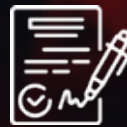


Recalibrating Transfer Pricing for MNCs

Leveraging Safe Harbour under Union Budget 2026



End-to-end assistance
on adopting
Safe Harbour regime for
50+ clients across sectors



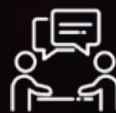
Robust
Documentation



End-to-end
accountability



Seamless
Execution



Strategic advisory,
not just compliance



From Evaluation to
Approval — Complete
Safe Harbour Execution



Table of Contents

- 03** Who We Are
- 04** Recent amendments in Union Budget for MNCs in 2026-27
- 07** How Can We assist?
- 08** Our Teams

Who We Are

Nangia & Co LLP is a premier professional services firm, which since the last 4 decades continues to add value to the business of its expansive clientele that includes private and public sector companies, funds, governments and multilateral bodies. Since its inception in 1984, the Firm has evolved and emerged as one of India's finest business advisory firm, providing expert services in Audit & Assurance, Taxation, Risk, M&A, Corporate Finance, Data-protection & Cybersecurity (CERT-In certified), Digital & Technology advisory, ESG and more.

The Firm has a strong Indian presence with offices located in Noida, New Delhi, Gurugram, Bengaluru, Mumbai, Chennai, Dehradun, Pune and Hyderabad.

Our people, 1500+ and growing, drive our success. With deep expertise across service lines, our team delivers clear, timely and actionable advice, ensuring quality in every client interaction.

Nine years in a row, we have been rated as the leading Tax and Transfer Pricing Firm by the International Tax Review, UK.

We are FCPA & UKBA compliant.

We pride ourselves on adapting global expertise and international best practices to a deeply Indian business ethos that places clients at its core.



Serving clients
efficiently since 1984



Serving **3000+ clients**
from **50+ countries**



1500+ people led by
45+ leaders



360 degree professional
support to clients



CERT-IN Empanelled Firm



What changes have the recent amendments in the Union Budget 2026–27 introduced for MNCs?

Union Budget 2026 represents a **strategic inflection point** for Multinational Corporations (MNCs) operating in India. Beyond incremental tax changes, the Budget signals a clear policy intent: **make India the most predictable, low-litigation jurisdiction for MNCs globally.**

For CXOs and Tax Heads, this creates a timely opportunity to **recalibrate transfer pricing (TP) frameworks**, reduce long-standing uncertainty, and lock in **multi-year certainty** through the expanded **Safe Harbour regime**.

This document articulates why the issue is critical at a leadership level and how the Safe Harbour regime can be leveraged as a strategic decision—rather than viewed merely as a compliance mechanism.



Particulars	Erstwhile Provisions	Amendments
IT Services Amendment		
Transactions	Software Development Services– 17% – 18%	All these services clubbed under IT Services with Blended rate at 15.5%
	Information Technology Enabled Services- 17%--18%	
	Knowledge Process Outsourcing Services- 18% – 24%	
	Contract R&D Services (for software development)- 24%	
Turnover threshold	INR 3 billion	Increased to INR 20 billion
Period	Each Year separately	Option to opt for 5 consecutive years
Acceptance	Discretionary acceptance by tax authorities	Rule-based, non-discretionary acceptance by tax authorities
Compliance	Strict regulations and Complex	Simplified compliances & certainty – Supports the objective of India as a global digital services hub

