

Enhanced Disclosure Framework: Transition from Form No. 3CEB to Form 48

Feb 16, 2026



Mr. Maulik Doshi (MD)

(Managing Director – Tax), Nexdigm



Ricky Ruparelia

Associate Director, Transfer Pricing – Nexdigm



Manashree Limaye

Dy.Manager, Transfer Pricing, Nexdigm

Enhanced Disclosure Framework: Transition from Form No. 3CEB to Form 48

The Transfer Pricing (TP) provisions were introduced by the Indian Finance Ministry in 2001 and became effective from April 2002, to regulate international transactions between Associated Enterprises (AEs). Over the past two decades, India's TP framework has gradually evolved in line with globally accepted principles, resulting in several amendments to the Income-tax Act, 1961, the Income-tax Rules, 1962, and related reporting requirements. However, despite these changes, Form No. 3CEB has remained largely unchanged, except for the inclusion of reporting for Specified Domestic Transactions (SDTs).

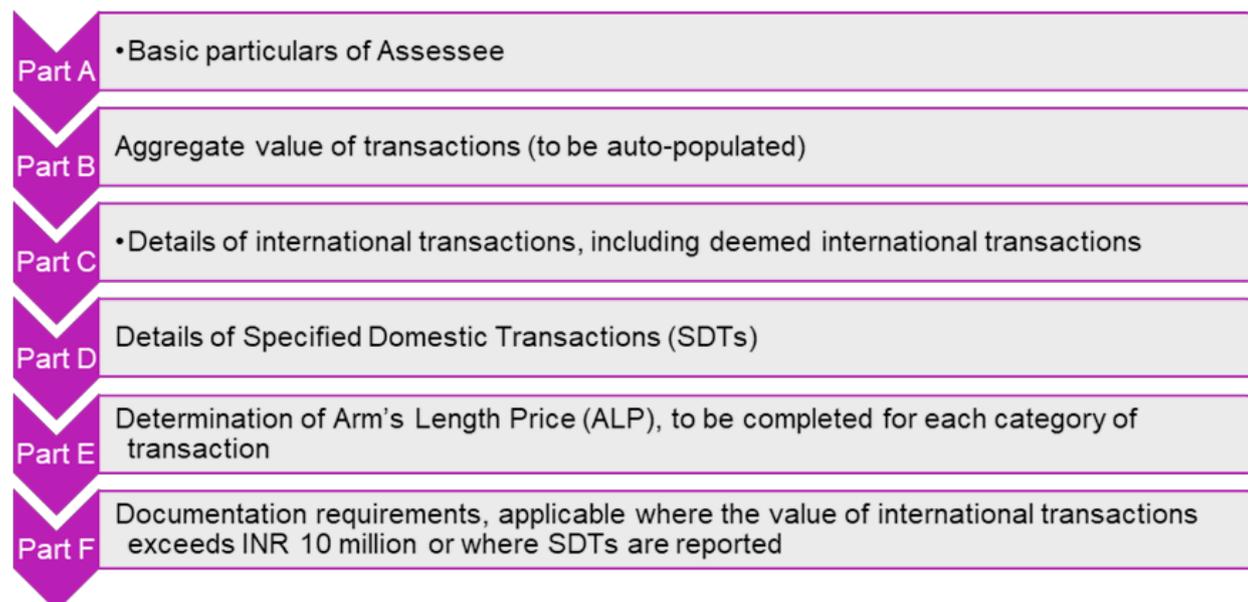
Given this background, the recent changes to Form 3CEB represent a significant shift in the reporting framework after nearly two decades.

In this context, the Finance Act, 2025, effective from 1 April 2026, together with the draft Income-tax Rules, 2026 which are open for public consultation till 22 February, 2026, signals a clear intent to simplify tax laws and rationalize compliance. As part of this shift, Form 3CEB has been replaced with a more comprehensive Form 48^[1], significantly expanding the scope of TP disclosures. Notably, the new form brings core elements of the Transfer Pricing Study Report (TPSR) directly into the reporting framework, marking a fundamental change in how TP information is captured and reviewed.

