

What's New

News Flash



June 2013

Indian transfer pricing certification – Revised form to increase taxpayer reporting requirements

Background

Taxpayers are required to obtain and file an annual transfer pricing certification in Form 3CEB by 30 November, following the end of the financial year.

In 2012, the Indian transfer pricing regulations were amended inter alia, for the following:

- Clarification that ‘*international transaction*’ includes transactions relating to intangibles, capital financing, guarantees, receivables, business restructuring, etc.;
- Transfer pricing provisions were extended to ‘*specified domestic transactions*’ entered into after 1 April 2012;
- Penalty @ 2% of transaction value introduced for non-reporting of transactions in Form 3CEB.

Further, in recent audits, Indian authorities have made transfer pricing adjustments for issue of equity shares disregarding taxpayer arguments that the same do not qualify as international transactions subject to transfer pricing.

Changes notified to Form 3CEB¹

In respect of transactions entered during Financial Year (FY) 2012-13, a new Form 3CEB has been notified. The key additional reporting requirements are summarised below:

- *In respect of international transactions, apart from aligning the form with the expanded definition of international transactions, separate requirements have been introduced for the following transactions:*
 - Guarantees
 - Issue of equity shares
 - Business restructuring/ re-organisations

- o Deemed international transactions
- *In respect of Specified Domestic transactions, a separate section has been introduced in the Form, requesting for the following information:*
 - o Details of the associated enterprises, including business description
 - o Nature of relationship
 - o Description of the transaction, along with quantitative details
 - o Transfer pricing methodology

Certain consequential amendments have also been notified in the regulations due to introduction of domestic transfer pricing.

¹ Notification nos. 41/2013 and 42/2013 dated 11 June 2013

Way forward

The new Form 3CEB is applicable for all Transfer Pricing Certificates issued for FY 2012-13. The same would need to be filed electronically. Taxpayers need to take cognizance of the expanded transfer pricing reporting requirements, in managing their compliances for FY 2012-13 and future years.

If your interest lies in a specific area or subject, do advise us so we can send you only the relevant alerts. For any additional information, please reach out to your PwC relationship manager or write in to: ***pwctr.knowledgemanagement@in.pwc.com***

With Best Regards
PwC TRS Team

Our Tax & Regulatory Services ***Direct Tax*** ***Indirect Tax*** ***Transfer Pricing*** ***Regulatory*** ***M & A***
Tax Controversy and Dispute Resolution ***Financial Services***

NOTE : If you wish to unsubscribe receiving communications, please send in a blank email as reply to this mail with subject line "Unsubscribe".
