

FORM NO. 120 – FREQUENTLY ASKED QUESTIONS (FAQS)

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| Name of form as per I.T. Rules, 1962 | Form 34C, 34D, 34DA, 34E & 34EA | Name of form as per I.T. Rules, 2026 | Form No. 120 |
| Corresponding section of I.T. Act, 1961 | 245N to 245W | Corresponding section of I.T. Act, 2025 | 380 to 389 |
| Corresponding Rule of I.T. Rules, 1962 | 44E, 44F and 44FA | Corresponding Rule of I.T. Rules, 2026 | 200 to 202 |

1. What is Form No. 120?

Ans: Form No. 120 is an application form primarily used by non-resident applicants to seek a determination or ruling from the Board for Advance Rulings (BAR) on questions of law or fact relating to proposed or undertaken transactions by the applicant. These forms facilitate clarity and certainty on tax liability issues in advance, avoiding future disputes and litigations.

2. Who should file Form No. 120 and what is prescribed fee for seeking an Advance Ruling?

Ans: Form No. 120 can be filed by following category of applicants by paying prescribed fee as mentioned against respective category of applicants/transaction value below:

| Applicant Category | Basis for Fee Determination | Transaction Value | Application Fee |
|--|------------------------------------|---|------------------------|
| Non-resident applicants | Aggregate value of transaction(s) | Amount not exceeding Rs. 100 crores. | ₹2 lacs |
| | | Amount exceeding Rs. 100 Crores but not exceeding Rs. 300 Crores. | ₹5 lacs |
| | | Amount exceeding Rs. 300 Crores. | ₹10 lacs |
| Resident applicants transacting with non-residents | Aggregate value of transaction(s) | Amount not exceeding Rs. 100 crores. | ₹2 lacs |
| | | Amount exceeding Rs. 100 Crores but not exceeding Rs. 300 Crores. | ₹5 lacs |
| | | Amount exceeding Rs. 300 Crores. | ₹10 lacs |
| Specified resident applicants (including high-value residents) | Aggregate value of transaction(s) | Amount not exceeding Rs. 100 crores. | ₹2 lacs |
| | | Amount exceeding Rs. 100 Crores but not exceeding Rs. 300 Crores. | ₹5 lacs |
| | | Amount exceeding Rs. 300 Crores. | ₹10 lacs |
| Public Sector Companies | | In all cases | ₹10,000 |
| GAAR applicants | | In all cases | ₹10,000 |

| | | |
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| (resident or non-resident) | | |
|----------------------------|--|--|

3. When is Form No. 120 required to be filed?

Ans: Form No. 120 is required to be filed only if the applicant/taxpayer intends to seek a determination or ruling from the Board for Advance Rulings (BAR) on questions of law or fact relating to proposed or undertaken transactions by the applicant.

4. What is the time limit for filing Form No. 120?

Ans: There is no time limit for filing Form No. 120. Filing of Form No. 120 purely depends upon the intention of assessee i.e. whether he intends to obtain advance ruling in respect of a transaction already completed or proposed to be completed in future.

5. How many times can Form No. 120 be filed in a year?

Ans: Form No. 120 is **transaction/event based** and is only filed in case of an applicant intending to obtain advance ruling from the Board of Advance Rulings (BAR). There is no fixed annual frequency; it depends upon the number of transactions in respect of which an applicant wishes to obtain advance ruling. **It is quite important to mention here that an applicant cannot file multiple Form No. 120 in respect of a single transaction.**

6. What documents are required to file Form No. 120?

Ans: Proof of payment of application fee (challan, bank receipt, etc.).

- PAN card copy (for residents and non-residents if allotted).
- Taxpayer Identification Number (TIN) or equivalent for non-residents.
- Certificate of incorporation/registration (company, trust, partnership, etc.).
- Address and identity proof of applicant.
- Proof of being Non-resident.
- Details and documents regarding business/profession (Memorandum of Association, Partnership/Trust deed, etc.).
- Question(s) relating to the transaction on which advance ruling is required.
- Statement of relevant facts having a bearing on the question(s).
- Statement of interpretation of law or facts.
- Copies of relevant agreements/arrangements giving rise to transaction, if any.
- Supporting documents for group structure/beneficial ownership (for non-residents).
- Details of other parties to arrangement (Identity, PAN, Relation).
- Document indicating Tax year(s) during which the tax benefit is likely to arise (give year wise break-up).
- Any relevant assessment orders, appellate orders, or documents if proceedings/arbitrations are pending or decided.
- Authorization letter/power of attorney if the application is filed by an authorized representative.
- Any other document as required by the Board or mentioned in instructions relevant to the case.
- The applicant shall, along with the attachment, provide an index of the documents uploaded with the description and corresponding page numbers.

7. Do I need to attach proof of fee payment?

Ans: Yes. Proof of fee payment (challans/BSR codes) is mandatory for filing of Form No. 120.

8. How and where is the fee paid?

Ans: The fee must be paid online through the Bharat Kosh portal, and the receipt must be attached with the application.

9. If I don't have PAN and I have never been assessed to tax in India, can I still apply for an advance ruling before BAR?

Ans: Yes. If you do not have a PAN and have never been assessed to tax in India, you can still apply for an advance ruling before the Board for Advance Rulings (BAR). In such cases, the Department will allot a PAN after obtaining the required particulars from you.

10. While filling Part A, can I leave mobile number blank?

Ans: Mobile number ensures faster communication and verification; it is recommended to provide it.

11. What if I don't upload requisite documents at the time of filing Form No. 120?

Ans: Your application for seeking advance ruling will be processed only when the requisite documents are submitted. If your application is found defective, the Secretary, BAR shall seek an explanation from you as to why the application may not be rejected and direct you to submit any relevant material or information in support of such application within such time as allowed by the BAR.