In this context, the Finance Act, 2025, effective from 1 April, 2026, along with the draft Income-tax Rules, 2026, places a clear emphasis on simplifying tax provisions and improving the compliance framework. As part of this overhaul, Form 3CEB has been replaced with a more comprehensive Form 48, bringing in expanded disclosure requirements under India's TP regime.

This change is particularly significant as Form 48 goes beyond the traditional reporting format and incorporates several key elements of the TPSR directly into the filing process, thereby increasing the depth of information required at the time of compliance and the onus on the Chartered Accountant certifying the form.

The newly introduced Form 48 is structured as follows:



The key changes can be broadly grouped into two categories:

1. Structural changes in the format, with standardized templates and predefined classifications
2. Additional disclosure requirements and expanded reporting obligations

A. Structural changes in the format, with standardized templates and predefined classifications

Particulars	Changes/ Enhancements proposed in Form 48
Clause reference	Unlike Form 3CEB, the new form does not allocate separate clause references for each category of transaction. Instead, all international and deemed international transactions are consolidated under Point 7, while specified domestic transactions are required to be reported under Point 9.
Details comments /	Draft Form 48 does not provide a separate field for comments or explanatory notes, limiting the ability to include additional clarifications or transaction-specific remarks within the form.
Reference for AE and transaction ID	The identification numbers of AEs are required to be disclosed in Point 5 and will serve as reference code throughout the form. Similarly, a unique Transaction ID must be assigned to each transaction, which will be used for cross-referencing in Part E, where the details relating to the determination of the ALP are to

	be reported.
Disclosure of transactions	Taxpayers are required to select the relevant transaction from the prescribed drop-down options. These options are organized by transaction category, with the corresponding reporting requirements set out in the accompanying notes. More guidance on these disclosures is discussed in the subsequent sections.

B. Additional disclosure requirements and expanded reporting obligations

Particulars	Changes/ Enhancements proposed in Form 48
Broader transaction classification across categories	<p>Draft Form No. 48 introduces a significantly expanded list of international transaction categories, supported by mandatory drop-down selections.</p> <p>The form provides 70+ sub-categories for transactions involving intangibles, covering development, use, transfer, and exploitation. Transactions relating to services are now reported under 13 clearly defined service categories, with further sub-classification.</p> <p>Draft Form No. 48 introduces a much wider classification framework, supported by mandatory drop-down selections.</p> <p>The form includes an expanded list of more than 70 sub-categories for transactions involving intangibles, covering aspects such as development, use, transfer, and commercial exploitation. Similarly, service transactions are now required to be reported under 13 clearly defined service categories, with further sub-classification within each category.</p> <p>While there is specific requirement of reporting of transactions relating to capital financing, there is no specific reference for reporting of transaction relating to receivables and payables. Further, since there is a explicit reference of reporting for <i>“any other debt obligation / debt claim arising during the course of business”</i>, one may infer that the transaction relating to receivables and payables (arising in the course of business) shall have the reporting requirements.</p>
Determination of ALP - Aggregated vs. Standalone	Part E requires the taxpayer to disclose the manner in which the ALP has been determined for each international transaction, deemed international transaction, or SDT. Specifically, the following details are to be provided:

