

Safe Harbour.

10TD. (1) Where an eligible assessee has entered into an eligible international transaction and the option exercised by the said assessee is not held to be invalid under rule 10TE, the transfer price declared by the assessee in respect of such transaction shall be accepted by the income-tax authorities, if it is in accordance with the circumstances as specified in sub-rule (2) ³¹[or, as the case may be, sub-rule (2A)].

(2) The circumstances referred to in sub-rule (1) in respect of the eligible international transaction specified in column (2) of the Table below shall be as specified in the corresponding entry in column (3) of the said Table:—

<i>S. No.</i>	<i>Eligible International Transaction</i>	<i>Circumstances</i>				
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>				
1.	Provision of software development services referred to in item (i) of rule 10TC.	<div>The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is—<table><tr><td>(i)</td><td>not less than 20 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of five hundred crore rupees; or</td></tr><tr><td>(ii)</td><td>not less than 22 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of five hundred crore rupees.</td></tr></table></div>	(i)	not less than 20 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of five hundred crore rupees; or	(ii)	not less than 22 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of five hundred crore rupees.
(i)	not less than 20 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of five hundred crore rupees; or					
(ii)	not less than 22 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of five hundred crore rupees.					
2.	Provision of information technology enabled services referred to in item (ii) of rule 10TC.	<div>The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is—<table><tr><td>(i)</td><td>not less than 20 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of five hundred crore rupees; or</td></tr><tr><td>(ii)</td><td>not less than 22 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of five hundred crore rupees.</td></tr></table></div>	(i)	not less than 20 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of five hundred crore rupees; or	(ii)	not less than 22 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of five hundred crore rupees.
(i)	not less than 20 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of five hundred crore rupees; or					
(ii)	not less than 22 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of five hundred crore rupees.					
3.	Provision of knowledge process outsourcing services referred to in item (iii) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is not less than 25 per cent.				
4.	Advancing of intra-group loans referred to in item (iv) of rule 10TC where the amount of loan does not exceed fifty crore rupees.	The interest rate declared in relation to the eligible international transaction is not less than the base rate of State Bank of India as on 30th June of the relevant previous year <i>plus</i> 150 basis points.				
5.	Advancing of intra-group loans referred to in item (iv) of rule 10TC where the amount of loan exceeds fifty crore rupees.	The interest rate declared in relation to the eligible international transaction is not less than the base rate of State Bank of India as on 30th June of the relevant previous year <i>plus</i> 300 basis points.				

6.	Providing corporate guarantee referred to in sub-item (a) of item (v) of rule 10TC.	The commission or fee declared in relation to the eligible international transaction is at the rate not less than 2 per cent per annum on the amount guaranteed.
7.	Providing corporate guarantee referred to in sub-item (b) of item (v) of rule 10TC.	The commission or fee declared in relation to the eligible international transaction is at the rate not less than 1.75 per cent per annum on the amount guaranteed.
8.	Provision of contract research and development services wholly or partly relating to software development referred to in item (vi) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than 30 per cent.
9.	Provision of contract research and development services wholly or partly relating to generic pharmaceutical drugs referred to in item (vii) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than 29 per cent.
10.	Manufacture and export of core auto components referred to in item (viii) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is not less than 12 per cent.
11.	Manufacture and export of non-core auto components referred to in item (ix) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is not less than 8.5 per cent.

³²[(2A) The circumstances referred to in sub-rule (1) in respect of the eligible international transaction specified in column (2) of the Table below shall be as specified in the corresponding entry in column (3) of the said Table:—

Sl. No.	Eligible International Transaction	Circumstances				
(1)	(2)	(3)				
1.	Provision of software development services referred to in item (i) of rule 10TC.	<div>The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is—<table><tr><td>(i)</td><td>not less than 17 per cent, where the value of international transaction does not exceed a sum of one hundred crore rupees; or</td></tr><tr><td>(ii)</td><td>not less than 18 per cent, where the value of international transaction exceeds a sum of one hundred crore rupees but does not exceed a sum of ^{32a}[three] hundred crore rupees.</td></tr></table></div>	(i)	not less than 17 per cent, where the value of international transaction does not exceed a sum of one hundred crore rupees; or	(ii)	not less than 18 per cent, where the value of international transaction exceeds a sum of one hundred crore rupees but does not exceed a sum of ^{32a} [three] hundred crore rupees.
(i)	not less than 17 per cent, where the value of international transaction does not exceed a sum of one hundred crore rupees; or					
(ii)	not less than 18 per cent, where the value of international transaction exceeds a sum of one hundred crore rupees but does not exceed a sum of ^{32a} [three] hundred crore rupees.					
2.	Provision of information technology enabled services referred to in item (ii) of rule 10TC.	<div>The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is—<table><tr><td>(i)</td><td>not less than 17 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of one hundred crore rupees; or</td></tr><tr><td>(ii)</td><td>not less than 18 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of one hundred crore rupees but does not exceed a sum of ^{32a}[three] hundred crore rupees.</td></tr></table></div>	(i)	not less than 17 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of one hundred crore rupees; or	(ii)	not less than 18 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of one hundred crore rupees but does not exceed a sum of ^{32a} [three] hundred crore rupees.
(i)	not less than 17 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of one hundred crore rupees; or					
(ii)	not less than 18 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of one hundred crore rupees but does not exceed a sum of ^{32a} [three] hundred crore rupees.					
3.	Provision of knowledge process outsourcing services	The value of international transaction does not exceed a sum of ^{32a} [three] hundred crore rupees and the operating profit margin				

