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INTRODUCTION

Transfer pricing is increasingly influencing significant changes in tax legislation around the world. This 26th issue of BDO's Transfer Pricing Newsletter focuses on recent developments in the field of transfer pricing in Argentina, Hong Kong and India. As you can read, major changes in legislation will be made in the coming period and interesting developments occur in various countries around the world.

We are very pleased to bring you this issue of BDO's Transfer Pricing News, which we were able to produce in close co-operation with our colleagues from the above-mentioned countries. We trust that you will find it useful and informative. If you would like more information on any of the items featured, or would like to discuss their implications for your business, please contact the person named under the item(s). The material discussed in this newsletter is intended to provide general information only, and should not be acted upon without first obtaining professional advice tailored to your particular needs.

In the changing Transfer Pricing environment it is important to have both global oversight and a detailed view of your compliance status on a territory by territory basis. BDO has introduced a TP Compliance Controller. This platform provides the ability to manage and monitor a transfer pricing compliance process centrally as well as acting as a central repository for all relevant documentation. It furthermore allows BDO to work together across borders even more effectively. For more information regarding the TP Compliance Controller, please contact one of the members of the Transfer Pricing Centre of Excellence.

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ARGENTINA

NEW ANNUAL REPORTING REGIME

In September 2017, the Official Gazette published General Resolution (AFIP 4130/2017 (RG 4130), pursuant to which an annual reporting regime was implemented, involving the filing of a Country-by-Country Report (CBCR) and an information system ('Information System') for entities residing in the country that are part of a Multinational Enterprise (MNE) Group.

Within this context, and under RG 4130, the Republic of Argentina partially complies with the requirements regarding transfer pricing documentation as set forth by the G20 and the OECD under the Base Erosion and Profit Shifting (BEPS) Project (there are no specific Master File regulations). In addition, it should be taken into account that Argentina is a signatory to the Multilateral Competent Authority Agreement on the Exchange of CBCRs jointly with a large number of jurisdictions.

We summarise below the most relevant aspects of the abovementioned General Resolution. For further information, please contact BDO Argentina's Transfer Pricing team.

1. Country-by-Country Report

1.1. Exemptions – MNE Groups with annual total consolidated group revenues of less than EUR 750,000,000 or the equivalent converted to the local currency of the tax jurisdiction of the ultimate parent entity, at the exchange rate prevailing in that jurisdiction as of 31 January 2015, are exempted.

1.2. Reporting parties – The following parties will act as reporting entities of the MNE Groups:

a) The ultimate parent entity residing in Argentina for tax purposes.

b) A surrogate entity residing in Argentina, appointed by the ultimate parent entity for the filing of the CBCR on behalf of the latter. Appointments will only apply to those entities with a net worth of USD 50,000,000 or more or having a consistent operating and/or functional structure enabling it to gather the necessary information to comply with the filing of the CBCR.

c) A constituent entity of an MNE Group residing in Argentina which is not any of the parties mentioned in subsections a) and b) above, provided at least one of the following events takes place:

1. The ultimate parent entity is not obliged to file the CBCR in its tax jurisdiction.
2. As of the filing deadline for the CBCR, the tax jurisdiction of the ultimate parent entity does not have a competent authority agreement of which Argentina is part, even if both jurisdictions are parties to an international agreement in effect.
3. The tax authority of the ultimate parent entity had incurred in a systemic default event. This information will be provided by the Argentine tax authority (AFIP) through its website.

When the MNE Group has more than one constituent entity residing in Argentina and one or more of the conditions set forth under subsections a), b) and c) above occur, the group will be entitled to appoint one of these entities to file the CBCR.

A constituent entity residing in Argentina which is owned or operated by more than one MNE Group to which the herein provisions apply, if one or more of the conditions of subsections a), b) and c) above occur with regard to each group, must file a CBCR for each of them.

The obligation to file the CBCR with respect to a reporting fiscal year will not apply to a constituent entity falling under subsection c), when that report had been filed by a surrogate entity not residing in Argentina with the tax authority of its own tax jurisdiction (provided that jurisdiction complies with certain events detailed under RG 4130).

1.3. Reporting information – The CBCR must be prepared with the data indicated in RG 4130 (information regarding the allocation of income, taxes paid, number of employees, identification of the jurisdictions in which the MNE Group operates, constituent entities of the Group and the economic activities it performs) and in compliance with the provisions of Annex II of that regulation.

1.4. Filing procedure – Through the Tax Code with level of security 3 service 'Country-by-Country Reporting Scheme' under the option 'Report Filing'. As a proof of the filing made, the system will issue the tax return Form F. 8097.

