

**FORM 172- Report from an accountant to be furnished for the purpose of section 9 (12) [ Schedule I: Paragraph 1(4)] regarding fulfilment of certain conditions by an eligible investment fund**

<b>Name of form as per I.T. Rules, 1962</b>	<b>Form 3CEJA</b>	<b>Name of form as per I.T. Rules, 2026</b>	<b>172</b>
<b>Corresponding section of I.T. Act, 1961</b>	<b>9A</b>	<b>Corresponding section of I.T. Act, 2025</b>	<b>9 (12) &amp; Schedule I</b>
<b>Corresponding Rule of I.T. Rules, 1962</b>	<b>10V(13)</b>	<b>Corresponding Rule of I.T. Rules, 2026</b>	<b>274(7)</b>

**A. PURPOSE**

The Form is report by Accountant regarding the conditions fulfilled for an investment fund with respect to fund manager to claim no business connection in India under section 9(12) of the Income-tax Act, 2025. This form is prescribed under Rule 274(7) of Income-tax Rules, 2026.

**B. WHO SHOULD FILE**

Accountant which the eligible investment fund, has appointed for this purpose.

**C. FREQUENCY & DUE DATES**

- Form 172 must be filed once in a tax year
- The Form must be filed by specified date of Section 173 r.w.s 172 and Section 263 of Income-tax Act, 2025, which is 31<sup>st</sup> October of the succeeding tax year.

**D. STRUCTURE OF FORM 172**

Form 172 is structured into two parts

**Part A**

- 1) Details such as communication address, email, phone number etc. which is as per the standard template provided for all forms.

## **Part B**

- 1) Further details such as residential status, nature of business of fund manager etc.
- 2) Information on the Fund Manager which include details of the SEBI registration, whether fund manager and fund are related as per provisions of section 162, aggregate value of remuneration received.
- 3) Information on the actual activity of the fund manager such as list of funds being managed, other transactions undertaken by fund manager with/on behalf of the fund, particulars of the remuneration received on account of each activity.

## **E. WHAT ARE THE DOCUMENTS REQUIRED TO FILE THE FORM 172?**

Following documents may be required for filing Form 172:

- Communication addresses, emails, phone nos. of the fund manager.
- SEBI Registrations of the Fund Manager/s
- Financial statement showing details of investment in the fund and transactions with related parties.
- Contracts/documents specifying the activities of the fund manager and remuneration payable to the fund manager/s

## **F. FILING COUNT**

On an average, around 2-3 forms have been filed every year, since digitisation

## **G. WHAT IS THE PROCESS FLOW OF FILING FORM 172?**

The process flow includes following steps

1. Firm/Accountant has to register on the UDIN portal to generate UDIN as per the process of the ICAI.
2. The Form is to be filed electronically through the e-filing portal of the Income Tax Department by the accountant after generation of Unique Document Identification Number.
3. The statement should be digitally signed by the accountant.

## **H. OUTCOME OF PROCESSED FORM 172**

- The fund is eligible to claim its activities are not constituting business connection in India subject to the conditions being fulfilled
- The Form is sent to the Assessing Officer who would have jurisdiction in case the fund was taxable in India and the form can be picked up for verification in the system as per the guidelines.

### **Consequences of Non-compliance:**

Failure to file Form 172 can lead to:

- Levy of Penalty under Section 447 of the Income-tax Act, 2025 of 100000 rupees
- Other proceedings for assessment of income under the Income-tax Act, 2025.

## **I. BRIEF NOTE ON BROAD OR QUALITATIVE CHANGES PROPOSED**

Key updates include the following

1. Form is structured into two parts with Part-A being standard template and Part-B captures the other relevant information
2. Sub-tables introduced to present clear picture of the information to be filed.

## **J. CHALLENGES AND SOLUTIONS**

- Since the existing notified form is in Row-wise format with numerous sub rows, to provide clarity on information and all the information that are to gather to fill the form, tabular structure has been introduced.
- Reference to sections in the earlier Income tax Act 1961 with regard to related party transactions being incorrect, the correct reference to related party of section 162 of Income-tax Act, 2025 was added.

## **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.
5. Common details for all forms filed by accountants such as firm registration details, UDIN