engaged in development and management of intangible property</li> <li>Addresses of entities legally owning important intangible property and entities involved in important transfers of interest in intangible property</li> </ul>

# Comparison of BEPS requirement with Part B of Indian Master File

Master File Requirement	Summary of OECD BEPS Requirement	Additional requirements as per Indian final rules
<b>IG's intercompany financial activities</b>	<ul style="list-style-type: none"><li>• Description of how the IG is financed, including identification of important financing arrangements with unrelated lenders</li><li>• Identification of entities performing central financing function including their place of operation and effective management</li><li>• Transfer pricing policies related to financing arrangements</li></ul>	<ul style="list-style-type: none"><li>• Details (names and addresses) of top ten unrelated lenders</li><li>• Addresses of entities providing central financing functions including their place of operation and effective management</li></ul>

**Contents of Master File are largely consistent with the BEPS Action 13 requirements - Few important additional data requirements introduced requiring IGs to customize their Master File for India**



# Cbc Reporting



## Applicability

- The monetary threshold for CbC reporting in India is if the consolidated IG revenue exceeds **INR 6,400 Crores** in the year preceding to the reportable year as per the Act

## Reporting

- Detailed CbC reporting in India shall be mandatory by the Indian entities of a foreign- headquartered IG ,if any of the conditions listed below are satisfied:
  - If the IG has designated an Indian entity as the alternate reporting entity\*
  - If the parent entity is not obligated to file the CbC report in its jurisdiction
  - If the parent entity is a resident of a country with whom India does not have an agreement for exchange of CbC Report\*\*
  - If the parent entity is a resident of a country which fails to automatically exchange such information and such failure is intimated by the prescribed authority to the Indian entity

## Contents

- The contents of the detailed CbC report is aligned with the BEPS Action 13 model
- For the sake of brevity, an outline of the said contents is provided in the ensuing slides along with the prescribed forms and timelines

\*An Alternate reporting entity refers to any constituent entity of the IG that has been designated by such group to furnish the CbC Report in India, on behalf of the IG

\*\*Agreement in this parlance would refer to the MCAA (<https://www.oecd.org/tax/beps/country-by-country-exchange-relationships.htm>)

# Contents of Form No. 3CEAD – Similar to Action 13 template

## Part A: Information included in CbC for each tax jurisdiction

<b>Revenues (related, unrelated, total)</b>	<b>Profit/loss before income tax</b>
<b>Income tax paid (on cash basis)</b>	<b>Income tax accrued (Reportable accounting year)</b>
<b>Stated capital</b>	<b>Accumulated earnings</b>
<b>Number of employees</b>	<b>Tangible assets other than cash and cash equivalents</b>

## Part B: Information included in CbC – for each tax jurisdiction

<b>Tax Jurisdiction of organization or incorporation if different</b>
<b>Main business activity of each of the entity</b>
<b>Main business activity(ies)</b> <ul style="list-style-type: none"><li>• Research and development</li><li>• Holding or managing intellectual property</li><li>• Purchasing or procurement,</li><li>• Manufacturing or production</li><li>• Sales, marketing or distribution</li><li>• Administrative, Management and Support Services</li><li>• Provision of services to unrelated parties</li><li>• Internal Group Finance</li><li>• Regulated Financial Services</li><li>• Insurance</li><li>• Holding shares or other Equity instruments,</li><li>• Dormant</li><li>• Others</li></ul>

**Part C:**  
To include any further brief information or explanation that taxpayer may consider necessary or that would facilitate the understanding of the compulsory information provided in the CbC Report.

The background of the slide is a blurred photograph of a business meeting. Several people in professional attire are seated around a table, looking at documents or laptops. The image is dimmed and serves as a backdrop for the central text.