1.5. Deadline – The information must be provided annually, **up to the last business day of the twelfth month immediately following the closing date of the reporting fiscal year, of the ultimate parent entity of the MNE Group**.

2. Reporting regime

2.1. Parties to which the filing applies – Resident entities which are constituents of an MNE Group. Pursuant to RG 4130, the term implies any group of related entities as a result of being owned or directly or indirectly controlled, including two or more entities having tax residence in different jurisdictions, or one entity residing for tax purposes in one jurisdiction and being subject to tax in another tax jurisdiction, with respect to the business activities carried out in that jurisdiction through a permanent establishment owned by it.

2.2. Data to be reported – In respect of the ultimate parent entity, if the MNE Group is obliged to file the CBCR as a result of exceeding the maximum income (see Subsection '1.1. Exemptions'), or if it is bound to act as a reporting entity as regards the corresponding CBCR regulations, the required data is as follows:

- Corporate or business name;
- Tax identification code or number in the country of residence;
- Type of identity;
- Tax and legal domicile;
- Place and date of incorporation;
- Tax jurisdiction;
- Closing date of the fiscal year;
- Amount of consolidated total income, as shown in the consolidated financial statements of the fiscal year immediately preceding the reporting fiscal year.

In respect of the reporting entity, if it is not the ultimate parent entity, and if it files the CBCR in its capacity as surrogate entity appointed by the ultimate parent entity, or as a constituent entity, the required data is as follows:

- Corporate or business name;
- Tax identification code or number in the country of residence;
- Type of identity;
- Tax and legal domicile;
- Place and date of incorporation;
- Tax jurisdiction;
- Closing date of the fiscal year.

Constituent entities residing in Argentina mentioned above must report up to the last business day of the second month immediately following that of the deadline for filing the CBCR, the filing of said report in the corresponding tax jurisdiction. If the MNE Group has more than one

constituent entity residing in Argentina, it may appoint one of those entities to effect the filing mentioned under the Information Regime.

2.3. Filing procedure – Through the Fiscal Code with level of security 3 service 'Country-by-Country Reporting Regime' under the option 'Registration'. As proof of the filing made, the system will issue the tax return Form No. 8096.

2.4. Deadline – **Up to the last business day of the third month immediately following that of the closing of the reporting fiscal year of the ultimate parent entity**.

3. General provisions

3.1. Definition of terms – Annex 1 of RG 4130 lists the meaning giving to certain terms used in the regulation (for example, MNE Group, Ultimate Parent Entity, Competent Authority Agreement, etc.).

3.2. The provisions under RG 4130 do not preclude the obligation of complying with the provisions of RG (AFIP) 1122/2001 and its amendments.

3.3. Penalties – As provided under Law No. 11,683. Likewise, offenders will be subject, jointly or separately, to one or more of the following penalties:

a) Falling under a category that involves a growing risk of being audited as set forth by RG (AFIP) 3985/2017 – Risk Perception System (SIPER).

b) Removal or exclusion, as may be the case, from the AFIP´s Special Tax Records where it may be registered.

c) Cancellation of the proceedings for Exemption or Non-Withholding Certificates required by the responsible party.

3.4. Commencement – **As from its publication in the Official Gazette, the regime will apply to fiscal years of each Ultimate Parent Entity of the MNE Groups commencing from 1 January 2017**.

ARIEL EFRAIM
Buenos Aires – Argentina
aefraim@bdoargentina.com

HONG KONG

HONG KONG INTRODUCES TAX BILL TO IMPLEMENT MINIMUM STANDARDS OF THE BASE EROSION AND PROFIT SHIFTING – TRANSFER PRICING REGULATORY REGIME AND DOCUMENTATION REQUIREMENTS

The Inland Revenue (Amendment) (No. 6) Bill 2017 gazetted on 29 December 2017 (the Bill) introduces legislative provisions to codify the transfer pricing regulatory regime and implement the four minimum standards of the Base Erosion and Profit Shifting (BEPS) package promulgated by the Organisation for Economic Co-operation and Development (OECD), i.e. imposing Country-by-Country (CbC) reporting requirements, improving the cross-border dispute resolution mechanism, countering harmful tax practices and preventing treaty abuse.

Broadly and among other matters, the Bill:

1. Codifies transfer pricing rules and relief, and provides for an advance pricing arrangement (APA) regime to cater for unilateral, bilateral and multilateral APAs;
2. Introduces transfer pricing documentation requirements (i.e. master file, local file and CbC reporting);
3. Modifies the mechanism of double taxation relief through a tax credit;
4. Provides for a mutual agreement procedure (MAP) and arbitration under double taxation arrangements (DTAs); and
5. Modifies certain Profits Tax concession regimes by removing ring fencing, but introduces a certain threshold requirement of substantive activities.

