

Info Capsule

CENTRAL BOARD OF DIRECT TAXES (CBDT) NOTIFIES NEW SAFE HARBOUR REGIME¹

In order to reduce transfer pricing disputes, to provide certainty to taxpayers, to align safe harbour margins with industry standards and to enlarge the scope of safe harbour transactions, the Central Board of Direct Taxes (CBDT) has notified a new safe harbour regime based on the report of the Committee set up in this regard.

The salient features of the new Safe Harbour Regime are:

- It has come into effect from April 1, 2017, i.e. A.Y. 2017-18 and shall continue to remain in force for two immediately succeeding years thereafter, i.e. up to A.Y. 2019-2020.
- Assessee eligible under the present safe harbour regime up to A.Y. 2017-18 shall also have the right to choose the safe harbour option most beneficial to them.
- A new category of transactions being "Receipt of Low Value-Adding Intra-Group Services" has been introduced.
- The new safe harbour regime is available for transactions limited to Rs. 200 crore in provision of software development services, provision of information technology-enabled services, provision of knowledge process outsourcing services, provision of contract research and development services wholly or partly relating to software development and provision of contract research and development services wholly or partly relating to generic pharmaceutical drugs.
- In respect of transactions involving provision of software development services and provision of information technology-enabled services, safe harbour margins have been reduced to peak rate of 18% from 22% in the previous regime.
- In respect of transactions involving provision of knowledge process outsourcing services, a graded structure of 3 different rates of 24%, 21% and 18% has been provided, based on employee cost to operating cost ratio, replacing the single rate of 25% in the previous regime.
- In respect of transactions involving provision of contract research and development services wholly or partly relating to software development and provision of contract research and development services wholly or partly relating to generic pharmaceutical drugs, safe harbour margins have been reduced to 24% from 30% and 29% respectively in the previous regime.
- Risk spreads on intra-group loans denominated in foreign currency will be benchmarked to the 6-month London Inter-Bank Offer Rate (LIBOR) as on September 30, of the relevant year and on loans denominated in Indian Rupees to the 1-year SBI MCLR as on 1st April of the relevant year.
- The safe harbour regime is optional to taxpayers.

The notification is available on the department's website www.incometaxindia.gov.in

'DIGIYATRA'- A NEW DIGITAL EXPERIENCE FOR AIR TRAVELLERS²

The Ministry of Civil Aviation is adding a Digital experience for Air Travellers through DigiYatra Platform. The 'DigiYatra' is an industry-led initiative co-ordinated by the Ministry in line with the Prime Minister Shri Narendra Modi's Digital India's vision to transform the nation into a digitally empowered society. This follows Air Sewa which brings together all the stakeholders on a common platform for handling customer grievances and disseminating real-time data.

¹ Available at: <http://pib.nic.in/newsite/erelease.aspx>

² Available at: <http://pib.nic.in/newsite/erelease.aspx>

The Union Minister for Civil Aviation, Shri P Ashok Gajapathi Raju expressed hope that 'DigiYatra' initiative will transform the flying experience for passengers and position Indian Aviation amongst the most innovative air networks in the world.

The Minister of State for Civil Aviation, Shri Jayant Sinha today launched the report on 'DigiYatra'. Shri Sinha also briefed the media about the 'DigiYatra' initiative of the Ministry. He said that 'DigiYatra' initiative aims to bring together entire industry to develop a digital ecosystem that will deliver Indian customers a seamless, consistent and paperless service experience at every touch point of their journey.

The Minister of State for Civil Aviation, Shri Sinha informed that the Ministry created a Technical Committee comprising industry stakeholders which will submit its recommendations in 30 days. These propositions would be open for public comments and discussions for another 30 days. These would then be translated into a time-bound action plan.

Shri Sinha said that the DigiYatra initiative envisages providing airline travellers in India, a pioneering 'digitally unified flying experience' across all stages of their journey. All aviation stakeholders – airlines, airport operators, security and immigration agencies, cab operators, retail establishment and others are working to devise digital standards which can enable seamless exchange of data and information. He said that these standards can power unique applications which can deliver a delightful experience for air travellers.

Shri Sinha further informed that the platform will be built on 4 key pillars, like Connected Passengers, Connected Airports, Connected Flying and Connected Systems which can make it possible over a period of time for passengers to:

- Plan their trips efficiently by identifying price trends and estimate future airfares at the time of ticket booking,
- Optionally link their Aadhaar to airlines and other ecosystem players at the time of booking for faster airport entry and automated check-ins without requiring any paper-based interventions,
- Walk-through security scanners swiftly owing to advanced biometric security solutions,
- Receive relevant information pertaining to various facilities, protocols, airline timings, queue lengths at airports etc.,
- Engage in customised digital offerings at experience zones,
- Get real time notifications about congestion and delays to have greater visibility on the next step of journey,
- Conveniently navigate through the airport using digital guidance systems, interactive kiosks and augmented reality apps,
- Stay connected during flights and indulge in immersive experiences. Also book in-flight services and destination based offerings digitally,
- Get a prompt when their luggage reaches the baggage claim belt , and
- Submit grievances, share experiences and provide feedback.

The Digitising data would help the aviation industry gather meaningful insights for continuous improvement and innovation. This initiative has emerged after six months of comprehensive discourse with various ecosystem players.

Team ICSI

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