

Draft Income Tax Rules

Form 48 (replacing Form 3CEB)

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Background

The draft Income Tax Rules, 2026 have been released by CBDT recently and is open for feedback from stakeholders and public till 22nd February 2026. As part of the new Rules, the draft Form 48 has been released which is set to replace the existing Form No. 3CEB.

The old Form No. 3CEB was a simple certificate from an accountant covering the following information for companies who have entered into transactions with their associated enterprises ('AE's'):

- Name and address associated enterprises
- Transaction with such associated enterprises
- Nature of transaction whose disclosure is split across various clauses
- Actual value of such transaction and the arm's length price
- Method in which the transactions are certified to be at arm's length.

An exhaustive set of key elements relating to transfer pricing documentation is required to be covered under Draft Form No. 48. The key aspects of the Accountant's Form are captured in the ensuing paragraphs.



Major changes in new Form 48

The major changes in the new Form 48 can be categorized under the following broad heads:

- A. Changes to the structure of the form wherein the existing information covered under erstwhile Form 3CEB is rearranged in the new Form (Structural changes)
- B. Introduction of additional items to the new form which was not covered in the erstwhile Form 3CEB which is highly critical and invite the attention of the taxpayer (Qualitative changes);

A. Structural changes

1. Overall structure of the form has been changed. The new Form 48 is a digital form with Parts A to F.
 - Part A – Particulars of the Assessee
 - Part B – Aggregate value of transactions
 - Part C – International transactions (including, deemed international transactions)
 - Part D – Specified Domestic Transactions

- Part E – Arm’s Length Price (‘ALP’) determination
- Part F – Documentation

2. AE identification ID (in case of international & specified domestic transactions) and Person identification ID (in case of deemed international transactions) are required to be provided in point 5 which is used as reference in all other parts of the form. Similarly, the Transactions ID’s are required to be provided for each transaction which is used for mapping in Part E where ALP determination details are being provided.
3. Tax Identification Number is made mandatory in cases where PAN is not available, and where Tax identification is unavailable Unique Identification Number will have to be provided. Hence, Indian taxpayers will have to obtain and furnish the TIN from the respective Associated enterprises with whom international transactions have been entered into.
4. The taxpayer has been provided with the option to choose their ‘relationship with AEs’ under multiple categories in Part C of the form.
5. Transaction disclosure requires selection of transactions from the available drop-down list. These transactions have been categorized by type, with corresponding information provided in the notes.
6. Code for nature of business that was required in Part A of Form 3CEB has now been deleted.
7. Clause references are removed completely. Unlike Form 3CEB, no specific clause has been provided for each category of transaction. All the international & deemed international transactions are listed in point 7 and specified domestic transactions are listed in point 9.
8. The draft Form 48 does not seem to have specific provision for providing any comments/ notes.

B. Qualitative changes

1. The aggregate value of international, deemed international transactions and specified domestic transactions have been segregated as ‘received’ and ‘paid’ categories and disclosed separately. This section would be auto-populated from relevant sections.
2. Assessee’s who have entered into Advance Pricing Agreements (‘APAs’) are subject to additional disclosure requirements where the details of concluded APAs are required to be provided including the date of agreement, acknowledgement number of the application, details of transactions covered under the APA and the value of such transactions.
3. Part E is introduced to disclose how ALP has been determined for each of the international/deemed international or SDTs. This section requires disclosure of:
 - ✓ Whether the transactions have been tested on a standalone basis or on an aggregated basis;
 - ✓ The amount so aggregated, if applicable;
 - ✓ If aggregation approach is not adopted, the amount that has not been aggregated;
 - ✓ The method adopted to substantiate those transactions not aggregated.
4. Detailed disclosures are required for the determination of ALP under each of the prescribed methods, as tabulated below:

Method	Details to be provided in Form 48
CUP	<ul style="list-style-type: none"> - Number of comparables identified - In case of 1 comparable – the arm’s length price of that comparable

Method	Details to be provided in Form 48
	<ul style="list-style-type: none"> - In case of less than 6 comparables the arithmetic mean of such comparables - In case of more than 6 comparables the median of the dataset and the 35th and 65th percentile of the comparable dataset
RPM, CPM and TNMM	<ul style="list-style-type: none"> - Number of comparables identified - In case of 1 comparable – the margin of that comparable - In case of less than 6 comparables, the arithmetic mean of the margin of such comparables - In case of more than 6 comparables the median of the dataset and the 35th and 65th percentile of the comparable dataset
PSM	Details of determination of arm's length price
Other Method	

5. In case any transaction which are not included or have been partially included in the benchmarking approach and alternate approach has been adopted, then similar details are required to be provided for each of the transaction that is being benchmarked separately.
6. The ALP determined by adopting each of the above methods and suo-moto adjustment, if any on account of non-fulfilment of the arm's length criteria, are required to be provided in Part E. The manner of computation of adjustment and its impact on the book value have all been detailed in the notes.
7. The revised form requires the taxpayers to disclose any economic adjustments applied to the comparable companies.
8. The form requires disclosure of whether the documentation requirements apply to the assessee, and if so, confirmation that appropriate records substantiating the arms' length pricing is being maintained.
9. The disclosure requirements for issue and buy-back of shares and convertible debentures have been removed.
10. Specific disclosure requirements have been mandated for Royalty / Corporate Guarantee / Intercompany financing - such as providing the date of agreement, royalty/interest/guarantee rates, currency and value.
11. Additional disclosure requirements for the below including details of whether the same is recorded in the books and considered for computation of ALP:
 - a. Stock compensation
 - b. Cost and depreciation related to assets/software/tools developed in-house or purchased by AEs
 - c. Training expenses/other cost incurred by the AE on behalf of the assessee
 - d. Costs incurred by AE that is utilised in the business operations of the assessee
 - e. Income arising from forex fluctuations
 - f. Income from subsidy/grant/duty drawback or concession by Central/State government.
12. The disclosure relating to business restructuring or reorganisation, regardless of whether it impacts the enterprise's profits, assets, or income/loss has been retained similar to existing Form 3CEB.