The Bill was first read in the Legislative Council on 10 January 2018. If the Bill is passed as in this draft, most of the provisions will generally take effect for years of assessment commencing 1 April 2018 or accounting periods beginning on or after 1 April 2018, with the exception of CbC reporting requirements to apply to accounting periods beginning on or after 1 January 2018.

References to sections and schedules refer to existing or proposed new sections and schedules to the Inland Revenue Ordinance (IRO), unless otherwise stated.

We summarise the detailed provisions below.

Transfer pricing rules, relief and unilateral APA regime

What is required?

Rule 1 – Under the Bill, the fundamental transfer pricing rule requires an adjustment of the profit or loss of an enterprise where the actual provision made or imposed between two associated persons differs from the provision which would have been made between independent persons, and that has created a potential Hong Kong tax advantage.

The fundamental rule applies to both domestic and cross-border transactions. It also applies to Property Tax and Salaries Tax in addition to Profits Tax.

Rule 2 – The fundamental rule also applies to transactions between different parts of an enterprise, such as between a head office and permanent establishment (PE). For this purpose, a non-Hong Kong resident person who has a PE in Hong Kong is regarded as carrying on a trade, profession or business in Hong Kong for Profits Tax purposes, and the income or loss of that person that is attributable to such PE are those that the PE would have made if it were a separate enterprise engaging in the same or similar activities under the same or similar conditions and dealing with its head office independently.

The Bill does not provide exemption for domestic transactions. Domestic transactions should also be conducted on an arm's length basis without creating a Hong Kong tax advantage (e.g. utilisation of a tax loss).

Rule 1 and Rule 2 are to be applied in accordance with the OECD rules, particularly the OECD commentary in respect of Article 7 (business profits) and Article 9 (associated enterprises) of the Model Tax Convention[1], and the current OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations.

For the purposes of Rule 2, if the non-resident is tax resident in a non-DTA country, the PE definition under Schedule 17G will apply to determine whether such non-resident has a PE in Hong Kong. The PE definition under Schedule 17G is consistent with the latest post-BEPS OECD Model Tax Convention and commentary dated 21 November 2017, such that:

- Preparatory and auxiliary activities may constitute a PE under the anti-fragmentation rules;
- A dependent agency may be found even if the resident does not directly conclude contracts for the non-resident; and
- A resident acting exclusively or almost exclusively for a closely related non-resident may not be considered as independent agent.

Corresponding adjustment – Upon application, a compensating adjustment may be granted to the disadvantaged person for Hong Kong tax purposes subsequent to an adjustment made to the advantaged person for Hong Kong tax purposes. A compensating adjustment subsequent to an adjustment made to the advantaged person for foreign tax purposes (DTA territories only) has to be applied through MAP with an MAP solution.

Intellectual property (IP) – A new deeming provision is introduced to tax a non-resident person who carries out the development, enhancement, maintenance, protection and exploitation (DEMPE) functions for an IP in Hong Kong owned by an overseas associate, on the basis that the value of the contribution arises in or is derived from a trade, profession or business carried on in Hong Kong.

Changes in trading stock – The Bill also codifies the case law principles in Sharkey v Wernher 36 TC 275 to deem, in any appropriation from or into trading stock, or any acquisition or disposal of trading stock other than in the course of trade at market value, the amount that the stock would have realised if sold in the open market at the time of appropriation or disposal to be the receipt or cost.

APA regime – The Bill contains provisions that allow taxpayers to apply for unilateral APA, in addition to bilateral and multilateral APA. Pre-agreement with the IRD on whether an intercompany transaction is priced at arm's length can only be applied under the APA regime. APAs will be excluded from the scope of advance rulings under Section 88A.

[1] *Although the bill refers to the Model Tax Convention and commentary dated 15 July 2014, as the OECD released an updated Model Tax Convention and commentary on 21 November 2017 it is reasonably expected that the reference will be updated.*

Who is responsible?
The burden of proof is on the taxpayer to prove to the assessor's satisfaction that the amount of income or loss in its Hong Kong tax return is the arm's length amount. If the taxpayer fails to prove this to the assessor's satisfaction, the assessor is obliged to estimate an amount as the arm's length amount.

What is the penalty for non-compliance?
Non-compliance with the fundamental rule will be liable to an administrative penalty by way of additional tax not exceeding the amount of tax undercharged. However, a more severe penalty or criminal prosecution in blatant cases may be invoked in accordance with the provisions of the IRO.

