



ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) BEPS ACTION PLAN 13

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Under Base erosion and profit shifting (BEPS) action plan 13, all large multinational enterprises (MNEs) are required to prepare a country-by-country (CbC) report with aggregate data on the global allocation of income, profit, taxes paid and economic activity among tax jurisdictions in which it operates. As per BEPS action plan 13 in addition to country-by-country report companies also need to prepare & file Master file. Since India is the member of G-20 countries, so therefore India introduced a few BEPS Action Plans in Finance Act, 2016. The major one has been the introduction of the concepts of Master File & Country by Country (CbC) reporting in the Indian transfer pricing (TP) regulations with effect from the financial year beginning 1st April, 2016, in line with BEPS Action Plan 13.

Furnishing of Country-by-Country report in respect of international group.

Section 286 (1) Every constituent entity resident in India, shall, if it is constituent of an international group, the parent entity of which is not resident in India, notify the prescribed income-tax authority in the form and manner, on or before such date, as may be prescribed (i.e. Rule 10DB).

Threshold for CbCR reporting: -

Total Consolidated group revenue of the international group shall be five thousand five hundred crore rupees and where the total consolidated group revenue of the international group, as reflected in the consolidated financial statement, is in foreign currency, the rate of exchange for the calculation of the value in rupees of such total consolidated group revenue shall be the telegraphic transfer buying rate (Rule 26) of such currency on the last day of the accounting year preceding the accounting year.

Rule 10DB –

(1) For the purpose of sub-section (1) of section 286, every constituent entity resident in India, shall, if its parent entity is not resident in India, intimate the Director General of Income-tax in Form No. 3CEAC, the following namely: -

- a) whether it is the alternate reporting entity of the international group; or
- b) the details of the parent entity or the alternate reporting entity, as the case may be, of the international group and the country or territory of which the said entities are residents.

(2) Every intimation under sub-rule (1) shall be made at least two months prior to the due date for furnishing of report as specified under sub-section (2) of section 286

Sub-Section (2) of Section 286:- Every parent entity or the alternate reporting entity, resident in India, shall, for every reporting accounting year, in respect of the international group of which it is a constituent, furnish a report, to the prescribed authority (Within a period of twelve months from the end of the said reporting accounting year) in form 3CEAD.

Note: - If Country-by -country (CbC) report is file by foreign parent entity or their foreign subsidiaries in their tax jurisdiction then only form 3CEAC will be filed by Indian constituent entity at least two months prior to the due date of furnishing of report by foreign parent entity or their foreign subsidiaries (i.e. International Group). Generally, most of the countries accounting year is January to December, So they have to file CbCR within a period of twelve months from the end of the said reporting accounting year. So Indian constituent entity has to file 3CEAC by 31st October 2019.