

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

FAQs on Setting Up of Offices in India

December 13, 2024

FAQs on Downstream Investment

December 13, 2024

Gaming Law 2024

December 12, 2024

Research Articles

The Revolution Realized: Bitcoin's Triumph

December 05, 2024

The Bitcoin Effect

November 14, 2024

Acquirers Beware: Indian Merger Control Regime Revamped!

September 15, 2024

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

"Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FI8 event in Riyadh

October 31, 2024

Analysing SEBI's Consultation Paper on Simplification of registration for FPIs

Scope of judicial interference and inquiry in an application for appointment of arbitrator under the (Indian) Arbitration and Conciliation Act, 1996

September 22, 2024