Omission of material information or provision of incorrect information in an APA application, or failure without reasonable excuse to notify the Commissioner of any breach of critical assumptions specified in the arrangement after an APA is made, are subject to a maximum penalty of HKD 10,000 plus the tax undercharged. Furthermore, a maximum fine of HKD 150,000 may apply to non-compliance with record keeping requirements in relation to an APA.

When does the new law take effect?
Provisions relating to transfer pricing rules, relief and APAs will apply to a year of assessment beginning on or after 1 April 2018.

BDO Observations
Rule 2 under the transfer pricing legislative framework essentially adopts the authorised OECD approach of profit attribution to PEs. This will have implications for foreign multinational enterprises, particularly financial institutions operating in Hong Kong through branches.

Furthermore, the proposed PE definition in relation to a non-resident in a non-DTA territory will have a significant impact on a Hong Kong company working for a group company in a non-DTA territory under a subcontracting arrangement, such as a Hong Kong investment advisor working for a Cayman investment manager under an advisory or sub-management agreement. The Hong Kong company may be regarded as a PE of the non-resident company because of exclusivity, and the IRD could make a transfer pricing adjustment to increase the income of the Hong Kong company if the IRD is not satisfied that the amount applied by the taxpayer is the arm's length price.

In respect of non-compliance with the fundamental rule, although it has been recognised that transfer pricing is not an exact science, the possibilities of penalties beyond the amount of tax undercharged in blatant cases have been specifically noted in the Legislative Council Brief. It is unclear what will be regarded as a blatant case. However, in a case where the adopted pricing of a related party transaction has no reasonable basis at all, one cannot rule out the possibility of the IRD imposing a heavier penalty. As such, we strongly recommend that a transfer pricing review be conducted and documented in some form in respect of intercompany transactions, even if a taxpayer does not meet the statutory threshold to prepare the three-tier standard transfer pricing documentation, as discussed next.

Transfer pricing documentation

A three-tier standardised approach of transfer pricing documentation is proposed, namely Master File, Local File and CbC reporting.

Master File and Local File

What is required?

A Master File and Local File for each accounting period beginning on or after 1 April 2018 are required to be prepared unless exemption applies.

The timeframe for preparing a Master File and Local File is within six months after the end of each accounting period, which will be retained for not less than seven years. However, the Bill is silent on the submission requirements with the IRD.

The Master File and Local File can be prepared in English or Chinese; the contents to be included in the documentation are largely in line with the OECD's requirements.

Who is responsible?

The Hong Kong entity, i.e. the Hong Kong tax resident[2] or PE in Hong Kong, of a group[3]. Exemption criteria are provided based on:

(i) Business size; or

(ii) Size of related party transactions (domestic and cross-border transactions).

If the Hong Kong entity meets either one of the exemption criteria with the details stated below, they are not required to prepare a Master File and Local File:

a) Exemption Criteria by Business Size:

The Hong Kong entity is not required to prepare a Master File and Local File for an accounting period **if any two of the three** conditions below are satisfied:

(i) Total revenue for the accounting period not exceeding HKD 200 million;

(ii) Total value of assets reflected in the financial statements at the end of the accounting period not exceeding HKD 200 million; or

(iii) Average number of employees during the accounting period not exceeding 100.

b) Exemption Criteria by Size of Related Party Transactions:

Where the amount of the type of related party transactions for an accounting period does not exceed the proposed thresholds below, the Local File is not required to cover that particular type of related party transactions.

If all types of related party transactions below do not exceed the corresponding thresholds, the Hong Kong entity is not required to prepare a Master File and Local File for the relevant accounting period.

The thresholds are:

(i) Transfer of properties (movable or immovable excluding financial assets and intangibles): HKD 220 million;

(ii) Transactions in respect of financial assets: HKD 110 million;

(iii) Transfer of intangibles: HKD 110 million; or

(iv) Other transactions: HKD 44 million.

Please refer to Appendix 1 for a flowchart presentation of the documentation thresholds for the Master File and Local File.

BDO Observations

The above thresholds should be measured against accounting value (not taxable value). For a Hong Kong entity with an offshore claim, if it is a Hong Kong tax resident and does not qualify for exemption under the exemption criteria above, it will nonetheless comply with the Master File and Local File requirements.

What is the penalty for non-compliance?

Failure to prepare a Master File and Local File without reasonable excuse will be liable to a fine of HKD 50,000. If the Hong Kong entity is ordered by a court to prepare the documentation, failure to comply with the order will be liable to a fine of HKD 100,000 on conviction.

When does the new law take effect?

A Hong Kong entity is required to prepare a Master File and Local File for each accounting period beginning on or after 1 April 2018.

