

FORM 163 – Information and Documents to be furnished by an Indian concern under section 506 of the Act

Name of form as per I.T. Rules, 1962	Form 49D	Name of form as per I.T. Rules, 2026	163
Corresponding section of I.T. Act, 1961	285A	Corresponding section of I.T. Act, 2025	506
Corresponding Rule of I.T. Rules, 1962	114DB	Corresponding Rule of I.T. Rules, 2026	235

A. PURPOSE

The form is for reporting indirect transfers of assets located in India. It is required under Section 506 of the Income Tax Act, 2025 and prescribed under Rule 235 of Income-tax Rules, 2026.

B. WHO SHOULD FILE

This form is to be filed by an Indian concern or its representative, whose assets are indirectly transferred by a non-resident.

C. FREQUENCY & DUE DATES

Information shall be furnished in Form No. 163 within a period of ninety days from the end of the tax year in which any transfer of the share of, or interest in, a company or entity incorporated outside India has taken place

Where the transaction in respect of the share or the interest has the effect of directly or indirectly transferring the rights of management or control in relation to the Indian concern, the information shall be furnished in the said Form within ninety days of the transaction.

D. STRUCTURE OF FORM 163

- Part A- Information as per standard template
- Part B- Details of the group
- PART C- To be filled for reporting the information in respect of transfer of share/interest of the concern(s) or entity(ies) referred to in serial no. 11, the income from which is deemed to accrue or arise in India under the provisions of section 9(10) of the Income-tax Act, 2025
- PART D- To be filled in to report the transaction respect of transfer of share/interest during the tax year resulting in transfer of right of management or control

E. WHAT ARE THE DOCUMENTS REQUIRED TO FILE THE FORM 163?

- Structure of the group – holding pattern of entity(ies) in India
- Basis of valuation of assets of the company or entity – valuation reports, annual financial statements, audit reports etc.
- Holding structure in respect of shares of, or interest in the company or entity before and after the transfer
- Documents related to break up of assets

F. FILING COUNT

On an average in the last 5 years, around 70 forms have been filed.

G. WHAT IS THE PROCESS FLOW OF FILING FORM 163?

- 1) The Form is to be filed electronically through the e-filing portal of the Income Tax Department
- 2) The form is to be digitally signed by the authorized person

H. OUTCOME OF PROCESSED FORM 163

Form No. 163 provides details with respect to basis of determining the location of share or interest being transferred and basis of valuation of assets of the company or entity. This is important information with respect to computation of income in respect of such transfer which is to be filed by the taxpayer in Form 4. Thus, Form 163 forms basis of Form 4 and resultant return of income.

Consequences of Non-compliance:

Failure to file Form No.163 or adhere to the prescribed timelines can lead to:

- Levy of Penalty under Section 458 of the Income-tax Act, 2025.
- Other appropriate action related to proper assessment of income and other measures under the Income-tax Act, 2025

I. BRIEF NOTE ON BROAD OR QUALITATIVE CHANGES PROPOSED:

Key updates include the following

1. Part A standard template
2. PAN of the transferor & transferee introduced to enable tagging with the corollary Form No. 4 and transmission to the AO (international taxation) having jurisdiction over the transferor
3. Instead of value of assets immediately before date of transfer, the words “as on specified date under section 9(10)(d)” has been introduced to be specific as to the date of valuation
4. Erstwhile Part B and Part C are now inter-changed. Many repeating rows in these parts are now removed with the change in structure.

5. Yes/No questions are removed in the entire Form, except where Part D is to open This clarifies that only when the stated transactions covered by the section 9(2) and 9(10) read with section 506 occurs, the said Form needs to be filled up.

J. CHALLENGES AND SOLUTIONS

- The erstwhile parts B and C of form inter-changed so that it is clear that the Form requires to be filled transaction-wise and only once when the transaction reported is of change in rights and not again at the end of the year.
- Further, the structure of the form in the Yes and No questions in earlier form asking the taxpayer whether substantial assets are there in India and whether transaction of transfer results in transfer of rights in management implies that the form is to be filled even when the answer is negative. However, many of the questions are rendered meaningless when the answers are negative. Hence, structure of the Form is changed.

K. 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 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.