Other Service Amendment

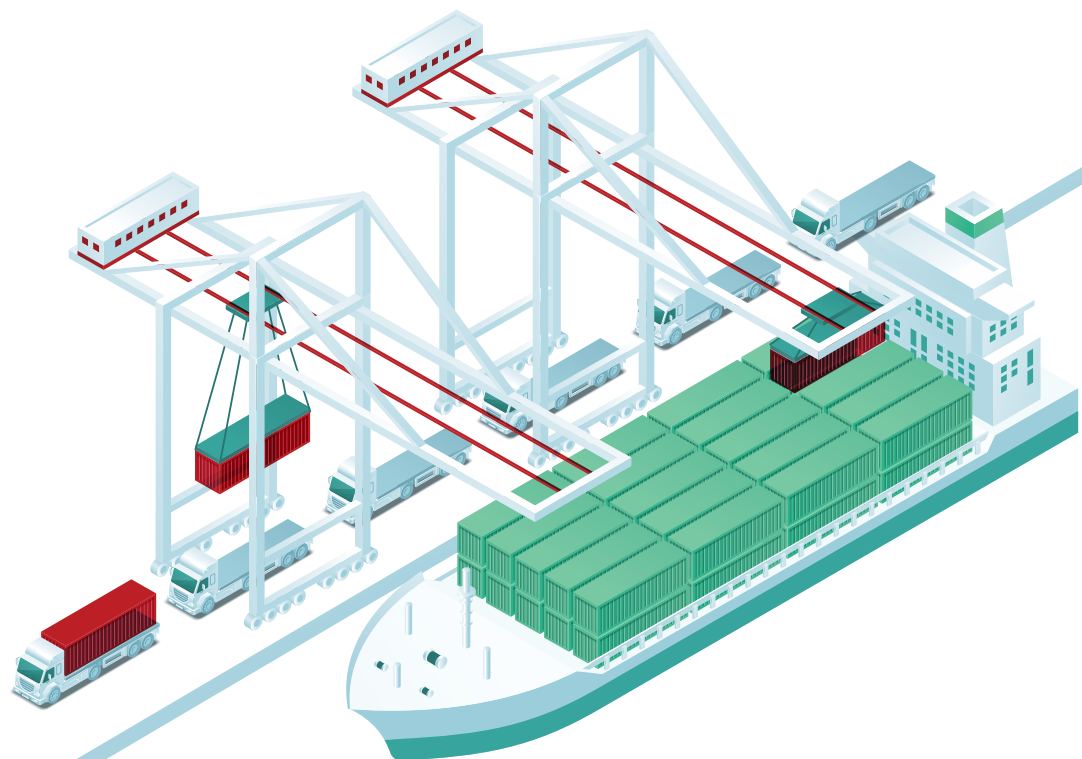
Component Warehousing	Not covered under safe Harbour rules	Introduction of Safe Harbour to non-residents for component warehousing in a bonded warehouse – Profit margin of 2% on the invoice value; Effective tax of ~0.7%;
Data centre service providers		Extension of Safe Harbour to data centre service providers – 15% on cost



Key Company Value Proposition Benefits at a Glance

Company Value Proposition Priority	Safe Harbour Value Proposition
Predictability	Clear, rule-based margins and thresholds reduce tax ambiguity.
Risk Mitigation	Fewer disputes; reduced litigation exposure.
Operational Efficiency	Less administrative distraction, faster approvals.
Cost Optimization	Lower compliance costs relative to APA or litigation routes.
Strategic Growth Levers	Aligns with budget-driven MNCs incentives for scale and talent retention.

Safe Harbour under Budget 2026 is not just a transfer pricing option — it's a strategic enabler. It empowers MNCs to operate with confidence, clarity, and competitive cost structures, enhancing India's value proposition as a global delivery and innovation hub.





How Can We Assist?

Re-alignment of Existing Margin

Margin benchmarking vs Safe Harbour rates.

Assistance in Safe Harbour election & documentation

Guide on optimal election strategy, prepare supporting documentation, and align intercompany agreements with Safe Harbour positions.

Support for multi-year (5-year) Safe Harbour option

Assess suitability of the 5-year option, assist in planning, and ensure consistency of margins and documentation across years.

01

Safe Harbour Eligibility Review

Assessing and reviewing eligibility criteria to ensure the company meets Safe Harbour requirements effectively.

02

Evaluation of cost base, markup, and segmental alignment

Review cost classification, markup computation, and segmental financials to ensure alignment with Safe Harbour requirements.

03

04

Preparation and filing of Safe Harbour forms & undertakings

Draft, review, and file prescribed Safe Harbour forms and declarations, ensuring completeness and procedural compliance

05

06

NANGIA & CO LLP

Our Team

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