[2] *For example, a company incorporated in Hong Kong or, if incorporated outside Hong Kong, being normally managed or controlled in Hong Kong.*

[3] *For the purpose of Master File and Local File, a group means a group in the usual sense, or a single enterprise as a tax resident in one jurisdiction and is subject to tax in other jurisdiction due to a PE in that jurisdiction.*

Country-by-Country Report (CbCR)

What is required?

A multinational enterprise group[4] (MNE Group) whose annual consolidated group revenue reaches HKD 6.8 billion, as a reportable group, is required to file a CbC return (including CbCR) for the accounting periods beginning on or after 1 January 2018. The contents to be included in the CbCR are in line with the OECD's requirements[5].

Who is responsible?

Each Hong Kong entity of a reportable group is required to make a notification in relation to the obligation to file a CbC return within three months after the end of the relevant accounting period.

The ultimate parent entity resident in Hong Kong (HK UPE) has the primary obligation to file a CbC return, whereas a Hong Kong entity of a reportable group whose UPE is not resident in Hong Kong is subject to a secondary filing obligation.

The filing due date is twelve months from the end of the relevant accounting period, or as otherwise requested by the IRD assessor.

a) Primary Filing Obligation:

   The HK UPE of a reportable group is required to file a CbC return for each accounting period beginning on or after 1 January 2018.

b) Secondary Filing Obligation:

   Where the UPE of a reportable group is not resident in Hong Kong, a Hong Kong entity of the reportable group is required to file a CbC return if any of the following conditions is met:

   – The UPE is not required to file CbCR in its jurisdiction of tax residence;
   – There is no exchange arrangement in place between the UPE's jurisdiction and Hong Kong for CbCR; or
   – There has been a persistent failure to exchange CbCR by the UPE's jurisdiction.

   Notwithstanding the above, the Hong Kong entity of the reportable group is not required to file a CbC return if:

   – A CbC return is filed by another Hong Kong entity of the reportable group; or
   – A CbCR is filed by the reportable group's surrogate parent entity resident in another jurisdiction, and an exchange mechanism is in place between that jurisdiction and Hong Kong.

Please refer to Appendix 2 for a flowchart to determine whether an obligation of CbC reporting exists.

What is the penalty for non-compliance?

Penalties are provided in respect of matters such as failing to file CbC returns or notifications, providing misleading, false or inaccurate information, or omitting information in CbC returns. Depending on the seriousness of the case, the penalty is set at a fine of HKD 10,000 with imprisonment for six months (on summary conviction), or a fine of HKD 50,000 with imprisonment for three years (on conviction on indictment).

Furthermore, if an offence as described above is committed with the consent or connivance of a director, officer in the management or any person purporting to act as director or officer, such person is deemed to commit the same offence and is liable to the same penalty.

When does the new law take effect?

The CbC reporting requirements apply to accounting periods beginning on or after 1 January 2018. Since some jurisdictions have introduced CbC reporting requirements for accounting periods beginning on or after 1 January 2016, the HK UPE of a reportable group may voluntarily file CbCR for the accounting period commencing between 1 January 2016 and 31 December 2017, so that the CbCR can be exchanged with the relevant jurisdictions[6].

BDO Observations

While Hong Kong is obliged to implement transfer pricing rules, it seeks to maintain a simple and low tax regime and it is common that the main profits of MNE Groups are situated in Hong Kong. In that sense, transfer pricing documentation also caters for substantiating the main profits in Hong Kong while the limited profits arise in other jurisdictions.

Although transfer pricing documentation will add to the complexity of transfer pricing compliance and cost, if the overseas companies of MNE Groups have prepared transfer pricing documentation, Hong Kong entities of the groups may consider whether they can leverage on such documentations in reviewing their transfer pricing policies and preparing the transfer pricing documentation.

Conclusion

MNE Groups should review their current and future operating and transfer pricing structures, evaluate whether their domestic and cross-border related party transactions are made on an arm's length basis with sufficient supporting documentation, and take remedial action as necessary. Hong Kong entities should continue to pay attention to the upcoming Departmental Interpretation and Practice Notes to further elaborate on the application of the law upon the Bill being passed.

