

**Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes**

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**PRESS RELEASE**

New Delhi, Dated 23<sup>rd</sup> May, 2016

**Subject: Manner of determination of fair market value and reporting requirement for Indian concern-Indirect transfer provisions-section 9(1) of the Income-tax Act, 1961-reg.**

Under section 9 of the Income-tax Act, 1961 (the Act), income arising from indirect transfer of assets situated in India is deemed to accrue or arise in India. The provisions of section 9(1)(i) of the Act provides that if any share of or interest in, a foreign company or entity derives its value substantially from the assets located in India, then such share or interest is deemed to be situated in India. Thereby, any income arising from transfer of such share or interest is deemed to accrue or arise in India.

2. The share or interest is said to derive its value substantially from assets located in India, if fair market value (FMV) of assets located in India comprise at least 50% of the FMV of total assets of the company or entity. The computation of FMV of Indian and global assets is to be in the prescribed manner.

3. Further, section 285A of the Act mandates reporting requirement on the Indian concern through or in which the foreign company or entity holds the assets in India. The information to be furnished and its manner is also required to be prescribed.

4. In this regard, draft rules and forms to be incorporated in the Income-tax Rules, 1962 have been formulated and uploaded on the Finance Ministry's website ([www.finmin.nic.in](http://www.finmin.nic.in)) and website of the Income-tax Department ([www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)) for comments from stakeholders and general public.

5. The comments and suggestion on the draft rules may be sent by 29<sup>th</sup> May, 2016 electronically at the email address, [ustpl1@nic.in](mailto:ustpl1@nic.in).

**(Meenakshi J Goswami)  
Commissioner of Income-tax  
(Media & Technical Policy)  
Official Spokesperson, CBDT**