Particulars	Changes/ Enhancements proposed in Form 48							
Basis	<ul style="list-style-type: none"> • Whether the transactions have been benchmarked on a standalone basis or on an aggregated basis • The total value of transactions aggregated, where an aggregation approach has been applied • The value of transactions that have not been aggregated, where applicable 							
APA Disclosures	The new form requires mandatory disclosure of Advance Pricing Agreement (APA) coverage, including specific identification of transactions that are governed by an APA.							
Agreements disclosure	<p>The new form requires mandatory disclosure of key agreements, including those relating to royalty, financing, and business restructuring arrangements.</p> <p>Accordingly, taxpayers will need to ensure that the terms governing their arrangements with AEs are clearly documented in a structured manner and maintained as part of their records.</p>							
Results of benchmarking analysis for determination of ALP	<p>The new form requires detailed reporting of the benchmarking outcomes used for determining the ALP, based on the Most Appropriate Method (MAM) applied:</p> <table border="1" data-bbox="331 1328 1437 2157"> <thead> <tr> <th data-bbox="331 1328 620 1361">MAM</th> <th data-bbox="620 1328 1437 1361">Required details</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 1361 620 1854">Comparable Uncontrolled Price Method (CUP)</td> <td data-bbox="620 1361 1437 1854"> Number of comparable uncontrolled transactions identified Where only one comparable is used - the arm's length price of that comparable Where less than six comparables (< 6) are used - the arithmetic mean of the comparable prices Where more than six comparables (> 6) are used - the median of the dataset along with the 35th and 65th percentiles </td> </tr> <tr> <td data-bbox="331 1854 620 2157">Cost Plus Method (CPM), Resale Price Method (RPM), or Transactional Net Margin Method (TNMM)</td> <td data-bbox="620 1854 1437 2157"> The arm's length range or margin of the comparable companies Number of comparables identified Where only one comparable is used - the margin of that comparable Where less than six comparables (< 6) are used - the arithmetic mean of the comparable prices </td> </tr> </tbody> </table>		MAM	Required details	Comparable Uncontrolled Price Method (CUP)	Number of comparable uncontrolled transactions identified Where only one comparable is used - the arm's length price of that comparable Where less than six comparables (< 6) are used - the arithmetic mean of the comparable prices Where more than six comparables (> 6) are used - the median of the dataset along with the 35th and 65th percentiles	Cost Plus Method (CPM), Resale Price Method (RPM), or Transactional Net Margin Method (TNMM)	The arm's length range or margin of the comparable companies Number of comparables identified Where only one comparable is used - the margin of that comparable Where less than six comparables (< 6) are used - the arithmetic mean of the comparable prices
MAM	Required details							
Comparable Uncontrolled Price Method (CUP)	Number of comparable uncontrolled transactions identified Where only one comparable is used - the arm's length price of that comparable Where less than six comparables (< 6) are used - the arithmetic mean of the comparable prices Where more than six comparables (> 6) are used - the median of the dataset along with the 35th and 65th percentiles							
Cost Plus Method (CPM), Resale Price Method (RPM), or Transactional Net Margin Method (TNMM)	The arm's length range or margin of the comparable companies Number of comparables identified Where only one comparable is used - the margin of that comparable Where less than six comparables (< 6) are used - the arithmetic mean of the comparable prices							

Particulars	Changes/ Enhancements proposed in Form 48	
		Where more than six comparables (> 6) are used - the median of the dataset along with the 35th and 65th percentile
	Profit Method (PSM) or any Method	Split Method (PSM) or any Method Other Method Detailed explanation of the basis and approach adopted for determining the arm's length price
Financial information of the tested party	<p>For the purpose of determining the ALP wherein CPM, RPM and TNMM is the MAM selected, the new form requires mandatory disclosure of key financial details of the tested party, including:</p> <p style="text-align: center;">The Profit Level Indicator (PLI) adopted The base amount on which the profit margin has been computed Specific items of income and expenditure that may impact profitability, such as foreign exchange fluctuations, subsidies or grants, licence costs, stock-based compensation, etc.</p> <p>Based on these disclosures, the profit margins of the taxpayer will be auto-computed and compared with the margins of the comparable companies, along with the corresponding adjustment, if any.</p> <p>However, the Form 48 does not take into consideration additional factors for computing the PLI of the tested party wherein segmental financial records are required to be maintained e.g. allocation key, count, name of segment etc. This requirement will bring greater clarity at the time of filing on key positions taken by the taxpayers, particularly on matters such as treatment of foreign exchange gains or losses, which have been subject to significant litigation with Tribunals supporting both operating and non-operating views, as well as items like Employee Stock Option Plan (ESOP) costs and similar adjustments.</p> <p>With these disclosures upfront, any position adopted by the tax authorities is also likely to be applied more consistently across taxpayers.</p>	
No disclosure requirement	<p>The new form does not prescribe specific disclosure requirements or separate reporting fields for certain capital transactions, such as the issue and buy-back of equity shares, preference shares, and convertible</p>	

