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Tax Flash News



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SEBI aligns FATCA and CRS framework with the Income-tax Act, 2025 and Income-tax Rules, 2026

Executive summary

The Securities Exchange Board of India ('SEBI') has issued a Circular[1] aligning the Foreign Account Tax Compliance Act ('FATCA') and Common Reporting Standard ('CRS') regulatory framework applicable to SEBI-regulated entities with the provisions of the Income-tax Act, 2025 ('IT Act 2025') and Income-tax Rules, 2026 ('IT Rules 2026').

The Circular provides implementation guidance to facilitate the transition to the new legislative framework and clarifies that FATCA CRS compliance and annual reporting will henceforth be undertaken under the corresponding provisions of the IT Act 2025 and IT Rules 2026.

[1] Circular no. HO/38/14(18)2026- MIRSD- POD2/I/25560/2026 dated 11 November 2026

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Key highlights

i. FATCA CRS reporting is now governed by section 508 of the IT Act, 2025, read with Rules 238 to 240 and Form 166 of the IT Rules, 2026.

ii. SEBI-regulated entities qualifying as Reporting Financial Institutions ('RFIs') are required to ensure compliance with the revised FATCA CRS framework.

iii. Intermediaries should review and update their onboarding, KYC and reporting frameworks to incorporate the revised FATCA CRS requirements.

iv. Systems and processes should be updated to capture:

- Validity indicators for self-certifications;
- Controlling Person roles (settlor/ trustee/ protector/ beneficiary/ other);
- Account type and new/pre-existing account status; and
- Mandatory reporting fields required under Form 166

v. FATCA CRS certifications obtained from clients are required to be uploaded to the systems of the KYC Registration Agencies ('KRAs').

vi. The responsibility for obtaining self-certifications, undertaking due diligence and complying with FATCA CRS reporting requirements continues to rest with the intermediary.

Our comments

The Circular is largely consequential to the introduction of the IT Act 2025 and IT Rules, 2026. It serves as SEBI's implementation guidance for entities under its regulatory purview.

SEBI-regulated RFIs should review and update their existing self-certification forms to capture the additional information required for Form 166 reporting. Separately, certain reporting-specific requirements, such as identifying accounts as pre-existing or new accounts and capturing the relevant account type, will need to be considered during the annual FATCA CRS reporting process.

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