

INCOME-TAX ACT, 2025

Chapter XXIII: MISCELLANEOUS

Section 511 - Furnishing of report in respect of international group.

(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,—

(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, if any, of the international group, and the country or territory of which the said entities are resident.

(2) 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 income-tax authority within twelve months from the end of the said reporting accounting year, in such form and manner, as may be prescribed.

(3) In sub-sections (2) and (4), the report in respect of an international group shall include—

(a) the aggregate information in respect of the amount of revenue, profit or loss before income-tax, amount of income-tax paid, amount of income-tax accrued, stated capital, accumulated earnings, number of employees and tangible assets not being cash or cash equivalents, with regard to each country or territory in which the group operates;

(b) the details of each constituent entity of the group including the country or territory in which such constituent entity is incorporated or organised or established and the country or territory where it is resident;

(c) the nature and details of the main business activity or activities of each constituent entity; and

(d) any other information, as may be prescribed.

(4) A constituent entity of an international group, resident in India, other than the entity referred to in sub-section (2), shall furnish the report referred to in the said sub-section, in respect of the international group for a reporting accounting year within the period, as may be prescribed, if the parent entity is resident of a country or territory,—

(a) where the parent entity is not obligated to file the report of the nature referred to in the said sub-section; or

(b) with which India does not have an agreement providing for exchange of the report of the nature referred to in the said sub-section; or

(c) where there has been a systemic failure of the country or territory and such failure has been intimated by the prescribed income-tax authority to such constituent entity.

(5) If there are more than one such constituent entities of the group, resident in India, the report as mentioned in sub-section (4) shall be furnished by any one constituent entity, if—

(a) the international group has designated such entity to furnish the report as per sub-section (2) on behalf of all the constituent entities resident in India; and

(b) the information has been conveyed in writing on behalf of the group to the prescribed income-tax authority.

(6) The provisions of sub-sections (4) and (5) shall not apply, if—

(a) an alternate reporting entity of the international group has furnished a report of the nature referred to in sub-section (2), with the tax authority of the country or territory in which such entity is resident, on or before the date specified by that country or territory; and

(b) the following conditions are satisfied:—

(i) the said report is required to be furnished under any law in force in the said country or territory;

(ii) the said country or territory has entered into an agreement with India providing for exchange of the said report;

(iii) the prescribed income-tax authority has not conveyed any systemic failure in respect of the said country or territory to any constituent entity of the group that is resident in India;

(iv) the said country or territory has been informed in writing by the constituent entity that it is the alternate reporting entity on behalf of the international group; and

(v) the prescribed income-tax authority has been informed by the entity referred to in sub-sections (4) and (5) as per sub-section (1)

(7) The prescribed income-tax authority may, for determining the accuracy of the report furnished by any reporting entity, issue notice in writing, requiring the entity to produce such information and document as specified in the notice within thirty days of the date of receipt of the notice and such period may be extended by up to an additional thirty days upon application by the entity.

(8) The provisions of this section shall not apply to an international group for an accounting year, if the total consolidated group revenue, as per the consolidated financial statement for the accounting year preceding such accounting year, does not exceed the prescribed amount.

(9) The provisions of this section shall be applied as per such guidelines and subject to such conditions, as may be prescribed.

(10) For the purposes this section,—

(a) “accounting year” means,—

(i) a tax year, in a case where the parent entity is resident in India; or

(ii) an annual accounting period, with respect to which the parent entity of the international group prepares its financial statements under any law in force or the applicable accounting standards of the country or territory of which such entity is resident, in any other case;

(b) “agreement” means a combination of all of the following agreements:—

(i) an agreement entered into under section 159(1) or (2); and

(ii) an agreement for exchange of the report referred to in sub-section (2) and notified by the Central Government;

(c) “alternate reporting entity” means any constituent entity of the international group that has been designated by such group, in the place of the parent entity, to furnish the report of the nature referred to in sub-section (2) in the country or territory in which the said constituent entity is resident on behalf of such group;

(d) “constituent entity” means—

(i) any separate entity of an international group that is included in the consolidated financial statement of

the said group for financial reporting purposes, or may be so included for the said purpose, if the equity share of any entity of the international group were to be listed on a stock exchange;

(ii) any such entity that is excluded from the consolidated financial statement of the international group solely on the basis of size or materiality; or

(iii) any permanent establishment of any separate business entity of the international group included in sub-clause (i) or (ii), if such business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting or internal management control purposes;

(e) “group” includes a parent entity and all the entities in respect of which, for the reason of ownership or control, a consolidated financial statement for financial reporting purposes—

(i) is required to be prepared under any law in force or the accounting standards of the country or territory of which the parent entity is resident; or

(ii) would have been required to be prepared, had the equity shares of any of the enterprises were listed on a stock exchange in the country or territory of which the parent entity is resident;

(f) “consolidated financial statement” means the financial statement of an international group in which the assets, liabilities, income, expenses and cash flows of the parent entity and the constituent entities are presented as those of a single economic entity;

(g) “international group” means any group that includes—

(i) two or more enterprises which are resident of different countries or territories; or

(ii) an enterprise, being a resident of one country or territory, which carries on any business through a permanent establishment in other countries or territories;

(h) “parent entity” means a constituent entity, of an international group holding, directly or indirectly, an interest in one or more of the other constituent entities of the international group, such that—

(i) it is required to prepare a consolidated financial statement under any law in force or the accounting standards of the country or territory of which the entity is resident; or

(ii) it would have been required to prepare a consolidated financial statement had the equity shares of any of the enterprises were listed on a stock exchange,

and, there is no other constituent entity of such group which, due to ownership of any interest, directly or indirectly, in the first mentioned constituent entity, is required to prepare a consolidated financial statement, under the circumstances referred to in sub-clause (i) or (ii), that includes the separate financial statement of the first mentioned constituent entity;

(i) “permanent establishment” shall have the meaning assigned to it in section 173(c);

(j) “reporting accounting year” means the accounting year in respect of which the financial and operational results are required to be reflected in the report referred to in sub-sections (2), (4) and (5);

(k) “reporting entity” means the constituent entity including the parent entity or the alternate reporting entity, that is required to furnish a report of the nature referred to in sub-section (2);

(l) “systemic failure” with respect to a country or territory means that the country or territory has an agreement with India providing for exchange of report of the nature referred to in sub-section (2), but—

(i) in violation of the said agreement, it has suspended automatic exchange; or

(ii) has persistently failed to automatically provide to India the report in its possession in respect of any international group having a constituent entity resident in India.