	referred to in item (iii) of rule 10TC.	declared by the eligible assessee from the eligible international transaction in relation to operating expense is— <table><tr><td>(i)</td><td>not less than 24 per cent and the Employee Cost in relation to the Operating Expense is at least sixty per cent;</td></tr><tr><td>(ii)</td><td>not less than 21 per cent and the Employee Cost in relation to the Operating Expense is forty per cent or more but less than sixty per cent; or</td></tr><tr><td>(iii)</td><td>not less than 18 per cent and the Employee Cost in relation to the Operating Expense does not exceed forty per cent.</td></tr></table>	(i)	not less than 24 per cent and the Employee Cost in relation to the Operating Expense is at least sixty per cent;	(ii)	not less than 21 per cent and the Employee Cost in relation to the Operating Expense is forty per cent or more but less than sixty per cent; or	(iii)	not less than 18 per cent and the Employee Cost in relation to the Operating Expense does not exceed forty per cent.				
(i)	not less than 24 per cent and the Employee Cost in relation to the Operating Expense is at least sixty per cent;											
(ii)	not less than 21 per cent and the Employee Cost in relation to the Operating Expense is forty per cent or more but less than sixty per cent; or											
(iii)	not less than 18 per cent and the Employee Cost in relation to the Operating Expense does not exceed forty per cent.											
4.	Advancing of intra-group loans referred to in item (iv) of rule 10TC where the amount of loan is denominated in Indian Rupees (INR).	The interest rate declared in relation to the eligible international transaction is not less than the one year marginal cost of funds lending rate of State Bank of India as on 1st April of the relevant previous year <i>plus</i> ,— <table><tr><td>(i)</td><td>175 basis points, where the associated enterprise has ³³[***] credit rating between AAA to A or its equivalent;</td></tr><tr><td>(ii)</td><td>325 basis points, where the associated enterprise has ³³[***] credit rating of BBB-, BBB or BBB+ or its equivalent;</td></tr><tr><td>(iii)</td><td>475 basis points, where the associated enterprise has ³³[***] credit rating between BB to B or its equivalent;</td></tr><tr><td>(iv)</td><td>625 basis points, where the associated enterprise has ³³[***] credit rating between C to D or its equivalent; or</td></tr><tr><td>(v)</td><td>425 basis points, where credit rating of the associated enterprise is not available and the amount of loan advanced to the associated enterprise including loans to all associated enterprises in Indian Rupees does not exceed a sum of one hundred crore rupees in the aggregate as on 31st March of the relevant previous year.</td></tr></table>	(i)	175 basis points, where the associated enterprise has ³³ [***] credit rating between AAA to A or its equivalent;	(ii)	325 basis points, where the associated enterprise has ³³ [***] credit rating of BBB-, BBB or BBB+ or its equivalent;	(iii)	475 basis points, where the associated enterprise has ³³ [***] credit rating between BB to B or its equivalent;	(iv)	625 basis points, where the associated enterprise has ³³ [***] credit rating between C to D or its equivalent; or	(v)	425 basis points, where credit rating of the associated enterprise is not available and the amount of loan advanced to the associated enterprise including loans to all associated enterprises in Indian Rupees does not exceed a sum of one hundred crore rupees in the aggregate as on 31st March of the relevant previous year.
(i)	175 basis points, where the associated enterprise has ³³ [***] credit rating between AAA to A or its equivalent;											
(ii)	325 basis points, where the associated enterprise has ³³ [***] credit rating of BBB-, BBB or BBB+ or its equivalent;											
(iii)	475 basis points, where the associated enterprise has ³³ [***] credit rating between BB to B or its equivalent;											
(iv)	625 basis points, where the associated enterprise has ³³ [***] credit rating between C to D or its equivalent; or											
(v)	425 basis points, where credit rating of the associated enterprise is not available and the amount of loan advanced to the associated enterprise including loans to all associated enterprises in Indian Rupees does not exceed a sum of one hundred crore rupees in the aggregate as on 31st March of the relevant previous year.											
³⁵ 15.	Advancing of intra-group loans referred to in clause (iv) of rule 10TC where the amount of loan is denominated in foreign currency.	The interest rate declared in relation to the eligible international transaction is not less than the reference rate of the relevant foreign currency as on 30th September of the relevant previous year <i>plus</i> ,— <table><tr><td>(a)</td><td colspan="2">If amount of loan advanced to the associated enterprise including loans to all associated enterprises does not exceed a sum equivalent to two hundred and fifty crore Indian rupees in the aggregate as on 31st March of the relevant previous year:</td></tr><tr><td></td><td>(i)</td><td>150 basis points, where the associated enterprise has a credit rating of AAA, AA+, AA, AA-, A+, A, A- or equivalent;</td></tr><tr><td></td><td>(ii)</td><td>300 basis points, where the associated enterprise has credit rating of BBB+, BBB, BBB- or equivalent;</td></tr></table>	(a)	If amount of loan advanced to the associated enterprise including loans to all associated enterprises does not exceed a sum equivalent to two hundred and fifty crore Indian rupees in the aggregate as on 31st March of the relevant previous year:			(i)	150 basis points, where the associated enterprise has a credit rating of AAA, AA+, AA, AA-, A+, A, A- or equivalent;		(ii)	300 basis points, where the associated enterprise has credit rating of BBB+, BBB, BBB- or equivalent;	
(a)	If amount of loan advanced to the associated enterprise including loans to all associated enterprises does not exceed a sum equivalent to two hundred and fifty crore Indian rupees in the aggregate as on 31st March of the relevant previous year:											
	(i)	150 basis points, where the associated enterprise has a credit rating of AAA, AA+, AA, AA-, A+, A, A- or equivalent;										
	(ii)	300 basis points, where the associated enterprise has credit rating of BBB+, BBB, BBB- or equivalent;										

