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Direct tax body clarifies due date

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The Central Board of Direct Taxes (CBDT) on 23 March clarified the applicability of the “due date” for country-by-country reporting (CbCR) under section 286(4) of the Income Tax Act, 1961 (ITA).

Section 286(2) of the ITA provides that the Indian parent of an international group/designated alternate reporting entity will furnish the CbCR to the income tax authorities.

Section 286(4), provides that Indian constituents of an international group not being the parent/designated alternate reporting entity will also be required to furnish CbCR if: (1) the ultimate parent entity of the international group is located in a country with which India does not have an agreement to exchange CbCR; or (2) there has been a systemic failure of the country or territory of the ultimate parent entity, and this has been intimated to the Indian constituent entity.

For financial year 2016-17 (the first year of reporting since the introduction), the due date for furnishing CbCR as per section 286(2) was extended by the CBDT from the date of filing returns to 31 March 2018 in the CBDT circular. Apprehensions were raised by stakeholders

about whether the extension of the timeline provided by the CBDT circular also applied to CbCR as per section 286(4).

The CBDT clarified that the extended due date prescribed by the circular will not apply to CbCR that is to be provided under section 286(4), and the due date would be prescribed after the enactment of the Finance Bill, 2018.

The business law digest is compiled by Nishith Desai Associates (NDA). NDA is a research-based international law firm with offices in Mumbai, New Delhi, Bengaluru, Singapore, Silicon Valley, Munich and New York. It specializes in strategic legal, regulatory and tax advice coupled with industry expertise in an integrated manner.