

## **FORM 162 – Annual Statement under section 505 of the Act**

<b>Name of form as per I.T. Rules, 1962</b>	<b>Form 49C</b>	<b>Name of form as per I.T. Rules, 2026</b>	<b>162</b>
<b>Corresponding section of I.T. Act, 1961</b>	<b>285</b>	<b>Corresponding section of I.T. Act, 2025</b>	<b>505</b>
<b>Corresponding Rule of I.T. Rules, 1962</b>	<b>114DA</b>	<b>Corresponding Rule of I.T. Rules, 2026</b>	<b>234</b>

### **A. PURPOSE**

Form 162 serves as an annual statement mandated under Section 505 of the Income Tax Act, 2025, for non-resident entities maintaining a liaison office in India. It is to be filed under Rule 234 of Income tax Rules, 2026. The form provides detailed information about the activities and operations of the liaison office during a specific financial year.

### **B. WHO SHOULD FILE**

Non-resident entities that have established a liaison office in India in accordance with the guidelines issued by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act, 1999 (FEMA).

### **C. FREQUENCY & DUE DATES**

- Form 162 must be filed once in a tax year
- The Form must be filed within 8 months from the end of the tax year. As per Notification No. 14/2025, the filing deadline for Form 162 has been changed to align with the submission timeline for the Annual Activity Certificate to RBI.

### **D. STRUCTURE OF FORM 162**

Form 162 requires the following information:

**Part A**

- 1) Details of the Head Office such as Name, Address, Country, Email, Phone No. Country of Tax Residency etc.
- 2) Details of the Principal Office in India such as Name, Address, Email, Phone No. etc.
- 3) Details of the Chartered Accountant signing the Annual Activity Certificate such as Membership Number, Firm Registration Number etc.

**Part B**

- 1) Details of Persons in charge, agents/representatives
- 2) RBI approval date, registration number etc.
- 3) Liaison office-wise details: activities undertaken, no. of employees working, details of salaries, parties with whom liaisoning is done, other entities for which liaisoning activity undertaken etc.
- 4) Other details
  - India Specific Financials such as receipts and expenses of the entity in total and of the liaison office separately
  - Purchases, sales from/to Indian parties of the entity in total and of the liaison office separately
  - Information on permanent establishment of group entities, liaison offices of group entities.

**E. WHAT ARE THE DOCUMENTS REQUIRED TO FILE THE FORM 162?**

- Communication addresses, emails, phone nos. of Head Office, Liaison Office .
- The certified Annual Activity Certificate (AAC) from a Chartered Accountant verifying that the Liaison Office's activities during the year were in line with RBI's approval.
- Details of agents, distributors, and others representing the non-resident in India.
- RBI approval documentation: registration number of LO, date of opening, etc.
- Details of employees in India, salary/outside India or payments for services in India.

- Audited financial statements of the Liaison Office (and possibly of the parent entity or group) with relevant India-specific receipts/income/expenses.
- Details of Indian parties (customers, suppliers) with whom transactions undertaken
- PAN of Indian parties, addresses of offices in India, registration numbers.

## **F. FILING COUNT**

On an average in the last 5 years, around 470 forms have been filed.

## **G. WHAT IS THE PROCESS FLOW OF FILING FORM 162?**

### **1. Preparation:**

- Gather all necessary financial documents, including balance sheets, profit & loss accounts, and details of activities undertaken.
- Ensure compliance with RBI and FEMA guidelines.
- Digital signature for authorized signatory

### **2. Filing:**

- Form 162 must be filed electronically through the e-filing portal of the Income Tax Department.
- The statement should be digitally signed by the authorized signatory of the non-resident entity.

### **3. Verification:**

- The Income Tax Department may verify the submitted information and may request additional documents or clarifications if necessary.

## **H. OUTCOME OF PROCESSED FORM 162:**

### **For Liaison Office (LO):**

- Proof of annual compliance with the Indian Income-tax Department.

- Supporting evidence for RBI annual renewal or closure applications of the Liaison Office.
- A record for the parent company's statutory filings or audits abroad, if needed.

**For the Department:**

- The form is made available to the International Taxation to enable verification and cross-checking with Annual Activity Certificate
- The information may be shared with the Transfer Pricing division when the cross-border transactions are to be verified.

**I. CONSEQUENCES OF NON-COMPLIANCE**

Failure to file Form 162 or adhere to the prescribed timelines can lead to:

- Levy of Penalty under Section 460 of the Income-tax Act, 2025.
- Revocation of the liaison office's permission by the RBI.
- Other appropriate action related to proper assessment of income and other measures under the Income-tax Act, 2025

**J. BRIEF NOTE ON BROAD OR QUALITATIVE CHANGES PROPOSED:**

Key updates include the following:

1. Part A, standard template is amended to capture the details of Head Office, Liaison Office and Chartered Accountant.
2. Fields already existing in Part A are removed from Part B.
3. Related questions are put together and ensure smooth flow of the information sought.

**K. CHALLENGES AND SOLUTIONS**

Earlier, Form 162 required the Liaison Office to enter similar kind of information at various places which was disorganized and therefore time taking. The revised Form 162 will be a smart one to enhance user experience and provide ease of filing through:

- Grouping information related to the same issue such as employees and salaries, RBI approval and dates etc.
- Standardization of name & address fields etc.

#### **L. COMMON CHANGES MADE ACROSS FORMS**

1. To make Forms system-friendly and enable e-filing and uploading, certain anomalies found due to grouping of Name, Designation, Address, PAN and Aadhaar number have been separated into different boxes.
2. Assessment / Financial / Previous year or years have been replaced with Tax year or years, wherever appearing in the Form/Annexure.
3. Sections, Clauses and Schedules changes as per the Income-tax Act, 2025.
4. Common verification statement.