

Comparative Synopsis – Master File and Country-by-Country Reporting Rules

In the Fiscal Budget of 2016, India had committed to robust TP documentation by agreeing to introduce Master File and Country by Country (“CbCR”) Report requirements in line with OECD’s Base Erosion and Profit Shifting (BEPS’) project recommendations. In this regard, a draft set of rules were opened for public comments and based on inputs received, the final set of rules have been introduced through a formal notification on October 31, 2017.

The rules as finalized are exhaustive and address the following key areas:

- Due date for submission of Master File (in Form 3CEAA) and CbCR (in Form 3CEAD) is March 31, 2018 (*November 30 for FY 2017-18 onwards*)
- Reporting formats and definition of key terms largely similar to OECD prescribed format and definitions
- Form 3CEAA objectively sets out the information requirements from Master File perspective
- E-filing procedure for CbCR and Master File specified
- Thresholds specified in respect of Master File (i.e. Group turnover of INR 500 crore) and CbCR (Group turnover of INR 5,500 crore)
- Stringent penalties prescribed for non-compliance (i.e. failure to furnish Master File to attract a penalty of INR 500,000, while in case of failure to file CbC report, penalties could range from INR 5,000 per day to INR 50,000 per day)

The aforesaid compliances are aimed to provide an overall picture of the group activities / global benchmarks before the Indian Revenue Authorities (‘IRA’) enabling them to undertake an effective, risk based TP assessment.

Summary of Master File and CbCR Rules is provided as below:

Particulars	Master File		Country-by-Country Report	
	Key Aspects	Remarks	Key Aspects	Remarks
Applicability	Any company (referred to as Constituent Entity or ‘CE’) which forms part of any Group	-	<p>Ultimate Parent Entity (‘UPE’) of the Group, resident in India, or</p> <p>Any other resident company, which has been nominated by such Indian group (Referred to as Alternate Reporting Entity) for filing CbCR</p> <p>An Indian company, which is a subsidiary or a Permanent Establishment of a foreign MNE group if the parent Entity is resident of such country</p>	In case of more than one CEs resident in India of foreign MNE group, a notification to be filed on behalf of MNE group before DGIT providing following information - Details of MNE group, Parent Entity (‘PE’), Designated Entity and list of all CEs resident in India

			with which India has not entered into an agreement for exchange of CbCR; or there has been a systematic failure, which has been conveyed by Income tax authority to such Indian Company	Information on their country of tax residence Timeline: 2 months before due date of filing the CbCR i.e. January 31, 2018 for FY 2016-17 Format: New Form 3CEAE
Threshold	Consolidated Group Revenue in accounting year > INR 500 crore, and Aggregate value of International transactions (as per books of accounts) of CE during accounting year a) > INR 50 crore, or b) > INR 10 crore in relation to intangible property	-	Consolidated Group Revenue in preceding accounting year > INR 5500 crore	-
Due Date of Filing	On or before due date of filing ROI i.e. November 30 th of AY	Extended to March 31, 2018 for FY 2016-17	On or before due date of filing ROI i.e. November 30 th of AY.	Extended to March 31, 2018 for FY 2016-17
Content	Overview of MNE group's organizational structure, description of business, intangibles, intercompany financial activities and financial & tax positions.	-	Jurisdiction-wise revenues, profits, taxes paid and accrued, stated capital etc. and other indicators of economic activity at global level including employee count and tangible assets.	-
Format	New Form 3CEAA (Part A and B)	Part A to be filed by every CE; Part B to be filed only by the CE who meets prescribed threshold	New Form 3CEAD	

Manner of Filing	Electronic filing (<i>detailed procedure to be specified</i>)			
Prescribed Authority	Director General of Income-tax (Risk Assessment)			
Notification Requirements	<p>Obligation: When a MNE group has more than one CEs, resident in India - the designated CE to file notification providing following information -</p> <p>a) Details of Parent Entity ('PE')</p> <p>b) Information on their country of tax residence</p> <p>Timeline: 30 days before due date of filing the Master File Format: New Form 3CEAB</p>	<p>For FY 2016-17, the due date stands extended to March 1, 2018</p>	<p>Obligation: Every resident CE of foreign MNE group will need to file notification before DGIT, inter alia, providing following information –</p> <p>a) Details of UPE/ Alternate reporting entity designated by group to file CbCR</p> <p>b) Information on their country of tax residence</p> <p>Timeline: 2 months before the due date of e-filing CbCR Format: New Form 3CEAC</p>	<p>For FY 2016-17, the due date is extended to January 31, 2018</p>



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