12. Can I file Form No. 120 after filing an appeal against the order of any Income Tax Authority, the Appellate Tribunal or any court?

Ans: No. Form No. 120 can only be filed in respect of question(s) or transaction(s) on which on which the advance ruling is sought, which is/are not pending before any Income Tax Authority, the Appellate Tribunal or any court.

13. Can Form No. 120 be filed offline?

Ans: No. Henceforth, Form No. 120 can only be submitted **online** through the Income Tax e-Filing Portal.

14. Can I edit Form No. 120 after submission?

Ans: No. Once Form No. 120 is submitted and acknowledgment is generated, it **cannot be edited**. Ensure all details are correct before submission.

15. What are common mistakes to avoid?

Ans: Following common mistakes should be avoided: -

- Incomplete or unsigned forms
- Missing Annexures or Proof of Fee Payment
- Inadequate disclosure of Group Structure and Beneficial Ownership

- Submitting from an unregistered Email ID.

16. Is advance ruling available only before entering into a transaction?

Ans: No. An advance ruling can be sought both before or after undertaking a transaction, as long as the issue is not pending before any income-tax authority, Tribunal, or Court (except for PSUs).

17. What type of questions can I ask in an advance ruling application?

Ans: You may ask questions of law, fact, or mixed questions directly relating to your tax liability, including:

- DTAA interpretation
- Permanent Establishment
- Withholding tax
- Taxability of services, royalties, fees
- GAAR applicability

18. Can multiple questions be raised in one application?

Ans: Yes. Multiple questions may be raised, provided they arise from the same transaction/arrangement and are clearly framed.

19. Can advance rulings be sought for proposed or ongoing/completed transactions?

Ans: Yes. Advance rulings may be sought for transactions proposed or already undertaken, provided the question is not pending before any income-tax authority, Tribunal, or Court (subject to PSU relaxation).

20. Can I withdraw my advance ruling application?

Ans: Yes. An application may be withdrawn within 30 days from the date of filing.

21. I want to declare that no question(s) on which advance ruling is sought is pending before any Income Tax Authority, the Appellate Tribunal or any court. Where should this be mentioned?

Ans: This is mandatory part of the **Verification Section** of Form No. 120.

22. What happens if my application is found defective?

Ans: If the application is defective, the Secretary of the BAR will intimate the defects and grant a reasonable opportunity to rectify them. The application will be treated as filed only after defects are removed.

23. Will my application be rejected automatically if the tax department does not send records?

Ans: If the jurisdictional PCIT/CIT fails to furnish records, the BAR may still proceed to allow or reject the application without waiting for those records.

24. Is the applicant entitled to a hearing before rejection or final disposal?

Ans: Yes. Before rejection or final disposal, the applicant must be given a reasonable opportunity of being heard.

25. Can I modify or reframe questions after filing the application?

Ans: Normally, questions cannot be amended. However, in deserving cases, the BAR may permit modification or reframing of questions before the hearing.

26. What are the conditions which may cause my application to be summarily rejected?

Ans: Under section 384(3) of the Income Tax Act, 2025 certain restrictions have been imposed on the admissibility of the application. The BAR is bound to reject applications which raise the following three categories of questions.

- The question is pending before any income-tax authority, Tribunal, or Court (except PSU relaxation);
- It involves determination of fair market value of property; or
- It relates to a transaction designed primarily for tax avoidance (other than GAAR rulings).

27. What are the legal consequences of a ruling (binding effect, appeal, voidness, limitation)?

Ans:

- Binding effect: Binding on the applicant and jurisdictional income-tax authorities for the specific transaction.
- Voidness: Can be declared void ab initio if obtained by fraud/misrepresentation.
- Appeal: Appeal lies to the jurisdictional High Court within 60 days of communication.
- Limitation: Pendency period before BAR is excluded while computing limitation for assessment/reassessment.

28. Can BAR ask for additional facts or documents later?

Ans: Yes. BAR may permit or require submission of additional facts, which must be duly verified.

29. Can the advance ruling be appealed?

Ans: Yes. Either the taxpayer or the Department may appeal to the High Court within 60 days of communication.

30. Is the time taken by BAR excluded from limitation periods?

Ans: Yes. The period during which the advance ruling application is pending is excluded while computing limitation periods for assessment.

31. Can an advance ruling be declared void later?

Ans: Yes. If the ruling is obtained by fraud or misrepresentation, BAR may declare it void ab initio.

32. Can the BAR amend or correct its own order?

Ans: Yes. The BAR may rectify mistakes apparent from the record, either on its own motion or on an application by the taxpayer or the Department, after giving an opportunity of being heard.

33. Is an advance ruling binding forever?

Ans: No. The ruling is binding only so long as there is no change in facts or law. Any material change can render the ruling inapplicable.

34. Can Public Sector Companies seek advance rulings despite pendency of proceedings?

Ans: Yes. Public Sector Companies are permitted to seek advance rulings even if proceedings are pending on the same or similar issues before income-tax authorities or appellate forums.

35. Is GAAR determination available to all categories of persons?

Ans: Yes. Any person (resident or non-resident) may seek an advance ruling on whether an arrangement constitutes an impermissible avoidance arrangement under GAAR.

36. What practical benefit does an advance ruling offer in cross-border transactions?

Ans: Advance rulings offer certainty on DTAA interpretation, withholding tax, PE exposure, and income characterization, enabling taxpayers to structure cross-border transactions confidently and compliantly.

37. Who can be an Authorized Representative?

Ans: An applicant's authorized representative should fulfil the requirements spelt out in section 515(3)(a) of the Income Tax Act, 2025. The expression "*authorized representative*", in relation to the PCIT/ CIT, means a person authorized by it in writing to appear, plead and act for it in any proceedings before the BAR.