Particulars	Changes/ Enhancements proposed in Form 48
for certain financing arrangements	debentures. However, the definition of capital financing continues to cover such transactions. Accordingly, as a matter of prudence, taxpayers may consider reporting these transactions, at least in the initial years, until further clarity or guidance is issued.
Certification for documentation	<p>The requirement to maintain contemporaneous TP documentation has always applied to taxpayers in India. However, the certification in Part F of Form 48 reinforces the responsibility in this regard more explicitly</p> <p>By requiring a specific confirmation on the maintenance of documentation, the form places a greater onus on both the taxpayer and the Chartered Accountant issuing the certificate to ensure that contemporaneous documentation has been prepared and properly maintained.</p>

Key takeaways

- **Risk evaluation at an early stage** – The revised framework indicates a clear shift towards assessing TP risk at the filing stage itself. The focus is moving away from post-filing scrutiny towards detailed and complete disclosures as part of the compliance process.
- **Shift from basic to substantive reporting** – Information that was earlier maintained as part of TP documentation is now required to be reported within the form. Taxpayers will need to present key elements of their TP analysis upfront, with greater transparency and depth.
- **Documentation to be ready at the time of filing** – Earlier, there was no formal mechanism for the Income-tax authorities to verify whether contemporaneous TP documentation had actually been maintained by the taxpayer. In several jurisdictions, taxpayers are required to submit or upload TP documentation along with the TP or income-tax return.

With the revised reporting framework, the responsibility effectively shifts closer to this approach. The enhanced disclosures and certification requirements will increase the compliance burden on companies to ensure that documentation is prepared contemporaneously.

- **Increased data for risk-based scrutiny** – The expanded disclosures will provide tax authorities with significantly more information to undertake risk-based assessments. Any inconsistencies or gaps, including those relating to transaction aggregation, benchmarking approach, cost base, or agreement terms, will trigger specific queries, requests for clarification, and / or detailed examination by the TPO.
- **Fee of delay in filing** – Unlike the earlier regime, where penalties for non-filing of Form 3CEB were discretionary, the new framework introduces a graded fee structure for delays. This increases the need for timely planning and adherence to filing timelines.
- **Alignment between Form 48 and TP documentation** – Detailed reporting on aggregation, method selection, benchmarking, adjustments, and APA coverage means that there cannot be any mismatch between Form 48 and the TP documentation.

While the changes are currently at the draft stage, the final framework is expected to significantly shape the future of TP compliance in India. The shift from Form 3CEB to Form 48 represents a structural change

after nearly two decades. With expanded disclosures and closer alignment to global practices, the revised regime seeks to improve transparency and reduce ambiguity. At the same time, the onus clearly mandates the taxpayers to present a well-supported, consistent, and defensible TP position at the time of filing.

Given the scale of the changes proposed under the new Income-tax Act, 2025 and the draft Income-tax Rules, 2026, the introduction of detailed guidance or FAQs would have been helpful. Clarifications would be particularly useful for long-standing contentious areas, such as the reporting of capital transactions that do not have an immediate impact on the profit and loss account or tax liability.

There is also a case for revisiting the documentation thresholds. Over the past two decades, the cost inflation index for capital gains has increased from 100 in FY 2001-02 to 376 in FY 2025-26, yet the TP documentation threshold remains unchanged. On similar lines as the threshold-based approach adopted for SDTs, consideration could be given to introducing a threshold for international and deemed international transactions for filing Form 48 to reduce the compliance burden for smaller taxpayers.

[1] <https://incometaxindia.gov.in/Documents/Draft-Income-tax-Forms 2026/Draft%20Form%20No.%2048.pdf>