



# New Safe Harbour Rules – A Snapshot

Nature of Transaction	Quantum of International Transaction	Safe Harbour Margin
<b>Income-driven transactions</b>		
Software development services / ITeS	Upto Rs. 100 crore	17% or more
	Exceeding Rs. 100 crore but upto Rs. 200 crore	18% or more
KPO	Upto Rs. 200 crores	<ul style="list-style-type: none"> <li>▪ 24% or more, and employee cost is 60% or more;</li> <li>▪ 21% or more, and employee cost is 40% or more but less than 60%; OR</li> <li>▪ 18% or more, and employee cost is 40% or less.</li> </ul>
Corporate Guarantee to wholly owned subsidiaries	Upto Rs. 100 crore	1%
	Exceeding Rs. 100 crore, and adequate credit rating of AE	1%
Contract R&D Services relating to software development	Upto Rs. 200 crore	24% or more
Contract R&D Services relating to generic pharmaceutical drugs	Upto Rs. 200 crore	24% or more
Manufacture and export of auto-components	No range	12% or more (core)
	No range	8.5% or more (non-core)

Nature of Transaction	Quantum of International Transaction	Safe Harbour Margin
Advancing of Intra-group loans in INR	<p>No range;</p> <p>Except upto Rs. 100 crore on 31<sup>st</sup> of Previous Year where credit rating of AE is not available, loans advances (including loans to AE)</p>	<p>Interest rate not less than 1 year marginal cost of funds lending rate of SBI as on 1<sup>st</sup> April of relevant previous year</p> <ul style="list-style-type: none"> <li>▪ 175 basis points, where AE has CRISIL credit rating between AAA to A or its equivalent;</li> <li>▪ 325 basis points, where AE has CRISIL credit rating of BBB-, BBB or BBB+ or its equivalent;</li> <li>▪ 475 basis points, where AE has CRISIL credit rating between BB to B or its equivalent;</li> <li>▪ 625 basis points, where AE has CRISIL credit rating between C to D or its equivalent; OR</li> <li>▪ 425 basis points, where credit rating of AE is not available</li> </ul>
Advancing of Intra-group loans in foreign currency	<p>credit rating of AE is not available, loans advances (including loans to AE)</p>	<p>Interest rate not less than six-month LIBOR of relevant foreign currency as on 30<sup>th</sup> September of relevant previous year –</p> <ul style="list-style-type: none"> <li>▪ 150 basis points, where AE has CRISIL credit rating between AAA to A or its equivalent;</li> <li>▪ 300 basis points, where AE has CRISIL credit rating of BBB-, BBB or BBB+ or its equivalent;</li> <li>▪ 450 basis points, where AE has CRISIL credit rating between BB to B or its equivalent;</li> <li>▪ 600 basis points, where AE has CRISIL credit rating between C to D or its equivalent; OR</li> <li>▪ 400 basis points, where credit rating of AE is not available</li> </ul>
<b>Cost-driven transaction (New insertion below)</b>		
Receipt of low-value-adding intra-group services	Upto Rs. 10 crores	Mark-up Upto 5%



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