

Tax Hotline

August 25, 2000

TAX HOLIDAY TO BE EXTENDED TO REVENUES FROM "ON-SITE" SERVICES PROVIDED BY SOFTWARE COMPANIES

Prior to the changes brought about by the Finance Act 2000, income from "on-site" software services were exempt from tax in India by virtue of section 10 A of the Income Tax Act, 1961(ITA).

The new section 10 A introduced by the Finance Act, 2000 does not provide this tax holiday to such income. The new section exempts from tax the profits from export of software earned by units in Software Technology Park, Hardware Technology Park or 100% Export Oriented Units. The definition of "software exports" does not include "on -site" services even though they result in foreign exchange earnings.

Approximately 58% of total computer software exports constitute 'on-site' services. Hence, the new provision would result in substantial tax burden to the software industry. Upon representation made by the industry to the Information and Technology Ministry, the Ministry sources said that the amendment required for this purpose in the ITA shall be presented to the Parliament in the Winter Session to reinstate the tax benefit to profits from 'on-site' services.

Source: Business Standard, August 25, 2000

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

M&A In The Indian Technology Sector

February 19, 2025

Unlocking Capital

February 11, 2025

Fintech

January 28, 2025

Research Articles

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Key changes to Model Concession Agreements in the Road Sector

January 03, 2025

Audio

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Arbitration Amendment Bill 2024: A Few Suggestions | Legally Speaking With Tarun Nangia | NewsX

February 12, 2025

**What India’s Transition to New Data
Protection Law Means for Global
Businesses**

January 23, 2025

**India 2025: The Emerging
Powerhouse for Private Equity and
M&A Deals**

January 16, 2025