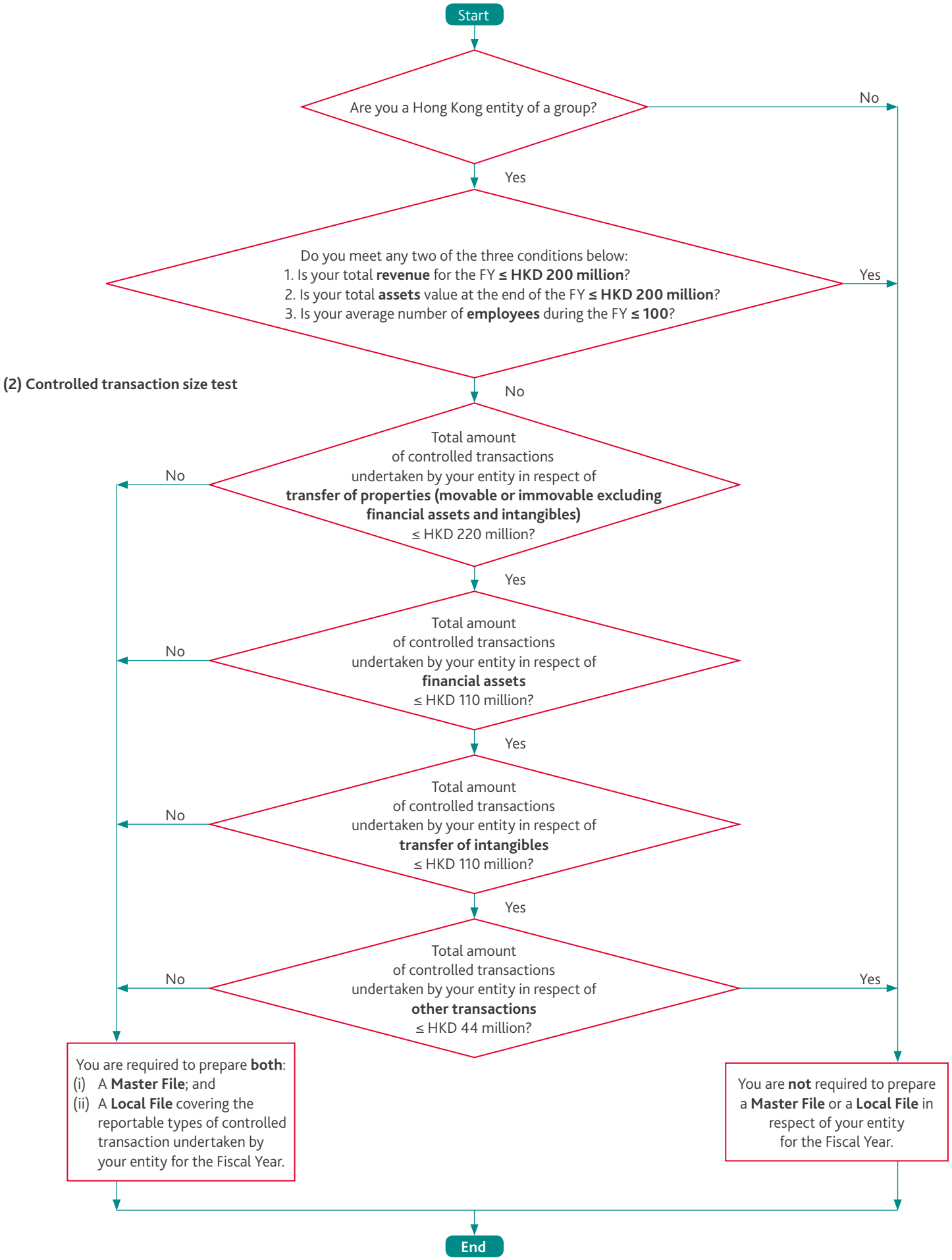
AGNES CHEUNG
Hong Kong
agnescheung@bdo.com.hk

[4] *For the purpose of CBCR, a MNE Group means two or more tax resident enterprises in different jurisdictions, or a single enterprise as a tax resident in one jurisdiction and is subject to tax in other jurisdiction due to a PE in that jurisdiction.*

[5] *To facilitate CbC reporting, the IRD has developed the CbC Reporting Portal for Hong Kong entities to submit notifications of obligations to file CbCRs and changes of address, file CbCRs and receive or send messages in relation to CbC reporting.*

