

Trump's executive order on H-1B fees

Expect on-site revenue loss in absence of H-1B; impact could be EPS neutral

President Trump has signed an executive order that raises the annual H-1B visa application fee from **USD1,000 to USD100,000 per applicant**. This represents a **100x jump** and applies prospectively to new applications. The program's mechanics remain the same otherwise: employers must still sponsor foreign workers for roles requiring specialized skills, but now at a sharply higher cost. Since H-1B lotteries and petitions are typically run in Q4–Q1, the first impact would likely be seen in **FY27** petitions. We note that situation is still evolving and may change drastically, however we also observe following implication for Indian IT:

Implications for Indian IT services

Shrinking H-1B dependence:

Over the last decade, Indian IT vendors have reduced their reliance on H-1B visas. With localization drives in the US and higher local hiring, only ~20% of employees are currently based on-site. Of this, **20–30% are on H-1B visas**, implying that H-1B holders represent just **3–5% of the active workforce** for a typical vendor.

Big tech vs IT services:

While the H-1B program is often portrayed as an ‘India IT’ visa channel, in practice, **Big Tech companies (Google, Amazon, Microsoft, Meta, etc.) account for a larger share** of fresh applications than Indian IT. For IT vendors, localization and subcontracting are already baked into their delivery models, making them relatively better placed to adjust. Refer to our note ([Trump 2.0: What’s in store for IT services?](#)) published in Nov’24, which discusses potential implications of Trump 2.0 on 1) immigration policies; 2) corporate tax rates; and 3) trade war.

Timing of impact:

Visa applications for FY26 are already locked in. The USD100k fee will start to impact from **FY27 onwards**, when new petitions are filed.

Illustrative cost impact:

If an IT company were to apply for 5,000 H-1Bs in FY27, the annual fee alone would amount to **USD500m (5,000 × USD100k)**. Given the magnitude of this fee, it is likely that Indian IT companies will **avoid new H-1B filings altogether**, opting instead to expand offshore delivery or increase local hiring.

Business model response:

- 1) If new H-1Bs vanish, on-site revenues will decline, but so do on-site costs.
- 2) This shift could improve operating margins, as offshore work tends to be structurally more profitable.
- 3) The net effect on EPS could be neutral in the medium term, although top-line growth could be slower.

Evolving risk:

This order is likely to be challenged in US courts and may not survive in its current form.

Exhibit 1: Applications for H-1B visas witnessed a decline from the highs of 2017