# **Penalties for non - Compliance**

# Comparison of BEPS requirement with Part B of Indian Master File

S. No	Particulars	Default	Penalty
<b>CbC report</b>			
1.	Non-furnishing of CbC report by Indian parent or the alternate reporting entity resident in India	Each day upto a month from due date	<b>INR 5,000 per day</b>
		Beyond a month from due date	<b>INR 15,000 per day</b>
		Continuing default beyond service of penalty order	<b>INR 50,000 per day</b>
2.	Non-submission of information	Beyond expiry of the period for furnishing information	<b>INR 5,000 per day</b>
		Continuing default beyond service of penalty order	<b>INR 50,000 per day</b> from date of service of penalty order
3.	Provision of inaccurate information in CbC report	Knowledge of inaccuracy at time of furnishing the report but fails to inform the prescribed authority	<b>INR 5,00,000</b>
		Inaccuracy discovered after filing and fails to inform and furnish correct report within fifteen days of such discovery	
		Furnishing of inaccurate information or document in response to notice issued	
<b>Master File</b>			
1.	Non-furnishing of information and documentation	Failure to furnish the information and document to the prescribed authority	<b>INR 5,00,000</b>



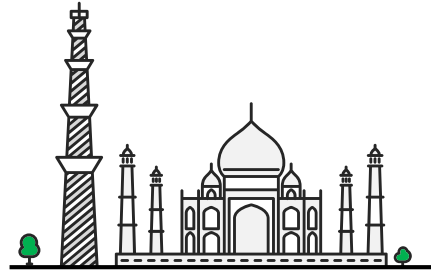
Abbreviation	Term
ARE	Alternate Reporting Entity
BEPS	Base Erosion and Profit Shifting
CbCR	Country by Country Report under Section 286 of the Income Tax Act 1961
CFC	Controlled Foreign Companies
DTAA	Double Taxation Avoidance Agreement
FA	Finance Act
IG	International Group
MCAA	Multilateral Competent Authority Agreement
MF	Master File as per Rule 10DA of the Income Tax Rules 1962
MLI	Multilateral Instrument
OECD	Organisation of Economic Co-operation and Development
PE	Permanent Establishment
POEM	Place of Effective Management
R&D	Research and Development
The Act	Indian Income Tax Act 1961

# Contact us



## HYDERABAD

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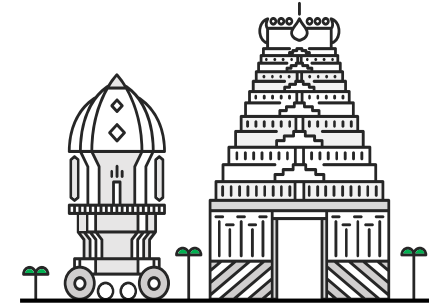
## DELHI

C- 699A, 1st Floor, Sector-7, Palam Extn., Dwarka, New Delhi, Delhi 110075



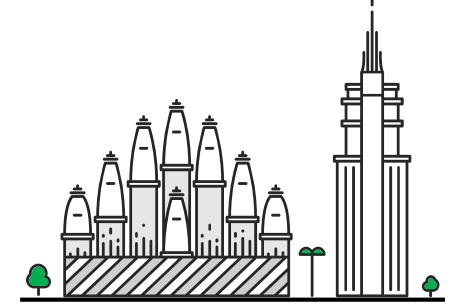
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**Vijayawada:** # 56-11-3, Sri Devi Complex, Y.V.R Street, MG Road, Patamata, Vijayawada, Andhra Pradesh

**Tirupati:** H. No: 6-154/1, Syamala Nilayam, Near Water Tank, Akkarampalli, Tirupathi, Andhra Pradesh

**Kurnool:** #21, Top Floor, Skandanshi Vyapaar, New Bus Stand Road, Kurnool 518 003, Andhra Pradesh

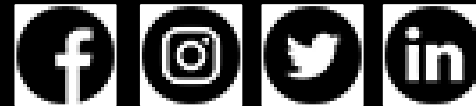


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# Thank You



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