

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

Press Release

New Delhi, 30th June, 2016.

Sub: 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), any income arising from transfer of any share of or interest in a foreign company or entity that derives its value substantially from the assets located in India, is deemed to accrue or arise in India.

For this purpose, following were to be prescribed:

- the manner of computation of fair market value (FMV) of Indian and global assets of the foreign company or entity,
- determination of income attributable to assets situated in India, and
- information or documents required to be maintained and furnished by the Indian concern under section 285 of the Act.

The draft rules in this regard were formulated and placed in public domain on 23.05.2016 for comments from stakeholders and general public. After due consideration of the comments received, the Government has notified the Rules vide S.O. No. 2226 (E) dated 28.06.2016. These rules will be applicable from the date of publication in the Official Gazette, i.e.; 28.06.2016. The rules and formulation thereof is part of the Government's continuing effort at providing predictable, transparent and fair tax regime.

The Notification is also available on the website, www.incometaxindia.gov.in.

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