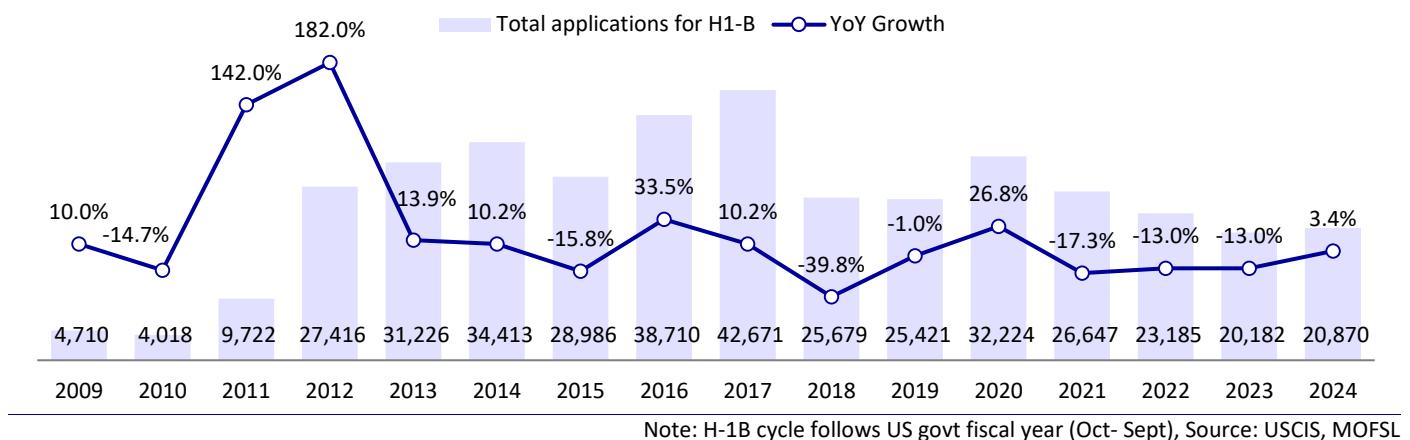


Exhibit 2: Top Indian IT vendors have reduced their reliance on H-1B visas

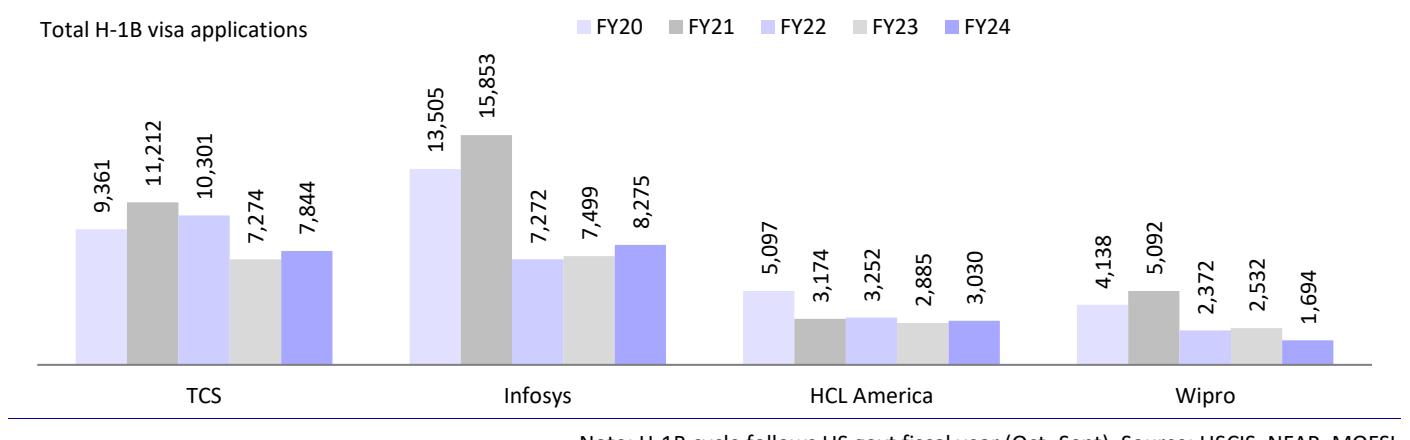
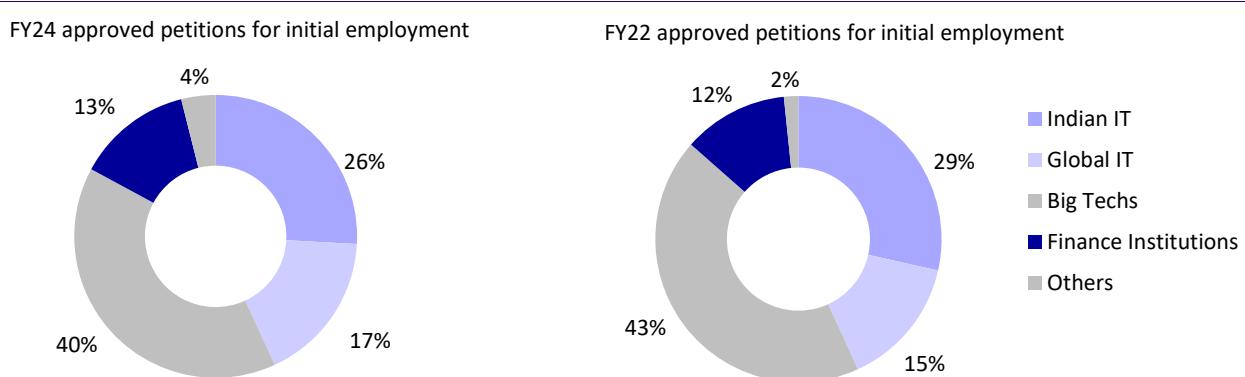


Exhibit 3: Although the H-1B program is often portrayed as an 'India IT' visa channel, in practice, Big Tech companies (Google, Amazon, Microsoft, Meta, etc.) account for a larger share of fresh applications than Indian IT



Source: USCIS, NFAP, MOFSL; Note: Indian IT includes TCS, INFO, HCLT, WPRO, TECHM and LTIM; Global IT includes CTSH, CAP, CAN; Big Tech includes AMZN, IBM, MSFT, GOOGL, META, APPL, INTEL, TSLA

Exhibit 4: Structural decline in dependency on onshore effort mix among IT companies over the past decade



Source: MOFSL, Company

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