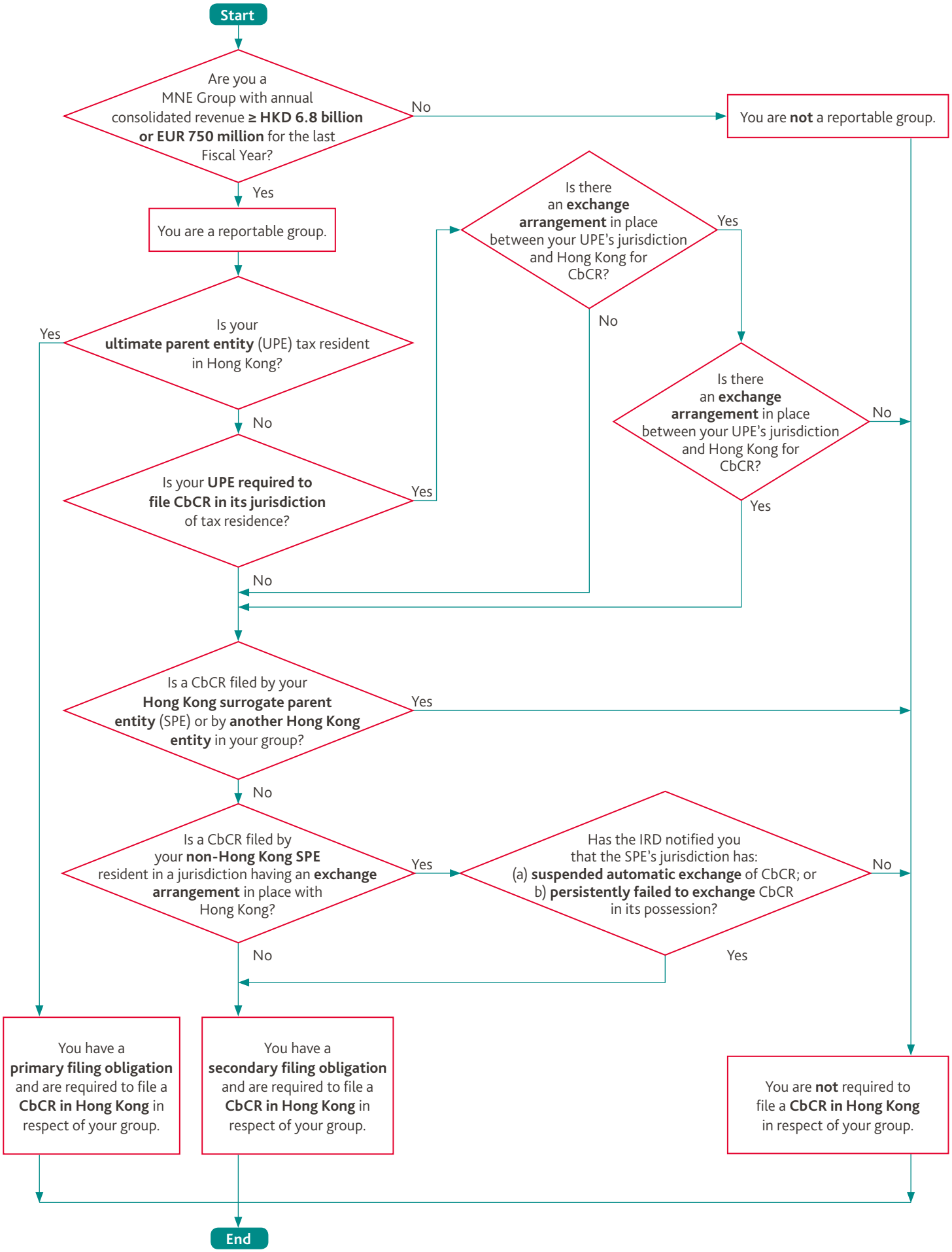
[6] *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Multilateral Convention) will be the main platform for Hong Kong to exchange CbCRs with other jurisdictions. Pending this Multilateral Convention being given effect through our domestic legislative framework, bilateral arrangements for exchange of CbCRs need to be made with jurisdictions having Comprehensive Avoidance of Double Taxation Agreements with Hong Kong. To date, Hong Kong has made such bilateral arrangements with the following jurisdictions: France, Ireland, South Africa and the United Kingdom. The CbCR for first exchange will cover year 2016.*

APPENDIX 1
TRANSFER PRICING DOCUMENTATION – MASTER FILE AND LOCAL FILE



APPENDIX 2
TRANSFER PRICING DOCUMENTATION – COUNTRY-BY-COUNTRY REPORT (CBCR)

Whether you are required to file CbCR in Hong Kong



INDIA

RULES FOR MASTER FILE AND COUNTRY-BY-COUNTRY REPORTING

With an aim of building transparency and ensuring transfer pricing outcomes commensurate with the value creation, India has implemented the minimum standard recommended by Action Plan 13 of the OECD-G20 Base Erosion Profit Shifting project. In 2016, the Indian Government introduced Master File and Country-by-Country Report (CbCR) requirements, as part of three-tier documentation effective from fiscal year 2016-17. To implement these compliance requirements, the necessary rules prescribing the threshold, content, procedure etc. have recently been notified. The following table summarises important provisions of the rules:

