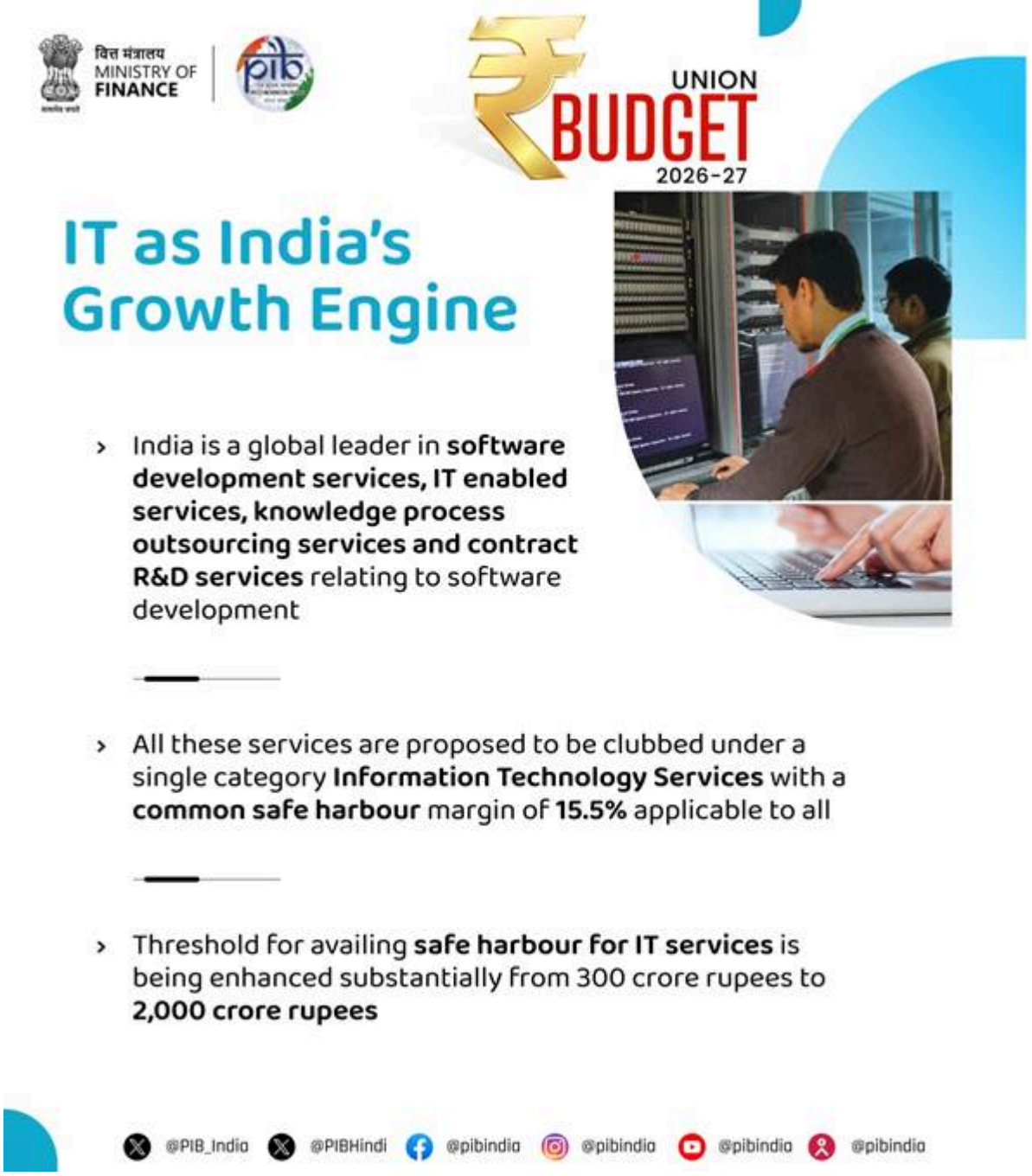
THE THRESHOLD FOR AVAILING SAFE HARBOUR FOR IT SERVICES ENHANCED FROM RS 300 CRORE TO Rs 2000 CRORE

SAFE HARBOUR FOR IT SERVICES SHALL BE APPROVED BY AN AUTOMATED RULE-DRIVEN PROCESS

प्रविष्टि तिथि: 01 FEB 2026 12:57PM by PIB Delhi

The Union Minister of Finance and Corporate Affairs, Smt Nirmala Sitharaman presented the Union Budget 2026-2027 in the Parliament today.

Presenting the Budget, the Finance Minister said that India is a global leader in software development services, IT enabled services, knowledge process outsourcing services and contract R&D services relating to software development. These business segments are quite inter-connected with each other. All these services are proposed to be clubbed under a single category Information Technology Services with a common safe harbour margin of 15.5 percent applicable to all. The threshold for availing safe harbour for IT services has been enhanced substantially from 300 crore rupees to 2,000 crore rupees in the Union Budget 2026-27.



The Finance Minister further said that Safe harbour for IT services shall be approved by an automated rule-driven process without any need for tax officer to examine and accept the application. Once applied by an IT Services company, the same safe harbour can be continued for a period of 5 years at a stretch at its choice.

For IT services companies who want to conclude Advance Pricing Agreement (APA), the Finance Minister announced fast track Unilateral APA process for IT services and endeavour to conclude it within a period of 2 years. The period of 2 years can be extended by a further period of 6 months on taxpayer's request. The facility of modified returns available to the entity entering APA to its associated entities is also extended.

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NB/ Pankaj Srivastav

(रिलीज़ आईडी: 2221428) आगंतुक पटल : 596
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