



# JAYESH SANGHRAJKA & CO. LLP

CHARTERED ACCOUNTANTS

## Safe Harbour Rules (SHR), 2017

... continued

Below table shows a comparison of threshold limits and applicable margins under Safe Harbour Rules 2013 and 2017 -

Sl. No.	Eligible International transaction	SHR 2013		SHR 2017	
		Threshold	Safe Harbour Margin	Threshold	Safe Harbour Margin
5	Contract research and development ("R&D") services relating to <b>software development</b>	None	$\geq 30\%$ on OC	Up to INR 200 crores	$\geq 24\%$ on OC
6	Contract R&D services relating to <b>pharmaceutical drugs</b>	None	$\geq 29\%$ on OC	Up to INR 200 crores	$\geq 24\%$ on OC
7	Manufacture and export of <b>core</b> auto components	None	$\geq 12\%$ on OC	None	$\geq 12\%$ on OC
8	Manufacture and export of <b>non-core</b> auto components	None	$\geq 8.5\%$ on OC	None	$\geq 8.5\%$ on OC
9	Low value adding intra-group services	Not applicable		Up to INR 100 crore	1) Mark-up - 5%
					2) Maximum value - INR 10 crore
					3) Cost is certified by accountant (including CA)

CRISIL credit rating of AE	Loan in INR - Interest rate $\geq 1$ year marginal cost of funds lending rate of SBI as on 1 <sup>st</sup> April of relevant previous year plus basis points as mentioned below -	Loan in foreign currency - Interest rate $\geq 6$ month LIBOR of relevant foreign currency as on 30 <sup>th</sup> September of the relevant previous year plus the basis points as mentioned below -
Between AAA to A or its equivalent	SBI Rate + 175 basis points	150 basis points
BBB-, BBB or BBB+ or its equivalent	SBI Rate + 325 basis points	300 basis points
Between BB to B or its equivalent	SBI Rate + 475 basis points	450 basis points
Between C to D or its equivalent	SBI Rate + 625 basis points	600 basis points
Credit rating not available and aggregate amount of loan advanced to all AEs as on 31 <sup>st</sup> March of relevant previous year < INR 100 crore	SBI Rate + 425 basis points	400 basis points

### Safe Harbour rates prescribed for loans advanced to Associated Enterprise (AE) -