

## **GUIDANCE NOTE**

### **Form 27 – Details of amount attributed to capital asset remaining with the specified entity**

#### **Purpose:**

Form 27 is prescribed under Rule 50 of the Income Tax Rules, 2026 and is required to be filed by the specified entity to furnish details of amount attributed to the capital asset remaining with the specified entity under section 48 (iii) of the Income Tax Act (**Section 72(5) of ITA 2025**).

Rule 50 provides for the attribution of income taxable under sub-section (4) of section 45 of ITA 1961 (**Section 67(10) of ITA 2025**) to the capital assets remaining with the **specified entity**, under section 48(iii) of ITA 1961 (**Section 72(5) of ITA 2025**).

This form serves as the basis for computation of amount attributed to the capital asset remaining with the specified entity under section 48 of the Income Tax Act, as per the method prescribed under Rule 50 of the Income-Tax Rules 2026.

The form must be certified by the principal officer/Authorized person of the specified entity on the basis of the valuation report of a registered valuer making valuation/revaluation of the capital assets.

#### **Who Should File:**

Every specified entity from whom a specified person receives during the tax year any capital asset or stock-in-trade or both in connection with the dissolution or reconstitution of such specified entity, in terms of section 9B of the Income Tax Act 1961 (**Section 8 of ITA 2025**).

#### **When and How to File:**

1. The form shall be furnished to the Assessing Officer along with the return of income for:
  - o the tax year during which any specified person receives any capital asset or stock-in-trade or both in connection with the dissolution or reconstitution of a specified entity
2. Filing is required by every specified entity.
3. The form shall be furnished electronically either under digital signature or through electronic verification code verified by the person who is authorized to verify the return of income of the specified entity.

#### **Filing Count:**

The number of Forms 5C filed over the past five years is 170.

#### **Structure of the revised Form 27:**

The revised Form 27 comprises the following details:

1. Name
2. Permanent Account Number (PAN)

3. Assessment Year
4. Amount taxable under sub-section (4) of Section 45 (**Section 67(10) of ITA 2025**)
5. Attribution of amount taxable under sub-section (4) of Section 45 (**Section 67(10) of ITA 2025**) to capital assets remaining.
6. Name and Registration number of the valuer based on whose valuation report attribution of amount taxable under sub-section (4) of Section 45 (**Section 67(10) of ITA 2025**) to capital assets remaining has been computed.

#### **Verification Section:**

The authorized person of the specified entity verifies and certifies correctness and completeness of the information provided under Form 27 and also mentions his PAN.

#### **Legal Framework (Rule 50 Overview):**

- Rule 50 provides for the attribution of income taxable under sub-section (4) of section 45 (**Section 67(10) of ITA 2025**) to the capital assets remaining with the **specified entity**, under section 48 (iii) of ITA 1961 (**Section 72(5) of ITA 2025**).
  - **Specified Person (SP)** and **Specified Entity (SE)** have been defined in section 9B of ITA 1961 (**Section 8 of ITA 2025**)
  - As per section 9B of the IT Act 1961 (**Section 8 of ITA 2025**), receipt of capital asset (CA) by SP from SE on dissolution or reconstitution of SE is deemed as transfer of Capital Asset (CA) by the SE
  - Any profits/gains arising from such deemed transfer of CA by the SE shall be taxable as Capital Gains
  - Free market Value of the CA transferred shall be deemed as full value of consideration (FMV) for the deemed transfer
  - Section 45(4) of ITA 1961 (**Section 67(10) of ITA 2025**) provides for the method of determination of gains from such deemed transfer:
  - Section 48(iii) of ITA 1961 (**Section 72(5) of ITA 2025**) provides that the manner of computation of quantum of deduction in respect of the deemed transfer of CA by the SE will be **as prescribed**.
  - Rule 50 lays down the manner of attribution of income taxable u/s 45(4) (**Section 72(5) of ITA 2025**) remaining with the SE
  - Authorized officer of the specified entity is required to file Form 27 providing details of the amount attributed to capital asset remaining with the specified entity

#### **Practical Guidance:**

1. Maintain documentary proof of the capital assets or stock-in trade transferred to the specified persons by the specified entity, pursuant to its dissolution or reconstitution in terms of section 9B of the Income-Tax Act 1961.
2. Get the assets/stock-in-trade valued/revalued by a Registered valuer and obtain a valuation report.
3. File the Form electronically within the statutory timeline.

**Rule Reference:** Rule 50 of the Income Tax Rules, 2026.

**Form Reference:** Form 27 – Details of amount attributed to capital asset remaining with the specified entity

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