		<table><tr><td>(iii)</td><td>400 basis points, where the associated enterprise has a credit rating of BB+, BB, BB-, B+, B, B-, C+, C, C-, D or equivalent or where the credit rating of the associated enterprise is not available;</td></tr></table> <table><tr><td>(b)</td><td>If amount of loan advanced to the associated enterprise including loans to all associated enterprises exceeds a sum equivalent to two hundred and fifty crore Indian rupees in the aggregate as on 31st March of the relevant previous year:</td></tr></table> <table><tr><td>(i)</td><td>150 basis points, where the associated enterprise has a credit rating of AAA, AA+, AA, AA-, A+, A, A- or equivalent;</td></tr><tr><td>(ii)</td><td>300 basis points, where the associated enterprise has credit rating of BBB+, BBB, BBB- or equivalent;</td></tr><tr><td>(iii)</td><td>450 basis points, where the associated enterprise has a credit rating of BB+, BB, BB-, B+, B, B- or equivalent;</td></tr><tr><td>(iv)</td><td>600 basis points, where the associated enterprise has credit rating of C+, C, C-, D or equivalent or where the credit rating of the associated enterprise is not available.]</td></tr></table>	(iii)	400 basis points, where the associated enterprise has a credit rating of BB+, BB, BB-, B+, B, B-, C+, C, C-, D or equivalent or where the credit rating of the associated enterprise is not available;	(b)	If amount of loan advanced to the associated enterprise including loans to all associated enterprises exceeds a sum equivalent to two hundred and fifty crore Indian rupees in the aggregate as on 31st March of the relevant previous year:	(i)	150 basis points, where the associated enterprise has a credit rating of AAA, AA+, AA, AA-, A+, A, A- or equivalent;	(ii)	300 basis points, where the associated enterprise has credit rating of BBB+, BBB, BBB- or equivalent;	(iii)	450 basis points, where the associated enterprise has a credit rating of BB+, BB, BB-, B+, B, B- or equivalent;	(iv)	600 basis points, where the associated enterprise has credit rating of C+, C, C-, D or equivalent or where the credit rating of the associated enterprise is not available.]
(iii)	400 basis points, where the associated enterprise has a credit rating of BB+, BB, BB-, B+, B, B-, C+, C, C-, D or equivalent or where the credit rating of the associated enterprise is not available;													
(b)	If amount of loan advanced to the associated enterprise including loans to all associated enterprises exceeds a sum equivalent to two hundred and fifty crore Indian rupees in the aggregate as on 31st March of the relevant previous year:													
(i)	150 basis points, where the associated enterprise has a credit rating of AAA, AA+, AA, AA-, A+, A, A- or equivalent;													
(ii)	300 basis points, where the associated enterprise has credit rating of BBB+, BBB, BBB- or equivalent;													
(iii)	450 basis points, where the associated enterprise has a credit rating of BB+, BB, BB-, B+, B, B- or equivalent;													
(iv)	600 basis points, where the associated enterprise has credit rating of C+, C, C-, D or equivalent or where the credit rating of the associated enterprise is not available.]													
6.	Providing corporate guarantee referred to in sub-item (a) or sub-item (b) of item (v) of rule 10TC.	The commission or fee declared in relation to the eligible international transaction is at the rate not less than one per cent per annum on the amount guaranteed.												
7.	Provision of contract research and development services wholly or partly relating to software development referred to in item (vi) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than 24 per cent, where the value of the international transaction does not exceed a sum of ^{32a} [three] hundred crore rupees.												
8.	Provision of contract research and development services wholly or partly relating to generic pharmaceutical drugs referred to in item (vii) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than 24 per cent, where the value of the international transaction does not exceed a sum of ^{32a} [three] hundred crore rupees.												
9.	Manufacture and export of core auto components referred to in item (viii) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is not less than 12 per cent.												
10.	Manufacture and export of non-core auto components referred to in item (ix) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is not less than 8.5 per cent.												

