

FORM 173- Statement to be furnished by an eligible investment fund to the Assessing Officer under section 9(12) [Schedule I: Paragraph 1(4)]

Name of form as per I.T. Rules, 1962	Form 3CEK	Name of form as per I.T. Rules, 2026	173
Corresponding section of I.T. Act, 1961	9A	Corresponding section of I.T. Act, 2025	9 (12) & Schedule I
Corresponding Rule of I.T. Rules, 1962	10VB	Corresponding Rule of I.T. Rules, 2026	276

A. PURPOSE

This form is to be filed under Rule 276. The Form gives details that enables Assessing Officers to verify whether eligibility conditions have been fulfilled or not for an investment fund to claim no business connection in India under section 9(12) read with Schedule I of the Income-tax Act, 2025.

B. WHO SHOULD FILE

- Every eligible investment fund, that is, the Fund manager or designated person on behalf of the Fund

C. FREQUENCY & DUE DATES

- Form 173 must be **filed once** in a tax year
- The Form must be filed within **90 days** from the end of the tax year.

D. STRUCTURE OF FORM-173

Form 173 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.
- 2) Further details such as country of residence, TIN of the fund in the country of residence.

Part B

- 1) It is to be specified that the conditions given in Schedule I and in case of Approved Fund, conditions subject to which approval was granted, have been fulfilled. If not, reasons to be given.
- 2) Details of the persons in India had any participation interest directly or indirectly in the fund
- 3) Remuneration paid to fund manager, basis of the calculation of the fund manager, details of any other activities carried out by the fund manager.
- 4) Amount of profit made on the investments.

E. WHAT ARE THE DOCUMENTS REQUIRED TO FILE THE FORM 173?

Following documents may be required for filing Form 173:

- Communication addresses, emails, phone nos. of the investment fund along with TIN of the country of residence.
- Contact details of representatives in India
- Approval order of the CBDT for the fund, if applicable
- SEBI Registrations of the Fund Manager/s
- Financial statements that summarize the profit and loss of the investments in India
- Contracts specifying the remuneration payable to the fund manager/s

F. FILING COUNT

On an average, around 5-6 forms have been filed every year, in the past 5 years.

G. WHAT IS THE PROCESS FLOW OF FILING FORM 173?

The process flow includes following steps

1. Digital Signature Certificate (DSC) is to be registered in the profile of the person who is authorised to sign/verify the form

2. Necessary documents of the fund and fund manager/s are to be gathered
3. The Form is to be filed electronically through the e-filing portal of the Income Tax Department
4. The statement should be digitally signed by the authorized signatory of the non-resident entity.

H. OUTCOME OF PROCESSED FORM 173

For the fund

- The fund is eligible to claim its activities are not constituting business connection in India subject to the conditions being fulfilled
- In case of not fulfilment of conditions, as noted in the Form, the fund will be subjected to tax as per the other provisions of the Income-tax Act and will have to file necessary return of income and forms.

For the Department

- 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.
- In case of approved fund, the Assessing Office can send feedback to the board if it is found that the specified conditions are not fulfilled.

Consequences of Non-compliance:

Failure to file Form 173 can lead to:

- Levy of Penalty under Section 456 of the Income-tax Act, 2025.
- Cancellation of approval
- 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 modified from the standard template prescribed in order to capture the unique details of the investment funds not located in India.

2. Sub-tables introduced to present clear picture of the information to be filed by the tax-payer
3. Explanatory note in respect of TIN added.

J. CHALLENGES AND SOLUTIONS

Since the existing notified form is in Row-wise format, to provide clarity on information and all the information that are to gathered to fill the form, tabular structure has been introduced.

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.