

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2811
ANSWERED ON:07.02.2014
TRANSFER PRICING NORMS
Kumar Shri P.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to introduce new taxation rules with a view to reduce litigation with multinational corporations on the applicability of transfer pricing norms; and

(b) if so, the details thereof and the time by which the same is likely to be introduced/implemented?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI J.D. SEELAM)

(a) The Government has already notified the safe harbour rules vide notification no. S.O. 2810(E) dated 18/09/2013 to reduce the transfer pricing disputes.

(b) Safe harbour rules provide for the circumstances under which the Income-tax authorities will accept the transfer price provided by the assessee in respect of certain eligible international transactions comprising of the following:

- i. provision of software development services;
- ii. provision of information technology enabled services;
- iii. provision of knowledge process outsourcing services;
- iv. advance of intra-group loan;
- v. provision of corporate guarantee;
- vi. provision of contract research and development services wholly or partly relating to software development;
- vii. provision of contract research and development services wholly or partly relating to generic pharmaceutical drugs;
- viii. manufacture and export of core auto components; or
- ix. Manufacture and export of non-core auto components.

The option of availing Safe Harbour Rules can be exercised by the assessee for a period not exceeding 5 assessment years beginning from assessment year 2013-14.