Key Takeaways

- ✓ The maintenance of transfer pricing documentation is a key requirement, and such documentation must be prepared before Form 48 is filed and there is no waiting for scrutiny before preparing the documentation. MNEs are therefore obligated to comply from day one of the financial year. Considering the requirement to disclose the benchmarking results for each transaction, one may need to undertake necessary benchmarking analysis to substantiate the information disclosed in the form.
- ✓ The transactions requiring disclosure are explicitly listed in the drop-down menu – for example, the intangibles to be considered as purchase of intangibles, types of financing agreements to be disclosed, nature of intra-group services requiring disclosure, thereby providing more clarity on the disclosure requirements.
- ✓ Previously, taxpayers, out of abundant caution would report the issue of shares as an international transaction as the Clause in Form 3CEB was not eliminated though the Supreme Court ruling in Vodafone India Services Private Limited had excluded share issue from the TP provisions. However, since the revised form no longer includes this aspect, it appears that the CBDT has considered the position of the Supreme Court on the reporting as well.
- ✓ The disclosure requirements in Form 48 are designed to assist tax authorities in compiling relevant information and tracking the assessee's intra-group transactions and related tax implications. Such information may also be utilized by other regulators through exchange of information. Owing to the same, the interplay between transfer pricing and other regulations such as customs, FEMA regulations should also be carefully considered by the MNEs while structuring their intra-group transactions and also maintain appropriate documentation and ensure alignment on conduct vs. contract.
- ✓ The taxpayers are required to explicitly disclose the margins earned by the tested party vis-à-vis the comparables, which are expected to further aid 'risk-based assessment' approach based on which the TP audits are selected for scrutiny.
- ✓ In computing margins under the TNMM, the form considers only the net profit margin. This raises uncertainty as to whether alternative profit level indicators—such as cash profit margins—would be deemed acceptable.
- ✓ While providing the flexibility to undertake economic adjustments on the comparables is a welcome move, the form does not provide any option for undertaking adjustments on the tested party – an approach that has, until now, been widely accepted by the judiciary.
- ✓ For specified domestic transactions, a detailed list on the type of transactions falling under the transfer pricing purview have been explicitly provided, offering greater clarity on these aspects.
- ✓ The enhanced disclosure requirements relating to royalty, guarantee and financing transactions highlight the importance of maintaining proper inter-company contracts/documents while also underscoring the need to keep such agreements regularly updated.

- ✓ Where Taxpayers are opting for Safe Harbour, clarity is awaited on whether a separate section will be included similar to that of APA, since the taxpayers would otherwise have to undertake a detailed benchmarking analysis for justifying the ALP that is already prescribed / agreed in the Safe Harbour Rules.
- ✓ In certain instances, due to the facts and circumstances, the taxpayer might adopt foreign entity as the tested party. Currently the Form does not have any provision to input such information. Further, as per Note 13 “Computation for the determination of arm’s length price” the information is required to be disclosed in INR. Hence, clarity is awaited on the same.
- ✓ MNEs might need to wait for the final rules to understand if the benchmarking requirements are made mandatory in line with the global best practices, even in case the value of international transactions have not exceeded INR 1 crore.

About us



VSTN Consultancy is a Global Transfer Pricing firm with extensive expertise in the field of international taxation and transfer pricing. VSTN Consultancy has been awarded by International Tax Review (ITR) as Best Newcomer in Asia Pacific – 2024 and is ranked as one of the recommended transfer pricing firms. VSTN has also been nominated in 9 Categories under APAC, EMEA and Middle East Region ITR awards 2025. VSTN has its offices in India, UAE and Singapore.

Nithya Srinivasan, Founder of VSTN Consultancy, was named Middle East Transfer Pricing Practice Leader of the Year, recognizing her outstanding leadership and contribution to the profession. VSTN also received the Best Newcomer in the Middle East award from International Tax Review, showcasing its rapid growth and excellence in global transfer pricing advisory.

VSTN Consultancy has been honored with the Best Global Transfer Pricing Consultancy 2025 – India award at the prestigious Wealth & Finance Management Consulting Awards 2025.

Our offering spans the end-to-end Transfer Pricing value chain, including design of intercompany policy and drafting of Interco agreement, ensuring effective implementation of the Transfer Pricing policy, year-end documentation and certification, BEPS related compliances (including advisory, Masterfile, Country by Country report), safe harbour filing, audit defense before all forums and dispute prevention mechanisms such as Advance Pricing agreement. VSTNs senior partners have been ranked in ITR in the list of recognized Practitioners.

