



Ministry of Finance

# Signing of Bilateral Agreement for Exchange of Country-by-Country (CbC) Reports between India and the USA

Posted On: 15 MAR 2019 3:05PM by PIB Delhi

Sub-section (4) of Section 286 of the Income-tax Act, 1961 requires that a constituent entity of an international group, resident in India, other than a parent entity or an alternate reporting entity of an international group, resident in India, shall furnish the Country-by-Country (CbC) Report in respect of the said international Group for a reporting accounting year within the period as may be prescribed, if the parent entity of the said International Group is resident of a country or territory,—

- where the parent entity is not obligated to file the CbC Report;
- with which India does not have an agreement providing for exchange of the CbC Report; or
- where there has been a systemic failure of the country or territory and the said failure has been intimated by the prescribed authority to such constituent entity.

Vide Notification in GSR 1217 (E) dated 18<sup>th</sup> December, 2018 with effect from 18<sup>th</sup> December, 2018, amendments to the Income-tax Rules, 1962 (the “**Rules**”) have been carried out to provide that the period for furnishing of the CbC report (local filing) shall be twelve months from the end of the reporting accounting year.

Further, vide Circular No.9/2018, dated 26<sup>th</sup> December, 2018, CBDT as a one-time measure, in exercise of powers conferred under section 119 of the Act, extended the period for furnishing of the CbC Report (local filing) in respect of reporting accounting years ending on or before 28<sup>th</sup> February, 2018 up to 31<sup>st</sup> March, 2019.

The absence of an Agreement between India and USA till now entailed a possibility of local filing of CbC Reports in India. However, a Bilateral Competent Authority Arrangement, along with an underlying Inter-Governmental Agreement, for exchange of CbC Reports between India and the USA has now been finalized and will be signed on or before 31<sup>st</sup> March, 2019. This would enable both the countries to exchange CbC Reports filed by the ultimate parent entities of International Groups in the respective jurisdictions, pertaining to the financial years commencing on or after 1<sup>st</sup> January, 2016. As a result, Indian constituent entities of international groups headquartered in USA, who have already filed CbC Reports in the USA, would not be required to do local filing of the CbC Reports of their international groups in India.

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**DSM/RM**

(Release ID: 1568894) Visitor Counter : 1682

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