11.	Receipt of low value-adding intragroup services in item (x) of rule 10TC.	<p>The entire value of the international transaction, including a mark-up not exceeding 5 per cent, does not exceed a sum of ten crore rupees:</p> <p>Provided that the method of cost pooling, the exclusion of shareholder costs and duplicate costs from the cost pool and the reasonableness of the allocation keys used for allocation of costs to the assessee by the overseas associated enterprise, is certified by an accountant.]</p>
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³⁶[Explanation.—For the purposes of this sub-rule,—

(a) "reference rate" means,—

- (i) for US dollar, 6-month Term Secured Overnight Financing Rate (SOFR), currently administered by Chicago Mercantile Exchange (CME), as increased by 45 basis points;
- (ii) for Euro, 6-month Euro Inter Bank Offered Rate (EURIBOR), currently administered by European Money Markets Institute;
- (iii) for UK Pound Sterling, 6-month Term Sterling Overnight Index Average (SONIA), currently administered by ICE Benchmark Administration/Refinitiv, as increased by 30 basis points;
- (iv) for Japanese Yen, 6-month Tokyo Term Risk Free Rate (TORF), currently benchmarked by QUICK Benchmarks Inc, as increased by 10 basis points;
- (v) for Australian dollar, 6-month Bank Bill Swap Rates (BBSW) currently administered by Australian Securities Exchange; and
- (vi) for Singapore dollar, 6-month Compounded Singapore Overnight Rate Average (SORA), currently administered by Monetary Authority of Singapore, as increased by 45 basis points;

(b) "credit rating" means the credit rating assigned to the associated enterprise by a Securities and Exchange Board of India registered and Reserve Bank of India accredited credit rating agency which is applicable for the relevant previous year, so however that—

- (i) where the associated enterprise has only one credit rating, then such rating shall be taken as its credit rating; and
- (ii) where the associated enterprise has a credit rating from more than one such credit rating agency, then the least of such ratings shall be taken as its credit rating.]

(3) The provisions of sub-rules (1) and (2) shall apply for the assessment year 2013-14 and four assessment years immediately following that assessment year.

³⁷[(3A) The provisions of sub-rules (1) and (2A) shall apply for the assessment year 2017-18 and two assessment years immediately following that assessment year:

Provided that where an eligible assessee is eligible to exercise option under sub-rule (2) or, as the case may be, sub-rule (2A) above, the assessee shall have the right to choose the option which is most beneficial to him.]

³⁸[(3B) The provisions of sub-rules (1) and (2A) shall apply for the ³⁹[assessment years 2020-21, 2021-22, 2022-23, 2023-24, 2024-25, 2025-26 and 2026-27].]

(4) No comparability adjustment and allowance under the second proviso to sub-section (2) of section 92C shall be made to the transfer price declared by the eligible assessee and accepted under sub-rules (1) and (2)

³⁷[or, as the case may be, (2A)] above.

(5) The provisions of sections 92D and 92E in respect of an international transaction shall apply irrespective of the fact that the assessee exercises his option for safe harbour in respect of such transaction.