Particulars	Master File	Country-by-Country Report
Who is required to maintain and furnish	Every Constituent Entity[7] of the International Group (the Group) in India, provided: – Consolidated group revenue during the relevant accounting year exceeds INR 5 billion; and – The Indian entity satisfies either of the following two conditions: i. Aggregate book value of international transactions with Associated Enterprises during the relevant accounting year exceeds INR 500 million; or ii. The purchase, sale, transfer, lease or use of intangible as per books of accounts during the relevant accounting year exceeds INR 100 million.	***When the Indian entity is parent of the Group:*** – Indian parent entity is required to maintain and furnish the CbCR, if the consolidated revenue of the Group exceeds INR 55 billion during the accounting period preceding the reporting year. ***When the Indian entity is the Constituent Entity of the Group:*** – Constituent Entity of the Group having a consolidated revenue of INR 55 billion during the preceding accounting year will be required to maintain and furnish CbCR only in the following cases: i. Constituent Entity in India is the alternate reporting entity designated by the group to furnish the CbCR in India; or ii. Parent entity is resident of a country with which India does not have an agreement to exchange CbCR; or iii. There has been a systemic failure of the country of which the parent entity is a resident and that failure is intimated by the Indian tax authorities to the Constituent Entity.
Contents	The contents are in line with those recommended by Action Plan 13 with more detailed descriptions of certain elements and certain additional information.	The contents and template of the CbCR are in line with Action Plan 13.
Due date of Filing	Within due date of filing Return of Income (Fiscal Year 2016-17 due date extended till 31 March 2018).	
Notification requirement	N/A	Every Indian Constituent Entity of the Group with a consolidated annual revenue exceeding INR 55 billion during the fiscal year preceding the reporting year needs to notify in Form 3CEAC within two months prior to filing CbCR: – Whether it is an alternate reporting entity; – The details of the parent entity or the alternate reporting entity and the country of residence of such entities.
In case there are multiple constituent entities in India	Intimation of identifying designated constituent entity to be filed 30 days prior to the due date of filing Master File.	**Constituent Entity** which is duly designated to file CbCR by the group (**other than alternate reporting entity or the parent entity**) to notify at least two months prior to due date of filing CbCR.

The due dates for first filing (in respect of tax year ended 31 March 2017) of Master File and CbCR have been extended to 31 March 2018, and the due dates for other notifications and intimations stand extended accordingly.

With the due dates fast approaching, it is advisable that MNEs determine their transfer pricing reporting obligations in India.

JIGER SAIYA
Mumbai – India
jigersaiya@bdo.in

ABHAY KUMAR
Mumbai – India
abhaykumar@bdo.in

[7] *Constituent entity of the international group in India means any entity of the International Group in India whose accounts are included in the Consolidated Financial Statement and includes any permanent establishment of a business entity of the international group.*

CURRENCY COMPARISON TABLE

The table below shows comparative exchange rates against the euro and the US dollar for the currencies mentioned in this issue, as at 1 March 2018.

Currency unit	Value in euros (EUR)	Value in US dollars (USD)
Euro (EUR)	1.00000	1.22142
US Dollar (USD)	0.81862	1.00000
Hong Kong Dollar (HKD)	0.10458	0.12776
Indian Rupee (INR)	0.01254	0.01532

TRANSFER PRICING CENTRE OF EXCELLENCE

Zara Ritchie BDO Australia Head of Global Transfer Pricing Services	Tel E-mail	+61 3 9605 8019 zara.ritchie@bdo.com.au
Ilona Orbok BDO Hungary Chair of Transfer Pricing Centre of Excellence Committee	Tel E-mail	+36 1 235 3010 ilona.orbok@bdo.hu
Gonzalo Garcia Acebal BDO Argentina	Tel E-mail	+54 11 4106 7000 ggarciaacebal@bdoargentina.com
Natalya Merenina BDO Australia	Tel E-mail	+61 2 8264 6649 natalya.marenina@bdo.com.au
Therese Garcia BDO Canada	Tel E-mail	+1 416 369 3118 tgarcia@bdo.ca
Richard Wellmann BDO Germany	Tel E-mail	+49 69 95 941 263 richard.wellmann@bdo.de
Bernice Tan BDO Malaysia	Tel E-mail	+60 3 2616 2985 bernice.tan@bdo.my
Carina Romano BDO Netherlands	Tel E-mail	+31 10 24 24 615 carina.romano@bdo.nl
Roxanna Nyiri BDO South Africa	Tel E-mail	+27 10 060 5000 rnyiri@bdo.co.za
Duncan Nott BDO United Kingdom	Tel E-mail	+44 207 893 3389 duncan.nott@bdo.co.uk
Sean Kim BDO United States	Tel E-mail	+1 646 807 8404 skim@bdo.com

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