



**SNR** & COMPANY  
CHARTERED  
ACCOUNTANTS



# SNR – INCOME TAX UPDATE

28<sup>th</sup> September 2021

Central Board of Direct Taxes (CBDT), vide issue of Income Tax (30th Amendment) Rules, 2021 has notified Safe Harbour Rates for Assessment Year (AY) 2021-22. As per the notification, rates applicable from AY 2020-21 will continue to apply for AY 2021-22.

Introduced in 2009, Safe Harbour Rules (SHR) provides for circumstances in which a certain category of taxpayers can follow a simple set of rules and rates under which transfer prices that are aligned to such rules are automatically accepted by the revenue authorities. It aims to provide an element of certainty to taxpayers. A safe harbour regime, in particular, benefits taxpayers in the services sector by adopting a transfer pricing mark-up at the rate prescribed to avoid protracted litigation.

Post 2009, first round of SHR provisions were introduced in August 2013 for a period of 3 years, followed by revision in 2017 in the SHR which were applicable till Financial Year (FY) 2019.

It shall be noted that usually SHR have been notified for more than one year, normally for three years at a stretch. However, considering the impact of COVID-19 on businesses, the government has decided to announce it for one year at a time for AY 2020-21 as well as AY 2021-22. We expect the government to rationalise the rate under SHR for FY 2021-22. This would go a long way in making this scheme more attractive for the taxpayers at large and provide tax certainty to business on the crucial aspect of transfer pricing.



Our Offices:

**Delhi (Head Office)**

A-15, Second Floor Hauz Khas,  
New Delhi - 110016  
Phone: +91 1126856421,  
41655801

**Pune**

Office no 2A, Gangotri  
Complex, 927, Synagogue  
Street, Camp, Pune - 411001  
Phone: +91 020 30492191

**Bangalore**

No - 5A, Second Floor, 6th Main, KHB  
Colony, Basaveshwaranagar Bangalore  
Karnataka - 560079  
Phone: +91 80 42064178

Disclaimer: While every care has been taken in the preparation of this update to ensure its accuracy at the time of publication, SNR & Company assumes no responsibility for any errors which despite all precautions, may be found therein. Neither this document nor the information contained herein constitutes a contract or will form the basis of a contract. The material contained in this document does not constitute/ substitute professional advice that may be required before acting on any matter. All logos and trademarks appearing in the newsletter are property of their respective owners. The information transmitted is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, re-transmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited